

Consultation: Automatic salary increases for MPs' staff

November 2020

IPSA

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Summary

1. IPSA has launched a consultation on a proposed change to the Scheme of MPs' Business Costs and Expenses ('the Scheme').
2. The Scheme sets out the rules, eligibility and budgets governing MPs' use of taxpayers' money to support their parliamentary work. This covers business costs such as travel, accommodation and renting and supplying a constituency office; as well as a regulatory framework for the employment of staff. IPSA publishes an updated Scheme for each financial year. For the most part, changes to the rules year-on-year are limited to adjustments to MPs' budgets and MPs' staff salary ranges, in order to provide a stable set of rules for MPs and their staff. We aim to conduct more comprehensive reviews of the Scheme about every five years. However, there are sometimes issues which we believe should be addressed more quickly.
3. This consultation covers our proposal for new arrangements that would provide automatic salary increases for MPs' staff members, with an opt-out provided to MPs. Background information, proposals and specific consultation questions are set out in the following sections.

How to respond

4. You are encouraged to use the online survey to send us your answers:
www.smartsurvey.co.uk/s/Consultation_Automatic_salary_increases_for_MPs_staff_Autumn2020/. If you are unable to use the survey, please send a written response to consultation@theipsa.org.uk.
5. We are grateful to everyone who takes the time to read, consider and comment on these proposals. We will take all responses into account before coming to our decisions in early 2021.

6. We will summarise the responses we receive when we publish our decisions. In doing so, we may refer to individual respondents and the content of their responses. We may also publish a list of who responded. If you would like your response to be treated as confidential, please say so clearly in your response. We will not quote from confidential responses or attribute the views in them to any particular respondent. Whether your response is confidential or not, we will not publish your email address or any other contact details, in line with our compliance with data protection law and the General Data Protection Regulation (GDPR). For more information about what we do with personal data, please see our [privacy notice](#).
7. Please send us your response by 11:59 pm on 10 January 2021.

Automatic pay increases for MPs' staff members

8. In the below sections, we set out our proposal for a new arrangement which would provide automatic pay increases for MPs' staff members. These increases would match any increase applied to the overall staffing budget each financial year. We believe this would encourage MPs to pass on these increases to their staff; provide for a more consistent approach to pay across offices; and reduce the administrative burden on both MPs and IPSA. The proposals do not guarantee annual budgetary increases; the IPSA Board would determine whether an increase is appropriate each year.

IPSA's role in staffing

9. MPs are the employers of their staff in law and, as such, retain discretion over many aspects of the employment relationship. IPSA has not intervened in MPs' employment relationship with their staff, except where it relates to our role to provide assurance that public money is being properly spent. We provide model contracts for MPs to use when employing their staff, as well as model job descriptions and corresponding salary ranges – but MPs as the employers of their staff make decisions on managing their staff within those parameters.
10. IPSA sets an overall annual staffing budget for each MP, which they can use to employ staff, or for other related costs such as buying in external expertise, as they see fit.

11. Most annual adjustments to the staffing budget are relatively modest, reflecting factors like the cost of living or pay policies elsewhere in the public sector. We expect that in most cases, these annual increases will be passed on to staff members, in the form of an annual pay increase. However, it is for MPs to set their individual staff members' salaries and tell us in respect of each one what increase (if any) to apply each year. Only when the salary of a member of staff falls below the minimum of a range do we apply an automatic adjustment such that the member of staff concerned is at least paid the minimum.
12. To ensure that MPs' staff members are being paid fairly for the work they do, IPSA undertakes a market benchmarking exercise every few years. This took place most recently in late 2019 and showed that for a number of job roles, the salary ranges had fallen behind the market rate for comparable roles. We implemented the recommendations of that exercise in the salary ranges which apply in the current 2020-21 financial year so that they reflect market conditions, involving significant uplifts to the pay ranges and to the overall staffing budget. Those staff members whose salaries fell below the new minimum of their range saw an automatic increase to ensure they were paid within the range. We also provided additional funds for staff training, health and welfare costs and, later, the additional workload arising from the Covid-19 pandemic.

The case for automatic pay increases

13. We opted not to ringfence the additional funding provided in 2020-21, nor to compel MPs to use it in certain ways. However, we were clear about the intention behind these changes: they were made with the objective of supporting the recruitment and retention of high-quality staff, as well as of supporting their professional development through training and fair pay to recognise experience and skills. Our recommendation for the 2020-21 financial year was for all staff members to receive a 2% pay increase, in line with guidance in the wider public sector. MPs were able to give bigger increases, as long as it was affordable in their budgets.
14. Some staff members told us during the review that they saw a risk that some MPs would use the additional funding to take on more staff on low salaries, rather than to ensure their existing staff received fair increases or were supported through training and wellbeing initiatives.

15. This is feedback that IPSA had received before from staff, and has received since. The payroll data we hold shows that there is a degree of variation on this point: within some offices, there are annual increases applied to some staff in line with changes in the overall staffing budget, but this is not the case across the board. Some MPs also provided higher increases to their staff.
16. Meanwhile, some MPs and staff members alike have noted the administrative burden of the current process for making changes to staff members' salaries. Currently, MPs need to complete a contractual changes form on IPSA's online system for each staff member, in order to request a change in their pay. The new salary figures have to be entered for each staff member, rather than being able to apply a certain percentage across the board. We have had some feedback that this burden has the effect of making it less likely in some cases that annual increases will be implemented for staff.
17. We recognise that MPs need to respond to the specific circumstances in their constituencies, and this can mean organising their staffing in different ways. While we recommended a 2% increase this year, we have not challenged MPs who decided to do something different. On the other hand, we do want to encourage MPs to pay their staff fairly, and to provide appropriate annual increases where their budgets allow this. We also do not want an administrative process to be the reason some staff members are not receiving pay increases.
18. More broadly, moving to automatic pay changes for MPs' staff sits within the context of bringing their experience closer to that of staff working in public bodies or in other similar roles, while allowing MPs to retain their role as employer. Staff in such roles can generally expect to have increases in pay considered on an annual basis and be treated in a broadly uniform manner across an organisation. In this vein we consider an arrangement of automatic annual increases in MPs' staff pay, with an opt-out provided for MPs, as striking the right balance between respecting MPs' role as the employer and good overall practice.

Our proposal

19. We are consulting on a proposal to implement a new arrangement whereby IPSA would apply, by default, a pay increase for all staff in line with any increase that is applied to the annual staffing budget. We believe this would have the impact of encouraging MPs to pass on these amounts to their staff while reducing the administrative burden involved in doing so. Subject to

the outcome of this consultation, we would look to implement this new arrangement from the 2021-22 financial year.

20. These automatic pay increases would be available to all staff members, including those who are paid at the top of their relevant salary range; and therefore we also propose to uplift the maximum of each range by the relevant percentage each year. This would not prevent staff whose salaries are lower down in the range from receiving larger increases if requested by their MP employer (and if affordable within the overall budget).
21. Whether to apply an increase to the staffing budget, and by what percentage, would continue to be determined by IPSA each year. The IPSA Board makes this decision based on a range of relevant factors, including guidance which applies elsewhere in the public sector, cost of living measures, affordability and value for money for the taxpayer. We believe this approach is fair and in line with practice in other parts of the sector. We therefore do not propose to link annual increases for the budget or staff salaries to a specific metric.
22. The provision of automatic pay increases would seek to provide greater fairness for staff members in passing on the additional funding which is made available to MPs for their staffing costs. It would not be a way of rewarding particular staff members for their performance, or acknowledging new skills or increased experience of individuals. There is wide scope within the job roles and salary ranges for MPs to recognise those things if they choose. MPs also have the ability to make reward and recognition payments to their staff in recognition of outstanding performance.
23. We note that there are some circumstances where awarding a pay increase to a particular staff member may not be appropriate. For example, in other settings those staff members still on probation or with a live disciplinary issue would often not be included in any automatic annual pay increase. MPs, as employers, are responsible for performance-related matters regarding their staff, and we do not believe it would be appropriate for IPSA to play any part in those. But we do think it is important for MPs to have the ability to opt out of an automatic increase for their staff (whether as a whole or in respect of individuals). This would allow for the appropriate level of flexibility in these circumstances and would respect MPs' role as employers. The House of Commons Members' HR Service is available to advise MPs on these matters.

24. We envisage that, for the coming year, an opt-out would be exercised by MPs notifying IPSA by the payroll cut-off date in mid-March 2021 whether they wished for their staff to receive an automatic pay increase on the basis set out in this document. If the new arrangements are implemented, we would provide more detailed written guidance about the process for opt-outs and the deadlines that would apply.
25. The opt-out would apply for the duration of the financial year and need to be renewed (if the MP wishes) at the beginning of subsequent financial years.
26. We are seeking views about whether this proposed new arrangement should be implemented, on an opt-out basis, as well as any other issues or concerns that IPSA should take into account. Specific consultation questions are set out below.

Consultation questions

- 1) Should IPSA implement a new arrangement to provide automatic pay increases for MPs' staff as outlined above?**
- 2) Do you agree that MPs should be able to opt out of the annual pay increase, whether for all their staff members or for individuals?**
- 3) Are there any further issues or concerns that IPSA should consider in making its decision about whether to implement the proposed arrangements?**