

IPSA's First Parliament

2010 – 2015



Regulation, support, and remuneration

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May 2016

Contents

Foreword by Sir Ian Kennedy	1
Chapter 1. Introduction – a Brief History	3
Chapter 2. Regulation of MPs’ Business Costs and Expenses	6
Chapter 3. The Determination of MPs’ Pay and Pensions	18
Chapter 4. Transparency and Publication	25
Chapter 5. IPSA’s Support to MPs	30
Chapter 6. Scrutiny of IPSA and its Spending	40
Chapter 7. Conclusion	44
Annex A. Members of the IPSA Board and Chief Executives.....	45
Annex B. Fundamental Principles of the Scheme	47
Annex C. Aggregate data.....	49

Foreword by Sir Ian Kennedy



It has been suggested that I add a Foreword as some form of valedictory statement as well as because I represent the last man standing from the original group who huddled together to create IPSA¹.

I suppose my over-arching comment on the six and a half years that I served as Chair is that it has been an interesting job. Broken down into component parts, it has been part constitutional reform, part mud-wrestling, part pioneer frontiersman, and part voyager through Dante's Inferno. In case you think the last of these smacks of hyperbole, you should get the DVD out of my first appearance, with the Chief Executive, before the Speaker's Committee on IPSA. It would be fair to say that the reception was not welcoming. MPs may have voted to create an independent regulatory body but that did not mean that it had to go off and behave like one!

The journalists in the Lobby had already turned me over (three days after my appointment!) for daring to think for myself and not immediately signing up to the punitive approach advocated by Sir Christopher Kelly and backed by the majority of newspapers.

Then there came appearances before the Public Accounts Committee, remarkably the Committee on Members' Expenses, which everyone thought had been abolished, and a variety of other Committees. IPSA was trying to do its best and not always succeeding. The noises off were very loud.

But, slowly we edged forward. We argued our case. We explained what we were trying to do. We listened. We changed things if persuaded that they should be changed. Gradually, the message began to get through that there was no going back to the old ways and that the new ways were working. A few die-hards continued to call for the old system to be re-instated. A few newspapers continued to ferret around to find an MP who had broken a rule. But, most MPs just got on with their jobs and followed the new rules, and some MPs went out of their way to be helpful and supportive. The facts were becoming increasingly difficult to deny: IPSA as a regulator was safeguarding the public purse, and was supporting MPs in doing their jobs. Yes, it could do the latter better, but it was on the right course.

¹ John Sills, the inestimable colleague and author of this account, joined soon after and will now become the guardian of IPSA's history.

Nothing, however, is ever peaceful for long in the world inhabited by IPSA. Parliament had given us the task of setting MPs' pay and pensions. We did the research, listened to the arguments, and decided that pensions should be less generous and that pay should go up by 10% (at a time when pay rises in the public sector were pegged at 1%, albeit pay rises in the private sector were considerably larger, especially in the nation's Boardrooms).

It would be an understatement to say that our proposal on pay was unpopular. Many of the beneficiaries, MPs, were particularly angry. But, my colleagues and I stood our ground. The arguments were sound. The allure of falling back on the excuse of "it's not the right time" was resisted. And, now, a year after the pay rise was implemented, there is a sense that we were right and that IPSA put down a marker that it will make tough decisions if the reasons are good and the public interest is served thereby.

The challenges of the past several years provide evidence, if it were needed, that public service is not a bed of roses. But, there have been upsides too. I have been able to create with others an organisation from scratch which has made an important if small contribution to the constitutional landscape of this country. We have been able to set out a vision and pursue it. We have shown the value to the public and to MPs of transparency. I have been fortunate to lead a Board of great talent. I have been blessed by working with dedicated and able colleagues who are uniformly committed to serving the public interest. And, as a bonus, we are increasingly visited by representatives from legislatures across the globe, keen to see how this organisation, unique in the world, works.

There are still things to do. We are in the middle of an exciting programme aimed at completely reshaping the way in which we operate and support MPs. And we are also once again checking, through a public consultation, whether any changes are needed to the Scheme of rules that regulate how MPs use taxpayers' money.

But these are for others to take forward. I shall soon step off the balcony of the House of Commons onto the longboat on the Thames which will be set on fire and carry me to Valhalla. Apparently, 145 MPs have already bid for the right to light the match!

A handwritten signature in black ink, appearing to read 'Ian Kennedy', with a stylized flourish at the end.

Chapter 1. Introduction – a Brief History

1. The Independent Parliamentary Standards Authority (IPSA) was created in 2009, in response to the MPs' expenses scandal, which followed the publication of details of expenses claims by the Daily Telegraph in May 2009 and beyond.
2. The scandal shook the British political establishment to the core. There was widespread shock – and derision – as details of claims emerged. Some were extremely serious, particularly those relating to mortgage interest costs for “second homes”, where there were attempts to avoid capital gains tax and, in a few cases, claims for mortgages which had already been paid off. Others were small scale, but caused anger that the taxpayer should be expected to pay for the likes of chocolate bars and groceries. In between, there were claims for home furnishings which were regarded by many people as luxury items. A couple of claims became symbolic: the duck house and the moat cleaning. In fact, neither of these claims were ever paid – something which has been lost in the telling.
3. The Speaker of the House of Commons, Michael Martin MP, resigned in the wake of the scandal. His successor, John Bercow MP, described the damage to Parliament as the greatest in recent history, “with the possible exception of when Nazi bombs fell on the chamber in 1941”. The Government reacted swiftly to the crisis and introduced the Parliamentary Standards Bill in June 2009. It established IPSA as an independent body and was passed into law by Parliament in less than a month.
4. The Committee on Standards in Public Life, which was set up in 1994, conducted a review of “MPs' Expenses and Allowances” and reported its findings in November 2009. It made a comprehensive series of recommendations about new arrangements for MPs' expenses which would command public confidence and support MPs in their “important and difficult jobs”.
5. IPSA's first chief executive, Andrew McDonald, was appointed in September 2009 and the Chairman, Sir Ian Kennedy, in November of the same year. Their task, with other Board members² - Sir Scott Baker, Jackie Ballard, Ken Olisa and Isobel Sharp - who joined in January 2010, was to create a new organisation from scratch, and new arrangements for the regulation and payment of MPs' expenses in time for a new Parliament by May 2010 at the latest³. In October 2009, the Office of Government Commerce, which advised public bodies on major projects, conducted a Gateway Review of the plans for setting up IPSA in time for May 2010. In its post-implementation report, published on 1 July 2010, it said: “In October 2009 the task looked well-nigh impossible: to deliver accommodation, IT systems and processes,

² A full list of IPSA's Board members and their roles and IPSA's Chief Executives is included in Annex A.

³ The actual date of the General Election was not known at the time of their appointment, so there was always a risk that the new arrangements would not be ready if the date of the election was earlier than May 2010.

and to staff it up ready for full operation. The rationale for that new organisation was to devise and deliver a Scheme for MPs' expenses, but it had no Board members to determine what that Scheme should be, and the Programme Team itself was still being formed...Eight months later, the impossible has been delivered... this has been a success story, and deserves to be recognised as such.”⁴

6. In January 2010, IPSA launched a consultation on a new Scheme of rules for MPs' expenses. The recommendations of the Committee on Standards in Public Life provided a valuable resource for that consultation. Equally, as an independent body, it was important for IPSA to conduct its own consultation and form its own views on what was right and what was workable. A report on the consultation, along with the new Scheme of rules on MPs' Expenses, was published in March 2010, ready for implementation on 7 May 2010.
7. Meanwhile there was further legislation on IPSA's role. The Constitutional Reform and Governance Act, passed in February 2010, contained a number of amendments to the Parliamentary Standards Act 2009 and gave IPSA powers to determine MPs' pay and pension arrangements. The principal set of amendments concerned the establishment of a Compliance Officer, who would have powers to review IPSA's decisions about claims, recover overpayments to MPs and to impose penalties, where necessary. The Compliance Officer replaced the Parliamentary Commissioner for Investigations which had been envisaged in the 2009 Act. Essentially this meant that the Compliance Officer was concerned with matters concerning expenses, and not wider conduct issues, which remained with Parliament. The role of the Compliance Officer is covered in Chapter 2, on regulation.
8. IPSA did not receive the powers on MPs' pay and pensions until 2011: May for pay and October for pensions. Chapter 3 covers how we went about establishing a new settlement for MPs' remuneration.
9. The terms of four members of the IPSA Board other than the Chairman expired in January 2013. They did not seek reappointment and so, after an open competition in 2012, four new members – Sir Neil Butterfield, Elizabeth Padmore, Anne Whitaker and Tony Wright - were appointed and took office in January 2013. Sir Neil Butterfield and Tony Wright left office in January 2016 when their terms expired, and have been replaced by Sir Robert Owen and Rt Hon John Thurso. The Chairman was reappointed for 18 months in November 2014, when his five year term expired. His successor, Ruth Evans, will take office at the beginning of June 2016.

⁴ OGC Gateway Review 0: Strategic assessment. Independent Parliamentary Standards Authority Implementation Programme. Published 1 July 2010. Pages 6 and 7.
<http://parliamentarystandards.org.uk/transparency/IPSA%20corporate%20reports%20%20publications/Annual%20Reports,%20Corporate%20Plans%20and%20Estimates/OGC%20Review%20July%202010.pdf>.

10. Andrew McDonald retired as Chief Executive in April 2014. His full-time successor, Marcial Boo, took office, after an open competition, in June 2014.
11. The main themes of this report cover IPSA's role and experience as a regulator of MPs' business costs and expenses; the setting of MPs pay and pensions; the important part that transparency has played; the evolution of the support provided to MPs; and how IPSA itself has been scrutinised. These themes, which capture the history of IPSA and its interaction with MPs and the public, are not, therefore, described in detail in this introduction.

Chapter 2. Regulation of MPs' Business Costs and Expenses

Introduction

12. In this chapter we consider, first, some of the factors that shape IPSA's role as a regulator. We then look at the development and application of the *MPs' Scheme of Business Costs and Expenses*⁵, which lies at the heart of how we regulate. Next, we describe our approach to the validation of MPs' claims and the assurance work which supports the initial validation. Our approach has evolved over the years, as we become clearer, on the basis of experience, about where the most significant risks lie. Finally we look at the role of the Compliance Officer, who is appointed by the IPSA Board, but operates independently of the executive.

The shaping factors

13. Regulatory approaches vary greatly according to the circumstances which led to their establishment, the environment in which the regulator operates, and the powers invested in it. If there is a trend in approaches to regulation it is towards limiting it to what is essential, thus reducing the administrative burden and cost of compliance. The focus is also on enabling the regulated organisations to improve their practices, rather than heavy-handed intervention, although, again, this will depend on the circumstances and the stakes involved.⁶
14. IPSA's role grew out of the political crisis created by the MPs' expenses scandal, which was described in the introduction. There was a strong public desire for something to be done, for an end to personal benefit at the taxpayers' expense, and for strict compliance with tough rules.
15. The Parliamentary Standards Act (as amended), in establishing IPSA, provided it with the powers to respond to the circumstances which led to its creation. It was made independent of Government and Parliament. It was given powers to make a Scheme for "allowances" (which was old terminology, but covers costs and expenses), to determine pay and pensions and to publish claims. And its powers of enforcement were strengthened through the establishment of the Compliance Officer.

⁵ In the First Edition of the Scheme, we referred generally to "expenses". Because these retain a connotation of personal benefit, we now emphasise business costs – the funding that MPs need to do their jobs effectively.

⁶ See The National Audit Office's "Using alternatives to regulation to achieve policy objectives", published in June 2014. <https://www.nao.org.uk/report/using-alternatives-to-regulation-to-achieve-policy-objectives/>.

16. At the same time, IPSA was required to pay for MPs' business costs and expenses and to provide guidance to MPs about making claims. Its general duties required it to "have regard to the principle that members of the House of Commons should be supported in efficiently, cost-effectively and transparently carrying out their Parliamentary functions." The same criteria were also to apply to IPSA's own operations.
17. This dual role – regulator and provider of support to MPs – has brought with it benefits and tensions. The benefit is that the two roles complement each other. The support role allows us to understand the challenges faced by MPs and the nature of the work they do. This informs our rules, helps to make them workable and means that we are able to play an enabling role. The regulatory role, and the interaction between teams in IPSA means that there is a strong safeguard against becoming too permissive and not fully understanding the rules. The tensions can come from the same sources - there may be times when what seems like the fair or common sense thing to do in terms of supporting MPs comes into conflict with the rules. However, by being aware of both the benefits and the tensions, we are able to adapt our approaches where necessary, and through public consultation about any rule changes, we ensure that we remain conscious of the public mood.
18. Our independence has been crucial to our ability to strike a balance between the different roles. Bluntly, we can say "no" and stick to it. It means that we can take decisions which may be unpopular – with the public or MPs or the Government, or even all of them at the same time – if we feel that the evidence supports our judgement. Our decision on the level of MPs' pay may be seen as a good example of this – see Chapter 3.
19. This does not mean that we do not listen. We take consultation – both formal public consultation and informal discussion and engagement - very seriously. We have changed our views after consultation. One recent example involved the question of whether the Compliance Officer should make his investigations public when they begin or after they have been concluded.⁷ Another was when we decided to index MPs' pay in future to the change in public sector average earnings, rather than those for the whole economy.
20. Our regulatory approach has evolved over time and this will be seen in the following sections of this chapter. Early on, reflecting public concerns about the expenses scandal, the Scheme rules were stringent and the focus was strongly on compliance. Validation of claims was elaborate, as we were keen to avoid errors and did not know how MPs would respond to the new rules in practice. This created administrative burdens for both MPs and ourselves. As we and MPs gained more experience of operating the new systems and as we gathered enough data to

⁷ See paragraph 59 of this paper.

understand patterns of claims and the impact that the rules were having on MPs' ability to do their jobs, we were able to adapt our approach, reflecting good practice in the identification and management of risk.

21. We are mindful that best practice in regulation involves minimising burden and cost, and helping people to comply. Our data show that we are now working from a solid base of compliance by MPs with the rules⁸ and this will allow us to focus even more on that enabling role, without losing sight of the need to ensure that taxpayers' money is properly spent and accounted for.

The MPs' Scheme of Business Costs and Expenses

22. The MPs' Scheme of Business Costs and Expenses ("the Scheme") is now in its eighth edition. It underpins IPSA's regulatory approach and its business processes. The online expenses system, which MPs' use to make claims, is based on it.
23. The Scheme determines what is eligible for funding, the processes for making claims and the budgets available to MPs each financial year. It is underpinned by a set of fundamental principles, which were drawn mostly from those proposed by the Committee on Standards in Public Life in 2009. These principles emphasise the need for probity, value for money and that MPs should be treated in the same manner as other citizens as much as possible. Only the costs incurred in undertaking parliamentary functions should be funded. The need for IPSA to support MPs in their diverse working patterns is recognised, and the rules should not unduly deter representation in Parliament from all sections of society. The principles are listed at Annex B. We are currently working on simplifying these – there are twelve at the moment. The annex includes a working version of a new set of principles, which is subject to consultation in the May 2016 consultation paper on the Scheme⁹.
24. The Scheme is divided into a series of chapters, covering key processes for claiming; some general conditions which apply across the Scheme; accommodation expenditure (for non-London Area MPs who need accommodation in two locations); office costs; staffing expenditure; travel and subsistence; and some specialised categories of spending, including the funding that MPs leaving Parliament need to wind up their affairs.
25. The main budgets available to MPs are summarised in Table 3 of Annex C.

⁸ Table 1 of Annex C shows that fewer than 1% of claims each year are "not paid".

⁹ Review of the MPs' Scheme of Business Costs and Expenses and IPSA's publication policy – A Consultation – May 2016.

<http://parliamentarystandards.org.uk/transparency/Current%20Consultations/Review%20of%20the%20MPs%27%20Scheme%20of%20Business%20Costs%20and%20Expenses%20and%20IPSA%27s%20publication%20policy.pdf>.

Evolution of the Rules

26. The rules of the Scheme have evolved over the years, as we have seen what works best and how we can combine effective regulation with supporting MPs in their parliamentary duties. Every year, before changing any of the rules, we have held a public consultation.
27. The first edition of the Scheme reflected the post-scandal climate in which it was put together. We drew strongly on the recommendations of the Committee on Standards in Public Life (see paragraph 6) as well as the findings of our own consultation. Where appropriate we used similar rules to those which had operated under the House of Commons before May 2010. These were limited to some of the detailed rules, mainly in the area of travel and subsistence.
28. At the time two of the main areas of concern were MPs' accommodation and the employment by MPs of members of their families. Travel rules also incited strong public reaction.
29. Our rules on accommodation were much tougher than those which had applied previously. First, we significantly increased the size of the London Area, which determined whether or not MPs were eligible for accommodation expenses. In our first year, 128 constituencies were identified as being in the London Area and therefore ineligible for these expenses. The criterion was being within a one hour journey of Westminster by public transport - this is a normal experience for many people who work in London. This compared with a House of Commons definition of 25 inner London constituencies, until April 2010, when it briefly changed to 74. We experienced some difficulties with applying the one hour rule, as travel times in and out of London can be so variable, depending on the time of day¹⁰. Therefore, for 2011-12, we simplified the definition, to constituencies within a 20 mile radius of London. This covered 96 constituencies and has worked much better.
30. The second major change was that we ended the subsidy of mortgage interest payments, which had been the source of many of the most serious issues exposed during the scandal. No new MPs after the 6 May 2010 General Election could claim for mortgage interest – they could only rent a property, claim for “associated costs” like utilities and council tax, or stay in a hotel (at a capped cost per night, currently £150). MPs who had previously received the subsidy were allowed to do so for a transitional period, ending by 31 August 2012. But they had to return any capital gain made during that period that resulted from the taxpayer subsidy, whether or

¹⁰ A few MPs also claimed that they were having to sleep in their offices as they could not get trains home.

not they had sold the property.¹¹ 71 MPs continued to claim the subsidy for at least part of the transitional period. 27 of these made a capital gain and repaid money to IPSA. The largest single amount was £70,000. In total £500,000 was returned to the taxpayer.

31. The employment by MPs of family members using public funds raises public concern because the salaries of those employees may be viewed as a personal benefit to the MP. There may also be doubts about the kind of work they are doing and their competences. The Committee on Standards in Public Life recommended ending the practice. IPSA's first consultation proposed the same. However, during the consultation, enough evidence emerged about the valuable work that many family members do to persuade us that MPs should be allowed to employ one "connected party"¹², with a number of safeguards, not least publication of all connected parties' salaries in £5,000 bands, each year. We have reviewed the spending on connected parties and have found no evidence of misuse. Nonetheless the issue remains of concern to many and we address it in our consultation on the Scheme, which was launched in May 2016.
32. Travel claims tend to attract public interest because they are easily comparable with people's own circumstances. First class travel and taxi claims are of particular interest. In 2010 we decided not to ban first class travel, but to set a value-for-money criterion for all travel claims on public transport. MPs can only claim costs up to the standard economy price. This does not rule out first class travel if it is booked well in advance, but it limits it. On taxis our rules allow claims if there is no reasonable alternative on public transport. Of course this is open to some interpretation. It took us a while to establish an approach to validating claims that was not over-zealous, but without giving MPs carte blanche to claim for taxis. We rely on MPs giving a reason for travel, but now take them at their word. However, we do also then look at patterns of claims to identify unusual volumes. The approach to validation and assurance is explained further in the next section.
33. We have made significant changes to the Scheme on two occasions since the first edition: in readiness for the third edition in 2011-12 and again for the fourth edition in 2012-13. Thereafter, the changes have mainly concerned refinements to address operational issues, although we also introduced some rules to apply specifically to the run up to the General Election, including the Dissolution period.
34. Ahead of the 2011-12 financial year, we considered the impact on MPs and their staff of the new Scheme rules in the first year of operation. While our application of

¹¹ All MPs receiving the mortgage interest subsidy had to obtain a valuation of the property by a valuer approved by the Royal Institution of Chartered Surveyors at the start of claiming and another when they stopped. If they sold the property, the selling price sufficed for the latter.

¹² "Connected parties" are mostly family members, but could also be people with very close business connections, using a definition from the 2006 Companies Act.

the rules had prevented a repeat of the problems that led to the scandal, we accepted that in some areas they had been more rigid than they needed to be and we introduced greater flexibility.

- We brought together two budgets – the general administration and office rental budgets – which allowed MPs greater flexibility in how they allocated the resources assigned for managing their constituency activities and any staffing support that they needed in Westminster.
- We removed the list of items which could be claimed under office costs – which was not comprehensive – and introduced more discretion for MPs as long as the claims were to support parliamentary and not party political activities and were not on the list of proscribed items (newsletters, alcoholic refreshments, for example).
- We broadened the definition of “extended travel”, to allow for journeys within the UK (but not in the constituency or to and from London and the constituency) which were for parliamentary purposes.

35. We also listened to MPs about the need to provide more support to them in exercising their caring responsibilities. The main change was to extend the age range of dependants for whom they could claim travel and accommodation costs. From having limited it to the under 5s for accommodation and under 16s for travel, we allowed for claims relating to all under 16s, to under 18s if they were in full time education and to under 21s, if they were in full time education and the MP was the sole carer.

36. Some new MPs had struggled to stay within budget while setting up a new office. We had funded such costs under our contingency arrangements (see paragraphs 140-143). However, in 2011 we put these costs on a more routine footing by allowing new MPs to claim up to £6,000 from a start-up budget, in addition to their normal office costs.

37. All these changes were welcomed by MPs and created minimal public concern. There were no significant pressures put on budgets.

Staffing Expenditure

38. One area of friction with some MPs and their staff was the size of the staffing budget in our first financial year. We had set a budget of £109,548 for all MPs, irrespective of location. This had been built up using an assumption of 3.5 full time staff (FTE) and the mid-points of various pay ranges that had applied under the House of Commons rules, uplifted for inflation. The budget was higher than the last budget before the General Election, but employer pension contributions had to be paid from it,

whereas they had been paid centrally by the House of Commons previously. This led some MPs to argue that there had been a budget cut.

39. Another issue was the growing pressure from constituency casework at a time of economic recession and cuts to advice services. This was a particular issue for MPs representing inner London and other large city constituencies. We addressed this immediate problem by introducing an arrangement for contingency uplifts to budgets where MPs had clear evidence that the standard budget was not sufficient.
40. The staffing budget was increased to £115,000 for the 2011-12 financial year, but this did not deal with the majority of the problems faced by MPs. We conducted a detailed review of MPs' staffing needs in the autumn of 2011 and concluded, amongst other things, that we should assume that MPs could employ up to 4 FTE staff rather than 3.5 and that there should be an uplift of 5% for MPs in London Area constituencies. This increased the staffing budgets to £137,200 for non-London Area MPs and £144,000 for London Area MPs – increases of 19.3% and 25.2% respectively.
41. These increases led to a marked reduction in contingency applications, as Table 10 of Annex C demonstrates. They did not, however, put an end to significant contingency applications by a small number of MPs. We responded to this in April 2013 by ending contingency uplifts to staffing budgets to deal with casework pressures, unless the MP already had an agreement in place (this was to avoid redundancies). We took the view that 19-25% budget uplifts were already exceptional in a time of public sector austerity. We acknowledged that pressures on MPs' offices had been increased by the effects of austerity but decided that we could not keep on increasing budgets by significant percentages. Since 2013, the only budget increases have been to allow MPs to increase salaries in line with wider public sector norms of 1% a year.
42. The 2011-12 staffing review also considered the issue of IPSA's role in regulating MPs' staffing matters and the distinction between parliamentary and party political activity.
43. As regards IPSA's role in relation to MPs' staff, after consultation we concluded that our involvement was about right. MPs are the employers of their staff and there was no strong appetite amongst consultees that this should change in future. IPSA manages the payroll for MPs staff and we could leave it at that. However, we decided at the outset to set out model contracts, job descriptions and pay ranges for MPs' staff to ensure that they were fairly treated and paid. That degree of involvement then begs the question of whether we should advise MPs and their staff on related HR issues. In 2012 we concluded that we should not – the House of Commons provides an advisory service to MPs, while staff can seek advice from trade unions and staffing groups. Some staff feel that IPSA should do more, but this would be a large undertaking – there are around 3,500 staff – and we are not

currently resourced to carry out such work. The issue is, nonetheless, revisited in the May 2016 consultation on the Scheme.

44. The boundary between parliamentary and party political work is inevitably somewhat blurred – MPs are politicians after all. However, we have to be clear that IPSA will only fund parliamentary work. In 2011-12 we considered whether there was more that we should do as a regulator in this area. We concluded that there will always be something of a grey area between the two activities and that it was for MPs and their staff to exercise their judgement and be accountable for it. We did, however, expand our guidance in the Scheme on what we did not consider to be parliamentary activity, explicitly ruling out any attendance at party conferences or meetings and any material which could be construed as campaign expenditure. In the 2013-14 Scheme we formalised the guidance as rules and in 2014-15 changed the campaign reference so that it captured all activities which could be construed as campaigning.
45. The question of party political activity was also very relevant in the run up to the 2015 General Election. We produced robust guidance which made it clear that any use of paid staff time for campaigning was not permitted and would effectively be an undeclared party donation and thus in contravention of Electoral Commission rules. It remains the case that we do not have the ability to “police” the activities of MPs’ staff, but a key part of our assurance work regarding the General Election was to look at MPs’ spending patterns in the months preceding the General Election, particularly in the Dissolution period, and to identify any unusual spending patterns. These will then be followed up with the MP (or ex-MP) in question.
46. Expenditure on MPs’ staffing constitutes around 80% of total annual expenditure by MPs – see Table 3 of Annex C. Paradoxically it has been the least regulated area of spending because MPs and not IPSA are the employers of their staff. Therefore the question of whether IPSA should take a more hands-on approach remains and is considered in the 2016 review of the Scheme.

Validation and Assurance

47. IPSA receives around 180,000 claims each financial year, with a total value of £15-18m¹³. Of these claims, less than 1% are not paid each year. Table 1 of Annex C shows the volume and value of paid and not-paid claims between 2010-11 and 2015-16.

¹³ These figures cover claims for reimbursement and those made via use of the payment card, but not direct payments to landlords and suppliers. In 2014-15, total spending on business costs and expenses, excluding staff salaries and related costs, was £24.1m.

48. As our understanding of the volume and nature of claims has grown over the years, we have refined our approach to validation. When we began operations in May 2010, all claims were validated by at least two people, to avoid the risk of claims either being inadvertently paid, or conversely, being unreasonably refused. It became clear early on that the vast majority of claims were for very routine accommodation, office and travel costs and did not need excessive amounts of inspection. In 2011 the National Audit Office (NAO) conducted a value for money review of IPSA's operations which was published in July 2011.¹⁴ It recommended that "IPSA should reduce its validation to a level that reflects the real risks present in the new Scheme, and, in doing so, should be guided by the principle that its procedures should be similar to those of other claims-based and expenses-paying organisations, except where this would be inappropriate". At this point we were already taking a more streamlined approach to low risk, low value claims - as the NAO noted in its report. Since then our approach has been developed further.

49. Today we have a three-layered approach to the validation and assurance of claims which takes account of risk and also seeks to reimburse MPs, or their suppliers, as quickly as possible (see Chapter 5 for more on our turnaround of claims payments).

- **Step One** involves scanning and processing all claims and payments with only a representative sample of claims assessed in detail. Certain types of claim, where our operations team assess the risk of errors in claiming to be relatively high, remain subject to individual scrutiny. The majority of claims are processed and paid within six working days.
- **Step Two** involves what we call "MP Validation". This takes place for each MP's claims every three months. A member of IPSA's operations team looks at all the claims made by an MP, in the round, over the three-month period. He or she is able to see whether there are any unusual patterns, or repeated errors. If any invalid claims are identified by this process, the MP is asked to repay the money.
- **Step Three** is where we move into "assurance" rather than validation. Our assurance team, which is separate from those members of staff conducting the earlier validation, carry out a programme of assurance reviews of aggregate spending by MPs in a range of categories. Some areas, like constituency mileage claims and telephone usage, are examined in most years. Any significant outliers or unusual patterns will be identified and followed up by making contact with the MPs in question. In some cases this will lead to repayments, and in rare cases, claims may be referred to the Compliance Officer (see next section). Charts 1 and 2 in Annex C show the

¹⁴ National Audit Office: Independent Standards Authority – The Payment of MPs' Expenses.
<https://www.nao.org.uk/wp-content/uploads/2011/07/10121273.pdf>.

distribution of spending for constituency mileage, and travel between constituencies and Westminster in 2014-15.

50. There is of course a risk that some claims which should not have been paid will not be identified under Step One of the validation process. This is an unavoidable part of a risk-based approach, as was recommended by the NAO. However, we do face a challenge in that repayments made by MPs, including those that result from IPSA mistakenly paying the original claim, are published, as part of our commitment to transparency – see Chapter 4. Some MPs remain concerned that all repayments can be represented by the media as wrongdoing, when in fact, they are usually the result of administrative error (either by the MP or by IPSA) or a genuine misunderstanding of the rules. We still have work to do to persuade the media and the public that this risk-based approach is good practice and good value for money, because it reduces the administrative costs to both MPs and to IPSA.

General Election Assurance

51. The central feature of the 2015-16 programme of thematic reviews has been an assurance review of MPs' spending in the run up to the 2015 General Election and, for those MPs who retired or lost their seats, their spending while they were winding up their operations. This review was an important part of our work on ensuring that taxpayers' money was not being used for party political and campaigning purposes. It complemented our guidance to MPs on what could and could not be claimed during the Dissolution period – the period between when the election is called and polling day.

52. The General Election assurance review covered the following areas of spending;

- Spending during the winding up period.
- Staffing costs, including redundancy payments and other costs related to the termination of people's employment.
- Resettlement payments to MPs who have lost their seats.
- The risk of money being spent on campaigning.
- Operation of Scheme rules that applied specifically to the General Election period, in areas like travel.
- Restrictions on spending on capital equipment, including IT equipment, in the six months before the General Election.

53. The findings of the General Election assurance review were published in May 2016, alongside the consultation on the Scheme.¹⁵

¹⁵ Additional reports on lessons learned and the survey of MPs and their staff can be found at <http://parliamentarystandards.org.uk/NewsAndMedia/Pages/LatestNews2.aspx?ListNews=739f9c00-b7d4-4282-bffd-9ae51fd8d92d&NewsId=100>.

54. We will publish a series of reports on our assurance work in the future. These will be available on our website.¹⁶

The Compliance Officer

55. The role of the Compliance Officer was established by statute in the Constitutional Reform and Governance Act 2010 which, amongst other things, made a number of amendments to the Parliamentary Standards Act 2009. The Compliance Officer is appointed by the IPSA Board, but operates independently of the IPSA executive and the Board. There have been three Compliance Officers since IPSA began operations. The current office holder, Peter Davis, has been in post since December 2011.

56. The Compliance Officer has two main roles:

- He investigates complaints from the public about MPs' claims which the complainant thinks should not have been paid. In a similar vein he will have cases referred to him by IPSA, when IPSA considers that it has taken a matter as far as it can with an MP and has not reached a satisfactory conclusion.
- MPs can ask him to review decisions made by IPSA not to pay a claim. IPSA also has its own internal review process which must be undertaken before the case is referred to the Compliance Officer.

57. The Compliance Officer will make an initial assessment of any complaint to determine whether there is reason to believe that it may have some substance and merits a full investigation. If the Compliance Officer decides to investigate a case formally, that decision is made public on the Compliance Officer's website.¹⁷

58. Full investigations are relatively rare. Table 2 of Annex C shows the number of investigations undertaken by the Compliance Officer since IPSA began operations and indicates the number of cases in which MPs were required to repay money. The detailed findings of individual investigations can be found on the Compliance Officer's website.

59. While the Compliance Officer operates independently, the procedures that he or she must follow in conducting investigations and reviews are determined by the IPSA Board. There must be public consultation on any changes to those procedures.¹⁸

¹⁶ See the folder on Assurance reports at

<http://parliamentarystandards.org.uk/transparency/Pages/Corporate-reports-and-publications.aspx>.

¹⁷ <http://www.parliamentarycompliance.org.uk/Pages/default.aspx>.

¹⁸ All the consultations and reports on them can be found on IPSA's website at

<http://parliamentarystandards.org.uk/transparency/Pages/Consultations.aspx>.

There have been three consultations: in 2010, 2012 and in 2014. In the most recent consultation the key issue was whether investigations should be announced at their commencement, as opposed to when they have been concluded. There was no suggestion that the outcome of the investigations should not be made public. The reason why the question was asked was because there is a risk of the conduct of investigation being adversely affected by the inevitable publicity surrounding an announcement that an MP is being investigated. After consultation the IPSA Board concluded that, in the interests of transparency, investigations should continue to be announced at the outset.

60. The Compliance Officer may, by law, impose penalties on MPs for failing to comply with a request for information or a repayment direction. The maximum sum is £1,000. If the Compliance Officer suspects that there may be a case for a criminal investigation, the matter is referred to the police. There are protocols in place for referrals to the police and Director of Public Prosecutions¹⁹.
61. Table 2 in Annex C also shows the number of reviews of IPSA's decisions that the Compliance Officer has undertaken, along with the outcomes. Up to the end of 2015-16 there had been 13 reviews in total.
62. If an MP is not satisfied with the Compliance Officer's findings following a review, he or she may refer the case to a Tribunal. This has only happened once, in 2011-12. The case involved some travel claims made by the MP. The findings of the case can be seen on the Compliance Officer's website²⁰.
63. The Compliance Officer also has arrangements with the Parliamentary Commissioner for Standards, so that if he believes that a case raises wider questions of conduct by the MP, the Commissioner can take a view on whether it merits investigation²¹. Investigations by the Commissioner are a matter for the House of Commons, not the Compliance Officer for IPSA.
64. The role of the Compliance Officer is now well-established, giving the public an opportunity to seek to have claims investigated and MPs a right to ask for IPSA's decisions to be reviewed. As Table 2 shows, there are relatively few investigations and reviews when measured against the 180,000 claims a year that IPSA validates and processes. But the independence of the Compliance Officer provides additional and important safeguards for the overall process of regulation of MPs' business costs and expenses.

¹⁹ For publications on procedures see Compliance Officer website at <http://www.parliamentarycompliance.org.uk/transparency/Pages/compliance-publications.aspx>.

²⁰ See the 2011-12 folder on the website at <http://www.parliamentarycompliance.org.uk/transparency/Pages/completed-reviews.aspx>.

²¹ See the link at footnote 19.

Chapter 3. The Determination of MPs' Pay and Pensions

Introduction

65. MPs' pay, and to a lesser extent their pensions, have been a sensitive and controversial subject for many decades. Any decision to increase pay is met with public opposition. There is an assumption that MPs' pensions are "gold-plated". For these reasons, governments and Parliament were often, especially in modern times, reluctant to implement recommendations made by independent and expert bodies like the Senior Salaries Review Board. This led to stasis and a tendency to rely on "allowances" and expenses (before they were published) to take up the perceived shortfall in MPs' remuneration. This blurring of expenses and salary, along with the lack of transparency, contributed to the conditions that produced the MPs' expenses scandal in 2009.
66. The problem was addressed by the Constitutional Reform and Governance Act in 2010. In this Act, which amended the Parliamentary Standards Act 2009, IPSA was given the powers to determine MPs' pay and pensions independently. This differed from the powers of the likes of the Senior Salaries Review Board, who could only make recommendations. IPSA makes the decisions.
67. Not all parts of an Act are necessarily brought into force as soon as the laws have been passed by Parliament. In the case of MPs' pay and pensions, IPSA's powers came into effect in May 2011 for pay, and October 2011 for pensions.
68. From this point, we began to gather evidence in order to conduct a series of public consultations which were intended to bring an independent resolution to the issue of MPs' pay and pensions. At the same time we also considered the size and criteria for what were known as "resettlement" payments, which were one-off payments for MPs leaving office. Pay, pensions and resettlement payments are considered in turn.

MPs' Pay

69. Our first consultation on MPs' pay and pensions, and other elements of their remuneration package, was launched in October 2012²², following a period of extensive gathering of evidence. This included public opinion polling, focus groups

²² All the consultation documents can be found at <http://parliamentarystandards.org.uk/transparency/Pages/Consultations.aspx?RootFolder=%2Ftransparency%2FOur%20consultations%2FPay%20and%20Pensions&FolderCTID=0x012000F4013D8875B7DE45B812C4FA5CA28FF3&View={D79B54E8-E7AB-4030-88C9-BF02E98EA6E0}>.

and citizens' juries. In the latter around 40 people in two locations – Reading in the south of England and Huddersfield, in the north – were invited to a discussion which lasted for about four hours. This gave them the opportunity to examine the issues in some detail and helped us to understand whether people's views changed once they knew more about the subject.

70. The resulting consultation in October 2012 was open-ended. It set out the evidence and, rather than making firm proposals, asked questions about all aspects of MPs' remuneration. The evidence included information on how MPs' pay compared with that of other professions, other parliamentary and assembly bodies in the UK and in other countries, and with national average earnings over the previous hundred years. Chart 8 in Annex C shows how MPs' pay compared with the national average over the century. The trend is characterised by peaks followed by a slow decline, before another spike to make up for inaction over a number of years.
71. A report on the first consultation was published in January 2013. It did not make recommendations on the remuneration package, but set out a framework and principles for further work. In July 2013, a second consultation was launched, which contained a set of proposals for MPs' pay, pensions, resettlement payments and some of their business costs and expenses.
72. A report on that consultation was published in December 2013. It proposed a new, cost-neutral remuneration package for MPs. The main elements were as follows:
 - A one-off adjustment to MPs' pay from £66,396 (as it was in 2013-14) to £74,000. This would take effect in the new Parliament from May 2015.
 - Thereafter, indexation of MPs' pay to changes in national average earnings.
 - Reforms to pensions, with a move to a career average earnings system, lower benefits and reduced contributions, both for the taxpayer and MPs themselves.
 - The ending of resettlement payments for MPs leaving Parliament, replacing these payments with arrangements more akin to redundancy payments.
 - A further tightening of some aspects of MPs' business costs and expenses, principally the rules concerning evening meal subsidies and hospitality costs.
 - A proposal that MPs should produce an annual account of their spending of public funds.

73. The detail of the changes in pensions and resettlement payments will be described in subsequent sections of this chapter. The changes to pensions and to business costs and expenses took effect in May 2015, following the General Election. The new arrangements for payments on leaving office will take effect after the next General Election, due in 2020. We plan to ask MPs for an annual account of their spending in 2016-17, with the first reports published in November 2016²³.
74. On pay, the evidence which influenced our thinking on the decision to increase MPs' pay to £74,000 a year included the following:
- The ratio of MPs' pay to national average earnings had fallen from an historic average of 3.16 to 2.68.
 - A Senior Salaries Review Body (SSRB) recommendation to increase pay in 2005 had not been implemented.
 - A recommendation by Sir John Baker, former Chair of the SSRB, in 2008 to increase MPs' pay had similarly not been implemented.
 - In comparison with a range of broadly equivalent public sector professionals, MPs' pay had fallen to 78% of the average, against a SSRB recommendation of 85%.
75. Because of the political interest in MPs' pay and because we are required by law to consult on MPs' pay in the first year of every Parliament, we delayed the implementation of the proposed pay increase until it was subject to a further consultation after the May 2015 General Election. The consultation was conducted over the month of June. It summarised previous findings and examined changes to the UK's economic circumstances since the decisions taken in December 2013. There was a single consultation question: "Is there new and compelling evidence that might lead us to amend our determination?"
76. As in previous consultations the public was largely opposed to any pay increase for MPs. Some MPs also expressed their opposition, although others supported the increase. There was some recognition in the media that the overall remuneration package was cost-neutral.
77. While we were aware and respectful of the views of the public, many of whom compared pay with their own circumstances, none of this was new evidence. Meanwhile, if anything, the economic circumstances in the UK had improved a little since the time of our first consultation. Therefore we concluded that the previously

²³ Publishing in November rather than the usual September will allow the annual information and MPs' reports to be published on IPSA's new website.

proposed pay increase for MPs, to £74,000, should go ahead. The increase was implemented at the end of June and backdated to 8 May 2015.

78. In recognition of public concerns we changed the method of indexation of MPs' pay in future years. Rather than index it to national average earnings, it will be linked to changes in public sector average earnings. At the start of each financial year we will change MPs' pay in line with the annual percentage increase in the three months to the preceding October compared to the previous year's October figure. October is the most recent month for which the Office of National Statistics has firm figures. This means that in April 2016 we increased MPs' pay by 1.3%, which is the annual increase between the figures for October 2015 and 2014. This increase compares with a figure of 2.4% if we had continued to use national average earnings as the benchmark.
79. By indexing MPs' pay to public sector average earnings, it is our intention to take some of the controversy out of future increases, although we are not in control of public reaction. It should also be remembered that if average public earnings were to fall in future, so would MPs' pay.

MPs' Pensions

80. Before 8 May 2015, MPs pension arrangements were based on a defined benefits scheme, with the future benefits calculated as a fraction of the MPs' final salary. In a defined benefits scheme, the employee (or office holder in the case of MPs) receives a guaranteed benefit based on a proportion of annual salary and the number of years of service. The funding risk is, therefore, with the employer (in effect the taxpayer for MPs) rather than the employee. MPs had a choice of three rates at which they could make contributions, with a guaranteed "accrual rate" attached to each one. These were as shown in Table 11 of Annex C. Most MPs chose to pay contributions of 13.75% of their salary in return for an accrual rate of 1/40.
81. MPs' partners were also entitled to benefits such as a "death in service" benefit which was four times annual pensionable pay plus three months, and a "survivors' pension" which was 5/8ths of the MP's annual pension.
82. The MPs' pension arrangements, in terms of the way they were structured, were typical of many parts of the public sector. They were regarded as relatively generous, but they did also make relatively high contributions. The taxpayers' contribution was also very high: in 2012, when IPSA consulted on pay and pensions in October 2012, the overall costs of accruing benefits in the pension scheme was 32.4% of payroll, with the taxpayer contributing 20.4%. This had risen from 21.6% overall in 1999-2002, with the taxpayer contributing 15.6%.

83. When we first consulted on reforming the whole MPs' remuneration package, in October 2012, we took our lead from the wider public sector pension reforms which broadly followed the recommendations made in the report by the Independent Public Services Pensions Commission, led by Lord Hutton, in 2011.²⁴ The Hutton Report had recommended that the basis of the reforms in the public sector should retain a defined benefits scheme, but it should be based on Career Average Revalued Earnings (CARE) rather than final salary. This means that in each year of service a future benefit is calculated using the salary in that year. This is added to the accrued benefit, and uprated by the increase in the Consumer Price Index in future years. For people whose salaries peak at the end of their service this would reduce benefits, but for others, whose salaries vary over the years, this might not be the case. The employer/taxpayer retains the funding risk, but has a clearer idea of future liabilities at any point in time.
84. Before the wider consultation in October 2012, we made the first change in MPs' pension contributions in April, following a short consultation early that year. We increased MPs' pension contributions by 1.85 percentage points. So, for example, where MPs accrued at a rate of 1/40^{ths}, their contributions rose from 11.9% to 13.75% of annual pensionable salary. This reflected the fact that, in many parts of the public sector, including the civil service, pension contributions were being raised, ahead of full reform in line with Lord Hutton's proposals. We took the view that it would be damaging to public confidence to shield MPs from the type of changes to which others in the public sector were subject, and took account of the fact that when IPSA received the powers over MPs' pensions in October 2011, the House of Commons passed a motion inviting us to increase MPs' contributions "in line with the changes in pension contribution rates for other public service schemes".²⁵
85. After the increases in April 2012 we made no further changes in MPs' pensions before May 2015. This allowed us to focus on the wider reforms to MPs' remuneration, of which pensions were an important part, particularly in ensuring that the overall package of changes to remuneration was cost-neutral to the taxpayer.
86. In December 2013 we made our final decisions on MPs' pensions. Unlike the decision on pay, it was not necessary to consult further after the 2015 General Election, as there was no statutory requirement to do so. We maintained our commitment to reform MPs' pensions in line with changes elsewhere in the public sector. The final package featured the following measures:

- A single accrual rate of 1/51 of annual pensionable salary.

²⁴ See report at <https://www.gov.uk/government/publications/independent-public-service-pensions-commission-final-report-by-lord-hutton>.

²⁵ See column 629 of Hansard report on the debate of the Motion at <http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm111017/debtext/111017-0001.htm>.

- Revaluation of the accrued benefits by changes in CPI each year.
- A single contribution rate of 11.09% of annual pensionable salary.
- Death in service benefits reduced to twice annual pensionable salary.
- Survivor's pension reduced to 3/8 of annual pension.

87. The Government Actuary's Department assessed that this scheme would cost 22.9% of payroll, compared with the previous cost of 32.4%. We decided in December 2013 that MPs should contribute 46% of the overall costs, with the taxpayer contributing 54%. So the taxpayer would be contributing 12.4% of payroll costs overall, compared to 20.4% in 2012.²⁶

88. The reforms to MPs' pensions have, therefore, been in line with similar reforms in the wider public sector, reducing the cost of contributions to the taxpayer and the majority of MPs (while reducing their future benefits) and contributing significantly to offsetting the extra cost of the one-off adjustment to MPs' pay.

From Resettlement Grants to Loss-of-Office Payments

89. From 1983 to 2010, all MPs who left Parliament were entitled to a resettlement grant, to help them re-adjust to life outside Parliament and to re-enter the workforce if they wished to do so. The amount depended on the age of the MP and the number of years of service, but it was at least half of the annual salary at departure. For MPs between the age of 55 and 64, with 15 or more years' service, it was 100% of a year's salary.

90. We took the view that the amounts being paid were hard to justify in some cases and consulted on resettlement payments in October 2011. Following the consultation, we decided, as an interim measure, to mirror the arrangements in the National Assembly for Wales. Only MPs who lost their seats at a general election would be eligible for a resettlement payment and not those who chose to stand down. The equivalent of one month's salary, up to a maximum of six months, was available for each year of service. So the maximum amount was equivalent to half a year's salary – which had been the previous minimum.

91. These arrangements applied to MPs losing their seats at the May 2015 General Election. The most an MP could receive was £33,530, of which, as with redundancy payments for employees, £30,000 would be tax-free. 92 MPs lost their seats at the election and resettlement payments cost £2.8m. This compares with a cost of £5.3m in 2005 and up to £13m in 2010, if all 225 MPs received the full amount - no aggregate figure has been published by the House of Commons. The actual figure was more likely to have been around the £11m mark.

²⁶ The actuarial calculations are based on a range of assumptions, including pensioners' longevity, turnover of MPs at each election, and so on. So the overall figures will vary over time.

92. As part of our consultations on MPs' pay and pensions, we explored changing the arrangements further so that they more closely resembled the kind of redundancy payments that most employees would be entitled to. We concluded that MPs who lost their seats would be entitled, after future general elections, to a Loss-of-Office Payment which is equivalent to double the statutory redundancy rate. The calculation will be based on age and years of service and reflects the same approach we apply to MPs' staff, as long as they are on IPSA model contracts (the vast majority are).
93. We believe that we have arrived at a system which is fair to departing MPs, helps them make the transition back to life outside Parliament, and reflects the arrangements available to most employees (MPs, of course, are not employees, but office holders). MPs who retire do not receive a payment, but they will have accrued significant pension entitlements in most cases.

Pay for Committee Chairs

94. IPSA is also responsible for determining the pay of House of Commons Committee Chairs. The Chairs of a number of Select Committees and Members of the Panel of Chairs, who oversee Public Bill Committees amongst other things, are entitled to a salary supplement. Up to May 2016, Select Committee Chairs received an extra £15,025 and Members of the Panel of Chairs between £3,000 and £15,025 depending on length of service. There were 33 Select Committee Chairs entitled to a supplement – the House of Commons determines which roles are eligible – and in the year before the General Election there were 38 Members of the Panel of Chairs.
95. We conducted a consultation on Committee Chairs' pay in March and April 2016. Following that consultation, we decided to maintain Select Committee Chairs' pay at £15,025. As regards Members of the Panel of Chairs, we decided to remove the tiered approach to pay, to recognise the fact that many Members of the Panel with relatively short lengths of service were performing the full range of functions. The level of pay for all Members of the Panel is now £15,025. In future years, the pay of all Committee chairs will be indexed to average public sector earnings, in the same way as MPs' basic salaries.

Chapter 4. Transparency and Publication

Introduction

96. Transparency lies at the heart of what IPSA does and is crucial to its effectiveness as a regulator. We have a legal duty to publish information under the Freedom of Information Act 2000 and the Parliamentary Standards Act 2009. However, since we began, we have seen publication of information as more than a legal obligation. We believe strongly that the public has the right to know how taxpayers' money is being spent by MPs and, indeed, by IPSA itself. Transparency is also an important regulatory tool. That fact that details of MPs' claims are published and can be viewed by anyone online provides an effective method of self-regulation by MPs before claims are even submitted to us.
97. Under the Freedom of Information Act, *any person making a request for information to a public authority is entitled:*
- (a) to be informed in writing by the public authority whether it holds information of the description specified in the request; and*
 - (b) if that is the case, to have that information communicated to him.*
98. Under the Parliamentary Standards Act (as amended in 2010), IPSA has the following general duties:
- (a) In carrying out its functions the IPSA must have regard to the principle that it should act in a way which is efficient, cost-effective and transparent.*
 - (b) In carrying out its functions the IPSA must have regard to the principle that members of the House of Commons should be supported in efficiently, cost-effectively and transparently carrying out their Parliamentary functions.*
99. The Act goes on to say that IPSA must publish such information as it considers appropriate in respect of each claim and each payment of an "allowance" (in other words costs and expenses). Likewise IPSA should publish the information at times and in a way it considers appropriate.
100. With our legal obligations and commitment to transparency in mind, this chapter covers our approach to publication and our experience of responding to Freedom of Information (FOI) requests since we began operations in May 2010.

Our Approach to Publication

101. Over the first five years of our operations we published almost a million claims made by MPs and their staff, as Chart 6 in Annex C shows. Every two months, on the second Thursday of the month, we publish the claims from the two months four or five months previously. So, for example, on 12 May 2016, we published the claims for December 2015 and January 2016.²⁷
102. In addition to the two monthly cycle of publication, we publish MPs' annual spending for the previous financial year every September, along with some information on staffing and landlords.²⁸ MPs' aggregate spending in each year since 2010-11 can be seen in Table 3 of Annex C.
103. We began publishing MPs' claims in December 2010. In June-July 2010 we consulted on the proposed Publication Scheme, both for MPs' costs and expenses and IPSA's own activities²⁹. The key question concerned what information should and shouldn't be redacted. Like all public and other bodies, we have responsibilities under the Data Protection Act 1998 to adhere to the principles of data protection in respect of people's personal information. The first principle of data protection is that personal data shall be processed fairly and lawfully. Public interest can be taken into account, but data, amongst other things, must not be used in ways that have unjustified adverse effects on the individuals concerned. So we are careful, for example, to redact sensitive personal information, like MPs' financial details and personal addresses, from the information we publish.
104. Having established our Publication Scheme, we considered the form in which we would publish information about claims. We decided that we would publish the extracted information from MPs' claims, which is drawn from the receipts themselves and the MP's online claim. At the same time we decided not to publish redacted images of the receipts. This was for three main reasons:
- We calculated that the cost of publishing redacted images of receipts could be up to £1m per year and did not consider this to be value for money for the taxpayer, given the alternatives.
 - We were concerned at the potential risk to MPs' sensitive personal data, as there would always be the possibility of some images not being redacted correctly.

²⁷ See the search page at <http://www.parliamentary-standards.org.uk/SearchFunction.aspx>.

²⁸ See the aggregate data page at <http://www.parliamentary-standards.org.uk/AnnualisedData.aspx>.

²⁹ See the publication folder at <http://parliamentarystandards.org.uk/transparency/Pages/Consultations.aspx>.

- We believed that our presentation of the information on the claims was easier for people to understand and use than the images of redacted receipts, which can often look messy.

105. We have refined the presentation of the data over time, providing the ability to transfer data onto a spreadsheet for further analysis, for example. Our publication policy has also been developed further, particularly in the light of Freedom of Information requests that we have received. An example of this is our response in November 2012 to an FOI request about the names of landlords of MPs' residential and office accommodation. We published the data, subject to some redaction where MPs' personal addresses could be ascertained from the landlord's name and these were not already in the public domain. Having done so, it made sense to publish the information annually rather than piecemeal, in response to requests. We consulted once again on our publication scheme in March 2014, publishing a report on the consultation in July that year.

106. The scheme set out in the July 2014 report remains in place, with one important exception – we now publish the redacted images of receipts on request, following a judgement by the Court of Appeal in April 2015. The judgement and the background to it is explained in the following section.

Publishing receipts – the Court of Appeal Judgement

107. On 24 March 2015 the Court of Appeal heard an appeal by IPSA against a 2012 ruling by the Information Commissioner that IPSA should release redacted copies of four receipts. These had been requested by a journalist, Mr Ben Leapman. After the ruling by the Information Commissioner, IPSA had appealed to The First Tier and Upper Tribunals, both of which had found in the Information Commissioner's favour. The arguments at all stages of the court process hinged on whether everything on a receipt or invoice constituted recorded information and therefore came under the jurisdiction of the Freedom of Information Act.

108. We believed an important principle was at stake, and argued that elements of the receipt like logos or its colour were not recorded information. The counterargument was that these elements were information, as far as the requester of the information was concerned. The courts, including, in the final analysis, the Court of Appeal, found that in this particular case, they should be regarded as information.³⁰

109. Following the handing down of the Court of Appeal's judgement on 28 April 2015, we decided not to seek leave to appeal to the Supreme Court. We supplied redacted copies of the receipts in question to the requester. We also decided to publish receipts on request from that time. After some initial interest, the volume of FOI

³⁰ See the judgement at <http://www.bailii.org/ew/cases/EWCA/Civ/2015/388.html>.

requests for receipts has been relatively low. From April 2015 to March 2016 we published just under 1300 images of receipts as the result of 81 requests. Requests are mostly for a few receipts, often sparked by our two-monthly cycle of publication.

110. We have, so far, been able to manage these requests within our existing resources. However, looking ahead, we are considering whether integration of the redaction process with that for validation would open up the opportunity for publication of all receipts, on a planned cycle, in the future. We are consulting on this question in the May 2016 consultation paper.

Freedom of Information Requests

111. In December 2015, IPSA received its 1000th FOI request. The volume of requests in each financial year since we were created (we were receiving requests even before we started operations) are shown in Chart 9 of Annex C. The highest number of requests in a single year is 246.
112. We have met the targets for responding to requests within the statutory time limits for the last three years. The standard limit is 20 working days.
113. Around a quarter of the requests we receive relate to our own operations; the majority relate to the information we hold on MPs' business costs and expenses.
114. Around 60% of requests come from members of the public, 30% from journalists and 10% from MPs and their staff. The remainder come from local councillors, prospective parliamentary candidates and political campaigners. Chart 10 in Annex C shows the breakdown for 2010-16.
115. 55% of the requests made have resulted in information being disclosed in full or in part. 12% of the requests related to information already in the public domain, while 20% related to information not held by IPSA – for example people sometimes ask us for information which is a matter for the House of Commons. Just 13% of requests resulted in information being withheld in full.
116. There are a number of exemptions in the Freedom of Information Act which allow for the withholding of information. They include: sensitive personal information; matters relating to law enforcement; information accessible by other means, or scheduled for future publication; and information where its release would be prejudicial to the effective conduct of public affairs. Requests can also be refused if to meet the request would exceed the cost limits set out in guidance by the Information Commissioner. The limit equates to 18 hours' work.

117. The most common exemptions applied by IPSA have been those relating to information accessible by other means or planned for future publication – such as the claims data which is due for publication in a forthcoming cycle – and where sensitive personal information is involved. We use the exemption about the conduct of public affairs sparingly, given our commitment to transparency. If we seek to apply this exemption – “Section 36”, as it is known – we must first seek the opinion of our “Qualified Person”, who is the former High Court judge on the IPSA Board. This procedure is a statutory requirement. Table 12 in Annex C provides further detail on IPSA’s use of exemptions.
118. In July 2015 the Government established an Independent Commission on Freedom of Information to review the Freedom of Information Act, which had been in operation for 10 years (it came into force in 2005, although it was passed in 2000). We responded to the Commission’s call for evidence with a submission in November.³¹ In our submission we reiterated our commitment to transparency and observed that the Act has, on the whole, worked well, although we did receive a number of frivolous and sometimes burdensome requests. We noted that the exposure of the MPs’ expenses scandal was itself the result of a number of FOI requests. Our main concern was that the cost of redacting information was not included in the Information Commissioner’s cost limits. Where the redaction is required by law – for example, by the Data Protection Act – we believe that it would be right to include the redaction cost in that limit.
119. This chapter demonstrates the centrality of transparency to the way that we operate. It is important as a point of principle, it is a legal obligation and it contributes significantly to IPSA’s effectiveness as a regulator. It does cause difficulties for MPs, especially in the way that MPs’ claims are sometimes reported in the media, including at local level. But the challenges in getting across the important message about the legitimacy of MPs’ spending on their parliamentary activities needs to be met head on, not by shying away from publication of material which the public has the right to know about.

³¹ See the submission at <http://parliamentarystandards.org.uk/transparency/IPSA%20corporate%20reports%20%20publications/Submission%20to%20the%20Independent%20Commission%20on%20Freedom%20of%20Information.pdf>.

Chapter 5. IPSA's Support to MPs

Introduction

120. As well as being a regulator, IPSA has a statutory duty to “have regard to the principle that members of the House of Commons should be supported in efficiently, cost-effectively and transparently carrying out their Parliamentary functions.” This duty avoids saying how IPSA should provide that support, thereby recognising IPSA's independence. Nonetheless, it is clear that a duty exists, and we take that responsibility very seriously.

121. How we support MPs has evolved over the years, as we, and MPs and their staff, have learned from our experiences of working together. Currently we provide a range of services aimed at helping MPs to carry out their parliamentary functions. These include:

- Payroll services for MPs' staff, including model contracts, job descriptions and pay scales for each type of job.
- An on-line expenses system through which MPs make their claims.
- A number of methods by which MPs receive funding for their business costs and expenses including:
 - Reimbursement on production of an on-line claim supported by evidence, such as receipts and invoices.
 - Provision of a payment card, which can be used to purchase items that fall within the remit of the Scheme.
 - Direct payments by IPSA to office and residential landlords and some suppliers (for example stationery providers).
 - A dedicated on-line service for booking rail tickets.
- Provision of advice by telephone, email, in person and through guidance on our website.
- Budget reporting tools, including a monthly financial statement.
- Training events for MPs' staff.
- A range of communications via our MPs' Bulletin and the IPSA website.

122. We have a number of performance targets which are focused on our support to MPs. Our target for paying claims is currently twelve working days after we receive them, but we are now achieving an average turnaround time of fewer than six working days. Each year, in our annual report, we publish our achievements against our targets for the previous financial year³².
123. The rest of this chapter looks first, at the evolution of the support provided to MPs. It then describes how we worked with the House of Commons to provide support to new and departing MPs after the General Election in May 2015 (and retiring MPs before that) and, finally, looks forward to how we plan to improve our services in the coming years, resources allowing.

Evolution of Support to MPs

Paying business costs and expenses

124. As noted in the introductory chapter, IPSA was set up from scratch in the 7-8 months prior to the May 2010 General Election. An implementation team was formed from staff in the Ministry of Justice, which had responsibility for constitutional matters at that time. A permanent team of staff had to be identified and recruited; premises had to be located and furnished; IT systems for claims, finance and payroll had to be purchased and designed to meet IPSA's requirements; responsibilities, and in some cases, people, had to be transferred from the House of Commons; and a new Scheme of rules on business costs and expenses had to be developed, consulted on and published. This was all achieved – the “well-nigh impossible” task that the Office of Government Commerce referred to in its Gateway Review³³ was delivered. But in the time available, some of the systems and process and the rules themselves were inevitably tested in the live environment after 6 May 2010. So of course there were some “teething problems”.
125. The context in which IPSA was created is also relevant. The expenses scandal was attributed to many things, but the closed and sometimes informal system of claiming expenses was a contributory factor. House of Commons officials were sometimes put under pressures which were hard for them to resist, in the prevailing environment. Naturally, therefore, IPSA wished to do things differently, aided by its independence from Parliament. Claims now had to be made on-line, always supported by evidence. Reimbursement was based on a principle of “no ticket, no laundry”. Communication

³² See the key performance indicator sections of our annual reports at: <http://parliamentarystandards.org.uk/transparency/Pages/Corporate-reports-and-publications.aspx?RootFolder=%2Ftransparency%2FIPSA%20corporate%20reports%20%20publications%2FAnnual%20Reports%2C%20Corporate%20Plans%20and%20Estimates&FolderCTID=0x0120002AB20AF9B2F4E04EB037DA59F0A53CA4&View={0CC712EA-4535-4757-92AD-DCC52DB561CE}>.

³³ This document is located on the same page as the annual reports- see footnote 32.

with MPs about their claims was to be on email and on the record. There would be clearly demarcated budgets with strict limits.

126. All of this, and the necessity for it, was understood and accepted by many MPs. Some, however, objected, and IPSA was accused of being bureaucratic and inefficient. The on-line system was unpopular with a good number of MPs, who had not been required to use such a system before. It was said to be “clunky” and the process of claiming was time-consuming. The telephones were not answered quickly enough. The rules were confusing and unfair. MPs reported that they were out-of-pocket and struggling with cash flow problems, especially if they were setting up an office for the first time. Some MPs were keen to meet in person rather than correspond by email. It was a difficult start.
127. Of course it took IPSA and MPs time to adapt to the new environment and a different kind of relationship to the one that had existed in the House of Commons. But things did settle down within a few months. We made a number of changes to our systems where we could see MPs faced genuine difficulties. We provided face-to-face training for the use of the on-line system. We agreed to meet MPs to discuss their issues, both in groups and individually. We responded to the cash flow issues in a number of ways in the first year of our operations, including:
- The provision of an interest-free loan of up to £4,000, to be repaid by the end of the Parliament.
 - The opening up of the payment card, which was initially only for travel, to a number of other categories, including stationery, hotels and landline telephone bills.
 - For items with a value of over £200, advance payment to MPs on production of an invoice.
 - The introduction of direct payments by IPSA to landlords for office and residential accommodation.
128. To address the difficulties that some MPs were having with the budget limits, we established a contingency process in June 2010, whereby MPs could apply for extra funding if they faced exceptional circumstances. Typically the applications concerned either staffing costs (especially in London and other major urban areas where casework demands were high) or office rental costs, where MPs’ ability to stay within budget was dependent on the availability of suitable property in their constituency.
129. One move which was not popular with MPs was to limit the opening hours of the telephone lines to the afternoon. We did this at the time because, within the resources we had available, this allowed us to answer calls much more quickly and to answer email correspondence within our target time of 5 working days. The

afternoons were chosen because we had found early on that the majority of calls were made at that time.

130. The main changes to the rules of the Scheme were described in Chapter 2. Many of the changes introduced in April 2011 were in response to some of the difficulties faced by MPs. One of the administrative measures which helped many MPs in the management of their budgets was the merger of the two office budgets: rental and general administration. This gave MPs greater flexibility in apportioning their funding according to their personal circumstances.
131. The measures taken helped to stabilise the situation and over time we have established a positive working relationship with the vast majority of MPs and their staff. Numerous changes to our on-line expenses system have been made to make it easier to use, in response to feedback from MPs and their staff. We have now opened up the payment card to all items under the Scheme and have extended the range of direct payment arrangements to rail and air tickets (either through Trainline or the House of Commons' travel provider), office supplies, pooled staffing services and employment practice liability insurance. By 2013 about two-thirds of the value of MPs' costs (not including payroll) could be covered by direct payments. At present, the take-up of these arrangements is around 75% of the total value of MPs' costs and expenses.
132. A potential side-effect of direct payments and especially the opening up of the payment card is that, at any point in time, there will be some MPs who owe IPSA money. This might be because some MPs' payment card transactions have been paid for but not yet reconciled with the evidence the MP needs to provide to IPSA. This may lead to the creation of some short term debt on the part of certain MPs. It might also be because a lease with a landlord has come to end, but IPSA has not been notified in time to prevent another payment being made. These are dynamic processes which are usually quickly resolved. In a very small number of cases, some small amounts of debt have been written off by IPSA. This would be a normal process in the majority of organisations. However, given the public scrutiny that MPs are under, even small amounts of money owed or written off can be reputationally damaging for MPs.
133. We continue to look at ways to tighten up processes, and now provide MPs with monthly financial statements to help them manage their finances effectively. These measures will help to reduce the amount of money owed by MPs to IPSA at any point in time.

Payroll services for MPs and their staff

134. IPSA administers the payroll for MPs and their staff. As well as 646 MPs³⁴ there are typically around 3,500 staff. They are paid at the end of each month. All 71 payrolls up to April 2016 have been carried out on schedule and with an accuracy rate of better than 99.75% on average.
135. In order to receive funding for the payment of their staff's salaries, MPs must ensure that all their staff have a contract which conforms with IPSA's model contract and one of the model job descriptions provided by IPSA. Staff's salaries must be in the prescribed pay range for the job. The only exception to these rules are staff who were employed by an MP before the 2010 General Election. They can retain their old contracts, but if they do they cannot benefit from the terms and conditions set out in the IPSA model contract, which includes a potential redundancy payment of twice the statutory rate.
136. Initially the redundancy arrangements only allowed for the statutory rate. Following consultation, the rate was doubled in April 2012. While we encouraged MPs' staff to switch to IPSA model contracts, we introduced a deadline for switching over: 14 November 2014. This was partly to prevent the risk of some staff benefiting for most of the Parliament from a salary in excess of IPSA's pay ranges and then moving across to benefit from a higher redundancy rate than they would otherwise receive. The deadline was communicated well in advance, but some MPs and their staff remained unaware. Since the General Election we have provided further opportunities for those still on old contracts to move onto the IPSA equivalent.
137. We provide MPs with on-line tools to select appropriate contracts and job descriptions. Over time we have introduced greater flexibility into the job descriptions to allow for the fact that, with a relatively small staffing complement, MPs may need their staff to perform a variety of functions. The basic descriptions, however, are for office manager, senior and junior caseworkers and senior and junior researchers. We also provide MPs with staffing budget reports, so that they can predict how much of their budget they will have spent and what room they have for payments such as overtime and for pay increases. It is for the MPs, as the employers, to decide on the amount of any increase (provided the salary stays within the range) but we recommend that they should take account of the rate that has been set by the Government for public sector pay. The online tools still have room for improvement and we will develop new services as part of our forthcoming improvement programme (see paragraphs 151-153).
138. Under the Pensions Act 2008, all employers must put their eligible staff into a pension scheme. This is known as Automatic Enrolment. The legislation began to

³⁴ In the current Parliament, there are four Sinn Féin MPs, who do not receive a salary because they have not taken the oath to Her Majesty the Queen.

apply in 2012. Employers were given deadlines for auto-enrolment according to the number of people they employed. Rather than require 650 individual MPs to introduce auto-enrolment for a small number of staff, IPSA carried it out on their behalf. The deadline for introducing auto-enrolment was March 2016 but we decided that it would be better to work to a deadline of May 2015, so that new staff after the 2015 General Election could be automatically enrolled. There was a complication in that the pension scheme that most MPs' staff belonged to - the "Portcullis" scheme - was not compliant with the new requirements. Therefore IPSA, assisted by a panel including staff representatives, conducted a tender exercise for a new provider. The successful bidder was Legal and General. All MPs' staff are enrolled as members of this new pension scheme.

139. The transition was not without difficulties, particularly as it proved difficult to communicate successfully with some MPs' staff. Some staff were also not happy with having to change scheme. But this was a legal requirement. The new arrangements are now up and running, and although the exercise was not well-received by all staff, we believe that this is good example of how IPSA provides essential support to MPs. It prevented any MPs, as employers, from becoming non-compliant with the legislation that Parliament had enacted.

Contingency payments and disability and security assistance

140. As described in Chapter 2 on regulation, IPSA has a number of capped budgets for different categories of expenditure. We explained, in paragraphs 38-41, how contingency arrangements have helped some MPs to deal with pressure on their budgets. The contingency process was established in June 2010, mainly in response to staffing budget pressures, but also to deal with the variability of office rental costs across the UK. There were constituencies where rental costs were much higher than expected because of the lack of available properties in areas which would be accessible to constituents. MPs could make a contingency application for an uplift to their office budget which reflected local market conditions.
141. To be eligible for a contingency payment, MPs must provide IPSA with evidence of the exceptional and unavoidable circumstances which necessitate an uplift to their budget. MPs can also apply for a contingency payment to cover an item of expenditure which falls outside the Scheme rules, by providing evidence to show that it is clearly in support of their parliamentary functions. As Table 10 of Annex C shows, the majority of payments have concerned staffing and office cost budget uplifts.
142. Decisions on contingency applications are taken by a panel of senior managers from IPSA, covering our full range of regulatory and support functions. The Panel is chaired either by the Chief Executive or the Director of Regulation. Monthly reports on contingency expenditure are made to the IPSA Board and all contingency applications, successful or otherwise, are published annually, each September.

143. The process has proved to be a useful “safety valve”, whereby MPs can receive additional financial support in exceptional circumstances, without IPSA having to make widespread changes to budgets to cater for a few cases.
144. Disability assistance and security assistance provide similar support to contingency in these special areas of need. Disability assistance is available not only to MPs, but their staff, and where necessary, to meet the reasonable needs of constituents visiting their offices. Security assistance is available to MPs who need to pay for security measures beyond the routine precautions like burglar alarms and locks. To receive funding they must provide a report from a police force or security agency, which sets out the grounds for the expenditure.³⁵ Because of the sensitivity of both these areas of expenditure, spending by individual MPs is not published. However, an aggregate figure for each category is published annually, usually in September.

Communications and surveys

145. An ever-present challenge is making MPs and their staff aware of the support that we provide, as some of the examples in this chapter illustrate – see paragraphs 136 and 139, for example. We use bulletins, our website, personal communications, and training events, as well as providing advice by telephone, email and through face-to-face meetings. But there remain some MPs who are not fully aware of the rules and the support that we can provide to them. We will continue to look for ways to communicate more effectively, including through a revamped website and an “extranet”, which will provide MPs with a portal through which they can access all their financial and other information and access all our support services. This is planned as part of our improvement programme.
146. Each year we conduct a survey of MPs and their staff to assess their satisfaction with the support that we provide. The first survey was conducted by the National Audit Office, as part of its value-for-money review of IPSA and its report “The payment of MPs’ expenses”, which was published in July 2011. While the majority of MPs agreed with the principles of requiring evidence for claims and that major changes to the old system were needed, satisfaction with IPSA’s operation of the Scheme and provision of services was at most 40% (for travel expenses and contingency payments)³⁶. Since then satisfaction levels have improved, although some MPs still consider that the time taken to administer their expenses is too long and gets in the way of other business. We continue to look for ways to streamline our systems and reduce the administrative burdens on MPs and their staff, while ensuring that spending is properly regulated and accounted for.

³⁵ Recently IPSA and the House of Commons, advised by the security forces, agreed to make an additional security package available to all MPs, in the light of increasing threats to MPs’ security.

³⁶ See Figure 6 of the NAO 2011 review at <https://www.nao.org.uk/wp-content/uploads/2011/07/10121273.pdf>.

147. We have conducted surveys of MPs' and their staff each year since 2012. These can be seen on our website.³⁷

Support to MPs before and after the General Election

148. IPSA had a number of roles in supporting MPs in the run up to the May 2015 General Election and afterwards:

- Before, and especially in the Dissolution period (which is when Parliament is ended until after the election), we provided guidance – written and oral – on the Scheme rules and what could and couldn't be claimed as costs and expenses. Nothing that was party political or could be construed as campaigning could be claimed for. This was covered in the chapter on regulation, at paragraph 45.
- Also, in the months ahead of the General Election, we provided support to those MPs who had already decided to stand down at the election, including advice on what they had to do to wind up their constituency affairs and what IPSA would fund in this respect. This allowed some MPs to be well-advanced on winding up before 7 May 2015.
- In the week commencing 11 May, we worked with House of Commons officials in providing new MPs with the information they needed to begin operations and gathered essential information from them so that we could set up arrangements for paying their salaries and pension contributions and so that they could start to claim for their business costs and expenses. A payment card was made available, as well as a loan, if required, which this had to be repaid by the end of 2015-16. The new Members' Reception Area was a success. We saw almost all of the 182 new MPs on the first day.
- At the same time we had set up a departing MPs' area in another building. MPs who had retired or lost their seats could book an appointment with IPSA and House of Commons officials to discuss the arrangements for winding up their affairs, and, in due course, receive their resettlement payment, if they were eligible for one. All the arrangements for winding up had to be in place and any money owed, repaid, before MPs could receive the resettlement payment.
- We recruited a temporary team of "IPSA Election Contacts" to advise new and departing MPs on either starting or winding up their operations. These staff were given extensive training, and the support they provided to MPs

³⁷ <http://parliamentarystandards.org.uk/transparency/Pages/Corporate-reports-and-publications.aspx>.

and their staff was well-received. In our recent survey of MPs and their staff³⁸, 69% of new MPs who responded said they found their Election Contact support very or fairly useful (78% of MPs' proxies³⁹ responded positively to this question). 69% of MPs who responded were satisfied or very satisfied with their experience of the New Members' Reception Area.

- Given the demand for information over the election period and in the months after the election, we extended the telephone lines to a 9am to 6pm service.

149. We have conducted a detailed lessons-learned exercise since the General Election⁴⁰. The overall success of IPSA's support to MPs was the result of detailed preparation, the availability of the necessary resources and the recruitment and training of the IPSA Election Contacts. There was also effective and close working between IPSA and the House of Commons. The longer hours during which telephone advice was available was very popular.

150. The key lesson learned from the challenges we faced is that there remains room for improvement in some of our processes and IT systems, to ensure that we have fully up-to-date and accurate data. There were also aspects of the Scheme rules which will need clarification before the next General Election, particularly in the area of MPs' staff travel, when the Westminster office closes and staff may travel to the constituency office to help with constituency work there. Our improvement programme, which is described in the next section, draws on the experience of the General Election.

The IPSA 2017 improvement programme

151. After nearly six years of operations, including the provision of support to MPs after the 2015 General Election, the time is right to review both the MPs' Scheme of Business Costs and Expenses and our systems and processes in a fundamental way. This is also the opportunity to make changes which will then be in place for a further five years, as we must re-tender for provision of IT services in 2016. We have called this our IPSA 2017 improvement programme. In March 2016, the Speaker's Committee for IPSA agreed the budget for IPSA and for MPs in the 2016-17 financial year. Funding has been allocated to the improvement programme, including the necessary investment in new IT and processes.

³⁸ The report on the survey can be seen at:

<http://parliamentarystandards.org.uk/transparency/IPSA%20corporate%20reports%20%20publications/Key%20findings%20from%20the%20Annual%20User%20Survey%20-%202015.pdf>.

³⁹ A senior member of an MP's staff who is designated as the main contact for IPSA.

⁴⁰ The reports on lessons learned and the survey of MPs and their staff can be found at

<http://parliamentarystandards.org.uk/NewsAndMedia/Pages/LatestNews2.aspx?ListNews=739f9c00-b7d4-4282-bffd-9ae51fd8d92d&NewsId=100>.

152. We are examining our business process and systems in detail before we seek IT solutions as part of the new contracts which will be in place in the autumn of 2016. Our review of the Scheme, including questions about the regulation of MPs' staffing arrangements, was launched in May 2016, with a view to any rule changes being part of a new Scheme from April 2017. We are developing an "account management" model of support to MPs, where each MP has a small team of named contacts, who will advise them on all aspects of their business. This is derived from the successful approach we took for the General Election. We are re-examining our publication processes, as described in Chapter 4 on transparency, and will be redesigning our website, to make the information which is on it, including the data on MPs' costs and expenses, more accessible and easier to use.
153. This is an ambitious programme of work which is designed to strengthen both our regulatory approach to MPs' costs and expenses and the support provided to MPs and their staff. We need to ensure that we and MPs can respond to the challenge that all public organisations conduct as much as possible of our business digitally, securing better value for money for public funds in the process. The IPSA 2017 programme will build on the significant progress that we have made in our first six years, but there is no doubt that considerable challenges – and opportunities - remain.

Chapter 6. Scrutiny of IPSA and its Spending

Introduction

154. IPSA is independent of Parliament and Government, but that does not mean that it is free from scrutiny. As well as being subject to public scrutiny through Freedom of Information (see Chapter 4), and publication of data under its publication scheme, IPSA's spending is subject to scrutiny by the Speaker's Committee for IPSA (SCIPSA), which also has to agree IPSA's "Estimate" (its budget) for each financial year. IPSA's Annual Report and Accounts are normally published each July, and are audited by the National Audit Office (NAO). In the first year and a half of its operations, IPSA was also subject to a Value for Money review by the NAO, reporting to the Public Accounts Committee and an inquiry by the Committee on Members' Expenses (CME) into "The Operation of the Parliamentary Standards Act 2009". This chapter describes the role of SCIPSA and shows what IPSA has spent since 2010-11. It also looks at the outcome of the NAO and CME reviews.

SCIPSA and IPSA's Spending

155. Each year, typically in January or February, IPSA submits an Estimate to SCIPSA, detailing what it expects to spend in the forthcoming financial year. SCIPSA is a parliamentary committee of MPs, comprising members of the larger parties in the House of Commons, the Leader and Shadow Leader of the House and the Speaker, who chairs the Committee. There are also three lay members.⁴¹

156. SCIPSA will typically meet two or three times to consider IPSA's proposals. This includes a public session of the Committee in which IPSA's Chair and senior officials give evidence⁴². A decision will normally be made by the end of March, in time for the start of the new financial year in April, although the decision-making process has sometimes taken longer. SCIPSA is advised by the House of Commons Scrutiny Unit and HM Treasury as it undertakes its scrutiny of IPSA's Estimate.

157. If in the course of the financial year, IPSA identifies that it is likely to need extra funding, or needs to make technical changes to its budget, it can apply for a

⁴¹ The membership of SCIPSA is shown at <http://www.parliament.uk/business/committees/committees-a-z/other-committees/speakers-committee-for-the-independent-parliamentary-standards-authority/membership/>.

⁴² The minutes of the 2014-15 and 2015-16 oral evidence session are at <http://www.parliament.uk/business/committees/committees-a-z/other-committees/speakers-committee-for-the-independent-parliamentary-standards-authority/publications/?type=&session=26&sort=false&inquiry=all>.

supplementary estimate. It has done so twice, in 2011-12 and 2012-13, for technical reasons only.⁴³

158. The largest element by far of IPSA's spending is its funding of MPs' salaries and their business costs and expenses (which include the salaries of staff). Its own core operational costs have typically been equivalent to around 3-4% of expenditure on MPs and their staff as Table 13 in Annex C shows.
159. IPSA's core operational expenditure fell by 20.4% over the four years following 2010-11. This is equivalent to a reduction of 25.8% in real terms, using the GDP deflator to take inflation into account⁴⁴.
160. The line described as "IPSA special projects" describes expenditure on major projects which took place over a discrete period. In 2010-11 these costs were the residual costs of setting up IPSA. In 2013-14 they related primarily to the review of and consultation on MPs' pay and pensions, including the costs of devising a new pension scheme, and initial preparations for the May 2015 General Election. In 2014-15 the costs mainly concerned preparations for the General Election, including the recruitment and employment of IPSA Election Contacts (see paragraph 148).
161. The costs relating to the FOI receipts request refer to the appeals against the Information Commissioner's judgement on a request for copies of receipts (see paragraphs 107-110). They are mainly legal costs.
162. IPSA also funds the recruitment process for new Board members, when existing members' terms are about to come to an end. Recruitment and appointment of IPSA Board members is the responsibility of the Speaker of the House of Commons and is overseen by SCIPSA. A selection panel conducts an open competition for the posts.

The NAO and CME Reviews in 2011

163. The NAO review was entitled, "Independent Parliamentary Standards Authority – The payment of MPs' expenses". It sought to "examine the value for money that IPSA has achieved since its creation, both through the Scheme and in its other functions". The review began less than a year after IPSA began its operations. The report was published in July 2011 and considered by the Public Accounts Committee. The NAO's conclusion on value for money was as follows⁴⁵:

⁴³ An example of the supplementary estimate is at

<http://www.parliament.uk/business/committees/committees-a-z/other-committees/speakers-committee-for-the-independent-parliamentary-standards-authority/news/agreement-of-draft-supplementary-estimate/>

⁴⁴ GDP deflator figures are from the Office of National Statistics. See the spreadsheet at

<https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2016>.

⁴⁵ "The payment of MPs' expenses", a report by the Comptroller and Auditor General, 7 July 2011, paragraphs 22-23. See <https://www.nao.org.uk/wp-content/uploads/2011/07/10121273.pdf>.

“IPSA set itself up with commendable speed, and despite initial problems, has done well to create a functioning new expenses scheme which safeguards public money and has made a significant contribution to increasing public confidence. IPSA has paid attention to increasing its own efficiency and has reduced the average cost of dealing with claims significantly.

“Any expenses system needs to manage the inherent tension between preventing misuse of money and enabling an organisation’s core business to be done well. IPSA’s Scheme is clearly achieving the former. However, IPSA did not have sufficient regard to the impact its Scheme was having on the ability of MPs to fulfil their duties in its first year of operation, nor to the costs falling upon them. The Scheme as a whole will offer better value for money if IPSA accelerates the streamlining of its own procedures and gives priority to minimising the costs necessarily falling on MPs.”

164. Many of the changes to our regulatory approach and our support to MPs, which have been described in earlier chapters, are in line with the NAO’s recommendations.
165. The Committee on Members’ Expenses was asked by Parliament in May 2011 to “review the operations of the Parliamentary Standards Act 2009 and make recommendations...”. The Committee’s report was published in December 2011⁴⁶. The Committee made 20 recommendations, the most striking of which would have involved taking the administrative part of IPSA back into the House of Commons, leaving IPSA purely as a regulator. It also recommended a stronger requirement on IPSA to support MPs, rather than “have regard” to the principle of supporting them. This would have restricted IPSA’s ability to judge what was the right balance between support to MPs and the public interest. The Committee also recommended that an independent body should be commissioned to determine whether salary supplements should be provided for MPs’ accommodation and travel. Following that determination the House of Commons would decide whether or not to introduce those supplements. All of these recommendations, had they been agreed by Parliament, would have required amendments to the Parliamentary Standards Act and would have fundamentally undermined IPSA’s independence, and therefore its effectiveness as a regulator.
166. In a Parliamentary debate on 15 December 2011, the House of Commons recognised the implications for IPSA’s independence and did not support the motion supporting

⁴⁶ House of Commons Committee on Members’ Expenses, “The Operation of the Parliamentary Standards Act 2009”. Volume 1 is the report, Volume 2 includes all the written submissions to the Committee, and transcripts of oral evidence sessions. IPSA appeared before the Committee on 13 September and 25 October 2011 and made a written submission. See <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmmemex/1484/148402.htm>.

the recommendations in the Committee's report.⁴⁷ We responded to all 20 recommendations in our Annual Review of the MPs' Scheme of Business Costs and Expenses in 2012.⁴⁸ There were a number of recommendations about our operations some of which we were already pursuing, such as streamlining our approach to validation (see paragraph 49 of this paper).

Other Committees and Parliamentary Questions

167. The IPSA Chair, Chief Executive and other senior officials have appeared before a number of other Select Committees including: the Administration, the Standards and the Liaison Committee. The latter is a Committee which brings together all the Select Committee Chairs. Issues have included IPSA's operations, the Scheme rules, the Compliance Officer's procedures and our preparations for the General Election in 2015.

168. We cannot answer Parliamentary Questions (PQs) directly because we are independent and do not have a Minister who is accountable to Parliament for IPSA⁴⁹. But as a public body, we still need to be accountable to Parliament. Therefore we have an arrangement where the MP for Broxbourne, Charles Walker MP, provides the answers on our behalf. He does not edit the answers but states that they have been provided by the Chief Executive of IPSA. So our independence is preserved and our accountability maintained.

169. The volume of PQs made to IPSA was relatively high at first. The questions mainly related IPSA's operations and spending. The volume was later much lower. Chart 11 in Annex C shows the volume of questions over the years.

⁴⁷ <http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm111215/debtext/111215-0002.htm>.

⁴⁸ Annex A to the Report on the Consultation:

<http://parliamentarystandards.org.uk/transparency/Pages/Consultations.aspx?RootFolder=%2Ftransparency%2FOur%20consultations%2FScheme%20Review%2F2012%2FMarch%2D12&FolderCTID=0x012000F4013D8875B7DE45B812C4FA5CA28FF3&View={D79B54E8-E7AB-4030-88C9-BF02E98EA6E0}>.

⁴⁹ Government policy matters concerning IPSA are now part of the responsibilities of the Cabinet Office. They were handled by the Ministry of Justice while it had the lead on constitutional issues.

Chapter 7. Conclusion

170. IPSA was created in response to the MPs' expenses scandal. It was accepted by Parliament that, in order to restore public confidence, MPs' spending would need to be regulated by an independent body and there would need to be full transparency. It was also recognised that, for the issue of MPs' pay and pensions to be addressed effectively, it would have to be determined by an independent body actually taking the decision, not putting it to Parliament for approval. IPSA was given these responsibilities and the independence with which to perform them. So, our two key objectives were to ensure that public funds were properly spent and accounted for and to address the issue of pay once and for all. We have achieved both of these objectives.
171. Our strategic aim for the coming Parliament is "To assure the public that MPs' use of taxpayers' money is well regulated and that MPs are resourced appropriately to carry out their parliamentary functions." This reflects two of IPSA's three main statutory duties; the other - determining MPs' pay and pensions - is, we hope, resolved for the duration of this Parliament.
172. Our focus for 2015-20, therefore, will be on continuing to improve our approach to regulation and our support to MPs. We will also look at ways of increasing transparency further, with a view to assuring the public that taxpayers' money is being used for legitimate parliamentary purposes. We know that this will be a challenging task, but it is what we are here for.
173. As far as we are aware, IPSA is the world's only fully independent body when it comes to the regulation of MPs' costs and expenses, and pay. Our experiences are of interest to many other organisations in other countries and we regularly receive visitors from abroad who are interested to find whether they could learn from our approach to MPs' costs and expenses. We hope that this report will be useful to others who are thinking about reforming their own systems.
174. We will continue to work too, with MPs, to ensure that we are striking an appropriate balance between regulation and support. It is both our interests to get that right, and help to strengthen public assurance.

Annex A. Members of the IPSA Board and Chief Executives

IPSA Board

Dates of Office

Chairs

Sir Ian Kennedy

First term: November 2009 – November 2014

Second term: December 2014 – May 2016

Ruth Evans

From June 2016

Judicial members

Sir Scott Baker

January 2010 – December 2012

Sir Neil Butterfield

January 2013 – December 2015

Sir Robert Owen

From January 2016

Qualified auditors

Isobel Sharp

January 2010 – December 2012

Anne Whitaker

From January 2013

Former MPs

Jackie Ballard

January 2010 – December 2012

Tony Wright

January 2013 – December 2015

The Rt Hon. John Thurso

From January 2016

Other members

Ken Olisa

January 2010 – December 2012

Elizabeth Padmore

From January 2013

Chief Executives

Dates of Office

Andrew McDonald

September 2009 – April 2014

Marcial Boo

From June 2014

Interim appointments

Scott Wolveridge

March – June 2011

Paula Higson

August – November 2012

Paul Hayes

April – May 2014

Note: Scott Wolveridge and Paula Higson stood in for Andrew McDonald during two periods of temporary absence due to illness.

Annex B. Fundamental Principles of the Scheme

Current Principles

1. MPs 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. MPs 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. MPs 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 MPs 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.

New principles proposed in consultation on the Scheme, May 2016

1. The Scheme should assure the public that MPs' use of taxpayers' money is well-regulated and that MPs are resourced appropriately to carry out their parliamentary functions.
2. The Scheme should take account of MPs' diverse working arrangements and should not unduly deter people from any part of society from seeking to become an MP.
3. In matters relating to business costs and expenses, MPs should, where possible, be treated in the same manner as other citizens. They should neither gain, nor be disadvantaged, financially.
4. All money claimed from IPSA by MPs should be exclusively for parliamentary purposes and have regard to value for money.
5. In financial matters, as well as in other aspects of their work, MPs should adhere to the seven principles of public life.
6. MPs are responsible for their own financial and staff management – and IPSA should support them in exercising their responsibilities.
7. All expenditure by MPs should be published and accessible to the public.
8. The Scheme should be administered by IPSA in an effective, cost-efficient and transparent way.

Annex C - Aggregate data

2010 - 2015

Independent Parliamentary Standards Authority

Table 1 – All Not Claimed, Not Paid, and Paid claims submitted by MPs since 2010

	<i>Not Claimed</i> [*]			<i>Not Paid</i>			<i>Paid</i>		
	Claims	%	Amount	Claims	%	Amount	Claims	%	Amount
2010-11	152	0.1%	£6,400	3,167	2%	£328,600	150,881	98%	£17.9 million
2011-12	397	0.2%	£26,800	1,045	0.6%	£130,600	186,847	99%	£17.0 million
2012-13	328	0.2%	£24,700	1,324	0.7%	£132,200	184,967	99%	£16.2 million
2013-14	408	0.2%	£26,700	1,699	0.9%	£102,000	182,725	99%	£15.6 million
2014-15	507	0.3%	£46,500	1,595	0.9%	£138,200	176,066	99%	£14.9 million
2015-16	1,096	0.7%	£86,200	824	0.5%	£93,000	151,120	99%	£14.8 million

* "Not Claimed" items indicate payments made by an MP with an IPSA funded credit card that are not eligible under the Scheme, which the MP voluntarily elects to repay to IPSA.

Table 2 – Reviews and investigations opened by the Compliance Officer for IPSA since 2011

	2011-12	2012-13	2013-14	2014-15	2015-16
Number of reviews	-	0	3	1	11
Number of investigations	22	1	0	1	3 [*]
Investigations resulting in repayment by MP	2	1	0	1	-
Total amounts repaid (£)	612.35	3,000.72	0	1,006.20	-

* All investigation opened by the Compliance Officer in the 2015-16 financial year are ongoing.

Table 3 – total annual expenditure by MPs since 2010, and annual standard budget limits (£)

Budget	2010-11		2011-12		2012-13		2013-14		2014-15	
	L*	N-L	L	N-L	L	N-L	L	N-L	L	N-L
Staffing (total expenditure)	54,059,000		68,614,000		76,318,000		80,493,000		82,765,000	
(Standard budgets)	100,419		115,500		144,000		144,000		145,500	
Office Costs Expenditure	8,477,000[†]		10,606,000		10,838,000		11,246,000		10,807,000	
	-		24,000		24,750		25,350		25,900	
Accommodation	5,067,000		6,523,000		6,836,000		6,981,000		6,734,000	
	19,900	9,472 - 15,050 [‡]	19,900	9,472 - 15,050	20,000	10,050 – 15,150	20,100	10,150 – 15,250	20,600	10,400 – 15,650
Travel (uncapped)	3,494,000		4,424,000		4,608,000		4,822,000		3,923,000	
	-		-		-		-		-	
Miscellaneous Expenditure (uncapped)	273,000		370,000		460,000		390,000		462,000	
	-		-		-		-		-	
Winding Up	76,000		108,000		301,000		146,000		275,000	
	40,609		46,500		56,250		56,450		57,150	
Start Up	-		13,000		28,000		20,000		3,000	
	-		6,000		6,000		6,000		6,000	

* L = London, NL = Non-London.

† In the 2010-11 financial year only, Office Costs were claimed under two separate budgets: General Administrative Expenditure, and Constituency Office Rental Expenditure.

‡ A cell containing a range indicates regional variations to standard budget limits. See the MPs' Scheme of Business Costs and Expenses for further details.

Chart 1 – Between London and Constituency mileage expenditure by MPs in 2014-15

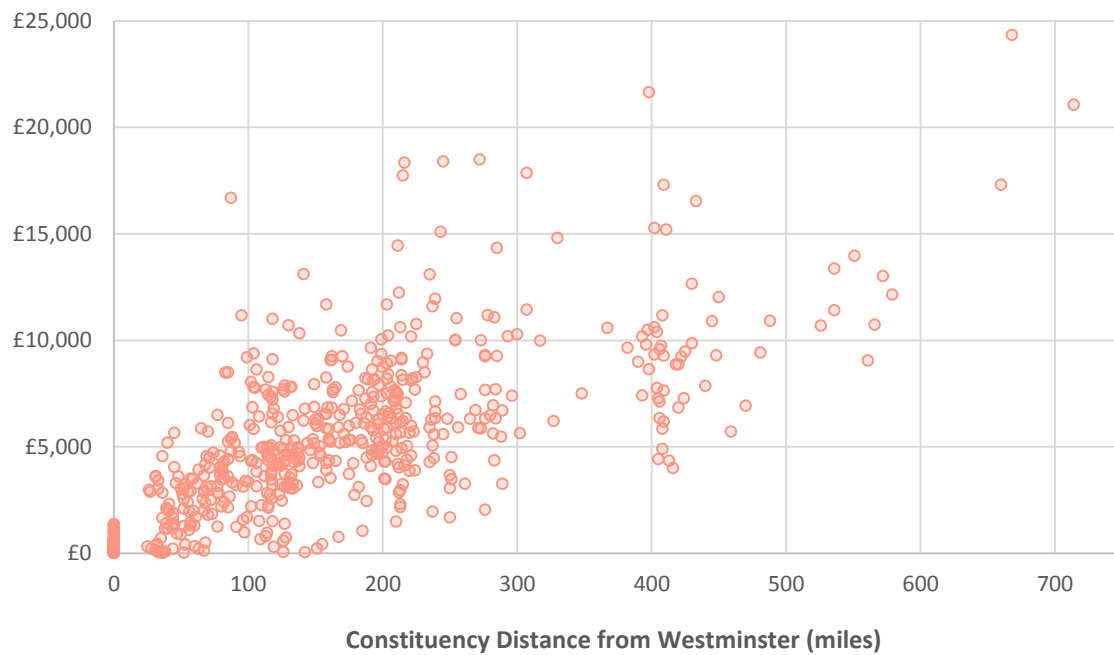


Chart 2 – Within Constituency mileage expenditure by MPs in 2014-15

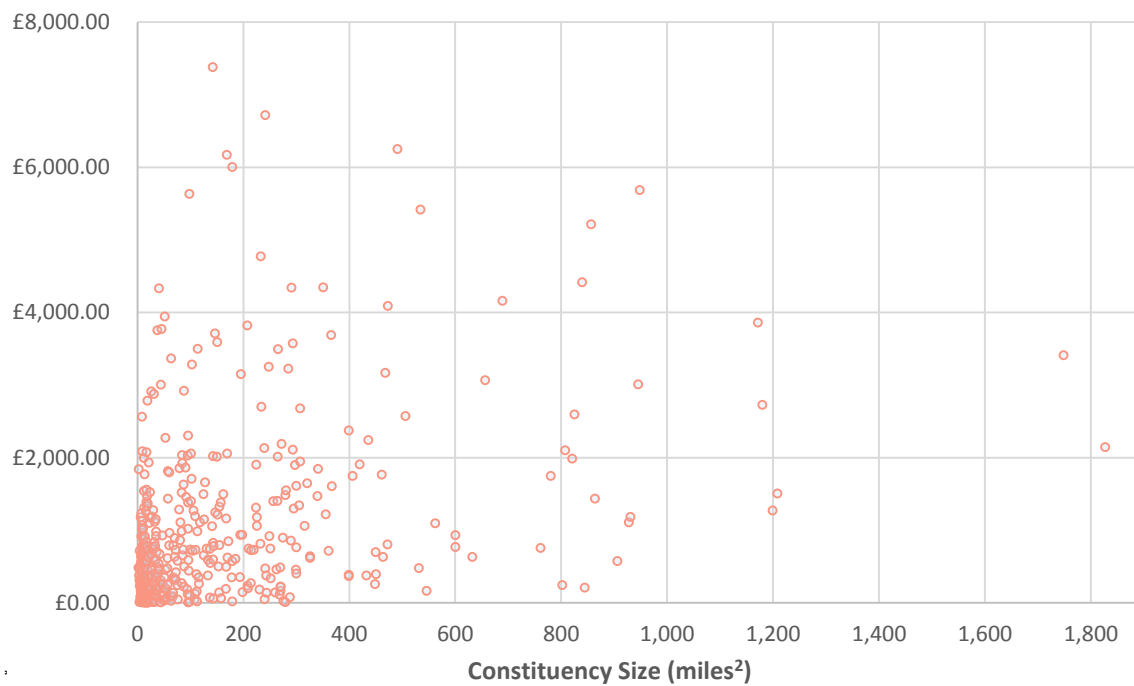


Chart 3 – Mileage expenditure bands by number of MPs in the 2014-15 financial year

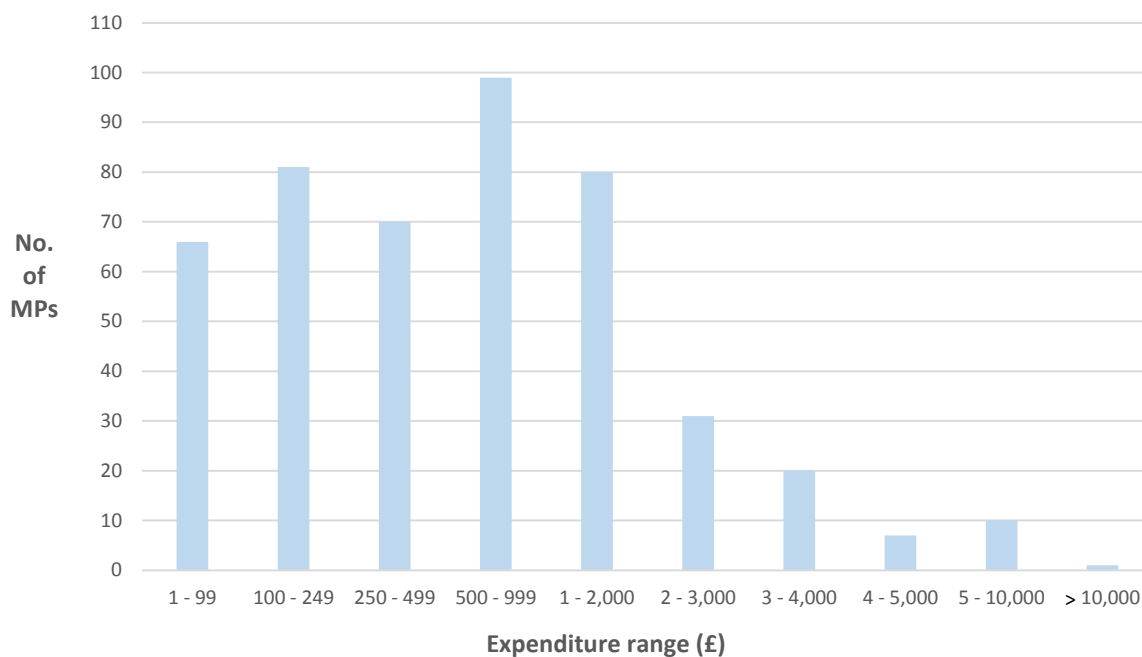


Table 4 – average expenditure by MPs on Staffing by UK region in 2014-15

Region	Average MP expenditure (£)	% of regional budget limit*	No. of MPs
East Midlands	122,800	84.5	45
Eastern	125,500	90.5	47
London	135,000	97.4	96
North East	128,900	93.0	29
North West	126,200	91.1	75
Northern Ireland	128,000	92.4	18
Scotland	128,000	92.4	59
South East	122,000	88.1	72
South West	124,900	90.1	55
Wales	129,800	93.6	40
West Midlands	124,700	89.9	59
Yorkshire and Humberside	131,900	95.1	54
UK average	127,308	-	649[†]

* £145,500 (London Area); £136,800 (Non-London Area).

† One MP had no expenditure on Staffing in the 2014-15 financial year.

Chart 4 – Staffing Expenditure by region in 2014-15 (£)

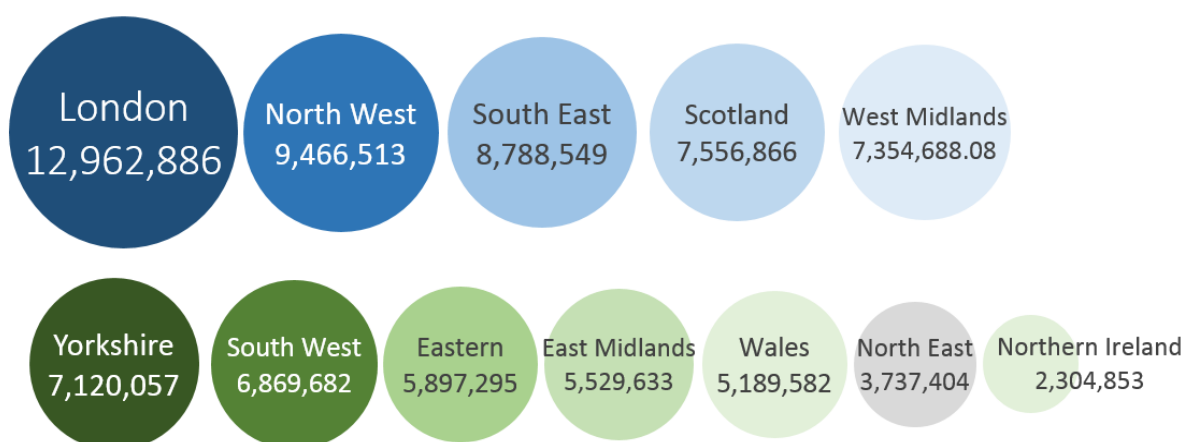


Table 5 – total annual cost and number of Connected Parties, 2010-2015

Financial Year	Connected Party Costs	Connected Parties (Total)	Connected Parties (Annualised†)	Cost per Connected Party
2010-11*	£3,176,000	150	135	£23,500
2011-12	£4,033,000	162	147	£27,400
2012-13	£4,397,000	165	155	£28,400
2013-14	£4,666,000	176	161	£29,000
2014-15	£4,716,000	171	158	£29,900

* 2010-11 costs do not represent a full year in this table. IPSA began operating the payroll for new staff from 7 May 2010 and for staff transferring from the House of Commons' payroll on 1 June 2010.

† Mean number of connected parties employed in each month to account for turnover throughout year.

Table 6 – total number of registered dependants in 2014-15

Age of dependant	≤ 4 years	5 - 9 years	10 - 14 years	15 - 18 years	19 - 21 years	≥ 22	Age not recorded*
MPs with registered dependants	44	64	71	48	24	5	7
Total no. of dependants	51	84	97	58	28	6	12

* These dependants may be adults with disabilities, or for whom the date of birth may not have been accurately recorded.

Table 7 – Average annual cost of constituency office rent (incl. VAT) by landlord type

Landlord type	Private	Political party	Local Council	Average
Average annual rent	£7,711	£5,958	£6,594	£6,972
No. of MPs	200	152	23	-

Table 8 – total cost and number of subscribers for pooled services units, 2010-15

Financial Year	PRU Policy Research Unit	PRS Parliamentary Research Service	PST Parliamentary Support Team	POLD Parliamentary Office of the Liberal Democrats
2010-11	259 MPs £873,335	18 MPs £43,200	N/A	53 MPs £127,625
2011-12	260 MPs £1,065,972	59 MPs £212,579	N/A	56 MPs £134,555
2012-13	258 MPs £1,038,685	110 MPs £405,100	51 MPs £252,773	56 MPs £141,435
2013-14	253 MPs £1,061,880	102 MPs £475,200	51 MPs £252,773	56 MPs £154,270
2014-15	212 MPs £601,410	97 MPs £448,177	14 MPs £69,389	21 MPs £59,951
Total	£4,641,302	£1,694,436	£574,935	£617,836

Table 9 – Accommodation Expenditure by MPs in 2014-15*

	Renting in London	Renting in constituency	Associated expenditure	Hotels	Ineligible [†]	Did not claim
No. of MPs	286	38	82	63	96	87
Total cost	£4,985,000	£420,900	£343,500	£549,000	-	-

* The table displays 652 MPs, two more than the current total, due to the Newark and Heywood & Middleton by-elections in 2014-15.

† All London Area MPs, a total of 96, are ineligible for Accommodation Expenditure.

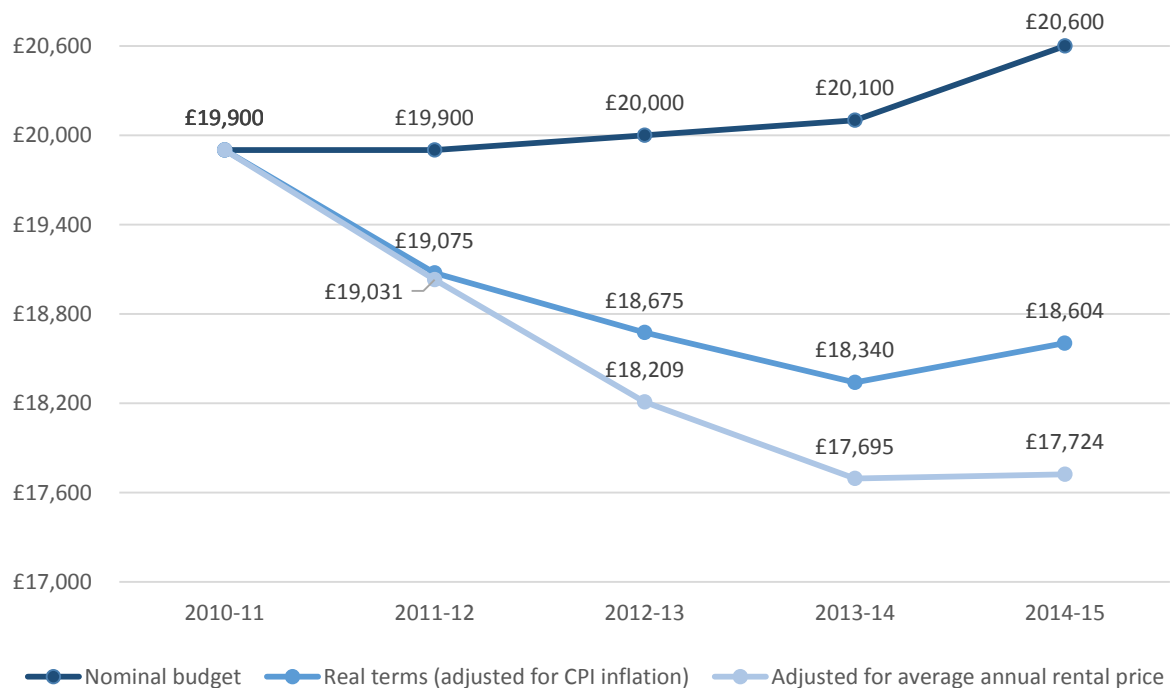
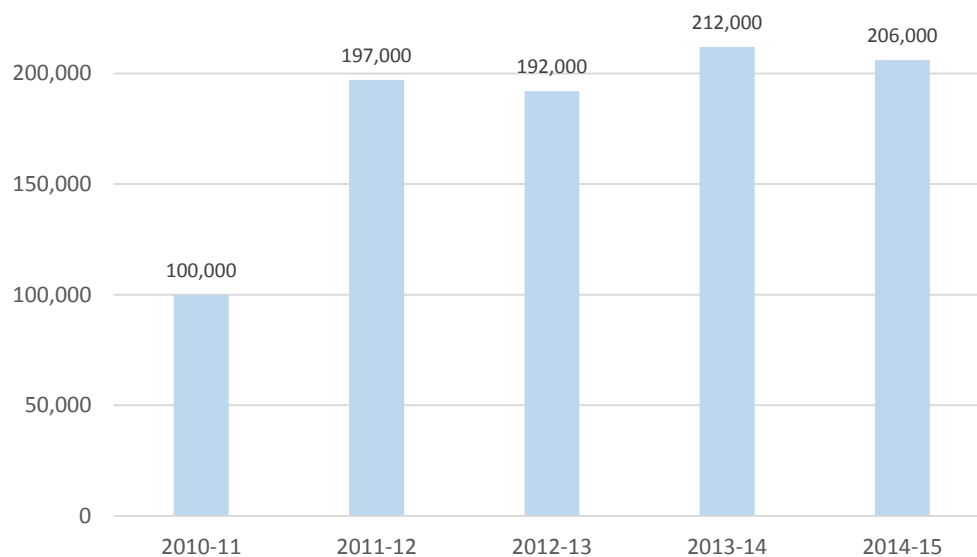
Chart 5 – Nominal and real terms Accommodation budget (London Area), 2010-15

Table 10 – Number of approved applications to the Contingency Fund, and total cost by year

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Staffing	35 £327,968	50 £605,063	13 £86,853	10 £56,959	15 £84,774	7 £35,374
Office Costs	101* £324,464	37 £123,945	26 £71,689	22 £70,293	22 £37,942	12 £22,354
Accommodation	1 £2,400	10 £9,429	2 £2,418	0 £0	2 £125	1 £760
Miscellaneous	-	-	-	7 £10,491	8 £1,125	10 £2,442
Total	137 £654,832	97 £738,437	41 £160,961	39 £137,744	47 £123,966	30† £60,930

* In the 2010-11 financial year only, Office Costs were claimed under two budgets: General Administrative Expenditure (49 applications totalling £147,655), and Constituency Office Rental Expenditure (52 applications totalling £176,809).

† Total includes all applications approved up to 11th April 2016.

Chart 6 – Volume of claims published online in each financial year between 2010-2015

* Figures include direct payments to landlords and other suppliers, in contrast to the figures detailed in Table 1 above.

Chart 7 – Real growth of MP's salary and average UK salary, 1911-2011

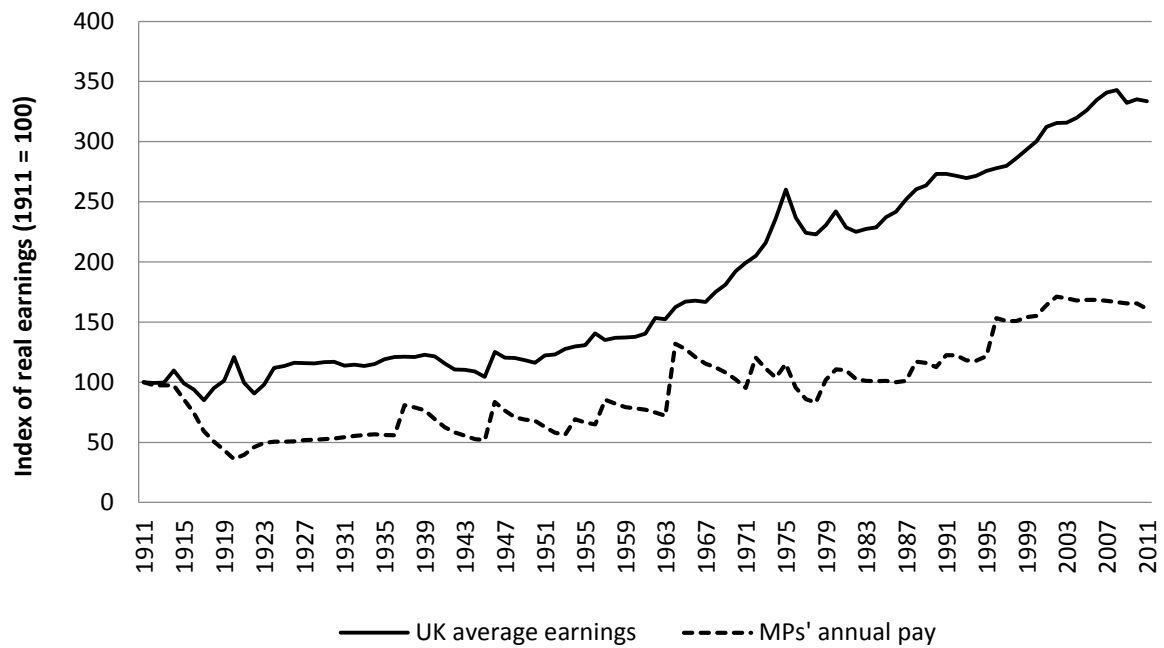


Chart 8 – MPs' annual salary as multiple of average UK salaries, 1911 - 2011

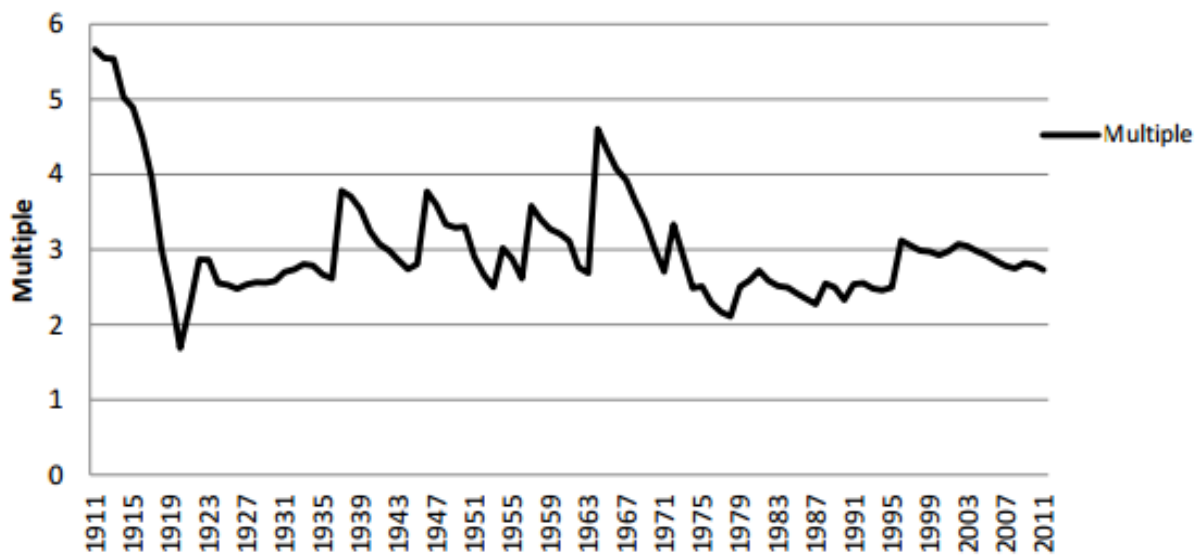


Table 11 - Arrangements for MPs' Pensions before May 2015, and after reforms

	Accrual rate as % of final salary	MP's contribution as % of annual pensionable salary	Annual pension for each year of service (with final salary figure)	Pension if 15 years' service †
	1/40	13.75%	£1,677 £67,060 *	£25,155
<i>Pre-May 2015 reforms</i>	1/50	9.75%	£1,341 £67,060	£20,115
	1/60	7.75%	£1,118 £67,060	£16,770
<i>Post-May 2015 reforms</i>	1/51	11.09%	£1,451 £74,000	£21,765

* Annual pension figures assumes a final salary of £67,060.

† Average length of service by MPs has been around 11-12 years, but some will be considerably longer.

Chart 9 – Volume of Freedom of Information requests received by IPSA

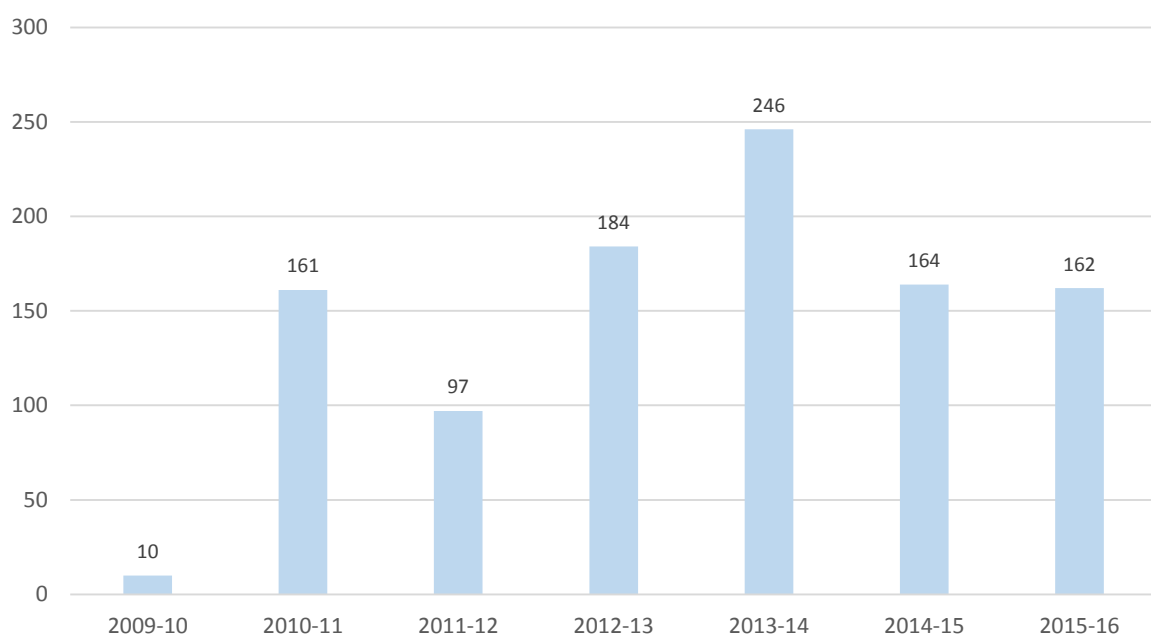


Table 12 – Exemptions most commonly applied by IPSA under the Freedom of Information Act

Financial year	Cost limit	Section 21 [*]	Section 22 [†]	Section 31 [‡]	Section 36 [§]	Section 40 [¶]
2010-11	9	15	31	7	16	30
2011-12	5	17	11	6	2	18
2012-13	26	33	20	0	3	18
2013-14	20	59	35	12	6	29
2014-15	8	46	12	5	4	21
2015-16	19	35	12	14	4	27
Total	87	206	124	44	35	146

^{*} Information which is already accessible to the applicant.

[†] Information is held with a view to future publication

[‡] Disclosure would prejudice law enforcement.

[§] Disclosure would prejudice effective conduct of public affairs.

[¶] Information which constitutes personal data.

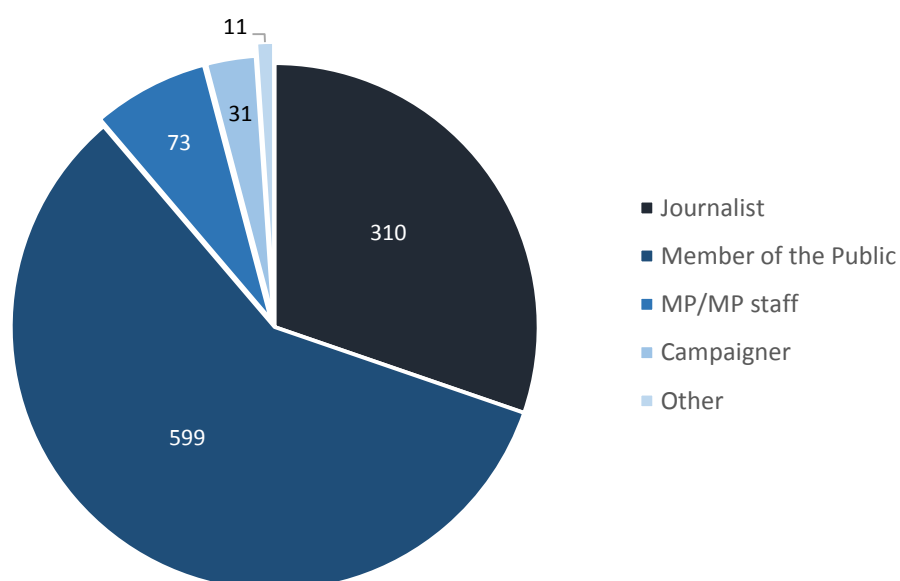
Chart 10 – Types of requestors under the Freedom of Information Act 2010 - 2016

Table 13 - IPSA's annual expenditure out-turn by financial year (£000s)

Budget	2010-11	2011-12	2012-13	2013-14	2014-15
MPs' Pay and Business Costs and Expenses	118,058[*]	139,947	147,485	153,606	157,572
IPSA core operational costs	6,388	5,918	5,865	5,147	5,083
IPSA special projects	1,543[†]	0	0	451[‡]	1,383[§]
Costs relating to FOI receipt requests	0	0	187	155	67
Recruitment of IPSA Board	0	0	60	0	32
IPSA core costs as % of MP costs	5.0	4.2	4.0	3.4	3.2

^{*} 128,791 = 12 month equivalent

[‡] Costs incurred in the review of MPs' Pay and Pensions, and General Election preparations.

[†] Costs incurred in the establishment of IPSA

[§] Costs incurred mainly in relation to the 2015 General Election

Chart 11 – Number of parliamentary questions relating to IPSA in each financial year