

Proposed changes to the Scheme for 2022-23

A consultation
February 2022



Consultation: Proposed changes to the Scheme for 2022-23

Background to the consultation

1. This consultation concerns the Scheme of MPs' Staffing and Business Costs ('the Scheme'). The Scheme sets out the rules, eligibility and budgets governing MPs' business costs. An updated Scheme is published for each financial year.
2. IPSA's Corporate Plan 2021-2024 sets out our intention of "enabling MPs to focus on what really matters by providing an exemplary, seamless regulatory service". As part of this it commits to "deliver a flexible, intuitive, simple Scheme responsive to MPs' needs with guardrails for wise spending". This consultation covers measures we have identified to work towards this goal in the short to medium term. The proposed changes in this document concern the 2022-23 financial year. If agreed, they would come into effect on 1 April 2022.
3. Broadly speaking, the changes we are proposing to the Scheme fall into two categories: efforts to make the Scheme more flexible, intuitive and simple in line with our Corporate Plan (set out in Section 1) and measures to update the Scheme in light of changing working patterns following the Covid-19 pandemic (Section 2). We are also asking about the possible equality impact of the changes proposed in this consultation (addressed in Section 3).
4. These changes do not undermine our regulatory goals or reduce our oversight of MP business costs on behalf of the public.
5. We are keen to hear the views of MPs, their staff and our wider stakeholders on these changes and how best they should be implemented.
6. Alongside the proposals made here, we will shortly be commencing a more fundamental review of IPSA's regulatory model, which has been in operation (relatively unchanged) since 2010. We will communicate our intentions and consult in detail with our stakeholders on any future changes in due course.

How to respond

7. Please use our quick and easy online survey to submit your response. You can find it here: <https://www.smartsurvey.co.uk/s/2022-23Schemechanges/>. You can also email consultation@theipsa.org.uk if you prefer. **Please do not send us responses by post.**
8. We will summarise the responses we receive when we publish our decisions. In doing so, we may refer to individual respondents and the content of their responses. We may also publish a list of who responded. If you would like your response to be treated as confidential, please say so clearly in your response. We will not quote from confidential responses or attribute the views in them to any particular respondent. Whether your response is confidential or not, we will not publish your email address or any other contact details, in line with our

compliance with data protection law and the General Data Protection Regulation (GDPR). For more information about what we do with personal data, please see our privacy notice.

9. **Please send us your response by 27th February 2022.**

Section 1: Simplifying the Scheme

10. IPSA's Corporate Plan 2021-2024 sets out our intention to "deliver a flexible, intuitive, simple Scheme responsive to MPs' needs". This section sets out our proposals to move towards that goal in the 2022-23 financial year.
11. We know from the feedback we have received that our customers can find IPSA's rules and processes both burdensome and complex to understand. In some cases, we have been told that rules are unclear; while in others that greater flexibility and 'common sense' is needed in the way the rules are applied. While the Scheme itself is not the only contributor to these issues, we are aware it does have an important impact.
12. We have identified a number of ways in which we can improve the Scheme in these regards. Firstly, by making the Scheme easier to understand and use as a document. Secondly, by seeking to reduce the number of different budgets MPs have to manage. Thirdly, by simplifying or changing rules and processes in specific areas that we know cause issues. Our specific proposals for these areas are addressed in turn below.

Making the Scheme easier to understand

13. MPs and staff have told us that the Scheme can be difficult to understand and is written in an overly legalistic way. We have also noted that the document is long (at 64 pages) and that it may include unnecessary detail. When publishing the new Scheme ahead of April 2022 we intend to ensure the Scheme is written in plain English.
14. We will also look for opportunities to streamline the document and where appropriate move detailed advice onto guidance on our website (www.ipsonline.org.uk), making advice more easily searchable online. Greater use of guidance as opposed to prescriptive rules would allow IPSA to support MPs more flexibly and to respond to changing circumstances and events.

Question 1: Do you have any comments on which particular areas of the Scheme are difficult to understand?

Question 2: Do you agree with the approach of moving some prescriptive detail out of the Scheme and into guidance?

Consolidating budgets

15. IPSA provides MPs a number of different budgets to cover different aspects of their parliamentary business costs. Some budgets are capped, whereas others are uncapped. We have received feedback that in some cases having separate budgets for similar areas of spend can cause confusion and additional complexity for MPs and their staff. Bearing that feedback in mind, we have looked to identify where merging budgets would simplify implementation of the rules.

A single rental and hotel accommodation budget

16. At present MPs receive a capped budget for rental accommodation to enable them to fulfil their duties in Parliament (Accommodation – rental costs). This is currently set at £23,290 in the London Area and £16,320 outside the London Area for the 2021-22 year (all budget amounts are reviewed annually). Where MPs have informed IPSA that they are not claiming from the rental accommodation budget they can claim for hotel accommodation. There is no cap on this budget, but there are limits on the cost per night of hotel accommodation (currently £175 per night in the London Area and £150 elsewhere in the United Kingdom)¹.
17. We know this situation has the potential to cause difficulties for MPs when moving in and out of rental accommodation. For example, where MPs are moving between rental properties, their budget will be pro-rated, meaning the capped budget limit will change according to the number of days between leaving and entering the accommodation. Although we provide guidance on how budgets are pro-rated, this means that it may not be immediately clear what their remaining budget is for the year.
18. For these reasons, we propose that MPs should have a single capped accommodation budget which could be used for both rental accommodation and hotels. This would remove the need to switch between the two different budgets and any confusion around pro-rating. The limit on a single night in a hotel would remain and MPs would still be able to claim hotel costs relating to parliamentary travel and subsistence (as opposed to accommodation) from a separate uncapped budget, in line with the travel rules.

Question 3: Do you agree that a single rental and hotel accommodation budget would better support MPs than the current approach of separate budgets and pro-rating?

Simplifying claims for winding up costs

19. The winding up budget is available to MPs after they leave Parliament and is intended to meet the costs of completing their outstanding parliamentary functions, for example, the cost of closing down offices and ending staff contracts. The budget is capped: currently £57,150 for London Area MPs and £53,950 for non-London Area MPs. Former MPs can claim for winding-up costs incurred during a maximum of two months after leaving.
20. We know from the experience of the past few general elections that for MPs and staff, moving from the budget arrangement they have had while in office, to a new arrangement for the period where they are winding up their affairs can cause additional difficulty. It can also cause confusion about which budget a former MP should use to claim a cost; this sometimes impacts on the quality and speed of service IPSA is able to provide.
21. To simplify this arrangement, we propose that the winding up budget should be removed. Instead, MPs would be able to draw from their existing budgets in the way they had been during their time in office. Spending would be constrained by the two-month time limit for the costs incurred and the requirement for claims to be relevant to completing outstanding

¹ MP who are claiming from the rental accommodation budget can still claim for hotels under ‘travel and subsistence’ in specific circumstances.

parliamentary functions. All claims made by former MPs are checked individually before the winding up process can be completed.

Question 4: Do you agree that IPSA should remove the winding up budget in favour of allowing former MPs to use their existing budgets for winding up costs?

Other improvements

22. In assessing how we can 'deliver a flexible, intuitive, simple Scheme' there are a number of other changes we have identified that we believe should be implemented for the 2022-23 financial year. These changes are detailed below.

Funding for MP absences

23. MPs who wish to take time off after the birth or adoption of a child are eligible for funding to provide cover for their office during their absence. For this purpose, IPSA provides the 'MP parental leave cover fund', which can be used by the MP to take on a new staff member or to make other changes such as increase the hours of existing staff during the period of absence. More formalised provisions for this support were introduced for the 2021-22 financial year.

24. We believe there are a variety of other circumstances, such as long-term sickness absence or absence due to other caring responsibilities, where MPs could benefit from access to similar support. For that reason, we intend to expand the scope of the fund to become a broader 'MP Absence and Parental Leave Fund'. Our Board member and former Member of Parliament, Helen Jones, will soon be leading a series of discussions with stakeholders to consider how we can further embed and improve this support.

Question 5: Do you agree that we should expand the MP parental leave cover fund to become a more general 'MP Absence and Parental Leave Fund' to support MPs who are absent for other reasons like long-term illness?

End of tenancy cleaning costs

25. The cost of the routine cleaning of MPs' IPSA-funded accommodation is not allowed under Scheme rules. Removal costs are funded through the contingency fund, and other costs from the accommodation costs budget.

26. Cases have been brought to our attention where a professional clean is required as a condition of rental contracts when the property is vacated. While we still think it is right that general, regular, cleaning costs should not be funded by IPSA, we are considering the question of whether to amend the Scheme to state that they should be paid if the landlord requires it at the end of the rental contract.

Question 6: Do you have views on whether cleaning costs required as a result of leaving a rental accommodation property should be paid from the accommodation costs budget?

Recovery of money owed

27. In some cases, it is necessary for IPSA to recover money from MPs, for example where it is determined that a claim should not have been paid, where administrative errors occur or in line with our debt policy. The Scheme currently says that IPSA will move to ‘offsetting’ against future reimbursement claims first, before taking salary deductions (although MPs can ask for amounts to be taken from their salaries sooner). However, this sequence is not always practical as offsetting large amounts may impact on the running of an MP’s office and their ability to support their constituents.
28. We believe that in exceptional circumstances, it is preferable for IPSA to arrange salary deductions in the first instance, rather than going through offsetting. This would mean that MPs and their offices continue to have legitimate business costs reimbursed, while allowing the amount to be recovered through salary deductions. In all circumstances IPSA will ensure the MP is fully informed about any recovery of money.

Question 7: Do you agree that in exceptional circumstances, IPSA should be able to recover money through deductions from MPs’ salaries?

Section 2: Changing working patterns

30. In 2021, we surveyed MPs’ offices relating to casework and working patterns. Around 60% of responding offices told us that staff have the option to work from home, and 27% said that they are always or mostly expected to work from home. While some offices were undecided about future arrangements, only a minority said they are likely to return to pre-pandemic ways of working and over half of respondents told us that they had decided that in future staff will be able to work from home some, most or all of the time.
31. This combined with other feedback we have received has suggested that home working is likely to be far more widespread in future, and therefore it is important that the Scheme and the wider support we provide is updated to reflect this. This section addresses three areas impacted by changing working patterns – staff contracts, pay bands and travel rules.

Home-based working contracts for staff

32. The Scheme does not specify rules around staff contracts of employment. It does however set out that salaries are conditional on staff having a contract that “complies with the model contract of employment published by IPSA”.
33. IPSA’s current model contract does not provide a home-based option and from a contractual point of view, requires staff members to be based either in Westminster or the constituency office. While this does not prevent MPs making arrangements for their staff to work from home, it does leave ambiguity. As such, MPs are not currently provided with guidance on best practice when drawing up home working contracts with staff.
34. IPSA intends to update the model contract of employment to allow for home and mixed (hybrid) working arrangements. In conjunction with this the House of Commons HR Team and IPSA will publish new guidance on best practice in home-based working for MPs staff, which will cover contractual considerations.

Question 8: Should IPSA introduce the option of home-based contracts for MPs’ staff? What are the important considerations in doing so?

35. We are aware that a number of staff based in London, and therefore on the London pay scale may have moved to home working outside of London during the Covid-19 pandemic. This could mean that some staff living and working outside London are paid more than the maximum of the non-London band.
36. IPSA is monitoring this issue and conducting further work to understand how many staff fall into this category. We do not propose to take any immediate action on this issue, pending this further work, and in recognition that staff working patterns may still change as the pandemic comes to an end. For at least the 2022-23 financial year it will be for MPs to determine whether home-based staff who were previously based in London but have moved away should be paid on the non-London pay band. We will keep this issue under review and may make changes in future years.

37. Any staff members taken on as home-based workers (following introduction of the new contracts as set out above) should be paid in line with the pay scale that relates to where they live.

Travel rules for home working staff

38. We are aware that many staff who work from home will on occasion need to travel to Westminster and/or the constituency office on parliamentary business. While the Scheme allows for travel in support of MP staff parliamentary work, it does not allow for claims for commuting to a staff member's contractual place of work (Westminster or the constituency office). This means that at present the Scheme does not permit home-based workers to claim for travel costs if attending the office which contractually is recorded as their normal place of work, even on an ad hoc basis.
39. In addition, the fact that IPSA does not at present recognise home-based contracts (see above) has meant that MP's staff who work from home have had to specify either Westminster or the constituency as their main place of work, and therefore choose which journey cannot be claimed as a commute.
40. In recognition of these issues, we propose that the Scheme should be amended to allow for staff with home-based contracts to claim for ad hoc, occasional travel to Westminster and/or the constituency office.
41. It would be the responsibility of MPs and office managers to determine what travel is necessary and what constitutes ad hoc travel as opposed to a regular commute. IPSA would reserve the option to query offices where we consider home-based workers appear to be claiming for regular commutes rather than ad hoc travel.
42. MPs and staff members would also need to be aware of HMRC guidelines and the potential of a tax liability in relation to certain travel to an office – for example where it is regular or follows a pattern. We continue to work with HMRC to understand where such liabilities may arise and will communicate further guidance when possible.

Questions 9: Do you agree that IPSA should amend the Scheme to allow for home-based staff to claim for ad hoc travel to both the Westminster and constituency office?

Section 3: Equality impact assessment

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

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