

Consultation on minor changes to the Scheme of MPs' Business Costs and Expenses

28 January 2019

Today we have launched a consultation on a number of proposed technical changes to the Scheme of MPs' Business Costs and Expenses. These are relatively minor changes which we expect to be helpful to MPs, and would enable IPSA to regulate more proportionately and cost-effectively. If the changes are agreed, they would come into effect on 1 April 2019. The proposed changes are outlined below.

Use of IT equipment for campaigning

Through our evaluation work following the June 2017 General Election, we acknowledged that one area in particular which caused confusion for MPs and their staff was the use of IT equipment for campaigning. IPSA's position was that any IPSA-funded IT equipment should only be used for parliamentary purposes, and MPs should not use it at all for campaigning. The House of Commons, on the other hand, offered MPs the option of making a flat-rate £100 payment to 'hire' the House-loaned equipment for the five-week dissolution period. It was sometimes difficult for MPs and their staff to know which IT equipment they had purchased through IPSA and which they had on loan from the House; and therefore if they paid the £100 fee, which IT equipment they were actually allowed to use for campaigning purposes.

Therefore we have explored the possibility of implementing a similar flat fee before the next election, to allow MPs to repay a proportion of the cost of their IPSA-funded IT equipment in order to 'hire' it for campaigning use, if they choose to do so. We believe that this change would mean a much clearer and more coordinated approach by IPSA and the House of Commons in the pre-election period.

MPs who did opt to pay a 'hire' fee to IPSA to use the IT equipment for campaigning at a future election would need to be aware of the implications for them as candidates. For example, they would need to declare IPSA as a supplier on their candidate returns, and would need to make sure that they still remain within the relevant spending limit.

Do you agree that the Scheme should be amended so that MPs can pay a 'hire' fee in order to use their IPSA-funded equipment for campaigning before an election?

Discretion for IPSA to vary the 90-day period for claim submission

The Scheme requires that claims for reimbursement must be submitted no more than 90 days after the expenditure was incurred (paragraph 1.1c). Meanwhile, paragraph 1.6 allows IPSA to 'make provision at the end of a financial year to vary the [90-day] period'. There is no other

discretion provided explicitly in the Scheme for IPSA to either shorten or extend the 90-day period at other times.

In practice, the 90-day period has been strictly adhered to in the vast majority of cases; claims are returned to the MP through the validation process where the evidence provided shows the cost was incurred more than 90 days earlier. IPSA has chosen to shorten the 90-day period at the end of a financial year a number of times in the past; for example, at the end of 2014-15, MPs were given 60 days to submit claims relating to the previous financial year. In recent years though – since the introduction of the current year-end process in which MPs are expected to accrue for costs not yet claimed from the previous year – this has not been necessary.

However, on rare occasions, we have allowed claims outside of the 90-day period where there are exceptional circumstances. Most of the time, these involve system issues which mean that a claim submitted by an MP does not appear until later. We believe it is reasonable for IPSA to have discretion to vary the 90-day period, outside of the year-end process, where there are exceptional circumstances. This discretion should be formalised in the Scheme and accompanied by a process that is communicated to MPs.

Do you agree that the Scheme should be amended so that IPSA has discretion to vary the 90-day period in exceptional circumstances?

Discretion to extend the winding-up period

The Scheme provides a winding-up period for former MPs who leave Parliament to cover outstanding costs, close down their offices and wind up their affairs. Paragraph 8.3 says that winding-up costs may be claimed for a maximum of two months, and that the period starts at the point at which individuals 'cease to be MPs'. There is no provision in the Scheme for IPSA to extend the winding-up period in circumstances that fall outside of a General Election.

An example of when this might occur is where an MP is subject to a successful recall petition and therefore made to vacate their seat. The Scheme is silent on the circumstances of a recall petition, so by the current wording the winding-up period would begin on the day the seat becomes vacant. If the former MP stands in the subsequent by-election, this comes with a number of complications, particularly if the by-election is held outside of the two-month winding-up period. If the MP intends to stand, they will not have any incentive to begin winding up their office during that period. However if the two-month period is immovable, the MP would be expected to give notice to their landlords at the start of the period, and their staff members' employment would finish at the end of the two-month period at the latest. Then, were the former MP to be re-elected, they would be without staff and potentially without an office or accommodation. Their staff members would have received any redundancy payments they were entitled to, but would have lost their continuity of service.

We believe it would be advantageous for IPSA to have discretion to extend the two-month winding-up period in these or similar circumstances. For an MP who was subject to a successful recall petition, this would mean that the winding-up period could start from the date their seat was made vacant – and therefore they would not have access to any of the regular staffing, office, or other budgets provided to MPs – but they could opt to wait until the outcome of a subsequent by-election to complete tasks such as giving notice to their staff and landlords.

Extending the winding-up period beyond two months could involve increased costs, because staff salaries and other financial commitments (such as rent) would potentially be paid for a longer period of time. However, we believe that on balance, this would result in a much more manageable situation administratively, and a fairer one for an MP's member of staff.

Do you agree that the Scheme should be amended so that IPSA has discretion to extend the winding-up period in exceptional circumstances?

Other minor changes

There are a number of other minor amendments which we are proposing to the Scheme. These would not change the existing policy approach, but would help to make the rules clearer in these areas.

- Changes to **paragraph 1.2 and the guidance box below** to clarify the role of MPs' designated proxies; that IPSA will discuss all aspects of expenses and/or payroll with a designated proxy; and that MPs need to request proxy nomination via a form on the online system. These clarifications are the result of changes to processes relating to proxies with the implementation of IPSA Online, and to ensure we are complying with data protection regulations.
- An additional **guidance box in Chapter 3 General Conditions** to state that MPs are responsible for planning, forecasting and managing their own budgets using the tools available to them in IPSA Online. This is a change necessitated by the implementation of the new system, in which IPSA staff will no longer be able to produce budget reports for MPs.
- Change to **paragraph 3.5**, which lists activities which are not claimable under the Scheme. The current wording says that the activities are 'not considered necessary for the performance of MPs' parliamentary functions.' The purpose of the rule is simply to list costs which are not claimable under the Scheme; we believe the wording could be amended to make this clear.

- Change to **paragraph 7.11** to make clear that reward and recognition payments cannot be made to staff who are connected parties of the employing MP. This is already stated elsewhere (paragraph 7.4f), but feedback from colleagues is that this could be stated in both places, for clarity and added emphasis.
- Change to **paragraph 9.18** to make clear that MPs can also claim for Ultra Low Emission Zone charges, which will come into effect in central London in April 2019. This is consistent with the existing policy to allow MPs to claim for congestion zone charges.

Do you agree that the Scheme should be clarified in these areas?

How to respond

The consultation closes on **Monday 18 February**.

If you would like to respond, please send your feedback on the proposed changes to consultation@theipsa.org.uk, or by post to IPSA, 4th Floor, 30 Millbank, London SW1P 4DU.