

## **Annex 3: Dependant uplift to rental accommodation budget**

### **Background**

1. The Board considered a number of issues relating to financial support for MPs' families at its meeting in November 2016. One of these was the provision in the Scheme for an uplift to an MP's rental accommodation budget for each registered dependant.
2. The Scheme enables MPs to claim up to an additional £2,425 in rental costs per year for each registered dependant they have. The Scheme also requires that, in order to qualify for the uplift, the dependant must 'reside routinely' with the MP.
3. As has already been discussed by the Board, we do not define what 'reside routinely' means, nor do we stipulate the amount of time per year a dependant must reside with the MP in order to qualify for the uplift. This is because we recognise that MPs' family situations and living arrangements vary widely and we want to allow for a certain degree of flexibility.
4. We proposed to the Board to remove the rule that a dependant must 'reside routinely' with the MP. Whilst we believe that the phrase has generally been understood, it has caused ambiguity and confusion in some cases. It is also unenforceable for the most part; there is no practical way for IPSA to check whether a dependant is routinely resident without undertaking intrusive and inappropriate checks.
5. The Board agreed in principle to remove the 'routinely resident' rule but were concerned that this would leave the rules too open in this area, allowing MPs whose dependants never or very rarely stay with them to claim the uplift. An alternative was suggested, which would require MPs to make a case for receiving the dependant uplift. This would accommodate MPs' varying circumstances but also provide assurance that the additional funds were spent appropriately.
6. The Board requested that we look into this option in more detail.

### **Argument**

7. We considered whether this option could be implemented in a manner similar to the contingency process. For example, an MP could submit an application to a dedicated panel, providing information on their arrangements in relation to their dependants and explaining why an uplift to their rental accommodation budget was needed. IPSA could then make a judgement based on certain criteria, such as whether the additional costs are reasonable measures that would help to support the MP's family life; and whether they have regard to value for money for the taxpayer.
8. However, there is an immediate question about how IPSA would judge an MP's needs with regard to their caring responsibilities and family life. The Board has already acknowledged that MPs should have the flexibility to make their family arrangements in whatever works best for them. This could mean in some cases that the MP's dependant lives with them full-time, whilst in other cases an MP's dependant stays with them once a fortnight. We do not think it is appropriate for IPSA to make a judgement based on

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MPs' varying arrangements or to have to decide whether one set of circumstances presents a 'better case' for additional rental funding than another.

9. There are further questions about the process of how an MP would submit an application for consideration by IPSA. For instance, would the MP be required to submit 'evidence', and if so what would that consist of? Would the MP request a specific amount of money as an uplift to their rental budget? If so, the panel would find itself in the position of having to make a judgement about what sort of property the MP should be entitled to rent and in what area. Would we have to consider whether they could get a cheaper, slightly less nice two-bed flat in a nearby area?
10. If the panel does not agree that an MP's application is reasonable or provides value for money, it is potentially problematic for IPSA to refuse the application. We believe it would appear quite negative for IPSA to be seen to refuse funding for an MP's dependants to stay with them, particularly where the judgement would essentially be a subjective one.
11. In addition, MPs maybe unwilling to discuss the details of their personal or family circumstances with IPSA in the first place. We already have anecdotal evidence (from the consultation and elsewhere) that some MPs do not claim what they are actually entitled to in relation to family support, for fear of being called out in the press for being 'expensive'. There is a significant risk that such a process would discourage MPs even more from engaging with IPSA on issues relating to their families and personal lives.

### **Recommendation and further questions for the Board**

12. We do not recommend that this suggestion is pursued further. The judgements that IPSA would need to make regarding MPs' applications for a dependant uplift are likely to be difficult because of their subjectivity and possibly intrusiveness into MPs' family lives. There are also difficulties in terms of the process that IPSA could operate for receiving and deciding on applications.
13. **Therefore we recommend that the Board agrees to continue the arrangements currently in place, whereby there is a fixed amount per dependant which can be additionally claimed from the rental budget.**
14. The current arrangements are low risk, notwithstanding the compliance issues previously identified in a very small number of cases. As stated above, we have reason to believe that MPs are under-claiming when it comes to financial support for their families. We do not believe there is a significant risk of MPs misusing this provision, such as claiming for a dependant who does not actually live with them.
15. If the Board agrees with this recommendation, a further question would be: **Should the amount of the dependant uplift allow MPs to rent a property with an additional bedroom for each dependant, within reasonable walking distance of Westminster?**
16. The separate paper on budgets addresses this issue in relation to options for the accommodation budget and dependant uplift amount.

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17. **Should the Scheme allow MPs to use the dependant uplift to rent larger accommodation, or to provide hotel accommodation for their dependants when necessary?**
18. At the moment, the dependant uplift only applies to rental accommodation. The option of allowing MPs instead to claim for additional hotel accommodation for dependants may suit MPs whose dependants do not live with them all the time but stay in London from time to time. We do not know how many MPs would prefer to rent a one-bed flat and provide hotel accommodation for their dependants, but this would provide additional flexibility for MPs to arrange their personal lives in the way that works best for them.
19. Hotel costs for dependants could be subject to the same rules as all other hotel stay (for example, with a per-night limit). Provided the MP stays within the relevant amount, we do not see a financial risk associated with this arrangement.