

**To:** IPSA Board

**Date:** 4 March 2010

**cc:** See end of document

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**Subject:** Summary of Board decisions on expenses scheme

**Annex A:** Outline of expenses scheme

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**Issue**

1. This paper summarises all decisions taken by the Board so far on the types of expenses available to MPs, which taken together amount to an outline of the expenses scheme.

**Timing**

2. To be agreed on 9 March.

**Recommendation**

3. That the Board approves this outline of the expenses scheme.

**James Gerard**  
**IPSA Implementation Programme**

Cc: Andrew McDonald, IPSA SLT, Policy and Communications Team, Ed Owen,  
Duncan Henderson

## Annex A – Outline of expenses scheme

Area of consultation	The Board have agreed that ...	Possible reactions
Fundamental principles	<p>The words “and decency” would be removed from Principle 12, and the principles would be printed with a rider that although they informed the scheme’s development, not all of them applied equally in all circumstances.</p> <p>Principle 9 will now read “Arrangements should be flexible enough to take account of the diverse working patterns and demands placed upon individual MPs, thus not unduly deterring representation from all sections of society.” This reflects a decision that it is not IPSA’s role to promote diverse representation, but the expenses scheme should not put up barriers or risk contravening disability discrimination legislation.</p>	Of limited interest – CSPL may be displeased by amendment of their wording, but should not be troubled by the substantive effect
Expenses and allowances	<p>The scheme will be primarily based on expenses for costs actually incurred, rather than flat rate allowances.</p> <p>There will be annual limits on each of the five main categories of expenses, except for travel and subsistence.</p>	Widely popular with consultees.
Administering the scheme	<p>All claims will be submitted electronically by the MP in person.</p> <p>MPs will be expected to certify that each claim is reasonable and complies with rules of the scheme (precise wording tbd).</p> <p>Requirement to get prior approval of long-term contracts will be limited to contracts on residential accommodation, on commercial accommodation, and with staff members.</p>	Of limited interest.
Accommodation expenses	<p>The budget for London should be based on furnished accommodation within 30 minute commute of Westminster (£1450 pcm?).</p> <p>Some form of needs testing was</p>	Likely to draw criticism as too harsh by MPs and too generous from some commentators

	<p>required to determine any eligibility for additional support, but a quite hard line would be taken so this did not capture all MPs with children (to be developed).</p> <p>Mortgage interest should be available only on a transitional basis to those MPs with existing mortgage arrangements, and limited as at present to £1250 pcm. There would be a 2 year grace period, to end July/Aug 2012.</p> <p>Accommodation provided outside London must be within 20 miles of the MP's constituency.</p>	<p>As above</p> <p>May be criticised by MPs as a harsh reversal. Public reaction will depend largely on position re: recouping of capital gains.</p> <p>Unlikely to draw comment.</p>
Running costs - accommodation	<p>The following costs only will be met:</p> <ul style="list-style-type: none"> <li>• Council tax</li> <li>• Gas, water and electricity bills</li> <li>• Contents insurance</li> <li>• Ground rent</li> <li>• Service charges</li> <li>• Approved security measures [to include burglar alarms?]</li> <li>• Costs of installing a landline telephone, line rental charges, and costs of calls made for business purposes;</li> <li>• Costs of installing a broadband internet connection and bills for usage, except where this has been covered through provision directly from the House of Commons;</li> <li>• The cost of a TV licence and a connection to a basic digital TV package (e.g. Freeview), but not the cost of purchasing a TV or of any subscription channels or pay-per-view/interactive services.</li> </ul>	<p>Largely uncontroversial – some MPs likely to complain about inability to claim for cleaning costs.</p>
Travel and subsistence	<p>For rail journeys, we will set the maximum rate at the cost of a standard open ticket rather than judging by class of travel or length of journey; if at time of booking first class travel is cheaper then may claim for that.</p> <p>Economy class travel only by air and ferry.</p>	<p>Popular with public; consultation paper drew criticism from MPs but this may draw less criticism</p> <p>Of limited interest.</p>

	<p>MPs will be provided with a travelcard for purchase of tickets on public transport.</p> <p>Costs of travel by car, motorcycle and bicycle will be reimbursable at standard HMRC mileage rates.</p> <p>MPs will have to certify the reason behind expenditure incurred and submit to IPSA for publication; but where expenditure is incurred in a series of small journeys, these could be bracketed together to reduce the administrative burden. No third party verification would be required.</p> <p>Parking costs, tolls and congestion charges would be met only when they were not incurred as part of an ordinary commuting journey.</p> <p>Taxis will be provided to MPs if they can satisfy one of first three conditions in Shellina Haq paper of 01/03, or if Parliament sits past 23:00.</p> <p>We will not be changing the current arrangements for funding of overseas travel by MPs, whereby they are entitled to three return visits per year to certain destinations on parliamentary business – except there will be no need for prior approval.</p> <p>Subsistence expenses would be paid up to a limit of £25 a night when travelling, or £15 when in Westminster and Parliament sits past 19:30.</p>	<p>May still be felt by many MPs to be bureaucratic and onerous.</p> <p>Potential for criticism from both sides.</p> <p>Payments for food when in Westminster likely to be criticised by commentators and media.</p>
Family travel	<p>Travel by MPs' family members should be limited to the families of those MPs who were recognised as having additional needs for their caring responsibilities for others (including where appropriate their spouse as well as the individual for whom they cared). The current limit on the number of journeys should be retained which equates to 30 single journeys per year.</p> <p>The same rules on class of travel would</p>	<p>Any public money for travel by MPs' family members likely to be criticised in media.</p>

	<p>apply to family rail travel that applied to travel by MPs. MPs should also be reimbursed for the costs of half-price tickets for children under 16.</p>	
Staff travel	<p>The current approach of allowing a maximum of 24 single journeys between Westminster and the constituency appears reasonable for the future.</p> <p>Staff travel claims to be reported as a separate category of expense and not claimed from within the general running costs budget.</p>	Of limited interest.
Staff support	<p>IPSA allows the continuation of pooled staffing services, but does not offer payroll services to such shared service providers.</p> <p>MPs should be reimbursed for services obtained via shared or pooled services on the same basis on which MPs are reimbursed for other staff, i.e. with regard to the same set of rules and audit requirements.</p> <p>IPSA will not pursue the option of providing a pool of temporary staff at the time of the general election.</p> <p>Payments will only be authorised for staff members with a signed contract – hence no funds for travel and subsistence for interns.</p> <p>IPSA will produce model contracts for MPs’ staff which meet legal requirements of MPs as employers, but do not seek to go beyond those in the short term.</p> <p>Funds should be available to cover unexpected staffing absences, with those funds if necessary being retained separately from MPs’ staffing budgets.</p>	<p>Decision already publicised and widely accepted.</p> <p>As above.</p> <p>Likely to prove popular with all concerned.</p> <p>May be criticised by some MPs and others as preventing internships and thus denying access to Parliament (although we will argue opposite case, that current practice unfairly privileges those with sufficient personal funds to work unpaid)</p> <p>Will relieve some concerned MPs.</p>
Constituency Office Rental Expenses	<p>MPs will not be allowed to rent, or purchase goods and services from, family members (definition tbd)</p> <p>If the office is being rented from a political party or constituency</p>	<p>Widely popular.</p> <p>Appears to be broad if grudging consensus.</p>

	<p>association, the contract must be submitted with a valuation from an independent assessor which demonstrates that the MP is not paying higher than the market rate. The contract, and the valuation, will be published.</p> <p>MPs should be free to share offices with MSPs and other designated categories of person, as long as the cost was shared.</p> <p>Any occasional use of the premises by others must be charged at a rate which reflects a proportion of the rental cost and the costs of any services used. The income received must be credited to the MP's Constituency Office Rental Expenditure.</p> <p>The budget for rental of constituency offices should also allow MPs to claim for certain associated costs. [Note: these have not been defined, but we propose to define as below:</p> <ul style="list-style-type: none"> <li>• bills for electricity, gas or other fuels</li> <li>• bills for water</li> <li>• ground rent charges</li> <li>• service charges</li> <li>• business rates</li> <li>• insurance on office contents</li> <li>• approved security measures]</li> </ul>	Of limited interest.
General administrative expenses	<p>The taxpayer should own the title on purchases by MPs, but we would not propose at present to collect equipment from MPs who stand down or lose their seat.</p> <p>Controls to be developed on spending towards the end of a parliamentary term.</p> <p>Limits will be placed on the costs of certain individual items (tbd), but only over a de minimis value (also tbd).</p> <p>Communications funding will be available for the construction and maintenance of websites in addition to</p>	<p>May be criticised by CSPL, but welcomed by MPs and little other interest expected.</p> <p>Will depend on detail of controls.</p> <p>Likely to be accepted in principle but will depend on individual limits.</p> <p>Some (mostly Labour) MPs will continue to argue this is unduly restrictive, but most</p>

	<p>those areas alluded to in the consultation paper, but not for leaflets or other mass communications.</p> <p>Expenses will not be available for MPs to claim for accountants to help with their tax return.</p>	<p>organisations, public and indeed most MPs support this approach.</p> <p>Likely to be unpopular with MPs.</p>
Payments on leaving parliament	We will not consider payments akin to resettlement grants at this time as we consider them to be part of a salary package.	Will generate strongest adverse reaction from MPs; likely that Parliament will retain current arrangements.
MPs and staff with disabilities	<p>All reasonable adjustments for Members, including additional staff etc, could be met; preferred approach is to work with the Member and the House to find what they need and apportion costs.</p> <p>Members' staff with disabilities should be encouraged to use Access to Work fund.</p> <p>Fact of disability reported in justification of expenses, but not details.</p>	<p>Should be widely considered a satisfactory approach.</p> <p>Unclear how MPs and staff will react to this – level of current usage not known.</p>
Contingency arrangements	A contingency fund will be retained but not widely advertised.	Of limited interest
Virement, advances etc	No virement between main budget heads., and no advances from future years' budgets or payments to be carried forward.	Some MPs may complain.
MPs' annual reports	A proforma will be provided on IPSA's website, to make it simple for the MP to use it on their own website should they wish. This will not be compulsory.	Likely to satisfy both MPs and public whether previously supportive of idea or not.
MPs' Insurance	<p>IPSA only funds (through re-imbursement or provision of a service) insurance cover which it feels is necessary for an MP to effectively perform their Parliamentary duties, and is not already provided by the House.</p> <p>Limited (aside from where mentioned earlier in this note) to Employer Liability, Public Liability and some travel insurance – where that travel is not related to committee or delegation work.</p>	Some MPs may argue this is unduly restrictive.