

# Assurance Review: Pooled services

Assessment of risks, controls and compliance, 2015-16





## **Independent Parliamentary Standards Authority**

### **Assurance Review: Pooled services**

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August 2016 (updated June 2017)

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# Introduction

1. The purpose of this review was to provide an overview and analysis of expenditure on pooled services by MPs. It sought to establish:
  - the effectiveness of regulatory controls over the payments made to MPs and pooled service providers;
  - the level of compliance of IPSA-funded pooled services with the *Scheme of MPs' Business Costs and Expenses* (the Scheme); and
  - the extent to which services offer good value for money.

## Background

2. The Scheme allows MPs to claim from their staffing or office costs budgets for payments made to pooled services. Pooled services are a collection of specialist research organisations that provide research support for groups of MPs of different political parties.
3. MPs may claim for the cost of their subscription fee to a pooled service, provided the organisation has an agreed arrangement in place with IPSA. There are currently five pooled service organisations which support MPs:
  - the **Parliamentary Support Team (PST)**, for Liberal Democrat MPs;
  - the **Parliamentary Research Service (PRS)**, for Labour MPs;
  - the **Policy Research Unit (PRU)**, for Conservative MPs;
  - the **European Research Group (ERG)**, also for Conservative MPs, focusing on issues of the UK's relationship with the European Union; and
  - the **Scottish National Party (SNP) Research Team**, for SNP MPs.
4. Pooled services are widely used by MPs, and can provide significant economies of scale. Research is completed by small teams of researchers at pooled service organisations, and made available to all subscribing MPs. This enables MPs to deploy more of their staffing resources in other areas of work.
5. MPs and their staff are provided with a number of services, including:
  - detailed background research and briefings on political, economic, and governmental affairs;
  - template correspondence that can be used by MPs to respond to constituents who have contacted their MP with the same or similar queries;
  - materials (such as suggested parliamentary questions) for use in debates in the House of Commons or in Westminster Hall; and
  - information on the passage of legislation through parliament.

6. These materials can be produced in response to a direct request from an MP or staff member, or they can be proactively offered by the organisation. In most cases, services are stored in a central, secure intranet where they can be accessed by all subscribers to the organisation, irrespective of who initially commissioned the service.

## Scope

7. All pooled service organisations who have current arrangements in place with IPSA were within the scope of this review. Other arrangements involving the pooling of staff resources – for example, where an individual staff member does part-time work for more than one MP – are not defined as pooled services and were not part of this review.
8. The review focuses on expenditure incurred during the 2014-15, 2015-16, and 2016-17 (up to the time of the review) financial years. The data presented below were accurate as at August 2016.
9. The eligibility under the Scheme of the content of pooled services materials, as well as the robustness of the controls that each organisation has in place to ensure compliance with the Scheme, were within the scope of this review. The regulatory controls on expenditure operated by IPSA were also assessed. Where issues or concerns have been identified in these areas, recommendations for further action were made.
10. The review was conducted alongside a public consultation on the Scheme, which ran from 11 May to 24 October 2016.<sup>1</sup> One section of the consultation addressed the funding of pooled services directly. The findings and conclusions of this assurance review, along with responses to the consultation, informed decisions on the Scheme by the IPSA Board. This report was subsequently updated in June 2017.

## Key Findings

11. The headline findings of the review, as well as a summary of conclusions and recommendations, are outlined below. Detailed analysis can be found in the remainder of the report.

Findings on the cost of pooled services:

12. **On average, £1.5 million is spent on pooled services annually, with expenditure having risen year on year since 2010 to a high of £1.8 million in 2013-14. The total cost fell to £1.3 million in 2014-15, before increasing again in 2015-16 to £1.7 million.** This total is affected by the number of pooled service organisations, the number of MPs who elect to subscribe to certain services (which in turn is affected by events like General Elections), and the level of the annual subscription fee set by each service.
13. **The total cost of pooled services is projected to reach its highest level, at £1.9 million, in the 2016-17 financial year.**<sup>2</sup> This is largely due to the establishment of a fifth pooled service following the General Election in 2015.

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<sup>1</sup> *Review of the MPs' Scheme of Business Costs and Expenses and IPSA's Publications Policy, A Consultation* (May 2016), <http://www.theipsa.org.uk/publications/consultations/review-of-the-mps-scheme-of-business-costs-and-expenses/>

<sup>2</sup> As at June 2017, our data showed the total cost in 2016-17 to be £1.98 million.

14. **Pooled services charge annual subscription fees of between £2,000 and £10,500.** The SNP Research Team charges the highest subscription fee, while the ERG charges the lowest. There are a variety of factors that can impact on the level of fees, including the economies of scale that larger pooled services can benefit from.
15. **96% of expenditure during the period was paid directly by IPSA to pooled service organisations.** Direct payments provide a means of simplifying the payment process, and mean that MPs are not required to submit individual reimbursement claims for services. Only 4% of expenditure was paid following reimbursement claims.

#### Findings on the use of pooled services:

16. **The number of MPs each party has in the House of Commons broadly corresponds with the proportion of costs paid to that party's pooled service.** Conservative Party MPs, having more MPs than any other party, claimed for the largest proportion of pooled service expenditure during the period. The Liberal Democrats, with the fewest MPs among parties with a pooled service, claimed the smallest proportion.
17. **589 MPs have paid subscriptions to a pooled service organisation for one or more financial years during the period March 2014 to August 2016.** This equates to 56% of all MPs in 2014-15, and 73% of all MPs in 2015-16.
18. **At the time of the review, two of the pooled service organisations received subscriptions from 100% of the MPs from that political party.** The PST received subscriptions from the eight Liberal Democrat MPs in office at the time of the review, while the SNP Research Team received subscriptions from the 54 SNP MPs in office at the time of the review.
19. **One new pooled service organisation was established in 2015-16.** Following the General Election in 2015, the SNP established its own pooled service to support its MPs in Westminster, charging subscribers £2,625 for the final quarter of the 2015-16 financial year. The annualised fee is £10,500. This is projected to cost an additional £0.6 million every year.

#### Findings on internal controls and compliance risks:

20. **The controls operated by IPSA over payments to pooled services are robust.** The key indicator of the strength of payment controls is that no duplicate payments to pooled service providers by IPSA were identified.
21. **The controls operated by IPSA over materials provided to subscribing MPs are proportionate.** Some deterrent controls are in place, but the majority of payments to pooled service providers are made directly. No sample materials are requested prior to the approval of a direct payment, and the compliance of the materials made available to subscribing MPs is not assessed outside of periodic assurance reviews.
22. **The PRS and the PRU have implemented effective governance structures and internal controls designed to assess the eligibility of subscriber materials prior to their release.** Both organisations combine written guidance and training for staff on eligible materials with a degree of separation from the wider party structure, reducing the risk that non-compliant activities will be funded.

23. **Some risks have been identified in relation to the governance structures and internal controls of the PST and the SNP Research Team.** In these cases, risks have been identified in relation to the level of take-up of the services, as well as organisational ties to wider party structures, with party officials having some operational influence over the provision of services. With regard to the ERG, although risks relating to the structure and operation of the organisation have been identified, there has been no evidence collected which suggests these have impacted on compliance.

#### Findings on compliance of pooled service materials:

24. **There is a high degree of compliance with the Scheme for materials provided by pooled services.** Although a small number of compliance concerns have been identified, these are not systematic or widespread and are considered to be low-level.
25. **PRS and PRU materials are generally compliant with the Scheme.** Whilst limited elements of language used in subscriber materials could be considered party political, these are not widespread.
26. **PST briefings are broadly eligible under the Scheme; however some template correspondence provided as part of PST subscriber materials is considered to include party political language.** The evidence shows that some of the template correspondence may be used by the organisation as a tool to disseminate the party's agenda and policies. This would be considered 'work conducted for or at the behest of a political party', and not eligible under the Scheme.
27. **Services provided by the ERG are eligible under the Scheme, and no compliance concerns have been identified.** The ERG provides materials on a cross-party issue, and their content is not considered to follow any identifiable party line.
28. **SNP Research Team materials are mostly compliant, though there are low-level compliance concerns with elements of research briefings, some of which included party political language.** These were particularly in relation to pejorative references to the Conservative Party and the UK Government.

#### Summary of recommendations:

29. On the basis of the analysis and conclusions drawn in the main body of the report, a number of recommendations for further action were identified:
- 1) **IPSA should write to the Chief Whips of the Conservative and Labour parties to provide them with details of this assurance review and remind them what is not considered to be parliamentary or eligible under the Scheme.** This is considered to be an effective and proportionate way to address the low-level issues that have been identified.
  - 2) **IPSA should address the party political nature of some content produced by the PST with the Liberal Democrat Chief Whip.** IPSA has previously discussed the compliance of language used in PST materials with the party.

- 3) **IPSA should address the party political nature of some content produced by the SNP Research Team with the SNP Chief Whip. The SNP should also be invited to review the level of its annual subscription fee.** IPSA should seek assurance that this amount is justified and appropriate, and that the SNP Research Team is providing a service that is good value for money.
  - 4) **IPSA should continue to review pooled service materials on a periodic basis, normally once every Parliament.** Comprehensive assurance reviews once a Parliament should review samples of pooled service materials and assess whether the services are continuing to provide value for money. Where specific concerns come to light, reviews may be conducted more frequently.
30. Since the review, we have completed all the recommended actions. Further information on the outcomes of these actions is at the end of the report (under paragraph 176).

## Review of the Scheme

31. As mentioned above, the findings of this assurance review formed part of the evidence considered during our comprehensive review of the Scheme in 2016. Although there were some compliance concerns relating to party-political material, most were low level. We also had evidence from our stakeholders that the pooled services provide good value for money for MPs, create efficiencies and eliminate duplication of work.
32. As a result, we did not make any changes to the Scheme in relation to pooled services. We determined that these services are for the most part cost-effective and provide valuable support to MPs' parliamentary work. The 2017-18 Scheme continues to allow MPs to claim for these costs.



# Overview

## Parliamentary Support Team (PST)

33. The Parliamentary Support Team (PST) provides pooled services to Liberal Democrat MPs. The PST is a branch of the Parliamentary Office of the Liberal Democrats (POLD), a body which is responsible for managing and overseeing all financial support given to the Liberal Democrats Parliamentary Party. This includes the PST and the Liberal Democrat Whips' Office. The POLD Board comprises a number of current Liberal Democrat MPs, Peers, and senior staff, and their responsibilities include oversight of the strategic direction of the PST.

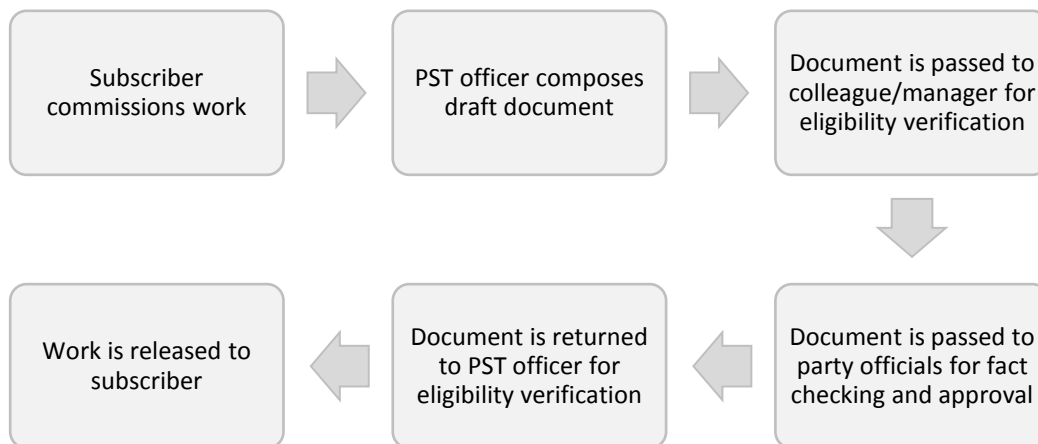
### Structure and funding:

34. The structure of the PST changed after the 2015 General Election. The number of Liberal Democrat MPs reduced from 56 to eight. There was a corresponding fall in IPSA-funded subscriptions to the PST, which had been the organisation's principal source of income.
35. The PST is funded via three sources of income. Each subscribing MP pays an annual fee (the cost of which can be claimed from IPSA); this makes up slightly more than a third of PST's income. The remaining 64% comes from POLD and a subscription fee from the Liberal Democrat Members of the House of Lords.
36. As MPs valued the services provided by the PST, the POLD took the decision after the 2015 election to supplement the PST's IPSA funding with Short Money (House of Commons funding for opposition parties), as well as subscription fees from members of the House of Lords. Additionally, the PST reduced its staffing complement to three junior researchers, who continued to be line-managed by the Head of the Liberal Democrats Whips' Office. Some staff redundancies were involved in the post-election restructure.
37. The PST currently charges an annual subscription fee of £5,000. **Table 1** shows a significant drop in the total value of MP subscriptions to the PST – reflecting the much lower number of Liberal Democrat MPs – in the year following the 2015 General Election.
38. The majority of expenditure by the PST relates to staffing. The organisation provides professional HR support to its staff members. The Head of the Whips' Office holds regular meetings with individual staff members, as well as formal six-monthly appraisals. PST employees also have access to the staff handbook produced by the POLD for its own staff.
39. **Figure 1** shows the process by which work is commissioned by subscribers to the PST.

**Table 1** – Total number and value of subscribers to the Parliamentary Support Team

PST	2012-13	2013-14	2014-15	2015-16
No. of MP subscribers	<b>51</b>	<b>51</b>	<b>47</b>	<b>8</b>
Annual fee (£)	<b>4,956.34</b>	<b>4,956.34</b>	<b>4,956.34</b>	<b>5,000</b>
Total paid by IPSA (£)	<b>252,773</b>	<b>252,773</b>	<b>232,948</b>	<b>40,000</b>

**Figure 1** –process for the commissioning of work by PST subscribers



40. The Liberal Democrat party officials involved in the sign-off process work on the Parliamentary Adviser team. They are funded by the party, and support Liberal Democrat spokespeople in both Houses of Parliament.
41. Ultimate responsibility for ensuring that materials are eligible under the Scheme rests with the PST officer who produces the research. Staff receive training and have their work monitored closely when they first start work. The PST also relies on a degree of self-regulation by subscribers, on the basis that they should request only materials from the PST that are compliant with the Scheme. Materials bear a disclaimer which states that 'use [of the materials] in whole or in part by non-subscribers is a breach of IPSA's expenses rules'.

### Parliamentary Research Service (PRS)

42. The Parliamentary Research Service (PRS) provides pooled services to Labour Party MPs. The organisation was established in 2010 as an unincorporated association, owned by its members, and governed by an Executive Committee.

Structure and funding:

- 43. The PRS Executive Committee comprises six current Labour MPs, including a Treasurer and a Chair. The Committee manages the finances and strategic direction of the organisation. The Committee is elected by current MPs who have subscriptions to the PRS.
- 44. The routine operations of the PRS are overseen by a Director. The organisation is composed of researchers who are responsible for producing and updating subscription materials, and senior managers or directors, who have responsibility for authorising work, for managing staff, and for conducting some research themselves.
- 45. The PRS is governed by its own constitution, which states that the services of the PRS are available to MPs of all parties, but that the PRS reserves the right to refuse service to an MP without having to give a reason.
- 46. The organisation is professionalised when it comes to HR support for staff. Staff have access to a PRS handbook. They also receive regular meetings with their line manager, the Director of the PRS, and there is a formal appraisals process in place.
- 47. **Table 2** displays the total number of MP subscribers to the PRS since the 2012-13 financial year, and the total value of all subscriptions. It is important to note that some MPs do not pay a full year's subscription to the PRS. The annual PRS subscription fee for 2016-17 is £4,800. At the time of the review, 91 MPs had already paid fees for that year, and the total value of these subscriptions was £386,000.

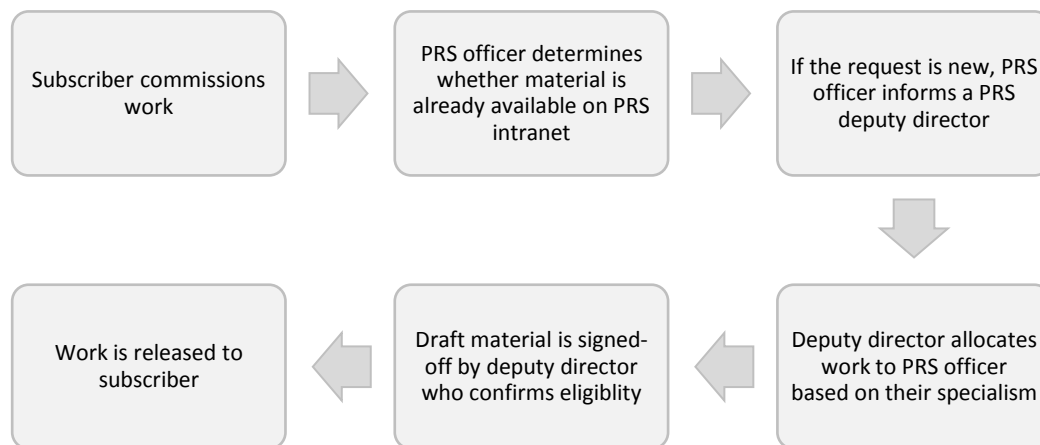
**Table 2** – Total number and value of subscriptions to the Parliamentary Research Service

PRS	2012-13	2013-14	2014-15	2015-16
No. of MP subscribers	<b>110</b>	<b>102</b>	<b>90</b>	<b>101</b>
Annual fee (£)	<b>4,800</b>	<b>4,800</b>	<b>4,800</b>	<b>4,800</b>
Total paid by IPSA <sup>3</sup>	<b>244,800</b>	<b>316,800</b>	<b>374,400</b>	<b>376,100</b>

<sup>3</sup> MPs who do not subscribe to the services of PRS for a full year are charged reduced fees depending upon the period used. Therefore, the total amount paid by IPSA does not equal the annual fee times number of subscribers.

48. **Figure 2** shows the process by which work is commissioned by PRS subscribers.

**Figure 2** –process for the commissioning of work by PRS subscribers



## Policy Research Unit (PRU)

49. The Policy Research Unit (PRU) provides pooled services to Conservative Party MPs. Established in 1997, the PRU became a limited company in 2012, and is governed by an executive Board comprising current Conservative MPs.

### Structure and funding:

50. The PRU is governed by a Board of five Conservative MPs, one of whom acts as Chair. The Board's role is to give high-level strategic direction to the organisation, and it meets formally twice every year. Two PRU Directors also attend Board meetings, and may consult with the Board members and the Chair on operational matters more regularly.
51. Directors have responsibility for the routine operations of the PRU, and manage a pool of researchers who have responsibility for producing materials for subscribers. Each member of research staff specialises in producing materials on a particular issue, debate, or governmental department.
52. Significant attempts to professionalise the organisation have been made in recent years, to bring the PRU more in line with good employment practice. This has mainly been achieved through the organisation and management of PRU staff.
53. New starters to the PRU receive a comprehensive induction programme, which helps them to identify the boundary between parliamentary and non-parliamentary activities. They are employed on a contract that adopts the model contracts provided by IPSA. The PRU's retention of staff is relatively high, and staff have access to benefits such as a personal learning and development budget.
54. **Table 3** shows the changes in the annual subscription fee and the total value of subscriptions across all financial years during the period 2010 to March 2016.

55. The current annual subscription fee to the PRU is £2,700. At the time of this review, 283 Conservative MPs had claimed for subscriptions in the 2016-17 financial year, and the current total value was £760,000.
56. The majority of the PRU's expenditure is on routine staffing costs. The remaining proportion of IPSA funds are used to fund general office costs, as well as other costs that can directly benefit staff, such as training, or learning and development.
57. The organisation's main source of funding is subscription fees from Conservative MPs. Additional sources of funding for the PRU include: subscription fees from Conservative Peers in the House of Lords, and from Members of the Scottish Parliament; and revenue from both the sale of the PRU's case management system, Cross Reference, and the PRU's website architecture, which is sold to other pooled service providers.
58. **Figure 3** shows the process by which material is produced by the PRU for its subscribers.

**Table 3** – Total number and value of subscriptions to the Policy Research Unit

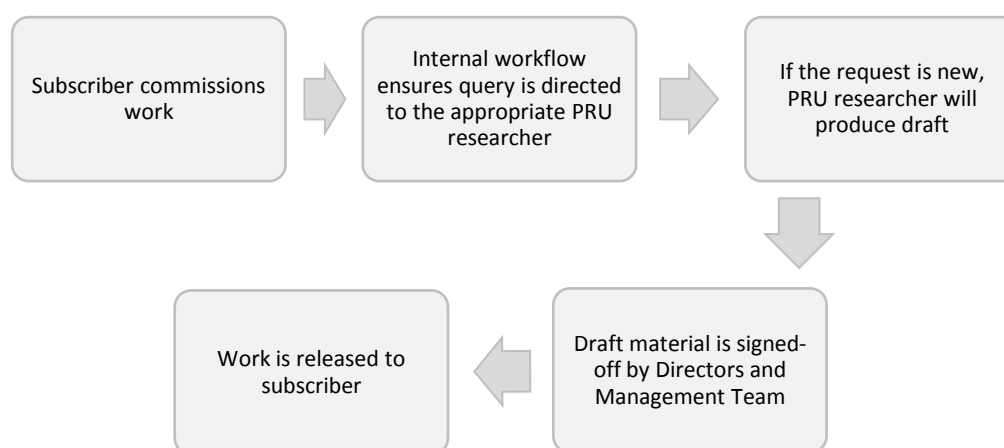
<b>PRU</b>	2011-12	2012-13	2013-14	2014-15	2015-16
No. of MP subscribers <sup>4</sup>	<b>231</b>	<b>243</b>	<b>214</b>	<b>212</b>	<b>281</b>
Annual fee (£)	£3,960	£3,960	£3,960	£3,300	£3,000
Total paid by IPSA <sup>5</sup> (£)	<b>906,102</b>	<b>962,280</b>	<b>859,020</b>	<b>596,899</b>	<b>818,473</b>

<sup>4</sup> This does not include other MP subscribers who do not claim this cost from IPSA.

<sup>5</sup> MPs are not necessarily charged the normal annual fee each year. The PRU operates a system which takes into account the amount of tailored material requested by a particular subscriber. Those who used more tailored services pay a higher fee.

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**Figure 3** –process for the commissioning of work by PRU subscribers



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### European Research Group (ERG)

59. The European Research Group (ERG) provides research and briefing materials to Conservative MPs on issues relating to the UK's relationship with the European Union.

#### Structure and funding:

60. The ERG is governed by a Board of two current Conservative MPs, one who acts as Chair, and one who acts as Treasurer. The ERG itself comprises one member of staff, a Senior Researcher who is solely responsible for conducting and producing all subscriber material.
61. The organisation charges an annual subscription fee of £2,000, which is used exclusively to pay the salary of the ERG's single member of staff. Expenditure by the ERG is approved by the Chair and the Treasurer. IPSA funds are paid into the ERG's bank account, and the organisation pays for an accountant to administer the staff member's tax and national insurance contributions (also paid from IPSA funds). The ERG is an unincorporated association and does not publish an annual statement of accounts.
62. The staff member has a model IPSA contract with the ERG, and has previously worked as a member of staff for a Conservative MP. At the time of the review, the staff member said they did not use IPSA funds on office costs, having inherited a number of office materials (such as a computer) from their predecessor, but that this was likely to change in the future.
63. The ERG has no other sources of substantive income, with the exception being a number of small donations which are used to pay for costs that cannot be funded by IPSA. These include funding for meetings involving hospitality costs at the House of Commons. **Table 4** shows the number of MPs who have subscribed to the ERG since funds were initially provided by IPSA in 2011.

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**Table 4 – Total number and value of subscriptions to the European Research Group**

<b>ERG</b>	2011-12	2012-13	2013-14	2014-15	2015-16
No. of MP subscribers	<b>8</b>	<b>21</b>	<b>25</b>	<b>26</b>	<b>23</b>
Annual fee (£)	<b>1,950</b>	<b>1,950</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
Total paid by IPSA (£)	<b>15,600</b>	<b>40,950</b>	<b>50,000</b>	<b>52,000</b>	<b>46,000</b>

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64. The ERG provides a number of materials relating to the UK's relationship with the EU to its subscribing MPs. These include research and briefing notes and talking points that relate to the UK-EU relationship; suggestions for questions to be raised by MPs in the debating chamber; research notes for debates in the House of Commons; and research materials relating to the work of the European Scrutiny Committee.
65. The way in which the ERG produces materials differs from other providers in two ways. Firstly, research areas are either agreed in advance in consultation with the organisation's governing Board, or research is produced proactively according to what the ERG sees as relevant to its subscribers' work. Secondly, materials are sent to subscribers via email and are not uploaded to a central, password-protected intranet where they can be accessed by all current and future subscribers.

## **Scottish National Party Research Team**

### Structure and funding:

66. The Scottish National Party (SNP) Research Team provides pooled services to SNP MPs. The Team forms part of the wider SNP Westminster Parliamentary Group, which was established after the General Election in May 2015. The support offered by the party to its MPs in Westminster increased significantly after the SNP gained 50 seats in the House of Commons. This support partly took shape in the establishment of the Research Team as a pooled service.
67. The Group is the primary governing body for the SNP in Westminster, comprising a number of different bodies, including the SNP Whips' Office, the party Press Office, and the Research Team. The Group is governed by an Executive Committee of current SNP MPs, who have responsibility for the management of the party's presence in Westminster.
68. The Research Team itself is made up of 14 full-time members of staff, including a Head of Research, a Deputy Head, five senior researchers, and seven junior researchers. The Head of the

Team has a close working relationship with the Chief of Staff of the SNP Westminster Group, which involves ensuring that the services provided by the Team and funded by IPSA are eligible under the Scheme.

69. Although formally part of the Group, the Research Team is the only body that draws on IPSA funds. The Team currently charges an annual subscription fee of £10,500. Subscriptions are compulsory for all SNP MPs. The first payment to the Research Team from IPSA funds came in the last quarter of the 2015-16 financial year, when the service had been fully established. For the use of services during this period, each SNP MP paid a fee of £2,625. **Table 5** displays the funds that have been claimed for Research Team services.
70. The majority of the Research Team's total expenditure goes on routine staffing costs, such as salaries, and national insurance and pension contributions. The Team's other running costs include standard office expenditure, staff training (each member of the Team has access to a personal £1,000 training budget), and a small amount of travel.
71. The Team has a more proactive approach to the provision of briefing materials than other pooled service providers. Whereas most of the other services tend to wait until subscribers contact them to request particular pieces of research, the Research Team will prepare materials on the basis of the House agenda, and has the freedom to look ahead to issues or debates that it considers relevant or important, and to prepare materials accordingly.

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**Table 5** – Total number and value of subscriptions to the SNP Research Team

<b>SNP Research Team</b>	2015-16 (Q4)	2016-17 (projected) <sup>6</sup>
No. of MPs	<b>54</b>	<b>54</b>
Subscription fee (£)	<b>2,625</b>	<b>10,500</b>
Total value (£)	<b>141,750</b>	<b>567,000</b>

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<sup>6</sup> As at June 2017, 53 SNP MPs had made claims for the 2016-17 financial year.



# Analysis and Findings

## Compliance risks

72. The key compliance risks relating to the provision of pooled services are:
- that internal controls applied by pooled service providers are not sufficiently robust to ensure compliance with the Scheme's conditions on parliamentary activities;
  - that internal controls operated by IPSA are not sufficiently robust to ensure that public resources are being used appropriately; and
  - that research and other materials funded by IPSA do not meet the Scheme's requirements that materials must only be used for the purposes of a subscribing MP's parliamentary functions.
73. This section first examines the controls that the pooled service organisations and IPSA have in place to ensure that public money is adequately safeguarded and IPSA funds are being used appropriately. Internal controls for each organisation are analysed according to their type, scope, and strength.
74. Subsequently, the materials that pooled services offer to their subscribers will be assessed to determine their level of compliance with the Scheme's proscriptions.

## Controls

### Controls applied by IPSA:

75. Currently, MPs may claim for subscriptions to pooled services in one of two ways:
- IPSA can pay subscription fees directly to the service provider; or
  - a reimbursement claim can be submitted to the online expenses system.
76. As with other types of expenditure, a reimbursement claim must be accompanied by documentary evidence in the form of an invoice signed by the subscribing MP.
77. To set up a direct payment, an MP must sign an IPSA-created direct payments form and return it to the service provider by a specified date. The form asks the subscriber to confirm the amount for which they are claiming. It also asks the MP to affirm that they will not submit a reimbursement (or duplicate) claim, and will only use the services provided in the performance of their parliamentary duties.
78. A process comprising nine stages is in place to ensure that direct payments made to pooled services are accurate. It includes a number of key manual checks:
- an IPSA staff member checks that the payment batch total provided by the pooled service matches the forms signed by subscribers and the invoices; and

- an IPSA staff member also checks that no MPs have submitted reimbursement claims for the same services funded by their direct payment (i.e. duplicate claims).
79. As with all types of expenditure, payments made to pooled service providers (either directly or via reimbursement) are additionally subject to IPSA's post-payment validation process.
80. The overall process therefore includes the following internal controls:
- MPs are required to provide a written declaration that they will claim for parliamentary purposes, and will not submit reimbursement claims for costs that have been paid directly;
  - preventative controls are applied firstly by ensuring that consolidated information provided by the pooled service provider matches the supplied documentary evidence; and secondly, by requiring management authorisation of payments; and
  - detective controls are applied firstly by a member of IPSA staff to cross-checking direct payment data against reimbursement claims made by subscribers, and secondly in giving MPs the opportunity to check their subscriptions in the context of their historic claims prior to bi-monthly and annual publication (post-payment validation is also a form of detective control, but it was only introduced during the 2015-16 financial year).
81. In the 2014-15 and 2015-16 financial years, the internal controls operated by IPSA are considered to have been effective. The key indicator that most controls have been applied robustly is that no duplicate claims or payments have been identified during this period. Analysis of the 2011-12, 2012-13, and 2013-14 financial years (though outside of the scope of this review) also suggests that IPSA's internal controls on payments have been operated robustly, with no duplicates identified.
82. There is no requirement for MPs to supply copies of the materials they receive from pooled services. MPs are only required to affirm in writing when first subscribing to a service that they will only claim for eligible materials from that service. These evidence requirements are applied irrespective of the method of payment (by direct payments or via reimbursement).

#### Controls applied by the PRS and the PRU:

83. The internal controls operated by the PRS and the PRU, which provide services to Labour Party MPs and Conservative Party MPs respectively, are considered to be robust, combining multi-level authorisation of materials with written policies or guidance to aid compliance.
84. The PRU and the PRS have the key deterrent control that they are both formally separate from the political parties they support. The PRU is a private company, limited by guarantee, and although the Board includes Conservative MPs, it is not operationally answerable to the party. The PRS is an unincorporated association, established under its own constitution, and is similarly independent of the Labour party.
85. Both apply the following preventative controls:
- materials produced by research staff are approved by a senior manager or director before they are released to a subscriber;

- staff do not provide research on a subject that has previously been covered by the organisation. Instead, subscribers are directed to a common intranet where historical research that has already been approved is stored. This reduces the risk of the production of non-compliant materials;
  - the storage of materials on a password-protected intranet ensures that only those individuals who have agreed to abide by the terms of each organisation can access the organisation's materials;
  - both the documentary materials themselves, as well as the intranet webpages from which they are downloaded by subscribers, bear disclaimers which state that the services provided must only be used by MPs in the performance of their parliamentary duties; and
  - the nature of the support that the organisations can give to their MP subscribers is mandated by formal, written policies. For the PRU, this is dictated by a service agreement, while for the PRS, it is dictated by the organisation's constitution.
86. The PRU applies an additional preventative control in the form of written guidance that research staff use when producing materials, specifically on what is considered to be parliamentary and non-parliamentary (party political) activity. The guidance explicitly requires that PRU staff cannot solicit votes for (or against) an MP, candidate, or political party. It also outlines requests for work that should be rejected by the PRU, including work relating to party conference, or to an election hustings.
87. Neither organisation monitors what its subscribers do with their materials after they have been purchased and downloaded. Indeed this would not be possible, as materials are used by subscribers, for example, to correspond directly and privately with constituents.
88. The internal controls operated by the PRU and the PRS are informed by two key organisational limitations. Firstly, pooled service providers are restricted by the number of subscriptions they receive from MPs in any given parliamentary year. The size of the organisation, and therefore the extent of the regulatory controls it can reasonably apply internally, are both limited by factors that they cannot influence (such as the outcome of by-elections or general elections).
89. Secondly, though IPSA does specify some of the activities that it considers to be non-parliamentary, it does not provide a specific definition of what is parliamentary – based on the approach that it is for MPs to decide what their parliamentary role should be – and has not issued guidance on how to deal with the inevitably blurred boundary between the parliamentary and party political. Though a higher compliance risk, giving research staff the responsibility for making their own decisions about eligibility is therefore an operational necessity.
90. A detailed assessment of PRS and PRU materials is given below.

### Controls applied by the PST:

91. The PST has a similar process for the production of materials as the PRS and the PRU. The organisation also applies a similar number and style of internal controls, including managerial authorisation, central recording of historical materials, and parliamentary activity disclaimers.

92. However, a number of additional features of the PST's internal processes have been identified as posing a potential risk to compliance with the Scheme.
93. Firstly, the PST has clear links to the Liberal Democrat party structure. The current operational head of the PST is also the Head of the Liberal Democrat Whips' Office at the House of Commons. The PST has explained that it believes these formal links to the party help to strengthen the quality and accuracy of the service provided to subscribers.
94. Secondly, one of the steps of the process by which the PST produces materials for its subscribers involves intervention by Parliamentary Advisors who are employed by the POLD and funded by the party through the Cranborne and Short Money given to it from Parliament. A review of information available online indicates that the role of the Parliamentary Advisor is to 'support the design and delivery of key parliamentary campaigns which promote the ideals and aims of the Liberal Democrats in Westminster'. They report to party Leaders and Chief Whips in the House of Commons and the House of Lords. This constitutes a further, formal link between the PST and the party whose MPs it supports.
95. The Head of the Whips' Office expanded on the nature of the role of the Parliamentary Advisors in internal PST processes, for the benefit of this review. It was emphasised that they work to support the routine parliamentary activities of the party, including working on such activities as preparing statements or questions for ministers, and scrutinising government legislation. The Parliamentary Advisors are a source of expertise in certain policy areas. It was also noted that their induction training includes an overview of IPSA's eligibility requirements.
96. A control on the influence of the Parliamentary Advisors over the PST's materials is applied by members of PST research staff, who have ultimate responsibility for ensuring the eligibility of materials before they are released to subscribers. In the event that ineligible contributions are made by Parliamentary Advisors to PST materials, research staff have the authority to challenge or alter these contributions.
97. The PST considers the risk to compliance of the involvement of party officials to be low, having provided assurance that Parliamentary Advisors engage in work that is exclusively parliamentary. However, it should be noted that PST research staff have, in the past, been required to adjust the Parliamentary Advisors' contributions to bring materials in line with IPSA's requirements.
98. Although these arrangements display a clear connection to the Liberal Democrat party, and to officials whose routine duties involve supporting the work and aims of the party under the remit of senior party officials, no evidence has been collected to suggest that the direct influence of Parliamentary Advisors on the work of the PST has caused the latter to fail to comply with the Scheme. A detailed assessment of PST materials is given below.

#### Controls applied by the ERG:

99. The controls applied by the ERG are less comprehensive relative to other pooled service providers, due to the small size of the organisation. This presents a relatively higher risk of non-compliance.
100. The ERG operates only one control, which is the requirement that subscribing MPs affirm, via their direct payments form, that the services funded will only be used for parliamentary

purposes (in common with other pooled services). No other internal controls to ensure compliance are in place. The organisation does not ensure that research materials are approved by a senior manager or director prior to their release; nor mandate the nature of the support that the organisation can eligibly give to its subscribers in formal policies or a constitution.

101. Compared to other pooled service providers, the ERG's internal controls system, governance structure, and business model are noticeably less formal. A good example of this is the process by which subscribers receive materials: MPs subscribing to the ERG receive briefings (not explicitly requested) via email; whereas subscribers to other pooled service providers are given password-protected access to a private intranet, which allows them to access all historical materials, irrespective of who originally commissioned them.
102. A further compliance risk in relation to the ERG arises from the level of the organisation's previous engagement with IPSA. Contact with larger pooled service providers in respect of compliance with IPSA's rules has been comparatively regular, both in terms of routine stakeholder engagement, and when serious concerns have arisen. However, it is apparent that this has not occurred to a significant degree with the ERG. The ERG has not been covered by previous reviews of pooled services, given its size and costs; and when the ERG was contacted in respect of this review, there was some confusion about the nature and purpose of the organisation's relationship with IPSA. Opportunities for clarifying activities that are considered to be eligible under IPSA's rules are therefore likely to have been few.
103. The size and structure of the ERG are considered to present a potential risk to compliance not present to the same degree in the arrangements of other pooled service providers. However, we have not found evidence to suggest that this impacted on the compliance of materials provided by the ERG. A detailed assessment of compliance is given below.

## Controls applied by the SNP Research Team

104. The SNP Research Team applies a similar number and type of internal controls as most other pooled service organisations to ensure that materials it provides are eligible under the Scheme. Similar to other pooled services, it requires all subscribing MPs to certify that they will use pooled service materials for parliamentary purposes only, when they are establishing direct payment arrangements.
105. SNP MPs subscribing to the Research Team are also required to elect which of their standard IPSA budgets the subscription fee should be charged against. If they expect their staffing budgets to be exhausted, they may elect to pay for the costs from their office costs budgets.
106. Preventative controls operated by the Research Team include the requirement that materials have the authorisation of a senior member of staff (the Head of Research, or an appropriate deputy) prior to their release. The Chief of Staff to the SNP Westminster Parliamentary Group works closely with Research Team leadership to ensure that the tone of the materials is parliamentary and eligible. Where materials are found to have been produced solely with the objective of increasing the standing of the party, changes are made accordingly.
107. That said, subscriber materials do not contain disclaimers that their content should only be used in the performance of MPs' parliamentary functions. Unlike the PRU and the PRS, outside of the

relevant sections of the Scheme, the organisation's compliance is not strengthened by any formal, written guidance on parliamentary activity.

108. The absence of other routine internal controls can be attributed to the relationship between the Research Team and the wider Scottish National Party. As with the PST, a formal operational link to the wider party structure is a key part of the Research Team's organisation. The Research Team forms part of the Party's formal structure in Westminster, and sits beneath the governing Executive Committee alongside the Whips' Office and the Media Unit, and senior Party officials have direct involvement in the production and approval of research materials.
109. The risk that IPSA funds are being used to fund ineligible, party political activities is higher when compared to those pooled services which are formally separate from the parties they support. Furthermore, all SNP MPs are obliged to pay a fee to the Research Team that is significantly larger than those charged by other organisations.
110. It has been identified that the Research Team began receiving IPSA funds as a pooled service so it could provide support to the increased number of MPs following the 2015 Election, but previously operated on a smaller scale without IPSA funds. That IPSA funds are now being used to facilitate activities which were previously funded through other channels (and therefore previously had no requirement to be compliant with the Scheme) represents a further compliance risk.
111. A detailed assessment of SNP materials is given below.

## **Compliance assessment**

### Parliamentary and non-parliamentary activity:

112. The Scheme only provides for MPs to use IPSA funds in support of their parliamentary functions. The fact that pooled services are aligned with specific political parties creates a risk that the materials may be provided to MPs to facilitate non-parliamentary, party political activities.
113. Although the Scheme does not define parliamentary activity, Chapter 3 gives examples of activities that are not considered as necessary for an MP's parliamentary functions. In respect of pooled services, the most relevant prohibited activities are:
  - work which is conducted for or at the behest of a political party;
  - activities which could be construed as campaign expenditure within the scope of the Political Parties, Elections, and Referendums Act 2000 (PPERA);
  - activities which could be construed as election expenses within the scope of the Representation of the People Act 1983 (RPA).<sup>7</sup>
114. In providing core services (such as debate briefings and constituency correspondence) to MPs, pooled service providers rely on their interpretations of IPSA's rules on parliamentary activity. In

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<sup>7</sup> A further exclusion, 'any other activities whose purpose is to give MPs a campaigning advantage in general elections and referendums', was added to the 2017-18 Scheme following a comprehensive review.

assessing compliance levels, it has been necessary to take account of the varied interpretations of parliamentary activity that have become apparent during the course of the review.

115. IPSA noted in its May 2016 consultation on the Scheme that, although its funds can only be used for parliamentary reasons, there is an inevitable overlap between parliamentary and political activity. Of relevance to pooled services is the extent to which an MP's parliamentary functions should be regarded as a naturally political activity. For example, one of the principal duties of an MP is to hold the government of the day to account; as the government may be of a different party, the duty often has a party-political component. Individual MPs themselves have natural ties to political activities, as the majority are elected to the House of Commons as representatives (and with the support) of a political party.
116. Following the comprehensive review of the Scheme in 2016, IPSA's approach now allows greater discretion for MPs to determine and justify what activities are part of their parliamentary role. IPSA supports MPs to use this discretion, provided the activity is not covered by any specific exclusion in the Scheme (such as work for or at the behest of a political party).
117. Compliance levels have been assessed in the context of the different interpretations that have been identified.

#### Methodology and considerations:

118. To assess compliance levels, samples of the materials provided by each pooled service to their subscribers were taken. The materials that each service has produced on four particular issues were selected for review. The language used by each of the pooled service providers in the materials given to subscribers was assessed and compared.
119. In each case, determinations were made about the extent to which the materials could be said to be compliant with the restrictions listed in Scheme (see paragraph 113).

#### **PRS and PRU services**

##### Analysis:

120. Materials provided by the PRS and the PRU to subscribers strike a similar tone and style, and are presented in a similar format. The materials provided by both organisations, whether they take the form of research briefings or template correspondence, express clear support for the platform of the parties to which they respectively provide services.
121. The sample taken from the work of the PRU comprised four standard letter packs, which include template correspondence to constituents, as well as background and historical information, and lines for subscribers to take. All of the documents were produced after the May 2015 General Election, at which the Conservative Party gained a parliamentary majority, becoming the sole party in government.
122. The materials include language that is complimentary about the government's record on a particular issue, occasionally providing small amounts of statistical information in support. For example, a document relating to the Higher Education and Research Bill (2016-17) states that: 'Record numbers of students are now able to benefit from higher education, thanks to the

Government's decision to end student number controls'. This is supported by the statement that 'the proportion of young people from disadvantaged backgrounds going into higher education is up from 13.6 percent in 2009/10 to 18.5 percent in 2015/16'.

123. There are also examples of language praising an action taken by the government, but which is not supported by statistical information and is more emotive. For example:
- 'I am pleased that the Government is committed to achieving a fair settlement for all countries in the United Kingdom.'
  - '[W]e are seeing record application rates among students from disadvantaged backgrounds. This shows the Government's reforms are working.'
124. It should be noted that each document displays a disclaimer that invites subscribers to edit or change the document after they have downloaded it, in order to reflect a different tone or message to the standard version prepared by the PRU. Subscribers are also invited to add information that may relate specifically to their constituency or their personal record.
125. Reference by PRU materials to the records or activities of political parties are few. Of the documents included in the sample:
- No direct references were made to the Conservative Party. The 'government' is referenced on more than 20 occasions across the sampled materials, comprising references to the party's manifesto and praise for government actions. The sample contains 10 references to the government's manifesto;
  - No direct references to the Labour Party were made in two of the documents. Background information in one document referred to the Labour government's record on tuition fees and inflation. A further document made four separate references to the Labour Party, noting on one occasion that 'the Labour Government left [the UK] with a housing crisis'; and
  - No references were made to other parliamentary political parties.
126. Similarly, the sample taken from the PRS comprised four standard briefing packs, which included background research and template correspondence. The documents covered the same topics as covered by the sample taken from the PRU. All of the documents were produced after the May 2015 General Election, with the exception of one which was produced in 2012.
127. The language of PRS materials is broadly critical of actions or stances taken by the government, and simultaneously presents statements from members of the Shadow Frontbench (Labour Party MPs) as representative of an alternative, preferable course of action. For example, material relating to the Higher Education and Research Bill states that:
- 'The Shadow Frontbench oppose the uncapping of fees at high-performing universities as they believe this would mean the best universities will become more expensive and... less accessible at a time when the proportion of low-income students at many top universities is falling.'
128. There are similarly examples of statements presented as fact, though they are not accompanied by evidence and are more emotive. For example:



- 'In my view the Government have taken the extraordinary step of legislating to deny families a stable home.'
- 'Under the present Government, accountability has not kept up with the increase in outsourcing of public services.'

129. References to political parties in PRS materials are relatively few:

- seven references are made to the Labour Party's record in government;
- more than 20 references are made to the 'government', meaning the 2010 Coalition Government and the 2015 Conservative Government, comprising direct quotes from official or party material, and language that is critical of government actions;
- two references are made in the sample materials to the Conservative Party, though these are direct quotes from the party's 2015 manifesto and are presented as background information;
- no references are made to other political parties.

#### Conclusions and recommendations:

130. The materials provided by the PRS and the PRU are generally designed to support subscribing MPs in publicly observing the message taken by their respective parties on particular issues, though materials are also designed to accommodate the personal views and records of individual subscribers. Although language that is explicitly or indirectly critical of other parties is scarce, all materials included in the samples correlate with the party's public stance on the issue being addressed.

131. In conclusion:

- the services provided by the PRS and the PRU are on the whole compliant with the Scheme;
- they do not constitute work conducted for or at the behest of a political party, campaign expenditure within the scope of PPERA, or election expenses within the scope of the RPA; and
- limited elements of materials produced by the PRS contain language that could be described as party political, but they are not widespread.

132. Although some limited evidence of party-political language has been identified, several factors mitigate any risk. First, subscribers are not placed under any obligation to use the materials as they are downloaded, but instead are free to make their own adjustments. Explicit invitations to this effect are often included in materials. MPs are at liberty to add content that makes materials both more and less parliamentary.

133. Furthermore, all materials provided by the PRS and the PRU contain a clear disclaimer that services are to be used wholly, exclusively, and necessarily in the performance of MPs' parliamentary duties, and there are clear references to IPSA's rules. (Although subscribers are free to alter materials after they have paid for them, the requirement that MPs are responsible

for complying with the Scheme when making any claim under its provisions does extend to the use of pooled services.)

134. More generally, as noted above, the organisations have thorough and robust systems of internal controls. Subscriptions to the PRS and the PRU are not compulsory, and both organisations are formally separate from the respective political parties.
135. Party political content, though not prevalent, needs to be addressed in a proportionate manner by IPSA, taking into account the robust system of internal controls that both organisations operate, the identified lack of noteworthy risk, as well the significant value that is placed on pooled services by subscribing MPs. Only minor adjustments are necessary to bring the materials into full compliance.
136. It is therefore recommended that:
  - **IPSA should write to the Chief Whips of the Conservative and Labour parties to provide them with details of this assurance review and remind them what is not considered to be parliamentary or eligible under the Scheme.** This is considered to be an effective and proportionate way to address the low-level compliance issues that have been identified.

## **PST services**

### Analysis:

137. Materials produced by the PST display clear support for the Liberal Democrat party platform. The materials taken in a sample of the PST's work covered the same four issues addressed in the samples taken from other pooled service providers, and similarly comprised standard template correspondence and background research briefings.
138. In the main, PST materials contain factual information on the political and legislative histories of particular issues, as well as factual references to previous government actions, and to the platforms, manifestos or records of the largest political parties in the House of Commons.
139. References to the Liberal Democrat party itself are regular, and appear to form a central part of background briefings and template correspondence. Evidence supports the conclusion that language that makes reference to the party, its manifesto, its platform and its achievements are designed to enable subscribing Liberal Democrat MPs to keep to the party line when contributing to parliamentary debates, or in corresponding with constituents.
140. For example, template correspondence on the Freedom of Information Act 2000, designed to be used by MPs when communicating with constituents, states:
  - 'The Liberal Democrats have been firm and long standing supporters of greater transparency in the public sector and early advocates of the introduction of Freedom of Information (FOI) legislation.'
  - '[T]he Liberal Democrats believe that the report [on FOI by the House of Commons Justice Committee] remains highly relevant today and that the current review by the Commission is therefore unnecessary'.

141. In relation to the Housing and Planning Bill, under a section entitled 'Top Lines', a background briefing states:
- 'Liberal Democrats believe that access to affordable housing is fundamental to liberty, opportunity, and hope for the future.'
  - 'Liberal Democrat leader Tim Farron has warned that the Government's "all-out assault" on social and affordable housing could destroy 30 years of work in rebuilding the UK's housing stock.'
142. In contrast to the sample materials taken from the PRS and the PRU, PST template correspondence is routinely written from the perspective of the party, not from the individual MP subscriber who uses the material to communicate with constituents.
143. PST background briefings also provide direct quotations from senior party MPs, including the leader of the party, as well as direct references to the party's 2015 election manifesto. Background briefings to template correspondence include sections with titles such as 'Key Points for Response', and 'Top Lines', which indicate a tendency towards ensuring that correspondence observes the party line on issues.
144. Although some references are made to other political parties in the House of Commons, they are mainly factual and uncritical (e.g. 'The Conservatives supported the change.'). Other references are more strongly phrased, though still parliamentary, such as a statement of 'strong concern' about a government proposal or action.
145. There is some evidence of emotive language which is not accompanied by factual statements; for example, one document includes a quote from a Labour Party shadow minister:
- 'Britain's broken housing market is stacked in favour of a lucky few and against young people and families on ordinary incomes... Most of all, the government must now show what they will do differently to avoid another five years of failure'.

### Conclusions and recommendations:

146. Materials provided by the PST show a more explicit and comprehensive approach to ensuring that subscribing MPs observe the party line when using pooled service resources. However, it should be noted that this concern relates specifically to template correspondence, and not to background briefings, which are entirely factual.
147. It is concluded that:
- the services provided do not constitute campaign expenditure within the scope of PPERA, or election expenses within the scope of the RPA;
  - background briefings provided by the PST are compliant with the Scheme;
  - however, some template correspondence is phrased in a manner that constitutes 'work conducted for or at the behest of a political party', which is not in accordance with the Scheme rules.
148. Unlike some other pooled service providers, the PST is incorporated within the wider party structure, and takes direction from party officials. In addition, at the time of the review the PST

received subscription fees from 100% (at that time, eight) of its current MPs. This increases the risk that the service could be used systematically to support the party's agenda in public.

149. It is therefore recommended that:

- **IPSA should address the party political nature of some content produced by the PST with the Liberal Democrat Chief Whip.** Such correspondence should highlight details of non-compliant language, as well as the obligations of subscribing MPs under the Scheme. Future evidence of non-compliance may require further action or additional controls to be put in place.

## **ERG services**

Analysis:

150. The ERG provides detailed background briefings and draft parliamentary questions to Conservative MPs on the UK's relationship with and membership of the European Union. The materials differ from those provided by other pooled service providers, in that the group provides support on a single, cross-party issue.
151. The materials produced by the ERG are broadly critical of the European Union and its activities, and provide arguments and evidence to support the position that the UK should leave the European Union. Nearly all MPs who have subscribed to the ERG in the 2016-17 financial year have either publicly campaigned or publicly stated a preference for leaving the EU.
152. The materials offer statistical data in support of the contention that membership of the EU is having a negative impact on the UK. Where appropriate, statements based on data are accompanied by a wide range of sources.
153. Statements from prominent figures who supported the UK's membership of the EU are also provided (with sources) in briefings, again to support subscribers in contributing to parliamentary debates. For example, in a briefing relating to migration statistics, quotes from David Cameron are provided to show that he supported expansion of the EU:
- 'On Serbia, Britain has always been a strong supporter of European Union enlargement, from Eastern Europe to the countries of the western Balkans.'
  - 'We continue to support Turkey's membership of the European Union; we hope we can make good progress with that over the months and years to come.'
154. Quotes from public figures supplied in other briefings include:
- 'If no one kicks up a fuss, because most people don't understand what has been decided, we continue step by step until there is no turning back.' – President of the European Commission
  - The UK's referendum on membership of the EU 'might offer an attractive example for anti-European political forces in other countries'. – President of the European Council
155. Briefings also discuss practical courses of action that the UK could take in the event that its membership of the EU ends. One briefing weighs the benefits and drawbacks of a Customs

Union with those involved in a Free Trade Agreement with the EU. Suggestions also include membership of the internal EU market.

156. The sample of materials supplied by the ERG contain no references to any political parties currently represented in the House of Commons. Though the content of briefing materials is clearly designed to support a particular political agenda, it is not party political. Language is not emotively phrased, is factual and is regularly accompanied by source information.

#### Conclusions and recommendations:

157. ERG materials provide comprehensive and highly detailed information in support of the position that the UK would benefit from ending its membership of the EU. Briefings are factually based, refrain from the use of emotive language, and give no mention of current British political parties.
158. IPSA noted in its guidance to MPs on EU Referendum expenditure that the question of the UK's membership of the EU was not party political in nature. The issue was a matter of clear, significant interest to Parliament before the EU referendum on 23 June 2016, and will continue to be so in the future. MPs were therefore expected by their constituents to have their personal view on the matter, and to be making arguments either for remaining or for leaving as part of the performance of their parliamentary functions.
159. It is concluded that:
- the services provided by the ERG are eligible under the Scheme;
  - the services do not constitute work that is conducted for or at the behest of a political party; and
  - the services do not constitute campaign expenditure within the scope of PPERA or election expenses within the scope of RPA.
160. As no significant concerns have been identified, there are no specific recommendations. The arrangements for expenditure by MPs on the ERG should remain in place.

#### **SNP Research Team services**

##### Analysis:

161. As with other pooled service providers, the Research Team provides detailed research briefings and template correspondence on a variety of current affairs and policy issues for subscribing MPs. Briefings and correspondence are separate entities.
162. Briefings provided by the SNP Research Team are highly detailed, containing regular references to and quotes from domestic and foreign governments, public and political figures, and external bodies. Suggestions for further research and reading on particular issues are also provided. The briefings offer clear support for the platform and policies of the SNP. Content tends to be highly critical of the policies and records of other parties, with a particular focus on the Conservative Party and its record in government.

163. By contrast, template correspondence tends to be expressed more neutrally, with no references made to political parties, and few references made to the UK government.
164. In briefings, content is regularly phrased in a way that enables subscribing SNP MPs to keep to the party line when contributing to parliamentary debates, or in correspondence with their constituents. All of the materials sampled contain 'key lines' for MPs to adopt in public, as representatives of their party. In many instances, materials do not draw a distinction between the Scottish Government and the SNP.
165. There are some examples of references to the Conservative Party and the UK government which are expressed in a strongly critical or emotive style include the following:
- 'The Tories are yet to learn that it's not all about the money, we must do also what is right, what is equitable, and what is fair.'
  - 'The Tory Government know the price of everything and the value of nothing.'
  - 'The UK Government's announcement of the planned [closure] of... offices across the UK is driven by the UK Government's austerity obsession which has seen budgets for government departments... suffer swinging [sic] cuts.'
166. Statements of support for the party's platform or for actions taken by the Scottish Government include the following:
- 'We in the SNP are deeply concerned that valuable time to make progress on disability employment is being lost as a result of this delay.'
  - 'The Scottish Government above all place dignity and respect at the heart of policies to support disabled people, and are working to provide better and targeted support to meet the needs of those who are able to work.'
167. References to other current UK political parties apart from the Conservatives are few. In the main, references to the positions of other parties are provided as context for the way in which a particular issue has been debated in the public or parliamentary domain. Many quotes offer statements of fact on the positions the government has publicly taken.
168. Some references are included where quotes made by representatives of other parties align with the SNP's position on a particular issue. For example:
- 'Labour's shadow secretary for work and pensions... said the government had been able to get away with reforms... without a challenge. "I do think the Tories have been... implementing pretty radical reforms with scant consultation and little certainty about whether they are likely to succeed."'

## Conclusions and recommendations:

169. Some content that is not compliant with the Scheme has been identified in research briefings produced by the SNP Research Team. References to the Conservative Party and Conservative governments are mostly ineligible under the Scheme. In contrast to the majority of materials from other pooled services examined by the review, references to the Conservative Party in SNP Research Team briefings are highly emotive, critical and pejorative.

170. Meanwhile, template correspondence did not raise any particular concerns.
171. Though not widespread, the party political content identified is notable because the Research Team is incorporated within the wider Westminster party structure, and senior party officials have direct involvement in operational matters. Furthermore, the fact that subscriptions to the Research Team are compulsory for SNP MPs increases the risk that services could be used systematically to support the party's agenda in public.
172. It is concluded that:
- the services provided do not constitute campaign expenditure within the scope of PPERA or election expenses within the scope of the RPA;
  - template correspondence is eligible under the Scheme;
  - however, elements of research briefings provided by the Research Team are phrased in a manner that constitutes 'work conducted for or at the behest of a political party'.
173. The level of the annual subscription fee to the Research Team is also of concern. At £10,500 for a full financial year, the subscription fee to the Research Team is £5,500 more than the next highest pooled service subscription fee, and is £8,500 higher than the lowest fee. It should be noted that a fee of £10,500 constituted 7% of an MP's staffing budget and 45% of an MP's office costs budget for the 2016-17 financial year.
174. No substantive or noticeable difference in the level of service provided by the Research Team has been observed when compared to that offered by other pooled services. It is appropriate therefore to seek further assurance about whether the fee represents good value for money for the taxpayer.
175. It is recommended that:
- **IPSA should address the party political nature of some content produced by the SNP Research Team with the SNP Chief Whip. The SNP Research Team should also be invited to review the level of its annual subscription fee.** IPSA should seek assurance that this amount is justified and appropriate, and that the SNP Research Team is providing a service that is good value for money.

# Summary of actions taken

176. The actions taken in response to the recommendations of this review are set out below.

Recommendation	Action taken and outcome
<p>1) IPSA should write to the Chief Whips of the Conservative and Labour parties to provide them with details of this assurance review and remind them what is not considered to be parliamentary or eligible under the Scheme.</p>	<p>We wrote to the Chief Whips of the Conservative and Labour parties setting out the findings of the review in relation to the PRU and PRS, respectively. Since then, we have met with representatives from the PRS and PRU to discuss the conclusions of this report. Both organisations have been proactive in taking on board the findings and seeking to adopt recommended changes to ensure compliance with the Scheme. The PRU responded formally to the review and have, among other things, produced new guidance for their staff on referring to political parties; made improvements to their new starter training; strengthened their review process; and added stronger compliance obligations on MPs in their service agreement. Meanwhile, the PRS have also produced additional guidance for staff members to ensure that materials comply with the Scheme.</p>
<p>2) IPSA should address the party political nature of some content produced by the PST with the Liberal Democrat Chief Whip.</p>	<p>We wrote to the Liberal Democrat Chief Whip setting out the findings of the review and specifically addressing concerns about the party-political nature of some PST materials. We provided specific examples of ineligible party-political language identified by the review. We have been informed that the POLD Board will formally consider IPSA’s review and take steps to address the use of party-political language and ensure that future materials are compliant with the Scheme. We will review PST materials again at the start of the next Parliament (which we expect to be in 2022), unless subject to new concerns being identified before then.</p>



<p>3) IPSA should address the party political nature of some content produced by the SNP Research Team with the SNP Chief Whip. The SNP Research Team should also be invited to review the level of its annual subscription fee.</p>	<p>We wrote to the SNP Chief Whip setting out the findings of the review, specifically noting the party-political nature of some SNP Research Team materials and the relatively high annual subscription fee. In subsequent conversations with the SNP, we have emphasised the high cost of its services, compared with other similar organisations. The SNP have given us assurance that the Research Team’s services are providing good value for money; for instance, a number of SNP MPs use the Research Team’s services instead of employing Westminster-based staff.</p>
<p>4) IPSA should continue to review pooled service materials on a periodic basis, normally once every Parliament.</p>	<p>Subject to significant changes or priorities, a pooled services assurance review will be built into the assurance work programme at the start of the next Parliament, which we expect to be in 2022. If any significant compliance concerns are identified before then, however, we may choose to review pooled services more frequently.</p>