

Review of the Scheme of MPs' Business Costs and Expenses and IPSA's publication policy

Consultation Report and Equality Impact Assessment

March 2017



Independent Parliamentary Standards Authority

**Review of the Scheme of MPs' Business Costs and Expenses
and IPSA's publication policy**

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FOREWORD BY THE IPSA BOARD

From May to October 2016, we consulted on our *Scheme of MPs' Business Costs and Expenses*, the first comprehensive review in six years. We have considered the responses and now publish the new rules that will apply from 1 April 2017.

Since IPSA was created in 2010, there has been overwhelming compliance by MPs with the rules of the Scheme. We publish all claims made, so the public can have confidence that MPs' costs are independently regulated.

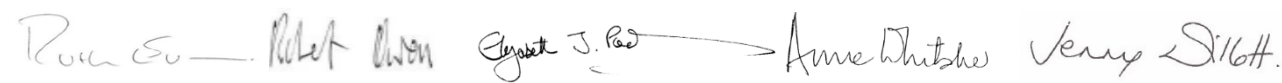
It is now time to publish a new Scheme that recognises MPs' compliance, simplifies some of our rules, supports MPs in their demanding roles, and continues to provide good value for money to the taxpayer. It will also make MPs' compliance and public scrutiny easier and more effective.

In the new Scheme, we have achieved the four objectives we set ourselves.

- First, the Scheme is simpler. We have clarified our core principles, removed unnecessary rules, and eliminated arbitrary caps on spending. We have given MPs greater responsibility to determine for themselves that their expenditure is for parliamentary purposes. We trust MPs to comply with the spirit and the letter of the Scheme. Our new publication policy reinforces our commitment to transparency, while redacting personal and sensitive information.
- Second, we recognise the distinctive demands placed on MPs that make their job unlike others. They can be under constant, intense scrutiny from the media and the public, working each week both in Westminster and in their constituency. Our Scheme should not be a barrier to the effectiveness of MPs, nor should it discourage individuals from any part of society from seeking to become an MP. To this end, we have increased MPs' accommodation budgets and the financial support we provide to MPs with partners and dependants. We provide additional funding to support MPs with disabilities, and to ensure that their offices are accessible. And we have given priority to MPs' safety and will continue, on police recommendation, to fund measures to provide security in MPs' offices and homes.
- Third, we recognise our role in helping to professionalise MPs' workplaces and employment practices for the more than 3,100 staff they employ. We will provide more detailed guidance on payroll and other employment matters, and we will set out more clearly our expectations about how MPs manage staff leave, performance and office restructuring. We have revised the pay ranges of MPs' staff following an independent review and will work with the House of Commons to provide HR support to MPs' staff. And, from next parliament, we will not fund MPs to employ any new staff who have personal or business connections with them. All existing 'connected parties' will have their contracts honoured.
- And fourth, we remain committed to obtaining value for money. We have drawn on rental market data in setting accommodation rates, and implemented an independent review into MPs' staff pay. Where evidence suggests that current budgets are sufficient, we have left them unchanged. Our new website, and our assurance reviews of MPs' expenditure, provide further assurance about MPs'

spending. We are also improving our own systems and processes by October 2017 so that we demonstrate continued value for money ourselves and provide MPs with better tools to manage their budgets.

As a regulator, we want to create clear principles and consistent rules that are easy to understand and comply with. Our new Scheme does this. We do not expect to make further changes to our rules this parliament, except to take account of recommendations by the Boundary Commissions. The evidence of the last seven years demonstrates that the independent regulation of MPs' business costs provides assurance that MPs are resourced appropriately from public funds to carry out their parliamentary functions on behalf of their constituents. The new Scheme will ensure that we have the resources, rules and processes both to support MPs in their work and to provide assurance to the taxpayer about the money spent.

The image shows five handwritten signatures in black ink, arranged horizontally. From left to right: 'Ruth Evans' (underlined), 'Sir Robert Owen', 'Elizabeth J. Padmore', 'Anne Whitaker', and 'Rt Hon. Jenny Willott'. There is a horizontal line under the first signature, and a long arrow pointing from the signature of Elizabeth J. Padmore towards the signature of Anne Whitaker.

**Ruth
Evans**

**Sir Robert
Owen QC**

**Elizabeth
Padmore**

**Anne
Whitaker**

**Rt Hon. Jenny
Willott**

1 INTRODUCTION

1. This is the report on the public consultation held by the Independent Parliamentary Standards Authority (IPSA) on our review of the *Scheme of MPs' Business Costs and Expenses* ('the Scheme') and IPSA's publication policy. It includes IPSA's response to the questions consulted on.
2. The consultation ran between 18 May and 24 October 2016. It complied with section 5(4) of the Parliamentary Standards Act 2009 which obliges us, when revising the Scheme, to consult:
 - a. the Speaker of the House of Commons;
 - b. the Committee on Standards in Public Life;
 - c. the Leader of the House of Commons;
 - d. a Committee of the House of Commons nominated by the Speaker (the Speaker nominated the Committee on Standards);
 - e. members of the House of Commons;
 - f. the Review Body on Senior Salaries (SSRB);
 - g. Her Majesty's Revenue and Customs;
 - h. Her Majesty's Treasury; and
 - i. any other person IPSA considers appropriate (in this case, the public and organisations with a particular interest).
3. We received 65 formal written responses to the consultation from the major political parties, individual MPs, MPs' staff and staff groups, the Committee on Standards, the Electoral Commission, the Committee on Standards in Public Life, academics and members of the public. We are grateful to all who replied.
4. In this report, we have summarised some of the responses received. Copies of all responses can be found on our website (www.theipsa.org.uk). Respondents were offered the option of remaining anonymous; we have removed their names of those who requested this. Otherwise, the responses are unedited.
5. In parallel, we published an online survey to make it easier for members of the public and other stakeholders to access the consultation. There were 66 responses to this survey, a summary of which can be found at Annex A. We also met MPs individually and in groups throughout the consultation period to gather their views. Eight MPs gave presentations to IPSA's Board on aspects of the Scheme.
6. Each section of this report addresses one of the key themes in the consultation. We provide the context in which we consulted, as well as the specific consultation questions, a summary of responses and our subsequent decisions. The final section relates to the impact of the new Scheme on equality and diversity.

7. A summary of changes made to the Scheme following the consultation is at Annex B. Tables outlining MPs' annual budgets and MPs' staff pay ranges for 2017/18 are at Annex C and Annex D, respectively.

2 BACKGROUND TO THE REVIEW

8. Since IPSA's creation in 2010, we have consulted annually on any necessary rule changes. But our consultation in 2016 was the first comprehensive review of the Scheme since 2011.
9. The Scheme has worked well since 2010. It has helped to ensure that MPs' spending on parliamentary activity is effectively regulated, and that MPs receive appropriate financial support for their parliamentary work. Both are IPSA's statutory functions. MPs have complied with the rules in the vast majority of cases. But, after six years of operation, we believed it was right to take stock of the Scheme and draw on the experience of having operated for a full Parliament.
10. We gathered evidence on all aspects of the Scheme and conducted a more detailed analysis of MPs' spending in certain areas. In analysing this evidence, we identified themes which formed the main focus of the consultation:
 - the Fundamental Principles of the Scheme;
 - simplification of travel and office costs rules;
 - accommodation;
 - staffing expenditure;
 - the employment of 'connected parties' and financial support for MPs' families;
 - issues arising before and after a General Election; and
 - the distinction between parliamentary and party political activity.
11. As well as reviewing the Scheme itself, we also consulted on our policy on the information we publish about MPs' business costs and expenses. We wanted to make sure that we strike the right balance between our duty to be transparent about MPs' expenditure in order to provide assurance to the public, and our responsibility not to create an unnecessary security risk to MPs by publishing information about them, their staff or families.

3 FUNDAMENTAL PRINCIPLES OF THE SCHEME

12. The Fundamental Principles are an important part of the Scheme and have the same force as rules. They underpin the whole of the Scheme and act as a guide for MPs in making claims and for IPSA in assessing them. We wished to revise the principles to make them simpler to understand and fewer in number, and thereby easier to comply with.
13. The Board agreed eight draft Fundamental Principles for consultation:
 - 1) *The Scheme should assure the public that MPs' use of taxpayers' money is well-regulated and that MPs are resourced appropriately to carry out their parliamentary functions.*
 - 2) *The Scheme should take account of MPs' diverse working arrangements and should not unduly deter people from any part of society from seeking to become an MP.*
 - 3) *In matters relating to business costs and expenses, MPs should, where possible, be treated in the same manner as other citizens. They should neither gain, nor be disadvantaged, financially.*
 - 4) *All money claimed from IPSA by MPs should be exclusively for parliamentary purposes and have regard to value for money.*
 - 5) *In financial matters, as well as in other aspects of their work, MPs should adhere to the seven principles of public life.*
 - 6) *MPs are responsible for their own financial and staff management – and IPSA should support them in exercising their responsibilities.*
 - 7) *All expenditure by MPs should be published and accessible to the public.*
 - 8) *The Scheme should be administered by IPSA in an effective, cost-efficient and transparent way.*

Question 1: Do you agree with our new fundamental principles? Do you find them easy to understand? And do you agree with our emphasis on value for money?

Responses received

14. The consultation responses were generally supportive of the revised principles. A few respondents stated specifically that they were clear and represented an improvement on the current principles. Some specific points were raised.
15. The Committee on Standards in Public Life supported the emphasis on value for money as something an MP should consider when making claims, but felt that the revised principles did not go far enough to emphasise the transparency at the heart of IPSA's regulatory approach.

16. The House of Commons Committee on Standards also welcomed the simplified principles, but considered that IPSA should not refer to matters outside its remit of administering the Scheme. As such, they urged us to delete the reference to 'other aspects of [MPs'] work' in draft principle 5, and to refer to the MPs' Code of Conduct rather than the Seven Principles of Public Life.
17. Many respondents, including the Liberal Democrat MPs, mentioned the diversity of Parliament and MPs' working arrangements, and welcomed draft principle 2 that the Scheme should not deter people from any part of society from becoming an MP.
18. The SNP Westminster Group was concerned that no one should be deterred from becoming an MP for fear for their own safety or that of their family or staff. IPSA should ensure that its support for MPs' security is adequate, that it recognises the risks faced by MPs and that the Scheme is not determined by a need to minimise costs.
19. Other respondents discussed the strengthened focus on value for money in the principles in relation to the need for sufficient resources to meet appropriate needs. For example, the Members' and Peers' Staff Association (MAPSA) cautioned that value for money should not prevent MPs' offices from being resourced appropriately to allow them to do their jobs to the best of their ability.
20. Several responses, including those from the Parliamentary Labour Party, the Scottish National Party (SNP) Westminster Group and the United Parliamentary Staff Branch suggested specific additions or amendments to the draft principles.

Our position

21. The revised Fundamental Principles are set out below and can also be found at the beginning of the Scheme.
22. In the light of the comments received, we have made changes to the draft principles to make them simple and clear, and to express them in a way which provides a framework for rules and behaviours, rather than being rules in themselves. We have made clear which principles apply to MPs and which to the way we regulate. We have added a reference to the MPs' Code of Conduct and the need for IPSA to be proportionate in its regulation.
23. The revised principles do not include the statement that MPs should be 'treated in the same manner as other citizens'. We received a number of comments that there are aspects of an MP's role which are unique and not comparable with other jobs. The need to work from two locations is an example. The potential security risk created by their public profile, their stand on particular issues, and level of influence is another.

For MPs

In claiming for public funds through the Scheme, MPs must adhere to the following principles:

- 1) **Parliamentary:** MPs may only claim for expenditure for parliamentary purposes.
- 2) **Value for Money:** MPs must have regard to value for money when making claims.
- 3) **Accountability:** MPs are legally responsible for all money claimed and for managing their budgets and their staff.
- 4) **Probity:** When making claims, MPs must adhere to the MPs' Code of Conduct, including the seven principles of public life.

For IPSA

IPSA's role as an independent regulator is to resource MPs appropriately to carry out their parliamentary functions and support them in making eligible claims. In administering the Scheme, we adhere to the following principles:

- 5) **Diversity:** IPSA will take account of MPs' diverse working arrangements and treat MPs fairly, so they are not disadvantaged or advantaged financially because of the Scheme.
- 6) **Transparency:** IPSA will operate transparently, making information about MPs' expenditure accessible to the public.
- 7) **Value for Money:** IPSA will administer the Scheme efficiently and cost-effectively.
- 8) **Proportionality:** IPSA will regulate proportionately and effectively.

4 SIMPLIFICATION OF THE RULES ON TRAVEL AND OFFICE COSTS

24. We want a Scheme that is easy to understand and operate. This will benefit MPs and their staff who must comply with the rules, and will help to reduce IPSA's administrative costs. We consulted on possible ways to simplify the rules relating to travel and office costs.

MPs' staff travel

25. MPs' staff face restrictions on what they can claim in comparison with their MPs. For example, staff in any MP's office can only claim for 96 single journeys between the constituency and London each year. The rule does not fully allow for different working arrangements. In the consultation, we proposed to eliminate this rule so that MPs' staff can travel between the MP's constituency and Westminster as long as it is for parliamentary purposes.
26. Staff are also excluded from claiming for 'extended UK travel', meaning travel outside the MP's constituency that is not a journey between the constituency and Westminster. This exclusion was intended to stop staff routinely travelling with MPs at a cost to the taxpayer. However, there may be times when this is necessary, and we considered that the likelihood of a less restrictive rule being misused was low.
27. We therefore proposed that we should apply the same rules to staff members' travel as we do to travel by MPs, given that staff are employed to support MPs in exercising their parliamentary functions.

Question 2: Do you agree that the same rules for travel costs should apply to MPs and their staff?

Responses received

28. There was widespread support amongst MPs and their staff for staff to be able to claim for the same travel costs as their MPs. Several staff members gave examples of when they were required to travel in support of their employers but were left out of pocket because the journey was not between the constituency and London.
29. MAPSA's online poll of their members about the Scheme consultation showed that, of the more than 1,000 staff members who responded, 91 percent agreed that the same travel rules should apply to MPs and their staff, and 72 percent believed that this would help them to do their jobs better.
30. The Parliamentary Labour Party, Liberal Democrat MPs and SNP Westminster Group also supported this option. The SNP emphasised that this rule is particularly important for MPs whose constituencies are far from Westminster, where staff may have to take long and financially burdensome journeys between the constituency and London.
31. One MP stated that 96 journeys for staff was sufficient, but removing the cap would reduce the administrative burden for MPs and their staff.

32. One note of caution came from a journalist, who believed the proposal in general to be fair and reasonable, but warned that removing the cap on the number of journeys would increase the risk that MPs move their staff between the constituency and Westminster excessively to minimise staffing costs.

Our position

33. We have removed the restrictions which apply to staff travel. The cap was derived from the House of Commons rules, but there is no strong independent rationale for this. From 2017-18, MPs' staff members will be able to claim under the same travel rules as MPs (except for foreign travel and in relation to their family members), as long as the journey is for parliamentary purposes.
34. We consider there to be little financial risk in relaxing this rule; MPs are not likely to have staff travelling with them all the time. Removing the staff travel cap may help some MPs and their staff to work more effectively in supporting MPs and meeting the needs of their constituents.

European travel

35. IPSA has only funded MPs for a maximum of three return trips each year for journeys to and from the national parliaments of Council of Europe member states, or institutions and agencies of the European Union. These restrictions have sometimes given rise to queries about permissible visits, such as to the Vatican, which is not in the Council of Europe, or to NATO agencies in Europe.
36. In the consultation, we proposed to remove some of these restrictions and allow MPs to travel in Europe provided it is for parliamentary purposes (and not on party, Government or select committee business). We also proposed to retain the three-journey limit as foreign travel is expensive, and were not minded to allow travel outside Europe.

Question 3: Should we remove the current restrictions on foreign travel, while continuing to limit the number of return journeys to three and to Europe?

Responses received

37. There was general support from MPs for removing the conditions attached to European travel. The response from the 1922 Committee stated that, given the results of the referendum on UK membership of the European Union, travel to Europe, and particularly to those countries outside the EU, will take on increased relevance and importance. This point was also made by several individual MPs.
38. A member of staff stated that the ability to attend events with parliamentarians and experts in other countries would help MPs to carry out their parliamentary roles, and expressed support for allowing MPs greater discretion to claim for a European trip. Likewise, a member of the public called the cap 'arbitrary and counter-productive', arguing that there should be more flexibility for MPs to travel abroad.

39. The Parliamentary Labour Party was supportive of retaining the restriction on the number of European journeys, but stated that eligibility should be based on the nature of the visit, rather than the specific institution visited.
40. A small number of respondents, including members of the public, did not see how travel to Europe was necessary for MPs' parliamentary functions.

Our position

41. The consultation responses for the most part supported our intention to remove the restrictions in the current rules. We were also persuaded that, given the UK's expected exit from the European Union, MPs may in future have an increased role in representing their constituents in Europe. The new Scheme therefore simply allows MPs to claim for travel 'to and from other states in Europe', with no requirement about the type of institution visited.
42. We have also decided to remove the cap of three journeys per year. We recognise that this may result in an increase in the cost of claims, but any such journeys must adhere to the Scheme principles, including that they are for parliamentary purposes, and it should be for MPs to have reasonable discretion to determine what is necessary for their parliamentary role. All travel claims will still be published.

'Diverted' journeys

43. The concept of the 'diverted journey' was introduced in the Scheme in 2013 to reflect the fact that some MPs did not travel directly between their constituency and London because they took a diversion to another location for non-parliamentary purposes. Before 2013, they were not allowed to claim for any part of those journeys. Since then, the Scheme has allowed MPs to claim for the notional cost of the journey from their constituency to Westminster, even though they were undertaking part of the journey for non-parliamentary reasons. We also decided to allow claims for travel from an event that was not parliamentary back to the constituency or to Westminster if they needed to be there for parliamentary purposes.
44. We have received feedback that the rule on 'diverted journeys' is confusing. We also know that it can be complicated to explain. In the consultation, we proposed to remove the rule for diverted journeys and replace it with a more straightforward alternative: MPs could continue to claim for journeys for parliamentary purposes and, if a cost is for such a journey, it will be paid in full; but any part of a journey that is for non-parliamentary purposes would not be eligible for reimbursement. This would mean in practice that MPs would only be able to claim for the second leg of the journey, back to the constituency or Westminster.

Question 4: Do you agree that we should remove the rule allowing claims for 'diverted' journeys, along with the cost restriction on claims for journeys back to either the MP's constituency or Westminster?

Responses received

45. Views were mixed about removing this rule. Some MPs supported removing the rule, but others were opposed, saying that diverted journeys were not unusual and the rules should accommodate them.
46. The Liberal Democrat MPs welcomed the change, whilst the Parliamentary Labour Party and SNP Westminster Group both argued that the rule should be retained. The PLP's response stated that removing the rule would add to confusion, as the system was working well and there was no need for change. The SNP argued that the removal of the rule would disproportionately affect MPs who have longer, more expensive journeys between their constituencies and Westminster. They stated that the current rules allow MPs the flexibility to undertake necessary but non-parliamentary activities by the most efficient travel route, without extra cost to the taxpayer.
47. Several staff members agreed that the current rule was confusing. However, one member of MPs' staff made the point that, having introduced the rule to solve a problem, it should be retained. Another member of staff said that removing the rule would result in MPs being faced with a decision between making an unnecessary and time-consuming trip back to the constituency or Westminster in order to then claim for their Parliamentary journey, or making the Parliamentary trip at their own expense which is unfair.

Our position

48. We were persuaded by the responses that we should retain the rule on 'diverted journeys'. Although it has been confusing, it serves a purpose and supports those MPs who take more diverted journeys. However, we have amended the language of the rule so that it is simpler and easier to understand.

'Housekeeping' of the travel rules

49. In the consultation, we suggested that there were other aspects of the rules on travel that could be simpler or were unnecessary.
50. In some cases IPSA had introduced rules at a time when the memory of the expenses scandal was recent, to mitigate a theoretical risk or to provide definitions just in case. We now have six years' experience of where the risks actually lie and a far greater understanding of what is necessary to operate the rules of the Scheme effectively and transparently. We therefore proposed to eliminate what we saw as unnecessary rules and definitions.

Question 5. Do you agree that we should carry out some 'housekeeping' of the rules on travel to eliminate those which are not necessary to mitigate financial risk, or which over-define concepts, such as commuting, which are commonly understood?

Responses received

51. There were few specific comments about tidying up the travel rules. Some MPs and staff were supportive of 'housekeeping', provided that the amended rules minimised the risk of misunderstanding.
52. The SNP Westminster Group opposed changes, arguing that, just because time had passed since the expenses scandal, it did not mean that rules should be relaxed. Meanwhile, the PLP agreed in principle, but said that they would like to see specifics.
53. A journalist also argued against changes, saying that the media and public liked complete clarity on what is and is not allowed. This respondent also stated that the idea that rules can be relaxed simply because time has passed since the expenses scandal was a dangerous one; where rules pose no harm, they should be kept.

Our position

54. Based on the responses, we decided to exercise caution in eliminating rules unless they are clearly superfluous. We have decided to remove the following rules, which we consider extraneous and already covered either by the fundamental principles or general conditions of the Scheme:
 - The rule that when more than one MP travels in the same car, only one of the MPs can make a claim. This is covered by the Fundamental Principles of the Scheme (on probity).
 - The rule that, when hiring a car, MPs should refill the petrol tank before handing it in. That is for the hire company to determine.
 - The rule that MPs should only claim for necessary journeys and should keep the cost down. This is again covered by the Fundamental Principles (on value for money).

Home offices

55. The Scheme allows for MPs to claim for office-related costs, such as utilities, that are incurred at the MP's or a staff member's home, where he or she works from home routinely. That home must be registered with IPSA as a constituency office, or (where it is more than 20 miles outside the constituency) as a 'home office'. The definitions in the Scheme have expanded over time to allow for individual MPs' working circumstances.
56. The rules on home offices overlapped with the travel rules to prevent MPs and their staff from claiming commuting costs. We included this issue in the review because we thought this was the least easy part of the Scheme to understand and operate.
57. We proposed to simplify the rules for claiming for routine remote working. The Scheme could simply say that MPs and their staff may claim for a home office if that is where they routinely work; and that they can only claim for costs that are additional to the normal cost of living in the home.

Question 6: Do you agree that we should simplify the rules on home offices?

Responses received

58. Nearly all of the respondents who addressed this question – including the PLP, Liberal Democrat MPs, a few individual MPs and members of staff – agreed with the proposed simplification.
59. The response from MAPSA stated that 19 percent of staff surveyed said that they routinely work at home for one or more days a week; but that 86 percent said they were not aware that any percentage of their home working costs could be claimed, and only 2 percent actually put in any claims. This was seen as a strong reason for clarifying the rules on home offices for staff and providing comprehensive advice on how the appropriate costs can be claimed.
60. On the other hand, a few respondents called for the rules on home offices to be tightened. A member of the public asserted that no MP should be able to have their office in a private home as they should have a separate office to carry out their duties effectively. Another member of the public thought that the amount claimable for staff home offices should reflect the number of hours they work per week.

Our position

61. The consultation responses supported our proposed simplification of the rules on home offices. We therefore decided to make the amendments.
62. The revised rule states that MPs and their staff may claim for the costs of a home office, if that is where they routinely work; and that only costs which are additional to what would be incurred as part of the normal cost of living in the home are claimable.

Constituency-to-Westminster travel and the London Area Living Payment (LALP)

63. IPSA pays London Area MPs a taxable London Area Living Payment (LALP) to contribute towards the additional expenses of living in the London area. Non-London Area MPs have also been able to choose to claim LALP, which some did rather than claim accommodation costs, as a way of saving money for the taxpayer. Non-London Area MPs who claimed LALP then became ineligible to claim for most travel between their constituencies and London, in line with London Area MPs. But these restrictions were not always well understood or enforced.

Our position

64. Although we did not specifically consult on this issue, we have found these rules to be unclear. In order to determine MPs' eligibility for certain travel costs, one must first establish their eligibility for accommodation costs. This, in turn, depends on whether they are claiming LALP. There is guidance in the Scheme to make this clear, but it is implied by the rules rather than made explicit.

65. We determined that the most effective way to simplify this part of the Scheme was to remove the option for non-London Area MPs to receive LALP, given that the payment is intended specifically to contribute towards the additional expense of living in the London Area.
66. To allow for a period of transition, non-London Area MPs who have been claiming LALP before 1 April 2017 will be able to continue doing so until after the next General Election. From the next Parliament, only London Area MPs will be able to receive LALP. Non-London Area MPs will be eligible to claim for rental, hotel or associated accommodation costs, as well as any travel between London and their constituency (including to their constituency home and other places besides their constituency office) in the exercise of their parliamentary role.
67. In the meantime, we have amended the rules on constituency-to-Westminster travel in the 2017-18 Scheme to clarify the distinction between London and Non-London MPs. They are more simply stated and no longer framed in relation to an MP's eligibility to claim accommodation.

Late night taxis and hotels

68. All MPs can claim for hotels when the House of Commons sits after 1 a.m. or for taxis to their London accommodation when the House sits beyond 11 p.m. Claims for taxi fares have been subject to an upper limit of £80 per journey.
69. Earlier editions of the Scheme stipulated that MPs could claim for hotels or taxis home from Westminster if they were working late in Parliament. It was at their own discretion as to what constituted 'late'. The more restrictive rules were introduced in 2015.

Our position

70. We did not ask a specific question about this part of the Scheme, but MPs, in their consultation responses, expressed frustration at the restrictive nature of these rules. They argued that they cannot always plan ahead for late sitting and that, after 1 a.m., it is difficult to find a hotel room for the night. They also linked the rule on taxis home to MPs' security, especially for women MPs who need to travel home late at night.
71. We have listened to this feedback. We are concerned that the rules should not put MPs at unnecessary risk in carrying out their parliamentary work. The new Scheme has therefore relaxed the restrictions and allows MPs more discretion. MPs can now claim for late night taxis and hotels whenever they are working on parliamentary matters past 10 p.m. (whether or not the House itself is sitting past that time).
72. We have also removed the upper limit of £80 for a taxi journey home to the MP's London residence. If our concern is to ensure that MPs can travel safely back to their London residence, it does not make sense to impose an arbitrary cost cap. Provided the other conditions are met, MPs will be able to claim the full fare of a taxi home, even if their constituency or rental accommodation is in outer London. We would, of course, expect MPs to have regard to the Scheme's value for money principle in making these claims, and this has been stated in guidance.

5 REGULATING MPs' EXPENDITURE ON STAFFING

73. About 80 per cent of MPs' expenditure is on their staff. But this spending is, in some ways, the least regulated part of MPs' expenditure. This is because MPs are the legal employers of their staff and, as such, have the flexibility to recruit in the way that works best for them and their constituency.

IPSA's roles and responsibilities

74. In May 2010 IPSA introduced model contracts and job descriptions for staff, including prescribed pay ranges for each type of job. This was so that we could have assurance that staffing costs were being spent appropriately and that staff were given fair terms. However, by setting these requirements, IPSA was drawn into giving advice on HR matters beyond our legal remit. The House of Commons provides an HR service to MPs. As it is not always clear what matters should be dealt with by IPSA and which need to be referred to the House of Commons HR service, there is a risk of inconsistent advice to MPs.

75. MPs' staff members do not have access to an HR advice service. This is unsatisfactory and potentially unfair. We used the consultation to ask whether IPSA should be more involved in providing HR advice to staff.

Question 7: Have you any views on the roles and responsibilities of IPSA in relation to the regulation of MPs' staffing expenditure and the need for any consequential HR advice?

Responses received

76. Overall, MPs who responded to this question said that IPSA should not become more involved in regulating MPs' staffing or in giving HR advice, although there were exceptions.

77. MPs' staff were somewhat more divided about IPSA's role, but were clearly concerned about the lack of HR advice available to them, particularly if a member of staff is in dispute with their MP. Of those staff members who responded to the MAPSA survey, 88 percent felt that there should be HR advice for staff. Some thought that this should be provided by the House of Commons.

78. On the other hand, the Unite Parliamentary Staff Branch argued that IPSA should take a more active role in ensuring that high standards of employment amongst MPs, using its independence and ability to act as an outside arbitrator.

Our position

79. In 2016, alongside the consultation, IPSA led a working group on this issue with representatives from MPs' staff and the House of Commons. The group recommended that IPSA's role should stay the same, with little intervention in staffing matters beyond

payroll. When disputes occur between MPs and their staff, the advice to MPs should come from the House.

80. The group recognised the lack of HR advice available to MPs' staff. We explored whether it would be within IPSA's legal power to commission a third-party provider of HR advice to MPs' staff. We concluded that this was not within IPSA's remit. But we will produce new guidance on payroll matters and provide links to advice on good practice in recruitment and employment, such as that provided by Gov.uk and ACAS. These will be available by April 2017 on IPSA's website.
81. We will continue to discuss with the House authorities how best the HR advice needs of MPs staff can be met.

Staff salary ranges

82. IPSA sets pay ranges for the job roles in which MPs' staff are employed. Since 2010 we have adjusted the pay ranges each year in line with public sector pay policy, currently a 1 percent annual increase. But the ranges have not been comprehensively reviewed since IPSA was first set up. We therefore commissioned a market review of MPs' staff pay ranges, using comparable roles across sectors.
83. The review was completed in December 2016 and examined the job markets in London and other locations across the UK including the South of England, the Midlands, the North, Scotland, Northern Ireland and Wales. The types of employers examined by the review included think tanks, policy agencies, not-for-profit organisations, local and central government, universities and relevant private sector companies.
84. The report made recommendations for new staff pay ranges, aimed at bringing them in line with the wider market. The recommended ranges included increases in most cases (to both the minimum and maximum of individual ranges), and significant increases of more than 20 percent to the minima of certain ranges. In addition, the recommended ranges are intended to ensure that staff are paid at least the voluntary living wage¹. The report is available on IPSA's website.

Responses received

85. A number of respondents emphasised the need for a staff salary review (which was completed in December 2016, as stated above).
86. An individual MP said that MPs stand to lose good people because there is no salary incentive or career progression to persuade them to stay.
87. There were also comments about the level of staffing budget available to MPs. One MP's staff member suggested that the budget could be re-examined in the context of

¹ The voluntary living wage is set at £9.75 per hour in London and £8.45 per hour outside London. The review calculated a small number of the minimum annual salaries based on these wages, assuming a 37.5 hour work week.

the differing needs of constituencies, whereby some constituencies generate more work than others and require more staff and resources.

Our position

88. We have accepted the staff pay ranges recommended by the market review. MPs are expected to follow them from April 2017 in respect of their staff on IPSA contracts. This will ensure that the pay of MPs' staff reflects the wider market and that they receive a fair salary for their role. The new staff pay ranges are set out in Annex D.
89. Some MPs argued in their responses that it can be difficult to recruit and maintain staff within the IPSA pay ranges, particularly in places where there is a market for similar roles in other organisations. The new pay ranges will give MPs more flexibility in employing staff.
90. So that MPs can make sure that their staff stay within the new pay ranges, we have made a one-off adjustment to their annual staffing budgets: an increase of 8.8 percent to £161,550 for London MPs and an increase of 6.7 percent to £150,900 for Non-London Area MPs. This will enable all MPs to raise the salaries of any staff they employ to the new minima if they are currently earning under that level, and in addition allow for a 1 percent pay rise for all staff in line with public sector pay policy. Any pay increases for other staff who already earn above the new pay minima will need to be met from MPs' staffing budgets. The non-London Area staffing budget now also takes into account the fact that many non-London Area MPs will have at least one member of staff working in Westminster. Full information on MPs' annual budgets for 2017/18 is at Annex C.

Redundancy payments, pay in lieu of notice and untaken leave

91. Following the May 2015 General Election, there were staffing costs totalling £4.4 million relating to redundancy payments, pay in lieu of notice (PILON) and untaken leave. These payments were all compliant with the rules, but there were concerns that some costs could have been avoided.
92. For instance, of the redundancy cost, £975,000 was paid to staff who were re-employed by another MP within 10 weeks, sometimes in the same constituency and the same role. They were not obliged to return any redundancy payments because each MP is a separate employer, so there is no continuity of employment for a staff member who begins working for a new MP.
93. Of the cost of PILON, we estimated that between £380,000 and £435,000 could potentially have been avoided if the former MPs had given their staff more timely notice. This applies especially to those MPs who knew in advance of the General Election that they were to stand down.
94. Payments for untaken leave after the election amounted to over £743,000. We were not able to verify these payments made to MPs' staff because we do not keep records of the annual leave taken by MPs' staff. This is a matter for MPs as the employer, and we did not question the payments. Nonetheless, IPSA made payments to some

individual members of staff for unpaid leave as high as £5,500, so we had some concern about value for money as well as about being fair to staff who had wanted to take leave.

Question 8: How do you think we should address concerns about value for money in respect of the redundancy payments, pay in lieu of notice and payment for untaken leave made to the staff of MPs who left office after the May 2015 General Election?

Responses received

95. These issues attracted many responses. Most supported the existing arrangements. The responses from the political parties and a number of individual MPs argued that MPs were the employers of their staff, and that redundancy, the giving of notice and payments for untaken leave were matters for them, not IPSA. Emphasising value for money would fail to take into account the varied circumstances in MPs' offices and the need to retain motivated staff while winding up their financial affairs.
96. A number of MPs' staff expressed particular concern about redundancy payments. They argued that these payments compensated for the uncertainty that many staff face in MPs' offices, that they helped pay for existing financial commitments while staff searched for a new job, and that similar changes to the redundancy rules in the civil service, NHS and elsewhere were designed to stop senior staff on high salaries taking redundancy and then being re-employed in similar jobs with similar levels of pay, but that the same concerns did not apply to relatively low-paid MPs' staff. Respondents argued that, if IPSA required staff to repay their redundancy money if they were re-employed by other MPs, there should also be continuity of employment, so that in future, if staff again lose their jobs, they would be entitled to a redundancy payment based on the accumulated years of employment; if this was not allowed, then staff would be doubly penalised.
97. The issue of PILON payments attracted relatively little attention from MPs' staff responding to the consultation, but a couple of MPs suggested there should be a fixed date when notice should be given. One MP suggested three months before an election; another that it should take place as soon as MPs lose their seats.
98. On untaken leave, the main response from staff was that this only tells one side of the story. The other side is that many members of staff work large amounts of unpaid overtime and are not able to take leave because of the demands on the MP's office.
99. More generally, several responses made the point that, if IPSA were to start regulating these payments more tightly, then it should also play a more proactive role in all areas of MPs' staff's term and conditions, including the provision of pastoral care and HR advice.

Our position

Redundancy

100. We have not made any change to the conditions in staff contracts relating to redundancy payments. We explored whether to replicate the approach in other parts of the public sector where some employees who receive a redundancy payment must return all or some of the money if re-employed by the same part of the public sector within a defined period. But these staff benefit from continuity of employment. This is not an option for MPs' staff as MPs are each separate employers. Parliament would need to pass changes to regulations to introduce continuity of employment for MPs' staff.

PILON

101. We considered whether to amend staff contracts to stipulate that, where an MP stands down or is defeated at the General Election, automatic notice is deemed to be given at the beginning of the two-month winding up period. However, we deemed this to be an undue intrusion into the relationship between MPs and their employees. It could also create problems for MPs whose staff may have notice periods that are much shorter than the winding up period, but who may be needed for the whole of the winding up period to close the office.

102. Instead, we have added clear guidance in the Scheme stating that MPs who leave Parliament after a General election should give their staff notice of redundancy as early as possible, whilst still enabling them to wind up their affairs effectively. We expect MPs to set an example of good employment practice in this regard and to seek value for money for the taxpayer.

Untaken leave

103. We have amended the IPSA model contract to limit to five days the number of untaken leave days which may be carried over from one year to the next. This only applies to new contracts in place from 1 April 2017 onwards, and is supported by an additional rule in the Scheme.

104. Additionally, the Scheme includes guidance to encourage MPs to ensure that staff do not accumulate excessive untaken leave. The statutory minimum leave entitlement is 28 days, which can include public holidays. Employees should take a minimum of 20 days' annual leave per year, and if they do not take 20 days that entitlement will be lost and may not be carried over from one year to another (unless they were prevented from taking the leave due to family leave or sickness). There is no statutory restriction as to how much leave over and above the first 20 days' entitlement can be carried over from one year to another by agreement in the contract of employment, but it is common practice to limit such carry over to five days.

105. We want to ensure that MPs' staff take the leave they are entitled to. If they do so throughout the year, then in most cases they will not need to carry over more than five days of annual leave to the following year. We are introducing a new online

system in October 2017 which will allow MPs and their staff to record their annual leave more easily and effectively.

106. The large amounts of untaken leave for some staff in the past may have been caused by the volume of work in MPs' offices. The increases in MPs' staffing budgets could enable MPs to address this if necessary, for example by increasing their staff members' contracted hours or taking on new staff.

Other regulation of MPs' staffing expenditure

107. The consultation asked about other rules which apply to the employment of MPs' staff and arrangements with volunteers.
108. The Scheme previously allowed 'modest' reward and recognition payments to staff but not bonus payments. We suggested that our transparency in publishing all individual awards made by MPs made the risk of abuse low. We asked whether we should allow the use of bonuses as well as reward and recognition payments.

Question 9: Are there any other changes that you think we should make to the existing rules governing MPs' staffing expenditure?

Responses received

109. The responses were varied. One MP welcomed the use of bonuses, as long as the practice was transparent. Another commented that staff overtime payments should suffice.
110. The Unite Parliamentary Staff Branch pointed out that awareness was low amongst staff that it was possible to receive an award. A third of those responding to their survey did not know about possible awards. Only 10 percent said that they had received one. Unite would welcome a return to bonuses for outstanding service.
111. The response from MAPSA noted that better pay would be preferable to a return to bonuses or other incentives. A small number of staff members supported allowing bonuses within certain constraints, as MPs should be able to reward staff where they have gone far beyond what would normally be expected of them. Other staff members preferred an annual increment or pay progression to reflect increased workloads rather than bonuses.

Our position

112. The new Scheme maintains the restriction on bonuses in favour of reward and recognition payments for excellent work undertaken by staff.
113. We have introduced a rule to limit the amount of reward and recognition payments to 2 percent of the MP's total staffing budget and to limit the amount any individual may receive in one year to £1,000. These rules have been added to clarify what we consider to be 'modest' payments, as MPs have interpreted this very differently in the

past. We believe the new limits will provide clarity for MPs whilst also ensuring value for money.

6 EMPLOYMENT OF CONNECTED PARTIES AND FINANCIAL SUPPORT FOR MPs' FAMILIES

114. We looked at two distinct but related issues: the practice by some MPs of employing 'connected parties' (usually spouses, partners or other family members) and the support that IPSA provides to MPs' families, including their spouses, partners and dependants.

Connected parties

115. For the purposes of the Scheme, a 'connected party' is defined as:

- a spouse, civil partner or cohabiting partner of the MP;
- parent, child, grandparent, grandchild, sibling, uncle, aunt, nephew or niece of the MP or of a spouse, civil partner or cohabiting partner of the MP; or
- a body corporate, a firm or a trust with which the MP is connected as defined in section 252 of the Companies Act 2006.

116. MPs have been allowed to employ only one connected party at any one time with IPSA funding (unless they had employed more than one connected party on 7 May 2010).

117. The employment of connected parties has been contentious. Under the House of Commons arrangements prior to 2010, there were no restrictions on the employment of MPs' family members. In March 2010, following a consultation, IPSA's Board decided not to ban the practice. There was consensus that MPs' family members can provide good value for money due to their willingness to work long and anti-social hours. There was evidence of only one instance of abuse under the House of Commons system.

118. However, the Committee on Standards in Public Life (CSPL) argued then, and still holds the view, that employment of connected parties is inappropriate and should end.

119. IPSA put in place various safeguards relating to the practice. Those employed after 8 May 2010 must be on IPSA contracts and paid within our pay ranges. We publish annually the name, job title and salary range (in bands of £5,000) for each connected party. Connected parties have not been allowed to receive reward and recognition payments. The nature of the relationship between the MP and connected party is not recorded.

120. In 2015 we conducted a detailed assurance review of connected parties. This found that, whilst connected parties earned more on average than other staff, they tended to hold more senior positions. They did not earn more when compared to those staff with similar job descriptions. There were no compliance concerns for most connected parties, but we recognised that there were few controls in place to identify wrongdoing in advance.

121. This continues to be an issue of concern amongst some members of the public. We have heard from the CSPL and others that this practice is not appropriate in a modern workforce. It can be perceived as providing personal gain to MPs and their families at the taxpayers' expense.
122. On the other hand, many MPs have strongly expressed their views about the value of having people close to them whom they can trust to support them in their parliamentary work. The controversial nature of the issue led us to examine it again during this comprehensive review.

Question 10: Should we make any changes to the practice of employment by MPs of connected parties? If so, when should we introduce any new arrangements?

Responses received

123. The consultation responses highlighted strongly held views on the issue of connected parties. Responses fell clearly into two categories.
124. Those respondents who were opposed to the employment of connected parties expressed strong views on why the practice should be ended. For example, an MP's staff member argued that IPSA should remove the ability of MPs to employ connected parties with IPSA funding, stating that the practice does not help the perception of MPs' staff as professionals. One MP said that the employment of connected parties was unjust and encouraged nepotism.
125. The CSPL provided a detailed response which referred to its 2009 report where it highlighted its concern around the employment by MPs of their own family members. The Committee's view had not changed and it still believes that the practice is 'out of step with modern employment practice'. It argued that the employment of connected parties should end with this Parliament, and new rules should be introduced for the new Parliament in 2020.
126. On the other hand, the majority of MPs supported the continuation of the current rules. The response from a group of Conservative MPs stated that spouses can represent good value for money as they often work well beyond the hours that other staff would be prepared to work. MPs who employed connected parties themselves gave personal reasons why the practice should be allowed to continue, such as the need for a member of staff whom they can trust completely and who is willing and able to take on the necessary evening and weekend working.
127. Professors Campbell, Childs, Crewe and Waylen submitted a detailed response relating to gender diversity and family life of MPs, which highlighted a 'gender gap' in relation to the issue of connected parties. For instance, in 2012-13, 26.6 percent of male MPs employ a connected party (down from 32.8 percent in 2009), whereas only 12.9 percent of female MPs do so (down from 23.1 percent in 2009). There are also differences in whom male and female MPs employ: male MPs are more likely to employ their spouses.

128. A small number of respondents suggested further safeguards should be put in place. For example, an MP's staff member recommended that MPs should have to advertise roles and justify how the connected party was the best candidate for the job. This individual also suggested that MPs should not be able to set the salary of a connected party, and IPSA should take on a further HR role, in order to have a say on whether the connected party should be employed or not. Another staff member suggested that IPSA should ask MPs to advise as to the suitability of the connected party to the role, including their qualifications and previous experience, in order to counteract potential criticism. This could then be published alongside other information on connected parties.

Our position

129. In 2010, IPSA concluded that the case for prohibiting the employment of connected parties had not been made. Since then, our assurance work has drawn attention to the risks associated with the practice, but found no significant compliance concerns.
130. However, the Parliamentary Standards Act confirms that IPSA need not be constrained by its past decisions in determining new rules of the Scheme. It is also within our legal powers to change the rules of the Scheme in this area.
131. As part of the comprehensive review of the Scheme, we have gone back to 'first principles'. We have considered the practice on its own merits and to what degree it aligns with good practice in recruitment and employment. As such, we have decided to end funding for new employees who are connected parties, from the next General Election.
132. This decision is, first, on the basis that we are now of the view, in agreement with the CSPL, that the employment of connected parties is out of step with modern employment practice, which requires fair and open recruitment and management of staff. Secondly and following on from this, good practice in recruitment will help to encourage greater diversity among MPs' staff.
133. This position is supported by guidance from two key authorities on good practice: the Advisory Conciliation and Arbitration Service (ACAS) and the Equality and Human Rights Commission (EHRC). ACAS guidance² states that spreading word of vacancies only through existing employees or in other limited ways is unlikely to yield the best possible candidates. It is also unlikely to meet equal opportunities requirements because any imbalance in the make-up of the workforce is likely to be increased.
134. Similarly, the EHRC guidance for employers on applying equality legislation³ states that if employers do not advertise job vacancies, or if they advertise them in a way that will

² ACAS, *Recruiting Staff* guidance (July 2016). <http://www.acas.org.uk/media/pdf/b/c/Recruiting-staff.pdf>

³ The Equality and Human Rights Commission (EHRC) publishes Equality Act 2010 guidance for Employers, *What Equality Law Means for You as an Employer: When You Recruit Someone to Work For You* <https://www.equalityhumanrights.com/en/publication-download/what-equality-law-means-you-employer-when-you-recruit-someone-work-you>

not reach people with a particular protected characteristic, this might in some situations lead to indirect discrimination (unless the approach can be objectively justified).

135. MPs should be expected to follow best practice in their approach to recruiting and managing their staff, as well as to ensure the proper use of public funding. We acknowledge the need for MPs to employ people they can trust, but do not consider that these can only be connected parties.
136. We have also noted that other legislatures have followed this best practice; the employment of connected parties is already restricted in the legislatures of Scotland, Australia, Canada and New Zealand.
137. We will not introduce this restriction until the next Parliament to allow for the possibility that some MPs have already committed to employ a family member or business partner. All those connected parties employed on the day of the next General Election will not be affected. Their contracts will be honoured as long as they remain employed by the MP concerned.
138. If a staff member who is not a connected party when first employed by the MP but later becomes a connected party – either by becoming a spouse, civil or cohabiting partner or a close business partner of the MP – we will continue to honour their contracts for a period of two years.
139. We are clear that this decision is not based on any identified abuse or mis-claiming. We agree with the MPs who have told us that connected parties regularly go 'above and beyond' in supporting MPs in their constituency. But we have nonetheless determined that, in order to encourage good practice in recruitment and employment by MPs, and to assure the public about the appropriate use of taxpayers' money, we should restrict the practice in future. On balance, the need for good employment practice which is transparent and encourages diversity outweighs the benefits which some MPs find in being able to employ connected parties.

Financial support for MPs' families

140. IPSA provides financial support to MPs' families in two ways: by funding the travel of their dependants between their constituency and London (and, in certain circumstances, their spouses and partners when exercising their caring responsibilities); and by allowing MPs who are eligible for a rental accommodation budget to claim an uplift for each dependant who is routinely resident with them.
141. MPs have been permitted to claim for travel made by their dependants between the MP's constituency and their London accommodation, up to 30 single journeys per year per dependant. The MP is also allowed to claim for the travel of a carer, as long as the carer's travel is directly related to caring responsibilities for the dependants. MPs most commonly claimed for their spouse or partner's travel as a carer.
142. MPs could register dependants with IPSA and then claim a rental accommodation budget uplift of £2,425 per year per dependant. This increased their budget so that

MPs may find larger accommodation to enable family members to stay with the MP. The dependants had to be 'routinely' resident with the MP, but the Scheme did not specify exactly how often they must stay to be eligible.

143. MPs have suggested that IPSA is not supportive enough of MPs' families and that this is a factor in some parents, particularly women, not wishing to stand for Parliament, or remain as MPs. On the other hand, these costs are sometimes perceived by the public as providing personal benefits to MPs and their families.

Question 11: Do you have any suggestions about how we should provide financial support to MPs in respect of their families?

Responses received

144. Many MPs who responded said that IPSA could do more to support MPs' families. The 1922 Committee urged IPSA to recognise that MPs often rely on either their spouse or partner to travel to and from the constituency with dependent children, and that this travel should be 'properly funded'. One MP's response described how his work as an MP has put a severe strain on his family. He emphasised that IPSA must take MPs' family lives into consideration as part of any changes to MPs' accommodation provisions.
145. Several MPs complained about IPSA's requirement that an MP's dependant must be 'routinely resident' for an MP to receive a budget uplift. They argued it was open to too many different interpretations which made adhering to it difficult.
146. Responses from the PLP and the Liberal Democrat MPs both drew attention to the fact that there is anecdotal evidence that some MPs do not claim for their dependants, even though they are eligible, because they do not want to attract adverse media attention to their families and private arrangements. The PLP suggested that a helpful change would be to allow for a fixed number of trips per year between the constituency and Westminster for spouses and partners, regardless of whether they are accompanying dependants. The Liberal Democrats suggested that IPSA should consider publishing information on claims for family support with greater anonymity (similar to the way we publish MPs' claims for security arrangements).
147. We received several responses from MPs' staff welcoming financial support for MPs' families. One suggested that the rules should be changed to allow an MP's partner to claim for travel, even if they are not accompanying children. This person noted that partners may have their own work commitments which cause them to travel at different times. Another MP's staff member said it was reasonable for an MP's spouse to visit them in London once in a while to provide some sense of normality.
148. On the other hand, there were a small number of responses which suggested limiting the support provided to MPs' families. A staff member said that additional financial support such as an uplift in rental costs should only be necessary where an MP is the sole carer for a dependant.

Our position

149. We wish to take account of MPs' diverse working arrangements in setting the rules of the Scheme, so MPs with varying personal and family circumstances can carry out their role. We also want to ensure that the Scheme does not unduly deter people from any part of society from seeking to become an MP. Any changes to the Scheme should support MPs in maintaining and arranging their personal lives in a way that is most appropriate for them.

Definition of 'dependant'

150. The revised Scheme includes a simplified definition of 'dependant' which includes any dependent child under the age of 18. It no longer depends on whether a young person over the age of 16 who is in the MP's care is in full-time education. We have also removed the provision allowing a person over 18 but younger than 21, in full-time education and where the MP is the sole carer, to be considered a dependant for the purposes of the Scheme. This is in the interest of simplicity, and also because it is unusual for people to receive funding to pay for the cost of accommodation and travel for children over the age of 18.

151. Any MP who is a sole carer for a dependent child between the ages of 18 and 21 who is full time education, and who has been claiming for the costs of accommodation or travel for dependants prior to 1 April 2017 may continue to do so until the dependant in question exceeds the age limit of 21.

152. The second part of the definition, which covers dependants who are cared-for family members (in receipt of Attendance Allowance, Disability Living Allowance, Personal Independence Payments or Constant Attendance Allowance), has not changed.

Accommodation for dependants

153. In line with our desire to simplify the Scheme, we have removed the requirement that MPs' dependants must 'routinely' reside with them. This word was not defined, and it was difficult for us to regulate. To qualify for a dependant uplift in future, it will be sufficient that an MP has registered dependants for whom they need to provide accommodation.

154. We have also increased the uplift in the accommodation budget available to MPs with registered dependants to rent property. From 1 April 2017, this will rise to a maximum of £5,435 per dependant. This has been calculated based on the difference between the average rental price for a one-bedroom property and the average rental price for a two-bedroom property in the London boroughs of Westminster and Lambeth, where most MPs rent accommodation⁴. MPs will be able to claim up to three budget uplifts.

⁴ The London rental accommodation budget has also been increased to reflect the average rent for a one-bed property in Westminster and Lambeth. See further detail in Section 8 of the report.

155. Additionally, MPs who are registered for hotel accommodation (rather than rental accommodation) will be able to claim additional hotel costs of up to £150 per night in London or £120 per night outside London, in order to provide accommodation for their dependants.

Travel for spouses, partners and dependants

156. MPs have also told us that the cap of 30 single journeys per year to allow dependants to travel between London and the constituency is insufficient. The cap itself is an arbitrary number, inherited from the pre-2010 House of Commons expenses system. We have therefore decided to remove the cap on dependant travel in order to support MPs to be able to carry out their caring responsibilities. In the new Scheme, dependants are not limited to a specified number of journeys per year. This may increase travel costs, but we do not believe there is a significant risk that it will be used inappropriately.
157. Additionally, the new Scheme allows MPs to claim for their spouses and partners to travel between the MP's constituency residence and London residence. MPs must work in two different locations and it is reasonable to expect their spouses and partners to be with them at least some of the time. This change is also in part to recognise that MPs attend functions relating to their parliamentary and constituency responsibilities to which spouses and partners may also be invited. It should be exercised at the MP's discretion and having regard to the fundamental principles of the Scheme.

7 THE BOUNDARY BETWEEN PARLIAMENTARY AND PARTY POLITICAL ACTIVITY

158. The Scheme is clear on the principle that IPSA will only pay for claims that are for parliamentary purposes. However, the nature of an MP's role (and that of their staff) means there can be an overlap between parliamentary and party political activity. But it is a boundary that we must enforce as our statutory remit is to provide financial support for one activity and not the other.
159. Our consultation on the Scheme focused on this 'grey area' to see if we could clarify our expectations and limit the uncertainty for MPs as to whether a cost can be deemed parliamentary in nature. The consultation also looked at pooled staffing services, which are exclusively subscribed to by MPs of a single political party. We asked for views on whether a service dedicated to the MPs of a single party could be wholly free of party political content.

Exclusions from what is considered parliamentary

160. In order to take account of the diverse working patterns of MPs, we do not define what parliamentary purposes are. Rather, the General Conditions of the Scheme give examples of activities not considered to be 'necessary for the performance of MPs' parliamentary functions', including:
- attendance at political party conferences or meetings;
 - work which is conducted for or at the behest of a political party;
 - 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; and
 - work relating to the performance of ministerial functions.
161. The Scheme also prohibits claims for newsletters and any material (excluding websites) that contain a party political logo or emblem.
162. On the whole, these exclusions have worked effectively, but we have sometimes disagreed with an MP about whether or not an activity was parliamentary. Some of the areas which have caused disagreements include:
- Surveys of constituents' views, where some if not all the questions may have a party political stance;
 - Advertisements and flyers for events hosted by the MP (other than advertising of surgeries);
 - Communications with constituents that come close to being newsletters, which are already excluded from funding; and

- Gifts and memorials given to third parties, which may be construed as MPs seeking party political support.
163. The 2015 General Election was IPSA's first. Our approach was a focus on strong guidance, including joint guidance with the House of Commons and the Electoral Commission, in order to remind MPs of their obligations and the appropriate use of IPSA funds.
164. In early 2016 we conducted an assurance review of MPs' expenditure before and after the General Election. We found no evidence of widespread misuse of the Scheme or IPSA funding for the purposes of campaigning. In particular, there was little evidence that claims for communications were non-compliant or required increased regulation. We conducted further assurance work into claims made for surveys and gifts during 2015-16, and again found a high level of compliance, although some MPs were found to be unsure of the rules.
165. We used the consultation to ask for views on whether we have the right balance in our approach to these matters.

Question 12: Should we tighten our rules on what we do not consider parliamentary for funding purposes? If so, in which areas? Or should we give MPs more discretion when a matter is in doubt, relying on the fact that the claim will be published and MPs held to account?

Responses received

166. The majority of respondents (consisting almost entirely of MPs and their staff) did not believe any additional rules would help. When addressing the issue of what constitutes 'parliamentary', some respondents agreed both that the rules should be clearer, and that discretion should remain.
167. Many respondents commented that the existing rules were sufficient, but that guidance and advice offered was inconsistent, vague or otherwise unhelpful. Some MPs referred in particular to IPSA's refusal to provide 'pre-approval' of claims.
168. Responses from the public tended towards giving MPs more discretion, in the knowledge that their claims are published. One member of the public wrote that, if an MP is unsure whether to claim, they should consider whether they are willing to justify the expense; if they are not, then they should not make the claim.
169. The Electoral Commission noted the possible risks in this area during regulated electoral periods. For instance, if an MP claims and is paid expenses which are subsequently deemed to be covered by candidate spending rules, that payment from IPSA would be an impermissible donation. Accepting an impermissible donation is a criminal offence.
170. The Committee on Standards in Public Life were not convinced that allowing complete discretion in this area is desirable, nor that publication of claims is sufficient to deter

the potential misuse of public funds. The Committee suggested that, if there are clear areas where IPSA assesses that activities are not parliamentary, those should be added to the list of exclusions in the Scheme.

Our position

171. It is not feasible for the Scheme to list every type of expenditure that could potentially be construed as party political or non-parliamentary, although there are a number of exclusions listed in the General Conditions and the section on office costs. In the past, IPSA has informally determined that certain types of activity are ineligible because they are not necessary for an MP to carry out their parliamentary role and are often used as a means of self-promotion. This risks resulting in 'unwritten rules' and inconsistent regulation. This is not fair, and it does not provide clarity for MPs about what is claimable.
172. The Scheme already makes provision for the exercise of discretion by MPs in certain circumstances, as long as it is exercised reasonably and in line with the general conditions and principles of the Scheme. We will not change this. But we want to provide MPs with more support to take responsibility for making such decisions. IPSA will accept claims from MPs that the MPs themselves deem to be for parliamentary purposes – apart from the specific exclusions in the rules (for example, activities that are blatantly party political).
173. We will continue to review all claims as part of our assurance activity, and may challenge MPs about their spending if we judge it to be out of step with the fundamental principles of the Scheme. But we will start from a position of trust, and expect that to be reciprocated, with MPs adhering to the spirit as well as the letter of the Scheme.

Pooled staffing services

174. Conservative, Labour, Liberal Democrat and SNP MPs can subscribe to organisations that provide a range of briefing, research and letter-writing services. They are the Policy Research Unit and European Research Group for the Conservatives; the Parliamentary Research Service for Labour; the Parliamentary Support Team for the Liberal Democrats; and the SNP Research Team. Each of these organisations provides services exclusively to members of one political party, which allows them to tailor their approach to the needs of that party's MPs.
175. These services are valued by MPs and mean that MPs can deploy more of their resources for staffing in other areas of work (such as casework). But the exclusivity of the services along party lines also raises questions about whether they can be wholly in support of MPs' parliamentary functions and free of party political intent.

Question 13: What views do you have on the funding of IPSA of pooled staffing services which are exclusively subscribed to by MPs of a single political party?

Responses received

176. The overwhelming majority of respondents were in favour of maintaining IPSA funding for these services, which were said to be cost-effective and already sufficiently regulated. A comment from the Unite Parliamentary Staff Branch summarised the majority of responses in referring to the benefits of pooled services in creating efficiencies and eliminating duplication of work.
177. We received responses from two of the pooled services, the Policy Research Unit (PRU) and the Parliamentary Research Service (PRS). The PRU submitted a comprehensive response, in which it strongly supported retaining IPSA's funding. It noted that it expressly prohibits MPs from using PRU material for political and campaign purposes and requires MPs to agree to use their research services only in support of their parliamentary duties. Similarly, PRS argued that its services are provided to support its members exclusively in their parliamentary duties, which they said is specifically detailed in the PRS's constitution, its annual contract with its members and the job description of the PRS director.
178. Respondents also argued that pooled staffing services provide good value for money. The PRU referred to one MP's office who stated that, if it were not for the PRU service, it would be necessary to take on additional staff, costing the office significantly more than a PRU subscription fee. This point was echoed by nearly all MPs and their staff who argued that pooled staffing services were highly cost-effective and excellent value for money.
179. Two respondents opposed the funding of these services because they understood this to mean that IPSA was proposing to establish its own pooled service to replace their own staff. Just one respondent opposed IPSA's funding of pooled services outright, stating that this type of service is political and therefore should not be funded.

Our position

180. We have not made any changes in this area. Under the new Scheme, MPs can continue to make claims for the subscription fees to pooled staffing services. These may be funded from either the staffing costs or office costs budget. We determined that these services are cost effective, provide good value for money and are in support of MPs' parliamentary role.
181. Our assurance work has not found issues of major concern. In 2014 an internal assurance review of pooled staffing services concluded that IPSA controlled subscription payments to these services effectively; that the payments could be reconciled to the organisations' declared income in their formal accounts; and that the nature of the core drafting services made them eligible under the Scheme. Similarly, the findings of a 2016 assurance review indicated a high degree of compliance with the Scheme in terms of the materials produced for MPs. The incidence of language used in the materials which bordered on party political was limited.
182. Whilst the pooled services do serve specific political parties, we recognise that there is a need for MPs to receive tailored briefings and other materials which relate to their

party. Although such materials could be seen as 'party political' in some sense, as long as they are not aimed at producing a campaigning advantage for the MP or the party, we believe the cost remains within the Scheme.

183. Our consultation suggested that some of the services provided by the pooled staffing services are similar to those available to MPs from the House of Commons Library, which provides extensive research and briefing papers as well as an enquiry service to MPs and their staff. Following representations from MPs and former MPs, we acknowledge that the two services are distinct from each other, and the House of Commons Library service is less able to provide material which explains the policies or positions of a specific political party. This has added to our conclusion that the funding of pooled staffing services is appropriate for IPSA, in our role of supporting MPs.

8 ACCOMMODATION COSTS

184. The public funding of accommodation for MPs has historically been one of the most controversial areas of MPs' expenses. Some people have said that providing MPs with a 'second home' allows them to benefit personally and financially using taxpayers' money. IPSA has been clear that, because most MPs work from two locations – Westminster and their constituency – it is reasonable to fund accommodation in one of those places. This is not to render a personal gain to these MPs who claim for the accommodation costs, but simply to enable them to do their jobs.
185. Only non-London Area MPs are eligible to claim for accommodation costs⁵. They have the choice of renting accommodation in London or renting accommodation in the constituency. MPs who rent in London get the largest budget (in keeping with country-wide rental pricing patterns), and smaller budgets have been set for constituencies outside of London.
186. As mentioned above in Section 6 on financial support for MPs' families, MPs with registered dependants are also eligible for an uplift to their budget to enable them provide accommodation for their dependants.
187. Non-London Area MPs who do not wish to claim for rental costs from IPSA may claim for 'associated costs' (such as utilities and council tax) on a property they own in London or in the constituency, or claim for hotel costs.

Alternatives to the current provision of accommodation

188. We asked for views in the consultation on whether there were any viable alternatives to the current provision of accommodation. In the consultation we had already ruled out the options of paying MPs an allowance for accommodation and of locating blocks of property (similar to university student accommodation) for MPs to stay in.
189. The consultation introduced a number of other options for consideration:
- IPSA could allow MPs to rent serviced accommodation but require them to move out in the long recess over the summer.
 - IPSA could reduce MPs' accommodation budget to reflect the number of days or weeks that Parliament actually sits. In 2013-14 this was 154 days; in 2014- 15, 133. These constitute 42 per cent and 36 per cent of the respective financial years.
 - IPSA could reduce MPs' accommodation budget in line with a typical London Zone 3 rental cost.

⁵ London Area MPs (those whose constituencies are within 20 miles of Westminster) are not eligible for accommodation costs because they can commute to Westminster and their constituency offices as normal from their homes. MPs who, by virtue of a particular office held, occupy 'grace and favour' accommodation in London are also not eligible for accommodation costs.

- IPSA could fund only hotel accommodation, and MPs could not claim for accommodation when Parliament is not sitting.

190. We recognised that there were disadvantages and risks to each option (as well as potential savings), but believed it was important to explore the alternatives fully.

Question 14: Do you think that there is a viable alternative to the current arrangements for funding MPs' accommodation? It would need to provide value for money, security, transparency and support MPs in carrying out their parliamentary functions in two locations.

Responses received

191. The suggested alternatives to current accommodation arrangements were met with strong negative reactions from MPs and other respondents. Several MPs stated that the accommodation alternatives in the consultation were completely unviable. The response from the PLP said that the proposed alternatives indicated a lack of understanding of how MPs do their jobs, would cost more than the existing system, and would damage MPs' security, privacy and family life.
192. Some respondents commented that, although not ideal, the current arrangements are preferable to any of the alternatives suggested. For example, the response from the 1922 Committee stated that the provision of rented accommodation remains the best and most cost-effective option.
193. On the other hand, a member of the public expressed disappointment at the fact that IPSA had ruled out the option of locating blocks of property and requiring large numbers of MPs to stay in them.
194. In illustrating the situation faced by some, one MP provided details about his personal and family life in making a 'plea for stability'. This MP has needed to make major decisions regarding housing, schooling, childcare and his spouse's occupation based on IPSA's accommodation rules.
195. There was a large amount of feedback on the specific alternatives. A number of respondents provided reasons for opposing the suggestion that IPSA should only fund hotel accommodation. For example, one MP said that allowing MPs to rent a flat gives them a sense of normality, and that having to live in a hotel for long periods of time would be unpleasant and detrimental to mental health.
196. There was also widespread disagreement with the suggestion that MPs should be able to claim for accommodation only for weeks when Parliament is sitting. The PLP and the Committee on Standards both commented that this suggested alternative ignores the fact that MPs are often required to be in London on parliamentary business during recess and does not reflect the reality of the amount of time MPs must spend in Westminster. An MP's member of staff also emphasised that many landlords would not accept a situation where MPs were required to move out in the summer, and therefore it could be nearly impossible to find accommodation.

197. Perhaps the most unpopular alternative suggested was that the accommodation budget could be reduced to the level of Zone 3 rental prices. Some respondents pointed out that MPs already commute long distances on a weekly basis from their constituencies and should not have to travel even more during the week. A few MPs also emphasised that commuting long distances late at night would pose security risks, particularly for women.
198. Some MPs commented on the importance of being able to rent accommodation in London for family life. The response from Liberal Democrat MPs highlighted that MPs with dependants already face difficulties in balancing the needs of their families with the role of an MP. Decreasing the number of options available to them in terms of accommodation would not be helpful in attracting a wider range of people into Parliament.
199. Though the consultation did not specifically ask about the level of funding available for accommodation, a number of respondents supported an increase to the amount available to cover rental costs, given that the budgets had not increased since 2010 whilst the actual cost of renting has risen significantly. There were also a number of responses in favour of increasing the maximum allowable for hotel costs per night.
200. Additionally, we have heard from a number of MPs in meetings and other representations that they need to subsidise their accommodation costs out of their own pockets, given the level of funding available.

Our position

201. We thought it important to acknowledge that there are alternatives to the way MPs' accommodation costs are covered and to examine them in detail. However, we do not believe that any of the alternatives mentioned in the consultation are viable.
202. As brought out in the consultation responses, there are huge practical difficulties with requiring MPs to move in and out of serviced accommodation throughout the year; or with reducing the budget to reflect the number of sitting days, so that MPs will either need to find alternative accommodation or risk being out of pocket for the remainder of the year.
203. We also do not wish to impact negatively on MPs' family lives. As set out in section 6, we have made changes aimed at increasing the support provided for MPs' families. It would therefore be inconsistent to introduce arrangements for accommodation that make it more difficult for MPs to carry out their caring responsibilities and arrange their family lives.
204. We have listened to the strong arguments in consultation responses and have concluded that, whilst the current arrangements for providing MPs with accommodation may not be perfect, they are in fact better than any of the options explored.
205. We considered in detail whether IPSA has a responsibility to provide accommodation in Westminster. Many MPs rent accommodation close to Parliament, while others opt

to rent in different parts of London where the available budget can go further. We decided that it is right for the Scheme to allow MPs to claim for rental accommodation that is within a reasonable distance of Parliament. It is not reasonable for taxpayers to fund accommodation in London's most exclusive areas; but neither should MPs be expected to commute long distances within London in order to carry out their parliamentary duties, when they must also travel to and from their constituencies.

206. We have therefore made changes to the London rental budget to account for the fact that it has fallen significantly in real terms since 2010. Using data from the Valuation Office Agency, the budget for 2017-18 has been set at a level that reflects the average rental prices of a one-bedroom flat in the London boroughs of Westminster and Lambeth, on either side of the River Thames from Parliament, where most MPs currently rent⁶. This will be £22,760 per year (which also includes an increased nominal amount for associated costs⁷), representing an increase of more than 10 per cent. More information about MPs' budgets is in the table at Annex C.
207. We have also consolidated the five regional accommodation budgets into one single non-London accommodation budget (based on the highest of the previous bands). This sets a maximum budget which we believe is sufficient to cover reasonable rental costs across all constituencies. This helps simplify the Scheme and provides MPs who rent outside of London with more flexibility. The rental budget for outside of London will be £15,850 per year (including an increased nominal amount for associated costs).
208. Both the London and outside London rental budgets will in future be pegged to rental market data from the Valuation Office Agency. In that way, annual adjustments will from now on reflect the actual costs which MPs face when renting accommodation.

MPs claiming associated costs on properties that they own

209. The 2016-17 Scheme set a budget limit of £8,850 for claims for associated costs by MPs who choose not rent accommodation but rather live in a property they own. The consultation document sought views on this arrangement, recognising that it could be perceived as a subsidy of the costs of running a privately-owned home and therefore as rendering a personal benefit to the MP.
210. Additionally we asked whether the budget limit was appropriate as currently set. The amount of £8,850 was set in 2012 to support a transition from paying MPs mortgage interest subsidies. Our data show that the average amount claimed for associated costs is actually around £4,250 a year.
211. Four options were put forward in the consultation:

⁶ At the time of writing, our data show that 277 of the 351 MPs who claim for rental costs rent in either Westminster or Lambeth.

⁷ The annual rental accommodation budget includes a nominal amount for MPs to claim for costs associated with living in a home, such as utilities and council tax. In 2016/17 this amount was £2,810; from 2017/18 it will be £3,000.

- Abolishing the associated costs-only budget;
- Reducing the budget to the same amount that is built into the rental budget for associated costs;
- Reducing the budget to a level comparable to the average spent, which would be around £4,250; or
- Simply using the same budget limit as for overall accommodation (currently £20,610 in London) on the basis that we give flexibility to MPs in how they balance rent and associated costs – most happen to claim rent.

Question 15: Do you think that we should continue to allow MPs to claim for associated costs, such as utilities and council tax, on properties that they own? If so, what should the budget be?

Responses received

212. All of those who responded to this question were in favour of IPSA continuing to fund associated costs for MPs who own their home. Professors Campbell, Childs, Crewe and Waylen stated that IPSA should continue to fund associated costs for MPs who own their own home, as to do otherwise would disadvantage less wealthy MPs. The PLP also commented that ending the associated costs provision would force MPs to rent accommodation or stay in hotels at a significant extra cost to the taxpayer.
213. With regard to the level of the associated costs budget, a few respondents recommended that the current budget limit should be kept as it is. One MP said that the current limit should be increased in line with inflation.
214. Some respondents, however, advocated changing the rules. A few favoured the option to use the same limit as for the overall accommodation budget, not differentiating between rental and associated costs.

Our position

215. The new Scheme continues to allow for MPs to claim for associated costs on property they own, rather than claiming for rental costs. Regardless of whether an MP lives in rented or owned accommodation, IPSA's duty is to support them in a job which requires them to work in two places. We would not wish MPs to be financially disadvantaged because they need to run a home in two locations.
216. We have decided not to change the budget limit for 2017-18. However, recognising that the current budget was set as a transitional measure back in 2012, we will reduce it to £5,000 in the next Parliament. This will reflect more accurately what most MPs actually spend on associated costs and bring the budget more into line with the associated cost element of the budget for MPs who rent accommodation.

217. There are a few MPs who have historically claimed more than £5,000 per year in associated costs and will therefore find themselves with less support than before. We will therefore introduce this measure following the next General Election to allow a transition period for these MPs.

MPs who own property in London and claim for rental costs

218. There is an argument that if MPs already own a property in London then they do not need to claim rental accommodation for a second one from the taxpayer. However, we have always considered this to be outside our remit, as we do not base MPs' eligibility to make claims on their personal finances, including any property that they own privately. We do not believe IPSA has a remit to interfere in MPs' private arrangements, as no taxpayers' money is involved.

219. Nevertheless, we sought views in the consultation on whether our approach to this issue is the right one.

Question 16: What are your views on MPs, who own property in London, also claiming for rent on a property from IPSA? Do you agree with our current position that ownership of property is a private matter for MPs and that IPSA should treat all MPs' eligibility for funding equally?

Responses received

220. The majority of respondents agreed with IPSA's current position that MPs should be treated equally regardless of their personal financial situations. Some expressed strong opposition to 'means-testing' MPs.

221. One MP stated that MPs should be entitled to invest their money just like anyone else, including in the London property market. This MP drew a link to the removal of mortgage subsidies in 2010, which meant that many MPs were left with large mortgage liabilities and decided to rent out their properties to others.

222. However, there were also many dissenting views. A member of the public suggested that the practice was contrary to the Scheme's principles as it gave a direct financial advantage to some MPs.

Our position

223. We have decided to continue to allow MPs to claim for rental accommodation costs from IPSA, even if they already own property in London.

224. We recognise that there can be a perception of personal gain if an MP receives rental income from their own property while living in an IPSA-funded flat. However, our view has not changed that an MP's personal financial situation is not a relevant 'test' for whether they should receive support from IPSA. We do not want to judge an MP's private arrangements and whether or not they should live in a property they own. Our

concern is to ensure that MPs have the appropriate support they need to carry out their parliamentary roles, including suitable accommodation in two locations.

Hotel accommodation

225. Non-London Area MPs who choose not to claim for rent have the option of claiming for hotel costs instead. The Scheme sets limits on the maximum amount which may be claimed per night for hotel accommodation: £150 per night for hotels in London and £120 for hotels elsewhere in the UK. (The same limits apply to hotel costs as part of travel and subsistence claims.)
226. We did not consult on this issue specifically, but some MPs asserted that they find it difficult to book a hotel room within the cost limits at certain times of the year (for example, peak tourist seasons in London) and/or at short notice. For example, one MP who responded to the consultation said that hotels in London were particularly difficult to book in the summer as some would rather take tourists who pay a higher room rate.

Our position

227. We have not changed the nightly limits on hotel costs. Our research shows that London hotel rooms a reasonable distance from Westminster are still affordable within the £150 per night limit. Because hotel rooms for the purpose of accommodation can normally be booked well in advance, there does not appear to be a strong case for raising the limits. In the last year, only a very small number of MPs claimed for hotel rooms at a higher room rate and repaid the difference.
228. However, in response to feedback, we have provided for additional flexibility in the rules, so that MPs may claim for a hotel room at a rate higher than £150 as long as the average price per night over that week's stay is within the limit. For example, if an MP stays in a hotel for three nights in a week and the room rate fluctuates from £135 to £160 to £140 (an average of £145 per night), the full amount could be claimed, even though the cost on one night exceeds the £150 limit.
229. Similarly, the limit for hotels in the rest of the UK has not been changed. Our data show it is sufficient to cover hotels in cities across the country. The new rule allowing MPs to claim for the average across a number of nights also applies for hotels outside of London.

9 OTHER ISSUES RELATING TO THE SCHEME

230. The consultation considered other issues not covered above. Some relate to the lessons learned through our experience of operating the Scheme during the 2015 General Election, as well as to the findings of a subsequent assurance report on expenditure during the election. Other issues arise more generally from our experience of operating the Scheme.

Travel by MPs and their dependants during Dissolution

231. Parliament is formally dissolved 25 working days in advance of a General Election. During this time, known as the 'Dissolution' period, MPs revert to being members of the public and lose all privileges associated with being an MP. The parliamentary estate is closed and many MPs return, with their London-based staff, to their constituencies.
232. There have been special restrictions on travel for MPs and their dependants during this period. These rules are intended to ensure that MPs do not use IPSA funds when campaigning or acting on behalf of their political party.
233. The special rules are as follows:
- Standing MPs are restricted to one single journey from Westminster to the MP's residence or to any point in their constituency;
 - MPs who stand down at the General Election can additionally claim for two return journeys between the MP's residence (or any point in their constituency) and Westminster; and
 - Dependants can claim for one single journey back to the MP's residence or constituency.
234. It was clear during the last General Election that not all MPs making claims during this period fully understood the rules, and our assurance review found a comparatively low level of compliance on travel and subsistence claims by MPs during the Dissolution period. There was also low take-up, which could indicate that some MPs were unaware that they could claim at all. This raised a question about whether there is any real value in having special rules for travel during the Dissolution period.

Question 17: Do you think there is any need for travel rules for MPs and their dependants which are specific to the Dissolution period? Should the more general exclusions on campaign expenditure and funding of party political activity suffice?

Responses received

235. Some respondents, such as the PLP, said explicitly that there is no need for specific Dissolution travel rules. Others, however, including a small number of MPs and members of staff, believed that the current rules should remain in place.

236. The Liberal Democrat MPs said that it was right that MPs should not be able to claim money for travel which provides them an electoral advantage, but that the general exclusion on campaign expenditure and funding of party political activity should suffice in preventing this.
237. The Electoral Commission, on the other hand, highlighted a potential risk that MPs could unintentionally breach the candidate donation controls by accepting payments from IPSA for expenses covered by the candidate spending rules. The Commission stressed the importance of ensuring the Scheme continues to make clear that activities which could be construed as election expenses are not regarded as part of MPs' parliamentary functions.

Our position

238. In the new Scheme, we have removed the restriction on travel for MPs and their dependants during Dissolution. This aligns with our other decision to give MPs the responsibility to decide what activities are parliamentary, apart from those which are expressly excluded (see Section 7). We will therefore allow MPs to travel during Dissolution if they judge it necessary to serve their constituents.
239. Travel which is done in order to campaign or for party political reasons will continue to be ineligible for claiming.

Travel and subsistence for staff in the Dissolution period

240. During Dissolution MPs' staff members may claim for one single journey to return to their normal place of work, and for travel between the MP's constituency office and Westminster, in accordance with normal travel rules for staff. There is no specific mention of whether staff travel from their homes in and around London to the MP's constituency or overnight stays in the constituency were eligible.
241. Ahead of the General Election in 2015, we took a pragmatic approach in allowing claims for London-based staff to travel to MPs' constituencies and for staff members to 'commute' whilst there. This was in keeping with the Scheme because the constituency offices were not their normal places of work.
242. However we felt it was appropriate to make this clear in the Scheme.

Question 18: Do you agree that we should allow MPs' staff who normally work at Westminster to claim for travel and subsistence while travelling to and working in MPs' constituency offices on parliamentary business during the Dissolution period?

Responses received

243. The consultation respondents were nearly unanimous in agreeing that MPs' staff members should be able to claim for travel and subsistence while travelling to and working in MPs' constituency offices on parliamentary matters during Dissolution. A

number of MPs and MPs' staff members emphasised that it was fair to ensure that staff are not left out of pocket simply for carrying out their jobs in supporting MPs.

244. A few respondents disagreed. One member of the public asserted that staff would always carry out party political work when they visit the constituency during Dissolution.

Our position

245. We have amended the Scheme explicitly to allow for MPs' staff who are normally based at Westminster to claim for travel and subsistence when travelling to and working in the constituency office during Dissolution. It is important to provide staff with clarity about what they may claim during this period, and to ensure they are able to support MPs in their parliamentary work. It would not be fair to expect staff to fund these legitimate costs out of their own pockets.

Controls on capital expenditure

246. In order to ensure that there is not excessive spending on IT equipment and other capital goods shortly before a General Election, the Scheme restricts capital expenditure in the six months before the expected Dissolution period. Under exceptional circumstances, MPs can apply to IPSA to make a case for the necessity of such purchases.
247. Ahead of the last General Election, MPs were notified of these restrictions and they came into force on 30 September 2014. Capital spending fell significantly during the restricted period, but there was a surge in spending just before the September deadline. The restrictions proved difficult to enforce comprehensively. This was partly because MPs in many cases proved to have genuine needs, and in others because of advice from the House of Commons that they should purchase IT equipment in order to transfer electronic files from Westminster to their constituency offices during Dissolution.
248. We therefore asked whether to tighten the rules and their enforcement, or to remove them.

Question 19: What is the most effective way of ensuring that MPs' spending on capital equipment is kept to essential purchases in the months preceding a general election?

Responses received

249. A number of respondents said that the current rules are fine. Some, including MPs' staff members and members of the public, saw value in a system of approval by IPSA for capital expenditures in the pre-election period, but noted that, after a five-year parliament, equipment is likely to start breaking down so there could be entirely reasonable requests.

250. Respondents also made the point that imposing an arbitrary deadline of six months before the election can have unintended effects. The 1922 Committee, for example, said that a deadline simply skews purchasing decisions. An MP's staff member said that it was difficult for offices to know what they may need in advance of any purchase deadline. Having such a deadline could result in purchases which subsequently prove not to be required at all.
251. A number of respondents, including the PLP and some members of staff, supported the second option presented in the consultation document, which is for IPSA to work with MPs and the House of Commons to ensure that spending is limited to essential items in the months preceding a General Election.

Our position

252. We have removed the six-month cut off for capital expenditure ahead of Dissolution. The deadline is arbitrary and, as highlighted in some consultation responses, can have the unintended consequence of skewing purchasing decisions. This was corroborated by the significant rise in purchases shortly before the deadline in September 2014. Removing a rule that is arbitrary and difficult to enforce also has the benefit of simplification.
253. At the same time, we recognise that there may be a perceived risk in allowing MPs to make large capital purchases shortly before they leave Parliament. The new Scheme therefore states that, while they may continue to exercise discretion in claiming for office costs during Dissolution, MPs should only purchase office furniture, IT hardware and other capital equipment where there is an exceptional need to do so.
254. We have also added a rule which states that the winding-up budget, which MPs have access to when they have left Parliament, should not be used to purchase office equipment, including IT or furniture. Where there are exceptional circumstances which make such a purchase necessary in order for an MP to wind up their office, they will need to make an application to IPSA's contingency fund.

Expenditure on election campaigns

255. The Scheme prevents MPs from claiming costs for any activities which could be construed as 'campaign expenditure', as defined by the Political Parties, Referendums and Elections Act 2000 (PPERA); or 'election expenses', as defined by the Representation of the People Act 1983 (RPA). Guidance also states that, where an MP is unsure whether an activity constitutes campaign expenditure or election expenses, they should seek clarification from the Electoral Commission.
256. Our General Election assurance review found no significant evidence of misuse of business costs and expenses for the purposes of campaigning, so we have confidence that the vast majority of MPs comply with these restrictions.
257. However, we noted that the technical nature of these definitions, referring only to very specific types of activity taking place within very specific timeframes, limits how they can be used to prevent inappropriate spending by MPs.

258. We used the consultation to explore whether we should change the rules to use the definitions in the legislation that relate to the purpose of the activity (which is the element that we are seeking to regulate) rather than just the activity itself. For instance, the PPERA includes a definition of 'for election purposes' and the RPA includes a definition of 'for the purposes of a candidate's election', which more accurately match the intention of the exclusions in the Scheme.

Question 20: Should we alter the rules on campaigning in elections so that they capture the purpose of the activities which cannot be claimed for, rather than relying on those activities being construed as campaign expenditure as defined by the Political Parties, Referendums and Elections Act and election expenses as defined by the Representation of the Peoples Act?

Responses received

259. Responses to this question were fairly evenly split. Some respondents agreed with the proposal to change the rules so that they capture the purpose of the activities which cannot be claimed for, rather than relying on references to the relevant legislation. The Liberal Democrat MPs had no objection to the proposal, but urged caution and extensive engagement with the Electoral Commission. One MP thought that the change would be simpler and more straightforward, and help eliminate some 'grey areas' in relation to the distinction between parliamentary and party political activity.
260. However, other respondents were in favour of retaining the existing rules. A few MPs and MPs' staff members felt that the current rules were sufficient and seemed to work well at the last election.
261. The Electoral Commission provided a detailed response. The Commission emphasised the importance of ensuring that IPSA does not alter the Scheme in ways which would inadvertently make compliance with, and regulation of, the political finance controls more difficult. Subsequent discussion with the Commission indicated their preference for maintaining the reference to the PPERA and RPA and highlighted the importance of avoiding 'gaps' and the potential for unintentional breaches of the legislation.

Our position

262. We have decided to amend the rules to refer to the purpose of the activity, whilst retaining references to definitions in the PPERA and the RPA. The rules now include 'any other activities whose purpose is to give MPs a campaigning advantage in general elections and referendums' in the list of exclusions from what is considered as necessary for the performance of MPs' parliamentary functions.
263. Retaining the explicit link to the PPERA and RPA ensures that there is no increased risk of unintentional breaches of the legislation. At the same time, we believe that adding the purpose of activities to our definition will help increase clarity for MPs, and reduce the number of queries we receive on this issue.

Winding-up costs

264. MPs who stand down or lose their seats have a budget available to them for two months after an election to wind up their financial affairs. The winding-up budget is intended to cover continuing office costs (including contractual liabilities for offices and/or equipment and removal costs) and payment of staff salaries. Redundancy costs are covered by the contingency fund.
265. After the 2015 General Election, the winding-up budget was set at maximum of £57,150 and £53,950 for London and non-London Area MPs respectively, and was available until 8 July 2015.
266. Following the 2015 General Election, MPs in practice only needed 58.7 percent of their winding-up budgets on average, indicating that most concluded their affairs efficiently. However, the separate budgets for winding-up costs and for staff redundancy led to some uncertainty among MPs about which budget to claim from.
267. The consultation asked whether it would be simpler to continue with the normal office costs and staffing budgets for two months after the election, capped proportionately. This would decrease in the amount available for MPs to wind up their affairs but, taking the 2015 election as a basis, this would be manageable for most MPs.
268. We also explored the option of starting the winding up period for MPs who are standing down at the beginning of Dissolution, given that they know they will be departing.

Question 21: Should we make the winding up process simpler by continuing with office cost and staffing budgets for another two months? Do you have any other suggestions about how to make the process simpler?

Responses received

269. A number of respondents, including some MPs and MPs' staff members, agreed that it would make things simpler to continue with the normal office costs and staffing budgets, pro-rated, for two months after the election. One MP, however, cautioned against over-reliance on averages, saying that IPSA does not take into consideration the varying circumstances of MPs and that it took more than two months for some departing MPs to wind up their financial affairs in 2015.
270. Other respondents thought that the current system worked well. The Liberal Democrat MPs stated that any reduction in budget would not incentivise any greater speed in winding up MPs' affairs.
271. Some suggested how to provide additional clarity. The Unite Parliamentary Staff Branch, for example, said that it would be helpful for IPSA to contact all MPs at least three months before an expected General Election to set out the budget structures and process for winding up.

272. On the question of starting the winding up period for standing down MPs earlier, respondents were divided. Some could see a benefit, while others were strongly opposed. The 1922 Committee's response highlighted that the standing down MP's constituents will still regard them as their elected representative until the change-over is made official on election night.

Our position

273. We have not made any changes to the winding up budget in the new Scheme. The current budget amounts of £57,150 and £53,950 are maxima, which MPs may or may not choose to claim depending on their winding up needs. The experience of the 2015 General Election shows that MPs do not claim the maximum budget just because they can. In any case, all claims must be supported by evidence.

Loss-of-office payments

274. After the 2015 General Election, MPs who lost their seat were eligible for a resettlement payment of up to six months of their salary. (Standing down MPs did not receive a resettlement payment, although they had done so after previous General Elections.) Resettlement payments after the last General Election amounted to £2.8 million in total, with an average payment of £30,600 per MP.
275. After the 2015 General Election, a condition of receiving the resettlement payment was that MPs must have first concluded all their financial affairs with IPSA – including issuing redundancy notices, paying any outstanding monies owed, and making any expense claims dating from before the election. This was intended to create a financial incentive for MPs to wind up their affairs in a timely manner.
276. However, some MPs were dissatisfied with this rule, arguing that, because they were no longer receiving a salary, they needed the resettlement payment while they concluded their parliamentary affairs. Some MPs also queried why outstanding debts could not be subtracted from their resettlement payment amounts, for administrative ease. Additionally, a number of MPs argued that IPSA's requirement that all final claims should be submitted before the release of the resettlement payments was unfair, given that they often had to wait for final invoices from suppliers (such as utilities companies) in order to submit documentary evidence with these claims.
277. In future elections, the resettlement payment will be replaced by a loss-of-office payment, equal to double the prevailing statutory redundancy entitlement. This was a change made in the 2015-16 Scheme. We asked whether to change our requirement for an MP to have concluded their financial affairs before receiving any of the amount.

Question 22: Should we make any changes to the timing of the loss-of-office payments made to MPs (and which replace the current resettlement payments) in future general elections?

Responses received

278. A few respondents believed the current arrangements were fine and should remain. However, most disagreed with the condition that MPs must first conclude all their financial affairs with IPSA before receiving the loss-of-office payment.
279. Responses from the Committee on Standards, PLP and a few MPs supported a change to the timing of loss-of-office payments, expressing concern that some MPs after the 2015 General Election experienced financial hardship due to the lack of income.
280. Some, including the 1922 Committee and a number of MPs' staff members, suggested that one solution could be to pay defeated MPs a portion of their loss-of-office payment upfront, and then the rest once they have concluded their financial affairs. These respondents were also generally in favour of a more pragmatic solution to the recovery of outstanding debts during this period.
281. The Liberal Democrat MPs similarly called for greater flexibility in the Scheme so that the loss-of-office payment can reflect the specific individual needs of a former MP as they go about winding up their office. This could take the form of a percentage advance or allowing debts to be off-set against the final payment amount.

Our position

282. We have decided to change our approach for future General Elections. The arrangements that were in place after the 2015 General Election were unpopular and caused financial difficulty for some MPs because of circumstances outside their control.
283. In future MPs who lose their seats in a General Election will be able to request the remainder of the month's salary from the date of the election (for example, an amount equivalent to the rest of their May salary, for a May election), which will be deducted from their loss-of-office payment. The remainder will be paid at the end of the winding-up period.
284. Additionally, MPs will be able to request that any outstanding debts be subtracted from the net amount of their loss-of-office payment.
285. We believe these changes will help MPs to wind up their affairs more efficiently and avoid financial difficulty during a period in which they do not receive a salary.

Start-up budgets

286. After the 2015 General Election, IPSA provided a start-up budget for new MPs, designed to cover the extra office costs incurred when setting up a new constituency office, particularly for purchases such as furniture and IT equipment. It was set at £6,000 and was available for a full calendar year from the date of the election.
287. The consultation document noted that MPs welcomed the start-up budget, but that there were some administrative issues caused by the fact that it is separate from the

normal office costs budget. Additionally, the fact that the budget spans different financial years (in the last election, the 12 months between May 2015 and May 2016) causes some difficulties.

288. We suggested in the consultation that two simple solutions would be to merge the office costs and start-up budgets, and to provide new MPs with the additional amount in their budget to be used only in the financial year in which the election takes place (e.g. for 11 months after a May election).

Question 23: Do you agree that we should try to simplify the operation of the start-up budget? Do you think our suggestions would help?

Responses received

289. Nearly all responses to this question, including some from MPs, staff members and the PLP, supported the solutions proposed in the consultation.
290. One MP said that, this way, MPs would not have to worry about which budget an individual cost is coming out of, making it easier to monitor budgets and reducing the number of times an office would need to contact IPSA to make sure something comes out of the correct budget.
291. However, two MPs did not see a need for the proposed change, stating that the budget as it stands is sufficient and simple enough to understand.
292. An MP cautioned that simply providing new MPs with an extra £6,000 in their first year could risk that some get used to having that amount, resulting in accounting difficulties in subsequent years. The MP argued that the benefit of having the separate start-up budget is that it is very clear that this is a one-off amount and should be excluded when calculating on-going income and expenditure.
293. A staff member commented that there is no need for a start-up budget; the same result could be achieved by enabling new MPs to claim from the contingency budget for such items if they overspend on their office budget.

Our position

294. From April 2017 the start-up supplement of £6,000 will be provided to new MPs as a top up to their office costs budget, rather than as a separate budget, during the first financial year they are in Parliament. The vast majority of consultation respondents supported this change.
295. We recognise that it will be important to make sure that new MPs understand that the supplement is available for the first financial year only, and that their annual office costs budget in subsequent years will not include this £6,000 start-up supplement.

Recovery of overpayments and budget overspends

296. The Scheme covers two areas of financial management: how IPSA recovers overpayments (i.e. money that should not have been paid to MPs) and budget overspends by MPs. If MPs do not repay overpayments in the required time, IPSA may deduct the amounts concerned from the MP's expenses claims in the first instance; and if that is not sufficient, from the MP's salary. The current rules state that MPs must be given one month's notice before sums may be deducted from their salary, as this action has normally been regarded as a last resort. Some MPs, however, have asked that they make repayments from their salaries in the first instance.
297. The same process is applied to the recovery of potential budget overspends. In respect of staffing budgets, there is an additional rule that, if an MP is likely to overspend, IPSA will not accept any further claims or requests for payments, including the payment of overtime, increases in salary, addition of new staff members to payroll or other changes to the staff complement.
298. The wording in the Scheme currently implies that the responsibility for preventing overspends is IPSA's, whereas we expect MPs to manage their own budgets effectively.
299. In the consultation we proposed to re-word the rules to make clear MPs' responsibilities in this area and to allow more flexibility on the measures IPSA may take in recovering overspends and overpayments.

Question 24: Do you have views on the most effective way of recovering overpayments to MPs and preventing budget overspends, bearing in mind that MPs have responsibility for managing their own budgets?

Responses received

300. Responses to this question varied widely and did not all focus on the specific question.
301. A few respondents felt that the current system works well, whilst some also advocated further engagement and assistance from IPSA. The response from the Liberal Democrat MPs said that early and direct engagement with an MP who IPSA thinks is in danger of overspending on their budget is the best way to ensure that issues are resolved as soon as possible. Likewise, the Parliamentary Labour Party (PLP) advocated more training and communication with MPs to prevent budget overspends and overpayments.
302. Some respondents said that MPs should be given an option as to how they repay, whether as a lump sum, or through offsetting against claims or salary deductions.
303. A member of the public thought that the Scheme should give IPSA more authority to recover amounts via salary deductions, which would allow for a quicker recovery.

304. Several MPs and groups of MPs expressed strong views about the way IPSA handles overpayments and overspends. Some of these were based on misunderstandings about the current policies and processes operated by IPSA. For instance, the response from the 1922 Committee highlighted that there may be a legitimate point of dispute between an MP and IPSA as to the veracity of a claim or a request for repayment, and these should not be published while a dispute is ongoing, which could be very damaging for the MP's reputation.

Our position

305. The new Scheme rules have been amended to state that the MP may request the amount of the overspend or overpayment to be deducted in the first instance from their salary instead of being deducted from payment of further claims.
306. We will continue to seek agreement with the MP on the method of repayment. However, if the amount is not repaid or we are unable to reach agreement with the MP on the method of repayment within 30 days of notifying them, the remaining amount may be deducted from the MP's salary or otherwise recovered, without agreement from the MP.
307. In addition, we have reworded the rule to make clear that, where an MP has spent more than the budget in any particular category of spending allows, this will also be subject to recovery.

Cover for staff on maternity, paternity, adoption and long-term sick leave

308. IPSA pays for the cost of cover for MPs' staff who take maternity, paternity or adoption leave, or are on long-term sick leave. In practice, we have usually paid the cost of the staff member on leave from the MP's staffing budget and paid the cost of the cover from a central fund (previously known as 'payroll contingency').
309. However, for administrative reasons, it is simpler to pay for the cost of the cover out of the staffing budget, while providing additional funding from the central fund for the salary of the staff member on leave. This is because the cover may be provided in a variety of forms (e.g. new staff, extra hours worked by existing staff, part-time cover, etc.) and is therefore not as easy to estimate. The salary of the staff member on leave is a known figure so providing this from the central fund is straightforward.
310. This issue of parental leave and long-term sick leave is also relevant to our publication of MPs' annual spending. At present we publish the staffing budget uplift with an explanatory note; but some MPs have found that they have been criticised for 'overspending' because legitimate cover has been provided.

Question 25: What are your views on how funding for the cover of maternity, paternity, adoption and long term sick leave should be provided? What is the fairest way of publishing the resulting spending?

Responses received

311. The responses to this question were unanimous in stating that costs for maternity, paternity, adoption and long-term sick leave cover should not be published in a way that indicates the MP has overspent the normal budget.
312. Some respondents, including MPs and staff members, favoured publication of maternity, paternity, shared parental, adoption and long-term sick leave cover separately from normal staffing costs, so that it is clear that it is exceptional and not an overspend. The response from the Unite Parliamentary Staff Branch (based on survey responses from 462 members) stated that cover for staff parental leave and long-term sick leave and care leave should be funded and reported centrally and not as part of an MP's staffing budget.
313. The Liberal Democrat MPs supported the current funding arrangements, but said that the communication of this provision can cause unnecessary confusion. One staff member said that an explanatory note could easily be overlooked by the media, so this needs to be made clearer.
314. A few respondents recommended that cover should be provided from a central contingency fund and then published as one gross figure, alongside the number of MPs who have made such claims. The individual MPs' names should not be published in relation to this, given that it is a legal obligation for staff to be provided with this leave.
315. One MP said that the cost of maternity leave for individual MPs' staff should not be published at all, as this is discriminatory and actively discourages MPs from hiring women. The PLP response stated that allowing this sort of cover to be interpreted as an overspend risks divulging sensitive information about MPs' staff.
316. Professors Campbell, Childs, Crewe and Waylen provided a detailed response on issues relating to gender balance and diversity. They stated that, for reasons of transparency, staff cover should be funded from a designated parental leave budget, and not 'hidden' in the central contingency fund.

Our position

317. There was no clear consensus from consultation responses on which budget parental leave and sick leave cover should be paid from. We have therefore decided to take the approach that is the simplest to administer. From April 2017, the cost of the cover will be paid from the MP's staffing budget and the cost of the staff member on leave will be paid from a central fund.
318. This central fund will be called the Staff Absence budget and costs will be published on a separate line from the MP's staffing spend. Separating out the costs of cover for maternity, paternity, shared parental or adoption leave and for long-term sick leave will increase clarity and transparency for the public.

319. We have also decided not to aggregate the costs associated with staff absences across all MPs when publishing expenses, as suggested by some consultation respondents. Although some MPs and their staff have raised concerns that the press and the public could draw incorrect conclusions if the additional cost is published against individual MPs, we do not believe this is a strong reason for aggregating the costs. Rather, we think there are strong reasons for ensuring these costs are visible to the public. Enabling staff to take parental and long-term sick leave is an important part of good employment practice and should not be 'hidden'.

Administration of MPs' accommodation and office costs budgets

320. The Scheme currently includes guidance to MPs that they should negotiate break clauses in their rental contracts for residential property and for their constituency offices to allow for the possibility that they could lose their seats and will have just two months to wind up their financial affairs. It became apparent after the 2015 General Election that a number of departing MPs did not have such break clauses in their contracts and so faced penalties which they argued that IPSA should fund, as they were incurred during the winding-up period.

321. The consultation proposed that, whilst IPSA cannot interfere in the contractual relationship between MPs and their residential or office landlords, a rule could be introduced to state that IPSA will not reimburse MPs for penalty payments if a two-month break clause had not been agreed.

322. A separate issue relates to a rule in the Scheme which allows for an MP to claim for accommodation in two places in exceptional circumstances. The most likely occurrence is that the constituency is so geographically dispersed that the MP needs to rent accommodation or stay in hotels in both the constituency and London. The wording of the rule in the current Scheme did not give full effect to the intention, so we proposed to redraft it to make it clearer.

Question 26: Do you agree that we should introduce a rule to make clear to MPs that they need to negotiate two-month break clauses in accommodation and office rental agreements, and clarify the rule allowing MPs to claim for accommodation in the constituency and London in exceptional circumstances?

Responses received

323. The majority of responses which addressed the question about two-month break clauses, including ones from some MPs, MPs' staff and members of the public, agreed that a rule should be introduced to the Scheme to make this clear. A member of the public said that this could not only be clearer, but better enforced.

324. Other respondents, however, cautioned that the addition of such a rule would inevitably make it more difficult for MPs to find suitable accommodation and office space. One staff member said that, whilst the proposal was prudent, in some areas suitable office accommodation is not easy to find and therefore it may not be possible

for MPs to negotiate such a break clause. Similarly, one MP stated that insisting on a two-month break clause in London accommodation would almost certainly make it more difficult for an MP to secure suitable accommodation.

325. The response from the Liberal Democrat MPs argued that introducing a rule is not strictly necessary and should instead be reinforced through best practice guidance provided to MPs at the start of every Parliament. It would also have the potential to raise the costs of MPs' contracts over the lifetime of the contract.
326. Another MP was strongly opposed to the introduction of a rule, saying that IPSA should cover the penalty cost of breaking rental contracts if an MP is not re-elected.
327. Only a few respondents addressed the question about accommodation in two places explicitly. All of these respondents agreed that the rule should be clarified.

Our position

328. We recognise the point of view heard through the consultation that a new requirement could potentially cause significant difficulty for MPs in searching for suitable accommodation or office space. We also recognise that some MPs may find themselves in the position of having to renegotiate contracts they are already tied into. However, it is important that the Scheme encourages MPs to seek value for money in their expenses.
329. The Scheme has been amended to state that MPs should negotiate a clause in their rental contracts to allow them to give two months' notice in the event of a change in circumstances (such as losing their seat in a General Election). MPs will only be able to claim for rent and associated costs during the two-month winding up period, and that any further costs will not be funded by IPSA, unless they can demonstrate that they were unavoidable. We consider that this strikes the right balance between securing value for money for the taxpayer and recognising the reality of MPs' contractual obligations.
330. Additionally, in line with our proposal in the consultation, we have reworded the rule allowing MPs to rent and claim for more than one property in exceptional circumstances. Guidance in the Scheme also clarifies that an example of exceptional circumstances might be where the geography of an MP's constituency means that they may need two residences there, as well as a residence in London.

The London Area Living Payment (LALP)

331. LALP has already been referred to in section 4 above. We sought views in the consultation about whether the amount of LALP and the additional amount available to outer London MPs (those 23 London Area MPs whose constituencies are furthest from Westminster) needed to be adjusted. Both amounts have not changed since they were introduced.

Question 27: Do you think any adjustment should be made to the London Area Living Payment?

Responses received

332. Responses to this question were mixed, although none was specific about what the level of LALP or any adjustment should be.
333. A number of respondents, including a few MPs and MPs' staff members, were in favour of adjusting LALP payments and additional LALP payments (for outer London Area MPs) to reflect inflation and the rising cost of living in London. The 1922 Committee stated that IPSA should adjust these payments to ensure they continue to meet their purpose. The PLP also supported an adjustment, stating that the increase in the cost of living in London has meant a real-terms decline in the LALP and additional LALP payments, leaving MPs disadvantaged financially.
334. A few respondents opposed any adjustment.
335. One member of staff thought that the payments should be abolished, as the general public do not receive assistance for living in London, so there should be no additional costs in terms of accommodation or travel for London Area MPs given that they already have their main home based in London.

Our position

336. We have increased LALP to £3,820 per year and the additional LALP for outer London Area MPs to £1,350 per year in line with CPI inflation of 1.6 percent (December 2016 figure). This increase recognises the rising cost of living in London and the fact that there has been a real-terms decline in recent years.
337. As stated above (paragraphs 65-66), from the next Parliament only London Area MPs will be able to receive LALP.

Contingency funding

338. The Scheme allows for MPs to receive contingency funding for costs that are exceptional, one-off or unavoidable, and either fall outside the Scheme or cannot be contained within their existing budgets. MPs must provide evidence in order to apply for contingency funding. The payment takes the form of either an uplift to budgets or agreement that a claim which falls outside the Scheme should be reimbursed, as it is necessary for the MP's parliamentary functions. Most applications for uplifts to budgets concern staffing or office costs.
339. Decisions on contingency applications are made by a panel made up of managers from departments across IPSA which sits once a week. All contingency applications, successful and unsuccessful, are published annually. The process is described in more detail in the Contingency Panel's terms of reference on IPSA's website.

340. We think the process works well, but sought views on whether it is the best way of meeting exceptional needs of MPs, or whether it could be improved.

Question 28: Do you have any suggestions about how to improve the process for contingency funding?

Responses received

341. A third of respondents, including MPs and staff members, felt that the current process was sufficient and did not see a need to change it.
342. Other respondents were critical of the current process. One MP called the contingency process 'subjective and arbitrary', whilst another stated that the criteria for accessing contingency funding were unclear and unrealistic. The response from the PLP stated that contingency funding was not working for many MPs, suggesting that, instead, the office costs budget should be increased.
343. Meanwhile, one member of staff said that the process could be expedited by use of a standardised online application form or other online facility.

Our position

344. We do not see an immediate need for change to the contingency process. There will remain a need to fund unexpected or unanticipated costs to MPs. Decisions about contingency payments are currently made weekly and actioned immediately.
345. However, the responses indicate that some MPs are dissatisfied with the process. Some criticism relates to a lack of clarity on how to apply for contingency and what the fund is designed to cover. We believe that this can be addressed through guidance, rather than a change to the process. We have therefore reviewed and amended the guidance on the contingency process which is available on the website to ensure it reflects the process and provides clear information on how to make an application.

Other aspects of the Scheme

346. The consultation also asked a 'catch-all' question to invite views on any other issues which had not already been covered. We invited views on specific limits for all budgets as well.

Question 29: Are there any other changes to the Scheme which you think we should consider? Are there any aspects of MPs' budgets which have not been covered elsewhere, to which you would like to draw our attention?

Responses received

347. About a third of the consultation responses we received addressed this question specifically or included comments relating to topics not covered by other consultation questions. We have not included the full range of comments here, but have summarised the most commonly addressed topics and those comments which informed our decisions.
348. There were some comments on the model of expenses and reimbursement currently used by IPSA. Some respondents suggested alternative models. One MP suggested that MPs could be given a modest, taxable allowance as an alternative to the complex system of expenses, which would save the taxpayer a significant amount on administration costs. Another MP was deeply uncomfortable with the current reimbursement arrangements and with the requirement to submit original receipts which can pose challenges for staff in processing them. One member of the public advocated doing away with MPs' expenses altogether.
349. A number of respondents commented on the levels of the staffing budget and office costs budget. Two members of staff, for example, advocated an increase in the staffing budget to allow for annual salary increments and pay progression, and to reflect increasing workloads and working hours. Another member of staff said that IPSA should increase the office cost budgets in order to enable MPs to cover all costs for constituency offices. One MP, who contributed to the response from the Conservatives, stated that MPs' staff get little consideration in this consultation and are paid too little.
350. Some MPs commented on how they are supported in managing their budgets. A few MPs favoured additional flexibility to be able to move funds between budgets (for example between the office costs budget and staffing budget) to help whichever was most pressurised; or potentially to offset overspends in one year against underspends in the following year, providing the budgets balance over the course of a Parliament.
351. There were also comments relating to the constituency boundary changes which the Boundary Commissions are currently considering. MPs were concerned that the proposed changes would mean their constituencies would grow significantly and it would be very challenging to serve constituents across such a large area. Respondents encouraged IPSA to take these changes into account when setting rules and budgets. The response from the Conservative MPs suggested that there would be a need for MPs to have more than one constituency office.
352. There were a number of comments on the support provided for MPs' security. The response from the Committee on Standards welcomed IPSA's efforts in this area and flexibility in responding to demands over the past few months, but noted anecdotally some discontent among MPs about the time it takes to process requests. On the other hand, MAPSA said that only 62 percent of staff surveyed felt that the additional security measures were sufficient, particularly for those in constituency offices.

353. Respondents also raised the issue of hospitality and the fact that refreshments provided to visitors at constituency offices, such as tea, coffee and milk, cannot be claimed for. One MP asked whether IPSA could look into ways of enabling MPs to be reimbursed for this cost or a limited basic refreshment budget. The MP highlighted the importance of visits from constituents so they have a greater understanding about the work of MP.
354. One MP also advocated an arrangement to allow MPs and their staff to access cycle-to-work schemes, in order to encourage cycling and make MPs more aware of the benefits of cycling. The MP highlighted that this could also save money for taxpayers as cycling is cheaper than using public transport for work-related travel.

Our position

Hospitality

355. From April 2017, MPs will be able to claim for hospitality costs, such as light refreshments for visitors to their constituency offices.
356. The Scheme has prohibited office cost claims for hospitality, including refreshments in MPs' offices, since 2015-16. MPs have argued that they should be able to offer modest refreshments like tea and coffee to constituents and other visitors to their offices. We took the opportunity of the comprehensive review to reconsider this question, and have changed our position. We believe this is a reasonable expense given the number of visitors MPs can expect to receive.

Cycle-to-work schemes

357. The new Scheme includes payments for cycle-to-work schemes as an eligible cost to be paid from MPs' staffing costs budgets. We plan to set up arrangements with cycle suppliers to enable MPs and staff to purchase bicycles through such a scheme and to repay the cost via salary sacrifice.

Other issues

358. We continue to consider the current system of claiming and reimbursement, with the production of evidence of expenditure, to be the fairest and most transparent for the public. We will look at ways in which we can achieve further simplification of processes in the future. One possibility is to move to lump-sum budgets for constituency travel. More than 90% of MPs claim less than £2,000 a year on constituency mileage. We will look to pilot an approach where MPs receive advance payments for this form of travel and reporting is kept to the essential details. This is something we would like to consider for the 2018-19 financial year.
359. We recognise the difficulties some MPs and staff have in making claims through our current IT systems. New systems will be introduced in October 2017 to provide a simpler, more efficient, more helpful user interface to improve the experience of MPs and their staff who interact with IPSA.

360. Some respondents commented that the level of staffing and office costs budgets is insufficient. We have drawn on this feedback and on other data in deciding on the budget levels for 2017-18. We have increased the staffing costs budget for both London Area and non-London Area MPs to take account of higher pay ranges for most job roles, as well as a 1 percent increase in line with public sector pay policy. We have also increased the office costs budgets for London Area and non-London Area MPs in line with inflation, as mentioned above. Annex C provides a summary of MPs' standard budgets for 2017-18.
361. There were a small number of comments relating to the security assistance provided by IPSA. The Scheme has been amended to reflect the arrangements that have been put in place since early 2016. IPSA pays for measures in the standard package of security measures installed at MPs' registered constituency offices, IPSA-funded accommodation or MPs' private residences; as well as for additional security measures that have been recommended by the Parliamentary Liaison and Investigation Team (PLAIT), following an agreed assessment process.
362. Finally, we recognise concerns about the impact that constituency boundary changes may have. We will hold an initial consultation on any impact of changes to the Scheme or to MPs' budget levels later this year.

10 IPSA'S PUBLICATION POLICY FOR MPs' BUSINESS COSTS AND EXPENSES

363. Transparency lies at the heart of IPSA's approach to the regulation of MPs' business costs and expenses and is crucial to its effectiveness.
364. We have a legal duty to publish information under the Freedom of Information Act 2000 and the Parliamentary Standards Act 2009. However, we view the publication of information as more than a legal obligation. We believe strongly that the public has the right to know how taxpayers' money is being spent by MPs and by IPSA itself.
365. Transparency is also an important regulatory tool. The fact that the detail of MPs' claims are published, and can be viewed by anyone online, provides an incentive for self-regulation by MPs before claims are even submitted to us.
366. We have a publication policy which sets out what information about MPs' business costs and expenses we publish. The policy states the form in which such information will be published; for example, we do not publish images of the evidence (such as receipts and invoices) which accompanies claims, except in response to Freedom of Information requests. The policy also describes what information we do and do not redact. Like all public and other bodies, we have responsibilities under the Data Protection Act 1998 to protect people's personal information.
367. Every two months, on the second Thursday of the month, we publish the claims from the two months four or five months previously (for example, in November 2016 we published the claims from June and July 2016). We also publish MPs' annual spending for the previous financial year in the autumn, along with some information on staffing and landlords.
368. We took the opportunity of the consultation to seek views on our publication policy, including what, how and when we publish. We used the responses received to make decisions on amendments to the policy. The new policy, which will take effect from April 2017, has been published on the IPSA website.

Publication of receipts

369. Since April 2015, we have published the images of appropriately redacted receipts when requests are made under the Freedom of Information Act 2000. This change followed a judgement by the Court of Appeal on whether our duty was to provide just the information contained on a receipt, or the receipt itself.
370. However, we still do not publish these images automatically with our regular bimonthly and annual publication. This is because in 2010 we estimated that the additional cost of automatically publishing all images of receipts could be up to £1 million a year and we did not consider this to be value for money for the taxpayer. We were also concerned about the potential risk to MPs' sensitive personal data, as there would always be the possibility of some images not being redacted fully or correctly.
371. We recognise that in recent years, redaction technology has improved. However, the automatic publication of all receipts will always carry some risk of sensitive data being

published inadvertently. We re-examined this question in the consultation and asked for views on which approach to take to the publication of receipts from April 2017.

Question 30: What are your views on whether IPSA should publish the redacted images of all receipts, or just those which are requested by the public?

Responses received

372. Most responses were supportive of IPSA's current approach, citing security and data protection risks as well as the additional cost to the taxpayer that the automatic publication of receipts would entail. These included the responses from the PLP and the 1922 Committee, a number of MPs and staff members.
373. The Committee on Standards in Public Life commented that the automatic publication of all receipts would go further than most other public bodies and could be seen as a 'heavy-handed' approach and met with resistance.
374. On the other hand, one respondent, a journalist, strongly supported publishing the images of all receipts, saying it was absolutely essential for transparency. He also stated that having to obtain receipts only via Freedom of Information requests made it difficult to identify which receipts may be of interest, and making such requests is not practical for all members of the public.
375. The Information Commissioner's Office (ICO) did not express a view on which was the right approach but stressed the importance of ensuring that redaction requirements and data protection arrangements are robust if IPSA were to move to the automatic publication of receipts.

Our position

376. We have decided to keep our current approach. Our view has been supported by the majority of consultation responses on this question.
377. Some respondents to the consultation believed that the publication of all MPs' receipts is essential for transparency. We do not wish unduly to limit transparency, which is why we publish receipts where they have been requested under the Freedom of Information Act (in line with the High Court judgement). We also publish on our website all relevant information, such as dates, expense type and amount, for each and every claim made by an MP.
378. We were previously concerned that the volume of Freedom of Information requests for receipts might become unmanageable in future. However this has not been the case. Additionally, we continue to have concerns about the risk of inadvertently publishing sensitive personal information if the redaction process had to be significantly streamlined. Images of receipts we publish in response to Freedom of Information requests are checked manually.

Frequency of publication

379. As mentioned above, we publish information on MPs' claims every two months, relating to the two months four to five months previously. We also publish some other information annually (such as the job titles of MPs' staff members). We have had this timetable since our first publication cycle in November 2010.
380. We originally established this timetable because anything more frequent would have significantly increased costs. This timetable also allows time for MPs to see the information that is going to be published about them prior to its publication, to check that it is correct.
381. From October 2017 we will implement a new IT system and will have the capability to publish information about MPs' claims and business costs more frequently should we wish to do so, without incurring significant additional costs.

Question 31: How frequently do you think we should publish information on MPs' claims and other aspects of their spending in future?

Responses received

382. Consultation responses on this question were mixed. Some respondents favoured the publication of MPs' claims as frequently as possible. The 1922 Committee recommended that publication should be as much as possible in real time.
383. The CSPL suggested that the data currently published annually should be published more frequently where possible, stating that data lose their impact if published too long after an event they relate to. More frequent publication helps to encourage compliance and to maintain public confidence.
384. On the other hand, a few respondents thought that data should only be published annually. For instance, the PLP expressed concern that more frequent publication would provide the public with only part of the picture and could be misleading.
385. There were other suggestions from MPs and staff members including publication monthly, bi-annually and quarterly.

Our position

386. For 2017-18 we will not alter our publication timetable. We consider that it strikes the right balance between providing up-to-date information and ensuring that the information we publish is accurate by allowing for checks internally and by MPs.
387. Less frequent publication – such as only once or twice a year – would mean publishing data about a huge number of claims at one time, making it much more difficult for members of the public to find relevant information. With the current bi-monthly timetable, we already publish around 30,000 claims at a time.

388. Additionally, whilst some consultation respondents favoured real-time publication, we do not think this is a possibility, given that we will always want to give MPs the opportunity to check data before it is published.
389. We have had discussions with the police on our approach to publication. The police did not have a specific view about how often we should publish, but told us that our current timetable is acceptable in terms of security implications. For example, as we publish some details of hotel stays and travel undertaken four to five months after they have taken place, this limits the scope for someone to use this information to track MPs or their staff.

MPs' payment card transactions which are repaid by the MP

390. MPs are provided with an IPSA credit card which they can use for purchases relating to their business costs and expenses so that they are not out of pocket whilst waiting to be reimbursed. We pay the credit card bill directly and then upload a form into the MP's online expenses account with the details for each charge (the date of purchase, the amount and the name of the supplier). The MP is then asked to reconcile the bill with the evidence of the purchases they have made.
391. If MPs use the payment card for a transaction which they then decide they do not want to claim for, or which is outside the Scheme, they must repay the unclaimed sums. Neither the transaction nor the repayment is published. This is on the grounds that there is no cost to the taxpayer, once the money has been repaid by the MP.
392. However, there is an argument that taxpayers' money has initially been used to pay the balance of the credit card bill, and there is an administrative cost in processing the repayment (and in some cases in seeking the repayment from the MP).
393. We asked in the consultation whether information on the amount repaid by MPs should be published. This would be consistent with our approach to other types of repayments.

<p>Question 32: Should we publish information on transactions on MPs' payment cards which are eventually repaid by MPs?</p>
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Responses received

394. Again, responses to this question were mixed. A number of MPs said that the repayments should not be published because they do not involve a cost to the taxpayer. This position was supported by the PLP. In addition, one MP said that repayments can occur for a number of reasons such as where the MP has used the wrong card by mistake or is unsure what expenditure is eligible.
395. Another MP stated that the system is difficult to use and that staff who use the card may make genuine mistakes. This MP argued that the system is intended to increase transparency, not to embarrass people who have made an error.

396. On the other hand, an MP's staff member supported the publication of the repaid amounts, as MPs should only use the cards for claimable transactions. A member of the public agreed, also stating that taxpayers' money is essentially being lent to MPs.
397. Another member of staff suggested that, where something has been paid for with the card in error and is repaid quickly, it should not be published; but if a great deal of effort is spent in recovering the sum, then there could be an argument to publish.

Our position

398. We will continue with our current approach, and will not publish charges made with the IPSA credit card which are subsequently repaid because the MP decides not to claim them.
399. These not-claimed charges, by definition, do not relate to money provided by IPSA to MPs (except temporarily as payment of the credit card bill). The end result is no cost to the taxpayer, and including such information may result in less clarity for the public.
400. We also agree with respondents who stated that publication might 'punish' or embarrass MPs who have made an error by using their IPSA credit card inadvertently for a non-parliamentary charge. We continue to work with MPs to reduce the incidence of this occurring.

Information about Northern Irish MPs' travel claims

401. For security reasons, only the aggregate cost of travel claims by Northern Ireland MPs is published. This was a decision taken in 2010 following advice from the police. It is different from the way in which travel claims by all other MPs are published, where the origin and destination of the journey and the category of travel are all published.
402. During the review, we reconsidered whether to publish more detail on Northern Ireland MPs' travel claims. We did not propose publishing the same level of detail as all for all other MPs, but suggested that just a breakdown of the category of journey – for example, constituency mileage, rail travel, air travel, etc. – and the amount claimed by each MP.

Question 33: Are there any changes you think we should make to the publication of information about Northern Ireland MPs' travel claims?

Responses received

403. We did not receive many response to this question. A member of staff stated that the current approach was unfair, as it allowed Northern Ireland MPs extra secrecy, while other MPs could also be at risk but were not afforded the same protection.
404. The CSPL emphasised the importance of making sure that any further detail that may be published about Northern Ireland MPs' travel claims should not in any way reveal, or suggest, a pattern of travel which could put them at risk.

Our position

405. We have decided to begin publishing more detail on individual Northern Ireland MPs' travel claims, in the way we suggested in the consultation. We will not publish any details such as dates of travel or specific destinations. Publishing additional detail for Northern Ireland MPs would, however, provide more transparency for the public.
406. We met the police when considering this change. They agreed that publishing travel claims for Northern Ireland MPs in this way would not present any additional risk to them.
407. The police were also content that the way we publish travel claims for all other MPs was appropriate and did not present an additional risk to them. We will continue to publish other MPs' travel claims as we do currently. In line with police advice, we redact all sensitive and personal information that might compromise MPs' safety, such as home addresses and full postcodes (these types of information are not required for travel claims in any case). We will continue to work in partnership with the police and the House of Commons to help meet the security needs of MPs.

Publication of overdue money owed to IPSA by MPs

408. We do not currently publish information on money that is owed to IPSA by MPs except in response to a Freedom of Information request.
409. However, the unpredictable frequency of Freedom of Information requests makes publication of the data somewhat arbitrary in its frequency. Depending on when the request comes in, some MPs may be included in the data while others will not be. Therefore, we believed there was an argument for publishing data on money owed to IPSA on a regular basis, similar to data about claims.

Question 34: what are your views on the publication of overdue money owed to IPSA by MPs? Should we publish this regularly, and how frequently?

Responses received

410. Responses to this question provided a mixture of views. The PLP was not in favour of the regular publication of overdue money owed to IPSA, stating that the current system was working well and the sums involved are relatively small.
411. The response from the 1922 Committee argued that publishing the names of MPs who IPSA believes owe money would not be acceptable if the repayments are subject to ongoing dispute.
412. One MP thought that the information could be published, but only once annually at the end of the financial year.
413. On the other hand, a member of the public supported the publication of money owed as frequently as possible. One member of staff said that this data should be published

monthly, after warning the MP and giving them the opportunity to repay straightaway.

414. The Information Commissioner's Office welcomed our proposal to begin publishing information about money owed as part of the regular publication cycle. The ICO's response stated that this approach is in line with the Commissioner's recommendation that where there is a clear public interest in specific information that is only available in response to a Freedom of Information request, the information should be reviewed and considered for routine publication.

Our position

415. We continue to receive Freedom of Information requests about amounts owed (at the time of writing, there have been four such requests in 2016-17). Because the data are not published regularly, our responses to these requests reveal only a snapshot in time, rather than the complete picture over the course of a year. It can be unfair on the MPs who happen to owe us money when a request is submitted to us.
416. We believe that a better way to handle this data would be to add it to our regular cycle of bimonthly publication. This will begin in 2018 after our new systems are in place.
417. The change in process will not affect the way we engage with MPs who we believe need to repay amounts. As we already do, we would provide the MP a reasonable chance to respond or repay within a set timeframe (see above in Section 9).

Redaction of the names and other details on receipts and invoices

418. As mentioned above, we publish receipts and invoices that have been submitted as evidence for claims only upon request. The publication of receipts and invoices raises a number of issues about the detail that can be found on them, such as names of staff in shops or hotels, sole traders' identities, the names of MPs' dependants and MPs' signatures.
419. We apply the laws and principles of the Data Protection Act in deciding what should be redacted from the receipts and invoices.
420. The IPSA publication policy was produced prior to the Court of Appeal judgement in 2015 which required us to publish receipts and invoices upon request, so we had not previously consulted on this question.

Question 35: Do you have any particular concerns about publication or redaction of details of individuals who may be named on receipts, invoices and other documentation?

Responses received

421. Some respondents emphasised the importance of continuing to apply the Data Protection Act and principles of data protection in deciding what should be redacted from receipts and invoices.
422. The SNP Westminster Group expressed concerns about the security of MPs, their staff and other individuals where receipts are published; the response stated that IPSA should consider representations from MPs where there are legitimate reasons why an individual's details should be redacted.
423. One MP said that as much information as possible should be redacted in order to protect the safety of MPs, staff, dependants and those they interact with. Another MP responded that the names of individual contractors and sole traders, along with their addresses, should be redacted because there is a risk they could be targeted based on their dealings with the MP.
424. On the other hand, the response from a journalist suggested that there would not be much justification for withholding the names and addresses of any businesses, hotels or sole traders whose services had been used by MPs, as they are commercial entities rather than private individuals.

Our position

425. We acknowledge the concerns expressed in the consultation responses about the possible security risks posed by publication of individuals' details in receipts and invoices. We take these concerns seriously as well as the need to balance them with our duty to be transparent to the public about MPs' expenditure.
426. We also have a responsibility under the Data Protection Act to ensure that we process information about individuals fairly. In making this judgement, we have considered whether they would reasonably expect their information to be made public.
427. From April 2017 we will redact the following, and the publication policy has been amended to that effect.
 - The names of suppliers' junior staff on invoice;
 - The first names of staff included on shop till receipts;
 - Bank account numbers and sort codes of sole traders;
 - Information about sole traders that is clearly personal (such as a home address);
 - Images of MPs' signatures;
 - The names of MPs' spouses, partners and dependants.

Other matters of concern

428. We welcomed views in the consultation on any further issues relating to the publication of MPs' business costs and expenses which were not covered by other sections.

Question 36: Are there any other issues relating to the publication of MPs' business costs and expenses which you wish to raise?

Responses received

429. A small number of respondents made further comments relating to publication of MPs' business costs and expenses.
430. For instance, an MP said that publishing the class of travel taken was not helpful as sometimes it can be cheaper to book in advance in first class than to book a standard class ticket, but there is no place to explain this when making a claim.
431. Similarly, an MP's staff member stated that MPs should be given the opportunity to provide the context around a claim where an issue arises.
432. The response from Professors Campbell, Childs, Crewe and Waylen suggested that IPSA should provide more explanation about why MPs incur very different levels of cost – for example, because of variation in size of constituencies and distance from Westminster – so that any comparison among MPs is fairer.
433. Meanwhile, a journalist who responded advocated a clearer distinction between MPs' own expenses, their office costs and their staff's expenses in the way data are published, so that members of public are able to find information about their MP more easily.

Our position

434. We are grateful for the views expressed.
435. In late December 2016, we launched a new website which includes an improved format for viewing data about MPs' business costs and expenses. This increase in the clarity and accessibility of data about MPs' claims supports our aim of transparency and will reduce the risk that information is misinterpreted.
436. Additionally, from November 2016, we have allowed MPs to submit a commentary to accompany data about their claims on our website. This enables them to provide context relating to their claims and how they have used taxpayers' money in aid of their parliamentary and constituency duties.

Information about IPSA

437. We publish a range of information about IPSA as part of our publication scheme, including our plans, Board minutes, expenses information, and various policies and procedures.
438. The consultation asked for views about whether there is anything else we ought to publish (bearing in mind the laws and principles of the Data Protection Act).

Question 37: Is there any further information that we should be publishing about IPSA?

Responses received

439. Again, only a small number of respondents addressed this question. Some simply answered 'no'.
440. A few respondents, including the PLP and a few individual MPs, stated that IPSA should publish more information on its own staffing and office costs. One MP said it was unfair that MPs and their staff have information about every expense published, whilst IPSA does not.
441. One MP was in favour of the publication of all IPSA budget increases since 2010, the number of times the organisation has moved office, how many IPSA staff there are and the level of staff turnover. Another supported the publication of the details of the procurement process for preferred suppliers.
442. The CPSL suggested that IPSA should publish information that helps strengthen the value for money principle by putting claims into context. For example, it may not be readily apparent to the public how high the cost of air and train travel can be during the business day, so publishing a typical or average cost might help put these costs in perspective and remove some mistaken assumptions about MPs' travel costs.
443. Additionally, one MP supported prominent publication of a full breakdown of the nature and volume of responses to IPSA consultations on the IPSA website, as well as information about IPSA's errors and remedial actions taken and all details of dialogue or relationships between IPSA and the media.

Our position

444. Some of the comments received in response to this question did not realise what we already publish. For instance, all consultation responses are published in full (apart from redactions where respondents have requested anonymity) and can be found on the IPSA website.
445. Likewise, IPSA already publishes information on its staff and office costs in our annual report and accounts; this includes travel and subsistence costs.

446. However, we recognise the importance of maintaining transparency about IPSA's costs and other corporate information and we are committed to publishing this in a timely manner. We have reviewed our policy on the information about IPSA that we publish to make sure that the information is up to date and easily accessible to the public. The full list of what we published about IPSA is in the revised publication scheme on the IPSA website.

11 EQUALITY AND DIVERSITY

447. One of the fundamental principles of the Scheme is that the rules should be sufficiently flexible to take into account the diverse working patterns adopted by MPs, and that they should not deter representation from any sections of society. This principle is in addition to our responsibilities under the Equality Act 2010.
448. As part of the review, we carried out an Equality Impact Assessment to consider any likely or actual impacts of the changes we have made to the Scheme and publication policy. To feed into this assessment, we asked consultation respondents for their views.

Question 38: What likely or actual impact do you believe the Scheme and matters raised in this consultation may have on equality and diversity in relation to MPs and their staff?

Responses received

449. In responding to this question, one MP raised the issue of connected parties, stating that restricting the practice further could be a breach of employment law, if someone was denied a role for which they were the most qualified candidate, simply because of their relationship to the MP. We are clear that our decision to restrict funding for new connected parties after the next General Election would not be a breach of employment law. Furthermore, existing connected parties will continue to have their contracts honoured and staff members who later become their employer's spouse, partner or close business associate will continue to have their salaries paid for a period of two years.
450. One member of MPs' staff asserted that current arrangements for maternity leave are discriminatory. In particular, the fact that the costs of staff who are on maternity leave are published means that MPs are discouraged from employing women; if a female employee requires maternity cover, MPs could face negative reporting in the media. This issue has been addressed earlier in this report (Section 9). We have decided to continue publishing the costs associated with parental leave, along with clear explanatory information, and not to aggregate them for all MPs. We believe that this is important for making clear that these are legitimate costs.
451. Another member of staff highlighted that potential changes to the Scheme, for example in respect of accommodation, may have a detrimental impact on men and women with families, who may decide not to stand for election if they cannot have a permanent residence in which their family can stay or visit. The PLP agreed, suggesting that some proposed measures could have the unintended consequence of making life more difficult for MPs with dependants, especially those with young children. As detailed above, we have increased the annual London rental accommodation budget in line with the current rental market to enable MPs to rent in areas close to Westminster without having to subsidise from their personal funds. We have also increased the dependant uplift to allow MPs to provide suitable accommodation for

their dependants. These changes are aimed at ensuring that MPs, and particularly those with dependants, do not face financial difficulties as a result of having to maintain a home in two locations.

452. Professors Campbell, Childs, Crewe and Waylen provided a detailed response on the importance of promoting a representative and inclusive House of Commons. In particular they pointed to the 'motherhood gap' in Parliament, and cited evidence that challenged IPSA's assertion that its rules do not affect the diversity of parliamentary candidates. The response also highlighted that MPs' experiences of accommodation, travel and security are likely to be affected by their identities, including gender, ethnicity, disability and sexuality, as well as their family situations. They specifically mentioned the rule on late-night taxis as being too restrictive. As set out in Section 4, this has now been amended so that MPs can claim a taxi home when working late on parliamentary matters past 10 p.m.
453. The response from the Unite Parliamentary Staff Branch emphasised the importance of IPSA's duty under the Equality Act to promote diversity in Parliament and among MPs' staff, noting that working as staff in Parliament is often an initial step towards elected office. Unite asked that IPSA insist that vacancies for new jobs in MPs' offices are publicly advertised in order to address the under-representation of groups such as people with disabilities and those from black or minority ethnic backgrounds. As stated in Section 6 above, we believe MPs should follow best practice in employment, including open and transparent recruitment processes, which will also encourage greater diversity among MPs' staff.

The Equality Impact Assessment




454. The Equality Impact Assessment on our review of the Scheme has been published alongside this report. We have considered all parts of the Scheme and the potential impact on groups of MPs. It addresses the issues above as well as others.
455. We have concluded that, overall, the new version of the Scheme does not have a direct adverse impact related to the protected characteristics of MPs, their staff and their families. In several areas, there is likely to be a positive impact of the changes being implemented. In particular, we have received evidence on the experience of women MPs who experience heightened security risks and disproportionately have caring responsibilities. The new support that we will provide to MPs' families and for security will be positive for all MPs, but specifically for women MPs and MPs with families.
456. We acknowledge that it is possible existing connected parties will indirectly suffer negative reputational damage as a result of our changes. While we cannot control external pressures, we have sought to ensure that our Scheme does not in any way directly impact any of these individuals, whose full rights and employment conditions will continue to be honoured.

457. Having carefully considered legal obligations and best practice elsewhere in the public sector in this country and internationally, we nevertheless believe the change in rules for future employment arrangements is justified.
458. We will continue to monitor the impact of the Scheme on our stakeholders and welcome feedback on how the changes proposed work in practice.

ANNEX A: RESPONSES TO THE ONLINE SURVEY




Introduction

Please let us know if you are a member of the public, an MP or an MP's staff member. This information will be used to assist IPSA's analysis of responses.

			Response Percent	Response Total
1	I am a member of the public		40.91%	27
2	I am an MP		4.55%	3
3	I am the staff member of an MP		54.55%	36






Travel costs

At present, MPs' staff face more restrictions on what they can claim for travel, compared with their MPs. For example, staff are excluded from claiming for "extended UK travel", which means any travel outside the MP's constituency that is not a journey between the constituency and Westminster. However, there are times when such travel is necessary, and we consider that the likelihood of excessive claims is low. Therefore, we propose that we should apply the same rules to staff members' travel within the UK as we do to travel by MPs. MPs can also claim for three return journeys annually to Europe, with certain restrictions but staff cannot. We are considering whether to allow staff members to be able to do so as well. For full details see pages 14-17 of our consultation. Should the same rules governing MPs' travel costs also apply to their staff?








			Response Percent	Response Total
1	Yes, apply the same travel rules as for MPs		56.06%	37
2	Yes, apply the same travel rules as for MPs but allowing UK travel only, not European travel		34.85%	23
3	No, maintain the current restrictions		9.09%	6
4	Don't know		0.00%	0

Regulating MPs' expenditure on staffing

MPs' expenditure on staffing accounts for 80% of MPs' spending on their business costs and expenses. But, because MPs (rather than IPSA or Parliament) are the employers of their staff, it is also the least regulated area of spending. IPSA sets MPs' staffing budgets and administers staff pay. We also make sure that all employed staff have a standard contract and job description and are paid within the salary bands we set. We do this to ensure fairness and promote good employment practice and to control spending. However, it means we become involved in giving MPs advice on some staffing matters. This blurs the line between financial matters and employee relations. The House of Commons provides HR advice to MPs as employers but not their staff, who have no HR support. For full details see page 18 of our consultation. Have you any views on the roles and responsibilities of IPSA in relation to the financial regulation of MPs' staffing expenditure and the need for any consequential HR advice?



			Response Percent	Response Total
1	IPSA should take on a greater role in providing HR advice for MPs' staff		40.91%	27
2	IPSA should provide additional financial regulation of MPs' staff matters by setting more terms and conditions but should not provide HR advice		25.76%	17
3	IPSA should continue to have the same role and responsibilities in relation to MPs' staff as now		15.15%	10
4	IPSA should reduce its regulation of MPs' staff, by setting fewer terms and conditions whilst continuing to pay MPs' staff		13.64%	9
5	Don't know		4.55%	3

Following the 2015 General Election, we saw that there were significant staffing costs arising from MPs leaving office. Redundancy payments for staff totalled £4.4 million. £975,000 of this was paid to staff who were re-employed by other MPs within 10 weeks. Pay in lieu of notice paid to MPs' staff was almost £650,000 and we estimate that between £380,000 and £435,000 of the cost could have been avoided if the former MPs had given their staff more timely notice. Payments for untaken leave amounted to just over £743,000. All of this expenditure was compliant with employment rules, but the figures do raise some significant concerns about value for money. For full details see page 19 of our consultation. Should we apply restrictions in respect of redundancy payments, pay in lieu of notice or payment for untaken

leave made to staff when MPs leave office? You should select more than one option				
			Response Percent	Response Total
1	Yes, apply restrictions on redundancy where staff are re-employed by another MP within 10 weeks		40.91%	27
2	No, do not change redundancy arrangements for staff re-employed by another MP within 10 weeks		46.97%	31
3	Yes, apply restrictions on pay in lieu of notice to staff		31.82%	21
4	No, do not change arrangements for pay in lieu of notice to staff		46.97%	31
5	Yes, apply restrictions on payments for untaken leave to staff		24.24%	16
6	No, do not change arrangements for payments for untaken leave to staff		53.03%	35
7	Don't know		6.06%	4

Employment of connected parties




There is evidence that connected parties (mostly family members of the MP) employed by MPs play a valuable role in running MPs' offices and maintaining contact with the local community when MPs are in Westminster. However, there remains some public concern about MPs' employment of connected parties. We allow the practice, with safeguards, including the restriction to one connected party per MP and the annual publication of all employed connected parties' names and salaries, in £5,000 bands. Any change to the rules would protect the employment status of connected parties who are currently employed by MPs. For full details please see pages 22-23 of our consultation. Should we continue to allow MPs to employ connected parties in future?

			Response Percent	Response Total
1	Yes, keep the current arrangements		37.88%	25
2	Yes, but introduce additional		34.85%	23





	safeguards			
3	No, do not allow any new connected parties to be employed by MPs		25.76%	17
4	Don't know		1.52%	1

Financial support to MPs' families

Financial support is provided by IPSA to MPs' families in two ways: by funding travel of their dependants between their constituency and London and, in certain circumstances, their spouses and partners; and by allowing MPs who claim for a rental accommodation budget an uplift of £2,425 a year for each dependant. Some MPs have raised concerns about the level of support they are getting and the difficulties that face MPs with families given the nature of their work. There also remains some public concern that there could be personal benefit to MPs receiving additional funding. We are asking whether we are providing the right level of support to MPs and their families and whether we should change the way in which we provide funding to MPs in relation to their families and whether there are more effective approaches. For full details see page 24 of our consultation. Should IPSA fund travel between Westminster and the constituency for MPs' dependants?

			Response Percent	Response Total
1	Yes		51.52%	34
2	No		39.39%	26
3	Don't know		9.09%	6





What are your views on the rental accommodation budget uplift of £2,425 per dependant per year that MPs can receive?

			Response Percent	Response Total
1	Too high		10.61%	7
2	About right		24.24%	16
3	Too low		16.67%	11
4	There should be no uplift available for MPs' dependants		24.24%	16

5	Don't know		24.24%	16
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The boundary between parliamentary and party political activity







IPSA will only pay for claims that are necessary for MPs in support of their parliamentary functions. We do not fund party political activity. The difference between the two is often obvious, but at other times there is an overlap. As our statutory remit is to provide financial support for one activity and not the other, we need to draw a boundary. The Scheme does not attempt to define what parliamentary activity is. But we do include a short list of activities that we do not consider parliamentary and which therefore cannot be claimed from us. There remains occasional disagreement between IPSA and MPs about what is and is not parliamentary. It may therefore be necessary to add further exclusions to the Scheme. For example, we have looked at surveys of constituents that may stray into being party political, and gifts and memorials to third parties. Alternatively we could allow MPs more discretion to decide what is parliamentary when making claims, as they will have to account for these when published. For full details see pages 25-26 of our consultation. Should we tighten our rules on what we do not consider parliamentary for funding purposes or allow for increased discretion?

			Response Percent	Response Total
1	IPSA should add more exclusions to the rules (stating what MPs are not allowed to claim for)		13.64%	9
2	IPSA should provide the same number of exclusions as currently but provide clearer guidance		54.55%	36
3	IPSA should give MPs more discretion over their claims, with fewer rules and exclusions		25.76%	17
4	Don't know		6.06%	4

Working from two fixed locations - MPs' accommodation costs




MPs work from two locations - Westminster and their constituency. If an MP represents a London constituency, they are expected to commute like anyone else. This would not be reasonable for MPs beyond the London Area, so we provide them with an accommodation budget to claim in either London or their constituency. This is not to offer them a personal gain, but is necessary so that they can do their jobs effectively. These MPs can either rent a property, stay in hotels or claim for bills if they live in a property they own. The London rental budget is intended to cover a one-bedroom property within reasonable travelling distance of Westminster. Some MPs believe the current arrangements and budgets to be inadequate. However, this

area of expenditure remains a cause of occasional public concern. IPSA does not believe it is right to move to providing MPs with allowances or for IPSA to source a block of properties for MPs to live in, but there are a number of possible alternatives to the current rules. Any option would need to provide value for money, security, transparency and support MPs in carrying out their parliamentary functions in two locations. For full details see pages 29-30 of our consultation. Are any of the following options a viable alternative to the current arrangements for funding MPs' accommodation? Select any options you agree with.

			Response Percent	Response Total
1	IPSA could allow MPs to rent serviced accommodation but require them to move out in the long recess over the summer		24.24%	16
2	IPSA could reduce MPs' rental accommodation budget to reflect the number of days or weeks that Parliament actually sits		15.15%	10
3	IPSA could reduce MPs' accommodation budget in line with a typical London Zone 3 rental cost		30.30%	20
4	IPSA could fund only hotel accommodation		21.21%	14
5	None. Keep the current accommodation options		46.97%	31
6	Other		12.12%	8

IPSA's publication policy for MPs' business costs and expenses

All claims made by MPs, and arrangements whereby IPSA pays suppliers or landlords directly, must be supported by evidence such as receipts, invoices and contracts. In April 2015, we began publishing redacted images of receipts and other supporting documentation on request, following a judgement by the Court of Appeal. We are considering whether we should proactively publish all receipts and supporting documents in a planned cycle or whether we should maintain our current approach of only publishing these in response to Freedom of Information requests. The arguments in favour of the two approaches are finely balanced. On the one hand, improved redaction technology makes it easier and cheaper to redact personal data from receipts. On the other hand, there is a risk that sensitive data is inadvertently published. For full details see pages 43-45 of our consultation. How should IPSA go about publishing the redacted images of receipts?

			Response Percent	Response Total
1	IPSA should proactively publish redacted images of all receipts		25.76%	17
2	IPSA should proactively publish redacted images of some receipts where there is a particular public interest (specify below)		10.61%	7
3	IPSA should only publish redacted images that are requested by the public		63.64%	42

ANNEX B: SUMMARY OF CHANGES TO THE SCHEME

Below is a summary of the key changes made to the *MPs' Scheme of Business Costs and Expenses* ('the Scheme') for 2017- 18. Most changes come into effect on 1 April 2017, except where otherwise stated. Please refer to the Scheme for full details of all the rules and guidance.

We have revised the Fundamental Principles to further distinguish the principles that MPs must adhere to and bear in mind when submitting claims (Parliamentary, Value for Money, Accountability, Probity) and those for IPSA in our role as an independent regulator to MPs.

We have amended the structure of most chapters to the following format:

- Eligibility – what can and can't be claimed
- Budgets – what is available to be spent
- Procedures – what needs to be done to make claims and manage budgets effectively

With the exception of Travel and Subsistence which has been amended as follows:

- Eligibility
- Costs Limits/procedures

Determination and Review of Claims

- We have amended the rules regarding overpayments made to MPs to include budget overspends.
- We have also included the option for MPs to request that deductions for repayments be made from their salaries in the first instance, instead of from future claims.

General Conditions of the Scheme

- We have amended the examples of activities that are not considered as necessary for the performance of MPs' parliamentary functions, to include 'activities whose purpose is to give MPs a campaign advantage during general elections or referendums'.
- We simplified the definition of an MP's constituency, for the purpose of claiming costs under the Scheme, to include any location that is within 20 miles of the constituency boundary.
- We have amended the definition of MPs' dependants to include dependent children only up to the age of 18.

Accommodation Costs

- The rental accommodation budget for London has increased to £22,760 which is based on the average for a 1-bed property in Westminster and Lambeth (based on VOA data).
- For rental accommodation outside of London, the budget is £15,850. All five bands have been merged into one outside-London band.
- The nominal amount included in the accommodation budgets for associated costs has increased for all MPs to £3,000.
- We have increased the uplift for MPs who need to provide accommodation for a dependant to £5,435 to reflect the average difference between a 1-bed and 2-bed flat in Westminster and Lambeth. MPs may claim up to three uplifts.
- We have simplified the dependent uplift rules removing the requirement that dependants must reside 'routinely' with the MP.
- We have amended the rules so that MPs can group together hotel costs over a stay and claim the full amount provided that the average cost per night does not exceed the nightly limit (£150 in London and £120 elsewhere in the UK).
- We have clarified the rules around claiming for breakfast following an overnight stay.

London Area Living Payment (LALP)

- The LALP budget has increased to £3,820 and the additional LALP available to outer London MPs to £1,350 this reflects an increase of 1.6% based on December 2016 CPI inflation.
- We have changed the rules so that LALP is only claimable by London Area MPs.

Office Costs (formerly Office Costs Expenditure)

- The office costs budget has increased to £27,550 for London area MPs and to £24,850 for non-London area MPs and reflects an increase of 1.6% based on December 2016 CPI inflation plus a one-off £1,000 for costs related to the introduction of IPSA's new IT system and future broadband costs.
- We have simplified the rules to clarify that MPs are entitled to claim office costs despite not having an office.
- We have changed the rules to allow MPs to claim for hospitality, such as light refreshments at their constituency offices.

- There is no longer a separate Start-up budget. It is now integrated into the Office costs budget and will be a £6,000 supplement for new MPs during their first financial year in parliament.

Staffing Costs

- The staffing costs budget for London area MPs has been increased to £161,550 and for non-London area MPs to £150,900. This is to enable all staff to be moved to at least the minimum for their new salary range. MPs can use their discretion to make other pay increases, such as an additional 1% uplift. The budget for Non-London Area MPs has been calculated using the assumption that they employ at least one member of staff in London.
- We have amended the rules on reward and recognition payments restricting them to no more than 2% of the staffing costs budget per year. These payments will also be subject to a maximum of £1,000 per staff member.
- We have clarified that the cost of staff members on parental leave and long-term sick leave will be paid through a central Staff Absence fund.
- We have amended the rules in relation to redundancy incurred at any time other than when an MP ceases to hold office. The cost must be funded from the staffing costs budget.
- We have placed a cap on the amount of untaken leave that can be rolled forward to the next year to 5 working days.
- There will be no IPSA funding for new connected parties following the next General Election. Employees who become connected parties after they are employed will have their salaries paid by IPSA for a period of no more than 2 years.

Winding-up and Loss of Office Payments

- We have clarified the rules that the Winding-up budget is to be used to complete outstanding parliamentary functions.
- We have removed the 6-month cut off before an election for capital purchases. However, the rules now state that IPSA will not pay for claims for new office equipment or furniture from the winding-up budget. If MPs have an exceptional need for either during the winding-up period they must apply for contingency funding.
- We have added that MPs can elect to receive an amount equivalent to their salary for the remainder of the month of the election at the start of the Winding Up period, which will be deducted from their Loss of Office Payment.
- MPs can also request that any outstanding debts are deducted from their Loss of Office Payment.

Travel and Subsistence

- We have amended the rules for European travel by MPs. This now relates to journeys made to Europe rather than specific institutions but cannot include other international travel. We have also removed the cap for the amount of journeys that can be made.
- We have clarified the rules for travel between Westminster and constituencies.
- We have removed the cap on the number of journeys made by dependents and MPs' staff members.
- MPs' spouses and partners can now claim for journeys made on their own between London and the constituency.
- We have amended the rules so MPs' staff can claim the same travel costs as MPs within the UK.
- We have amended the rule for late working to allow claims for taxis or hotels where MPs are working on parliamentary matters beyond 10pm. We have also removed the £80 limit for late night taxi claims.
- We have clarified the rules around subsistence claims. MPs and their staff may claim up to £25 for each night stayed in a hotel, but the claims can be for purchases made during the day.

Miscellaneous

- We have removed the cap on journeys made during the dissolution period following responses from the consultation.
- We have added a rule stating that MPs should, where possible, submit contingency applications prior to incurring costs which cause budget overspends.
- We have clarified the rule that Westminster-based staff can claim from journeys made from London to their constituencies during Dissolution.

Other matters

- We have added a new Annex which shows MP staff pay ranges.
- We have made some minor adjustments to the guidance throughout the scheme to ensure clarity and that all information remains up-to date.

ANNEX C: SUMMARY OF MPS' ANNUAL BUDGETS FOR 2017-18

Budget heading	Area	Annual budget
Accommodation costs (for MPs claiming for rental payments)	Renting in the London Area	£22,760
	Renting outside of the London Area	£15,850
Accommodation costs – associated costs only (for MPs who own their own homes)	N/A	£8,850
Office costs	London Area	£27,550
	Non-London Area	£24,850
Staffing costs	London Area	£161,550
	Non-London Area	£150,900
Winding-up costs	London Area	£57,150
	Non-London Area	£53,950
Start-up supplement	N/A	£6,000
London Area Living Payment (LALP)	For eligible MPs on a monthly basis	£3,820
Additional London Area Living Payment	For eligible MPs on a monthly basis	£1,350
Accommodation costs - uplift for MPs with dependants (for MPs claiming for rent). Maximum of 3 uplifts allowed.	Per eligible dependant per year	£5,435

Please refer to the rules under the Scheme for full details about the budget and eligibility criteria.

ANNEX D: MPS' STAFF PAY RANGES FOR 2017-18**LONDON AREA MPs**

JOB ROLE	ANNUAL MINIMUM (£)	ANNUAL MAXIMUM (£)
Administrative 1 (Secretary)	19,013	26,250
Administrative 2 (Senior Secretary)	24,238	33,822
Administrative 3 (Office Manager)	30,324	43,698
Executive 1 (Caseworker)	21,960	31,500
Executive 2 (Senior Caseworker)	27,324	37,184
Research 2 (Parliamentary Assistant)	23,750	34,442
Research 3 (Senior Parliamentary Assistant)	33,000	48,913
Employed Interns	13,553	19,013

NON-LONDON AREA MPs

JOB ROLE	ANNUAL MINIMUM (£)	ANNUAL MAXIMUM (£)
Administrative 1 (Secretary)	16,478	24,472
Administrative 2 (Senior Secretary)	21,951	30,328
Administrative 3 (Office Manager)	27,815	39,915
Executive 1 (Caseworker)	19,641	27,876
Executive 2 (Senior Caseworker)	23,938	35,465
Research 2 (Parliamentary Assistant)	20,420	31,311
Research 3 (Senior Parliamentary Assistant)	30,290	43,105
Employed Interns	13,553	19,013

**Review of the Scheme of MPs' Business Costs and
Expenses and IPSA's publication policy**

Equality Impact Assessment – March 2017

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Background

1. The Independent Parliamentary Standards Authority (IPSA) was established in May 2010 to administer and regulate the system of business costs and expenses provided to MPs. The rules and guidance regarding such expenditure is contained within the *Scheme of MPs' Business Costs and Expenses* ('the Scheme'). Our statutory remit is to support MPs in efficiently, cost effectively and transparently carrying out their parliamentary functions.
2. Between May and October 2016, we conducted a consultation on the Scheme, in preparation for the Ninth Edition for the 2017-18 financial year. The aim was to ensure that the Scheme remains clear and workable and enables us effectively to carry out our dual role of regulating expenditure and supporting MPs. In making changes to the Scheme, we have focused on simplifying rules that have in practice been unnecessary or overly restrictive whilst strengthening rules in other areas and continuing to ensure good value for public money.

Purpose of this document

3. The Equality Act 2010 ('the Act') requires public authorities to comply with the public sector equality duty when they make policies and decisions about how to provide their services. As a public sector organisation IPSA should, in the exercise of our functions, seek to advance equality of opportunity and foster or encourage good relations between people who share a protected characteristic and those who don't.
4. The protected characteristics described are **age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation**.
5. In ensuring that MPs are supported to carry out their parliamentary functions, and although not required by the Act, we also consider it helpful to review whether MPs with families are able to exercise their parliamentary functions to the same extent as those without.
6. In equality terms, we would expect an improved Scheme to ensure that the funding we provide gives all MPs and staff an equal opportunity to perform their parliamentary role and that they do not suffer detriment related to protected characteristics as a result of our rules.

Parameters

7. A large number of changes have been made to the Scheme rules, which impact MPs, MPs' families and MPs' staff. Full details of these changes can be found in the consultation report and, as such, are not repeated here. The EIA identifies the specific changes which may impact on the protected characteristics and focuses on the direct impact of the changes on those individuals.
8. The Scheme consultation asked for views on the likely impact of proposed rules changes on equality and diversity. Details of the responses received can be found in the consultation report. The evidence received informed this assessment.

9. It should be noted that, as MPs are office holders without an employer, and the legal employers of their own staff, IPSA has no remit with regard to the working practices of staff members, although we have provided support through guidance. This is a matter for MPs themselves. Further, IPSA is not responsible for the working practices of Parliament (such as sitting hours), which are a matter for Parliament itself.

Summary of potential impact

10. We assess that there is **no evidence of adverse impact** on the protected characteristics directly arising from the changes proposed to the new edition of the Scheme.
11. Indeed, we consider **overall there is likely to be a positive impact**, specifically in relation to **marriage or civil partnership, pregnancy and maternity and sex**. We also consider there will be improvements in ensuring MPs with families have equality of opportunity in exercising their parliamentary functions. The assessed impact on each protected characteristic can be found in Table 1 below.

Table 1: Assessed impact of Scheme changes on protected characteristics

Protected characteristic	Anticipated Impact	Reason
Age		No anticipated impact on age
Disability		No anticipated impact on disability
Gender reassignment		No anticipated impact on gender reassignment
Marriage or civil partnership		Increased support for MPs with families is likely to have a positive impact in relation to marriage or civil partnerships
Pregnancy and maternity		Increased support for MPs with families and changes to the way maternity leave for MPs' staff is processed and published is likely to have a small positive impact in relation to pregnancy and maternity
Race		Improved guidance on recruitment for MPs' staff and changes to the provision of security assistance is likely to have a small positive impact in relation to race
Religion or belief		No anticipated impact on religion or belief
Sex		Increased support for MPs with families, changes to travel expenditure, maternity leave and the provision of security assistance is likely to have a positive impact in relation to sex
Sexual orientation		No anticipated impact on sexual orientation

Key

Positive impact Small positive impact No anticipated impact Small negative impact Negative impact



Impact of Scheme changes on protected characteristics

12. Over 50 individual changes have been made to the Scheme as part of this review. As noted previously, details of all the individual changes can be found in the consultation report. We have identified the specific changes which we consider may have an impact on the protected characteristics and consider them in turn below.

Connected parties

13. The current Scheme permits the employment of one 'connected party' per MP through IPSA funding. These may be family members or business partners. Some MPs argue that this helps them to balance their family lives with their roles as an MP. However, it is a practice which is not permitted in many other legislatures, including the Scottish Parliament, and can reduce public assurance in the probity of MPs' expenditure.
14. We have decided not to fund the employment of new connected parties from the next Parliament. This will not affect any connected parties who are currently employed, but will prevent MPs from employing any new connected parties.
15. We recognise that **there is an equality benefit in encouraging MPs to employ staff through open competition, promoting equality of opportunity** and fostering good relations between persons who share a relevant protected characteristic and persons who do not share it. Ensuring the widespread adoption of such recruitment practices would be to the benefit of all individuals with protected characteristics.
16. Nonetheless, we acknowledge that it is possible existing connected parties will indirectly suffer negative reputational damage as a result of our changes. While we cannot control external pressures, we have sought to ensure that our Scheme does not in any way directly impact any of these individuals, whose full rights and employment conditions will continue to be honoured.
17. We have also considered what should happen if an existing staff member becomes a connected party through marriage or civil partnership. In circumstances where an existing staff member becomes a spouse, civil partner, cohabiting partner or business partner of the MP, we have decided to allow the MP and staff member a reasonable period during which to make alternative employment arrangements, in line with employment practice in the public and private sectors. In circumstances where an existing staff member becomes a connected party by virtue of another member of his or her family entering into a relationship with an MP, that staff member's employment will not be affected.

Support for dependants and spouses

18. Under the previous version of the Scheme, MPs who were eligible to claim for accommodation could receive an accommodation budget uplift of £2,425 for each eligible dependant who is 'routinely resident' with the MP. In terms of travel provision, each dependant could make up to 30 single journeys per year between the constituency and London. MPs' spouses and partners could only travel when directly related to shared caring responsibilities.

19. The new Scheme makes changes to the support provided in this area. The dependant uplift for accommodation has been increased to £5,435 (limited to three uplifts per MP), the cap on dependant travel has been removed and MPs' spouses and partners can now claim for journeys made on their own between the constituency and MPs' London residences.
20. It has previously been suggested that the difficulties many women face in balancing being an MP with having a full family life have discouraged women from standing for election. The changes to family support in the new Scheme are intended to reduce that burden. We consider that these changes are **likely to have a positive impact in relation to sex**.
21. Given that there may be an expectation that spouses or partners will need to arrange their personal lives around the parliamentary functions of the MP, our decision to permit spouse or partner travel (by removing the requirement that the travel must be in relation to caring for a dependant) may therefore have a **positive impact on marriage or civil partnerships**.
22. These changes recognise that the role of an MP often requires them to be in a separate location from their families; and the fact that MPs' circumstances vary widely, as a spouse or partner may have their own professional responsibilities which mean they are not always able to travel with dependants. As such, this will also have a **positive impact in improving equality of opportunity for MPs with families**.

Provision of Accommodation Expenditure

23. We considered the impact that any change to the accommodation costs budget would have on MPs with a disability, who may find it harder to find suitable accommodation closer to Parliament. Our decision to continue to fund year-round accommodation for MPs and to increase the rental accommodation budget will mitigate against this and **ensures there is no adverse impact in relation to disability**. The budget for 2017-18 reflects the actual annual costs of renting a property close to Westminster.

Simplifying rules on home offices

24. We believe that simplifying and clarifying rules on home offices, thereby making it easier for staff members to be reimbursed for costs incurred at home in the exercise of their work, could have a **small positive impact** for those individuals who regularly work at home as the result of a disability or illness.

Maternity funding

25. We considered the impact of publishing each MPs' staffing costs on those who are pregnant or on maternity leave. It is not consistent with the principle of the Equality Act for an MP to suffer detriment by complying with their legal responsibilities to employees who are new parents. IPSA has previously sought to prevent this through the publication of an explanatory note alongside the data about MPs' expenditure. However, we have evidence that this is not sufficiently clear.

26. Therefore, from 2017-18, the costs of a staff member on maternity, paternity or adoption leave will be published on a separate line from the rest of the staffing budget. This is to ensure it is very clear that the MP has not 'overspent' their budget but has legitimately provided their staff member with paid parental leave. This **will improve equality outcomes in relation to pregnancy and maternity**.

Guidance to MPs on recruitment

27. We considered whether IPSA has a role to play in employment practices for MPs' staff, perhaps to require MPs to advertise vacancies openly, which could increase equality of opportunity to female candidates, as well as those from black or minority ethnic backgrounds and individuals with other protected characteristics.
28. We encourage all MPs to follow best practice when employing staff, but came to the conclusion that imposing specific restrictions on an MP's authority to employ staff was both outside our legal remit and unenforceable in practice. However, we have decided to signpost to guidance on good practice in recruitment which we hope will increase equality outcomes.

Changes to the provision of Security Assistance

29. In recent months, in response to threats made against MPs, we have made improvements to our provision of Security Assistance. MPs can now claim for unpublished travel by taxi if they feel this is necessary for their security and safety.
30. In part this recognises that certain MPs may require additional security provision due to their experience of life as an MP from a particular racial group and hope that this will have a small **positive impact in relation to race**.
31. Similarly, another area of concern was the safety of female MPs, particularly when traveling late at night or to rural areas, and the security of female staff when alone in the constituency office. We have extensive security provisions in place, as recommended by security experts, which we believe appropriately protect MPs and their staff from harassment or threats on the grounds of their sex or gender. We have recently taken steps to further publicise these provisions.

Late night taxis and staff travel

32. The decision to simplify travel restrictions to allow staff members to accompany the MP on extended journeys in the UK (where made on parliamentary business), and to remove the cap on journeys that can be made by staff members, could be positive in supporting a more secure working environment for female MPs.
33. Likewise the change to taxi claims, noted above, and a relaxation of the rule on claiming for late-night taxis and hotels so that these are eligible when an MP is working on parliamentary matters beyond 10 pm is likely to have a **positive impact for female MPs and their staff**.

Changes to IPSA's Publication Policy

34. IPSA publishes a large amount of information on a regular basis relating to MPs and their expenditure. As part of this Scheme review, we also consulted on our Publication Policy and have made a small number of changes to increase transparency.
35. We acknowledge that there is a small possibility that IPSA's publication activity could have a negative impact if there is a failure to redact information that makes public previously unknown details related to an MP's sexual orientation. This would be a serious breach by IPSA, as would also be the case if personal data is incorrectly released for any MP. We work continuously to ensure that we comply with data protection legislation across all of our systems and mitigate against the risk of an unauthorised breach of sensitive personal data through a rigorous process of pre-publication scrutiny. We believe that the publication process is robust enough to protect the safety, security and privacy of MPs. With this in place we are confident that the new Publication Policy will have **no adverse impact in relation to sexual orientation**.

Conclusion

36. We conclude that, overall, there is **no direct adverse impact** of the changes on the protected characteristics. In many areas, **there is likely to be a positive impact**, specifically in relation to female MPs and in ensuring MPs with families have equality of opportunity in exercising their parliamentary functions. Further, recent changes to the provision of security assistance are likely to have a positive impact on the lives of female MPs and their staff.
37. We have sought to ensure that no group of MPs, staff members or family members is negatively impacted as a direct result of our Scheme. We will continue to monitor the impact of the Scheme on our stakeholders and welcome feedback on how the changes proposed work in practice.
38. In conclusion, IPSA is confident that the changes proposed by the Board for the Ninth Edition of the Scheme conform to best practice requirements and are compliant with the terms of the Equality Act 2010.

