

Audit, Risk & Assurance: 2019 General Election

May 2021

IPSA

Summary

This report sets out the findings of IPSA's review of MPs' staffing and business costs relating to the 2019 General Election. IPSA is one of many organisations who have a role in UK General Elections, supporting MPs who are newly elected and those who depart after the election, in addition to ensuring IPSA-funded resources are not used for campaigning purposes.

The report is focussed on activity and expenditure during the dissolution period¹ and the winding-up period². The General Election was held on 12 December 2019. At the Election, 74 MPs stood down and 79 lost their seats. At the time, there were two constituencies without an MP and one MP was elected to a new seat. Following the Election, 495 MPs were re-elected, 153 MPs left Parliament and there were 155 new MPs.

The period following an election can also be extremely challenging for those MPs who lose their seat, as well as their employees. Overnight, MPs have lost their jobs and are suddenly confronted with having to wind-up their offices and make their staff members redundant. Rules set by the House of Commons mean MPs are given a short deadline before they lose access to Parliament and their parliamentary email. This additional pressure for departing MPs, who may not have anticipated the significant workload of winding-up their office, is undertaken at the same time as supporting their staff and dealing with the loss of their own job. The timing of the 2019 Election coincided with the end of a turbulent year in Parliament and was held shortly before the Christmas period. The end of the winding-up period coincided with the onset of the COVID-19 pandemic, presenting issues for some MPs, such as delays in obtaining copies of invoices or information from furloughed companies.

IPSA can be confident of broad compliance with the Scheme of MPs Business Costs & Expenses³ (the Scheme) in relation to the Election, with no systematic breaches of the Scheme identified. The review did not identify any major concerns in terms of MPs' claiming activity around the dissolution or winding-up period. However, some areas were identified where IPSA could improve its approach to elections and these recommendations will be considered under IPSA's continuous improvement process.

General Election Costs

The 2019 Election costs administered by IPSA totalled an estimated £11.12 million, equating to only 39.4% of the amount budgeted (£28.2m – based on an assumed turnover of 200 MPs). The aggregate expenditure is summarised in **Table 1**:

¹ Dissolution is the time between the end of a Parliament in advance of a General Election and polling day. During this time, there are no MPs and every seat in the House of Commons becomes vacant.

² The winding-up period is the time given by IPSA to MPs who depart after an election in which to conclude their parliamentary affairs.

³ The Scheme can be found [here](#).

Table 1: Aggregate expenditure resulting from the 2019 General Election

Expenditure	Stood Down MPs	Defeated MPs	New MPs	TOTAL
Total Winding-up Budget Spend	£1,942,400	£2,877,000	-	£4,819,400
Winding-up Staff Redundancy	£1,823,200	£1,045,500	-	£2,903,400
Winding-up Accommodation Costs	£80,800	£200,600	-	£281,400
Loss of Office Payments	-	£827,600	-	£827,600
Winding-up payment	£621,600	£663,600	-	£1,285,200
Start-up Supplement	-	-	£936,000	£936,000
Contingency payments	£31,700	£43,500	-	£75,200
TOTAL	£4,539,800	£5,672,800	£936,000	£11,128,300

Key Facts

£11.12 million

Estimated additional expenditure as a result of the General Election

24%

Turnover of MPs as a result of the General Election



Estimated

78.6%

Of Pay-in-Lieu-of-Notice payments



£2.9 million

Cost of redundancy payments made to 460 staff members



£936,000

Total start-up costs made available to 155 newly elected MPs



£5.1 million

Total winding-up costs (including accommodation), for 154 MPs



46.9%

Of MPs standing for re-election who repaid IPSA for the allowable use of IPSA-funded resources



£114,300

Repaid to IPSA by 278 MPs and departing MPs for allowable use of IPSA-funded resources during the dissolution period



82.4%

Reduction in payments made by IPSA for rental costs incurred beyond the winding-up period compared with 2017.



£9,660

Amount repaid to IPSA by departing MPs wishing to retain their IPSA-funded IT kit

Scheme Rules

Dissolution

During the dissolution period, MPs can continue to claim for costs supporting their ongoing parliamentary work but should only make capital equipment purchases where there is exceptional need. They are permitted to claim for ongoing parliamentary-related travel, including for spouses and dependants. Staff may also claim for travel as usual, including travel from Westminster to work in the constituency during dissolution (including overnight stays).

MPs' staff members continue to be paid their salaries as normal during an election period. However, staff members on the IPSA payroll cannot undertake any campaigning activities during working hours. If staff wish to participate in campaigning, they can take paid leave, take unpaid leave, use accrued time off in lieu or campaign outside normal working hours.

MPs cannot use publicly funded resources for campaigning except when an equipment hire fee is paid to IPSA. MPs who use their offices for campaigning purposes are required to repay a proportion of their rent and any associated utilities to IPSA. If MPs were claiming or had previously claimed for costs relating to a website from IPSA, they could not use it for campaigning purposes.

Winding Up

The winding-up period for departing MPs is two months, and MPs can claim for costs incurred during this time which support the conclusion of parliamentary work. The Scheme allows IPSA to extend the winding-up period in exceptional circumstances. The winding-up budget is designed to meet the costs of completing departing MPs' outstanding parliamentary functions, including staffing costs, travel costs and the cost of closing constituency offices. Staff redundancy payments, accommodation rental payments along with associated expenditure, security and disability assistance costs are met centrally and are uncapped.

IPSA introduced a winding-up payment to the Scheme in 2019-20, to provide financial support to departing MPs during this period. MPs are eligible to receive a winding-up payment if they either lose their seat or stand down at an election occurring before the end of a fixed parliamentary term. The amount is calculated based on MPs' basic salary during the parliamentary term.

To provide further financial support to those leaving parliament, departing MPs are eligible to receive a Loss-of-Office Payment (LOOP) if they have held office for a continuous period of two years and lose their seat at a general election (provided they were a candidate for re-election in the same seat).

Findings

Dissolution Findings

During dissolution, IPSA reviewed a higher share of MPs' business cost claims⁴ based on expense types identified as 'high risk', in order to minimise the risk of funding non-compliant claims.

- IPSA returned 571 claims specifically seeking reasons for the expenditure during the dissolution period. Of these, 68% related to travel claims. Some issues were identified relating to bought-in services (staffing services provided by third parties). In a few cases, concerns were identified relating to the type of work MPs had been invoiced for around the dissolution period given the limitations on the types of activity MPs can undertake, such as drafting press releases and speeches.
- Most of the claims queried were subsequently approved and processed by IPSA once the MP or staff member had provided further information. In most cases the reason given for the claim was the completion of ongoing casework within the constituency.

Approximately⁵ £114,300 was repaid to IPSA by 278 MPs for use of IPSA-funded resources for campaigning during the dissolution period, an increase of approximately 37.9% from the 2017 General Election.

- Around 47% of MPs campaigning for re-election repaid IPSA for the use of offices or equipment, with an average repayment of £410. Individual repayments ranged between £1 and £2,757. In total, 27.4% (158) of MPs standing for re-election repaid IPSA for the use of their constituency office and 35.4% (204) for the use of IPSA-funded equipment.
- IPSA set a deadline of the day before polling day for repayments to be made. However, £49,000 (42.9% of funds repaid) was received after this deadline. MPs may find it difficult to quantify their usage of IPSA-funded resources until after the election period and imposing deadlines could deter some MPs from repaying IPSA if deadlines are missed.
- MPs had to pay a £135 IT hire fee to IPSA to use publicly funded equipment during dissolution and £147 to the House of Commons to use equipment they had provided. Data indicated there was some confusion between these fees, with a small number of MPs repaying the incorrect amount to both parties.
- 158 MPs repaid IPSA for the use of their constituency office. Although not requested by IPSA, between 15-25% of these payments were accompanied by detailed information regarding the proportion being repaid and the exact period the repayments related to⁶.

⁴ Information on how IPSA validates claims is detailed on the IPSA website: <https://www.theipsa.org.uk/about-us/how-we-regulate/>

⁵ An approximate figure has been reached, as IPSA rely on MPs to provide accurate information regarding the nature of their repayments. If some MPs have not explicitly labelled any repayments to IPSA as related to general election expenditure, these could be missed in reporting data.

⁶ The sample was calculated with a 95% confidence level and a 5% margin of error. We reviewed the corresponding repayment forms accompanying rent repayments (if they were sent to IPSA) for a clear and specific indication of the exact period of usage and the proportion of the office being used.

IPSA conducted a real-time review of MPs' websites during the dissolution period to check whether MPs were using publicly funded websites for campaigning purposes. Of the 268 MPs who had websites reviewed, 32 were contacted about removing non-compliant material featured on their site. Apart from the general conditions of the Scheme which state that IPSA funds cannot be used for party-political or campaigning activity, IPSA does not have set criteria or specific rules setting out what MPs can include on publicly funded websites. This created ambiguity in some cases about whether certain content was acceptable.

In total, 46 staff members took unpaid leave beginning on or after 5 November 2019 (the day before dissolution) and ending on or before 13 December 2019 (the day after polling day). This accounted for 668 days and 4301.6 working hours.

There are areas where IPSA is limited in its ability to conduct checks on whether IPSA-funded resources have been used for campaigning. MPs are not required to complete a declaration regarding their use of IPSA-funded resources following elections, and so IPSA relies on offices to be forthcoming about their use of equipment, office space and paid staff for campaigning.

Winding-up findings

IPSA funded an additional estimated cost of £499,000 in staff salaries, pensions and National Insurance contributions after extending the end of the winding-up period from 12 February 2020 to 29 February 2020. This was due to the timing of the election shortly before Christmas.

Winding-up payments made to former MPs cost a total of £1,285,200. The winding-up payment was £8,400 after the 2019 Election.

The total LOOP entitlement for former MPs was £830,776. Defeated MPs in 2019 received 34.1% more in LOOP entitlements, on average, than in 2017. MPs received an average of £11,400 in LOOP entitlements following the 2019 Election and £52,450 was deducted from the final LOOP payments to 42 departing MPs to account for money owed to IPSA.

Departing MPs claimed an average of 57.6% from the winding-up budget, lower than in the 2017 and 2015 Elections (58.3% and 58.7% respectively).

- The winding-up budget was £57,150 for departing London Area MPs and £53,950 for departing non-London area MPs.
- Following the Election, the total available winding-up budget for 154 MPs was £8,597,700, and MPs claimed around £4,820,000 of this. The percentage of the winding-up budget claimed by individual MPs ranged between 0% - 103%.
- The winding-up budget spend by defeated MPs was 19.2% higher than MPs who stood down at the Election and London and non-London area MPs respectively claimed 43.7% and 60% of the budget on average. London area MPs unsurprisingly spend little on travel costs and were also fewer in number.

- Most of the winding-up budget was allocated to staffing costs, inclusive of staff salaries, employers National Insurance and pension contributions, pay-in-lieu of notice (PILON), overtime, time-off-in-lieu (TOIL) and untaken leave payments.
- Departing MPs spent nearly £66,000 on travel costs during the winding-up period, 76.4% of which was for travel between London and their constituencies.

In total, 83 departing MPs spent £281,400 on accommodation during the winding-up period, 92% of which was for rental costs. Defeated MPs incurred 71.3% of the total accommodation costs. Non-London area MPs who claimed for accommodation costs in London or their constituencies during their time in Parliament can continue to do so during the two-month winding-up period. These costs are paid from the central contingency fund.

Contingency applications were made by or on behalf of 40 MPs following their departure from Parliament. The total amount applied for was £138,700, 59.4% (£82,400) of which was approved by the panel⁷. Overall, 61.5% of the awarded costs were for defeated MPs.

19 MPs claimed £5,200 in accommodation end-of-tenancy cleaning costs. A number of applications were made to the contingency panel for end-of-tenancy cleaning costs in relation to IPSA-funded accommodation, which were not allowable under the Scheme and rejected. However, following a review by the Compliance Officer, IPSA announced a change in policy to apply to all other MPs or departing MPs in the same circumstances to ensure fairness and consistency.

IPSA funded rental costs beyond the winding-up period for 14 MPs, costing £35,600. This was an 82.4% reduction when compared with the 2017 Election. Departing MPs can only claim for rent and associated costs for a period of two months after the election, unless they can demonstrate the costs were unavoidable – they are advised to negotiate a two-month break clause in their leases to accommodate for this. Initially, the contingency panel rejected all applications. However, following a review by the Compliance Officer for IPSA, the panel reconsidered the applications and approved the costs.

In total, 743 staff members departed because of the General Election, 93% (693) of whom were made redundant.

- A total of 467 staff members would have qualified for redundancy pay, with an average length of service of 4.7 years. Of the 467 roles, 461 received redundancy pay (the remainder ended in resignation or an end of contract).
- Staff redundancy payments totalled £2,903,400, an increase of 111% from 2017 Election due to the higher number of MPs, and therefore staff, departing Parliament. The average redundancy payment was £6,300, 16.7% higher than in 2017 (£5,400) but 14.3% lower than in 2015 (£7,200). Individual payments ranged between £175 and £31,500, a similar variance to that observed in 2017.

⁷ Figures accurate as of December 2020

- The enhanced redundancy provisions afforded to staff on IPSA contracts⁸ (i.e. double statutory redundancy) benefitted 91% of all departing staff who were entitled to a redundancy payment. Some staff members on existing House of Commons issued contracts contested their redundancy entitlements following the Election, arguing they should receive entitlements in line with that of their colleagues.

Twenty-nine departing staff members began employment with a new MP whilst remaining on the payroll of a departing MP.

- None of the cases raised concerns of a breach of the European Working Time Directive⁹, and, in about 50% of cases, it was clear that the hours contracted across both employments would have been workable for a staff member.
- In 14 cases, staff members had been contracted for a high number of overlapping weekly hours, with individuals contracted to work as many as 16 hours a day.

Following the Election, 363 departing staff members received a total of £892,500 in pay-in-lieu-of-notice (PILON) payments. The average payment was around £2,500, which was similar to the average payments awarded after the 2015 and 2017 Elections. Payments ranged from £6.50 to £13,400. PILON was awarded to 45% of all staff who were employed by standing down MPs and 51% of all staff employed by defeated MPs.

- As in the 2017 Election report, PILON costs were reviewed to assess costs associated with late issuance of notice to staff members. Approximately 78.6% of Pay-in-Lieu-of-Notice (PILON) payments may have been avoidable due to the late issuance of notice to staff members, meaning that IPSA can infer some MPs delayed issuing notice to their staff members.
- Although this raises concerns about value for money, IPSA has previously decided not to intervene in the issuance of notice to staff members, given the legal status of MPs as employers. Setting restrictions and rules around the issuance of notice would both remove autonomy from MPs as employers, and risk overlooking the individual resource requirements for the winding-up of MPs offices.

Departing MPs staff were paid £503,800 in untaken leave payments, amounting to approximately 623 days of untaken leave and 32,000 hours (averaging as roughly 9 days per staff member).

- The average payment made to staff members was £900, and payments ranged between £17 and £4,453. Approximately 295 departing staff members were paid for over 5 days of untaken leave. IPSA does not require MPs offices to submit records of staff leave dates, meaning it is not possible to corroborate these payments.

⁸ Staff employed before 8 May 2010 who choose to remain on their House of Commons-issued contracts receive their statutory redundancy entitlement. If staff members, previously employed on a House of Commons contract, are moved onto an IPSA contract, they are not entitled to the enhanced redundancy provisions for a period of six months.

⁹ The European Working Time Directive states that no employee can work more than 48 hours on average when averaged over 17 weeks. Staff can also opt out of this and make appropriate arrangements with their employer. IPSA does not retain information on this.

Analysis indicated that several staff members were paid for more annual leave than they could have accrued based on their length of service and contractual limits.

Four staff members lost their entitlements to occupational maternity pay as a result of their employer leaving Parliament. The gross loss to the four individuals who did not receive their full entitlement to occupational maternity pay because of the General Election was £28,600, with an average loss per person of £7,100. Staff members on or due to start family leave when their employing MP leaves Parliament continue to receive any entitlement to occupational family pay until their last day of service. In their final salary payment, they will receive a statutory payment to cover their remaining family leave period.

18 MPs repaid IPSA £9,700 to retain their IPSA-funded IT kit, with repayments from individual MPs ranging between £110 and £1,940. Departing MPs donated 19 pieces of equipment to charity, and 39 items were donated to other MPs.

- IPSA asked departing MPs to confirm in their winding-up declaration how they had disposed of IPSA-funded capital equipment.
- The Scheme states that MPs who leave Parliament should either transfer their IPSA-funded furniture and equipment to another MP or donate it to a charity of their choice. MPs were also given the opportunity to sell or retain equipment for personal use, with the proviso they refunded IPSA for the depreciated value of the kit.
- In total, 18 MPs repaid IPSA £9,700 to retain their IPSA-funded IT kit, with repayments from individual MPs ranging between £110 and £1,940. Departing MPs donated 19 pieces of equipment to charity, and 39 items were donated to other MPs.
- Approximately £12,200 of kit was left to the IT team at the House of Commons to recycle or dispose of; four of the items had been purchased in 2019 and were worth £4,500. Some MPs left equipment in their offices or did not have any oversight of where it went.

As a part of this review and following a recommendation made in the 2017 Election assurance report, an assessment was made of inefficiencies and delays to the winding-up process. Improvements to this process will be taken forward under IPSA's current change and improvement programme.

Recommendations

The recommendations below are being considered as part of IPSA's continuous improvement process.

1	IPSA should issue clearer guidance around the level of evidence required from MPs for professional services claims during future dissolution periods.
2	IPSA should work closely with the House of Commons to align its oversight of and approach to handling IT kit during dissolution.
3	IPSA should produce guidance for MPs on how to calculate repayments of office rent.
4	IPSA should consider making a declaration form mandatory for all MPs as a routine dissolution measure, requiring MPs to formally declare the use/ non-use of IPSA-funded resources.
5	IPSA should conduct an assurance review into website use, with the aim of identifying risks that might also arise outside of election periods and of improving the guidance on claiming for publicly funded websites.
6	IPSA should recommend to MPs that they keep accessible and accurate records of TOIL and other leave.
7	IPSA should reconsider the way that the rules around winding-up payments are set out in the Scheme.
8	IPSA should remind MPs of the redundancy provisions associated with staff contracts well in advance of the next election.
9	IPSA should develop a process to pro-actively identify staff with overlapping periods of employment, to ensure staff members are being paid correctly.
10	IPSA should reconsider how to mitigate unnecessary PILON costs to the taxpayer.
11	IPSA should consider whether to fund occupational family pay entitlements for staff members who would otherwise have been entitled to it if their employing MP had remained in Parliament.
12	IPSA should make the winding-up process more efficient and convenient for MPs, including streamlining the process for MPs to use IPSA Online after losing access to parliamentary emails.
13	IPSA should work with the House of Commons to consider how to align the management of IT equipment to better provide value for money.
14	IPSA should conduct Post-payment Validation checks earlier in the winding-up process to facilitate efficiency and consider how to exercise proportionality when pursuing funds.