


Review of the MPs' Scheme of Business Costs  
and Expenses and IPSA's publication policy  
A Consultation – May 2016



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

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## Summary of questions in the consultation paper

### Chapter 2. The Fundamental Principles of the Scheme

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?

### Chapter 3. Simplification of the rules – travel and office costs

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

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?

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?

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?

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

### Chapter 4. Regulating MPs' expenditure on staffing

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?

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?

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

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### **Chapter 5. Employment of connected parties and financial support to MPs' families**

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?

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

### **Chapter 6. The boundary between parliamentary and party political activity**

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?

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

### **Chapter 7. Working from two fixed locations – MPs' accommodation costs**

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.

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?

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?

### **Chapter 8. Other issues relating to the Scheme**

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?

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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?

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?

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?

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?

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?

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?

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?

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?

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?

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

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

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?

## Review of the Scheme and IPSA's publication policy – a consultation

### **Chapter 9. IPSA's publication policy for MPs' business costs and expenses**

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?

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

Question 32. Should we publish information on transactions on MPs' payment cards which are eventually repaid by MPs?

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

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?

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

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

### **Chapter 10. Equality and Diversity**

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?

## Foreword by IPSA's Board

This consultation paper is the first on the MPs' Scheme of Business Costs and Expenses (the Scheme) since the General Election of May 2015. It is also the first comprehensive review of the Scheme since 2011, although we have consulted each year on any rule changes that were necessary and conducted an in-depth review of MPs' staffing costs in 2011-12.

The Scheme has, for the most part, worked well since its introduction in 2010. It has helped to ensure that MPs' spending in relation to their parliamentary activity is effectively regulated, and that they receive appropriate support, both of which are part of IPSA's statutory functions. MPs have complied with the rules – the number of claims which are refused constitute less than 1% of the total of more than 180,000 claims made each year. The majority which are not paid are for administrative reasons, not because they are ineligible.

So why, some may ask, is a comprehensive review of a Scheme which is working well, needed at this time? We believe it is right that, after five years since the last extensive review, we look again at the fundamentals of the Scheme rather than rest on our laurels. One of the questions we ask in this consultation is whether there is scope for simplifying the Scheme, in the light of six years' experience. While the rules have been robust, they are not always easily understood and we continue to spend a good deal of time explaining them. It is also fair to MPs and their staff to help ensure that they are not unduly concerned that they have made claims that will be deemed to be outside the Scheme. All claims, paid and not paid, are published.

Since the summer of 2015 we have been reviewing the evidence we hold on MPs' spending on their parliamentary functions and the operation of the Scheme. We have identified a number of themes, which form the main chapters of this consultation: simplification, staffing expenditure, financial support to MPs' families, the boundary between parliamentary and party political activity and MPs' accommodation costs. We have also conducted an assurance review of spending in the period before the General Election and during the winding up of the affairs of those MPs who stood down or lost their seats at the election. We discuss the lessons learned from that review.

We have taken the opportunity to consult on possible changes to our publication policy. Transparency lies at the heart of what IPSA does. But again we continue to ask ourselves, what is the best way to achieve this transparency? We have the opportunity to revise our approach as we introduce new technology as part of an improvement programme which will be implemented from April 2017. We also now publish receipts when they are requested under the Freedom of information Act. Should we move to publish all receipts, appropriately redacted, on a planned cycle? We are open-minded on these questions and believe that it is right to involve the public, as well as MPs and their staff, in the debate.



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We are timing the launch of this document so that we are able to have five months for consultation. In that time we plan to engage all interested parties, to ensure that all views are taken into account.

### *Note from the Board members other than Sir Ian Kennedy*

IPSA's Chairman, Sir Ian Kennedy, will be leaving IPSA at the end of May 2016, after serving two terms which began in November 2009, following the passage of the Parliamentary Standards Act. Sir Ian has led IPSA with great authority since then and has been the face of the organisation since its inception. His vision, his understanding of what it takes to be an effective regulator and his unstinting support for IPSA and its staff have been crucial to the organisation's success. IPSA is the only truly independent body regulating politicians' business costs and expenses in the world. Its progress has not always been easy, but it is now accepted that its independence, robust application of the rules and commitment to transparency has helped to improve democratic accountability. Interest from parliamentarians and other regulators from many different countries is growing. We have more to do as a regulator, in providing support to MPs and in improving public awareness of how things have changed since 2009. Hence this consultation. But Sir Ian can be proud of what he has achieved in leading IPSA for its first six and a half years. We are very grateful to him and wish him very well in the future.



**Sir Ian Kennedy  
(Chair)**



**Sir Robert  
Owen QC**



**Elizabeth  
Padmore**



**The Rt Hon.  
John Thurso**



**Anne  
Whitaker**

## Chapter 1. Introduction

1. This is the first consultation on the *MPs' Scheme of Business Costs and Expenses* (the Scheme) since the May 2015 General Election.<sup>1</sup> It is the opportunity to establish for the rest of this Parliament how we regulate MPs' spending of public funds and how we support MPs in carrying out their parliamentary activities.
2. There is a high degree of compliance by MPs and their staff with the rules of the Scheme. Fewer than 1% of claims are refused, and these are usually through lack of evidence or as a result of administrative error. Details can be seen in Table 1 of Annex A, which shows a range of historical data. We are confident that the rules and our approach to assurance are working well. So are others – delegations from more than 25 countries have visited IPSA in recent years to understand and learn from our approach to regulating the public money received by elected politicians.
3. However, it is important that we do not stand still – either in the way in which we regulate MPs' spending or the way in which we provide support to them. The Scheme has not been reviewed in depth since 2011-12, when we undertook a review of MPs' expenditure on staffing. Since then, the Scheme has been refined each year and rules brought in to cover spending before and after the General Election, but there have been no fundamental changes.
4. We consider that, at this early stage of a Parliament, it is the right time to conduct an in-depth review of the Scheme, and to ensure that it is fit for purpose for the rest of this Parliament.
5. The review addresses IPSA's strategic aim, which is *to assure the public that MPs' use of taxpayers' money is well regulated and that MPs are resourced appropriately to carry out their parliamentary functions.*
6. We are also taking the opportunity to consult on some changes to our Publication Scheme, partly to reflect the opportunities to improve our publication processes which new technology will bring in 2017, but also to take account of the fact that we now publish redacted images of receipts on request, following the Court of Appeal's judgement on this matter in April 2015.
7. IPSA was created by the Parliamentary Standards Act 2009. The Act gave IPSA the power to make what was called a scheme of "allowances", and which we refer to as business costs and expenses as this more accurately describes what public

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<sup>1</sup> The current edition of the Scheme (which relates to 2016-17) can be viewed on IPSA's website: <http://parliamentarystandards.org.uk/IPSAMPs/Scheme/Pages/default.aspx>.

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funding of MPs' parliamentary activities is for. The Act was amended in 2010, by the Constitutional Reform and Governance Act, to give IPSA the power to determine MPs' pay and pensions and to create the role of the Compliance Officer, who plays an important part in the regulatory aspect of IPSA's work.

8. The Scheme provides a set of rules for what can and cannot be claimed for reimbursement by MPs, and the processes that have to be followed in making those claims. It also sets the budgets for MPs for each financial year. It underpins IPSA's role as a regulator. All claims made by MPs, as well as any arrangements whereby IPSA pays suppliers or landlords directly, must be supported by evidence. This evidence – receipts, invoices, contracts – is assessed by IPSA's validators. This is the first of three levels of assurance to which claims are subjected. In the second layer of assurance, all claims for each MP are analysed in the round every three months, to see if there are any unusual patterns of spending, or common errors. And third, we look at specific categories of spending – such as mileage claims or telephone use – to identify any statistical outliers or other unusual patterns. We are confident that these three layers of assurance satisfactorily safeguard public money.
9. Our approach to assurance is reinforced, when necessary, by the Compliance Officer, who operates independently of IPSA. If we are unable to make progress in addressing a concern, or if a member of the public complains about an aspect of an MP's claims, the Compliance Officer will assess the matter independently and decide whether a formal investigation is needed. Investigations are made public. Table 2 of Annex A shows the number of investigations which have been conducted by Compliance Officers since 2010, along with the funds repaid as a result. The Compliance Officer will also review IPSA's decision on an MP's claim, if requested to do so by the MP.
10. As noted in paragraphs 2 and 3, there is a high degree of compliance by MPs with the rules. Nonetheless we continue to look for ways in which the Scheme can be improved. We have been gathering evidence about all aspects of the Scheme since the summer of 2015, and that has formed the basis of this consultation paper. We have also conducted a more detailed analysis of MPs' spending during the time before and after the General Election to give us sufficient assurance about this specific area of expenditure. A summary of the findings of the assurance report on General Election expenditure is at Annex B of this paper.
11. In analysing the evidence, we have identified a number of key themes around which we have structured this paper. They are as follows:
  - Having a simpler and clearer set of fundamental principles to guide MPs' understanding of the rules of the Scheme.

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- Making the Scheme simpler and easier to understand, without sacrificing our ability to enforce the rules.
  - Regulating MPs' staffing expenditure more comprehensively, as this constitutes almost 80% of total spending on MPs' business costs and expenses.
  - Providing appropriate support to MPs' families.
  - Determining what is parliamentary and what is not, for the purposes of funding.
  - Supporting MPs in working from two fixed locations: Westminster and their constituencies.
12. We have also absorbed the lessons from supporting MPs in the run up to the General Election and, for those leaving Parliament, the winding up period for two months after the election. We identified some gaps in the rules of the Scheme during this time. Some consequential proposals for change are therefore included in Chapter 8.
13. In April 2015, we began publishing redacted images of receipts and other supporting documentation on request, following a judgement by the Court of Appeal. In the light of this, we need to update our Publication Scheme. Chapter 9 considers the question of whether we should publish all receipts and supporting documents in a planned cycle, or whether we should maintain our current approach. It also raises a number of other issues that have emerged since our last consultation on our publication policy in March 2014.
14. We conclude with a short chapter about our plans for an Equality Impact Assessment. This will be developed during the consultation period through liaison with interested parties. There will be a full assessment of any changes that we make to the rules following consultation.
15. As always, this is a public consultation. We are keen to receive views from members of the public as well as from those directly affected by the Scheme, principally MPs and their staff. So that we can consult fully with all interested parties, and because this is a more comprehensive review compared to previous years, we propose to have a much longer consultation period. The consultation runs from 11 May and will remain open until 24 October 2016. We will announce our conclusions early in 2017 for implementation from April 2017.
16. Chapter 11 explains how you can comment on and respond to this consultation.

## Chapter 2. The Fundamental Principles of the Scheme

17. The fundamental principles are an important part of the Scheme. They underpin all the rules, and can act as a guide to MPs in making claims and to IPSA in assessing them. Having fundamental principles can also avoid creating a rule book that is so long and detailed that it becomes incomprehensible or unused.
18. The current principles (at Annex C) are those proposed by the Committee on Standards in Public Life (CSPL) in its 2009 report, *MPs' Expenses and Allowances*<sup>2</sup>, with the addition of two: on avoiding conflict of interest, and on upholding high standards of honesty.
19. The principles have been helpful to us in our validation and assurance work. But we do not think that they have been fully recognised or understood by all MPs and their staff. This is partly because there are too many of them and they could be expressed more clearly. So we want to create fewer, simpler principles to cover the essentials.
20. Our draft fundamental principles, which would take effect from April 2017, are as follows:
  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.*

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<sup>2</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/336903/MP\\_expenses\\_main\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336903/MP_expenses_main_report.pdf).

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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?**

## Chapter 3. Simplification of the rules - travel and office costs

21. We want to have a Scheme that is easy to understand and to operate. This will benefit MPs and their staff who have to comply with the rules, and will help to reduce IPSA's administrative costs as there will be less need to clarify the rules or be drawn into disputes with MPs on whether claims should or should not be reimbursed.
22. Simplification must not therefore create more room for differing interpretations of what is or is not eligible for payment. We would like to remove unnecessary detail, but retain a clear framework of rules supported by the fundamental principles.
23. Many current queries about the Scheme relate to travel by MPs and their staff. We make some proposals below to clarify matters.
24. Many of the rules for MPs' office costs are relatively straightforward and uncontroversial. However, the definition of what is a home office has become complicated over the years, as we have tried to allow for individual circumstances and the fact that more people work remotely. We wish to simplify these rules too.

### Travel costs

25. Claims for travel by MPs and their staff amount to around £4 million a year (see Table 3 in Annex A). The majority of claims are for travel between MPs' constituencies and Westminster and for travel within MPs' constituencies. Travel costs between constituencies and Westminster vary considerably, depending on how far away from Westminster the constituency is. For travel within their constituencies, MPs tend to claim no more than £2,000 a year for mileage, although this also depends on the size of the constituency. The distribution of claims is shown in Charts 1-3 of Annex A.
26. We have considered whether IPSA should give MPs a lump sum of around £2,000 for mileage travel costs within their constituency. This would reduce administrative burdens for MPs and for IPSA, and therefore make it simpler to comply with the rules. However, this approach would lack transparency and increase the risk that some MPs receive financial benefits that they do not need for their parliamentary activities. Therefore, we have ruled out this option.

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### *MPs' staff travel*

27. At present, MPs' staff face a number of restrictions on what they can claim, in comparison with their MPs. For example, within any MP's office, staff can only claim for 96 single journeys between the constituency and London a year. This is a rule that we inherited from the House of Commons in 2010. In most cases it works well, but it does not allow for different working arrangements amongst MPs and their staff. Any financial risk to the taxpayer, if we eliminate this rule, is likely to be low. It will enable MPs' staff to travel between the MP's constituency and Westminster as long as it is on parliamentary business.
28. Staff are also excluded from claiming for "extended UK travel". This term describes any 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 consider that the likelihood of a less restrictive rule being misused is low.
29. Therefore, we propose 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 and should not be put at a financial disadvantage in doing so.

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

### *Foreign travel*

30. IPSA only funds MPs for a maximum of three return trips abroad each year. Overseas travel on select committee business is funded by the House of Commons. We propose to retain the three-journey limit, as foreign travel is expensive.
31. We currently only allow claims for journeys to and from the national parliaments of Council of Europe member states, or institutions and agencies of the European Union. We do not want to allow travel outside Europe, on the grounds of cost. But the other restrictions give rise to queries about what type of visit is permissible. Should an MP be allowed, for example, to claim for a visit to troops based in Germany, whose home base is in the MP's constituency? Can a trip to the Vatican, which is not in the Council of Europe, on eligible parliamentary business, be claimed for?



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32. A simpler approach would be to allow MPs to claim for up to three trips a year within Europe on parliamentary business, as long as the journey cannot be funded from other sources.

**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?**

### *“Diverted” journeys and journeys back to the constituency and Westminster*

33. The concept of the diverted journey was introduced in the Scheme in 2013. Some MPs were not travelling 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. After 2013, we 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. Following legal advice, we also allowed 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.
34. Such “diverted” journeys are not claimed for in significant numbers. But the rule is confusing and complicated to administer. We therefore propose to remove the rules for diverted journeys. MPs will continue to be able to claim for journeys on parliamentary business 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.

**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?**

### *Other simplifications*

35. There are other aspects of the rules on travel that could be simpler. For example, given the principle of the Scheme promoting value for money, there is no need for a specific rule to prevent more than one MP travelling in the same car and each claiming for the cost. Likewise, the rule to allow single sleeper carriages was introduced in 2010 to assuage some Scottish MPs' concerns that they may have to share cabins. This has not happened in practice. In other cases, our current rules over-define concepts such as “a commute” or “a standard fare”, when there is a common understanding of what these words mean.

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36. In these and other cases, IPSA introduced rules, at a time when the memory of the expenses scandal was very 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. Therefore we propose to eliminate what are now unnecessary rules and definitions and would welcome views on where we should do this.

**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?**

### Home offices

37. Paragraphs 6.8-6.11 of the Scheme cover the definition of constituency office and a home office. The definition has expanded over time to allow for individual MPs' working circumstances. These rules overlap with paragraph 9.5 of the travel rules in order to prevent MPs and their staff from claiming commuting costs. This may be the least easy part of the Scheme to understand and operate.
38. There is a strong case for producing much simpler rules for claiming for routine remote working. We could simply say that MPs and their staff may claim for a home office, if that is where they routinely work. 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?**

## Chapter 4. Regulating MPs' expenditure on staffing

### IPSA's role and responsibilities

39. MPs' expenditure on staffing, at around £83 million in 2014-15, 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. MPs, who can employ an average of four full-time-equivalent staff each, have the same legal responsibilities as any small business employer. But, unlike a small business, they are spending public money and must be accountable for its expenditure.
40. IPSA's functions in relation to MPs' staff are to set MPs' budgets for their staffing expenditure and to provide MPs with a payroll service so that salaries are paid. In 2010, we decided to go further than our minimum statutory requirement (which is to have a scheme for "allowances") by making it a condition of receiving public funding for staff costs that MPs should ensure that all employed staff:
- Have a contract that conformed with the model contract provided by IPSA. Staff employed before May 2010 had the option of remaining on their old contracts.
  - Have a job description falling within one of the model descriptions provided by IPSA.
  - Are paid a salary that was within the pay ranges set by IPSA for the particular job description.
41. We set these conditions to ensure a degree of fairness for all MPs' employees and to reduce any risk of excessive or inappropriate spending by MPs on their staffing. We have achieved these objectives. But, in the process, IPSA has necessarily become involved in giving MPs advice on some staffing matters, although this was hitherto a matter for the House of Commons. This has also brought IPSA a significant administrative burden. Our interests are financial, to safeguard the expenditure of public money. But the distinction between financial matters and employee relations is not always easy to make.
42. In 2011-12 we consulted on our role in MPs' staffing matters. We looked at options from providing only a minimal payroll service through to having a centrally-employed workforce that would be made available to MPs. We concluded that the existing arrangements, while problematic at times, remained the optimal approach.

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43. But the period after the 2015 General Election brought the difficulties into sharper focus as departing, returning and new MPs sought advice from IPSA on a range of employee matters that had financial implications, including the redundancy of staff, and the recruitment to and restructuring of MPs' offices.
44. In response, we have formed a working group, with representatives from IPSA, the House of Commons and MPs' staff, as well as others with an interest, to consider whether any changes are needed to our respective roles and responsibilities. MPs are not on the group, but they will be consulted separately. The group will report by September so that its findings can inform the results of this consultation.

**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?**

### Redundancy payments, pay in lieu of notice and untaken leave

45. The 2015 General Election was IPSA's first. We successfully set up the budgets and provided support for 182 new MPs while simultaneously winding down the financial affairs of 182 MPs who left Parliament. On 12 April 2016 we published a report on the administrative lessons we learned during the General Election, and the results of a survey of MPs on IPSA's work during this period.
46. We also saw that there were significant staffing costs related to the General Election, as can be seen in our report at Annex B. The redundancy payments for the staff of MPs leaving office were £4.4 million; the cost to the taxpayer of pay in lieu of notice (PILON) paid to MPs' staff was almost £650,000; and payments for untaken leave amounted to just over £743,000. All of this expenditure was compliant with the rules, but three significant concerns emerged:
  - Of the redundancy cost, £975,000 was paid to 125 staff who were re-employed by other MPs within 10 weeks, sometimes in the same constituency in the same role. They were not obliged to return any redundancy payments. This is because each MP is a separate employer, so there is a legal break in the employment of the staff concerned. In some parts of the public sector, such as in local government and the NHS, rules have been changed to ensure that people cannot receive redundancy payments on losing a job if they are soon re-employed in another part of the sector.
  - Of the cost of PILON, we estimate that between £380,000 and £435,000 of the cost to taxpayers could have been avoided if the former MPs had given their staff more timely notice. This especially applies to MPs who knew in advance of the General Election that they were to stand down.

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- As for untaken leave, IPSA is unable to verify the payments made to MPs' staff because we do not have records of MPs' staff members' holidays. This is a matter for MPs who are the legal employer. Nonetheless, IPSA made payments to some individuals for unpaid leave as high as £5,500. Our role as a regulator of public money requires us to assure ourselves that these sums are properly spent. On the basis of the current arrangements, we cannot do so.
47. By highlighting these concerns, we do not in any way imply wrongdoing by individual MPs or their staff. However, in terms of value for money for the taxpayer, we believe these concerns need to be addressed. We seek views on how we should do so.

**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?**

### Other regulation of MPs' staffing expenditure

48. There are rules for other areas of MPs' employment of staff and arrangements with volunteers. These are designed to ensure value for money and provide some certainty for employees and volunteers about what they have the right to expect. Interns who are not volunteers, but instead are treated as employees, must have a contract of employment and be paid at least the national minimum wage. Apprentices must be employed on terms that meet the National Apprenticeship Scheme. Volunteers must have a signed arrangement that follows the model provided by IPSA in order to be able to claim for incidental expenses such as travel to work and lunch.
49. We allow MPs to give modest reward and recognition payments to their staff for outstanding performance. We do not set a limit on the size of payments, but advise that they should be modest. All payments made by MPs are published on our website annually each September. We do not allow bonus payments. This approach was a response to concerns about the use of bonuses in earlier Parliaments. But, because of our transparent publication of MPs' costs, we consider that the risk of abuse is now low, and that an outright ban may no longer be justified or necessary. We would be interested in views on this matter.
50. Issues concerning the employment by MPs of connected parties (mainly family members) and the use of pooled staffing services are considered in Chapters 5 (family issues) and 6 (the boundaries between parliamentary and party political activity) respectively.

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

## Chapter 5. Employment of connected parties and financial support to MPs' families

51. There remains some public concern about MPs' employment of "connected parties" (i.e. family members and those with a close business connection to the MP) and any financial support provided to MPs' families, such as by paying for their related travel and accommodation. These costs are sometimes perceived by the public as providing personal benefits to MPs and their families, rather than being in support of MPs' parliamentary activities.
52. MPs, on the other hand, often suggest 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. A report<sup>3</sup> from the All Party Parliamentary Group on Women in Parliament said last year that, in a survey of MPs, "reforming IPSA financial support for families was the third most popular suggestion for encouraging more people to become MPs". Some of the findings in that report were factually incorrect, but they are indicative of concerns among MPs that Parliament risks becoming less diverse because of the pressures on MPs' family lives.
53. Our intention is that our rules should be neutral, neither promoting diversity in Parliament, which is not in our statutory remit, nor in any way making matters worse. In 2011, having reviewed the initial impact of the Scheme, we modified the eligibility criteria for dependants' travel and supplements to accommodation budgets, raising the relevant age limit for eligibility from 5 to 18, if dependants were in full-time education.
54. Clearly, there are conflicting perceptions of the Scheme, and we are interested in the views of all interested parties.

### Connected parties

55. In each financial year of the last Parliament, between 130 and 160 connected parties were employed by MPs. This trend has continued since May 2015 – in March 2016, 139 connected parties were on the payroll. Total salary costs were typically around £4.5 million per year. In 2014-15 this was 5.7% of total staffing expenditure. The figures for the last parliament are summarised in Table 5 of Annex A.

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<sup>3</sup> "Improving Parliament – creating a better and more representative House".  
<http://appgimprovingparliamentreport.co.uk/download/APPG-Women-In-Parliament-Report-2014.pdf>.

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56. In 2010, when IPSA first consulted on the Scheme, we were inclined to end the practice of allowing MPs to employ connected parties, as had been recommended by the Committee on Standards in Public Life in its 2009 report. However, we were persuaded during the consultation that there were no significant grounds for concern that public funds were being misused, despite one case which had previously gained prominence. We also received evidence of the valuable role that connected parties play in running MPs' offices and maintaining contact with the local community when MPs are in Westminster. We decided, therefore, to allow the practice to continue, 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.
57. Despite these safeguards, public concern about the employment of connected parties has remained. In 2015, after the General Election, we conducted a detailed assurance review of connected parties. A summary of that report is at Annex D. We found no ground for concerns for the majority of connected parties. But we also concluded that the controls to prevent misuse of funding on employing connected parties were limited. There was no evidence, for example, that connected parties received better salaries than other staff with the same job descriptions and circumstances. But because, on average, connected parties occupied more senior roles, their salaries were significantly higher than the average across all MPs' staff. Salaries of connected parties had also risen at twice the rate of other staff.
58. In order to determine whether these constitute any grounds for concern, we would need to undertake intrusive and potentially disproportionate work to investigate the employment practices in MPs' offices. But, given that there remains a perception of risk to taxpayers' money, we are obliged to address it. Therefore we are consulting again on the practice, but only in respect of the employment by MPs of any new staff. Connected parties who are already in employment by MPs will have their contracts honoured and we will continue to pay their salaries. To do otherwise would be unfair to those concerned, and legally challengeable.
59. In the event that, after consultation, we limit the employment of connected parties, we must also decide when to introduce any new rules. They could be introduced in April 2017, or we could wait until the next Parliament.

**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?**



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### Financial support to MPs' families

60. Financial support is provided 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 are eligible for a rental accommodation budget an uplift of £2,425 a year for each dependant who is routinely resident with them. The cost of these forms of support is relatively low: expenditure on dependants' travel was just under £52,000 in 2014-15, while spending on rental supplements was just over £145,000. Taken together, the cost is less than 0.2% of the total annual spending on MPs' business costs and expenses. As such, the financial risk to the taxpayer in this area is low.
61. Last year, 168 MPs had 336 registered dependants. Many MPs claim very little, or nothing at all. In 2014-15, 41 of the 92 MPs who registered for the dependant uplift did not, in fact, need it as they stayed within their standard accommodation budget. 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 their private arrangements.
62. The eligibility criteria for MPs with parental or other caring responsibilities are defined in terms of the age of their dependants, except where they are caring for a family member with disabilities. Dependants qualify if they are aged 16 or under; if they are aged between 16 and 18 and in full-time education; and if they are aged between 18 and 21 and in full-time education and where the MP is the sole carer. MPs can also claim for spouses' and partners' travel if they are exercising their caring responsibilities in doing so. Some MPs have argued that it is unfair that we do not fund spouses' or partners' travel when they are travelling on their own to accompany the MP at an event that they are attending in their capacity as an MP.
63. We are not concerned about the support provided to MPs' families from a financial perspective. But this area remains a matter of public concern; while some MPs believe that we are not supportive enough. We are open-minded about whether we should change the way in which we provide financial support to MPs in relation to their families.

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

## Chapter 6. The boundary between parliamentary and party political activity

64. IPSA makes clear throughout the Scheme that we 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 sometimes obvious, but at other times it is not. MPs are politicians; and Parliament involves MPs of different political persuasion debating legislation and other matters. There is inevitably an overlap between parliamentary and party political activity. But it is a boundary that we must draw as our statutory remit is to provide financial support for one activity and not the other.
65. In our 2011-12 review of the Scheme, we looked at whether there were any concerns about the support that MPs' staff provide and whether that support inevitably extended to party political matters. We concluded that there will always be something of a grey area between the two, and that MPs need to make a judgement about what they are asking the taxpayer to fund. IPSA, as a regulator, needs to keep a watchful eye on this, but also allow MPs a degree of discretion in making their judgements. This takes account of the diverse working patterns of MPs, reflecting their different circumstances.
66. The Scheme does not attempt to define what is parliamentary activity. But we include a list of activities that we do not consider to be parliamentary, for the purposes of claiming reimbursement from the taxpayer. These include attendance at party political conferences or meetings, work which is conducted for or at the behest of a political party, and activity that could be construed as campaign expenditure in an election. Any funding by the taxpayer of these activities would confer an advantage on a party political organisation or candidate, and is therefore not allowable under our Scheme.
67. On the whole, these exclusions work effectively. But we sometimes deal with cases where we are in disagreement with the MP about whether or not an activity is parliamentary. It may therefore be necessary to add exclusions to the Scheme, although this may not help us in our objective to simplify the rules.
68. In advance of the General Election, we provided MPs with detailed guidance on what could and could not be claimed during the dissolution period. Our assurance work found no widespread abuse of the Scheme for the purposes of campaigning, with very few ineligible claims being identified.

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69. We also reviewed other areas of potential difficulty, including when MPs rent office space from their own political parties. Here, we found that, on average, the rents paid to political party landlords were about £2,000 lower than other arrangements (see Table 7 in Annex A).

### Further exclusions from what is considered parliamentary

70. Our issues with MPs over whether a claim is payable by virtue of its being party political and not parliamentary are often in one of the following areas.
- Surveys of constituents, where some if not all the questions may be deemed to be party political in nature.
  - Advertisements, other than the advertising of surgeries in local newspapers.
  - Communications with constituents that come close to being newsletters, which are already excluded from funding.
  - Gifts and memorials, given to third parties, which may be construed as MPs seeking party political support. This includes wreathes at commemoration ceremonies.
71. In all these cases, it can be argued that the MP is pursuing entirely legitimate parliamentary activities, and should be allowed to exercise discretion. As all claims made to IPSA are published, including unsuccessful ones, MPs know that their claims will be in the public domain and may have to be defended. On the other hand, it could also be argued that IPSA has a duty, as a regulator, to seek to prevent all payments for activities that may give MPs a party political or campaigning advantage.
72. The question, therefore, is whether we have the right balance in our approach to these matters, or whether we should either tighten the rules through more exclusions, or give MPs more discretion in the knowledge that all their claims will be published.

**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?**

### Pooled staffing services

73. Conservative, Labour and Liberal Democrat MPs can all subscribe to organisations that provide a range of briefing, research and letter-writing services. These are respectively the Policy Research Unit, the Parliamentary Research Service and the

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Parliamentary Support Team<sup>4</sup>. The Scottish National Party has just launched a similar service. Each organisation provides services exclusively to MPs of a single political party. This allows it to tailor its approach to the needs of that party's MPs. The services are valued by MPs and mean that MPs can deploy more of their resources for staffing in other areas of work. But the exclusivity of the services also raises concerns about whether they can be wholly in support of MPs' parliamentary functions.

74. In 2014, IPSA conducted an internal assurance review of these "pooled staffing services". Between May 2010 and May 2015, IPSA paid £7.5 million to MPs for their subscriptions to pooled services. The detail can be seen in Table 8 of Annex A. The review concluded that IPSA controlled these payments 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.
75. Nonetheless there remains a question about whether a service dedicated to the MPs of a single party can be wholly free of party political intent. This is not to suggest that there is something wrong about working towards party political goals. Rather, it is that IPSA's remit only allows it to fund parliamentary activity, and amongst other things, it does not fund "work which is conducted for or at the behest of a political party"<sup>5</sup>.
76. Some of the services provided by the pooled services organisations are similar to the services available to MPs from the House of Commons Library, which, as well as providing extensive research and briefing papers, offers a confidential, tailored and impartial enquiry service to MPs and staff in support of their parliamentary duties<sup>6</sup>. It could be argued that it is unnecessary for the pooled services organisations to provide a similar service, although they are able to provide tailored briefing to a significant number of MPs simultaneously, which brings economies of scale.
77. We therefore believe that it is important that we take the opportunity of this consultation to seek views on the funding by IPSA of pooled staffing services, while recognising the value placed on them by MPs of all parties.

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

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<sup>4</sup> There were two organisations assisting Liberal Democrat MPs before the 2015 General Election: the Parliamentary Office of the Liberal Democrats and the Parliamentary Support Team. Table 8 of Annex A shows their funding separately.

<sup>5</sup> See paragraph 3.4 (b) of MPs' Scheme of Business Costs and Expenses.

<sup>6</sup> See the House of Commons Library website pages at <http://www.parliament.uk/commons-library>.

## Chapter 7. Working from two fixed locations – MPs' accommodation costs

78. The public funding of accommodation for MPs has historically been controversial, particularly prior to the creation of IPSA in 2010.
79. MPs work from two locations - Westminster and their constituency. We consider that it is reasonable for the taxpayer to fund accommodation in one of those locations if the MP's constituency is outside the London Area. If an MP represents a London constituency, they should be able to commute like everyone else. So we provide non-London Area MPs with an accommodation budget. This is not to render a personal gain to the MPs who claim for their accommodation costs. It is so that they can do their jobs.
80. 554 MPs are eligible to claim for accommodation costs, as 96 MPs are excluded by virtue of representing a constituency in the London Area, which comprises constituencies within 20 miles of Westminster<sup>7</sup>. Around 320 MPs claim for rental properties (290 of them for properties in London); 80 MPs claim for associated costs only (mainly utilities and council tax) for a property they may already own; and 60 MPs claim for hotel accommodation. The annual cost of funding MPs' accommodation is around £7 million. This is 6.4% of the overall spending on MPs' business costs and expenses.
81. After we had defined the 96 London Area constituencies, the most significant change made by IPSA to the funding of MPs' accommodation costs was the ending of MPs' mortgage interest subsidy, whereby the taxpayer paid the mortgage interest while the MP stood to gain if the value of the property appreciated. After 2010, no new MPs could claim for it. It was ended in August 2012 for all MPs who had been in the previous Parliament, and they were required to repay any capital gains made between May 2010 and August 2012 which were the result of the taxpayers' subsidy.<sup>8</sup>
82. The rules for accommodation have since remained stable. There has been no significant increase in the accommodation budget since 2010 and the current annual budget for London rental properties is £20,610. This budget is based on MPs renting a one-bedroom property within reasonable travelling distance of Westminster. Some MPs believe this to be inadequate. MPs with dependants can

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<sup>7</sup> This figure of 554 may be lower as MPs also cannot claim for accommodation costs while they occupy "grace and favour" accommodation by virtue of the office they hold.

<sup>8</sup> 71 MPs continued to claim mortgage interest subsidy for varying periods and 27 repaid capital gains, with a total value of £500,000.

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claim for a budget uplift of £2,425 for each dependant. There are five regional bands outside the London Area, reflecting the different rental costs in constituencies around the UK. If MPs claim for associated costs only, then their budget is £8,850 a year. There is a maximum of £150 per night for hotel accommodation in London, and £120 elsewhere.

83. We have analysed MPs' expenditure on accommodation and considered whether there are viable alternatives to the current arrangements. In particular, we have explored whether there are other options than allowing MPs to claim rent for a property for 12 months when Parliament sits for around 30-35 weeks a year, during which time many MPs, with some exceptions, require overnight accommodation for 3-4 nights a week.
84. We have also looked at a number of other issues which have been a cause of occasional public concern. These include those MPs who claim for associated costs on properties they own, and MPs who own a property in London but rent it out while claiming rent from IPSA on another property.

### Alternatives to the current provision of accommodation

85. We have examined a range of alternative options. We have ruled out two:
  - First, we do not believe it would be right to pay MPs an allowance for their accommodation. This would have the virtue of simplicity and would protect MPs' privacy, but it is not transparent, and we consider that taxpayers have the right to know how this money is being spent.
  - Second, we have ruled out the option of locating blocks of property, as universities do for their students, and requiring large numbers of MPs to stay in them. On security grounds alone, this is not feasible.
86. There will be legitimate questions about how any change in our approach to MPs' accommodation could tally with the need to support MPs with families, or to recognise that being an MP is a unique job with unique demands. But we believe that it is important to accept that there are alternatives to current arrangements, and that they need to be fully explored, through consultation, even if we retain the current arrangements subsequently.
87. This leaves a number of other possibilities:
  - IPSA could allow MPs to rent serviced accommodation but require them to move out in the long recess over the summer. Our research so far suggests that this option may cost more than the current arrangements, although it is

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possible that we could secure lower prices from private providers in return for a guaranteed income stream.

- 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. If this proportion were reflected in MPs' accommodation budgets, the savings would be £3.6 million a year. If, on the other hand, we assume that Parliament sits for 35 weeks and calculate the budgets accordingly, the saving would be £2 million a year. The risk is that if MPs cannot afford to rent properties they may need to stay in hotels which could increase the cost to the taxpayer.
- IPSA could reduce MPs' accommodation budget in line with a typical London Zone 3 rental cost. This would make it difficult for MPs to rent a property close to Parliament, as many currently do. But this would align them more to the experience of most London commuters. The cost of properties within 30 minutes' commuting of Westminster would save around £0.9 million a year.
- IPSA could fund only hotel accommodation. MPs could not claim for accommodation when Parliament is not sitting. But this option is unlikely to save money, unless an arbitrary cap is imposed. It would also have an impact on any measures we may consider regarding MPs' families.

**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.**

### MPs claiming associated costs on properties that they own

88. In 2014-15, 82 MPs claimed only associated costs to fund utilities and other costs in a property not funded by IPSA. There is a current budget limit of £8,850, although the average amount claimed is £4,250 a year. This is much lower than if IPSA were funding rental properties. But there remains a concern in some places that this arrangement could be perceived as a subsidy of the costs of running a privately-owned home. It could therefore be construed as rendering a personal benefit to the MP.

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89. There are a number of options for addressing this, including:
- Abolishing the associated costs-only budget. This would deal with the risk of unwarranted personal benefit, but might push some MPs into claiming for rental accommodation instead, which is much more expensive.
  - Reducing the budget to the same amount that is built into the rental budget for associated costs (currently £2,810). This would treat those renting and those just claiming associated costs equally, but might again give MPs an incentive to start renting a property.
  - Reducing the budget to a level comparable to the average spent, which would be £4,250. This would eliminate some of the higher claims, where personal benefit is most likely to be perceived, and reduce the risk of MPs having to switch to renting. But the savings would not be high.
  - Simply use the same budget limit as for overall accommodation (currently £20,610) on the basis that we give flexibility to MPs in how they balance rent and associated costs – most happen to claim rent. This option is the simplest and does not carry a high risk of excessive claims for associated costs, given that the majority of MPs' claims for associated costs only do not come near the current £8,850 limit.

**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?**

### Restricting MPs with property in London from claiming for rental costs

90. From time to time there are stories in the media about MPs who own property in London but claim for rental accommodation from IPSA. We currently consider this to be outside our remit, as we do not base MPs' eligibility to make claims on their personal finances or any property that they own privately. 196 MPs have rental income declared on the Register of Members' Interests.
91. There is an argument that if MPs already own a property in London then they do not need to claim for a second one from the taxpayer. There are two main counter-arguments. The first is that IPSA has no remit to interfere in MPs' private arrangements, as no taxpayers' money is involved. Second, it would be difficult to enforce the rules, given the complexity of some people's private property arrangements.



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**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?**

## Chapter 8. Other issues relating to the Scheme

92. In this chapter we cover a range of issues which have not been covered by the five themes in the previous chapters. They include some of the lessons which were learned from our experience of providing support to MPs and their staff before and after the General Election. There are also other issues arising from our experience of operating the Scheme over recent years that we wish to consult on.

### Lessons from the General Election

#### *Travel by MPs and their dependants*

93. There are some restrictions placed on travel by MPs and their dependants during the Dissolution period, partly to ensure that incumbent MPs receive no unfair advantages in the run up to the election. The sums of money claimed for travel during the period are relatively small – just over £12,000, as the assurance report at Annex B notes. However, it is clear that not all MPs making claims during this period fully understood the rules; indeed, some MPs may have been unaware that they could claim at all. Almost half of the claims made during the dissolution period did not comply with the rules.
94. The low take-up and the degree of non-compliance raise a question of whether there is any real value in having special rules for travel during the Dissolution period. The general exclusions in relation to campaigning expenditure and party political activity should be sufficient to restrict expenditure on activity which might give an incumbent MP any electoral advantage.

**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?**

#### *Travel and subsistence for staff in the Dissolution period*

95. During the dissolution period, MPs' Westminster offices are closed. Staff who normally work in Westminster may be required to work in the MPs' constituency office on parliamentary business. There was some confusion prior to the 2015 General Election about whether staff members' travel from their homes in and around London to the MP's constituency was eligible for funding under the

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Scheme. Similarly, if staff needed to stay overnight in the constituency, there were questions about whether they could claim for subsistence, including hotel accommodation. The rules of the Scheme currently make no specific mention of these circumstances. When asked by MPs' staff whether they could claim these costs, we said yes, on the grounds that the staff were supporting MPs in their parliamentary business in what were exceptional circumstances. Any activities that involved campaigning for the MP in the election were, of course, not eligible for funding.

96. It may, therefore, be helpful to clarify that during the Dissolution period, staff can claim for travel and subsistence costs incurred in support of their MPs' parliamentary business (but not anything to do with campaign activity). In the spirit of simplification, we would not define every possible circumstance, but simply bring clarity to the situation. If we were to use the same travel and subsistence rules for MPs' staff as for MPs, as we suggested in paragraphs 27-29 above, then we would need to be sure that none of the restrictions on MPs' travel costs during the Dissolution period prevented staff from doing their jobs. In paragraph 93, we questioned whether, in any case, there was any value in having specific rules for MPs' travel. The circumstances faced by MPs' staff during the Dissolution period could be covered by allowing them to claim for extended travel.

**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?**

### *Controls on capital expenditure*

97. In order to ensure that there is not excessive spending on IT equipment and other capital goods shortly before the General Election, the Scheme restricts spending in the six months before the expected dissolution period to essential purchases only, which must be approved in advance by IPSA. This is important, given that IT equipment becomes, once purchased, the property of the MP<sup>9</sup>. The restrictions came into force on 30 September 2014. Part of our assurance of General Election-related spending examined the effectiveness of the restrictions. The findings are summarised in paragraphs 7 and 8 of Annex B.

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<sup>9</sup> HMRC regards IT equipment as the MP's property for tax purposes. It would also be too costly to recover and depreciates quickly in value.

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98. There were two main findings from our assurance review:
- Capital spending fell by 84%<sup>10</sup> in the six months of the restricted period. However, there was a surge in spending just before the deadline. Capital purchases in September were four times the normal rate.
  - The restrictions proved difficult to enforce comprehensively, although capital expenditure did drop significantly. This was partly because MPs in many cases did prove to have genuine needs, brought about in many cases by advice from the House of Commons that they needed to purchase portable hard drives to transfer files from Westminster to constituency offices during the dissolution period. IPSA also did not always rigorously enforce the requirement for pre-approval of purchases.
99. We therefore need to consider whether to tighten the rules and their enforcement or, conversely, accept that the restrictions are not essential nor fully workable, and instead work with MPs and the House of Commons to ensure that spending is limited to essential items in the months preceding a general election.

**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?**

### *Expenditure on election campaigns*

100. The Election Assurance review found no significant evidence of misuse of business costs and expenses for the purposes of campaigning in the General Election. For more than 95% of MPs there was no indication that they had claimed for campaign-related expenditure. Ineligible claims were not systemic and related to only a small minority of MPs.
101. With that in mind, the only rule change which may be necessary is a technical one. At present, 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, or "election expenses", as defined by the Representation of the People Act 1983. Both definitions refer to very specific activities and timeframes. It may be more helpful to define the purpose of the

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<sup>10</sup> Average spending over these six months was compared to average spending across an unrestricted 12 month period.

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activities, as both Acts already do. This may restrict a wider range of activities intended to give MPs a campaigning advantage and therefore provide more assurance. It would also be simpler.

**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?**

### *Winding-up costs*

102. MPs who were standing down or lost their seats had a budget available to them for two months after the General Election, to wind up their affairs. This was designed to cover continuing office costs and payment of staff salaries. Redundancy costs were covered by the contingency fund. London Area MPs had a winding-up budget of £57,150 and non-London Area MPs £53,950. Annex B notes that MPs, on average, only needed 58.7% of their budgets. This is testimony to the fact that departing MPs for the most part conducted their affairs efficiently and quickly, with help from a dedicated personal contact within IPSA for each departing MP.
103. The separate budgets for winding-up costs and for redundancy, as well as the fact that MPs may have still been making claims for costs incurred before the General Election, led to some uncertainty among MPs about which budget to claim from. Arguably, it would be easier simply to continue with the normal office costs and staffing budgets for two months after the election, capped proportionately. This would make less money available than was the case in 2015, but it would be manageable for the majority of departing MPs, given that average spending was only 58.7% of the available budget. Furthermore, a more tightly capped budget may provide an incentive to give more timely notice to staff – see the issues about pay in lieu of notice discussed in paragraph 46.
104. A further option to expedite the winding up of MPs' affairs would be to start the winding-up period for standing down MPs at the beginning of the Dissolution period, given that they know they will be departing. Many standing down MPs did in fact start to work with our departing MP team before the General Election.

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**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?**

### *Resettlement payments*

105. MPs who lost their seats at the General Election were eligible for a resettlement payment of up to six months of their annual salary (at that time the backbench MPs' salary was £67,060). Standing down MPs did not receive a resettlement payment, although they had done so after previous general elections. In future general elections, the resettlement payment is to be replaced by a loss-of-office payment which will be the equivalent of twice the statutory redundancy rate. This decision was taken as part of the extensive consultation on MPs' pay and pensions and we do not intend to re-open it. Resettlement payments after the May 2015 General Election amounted to £2.8m, with the average payment being £30,600.
106. A condition of receiving the resettlement payment was that MPs must have first concluded all their financial affairs with IPSA. These arrangements included issuing redundancy notices, paying any outstanding monies owed to IPSA and making any expense claims dating from before the General Election. This rule was intended to provide an incentive to MPs to wind up their affairs in a timely manner.
107. Some MPs expressed their dissatisfaction with this rule. They argued that because they no longer received a salary, they needed the resettlement payment while they concluded their parliamentary affairs. Some also suggested that any outstanding debts that they had could simply have been deducted from the resettlement payment. Both of these arguments are understandable, but the risk to the taxpayer is that, in some cases, it will be more difficult to achieve an efficient winding-up process if there is no financial incentive to do so.

**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?**

### *Start-up budgets*

108. In 2011 we introduced a start-up budget for new MPs. This was designed to cover the extra office costs incurred when setting up a new constituency office, particularly costlier items such as furniture and IT equipment. The budget was set

## Review of the Scheme and IPSA's publication policy – a consultation

at £6,000, to cover costs in new MPs' first 12 months of office. Up to 1 December 2015, total costs of just under £0.5 million were claimed from start-up budgets.

109. MPs welcome the existence of the budget, but there have been some administrative issues caused by the fact that the start-up budget is separate from the normal office costs budget. The budget is not exclusively for costly items and is effectively just a supplement to the office costs budget if it is needed. This was not always understood. A simple solution would be to merge the office costs and start-up budgets and simply give new MPs £6,000 more in the first financial year of the Parliament, which would be for 11 months. This links to the issue in the next paragraph.
110. The fact that the budget spans different financial years also causes some difficulties. Given that fixed term General Elections will always be scheduled for May, we could solve this problem by only operating the start-up budget in the financial year in which the election takes place. MPs elected in by-elections could still be given 12 months.

**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?**

### *Financial management*

111. There are two areas of financial management which are covered by the Scheme. These concern how IPSA recovers overpayments (i.e. money that should not have been paid) and budget overspends by MPs.
112. If MPs do not repay overpayments in the required time, IPSA may deduct the amounts concerned from the MPs' expenses claims; if that is not sufficient, then deductions from salary may be made. However, there must be a gap of a month after expenses deductions have been exhausted before salary deductions can take effect. The rules were framed in this way because salary deductions were regarded as the last resort. However, some MPs in this situation have requested that they make repayments from their salaries, but this cannot currently be brought in immediately.
113. The same process is applied to the recovery of potential budget overspends. But in respect of staffing budgets, there is also a 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

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members to payroll, or other changes to the staff complement. This rule was designed to give some force to measures to safeguard taxpayers' money which might otherwise be challenged by MPs and their staff.

114. The current wording also implies that the responsibility for preventing the overspend is IPSA's, whereas we expect MPs to manage their own budgets prudently and efficiently.
115. We are considering re-wording the rule on overspends on staffing, therefore, to make clear MPs' responsibilities in this area (although it is also covered more generally in the fundamental principles in Chapter 2) and to be less specific about the measures IPSA may take, other than to ensure that overspends do not occur.

**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?**

### *Paying for cover for staff on maternity, paternity and adoption leave or long term sick leave*

116. If members of MPs' staff take maternity, paternity, adoption or long-term sick leave, IPSA will cover the cost of the cover centrally. The rules do not specify the precise budget from which the funding comes, but we intended this to be the central contingency fund. In fact, for administrative reasons, the most practicable way to provide the extra funding has been to uplift the MPs' staffing budget. Furthermore, it is simpler to increase the budget by the cost of the staff member on leave, rather than the cost of the cover, which may be provided in a variety of forms – some existing staff may work extra hours, part time cover may be brought in, and so on.
117. There is also a related issue for our publication of MPs' annual spending. At present, we publish the staffing budget uplift with an explanatory note. However, some MPs have found that they have been reported as overspending, when all that has happened is that legitimate cover has been provided. We would welcome views on the best way to ensure that MPs have legitimate staffing cover and also on how we should publish that spending.

**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?**



## Review of the Scheme and IPSA's publication policy – a consultation

### *Administration of MPs' accommodation and office cost budgets*

118. The Scheme currently includes guidance to MPs that they should negotiate break clauses in their rental contracts for residential property and for their offices to allow for the possibility that they could lose their seats and will have just two months to wind up their financial affairs. After the 2015 General Election, we found that a number of departing MPs did not have these break clauses in their contracts. This resulted in MPs facing penalty clauses which they argued that IPSA should fund as they were incurred during the winding up period. We cannot interfere in the contractual relationship between MPs and landlords, but we could introduce a rule such that IPSA will not reimburse MPs for penalty payments if the MP had not agreed a two-month break clause when first agreeing their contracts.
119. We also have a rule 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. However, the current wording of the rule does not give full effect to the intention, so we plan to redraft it so that it does.

**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?**

### *The London Area Living Payment (LALP)*

120. The 96 London Area MPs cannot claim for accommodation costs, but they are eligible for an annual payment of £3,760 to assist with the costs of living and working in London. The LALP is also available to non-London Area MPs who chose not to claim accommodation costs. 23 of the London Area MPs, whose constituencies are furthest from Westminster, are also eligible for an additional payment of £1,330, bringing the total payment to £5,090. The payments are taxed.
121. The basic LALP has not changed since 2010. The additional LALP, which was introduced in 2011, has not changed since then. So the value of the payments has declined in real terms. It is appropriate, therefore, to consider whether any adjustments to the payments should be made in April 2017. This is an unusual aspect of the Scheme, because the money is paid through MPs' salaries. For

## Review of the Scheme and IPSA's publication policy – a consultation

London Area MPs, it is the alternative to claiming for accommodation costs, although the sum is much smaller than the rental accommodation budget.

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

### *Contingency funding*

122. The Scheme allows for MPs to receive contingency funding for costs that are exceptional, one-off or unavoidable, and which cannot be contained within their existing budgets. Contingency claims are only agreed following the production of supporting evidence. The contingency payment takes the form either of an uplift to budgets, or agreement that a claim which falls outside the Scheme should nonetheless be reimbursed, as it supports the MPs' parliamentary functions. Most of the applications for uplifts to budgets concern staffing or office costs. IPSA's contingency panel sits once a week to consider contingency applications.
123. In 2010-11 the Panel approved 141 requests for contingency funding, with a value of £685,586. By 2014-15 this had fallen to 42 approved applications with a value of £116,459. Full details can be seen in Table 10 of Annex A. Following an increase to MPs' staffing budget in 2012, we no longer approved contingency applications to cover high volumes of casework. Examples of approved contingency applications in 2014-15 include office cost uplifts to cover exceptionally high rents in Edinburgh and London; repairs to an office following flooding damage (only partly covered by insurance); and costs for advertising surgeries in geographically dispersed communities in a Scottish constituency.
124. Contingency funding is an effective way of covering such exceptional costs. All contingency applications, successful and unsuccessful, are published annually.
125. While the contingency process has worked well, we would nonetheless welcome views on whether it is the most effective way of meeting exceptional needs, and whether the process could be improved. The process is described in more detail in the Contingency Panel's terms of reference on IPSA's website.<sup>11</sup>

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

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<sup>11</sup> <http://parliamentarystandards.org.uk/IPSAMPs/Pages/Payment-application.aspx>.

## Review of the Scheme and IPSA's publication policy – a consultation

### *Other aspects of the Scheme, including MPs' budgets*

126. This consultation has involved a comprehensive review of the Scheme. However, there may be aspects of the Scheme which we have not covered. We welcome views on any other issues.

127. Likewise, we have touched on MPs' budgets in a number of areas of this consultation, particularly Chapter 7 on MPs' accommodation. We are not consulting on specific limits for all budgets, but would welcome views on any of the budgets. A summary of those budgets and their limits can be seen in Table 3 of Annex A.

**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?**

## Chapter 9. IPSA's publication policy for MPs' business costs and expenses

### Background

128. Transparency lies at the heart of IPSA's approach to the regulation of MPs' business costs and expenses and is crucial to its effectiveness. We have a legal duty to publish information under the Freedom of Information Act 2000 and the Parliamentary Standards Act 2009. However, since we began, we have seen 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. Transparency is 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.
129. During our first parliament, starting in November 2010, we published over 900,000 claims made by MPs and their staff, as Table 11 in Annex A shows. We have now published over a million claims made by MPs. Every two months, on the second Thursday of the month, we publish the claims from the two months four or five months previously. So, for example, on 10 March 2016, we published the claims for October and November 2015.<sup>12</sup>
130. In addition to the two-monthly cycle of publication, we publish MPs' annual spending for the previous financial year every September, along with some information on staffing and landlords.<sup>13</sup> MPs' aggregate spending for 2014-15 can be seen in Table 3 of Annex A.
131. IPSA first consulted on our proposed publication scheme in June 2010, both for MPs' costs and expenses and IPSA's own activities<sup>14</sup>. The key question concerned what information should and should not be redacted. Like all public and other bodies, we have responsibilities under the Data Protection Act 1998 to protect people's personal information. The first principle of data protection is that

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<sup>12</sup> <http://www.parliamentary-standards.org.uk/Default.aspx>.

<sup>13</sup> <http://www.parliamentary-standards.org.uk/AnnualisedData.aspx>.

<sup>14</sup> The consultation paper for 2010 is at:

<http://parliamentarystandards.org.uk/transparency/Our%20consultations/Publication/2010/Consultation%20-%20Publication.pdf>. For IPSA's response to the consultation see:

<http://parliamentarystandards.org.uk/transparency/Our%20consultations/Publication/2010/Publication%20Consultation%20Response.pdf>.

## Review of the Scheme and IPSA's publication policy – a consultation

personal data shall be processed fairly and lawfully. Public interest can be taken into account, but data, amongst other things, must not be used in ways that have unjustified adverse effects on the individuals concerned. So we are careful to redact sensitive personal information, like MPs' financial details and personal addresses, from the information we publish.

132. We also considered the form in which we would publish information about claims. We decided that we would publish the extracted information from MPs' claims, which is drawn from the receipts themselves and the MP's online claim. This means that we publish the name of the MP, the amount spent, the date and the purpose of the expenditure. We decided not to publish redacted images of the receipts themselves. This was for three main reasons:

- We calculated that the additional cost of publishing redacted images of receipts could be up to £1 million per year and we did not consider this to be value for money for the taxpayer.
- We were concerned at the potential risk to MPs' sensitive personal data, as there would always be the possibility of some images not being redacted correctly.
- We believed that our presentation of the information on the claims was easier for people to understand and use than the images of redacted receipts, which can often look messy.

133. Since 2010, we have refined the presentation of the data about MPs' expenditure, providing the public with the ability to transfer data onto a spreadsheet for further analysis, for example. Our publication policy has also been developed further in the light of Freedom of Information requests that we have received, so that we now publish more information annually rather than piecemeal in response to requests. We consulted once again on our publication scheme in March 2014, publishing a report on the consultation in July that year<sup>15</sup>.

134. The July 2014 publication scheme remains in place, with one important exception – we now publish the redacted images of receipts and other supporting documentation on request, following a judgement by the Court of Appeal in April 2015. This is one of the reasons why we now need to consult further on our publication scheme. The current publication scheme can be seen at Annex E. There are a number of other aspects of the publication policy for MPs' business

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<sup>15</sup><http://parliamentarystandards.org.uk/transparency/Our%20consultations/Publication/2014/Report%20of%20IPSA's%20Publication%20Scheme%20Consultation%20-%20July%202014.pdf>.

## Review of the Scheme and IPSA's publication policy – a consultation

costs and expenses which we think could also be improved, and these are considered in paragraphs 138 to 144 below.

### Publication of receipts

135. Since April 2015, we have published the images of appropriately redacted receipts on request. The volume of requests has, so far, been manageable within our existing resources – 920 images were requested between April and December 2015. As part of wider improvements to IPSA's processes and systems, there will be the potential to redact receipts when MPs' claims are first validated. This will enable us to respond more quickly to Freedom of Information requests for the images of receipts, but it will also give us the capability to publish all receipts, in a planned cycle. That cycle is two monthly at the moment. But it could become more frequent in future.
136. In paragraph 132, we explained why we previously decided not to publish all images of receipts. Since then, redaction technology has improved and we now estimate that the cost of redacting receipts would be only around £165,000 a year, after set-up costs. So the process is now affordable and can be presented more clearly. On the other hand, there will always be risks of sensitive data being inadvertently published. So we may want to retain our current approach where we only publish images of receipts upon request. People who want to see certain receipts can see them (as long as the cost of providing them is within the limits set by the Information Commissioner) and overall costs are minimised.
137. This is an important issue and the arguments in favour of the two possible approaches - publishing all receipts or publishing only those requested - are finely-balanced. We therefore welcome 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?**

### Other publication issues

#### *Frequency of publication*

138. At present we publish the information from around 30,000 claims every two months. This period was chosen as anything more frequent would have significantly increased the costs. It also allows time for MPs to see the information that is going to be published about them prior to its publication. From April 2017, our technology and redesigned process should give us the capability to publish claims more frequently should we wish to do so, without incurring significant

## Review of the Scheme and IPSA's publication policy – a consultation

extra costs. Real-time publication may not be possible, as the information on the images of receipts and invoices will need to be checked.

139. Some of the data which we publish annually may also be more capable of being published more frequently. An example is the detail on MPs' staff: the numbers of staff employed, high level job descriptions, and whether they are full or part time.

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

### *MPs' payment card transactions which are repaid by the MP*

140. At present, if MPs use their payment card for a transaction which they then decide they do not want to claim for, or which lies outside the Scheme<sup>16</sup>, they must repay the sum involved. 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. However, taxpayers' money has initially been used to pay the payment card bill and there is an administrative cost in processing the repayment, and in some cases seeking the repayment from the MP. Publication of the repayments would be consistent with our approach to other repayments.

**Question 32. Should we publish information on transactions on MPs' payment cards which are eventually repaid by MPs?**

### *Information about Northern Irish MPs' travel claims*

141. For security reasons, only the aggregate cost of travel claims by Northern Ireland MPs is published. This was a decision taken in 2010. This contrasts with other MPs, where the origin and destination of the journey and category of travel are all published. The times of other MPs' journeys are not published, also for security reasons.
142. Six years on, we think it is reasonable to ask whether there is scope to publish more detail on Northern Ireland MPs' travel claims. This could for example, just be a breakdown of the category of journey: constituency mileage, rail travel, air travel and so on. This would be in order to bring greater transparency to the expenditure of public money.

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<sup>16</sup> This can happen because IPSA pays the monthly Barclaycard bill and then asks for the cost incurred by each MP to be supported by the same evidence as for reimbursed claims. This helps MPs with their cash flow, as they do not have to use their personal resources initially to pay for their business costs.

## Review of the Scheme and IPSA's publication policy – a consultation

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

### *Publication of overdue money owed to IPSA by MPs*

143. Public interest in the money owed to IPSA by MPs has grown recently, as the result of a number of Freedom of Information requests, even though the sums involved are small in relation to overall expenditure. The unpredictable frequency of Freedom of Information requests makes publication of the data somewhat arbitrary – some MPs will be covered, others not, depending on the timing of the request. There is, therefore, an argument for putting publication of money owed to IPSA on a more regular footing, as is the case for claims data. This is an approach we have taken to other information which has been published as the result of Freedom of Information requests.

**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?**

### *Redaction of the names and other details of individuals mentioned on receipts and invoices*

144. Publication of receipts raises a number of issues about details that can be found on receipts, such as names of staff in shops or hotels, sole traders' identities, the names of MPs' dependants and MPs' signatures. We will apply the laws and principles of the Data Protection Act in deciding what should be redacted from the receipts and invoices in question. We would be interested in any particular concerns people may have in this respect.

**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?**

### *Other matters of concern*

145. There may be further issues relating to the publication of MPs' business costs and expenses which are not covered in this chapter, but which people may wish to raise. We welcome all views.

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



## Review of the Scheme and IPSA's publication policy – a consultation

### *Information about IPSA*

146. 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. Our detailed policy on this can be seen in our 2014 consultation report, which is on our website.<sup>17</sup> We welcome views on whether there is anything else we ought to be publishing, 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?**

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<sup>17</sup><http://parliamentarystandards.org.uk/transparency/Our%20consultations/Publication/2014/Report%20of%20IPSA's%20Publication%20Scheme%20Consultation%20-%20July%202014.pdf>.

## Chapter 10. Equality and Diversity

147. 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 unduly deter representation from all sections of society. This principle is in addition to our responsibilities under the Equality Act 2010.
148. As part of this review, we will carry out an Equality Impact Assessment (EIA) to consider any likely or actual impacts of any new policies which emerge from this consultation. We will review the impact of the Scheme on the Equality Act’s “protected characteristics”<sup>18</sup>. Previous EIAs have identified that we have made improvements in the provisions for those with disabilities, and for MPs with caring responsibilities. The EIA will also consider the extent, if any, to which the Scheme may affect the wider diversity of the House of Commons. We will publish the EIA for this review together with the revised Scheme. We welcome responses, in particular from MPs and their staff, about how the current edition of the Scheme is operating with regard to equality and diversity.

**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?**

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<sup>18</sup> The nine protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex, and sexual orientation.

## Chapter 11. How to reply to this consultation

149. The consultation runs from 11 May to 24 October 2016. Please ensure that you send your response before 5pm on 24 October, as responses received after this date may not be considered.
150. You may respond by email or letter. Emails should be sent to [schemeconsultation@theipsa.org.uk](mailto:schemeconsultation@theipsa.org.uk). Please include "Consultation Response" in the subject line. Responses should be plain or rich text format, with as little use of colour or logos as possible, to help avoid large file sizes. If you wish to write to us in hard copy, please send your letter to the following address:

Review of the Scheme and Publication Policy – responses to consultation  
Independent Parliamentary Standards Authority  
4<sup>th</sup> Floor  
30 Millbank  
London  
SW1P 4DU

151. **Please be aware that we must publish all responses received. But we are able to withhold the name of the respondent if you explicitly request anonymity.**

## **Annexes**

- Annex A.      Aggregate data, 2010-2015**
  
- Annex B.      Assurance Review, General Election, 2015**
  
- Annex C.      Fundamental Principles of the Scheme**
  
- Annex D.      Assurance Review, Connected Parties**
  
- Annex E.      IPSA's Publication Policy, July 2014**



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# Annex A

## Aggregate data

2010 - 2015

Independent Parliamentary Standards Authority

## Annex A. Aggregate data

**Table 1** – All Not Claimed, Not Paid, and Paid claims submitted by MPs since 2010

	<i>Not Claimed</i> <sup>*</sup>			<i>Not Paid</i>			<i>Paid</i>		
	Claims	% <sup>†</sup>	Amount	Claims	%	Amount	Claims	%	Amount
2010-11	152	0.1%	£6,400	3,167	2%	£328,600	150,881	98%	£17.9 million
2011-12	397	0.2%	£26,800	1,045	0.6%	£130,600	186,847	99%	£17.0 million
2012-13	328	0.2%	£24,700	1,324	0.7%	£132,200	184,967	99%	£16.2 million
2013-14	408	0.2%	£26,700	1,699	0.9%	£102,000	182,725	99%	£15.6 million
2014-15	507	0.3%	£46,500	1,595	0.9%	£138,200	176,066	99%	£14.9 million
2015-16	1,096	0.7%	£86,200	824	0.5%	£93,000	151,120	99%	£14.8 million

\* "Not Claimed" items indicate payments made by an MP with an IPSA funded credit card that are not eligible under the Scheme, which the MP voluntarily elects to repay to IPSA.

† Percentage of claims.

**Table 2** – Investigations opened by the Compliance Officer for IPSA since 2011

	2011-12	2012-13	2013-14 <sup>*</sup>	2014-15	2015-16
Number of investigations	22	1	0	1	3 <sup>†</sup>
Investigations resulting in repayment by MP	2	1	0	1	-
Total amounts repaid (£)	612.35	3,000.72	0	1,006.20	-

\* No investigations were opened by the Compliance Officer during the 2013-14 financial year.

† All investigation opened by the Compliance Officer in the 2015-16 financial year are ongoing.

## Annex A. Aggregate data

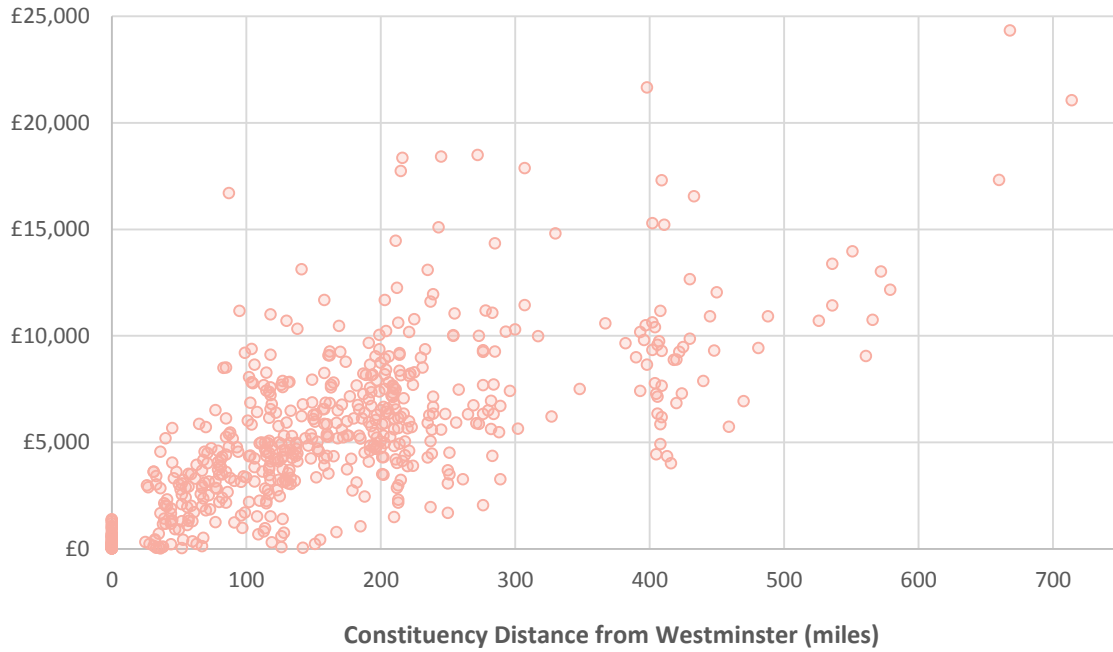
**Table 3 – total annual expenditure by MPs since 2010, and annual standard budget limits (£) for London and Non-London Areas**

Budget	2010-11			2011-12			2012-13			2013-14			2014-15		
	L*	N-L		L	N-L		L	N-L		L	N-L		L	N-L	
Staffing (total expenditure)	<b>54,059,000</b>			<b>68,614,000</b>			<b>76,318,000</b>			<b>80,493,000</b>			<b>82,765,000</b>		
(Standard budgets)	100,419			115,500			144,000	137,200		144,000	137,200		145,500	138,600	
Office Costs Expenditure	<b>8,477,000</b>			<b>10,606,000</b>			<b>10,838,000</b>			<b>11,246,000</b>			<b>10,807,000</b>		
	GAE <sup>†</sup>	CORE	GAE	CORE	CORE		24,000	21,500		24,750	22,200		25,350	23,250	
	10,394	12,761	10,394	10,663											
Accommodation	<b>5,067,000</b>			<b>6,523,000</b>			<b>6,836,000</b>			<b>6,981,000</b>			<b>6,734,000</b>		
	19,900		9,472	-15,050 <sup>†</sup>			19,900	9,472	-15,050	20,000	10,050	-15,150	20,100	10,150	-15,250
Travel (uncapped)	<b>3,494,000</b>			<b>4,424,000</b>			<b>4,608,000</b>			<b>4,822,000</b>			<b>3,923,000</b>		
	-			-			-	-		-	-		-	-	
Miscellaneous Expenditure (uncapped)	<b>273,000</b>			<b>370,000</b>			<b>460,000</b>			<b>390,000</b>			<b>462,000</b>		
	-			-			-	-		-	-		-	-	
Winding Up	<b>76,000</b>			<b>108,000</b>			<b>301,000</b>			<b>146,000</b>			<b>275,000</b>		
	40,609			46,500	45,500		56,250	53,150		56,450	53,350		57,150	53,950	
Start Up	-			<b>13,000</b>			<b>28,000</b>			<b>20,000</b>			<b>3,000</b>		
	-			6,000			6,000			6,000			6,000		

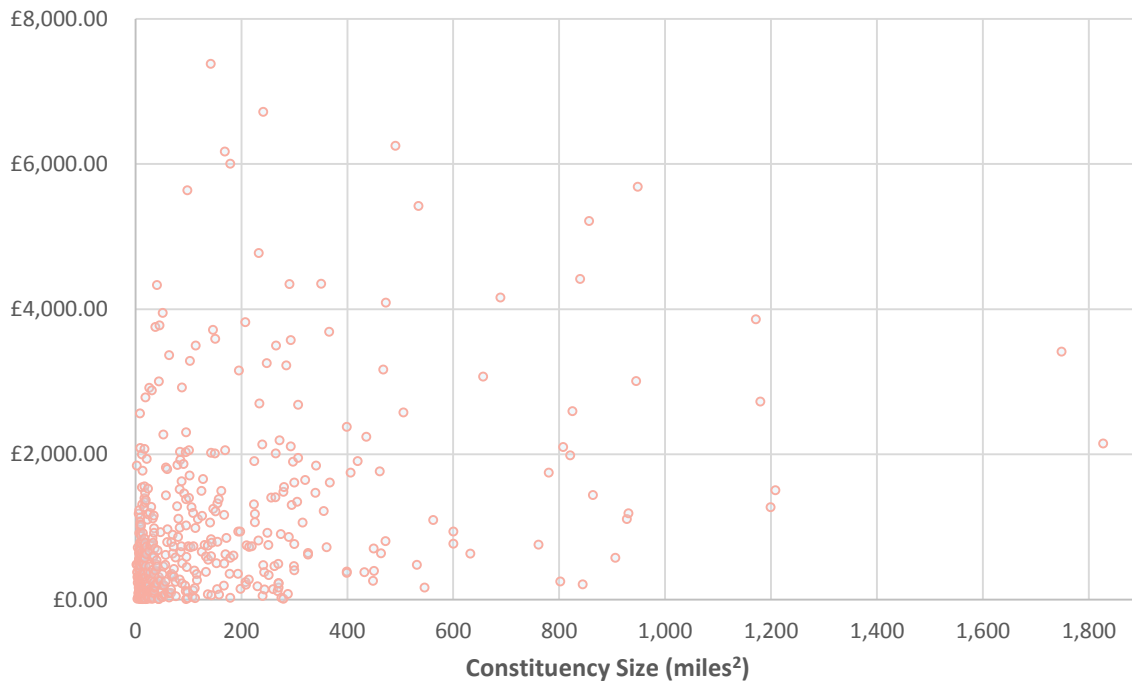
\* GAE = General Administrative Expenditure; CORE = Constituency Office Rental Expenditure † A cell containing a range indicates regional variations to standard budget limits.

## Annex A. Aggregate data

**Chart 1 – Between London and Constituency mileage expenditure by MPs in 2014-15**



**Chart 2 – Within Constituency mileage expenditure by MPs in 2014-15**

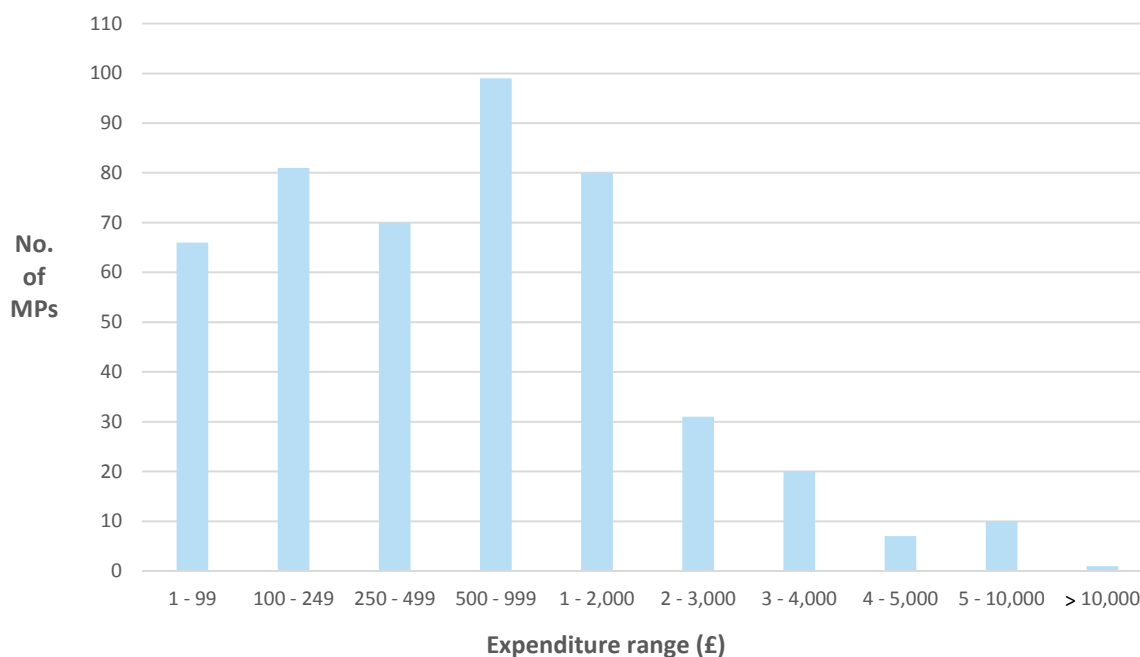


\* One outlier, a claim for more than £38,000, has been removed.



## Annex A. Aggregate data

**Chart 3** – Mileage expenditure bands by number of MPs in the 2014-15 financial year



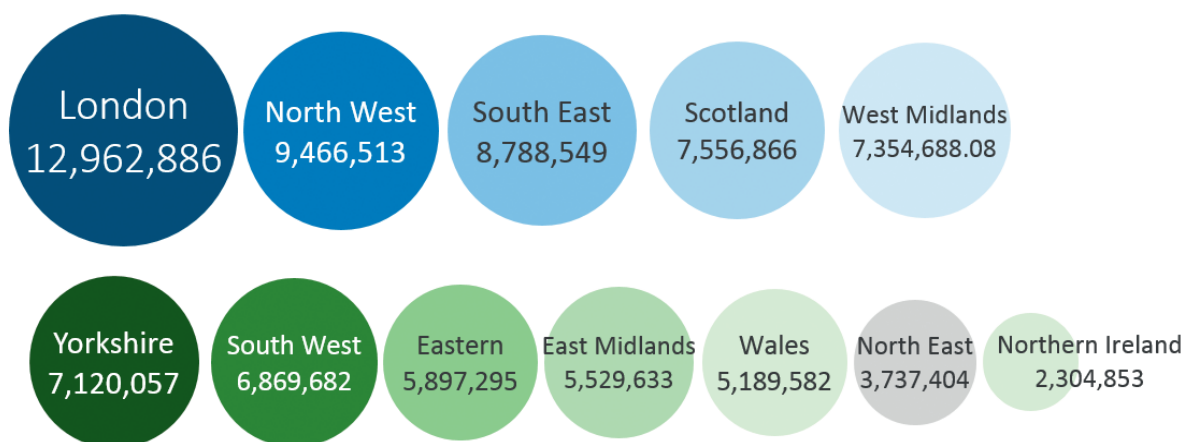
**Table 4** – average expenditure by MPs on Staffing by UK region in 2014-15

Region	Average MP expenditure (£)	% of regional budget limit*	No. of MPs
East Midlands	<b>122,800</b>	<b>88.6</b>	<b>45</b>
Eastern	<b>125,500</b>	<b>90.5</b>	<b>47</b>
London	<b>135,000</b>	<b>92.8</b>	<b>96</b>
North East	<b>128,900</b>	<b>93.0</b>	<b>29</b>
North West	<b>126,200</b>	<b>91.1</b>	<b>75</b>
Northern Ireland	<b>128,000</b>	<b>92.4</b>	<b>18</b>
Scotland	<b>128,000</b>	<b>92.4</b>	<b>59</b>
South East	<b>122,000</b>	<b>88.0</b>	<b>72</b>
South West	<b>124,900</b>	<b>90.1</b>	<b>55</b>
Wales	<b>129,800</b>	<b>93.7</b>	<b>40</b>
West Midlands	<b>124,700</b>	<b>90.0</b>	<b>59</b>
Yorkshire and Humberside	<b>131,900</b>	<b>95.2</b>	<b>54</b>
<b>UK average</b>	<b>127,308</b>	<b>-</b>	<b>649<sup>†</sup></b>

\* £145,500 (London Area); £138,600 (Non-London Area). † One MP had no expenditure on Staffing in the 2014-15 financial year.

## Annex A. Aggregate data

**Chart 4 – Staffing Expenditure by region in 2014-15 (£)\***



\*The data presented here are greater than the total presented in Table 3 as they were collected in a later month.

**Table 5 – total annual cost and number of Connected Parties, 2010-2015**

Financial Year	Connected Party Costs	Connected Parties (Total)	Connected Parties (Annualised†)	Cost per Connected Party
2010-11*	<b>£3,176,000</b>	<b>150</b>	<b>135</b>	<b>£23,500</b>
2011-12	<b>£4,033,000</b>	<b>162</b>	<b>147</b>	<b>£27,400</b>
2012-13	<b>£4,397,000</b>	<b>165</b>	<b>155</b>	<b>£28,400</b>
2013-14	<b>£4,666,000</b>	<b>176</b>	<b>161</b>	<b>£29,000</b>
2014-15	<b>£4,716,000</b>	<b>171</b>	<b>158</b>	<b>£29,900</b>

\* 2010-11 costs do not represent a full year in this table. IPSA began operating the payroll for new staff from 7 May 2010 and for staff transferring from the House of Commons' payroll on 1 June 2010.

† Mean number of connected parties employed in each month to account for turnover throughout year.

## Annex A. Aggregate data

**Table 6** – total number of registered dependants in 2014-15

Age of dependant	≤ 4 years	5 - 9 years	10 - 14 years	15 - 18 years	19 - 21 years	≥ 22	Age not recorded*
<b>MPs with registered dependants</b>	<b>44</b>	<b>64</b>	<b>71</b>	<b>48</b>	<b>24</b>	<b>5</b>	<b>7</b>
<b>Total no. of dependants</b>	<b>51</b>	<b>84</b>	<b>97</b>	<b>58</b>	<b>28</b>	<b>6</b>	<b>12</b>

\* These dependants may be adults with disabilities, or for whom the date of birth may not have been accurately recorded.

**Table 7** – Average annual cost of constituency office rent (incl. VAT) by landlord type

Landlord type	Private	Political party	Local Council	Average
<b>Average annual rent</b>	<b>£7,711</b>	<b>£5,958</b>	<b>£6,594</b>	<b>£6,972</b>
<b>No. of MPs</b>	<b>200</b>	<b>152</b>	<b>23</b>	<b>-</b>

**Table 8** – total cost and number of subscribers for pooled services units, 2010-15

Financial Year	<b>PRU</b> Policy Research Unit	<b>PRS</b> Parliamentary Research Service	<b>PST</b> Parliamentary Support Team	<b>POLD</b> Parliamentary Office of the Liberal Democrats
2010-11	259 MPs <b>£873,335</b>	18 MPs <b>£43,200</b>	N/A	53 MPs <b>£127,625</b>
2011-12	260 MPs <b>£1,065,972</b>	59 MPs <b>£212,579</b>	N/A	56 MPs <b>£134,555</b>
2012-13	258 MPs <b>£1,038,685</b>	110 MPs <b>£405,100</b>	51 MPs <b>£252,773</b>	56 MPs <b>£141,435</b>
2013-14	253 MPs <b>£1,061,880</b>	102 MPs <b>£475,200</b>	51 MPs <b>£252,773</b>	56 MPs <b>£154,270</b>
2014-15	212 MPs <b>£601,410</b>	97 MPs <b>£448,177</b>	14 MPs <b>£69,389</b>	21 MPs <b>£59,951</b>
<b>Total</b>	<b>£4,641,282</b>	<b>£1,584,256</b>	<b>£574,935</b>	<b>£617,836</b>

## Annex A. Aggregate data

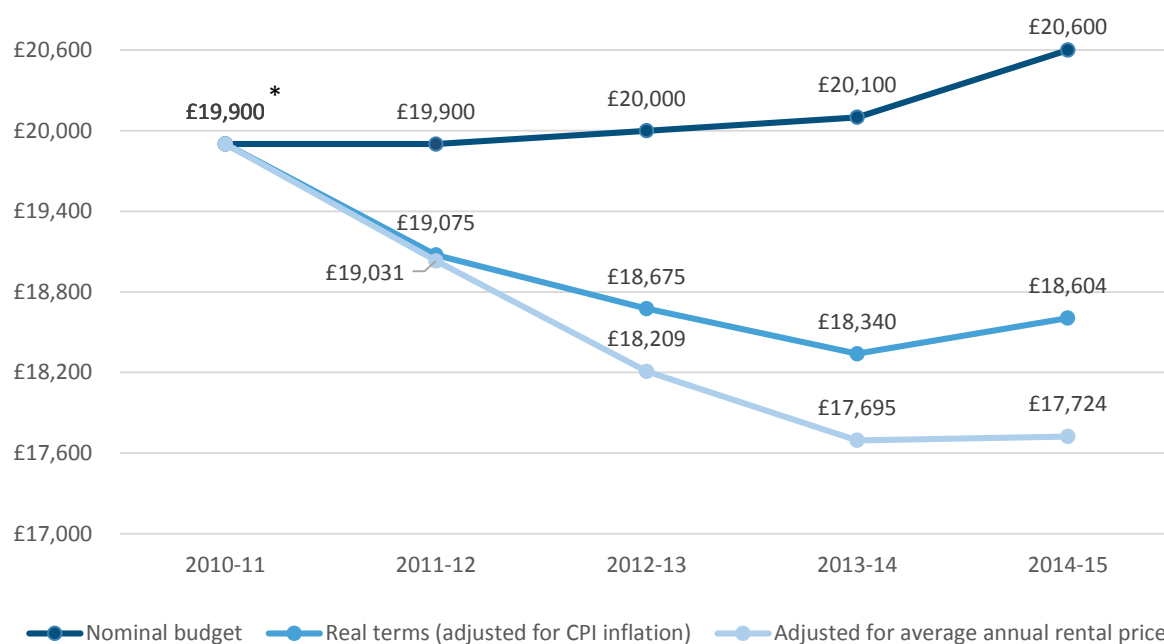
**Table 9 – Accommodation Expenditure by MPs in 2014-15\***

	Renting in London	Renting in constituency	Associated expenditure	Hotels	Ineligible <sup>†</sup>	Did not claim
No. of MPs	<b>286</b>	<b>38</b>	<b>82</b>	<b>63</b>	<b>96</b>	<b>87</b>
Total cost	<b>£4,985,000</b>	<b>£420,900</b>	<b>£343,500</b>	<b>£549,000</b>	-	-

\* The table displays 652 MPs, two more than the current total, due to the Newark and Heywood & Middleton by-elections in 2014-15.

† All London Area MPs, a total of 96, are ineligible for Accommodation Expenditure.

**Chart 5 – Nominal and real terms Accommodation budget (London Area), 2010-15**



\*Baseline year

## Annex A. Aggregate data

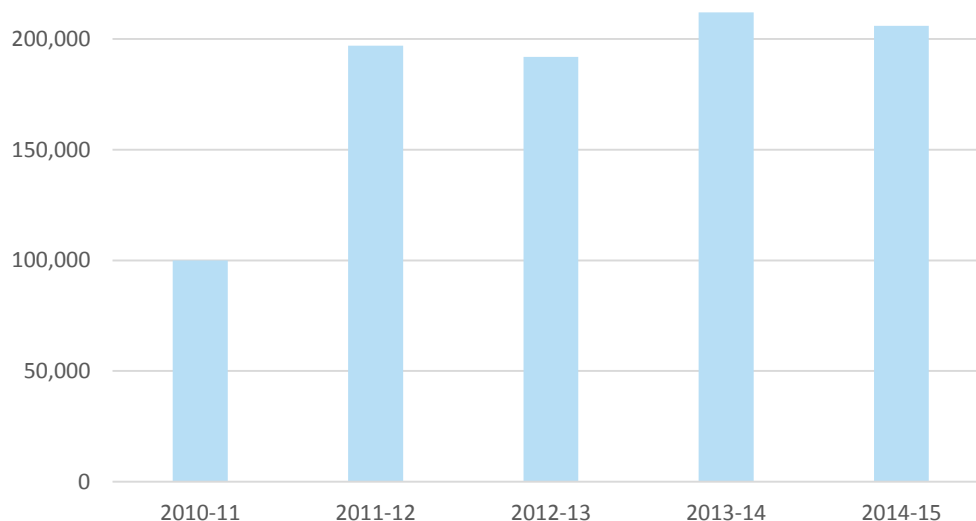
**Table 10** – Number of approved applications to the Contingency Fund, and total cost by year

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Staffing	35 <b>£327,968</b>	50 <b>£605,063</b>	13 <b>£86,853</b>	10 <b>£56,959</b>	15 <b>£84,774</b>	7 <b>£35,374</b>
Office Costs	101* <b>£324,464</b>	37 <b>£123,945</b>	26 <b>£71,689</b>	22 <b>£70,293</b>	22 <b>£37,942</b>	12 <b>£22,354</b>
Accommodation	1 <b>£2,400</b>	10 <b>£9,429</b>	2 <b>£2,418</b>	0 <b>£0</b>	2 <b>£125</b>	1 <b>£760</b>
Miscellaneous	-	-	-	7 <b>£10,491</b>	8 <b>£1,125</b>	10 <b>£2,442</b>
<b>Total</b>	<b>137</b> <b>£654,832</b>	<b>97</b> <b>£738,437</b>	<b>41</b> <b>£160,960</b>	<b>39</b> <b>£137,743</b>	<b>47</b> <b>£123,966</b>	<b>30<sup>†</sup></b> <b>£60,930</b>

\* In the 2010-11 financial year only, Office Costs were claimed under two budgets: General Administrative Expenditure (49 applications totalling £147,655), and Constituency Office Rental Expenditure (52 applications totalling £176,809).

† Total includes all applications approved up to 11th April 2016.

**Chart 6** – Volume of claims published online in each financial year since 2010





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# Annex B

## Assurance Review

### General Election, 2015

Independent Parliamentary Standards Authority

## Key Facts

**£13.2 million**

additional expenditure by MPs  
due to the General Election

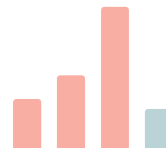
**28%**

turnover of MPs as a result  
of the General Election



**39%**

election-specific expenditure by  
MPs as a proportion of IPSA's  
2015-16 Estimate



**£5.3 million**

saving for the taxpayer due to  
IPSA's changes to MPs'  
resettlement entitlements



**~£500,000**

total start-up costs for 182 newly  
elected MPs



**£10.4 million**

total winding-up costs, including  
staff redundancies, for 182  
former MPs



**£26,600**

depreciated value at election of  
equipment bought by departing  
MPs from September 2014 for  
which they can retain ownership



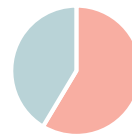
**1 in 62**

proportion of all MPs' staff who  
took unpaid leave to campaign  
for some or all of dissolution



**£975,000**

total value of redundancy  
payments to staff made  
redundant and re-employed  
within 10 weeks by another MP



**At least 58%**

proportion of Payments in Lieu  
of Notice paid where notice  
possibly could have been issued  
more promptly to staff by MPs

## Summary

1. The purpose of this report is to provide a summary and review of the costs incurred by MPs in fulfilling their parliamentary duties and assess the level of compliance with the rules governing MPs' expenditure in relation to the General Election on 7 May 2015.

### Key Findings

Findings on overall General Election costs:

2. **The overall additional cost of MPs' expenditure at the General Election was £13.2m.** This consists of additional budget amounts being made available to some MPs between 1 April and 7 May 2015, the Winding-Up budget for MPs who stood down or were defeated, resettlement payments for MPs who were defeated and the Start-Up budgets for new MPs.
3. **MPs' spending in relation to the General Election was substantially lower than forecast, equating to only 39.1% of the amount budgeted for in the 2015-16 Estimate.**<sup>1</sup> This reflects positively on those MPs who only incurred costs where necessary and spent only a small proportion of the funds available to them. This was also due to the turnover in the number of MPs falling at the lower end of our projections. It does, however, suggest that IPSA's budgeting assumptions may need to be revised for future General Elections.
4. **The change in resettlement arrangements for MPs provided a saving of £5.3m to the taxpayer.** The total cost of resettlement payments for MPs departing Parliament at the General Election was £2.8m, with an average payment of £30,600. Had resettlement been paid under the terms of the Resettlement Grants given to MPs at previous General Elections, the MPs departing at the General Election would have been entitled to £8.1m.
5. Given the availability of the Start-Up Expenditure budget to newly elected MPs until 7 May 2016, it is not yet possible to establish the level and pattern of expenditure. The report will be updated to include these figures in September 2016.

Findings on compliance with dissolution restrictions:

6. **46.6% of claims for MP and dependant travel between London and constituencies during dissolution were not compliant with the dissolution restrictions.** Ineligible claims amounted to £5,400 in value, which were all approved and paid. Take-up of these provisions was low, with only 10% of MPs making use of them, claiming just over £12,000.
7. **Restrictions on equipment purchases beginning six months prior to the dissolution of Parliament reduced capital spending by 84.3%.** This is based on the reduction in average monthly spend in the restricted months compared to the unrestricted months across a twelve

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<sup>1</sup> This will be revised when final figures for new MPs' Start-Up costs are available. This is due in September 2016.



## Annex B. Assurance Review, General Election, 2015

month period. However, there was a fourfold increase in the value of equipment purchases in the month before the restrictions came into effect.

8. **Capital items purchased from September 2014 by MPs who left Parliament at the election had a value of £26,600 after depreciation.** MPs are advised to pass these items onto their successor, give the items to charity or reimburse IPSA for any profit made from selling the items; however, they ultimately remain the personal property of the MP.

Findings on political activity and campaigning:

9. **There is no evidence of widespread misuse of the MPs' Scheme of Business Costs and Expenses for the purposes of campaigning at the General Election.** Detailed analysis and review of expenditure prior to the Election found that for more than 95% of MPs there was no indication of claims for campaign expenditure. Ineligible claims identified were not systemic and related to only a small minority of MPs.
10. **Four cases relating to possible, significant breaches of the Scheme and electoral regulation have been identified and require further investigation.** A further two cases were identified relating to MPs who had already been referred to the Compliance Officer for related claims and the relevant information has been passed to his office.
11. **Just over £6,000 of ineligible claims were identified.** These consisted predominantly of claims for newsletters and party political communications to constituents that are not permissible under the Scheme. This does not include any that are subject to further investigation as outlined above.
12. **The lack of available evidence in some areas of spending means that measures of assurance are limited.** Particularly regarding the use of staff time, office space and office equipment and stationery, the difficulty of accessing information has a limiting effect on how we can regulate these areas. However, this has been possible where other factors can provide a sound indication of activity, as in two of the four cases identified for further investigation.

Findings on Winding-Up costs:

13. **The process of closing down offices and finalising parliamentary affairs by MPs who stood down or were defeated at the General Election cost £10.4m.** This breaks down as £5.8m for office, travel and staffing costs from the capped Winding-Up budget, £4.4m for staff redundancies and £0.2m for rental accommodation from the uncapped Miscellaneous budget, and £34,000 in other costs.
14. **Departing MPs only spent on average 58.7% of their Winding-Up Expenditure budget.** This suggests both that the majority of MPs only made use of funds that were strictly necessary and that the budget limits are greater than required.
15. **Winding-Up costs were 45.5% lower than budgeted for under Subhead A of IPSA's 2015-16 Estimate.** This was due both to the turnover in the number of MPs falling at the lower end of our projections and a number of budgeting assumptions that did not match what occurred in practice. These lessons will be learned for the 2020 General Election.
16. **£975,000 was paid in tax-free redundancy payments to 125 staff members with a break in employment of less than 10 weeks.** In each case the staff member was made redundant as a

## Annex B. Assurance Review, General Election, 2015

result of their employer standing down or losing their seat at the election and entered into a new employment with a different MP within two months of their prior employment ending. This amounts to 22.2% of all redundancy payments made. In 60.3% of these cases there was no break in employment at all.

17. **£647,700 was paid as Pay in Lieu of Notice (PILON) to 289 staff members; however, between £379,800 and £435,200 could, potentially, have been avoidable if the MPs had issued notice earlier.** In each case the staff member was paid for not working some or all of their notice period even though the MP had sufficient time to issue notice prior to their leave date. This amounts to between 58.6% and 67.2% of all PILON paid by departing MPs.
18. **Allowing MPs to set notice periods for their staff of up to 12 weeks cost £117,500 in PILON paid in excess of statutory requirements.** Prior to the election, MPs could set notice periods of between 4 and 12 weeks regardless of length of service or position, and some staff on House of Commons' contracts had notice periods of 13 weeks. The statutory minimum notice period for redundancy is between 1 and 12 weeks depending on the number of years' continuous service.
19. **£743,200 was paid to 651 staff members for untaken holiday.** The average payment was £1,100, with individual payments as high as £5,500. This equates to approximately 8,600 days of untaken holiday entitlement, an average of 13 days per staff member.

### Conclusions

20. The overall additional cost of the General Election was lower than expected, both as a result of lower than projected turnover of MPs and due to the majority of MPs using only the proportion of capped budgets they required and achieving significant underspends. The changes to the terms of MPs' resettlement payments provided a considerable saving for the taxpayer, equating to a 30% reduction in the total for all election-specific costs, while ensuring that MPs who lost their seats and faced the equivalent of a redundancy situation were fairly compensated.
21. However, there are several areas where further savings could be made and where the potential for personal benefit (intentional or otherwise) could be restricted to provide better value-for-money. In addition, the use of historical data for forecasting expenditure at future General Elections will help to create a more realistic picture of expected costs and allow for a more accurate budget Estimate.
22. Reinforcement of the fact that responsibility for complying with IPSA's regulations rests with the individual MP, supported by frequent guidance, helped in preventing public funds being used illegitimately for campaigning by creating a clear sense of accountability. However, it is evident from the reviews of MPs' compliance with the rules relating to dissolution and campaigning that this must be supported by a robust framework of regulatory review.
23. It is clear, nevertheless, that the vast majority of MPs met their financial obligations and acted with probity and integrity in their use of public money during the election period. While there are some concerns, these relate only to a small minority. For the most part MPs and their staff behaved appropriately and some took proactive steps to ensure that they adhered to the letter and the spirit of the rules.

## Annex B. Assurance Review, General Election, 2015

24. The rules governing the Winding-Up process and the way in which the process was operated require further development. This is the single largest area of election-specific spending, accounting for almost 80% of the total cost, and must be regulated accordingly. In a number of instances, IPSA staff made pragmatic decisions that did not give sufficient consideration to providing value-for-money or which have resulted in unforeseen consequences. A number of avoidable errors were made, which resulted in a financial cost to the taxpayer.
25. Departing MPs were on the whole reserved in how they spent the money available to them. Most claimed significantly less than the maximum budget limit. However, their status as the employer of their staff could have enabled them to confer financial advantage on their former employees, some of whom were connected parties, in a manner that is not reflective of conditions in the wider public sector or employment best practice. These are issues that we should seek to address.
26. **The issues raised in this Assurance Review will be considered in the consultation to be published in May 2016.**

## Annex C

# Fundamental Principles of the MPs' Scheme of Business Costs and Expenses

Current version 2016-17

Independent Parliamentary Standards Authority

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## Annex C. Fundamental Principles

### FUNDAMENTAL PRINCIPLES OF THE MP'S SCHEME OF BUSINESS COSTS AND EXPENSES (2016-17)

1. MPs should always behave with probity and integrity when making claims on public resources. MPs should be held, and regard themselves, as personally responsible and accountable for expenses incurred, and claims made, and for adherence to these principles as well as to the rules.
2. MPs have the right to be reimbursed for unavoidable costs where they are incurred wholly, exclusively, and necessarily in the performance of their parliamentary functions, but not otherwise.
3. MPs must not exploit the system for personal financial advantage, nor to confer an undue advantage on a political organisation.
4.
  - a. The system should be open and transparent.
  - b. The system should be subject to independent audit and assurance.
5. The details of the expenses scheme for MPs should be determined independently of Parliament.
6. There should be clear, effective and proportionate sanctions for breaches of the rules, robustly enforced.
7. The presumption should be that in matters relating to expenses, MPs should be treated in the same manner as other citizens. If the arrangements depart from those which would normally be expected elsewhere, those departures need to be explicitly justified.
8. The scheme should provide value for the taxpayer. Value for money should not necessarily be judged by reference to financial costs alone.
9. Arrangements should be flexible enough to take account of the diverse working patterns and demands placed upon individual MPs, and should not unduly deter representation from all sections of society.
10. The system should be clear and understandable. If it is difficult to explain an element of the system in terms which the general public will regard as reasonable, that is a powerful argument against it.
11. The system should prohibit MPs from entering into arrangements which might appear to create a conflict of interests in the use of public resources.
12. The system must give the public confidence that high standards of honesty will be upheld.



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## Annex D

# Assurance Review

Connected Parties, May 2010 – March 2015

Independent Parliamentary Standards Authority

## Key Facts



**1 in 4**

proportion of MPs who employed a connected party at some point between 2010-11 and 2014-15



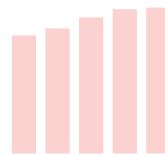
**203**

total number of different connected parties employed at some point between 2010-11 and 2014-15



**£21 million**

expenditure on connected parties from May 2010 to March 2015



**24%**

increase in annual cost of connected parties between 2010-11 and 2014-15



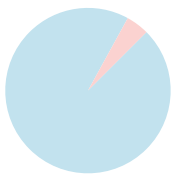
**£31,350**

average FTE salary for connected parties in 2014-15



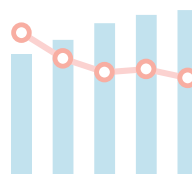
**£5,600**

average additional FTE salary for connected parties over other staff in 2014-15



**4.5%**

proportion of MPs' Business Costs and Expenses that relate to connected parties



**9%**

fall in connected parties as proportion of all MPs' staff costs from 2010-11 to 2014-15

## Summary

1. This report summarises and reviews the evidence about the employment of connected parties (typically family members) by MPs between 2010-11 and 2014-15.
2. It seeks to establish:
  - the levels and trends of expenditure on connected parties;
  - whether connected parties receive preferential pay compared to their colleagues; and
  - the level of compliance risks resulting from IPSA's current rules and their operation.

### Key Findings

Findings on the overall cost to the taxpayer of MPs' connected parties:

3. **The total cost of connected parties between May 2010 and March 2015 was £21 million.** Of this, 83.0% was spent on their salaries, 7.9% on employer National Insurance contributions, 7.9% on employer pension contributions, and 1.2% on travel and subsistence expenses.
4. **Connected party costs account for 4.5% of the total cost of MPs' Business Costs and Expenses.** This has remained broadly consistent across the past five years. If connected party expenditure were its own budget heading it would be the fourth largest category of MPs' expenditure.
5. **Expenditure on connected parties has increased year-on-year but the pace has slowed in the last three years.** The annual increase has fallen from a peak of 9.0% between 2011-12 and 2012-13, to only 1.1% between 2013-14 and 2014-15. In real terms the total cost actually decreased for the first time between 2013-14 and 2014-15, falling by 0.6%.
6. **As a proportion of all staffing expenditure, the cost of connected parties has reduced from 6.3% in 2010-11 to 5.7% in 2014-15.** This has been driven primarily by the growth in the total cost of staffing in each year, which has outpaced the increase in connected party costs.

Findings on pay and conditions for connected parties:

7. **Connected parties do not generally receive better salaries than other staff with the same job description and roles.** However, connected parties who have started employment for an MP within the last 10 years are, on average, better paid than their colleagues in similar roles, who started at a similar time.

Findings on compliance risks:

8. **The controls on the registration of connected parties are limited and have not always operated as effectively as they might.** The quality of our data records and the absence of controls to prevent false declarations of connected party status means that there is a high risk that any instance of an undeclared or inaccurate status will not be identified.



## Annex D. Assurance Review, Connected Parties

9. **There are no controls to prevent misconduct in the employment of connected parties.** The potential for personal or familial gain, and the absence of any normal staff management framework over payroll and expenses submissions, presents a potential risk of incorrect claiming. IPSA operates no routine measures to identify or prevent this. Similar risks also apply to the employment of all other staff.
10. **Overall, we identified no compliance concerns for the majority of connected parties.** Neither this review, nor previous assessments by the Compliance Officer for the IPSA, have identified any substantive evidence of misconduct in the employment of connected parties. A small number of issues warranting further investigation were identified, but this is not necessarily evidence of any wrongdoing by MPs.

### Conclusions

11. The prevalence of employing connected parties has not declined since 2010 although there are approximately 20% fewer connected parties than there were before IPSA was established.
12. The trend in annual expenditure on connected parties largely mirrors changes in the number of connected parties, levelling out as the number has stabilised.
13. While, in some individual circumstances, a particular connected party may receive better pay and conditions than their peers, there is no evidence that this is systemic. There remains a potential conflict of interest, but we have no quantitative evidence that this has materialised.
14. There is nonetheless a risk that MPs could breach the restrictions on connected parties, or even act fraudulently, without detection. The controls that IPSA has in place cannot currently prevent or identify such behaviour, and we have no proportionate means for assessing the likelihood of this risk or proving non-compliance. We consider the risk is low that an MP is inadvertently or deliberately breaking these rules. But, because it is difficult for IPSA to discover whether non-compliance is happening, a risk to the reputation of IPSA and Parliament remains in individual cases.
15. **The issues raised in this Assurance Review will be considered in the consultation to be published in May 2016.**



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**Annex E**

**Publication Policy for MP's Business  
Costs and Expenses**

July 2014

Independent Parliamentary Standards Authority

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## **IPSA's Publication Policy**

### Introduction

1. This document sets out IPSA's policy on the regular and proactive publication of information about the expenditure of public funds by MPs in accordance with the MPs' Scheme of Business Costs and Expenses ('the Scheme'). Our approach to requests under the Freedom of Information Act is discussed in paragraph 18 below.

2. This document provides details of the part of IPSA's Publication Scheme relating to the publication of MPs' expenses. It supersedes all previous policy statements on the publication of MPs' expenses.

3. We will publish information about claims made by MPs under the Scheme in regular cycles, as set out below:

- Every two months, we will publish details of MPs' business costs and expense claims. These will be for the two months which are three and four months in arrears of the month of publication. (For example, claims processed in June and July will be published in November.)

- We will publish annually additional information about MPs' use of public funds. This will include information on residential accommodation, constituency offices, staffing, budget uplifts, and the employment of connected parties<sup>20</sup>.

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<sup>20</sup> A connected party is defined as a spouse, civil partner or cohabiting partner of the MP; a parent, child, grandparent, 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.

## Annex E. IPSA's Publication Policy, July 2014

- We will publish annually the total sums paid for additional security measures and disability assistance. These sums are the aggregations of all claims made by all MPs for these categories of expenditure in a single financial year.

4. Neither the two-monthly nor annual cycles of publication will take place when the UK Parliament is dissolved or on a day where there are substantial local or devolved assembly or parliamentary elections.

5. In order to protect personal information and ensure that IPSA takes due account of the personal security of MPs and their staff, we will redact information in line with our responsibilities under the Data Protection Act (1998) ('the DPA').

### Regular publication of details of claims for business costs and expenses

6. We will publish claims only after a final determination has been made – i.e. when the claims have been approved for reimbursement, when they have not been approved for reimbursement, and when they have been approved for reimbursement in part. Details of claims that are subject to review will only be published once the review has been completed.

7. Each publication cycle is likely to include a number of older claims where, for example, reviews or late submission of evidence may have affected the timeliness of the reimbursement or otherwise of a claim.

8. For each type of claim we will publish the information set out below:

- **For all claims:** MP's name, constituency, financial year, date, claim reference numbers, budget (e.g. Travel, Accommodation, Office Costs), type of expenditure (e.g. public transport – rail, council tax, photocopier hire), short description, details, amount claimed, amount reimbursed, amount not reimbursed, the reason why a claim was not reimbursed and amount repaid to IPSA.

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- **Travel and subsistence claims:** place of origin, place of destination, category of journey, class of travel, mileage, length of hotel stay, category of hotel stay.

9. Most information is submitted by MPs through the online claims system. The only addition by IPSA is the automatically generated claim reference, the amount reimbursed or not reimbursed and, when appropriate, the reason a claim was not reimbursed.

10. We will publish details of instances when MPs have made a claim and received reimbursement, but have subsequently repaid monies to IPSA.

11. Published information is available in a searchable format on our website at [www.parliamentary-standards.org.uk](http://www.parliamentary-standards.org.uk).

12. Payroll costs are separate from claims for business costs and expenses and are not published as part of the regular cycle of publication of claims. We will publish details of MPs' payroll arrangements annually, as set out below.

### Publication of additional information

13. We will, annually, as soon as practicable after the end of the financial year, publish details relating to the expenditure of public funds for the previous financial year in relation to each MP in the following areas:

- total annual claims against office budgets;
- total annual claims against residential accommodation budgets, including hotel stays;
- total annual claims against travel and subsistence budgets;
- total annual claims against staffing budgets. We will publish the job titles of any staff employed during the financial year, whether the role was part or full time, and whether the staff member was employed for the whole financial year. In line with the Government's

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approach to the wider public sector we will also publish, in bands of £5,000, the details of the salaries of members of staff earning £60,600 or more. Further, we will publish the names and salaries (expressed in bands of £5,000) of connected parties employed from public funds. With the exception of these connected parties, staff names will not be published. We will publish details of any contributions the MP receives for the costs of employing an apprentice; and

- total budgets available to the MP for the financial year, including any uplifts that have been applied. IPSA will also publish the value of any uplifts, and show whether they were applied as the result of a successful application for contingency funding, registration of dependants, or arrangements for staff cover.

14. At the same time, we will publish:

- the aggregate sum of all claims for which MPs received reimbursement under the security assistance budget;

- the aggregate sum of all claims for which MPs received reimbursement under the disability assistance budget;

- details of repayments made by MPs;

- details of all applications for contingency funding received, including MP's name, the amount applied for, and whether the application was approved;

- details of claims and capital gain repayments made under the transitional mortgage interest subsidy arrangements;

- the landlord's name, and first part of the postcode, for rental accommodation;

- the landlord's name, and first part of the postcode, for office accommodation;

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- the value of each reward and recognition payment made by each MP during the course of the financial year; and
- any unrecovered sums due to IPSA which have been written off and reported in IPSA's annual accounts.

### What IPSA will not be publishing proactively

15. We will not, as a matter of course, publish images of receipts or invoices supporting claims.

16. We will not publish the following information:

- details of MPs' home addresses (i.e. those addresses for which they receive no subsidy from IPSA) unless it is entered in support of a claim, in which case we will publish only the town or city and the first alphabetical block and the first numerical block of the postcode, for example:

- SW1 [\*\*\*]
- IP21 [\*\*\*]

Claims where this information may be relevant might, for example, be for mileage or other journeys;

- details of MPs' addresses for which the MP is in receipt of funding from IPSA, other than the town or city and the first alphabetical block and the first numerical block of the postcode, for example:

- SW1 [\*\*\*]
- IP21 [\*\*\*];

- specific journey times;

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- any customer, account, invoice or policy numbers, or any other serial numbers that may be traced back to sensitive personal data, such as TV licence numbers or flight numbers;
- email addresses, telephone numbers, fax numbers;
- financial details such as credit card or bank account details;
- car registration numbers; and
- names, addresses or other contact details of small suppliers with regular access to MPs' homes.

17. We will not publish details of individuals' Security Assistance or Disability Assistance claims.

18. We will not publish certain personal data where it would contravene any of the data protection principles in the Data Protection Act. IPSA is also subject to the Freedom of Information Act and handles each request under that Act on a case-by-case basis.

19. We will not publish full names or surnames of staff on the payroll.

20. We will not publish specific details of a disability.

21. We will not publish names of office cleaners or cleaning companies, as they may have keys to the office so there is a potential security risk.

22. We will not publish details of any purchases made on the Payment Card which the MP decides to repay before the expense is presented to IPSA.



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23. We will not publish details of claims which have initially not been approved for reimbursement where, on resubmission, they have been approved, provided it is clear that the reason for the initial determination was due to a minor administrative oversight on the part of the MP, such as the incorrect or incomplete submission of evidence, and where the oversight was rectified in the resubmission.

24. The names of specific hotels which the MP stays at in London or their constituency, as the MP may stay there regularly so there is a potential security risk.

25. We will not publish individual travel claims for MPs representing constituencies in Northern Ireland.

26. We will not publish information which we consider may compromise an MP's security.

27. We will not publish internal notes made by IPSA system administrators.

