

Consultation on changes to the Scheme of MPs' Business Costs and Expenses for 2020-21

31 October 2019

Introduction

1. Today we launch a consultation on a number of changes to the Scheme of MPs' Business Costs and Expenses ('the Scheme').
2. The Scheme sets out the rules, eligibility and budgets governing MPs' use of taxpayers' money to support their parliamentary work. An updated Scheme is published for each financial year. For the most part, changes to the rules year-on-year are limited to adjustments to MPs' budgets and MPs' staff salary ranges, in order to provide a stable set of rules for MPs and their staff. We aim to conduct more comprehensive reviews of the Scheme about every five years. However, there are sometimes issues identified which we believe should be addressed more quickly.
3. The proposed changes for 2020-21 are outlined below. If agreed, they would come into effect on 1 April 2020.

MPs who sublet their constituency offices

4. The Scheme provides for office costs funding to allow MPs to rent and furnish offices in their constituency. Some MPs choose to permit another person or organisation to use their IPSA-funded constituency office. This is allowed under the rules, provided that the MP charges the other organisation a fee which reflects the appropriate proportion of rent and other costs. This is in recognition of the fact that it may be more cost-effective where the office includes space which is not needed by the MP or their staff, and it can produce a saving for the taxpayer. This is sometimes an ad hoc arrangement, such as hiring out meeting rooms; but in other cases, the third-party person or organisation sublets part of the office from the MP on an ongoing basis. The income received by the MP must be repaid to the taxpayer through IPSA.
5. In 2018-19 we conducted an assurance review of these subletting arrangements. The review found that there was insufficient oversight of how many MPs were subletting their IPSA-funded office or whether these arrangements were in keeping with the requirements of the Scheme. For example, in some cases it was difficult to identify what amounts IPSA should receive as repayments and how frequently.
6. Following the review, we developed a more formalised process for registering and monitoring subletting arrangements. This includes collecting information about who is subletting the space; what proportion of the property is being sublet; what rental fee is

being charged; and how often repayments will be made to IPSA. However, we believe there is a case for the requirement to provide this information to be formalised in the Scheme. This would allow us more effectively to seek repayments of rental income that are due, and to mitigate the risk that such repayments are missed in error by MPs.

Do you agree that the Scheme should be amended to require MPs who wish to sublet part of their IPSA-funded constituency office to notify IPSA of the subletting arrangement at the start, including details of the sublessee, the amount of rental income to be repaid, the frequency of repayment and the duration of the arrangement?

7. The review also noted a discrepancy in the rules which govern MPs' rental relationships with political party organisations. The Scheme requires that MPs who rent from a political party organisation are required by the Scheme (paragraph 6.20) to provide a valuation of the market rate of the rental contract prepared by a valuer regulated by the Royal Institute of Chartered Surveyors (RICS). In such cases, the rent paid cannot exceed the market rate. However, when subletting part of their constituency office to a political party organisation, no formal evaluation of the space or market rental rates is currently required. MPs are expected to determine for themselves the appropriate amount of rent and other costs to charge (and hence repay to IPSA).
8. There is a potential risk that, where an MP sublets to a political party association, a benefit could be provided where a relatively low rent is charged. We are proposing a change to the Scheme to require MPs to provide a market valuation of the office space they are seeking to sublet to a political party organisation.

Do you agree that the Scheme should be amended to require MPs who wish to sublet part of their IPSA-funded constituency office to a political party organisation to provide a valuation of the market rate for the office space, in order to ensure that the rental amount charged reflects this market rate?

9. For reasons similar to those described above, we think there may also be case for setting the same requirement for MPs who are seeking to sublet office space to a connected party (such as a family member).

Do you agree that the Scheme should be amended to require MPs who wish to sublet part of their IPSA-funded constituency office to a connected party (such as a family member) to provide a valuation of the market rate for the office space, in order to ensure that the rental amount charged reflects this market rate?

Clarifications to the rules on security assistance

10. The Scheme provides funding for security measures which have been recommended by the police to respond to risks faced by MPs and by their staff members while at work. In January 2016, a package of recommended security measures for MPs' homes and offices, developed by the National Counter Terrorism Security Office and Secured by Design, funded by IPSA, and owned by the National Police Chiefs' Council, was introduced. All MPs can request these recommended measures to be installed. In addition, IPSA provides funding for further measures which are recommended by the police or the Parliamentary Liaison and Investigation Team (PLAIT) at the House of Commons, in response to specific risks in relation to individual MPs.
11. Following a comprehensive review of the rules, the 2017-18 Scheme was updated to reflect these arrangements. However, we believe these rules have been written too narrowly.
12. The current rules at paragraphs 10.5-10.7 refer only to security measures which are applied to properties – namely, MPs' registered constituency offices, IPSA-funded accommodation or MPs' private residences. However, we recognise that in some exceptional circumstances it may be appropriate for measures to be applied at other properties in order to protect MPs and their families. We are proposing to broaden the wording of the rules in order to allow IPSA the flexibility to fund recommended or further measures at other properties in specific situations.

Do you agree that the Scheme should be amended to reflect that recommended and further security measures could be applied to other properties (not currently listed in paragraph 10.5), where the police recommend it?

13. Furthermore, as the intention of the rules is that IPSA will fund security measures recommended by the police, this does not need to be restricted only to measures which are applied to properties. In reality we have funded a range of other types of measures on police advice, including for MPs moving between properties, and may continue to do so in future as police recommendations evolve. We therefore are proposing a change to paragraph 10.5, with consequential changes to 10.6 and 10.7, to make clear that recommended and further measures may be measures to protect a person or persons, rather than a property.

Do you agree that the Scheme should be amended to reflect that recommended and further security measures could be those applied to office and accommodation properties, or could be other types of measures unrelated to specific properties?

14. In addition, the current wording of the Scheme provides for security measures applied to constituency offices, to protect staff members while at work, but does not refer to security measures for individual staff members who may be at risk outside their office. We believe that the rules should be broadened to allow IPSA the flexibility to provide further security measures for staff members in certain circumstances, where it has been recommended by the police.

Do you agree that the Scheme rules should be made more flexible, to reflect that further security measures may be funded for staff members where it has been recommended by the police in response to a specific threat?

How to respond

The consultation closes on **Friday 31 January**.

If you would like to respond, please send your feedback on the proposed changes to consultation@theipsa.org.uk, or by post to IPSA, 2nd Floor, 85 Strand, London WC2R 0DW.

We will use the information you provide to inform changes to IPSA policy or processes. We may publish quotes from consultation responses, but will do so in a way that does not identify individuals. For more information about what we do with personal data see our [privacy notice](#).