


Assurance Review: The 2017 General Election

Analysis of expenditure and compliance

May 2018





Independent Parliamentary Standards Authority

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Introduction

1. This report sets out the findings of IPSA's assurance review of MPs' business costs and expenses relating to the 2017 General Election.
2. The 2017 Election was IPSA's second since the organisation began operations in 2010. While IPSA is just one of many organisations with a part to play in UK General Elections, our role is an important one: supporting new MPs; helping former MPs who have lost their seats or who have decided to stand down to wind down their offices; and ensuring that taxpayer-funded offices, equipment and other resources are not used for campaigning.
3. This review covered expenditure across all expense types falling in the dissolution period and winding-up period, as well as payments made to former MPs and their staff after the election (Loss of Office payments and redundancy, pay-in-lieu-of-notice and untaken leave payments).
4. The sections below set out our detailed findings. Overall, we are confident that there was broad compliance by MPs with the Scheme of MPs' Business Costs and Expenses (the Scheme) before and after the election. However, this report also highlights those areas where we have encountered limitations in assessing compliance; as well as recommendations for how rules and/or processes might be improved.
5. After the General Election in May 2015, we conducted a similar assurance review. We have tried where possible to replicate the analysis to enable comparison between expenditure at the 2015 and 2017 elections; however we also note that, due to the unexpected nature of the 2017 election, a number of aspects are not directly comparable and should not be taken as such. This is explained further in the relevant sections of the report.
6. Appendix A provides additional information on the methodology used in this review.

Background

7. On 18 April 2017, the Prime Minister announced that there was to be a General Election on 8 June 2017; and on the following day, MPs voted to dissolve Parliament. Parliament subsequently dissolved on 3 May 2017.
8. Thirty-one MPs decided not to stand for re-election, and 67 lost their seats. At the time of the election, there was one constituency without an MP. As a result, there were 99 newly elected MPs, 551 returning MPs and 98 departing MPs after polling day.

Election-related rules

9. The rules setting out what costs MPs can claim for relating to an election – including during the dissolution and winding-up periods – are set out in the Scheme.
10. We carried out a comprehensive review of the Scheme in 2016, which in part considered changes to the election-related rules based on our experience in the May 2015 General Election as well as findings from the assurance review of expenditure related to that election. The revised Scheme, which was published in March 2017 and came into effect on 1 April 2017, included a

number of changes to election-related rules, such as the removal of some restrictions. Relevant changes to the Scheme are discussed in the appropriate sections of this report.

11. The Scheme now allows MPs to claim for parliamentary business costs and expenses as normal during the dissolution period. This includes claiming for travel as normal by themselves, their staff and family members; necessary capital purchases; office and staffing costs; and accommodation.
12. However, MPs cannot claim for any costs related to campaigning. Where MPs used their offices – either wholly or partly – for campaigning purposes, they were required to repay an appropriate proportion of their rent to IPSA. Similarly, MPs could repay website hosting costs if they put campaigning content on their IPSA-funded websites. Staff who wanted to undertake campaigning for their employer or another MP could only do so outside of their working hours; they could take either paid (annual) leave or unpaid leave.

Key findings

13. **The aggregate General Election-related cost to IPSA was £5,920,400.** This includes all payments made to departing MPs, payments to their staff members, all winding-up costs and the additional start-up supplement available to newly-elected MPs.
14. **Based on the evidence and information available, we can be confident of broad compliance by MPs with the Scheme rules in the periods examined.** The simplification of the rules which came into effect in April 2017 was successful in improving MPs' understanding of the Scheme and in increasing MPs' compliance.
15. **The unexpected timing of the 2017 General Election, after a two-year rather than a five-year fixed-term parliament, had an impact on the Loss of Office payments (LOOP) made to MPs who lost their seats and on the redundancy payments made to the staff of former MPs.** LOOP amounts paid to defeated MPs, averaging £8,800, were less than many had assumed. 47% of departing MPs' staff had under two years' service and so received no redundancy payments at all, in line with the terms of their contracts.
16. **On other hand, the timing of the election meant that some costs were higher than expected.** For example, in a small number of cases, large sums were paid to terminate former MPs' office and accommodation leases early. In total, £202,600 was spent on office and accommodation rental costs beyond the winding-up period, due to the unexpected timing of the election.
17. **Approximately 48% of pay-in-lieu-of-notice (PILON) payments to MPs' staff members was potentially avoidable.** As in 2015, some former MPs delayed giving notice to their staff, incurring higher-than-necessary PILON costs.

Recommendations

18. In light of the findings in this report, we have made a number of recommendations, which are set out in the table below.

Rec 1	Dissolution	IPSA should do more to ensure that timely repayments are made for party-political or campaign use of IPSA-funded offices and other costs. This should include a requirement for greater detail about the proportion being repaid and the exact period the repayments relate to.
Rec 2	Staffing	IPSA should continue to communicate clearly to MPs the importance of issuing timely notice to their staff in order to save public money.
Rec 3	Staffing	IPSA should ensure that payments to MPs' staff for untaken leave are accurately recorded as annual leave, overtime, or Time Off In Lieu.
Rec 4	Staffing	IPSA should ensure that, where an individual is employed on more than one full-time contract, further details are provided to ensure that there is no overlap in the scheduled completion of contracted hours.
Rec 5	Staffing	IPSA should require MPs to provide further details when requesting payments to their staff of more than 50% of their accrued leave over the period of employment.
Rec 6	Staffing	IPSA should consider whether to reduce the financial impact of a future snap election on MPs' staff with less than two years' continuous service.
Rec 7	Staffing	IPSA should consider enforcing a 90-day limit within which an MP can claim for overtime carried out by staff and a requirement to provide supporting evidence for all staff employed before April 2017.
Rec 8	Winding-up	IPSA should consider asking departing MPs to confirm in their winding-up declaration how they disposed of their IPSA-funded capital equipment.

19. These recommendations have been endorsed by IPSA senior managers responsible for the relevant areas and will be progressed over the coming months, and as part of organisational planning for the next General Election.

General Election Costs

20. This section covers the calculated total cost to IPSA resulting from the General Election; as well as an analysis of the LOOP paid to MPs defeated at the election and the start-up supplement made available to new MPs.

Findings on General Election Costs

21. **The overall additional cost of the General Election to IPSA was £5,920,400.** This includes the full start-up supplement¹, all winding-up costs, gross LOOP to MPs, accommodation costs for departing MPs and redundancy payments made to the staff members of departing MPs.
22. **Departing MPs in 2017 received 71% less, on average, than departing MPs in 2015.** The average resettlement payment awarded in 2015 was £30,600. The average LOOP awarded in 2017 was £8,800.
23. **Almost half of newly-elected MPs did not make use of their start-up supplement.** Analysis of office costs claimed by newly-elected MPs in 2017-18 showed that 48%² did not exceed their standard pro-rated office costs budget.

Aggregate expenditure

24. The expenditure resulting from the General Election is summarised at Figure 1 and consists of the following:
- £582,100 for LOOP payments to MPs who were defeated at the election;
 - £4,744,300 for the cost of Winding-Up (including accommodation, staff redundancies and other costs associated with closing down MPs' parliamentary affairs); and □ £594,000 for the start-up supplement provided to new MPs.

	Stood Down MPs	Defeated MPs	New MPs	TOTAL
Total Winding-up Budget Spend	£871,400	£2,285,300	-	£3,156,700
Winding-up Staff Redundancy	£553,900	£820,200	-	£1,374,100
Winding-up Accommodation Costs	£178,700	£34,800	-	£213,500
Loss of Office Payments	-	£582,100	-	£582,100
Start-Up Supplement	-	-	£594,000	£594,000
TOTAL	£1,604,000	£3,722,400	£594,000	£5,920,400

¹ The full start-up supplement has been included as the total claimed from the available office costs budget will not be known until after the completion of this report.

² Calculated assuming that no newly-elected MP accrued 2017-18 costs to be claimed after 18 April 2018

Loss of Office payments

25. Any MP who stands for the same seat in an election and subsequently loses their seat is eligible to receive a Loss of Office Payment (LOOP). The payment is equivalent to twice the prevailing statutory redundancy rate. This means that an MP must have two years' continuous service to receive a payment. An MP who stands down voluntarily is not entitled to any LOOP. See Appendix B for more information.
26. The LOOP arrangements replaced the resettlement payment paid to departing MPs after the 2015 General Election. LOOP was introduced to bring savings to the taxpayer whilst aligning the payments made to departing MPs with similar payments elsewhere.
27. Departing MPs are not paid a salary after polling day. However, as office holders, they must complete all tasks pertinent to winding-up their parliamentary functions and their offices. Following changes to the Scheme, which came into effect in April 2017, former MPs could request part of their LOOP prior to completing the winding-up of their affairs. These payments were limited to an amount equal to the remainder of their June salary (i.e. what they would have received as salary for 9-30 June). The outstanding amount of LOOP was then made available to former MPs once they confirmed with IPSA that they had completed all tasks required to wind up their affairs. Post-payment validation was carried out on all costs claimed by departing MPs. If an amount was identified that required repayment, it was deducted from the departing MP's remaining LOOP.
28. The review of 2015 General Election costs estimated that at future elections, 90 MPs would have been entitled to a LOOP payment following at least five years' service. Under these assumptions, the LOOP would cost approximately £1.26 million at the next General Election. The actual cost of LOOP following the 2017 General Election totalled £582,100, with individual payments ranging from just under £2,000 to £29,300 for the 66 eligible departing MPs. Figure 2 shows the total value of LOOP in comparison to the costs incurred in 2010 and 2015³.

³ Official GDP deflator figures have been included to adjust the costs for inflation. Resettlement payments after the 2010 election were paid under the pre-IPSA arrangements.

The chart below shows loss of office costs (£0 to £14,000) for the 2010, 2015 and 2017 General Elections.

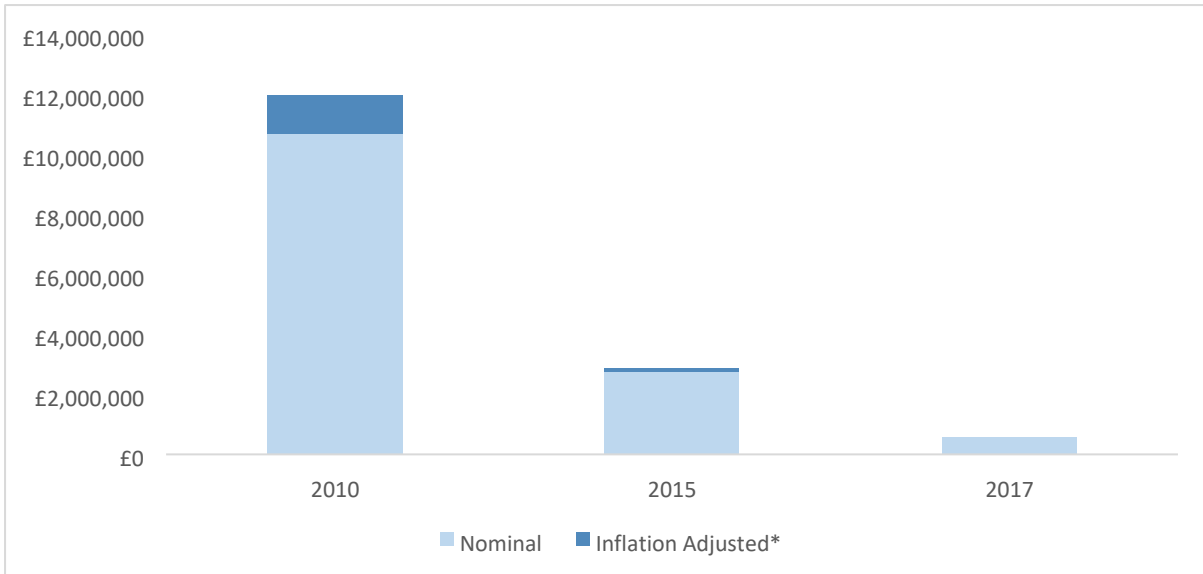


FIGURE 2 –COMPARISON OF NOMINAL AND REAL-TERMS RESETTLEMENT AND LOOP COSTS AT GENERAL ELECTIONS, 2010 – 2017

The chart below shows payments made to MPs in 2015 and 2017 (£0 to £40,000).

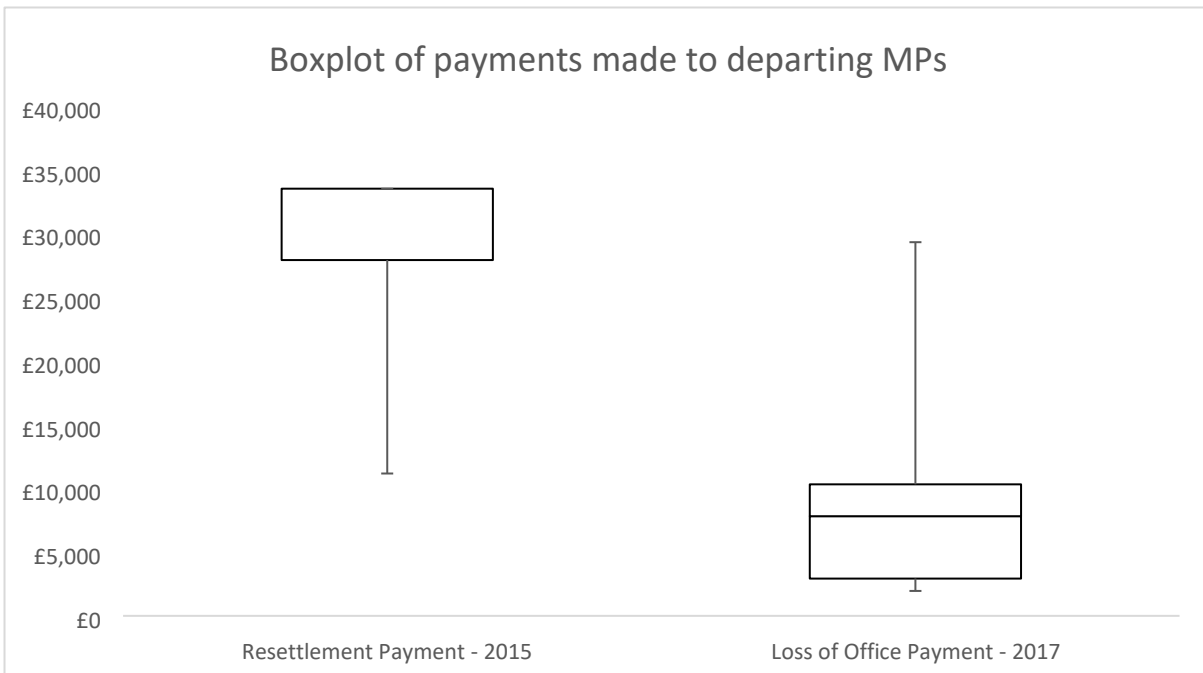


FIGURE 3 – BOX PLOT SHOWING THE DISTRIBUTION OF PAYMENTS AWARDED TO DEPARTING MPs IN 2015 AND 2017

- 29. One former MP who lost their seat was not entitled to a LOOP as they had fewer than two years' continuous service. The average amount received following the 2017 election was £8,800, 38% lower than the average of £14,100 forecast in 2015.

30. Figure 3 shows a box plot⁴ of payments made to MPs in 2015 and 2017. It is evident that the distribution of payments in 2017 changed substantially when compared with payments made in 2015. In 2015, 75% of eligible former MPs received more than £25,000 each. In 2017, 75% of eligible former MPs received less than £10,000, and 29 MPs received less than £3,000. Three former MPs received more than £29,300 as they each had more than 20 years' continuous service. For comparison, the average resettlement payment awarded to former MPs in 2015 was £30,600. Defeated MPs in 2017 received, on average, 71% less than similar MPs in 2015. The majority of departing MPs in 2015 received the maximum resettlement payments available and therefore the median, third quartile and maximum value are the same. This results in the skewed distribution seen in figure 3.
31. The lower costs in 2017 were largely due to the change in LOOP arrangements, as well as lower-than-expected turnover of MPs and the relatively short length of service for those who were newly elected in 2015 and defeated in the 2017 General Election.
32. One former MP returned their LOOP payment of £8,800 to IPSA in September 2018.

Start-Up Costs

33. An additional £6,000 start-up supplement is available to newly elected MPs to assist them in setting up their offices. Aside from the condition that all costs must be parliamentary and in line with the rules of the Scheme, it is at the discretion of the MP how they use this additional funding. Newly elected MPs can claim for any eligible office cost with this supplement. However many use this additional funding to purchase larger items such as furniture and computer hardware. Previously, this start up supplement has been provided as a separate budget, but in 2017 it was merged with the office costs budget.
34. The office costs budget available to newly elected MPs was pro-rated for 10 months from the annual budget. Newly elected MPs were provided with the budgets shown in figure 4.

	Standard annual office costs budget	10 months prorated for newly elected MPs	Start-up supplement	Total office cost budget available for 2017-2018
London Area	£26,850	£22,375	£6,000	£28,375
Non London Area	£24,150	£20,125	£6,000	£26,125

FIGURE 4 – OFFICE COSTS BUDGET AVAILABLE TO NEWLY-ELECTED MPs

⁴ A box plot is a standardised representation of the distribution of a data set. The maximum and minimum values are shown. The inner box represents the first and third quartiles and the median average value claimed.

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35. In 2017, a total of £594,000 was available to the 99 newly elected MPs as start-up supplements to their standard budgets. The 99 newly elected MPs therefore had a combined total available office costs budget of £5,557,500 for 2017-18, including the additional supplement.
 36. This additional funding is only available to the new MP for the first financial year after they are elected. MPs who were newly elected at the 2017 General Election were able to make claims using this additional supplement until the end of March 2018.
 37. As the additional funding is added to the office costs budget, it is difficult to ascertain exactly what the funding has been used to purchase. However, an analysis of the office costs incurred by newly elected MPs for the 2017-18 year shows that 52%⁵ claimed for costs that would have exceeded their pro-rated office costs budget had they not had the additional supplement. Meanwhile, 48% of newly elected MPs did not exceed their standard pro-rated office costs budget, and therefore did not claim any of the additional £6,000 available to them.

Costs during the dissolution period

Findings on dissolution costs

38. **Following changes to the Scheme of MPs' Business Costs and Expenses for 2017-18, the risk of non-compliance has reduced.** Following the 2015 General Election, we noted that 46.6% of MPs' claims for MP and dependant travel, totalling £5,400, were not compliant with the dissolution restrictions. No such claims were identified following the 2017 General Election. This was in large part due to simplification of the Scheme rules.
39. **Several claims made during the dissolution period were identified which would not have been claimable had the General Election been planned.** The unique circumstances presented by the election resulted in the payment of claims which may not have been allowed during a planned election period, including costs that had already been incurred and were subsequently claimed during the dissolution period. For example, several MPs made claims for advertising in local newspapers that were scheduled to be distributed during the dissolution period. There was no evidence of deliberate non-compliance with the Scheme.
40. **The costs for staff travel during the dissolution period were 19% higher than in 2015.** This is most likely a result of changes to the Scheme, which clarified that staff who normally worked in London could claim for travel to and within the constituency.
41. **The total value of travel claims made by MPs during the dissolution period decreased by 9% when compared to costs incurred in 2015.**

⁵ Assuming that no newly elected MPs have accrued for additional 2017-18 office costs as of 18th April 2018.

Summary of dissolution rules

42. Ahead of the 2017 General Election, Parliament was dissolved on 3 May 2017. During the dissolution period (3 May – 8 June), there are no MPs constitutionally, and therefore the individuals who were holding office face restrictions on the work they are able to carry out. House of Commons guidance states that they should not take on any new casework during this period. They also cannot use the title 'MP' or 'Member of Parliament'.
43. Previous versions of the Scheme included a number of restrictions on claims made during the dissolution period, but several of these were removed in the 2017-2018 version of the Scheme.
44. For instance, starting from six months before Parliament was dissolved ahead of the 2015 election (30 September 2014 to 8 May 2015), MPs were not able to claim for capital equipment purchases unless they could demonstrate a legitimate need and required prior approval from IPSA before the purchase was made. These restrictions were removed following findings in IPSA's 2015 General Election assurance report that suggested these restrictions did not reduce overall spending on capital equipment. The restrictions led to a surge in claims in the period prior to the implementation of the restrictions. The 2017-18 Scheme removed these restrictions, and MPs were able to claim for capital equipment during dissolution if necessary.
45. In addition, during the dissolution period prior to the 2015 election, there were a number of restrictions on MP, spouse and dependant travel. MPs who did not stand for re-election were able to claim for up to three journeys between London and their home or constituency; while MPs who did stand for re-election were only able to claim for one journey from London to return to their home or constituency. For both groups of MPs, the same rules applied to any registered dependants. In line with the normal rules in force at the time, spouses and partners of MPs were not eligible to claim for any costs beyond what was incurred when travelling with dependants. The 2017-18 version of the Scheme removed all restrictions on MPs' travel during the dissolution period, provided that the travel was for parliamentary reasons. The updated Scheme also allowed for London-to-constituency travel for the registered dependants and spouses or partners of MPs at any time.
46. Other dissolution-related rules were as follows:
 - Staff members continued to receive their IPSA-funded salary as normal. However, they could not take part in campaign activity during hours when their salary was funded by IPSA. As stated in paragraph 10.16 of the Scheme, if MPs' staff wish to take part in campaign activity, they can do so in their own free time or take paid or unpaid leave.
 - IPSA-funded equipment, websites and offices cannot be used for the purposes of campaigning, as stated in paragraph 10.14 of the Scheme. Where an MP uses an IPSA-funded office or website for party political or campaign-related work, they are expected to repay a proportion of rent or associated costs to IPSA to cover the relevant period.
 - Westminster-based staff of MPs could also claim for travel and associated costs so that they could work from the MP's constituency during dissolution as their usual workplace of Westminster was closed. This was made clearer in the 2017-18 Scheme.

Travel

➤ MP Travel

47. As previously discussed, there were no restrictions on MPs' travel during the dissolution period beyond the normal rules in the Scheme, including that travel must only be claimed where it is for parliamentary purposes. Future assurance reviews will evaluate the impact of the changes to the Scheme and so this is not subject to detailed review in this report.
48. One hundred and twenty-four (124) MPs made claims for London-to-constituency travel during the dissolution period. Thirty MPs made claims for within-constituency mileage costs during the dissolution period.
49. The total value of claims made during the dissolution period in 2017 was 9% lower than the value claimed during the 2015 dissolution period. The possible reasons for this will be subject to further analysis in a forthcoming assurance review on changes to the Scheme.
50. Overall, the total value of compliant claims rose by 14% during the 2017 dissolution period. However, this should be viewed in the context of the changes to the Scheme which lifted restrictions on London-to-constituency travel during dissolution. A comparison of findings from 2015 and 2017 is shown in figures 5 and 6.

	Travel between London & Constituency	Travel within Constituency	Other	Total claimed	Noncompliant claims	Net Total
2015	£22,200	£4,800	N/A	£27,000	-£5,400 ⁶	£21,600
2017	£18,800	£5,000	£800	£24,600	£0	£24,600
Difference	-15%	4%	N/A	-9%	N/A	14%

FIGURE 5 – TRAVEL CLAIMS MADE BY MPs DURING THE DISSOLUTION PERIOD

The chart below shows MPs' London Constituency travel claims in 2015 and 2017 (£0 to £25,000).

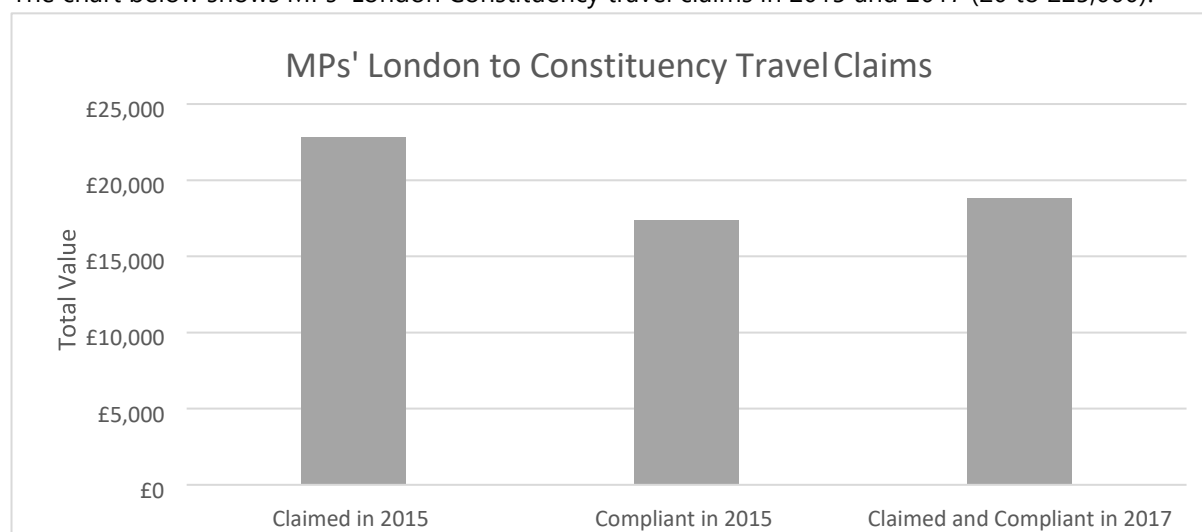


FIGURE 6 – CLAIMED AND COMPLIANT COSTS COMPARISON FOR MP TRAVEL IN THE 2015 AND 2017 GENERAL ELECTIONS

⁶ Taken from the Assurance Review: General Election 2015

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51. Several MPs had high mileage claims during the 2017 dissolution period. Analysis of their prior claiming patterns and the constituency size were considered, and none of the cases identified resulted in the MP being contacted. However, we recognise a limitation in IPSA's ability to monitor compliance of travel expenditure; we rely on MPs claiming honestly and providing supporting information that is sufficient to verify the amount claimed and eligibility of the journey.
 52. We carried out an analysis to compare the average cost of claims made for London-to-constituency travel incurred by MPs in the period prior to dissolution and the dissolution period. (The period prior to dissolution, for the purpose of this analysis, was from 18 April to 2 May 2017). Of the 124 MPs who made claims for travel in both periods, 26 had more than a 50% increase in average costs during the dissolution period compared to the prior period. Typically, we would not expect an MP's travel claims to increase during the dissolution period.
 53. The travel claims for each of the 26 MPs were analysed to identify the possible reason for the increase in average costs. In some cases, it was established that the costs were higher due to the short notice change in travel plans because of the unexpected General Election. In other cases, the reason was a change in the travel habits of the MP during the dissolution period or because of prior commitments. There is no evidence from the information available to suggest that any of the claims made were non-compliant with the Scheme or that they were nonparliamentary in nature.
 54. A marginal increase in MPs' within-constituency travel during dissolution was observed through analysis, rising from £4,800 in 2015 to £5,000 in 2017. Analysis was carried out of the total value of claims per day to identify changes in claiming patterns. It was evident that there was a substantial decrease in the total claimed per day over the dissolution period when compared to the costs claimed during the parliamentary term. Overall, a thorough analysis of the travel claims made under this category of spend identified no instances of non-compliance as per the details provided; nor was there a substantial deviation from the pattern of costs incurred when compared directly with the 2015 dissolution period.

➤ Staff Travel

55. The role of MPs' staff members remains the same during the dissolution period. IPSA explicitly state that staff members may not take part in campaign activity whilst being paid by IPSA. Given that many staff members may want to take part in campaigning to have their employing MP reelected, there is a risk that staff may claim for travel that is non-compliant with the Scheme. However, as little context is provided for travel claims it is difficult to identify non-compliance.
56. IPSA also acknowledge that for the staff members based in Westminster, alternative arrangements must be made during dissolution because they are no longer able to use their offices in Parliament. Where the MP decides that the London-based staff members should work in the constituency, IPSA will fund the costs of travel, overnight accommodation and subsistence in the constituency as needed.

57. The costs incurred for staff travel⁷ were substantially higher when compared to the dissolution period in 2015. Overall, the costs across all staff-related travel categories have increased by 31%. The total amount claimed for staff travel in 2017 was £99,700 compared with £76,200 in 2015.

The chart below shows a breakdown of the costs claimed in all expense types in 2015, 2017 and the percentage change.

	Within Constituency Travel	London to Constituency travel	Staff Home office to Constituency	Staff Home office to London	Extended Travel	Staff Travel For training	Other	Total
2015	£10,100	£56,600	£7,100	£1,800	£0	£500	£100	£76,200
2017	£12,500	£65,500	£13,000	£100	£8,600	£0	£0	£99,700
% Change	24%	16%	83%	-94%	N/A	N/A	N/A	31%

FIGURE 7— STAFF DISSOLUTION TRAVEL CLAIMS BY JOURNEY TYPES IN 2015 AND 2017

58. The change in distribution of journey types for staff travel observed in figure 7 could be due to the change in advice given to MPs and their staff about which journey type to claim their travel under in addition to the changes made to the Scheme following the 2015 General Election. It is difficult to ascertain why or how these changes have happened and therefore not appropriate to draw specific direct comparisons between the categories.
59. There are a few possible reasons for the increase in staff travel claims compared with 2015 (beyond the expected increase due to inflation). We think it is likely that this is partly because the rules around staff travel (i.e. that those who normally worked in Westminster could claim for travel to work in the constituency during dissolution) were clarified in the 2017-18 Scheme and therefore staff were more aware of what they could claim. That said, it is difficult to evaluate what additional cost was incurred for staff travel from London-to-constituency due to dissolution restrictions preventing work within the parliamentary estate unless it is specifically stated in the claim. In total £65,500 was incurred for staff travel between London and the constituency.
60. Another change to the Scheme from April 2017 meant that MPs' staff members could claim for extended travel when undertaking parliamentary work; previously, this was only eligible if it related to staff training. The cost of extended travel for staff during dissolution in 2017 members was £8,600. Analysis of these costs revealed that over £4,000 of this cost would have been more appropriately claimed from other journey categories. Not enough detail was provided for several claims to be able to analyse which costs could have been claimed under another journey type. However, a review of these did not suggest that any were not compliant with the Scheme.
61. In total, £12,500 was incurred for within-constituency travel by MPs' staff. £5,200 was claimed for mileage by the staff of 37 MPs during the dissolution period.

⁷ For the purpose of analysis, staff travel has been considered to be all travel claimed under the staff travel expense types and not solely the travel reimbursed directly to a staff member.

62. Thirty-four MPs made claims for overnight hotel accommodation for their staff members at a cost of £32,000. The total cost per MP ranged from £85 to £7,200 with an average spend of £950. Four MPs claimed for London hotel accommodation for their staff members. In one instance, the MP claimed for a London hotel for a staff member, but the evidence submitted to support the claim did not provide a breakdown of the cost. Work is ongoing internally to ensure that a higher standard of evidence is required to support claims.
63. An analysis of claim patterns was carried out to identify any MP whose staff travel claims increased in the dissolution period. This analysis identified a substantial increase in mileage claims made by one MP's office. The mileage claims made by one MP's staff member accounted for 18% of all staff travel within the constituency during the dissolution period, including every Saturday, and 44.2% of all mileage claims. The next highest claiming MP for mileage accounted for 7.6% of all mileage claims. This is being investigated further and is being addressed through a separate review.

➤ Dependant and Spouse Travel

64. In April 2017, IPSA amended the Scheme to allow unrestricted London-to-constituency travel for the spouses or partners of MPs, as well as for their dependants. There was no restriction on these claims during the dissolution period.
65. Seven MPs made claims collectively totalling £1,200 for spouse or partner travel in the dissolution period. These claims included taxi travel. A further £1,200 was claimed by seven MPs for dependant travel during the dissolution period.
66. The impact of the change in the rules to allow unrestricted London-to-constituency travel for spouses, partners and dependants of MPs is the subject of a forthcoming review.

Capital Expenditure

67. The Scheme for 2017-18 stated that MPs could continue to claim for capital equipment during the dissolution period where there was an exceptional need to do so. These claims could be made at the MP's discretion. This was a loosening of the restrictions from previous rules which imposed a ban on making capital purchases during the six months before dissolution prior to the 2015 General Election. Unlike in 2015, MPs would not have been able to plan capital purchases ahead of the election period.
68. Claims worth £12,700 were made by 99 MPs for capital purchases in the dissolution period. Fourteen departing MPs, nine of whom stood down, made claims for capital equipment worth £3,100 in the period between 18 April and 8 June 2017; 68% of this was claimed in the dissolution period.
69. One departing MP made a claim for a £1,000 laptop several days after informing IPSA they would not seek re-election. The MP sought advice from IPSA as to whether this would be an eligible expense and was advised that it was. The MP did not provide evidence to prove that there was an exceptional need for this purchase; and the Scheme allows MPs to continue to exercise discretion in claiming for office costs during this period. In line with IPSA's current approach, there was no monitoring of what happened to the laptop once the departing MP had completed their parliamentary work.

70. **We recommend that IPSA should consider asking departing MPs to confirm in their winding-up declaration how they have disposed of their IPSA-funded capital equipment.**

Campaign and party-political activity

71. IPSA funds parliamentary costs only. The Scheme is clear that IPSA funds cannot be used for campaigning or party-political activity. Chapter 3 of the Scheme lists activities which are not eligible, including:
- Work which is conducted for or at the behest of a political party;
 - Activities which could be construed as campaign expenditure within the scope of the of the Political Parties, Elections, and Referendums Act 2000, or election expenses within the scope of the Representation of the Peoples Act 1983; and
 - Any other activities whose purpose is to give MPs a campaigning advantage in general elections or referendums.
72. The Scheme also requires that any MP who intends to use their IPSA-funded office for activities connected with the General Election may only claim a proportion of the rent and other costs for their parliamentary activities. In practice, we have also enabled MPs to repay costs relating to their websites if they wish to use them for campaigning purposes.⁸ There is no time limit in the Scheme for when an MP must make a repayment to IPSA for use of their IPSA-funded items. (After the 2015 General Election, several MPs made repayments up to 18 months later.) In total, 167 MPs made repayments of approximately £82,900 for use of their IPSA-funded items during the dissolution period as of 31 October 2017.
73. Whilst we expect MPs to comply with the fundamental principles and conditions of the Scheme, we recognise that there is a limit to our ability to monitor this. It is up to the MP to be honest and forthcoming with information regarding the non-parliamentary use of any IPSA-funded offices, websites or other costs. However, we did conduct some proportionate checks during the election period, as outlined below.

➤ Office and Utilities

74. If an MP intends to use their IPSA-funded office for campaign related activity, they must repay the appropriate proportion of the rent and associated costs. For example, if an MP intends to use half their office for campaigning during dissolution, they must repay half the rent and other associated utilities for that period. As actively monitoring this would not be practicable, IPSA relies on MPs to repay what is appropriate. An MP may also abstain from using their constituency office for campaign purposes and therefore would not be expected to refund IPSA any associated costs.
75. Approximately £55,600 was repaid by 108 MPs for the use of their office during the dissolution period as of 31 October 2017. As a breakdown of the costs being repaid was not provided in several cases, it is not possible to provide a detailed analysis.

⁸ IPSA's rules on the use of IPSA funded offices, equipment and supplies during dissolution are listed under rule 10.14 on the ninth edition of the *Scheme*

Some payments made by MPs may have included the proportion of utilities used during the dissolution period; however this is not recorded in a manner that would allow analysis to take place.

76. **We recommend that IPSA should do more to ensure that timely repayments are made for party-political or campaign use of IPSA-funded offices and other costs. This should include a requirement for greater detail about the proportion being repaid and the exact period that the repayments relate to.**

➤ Websites and Advertising

77. IPSA reviewed a random selection of MPs' websites between 16 May and 8 June to ensure that the content could not be considered party political or campaign related. Two checks were conducted: the first check was made on the websites of 169 MPs, and a second check was made on the websites of 84 of those MPs. Subsequently, 19 MPs were contacted and asked to remove the content or refund a proportion of the costs to IPSA. Eight MPs subsequently made repayments. In the remaining instances, appropriate action was taken by the MP and IPSA did not pursue these further.
78. In total, 33 MPs made repayments to IPSA for the use of their website for campaigning purposes during the General Election totalling approximately £2,700.
79. MPs cannot claim for advertising costs that could be considered as campaigning. It was noted that several MPs did make claims for adverts which were due to be published during the dissolution period. There were 30 claims, worth £3,800, submitted by 24 MPs during the dissolution period.
80. In each case, where a copy of the advertisement had been provided, it was evident that the advertising material had been arranged prior to the announcement that there was to be a General Election. Claims of this nature can be attributed to the unexpected nature of the election and not deliberate non-compliance on the MPs' part; therefore no action was taken by IPSA.

➤ Campaigning by MPs' staff

81. As previously stated, MPs' staff members cannot take part in party-political activity or campaigning whilst their salary is being funded by IPSA. If the staff member wishes to take part in such activities, they must take paid or unpaid leave or do so in their own time.
82. 97 staff members took unpaid leave in the period before the election to take part in campaigning. A further nine staff members took unpaid leave in the period prior to the election, although it is not known whether this was to take part in campaigning or for other reasons. As IPSA does not ask for detailed information on annual leave taken by MPs' staff members, it is unknown how many took annual leave or time off in lieu to take part in campaigning, and in any case it is up to the individual what they do in their own time.

Winding-up Costs

Findings on winding-up costs

83. **The average proportion of the winding-up budget claimed was similar in 2017 as it was in 2015, 58.3% and 58.7% respectively.** The budgets remained the same in 2017 as they were in 2015; however higher costs were incurred for several expense types. The average proportion claimed for office rent was four times higher in 2017 than was seen in 2015.
84. **Higher costs were incurred to release departing MPs from lease agreements that extended beyond the election.** The total costs of this to the taxpayer was £202,600. These costs are a direct result of the unexpected nature of the election.
85. **Fewer staff members were eligible for a redundancy payment following the 2017 General Election when compared with the 2015 Election.** 47% of departing staff members were not eligible for a redundancy payment in 2017, compared with 29% in 2015.
86. **Around 47.8% of pay-in-lieu-of-notice (PILON) paid to departing staff members was potentially avoidable.** This was calculated based on how long MPs waited to give notice to their staff members. The total cost to the taxpayer was £219,200. This is a 10-20% reduction in avoidable PILON when compared with the 2015 General Election.

Summary of winding-up rules

87. The winding-up budget is designed to meet the costs of completing the outstanding parliamentary functions of departing MPs. This includes the cost of closing down constituency offices, staffing costs and related travel costs.
88. Staff redundancy payments, accommodation rental payments along with associated expenditure, and security and disability assistance costs are met centrally and are uncapped. Accommodation costs met from the uncapped contingency budget for departing MPs are only available to those who had claimed for a permanent address and was not open to those who chose to claim for hotel costs instead.

Aggregate expenditure

89. In total, £5,315,900 was available to the 98 departing MPs for winding-up costs. (This was made up of the £57,150 budget available to each of nine departing London Area MPs, and the £53,950 available to each of the 89 departing non-London Area MPs.) £3,156,700 was claimed from the winding-up budget by MPs who left Parliament following the General Election. This consists of the following (shown in figure 8):
- £2,529,300 for staffing costs, including routine salary payments, PILON and holiday pay;
 - £279,200 for office rental costs;
 - £44,000 for travel costs; and □ £304,200 of other costs.

The chart below shows winding up costs by category. Staffing costs in blue, office rental costs in orange, travel costs in grey and other costs in yellow.

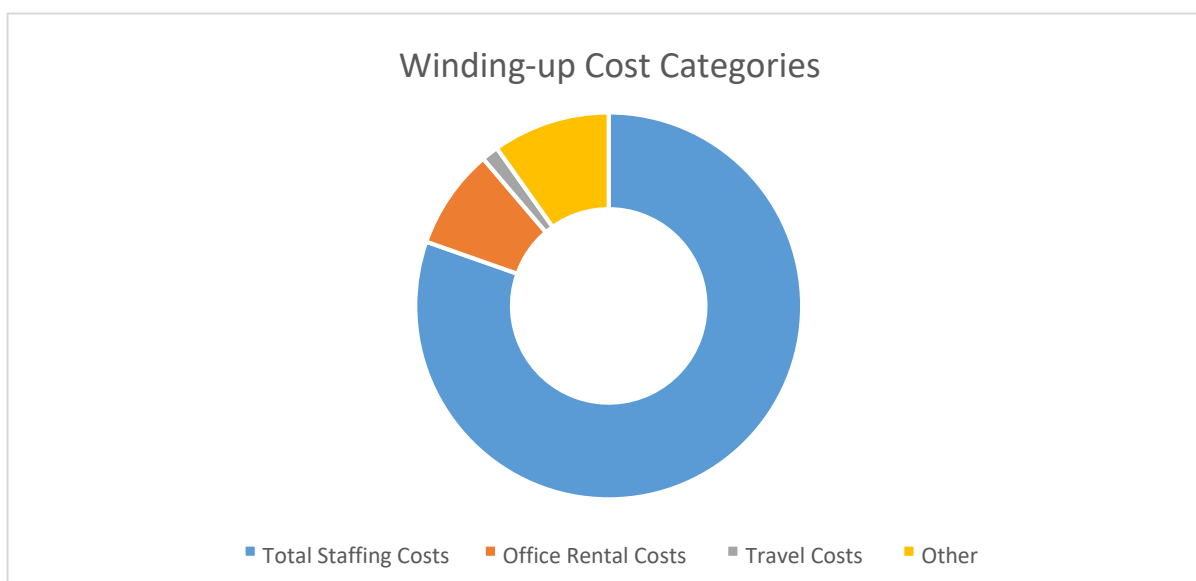


FIGURE 8 – BREAKDOWN OF WINDING-UP COST CATEGORIES

90. £151,100 of office rental costs claimed related to the additional costs incurred releasing departing MPs from lease agreements. This is analysed further in paragraphs 99-106.
91. Staff redundancy payments totalled £1,374,100, which was paid from the central contingency budget.
92. Accommodation costs for departing MPs totalled £213,500, which was also paid from the central contingency budget.

Expenditure against budgets

93. The percentage of the winding-up budget claimed by departing MPs ranged from 12% to 124%, with an average of 58.3%. There was a larger variation in the amount claimed by departing MPs in 2017 than was observed in 2015. Much of this can be attributed to the additional costs incurred because of the snap election, as well as the lower staffing costs incurred by more recently-elected MPs. However, the average proportion claimed by departing MPs remains statistically similar to that claimed in 2015.
94. The breakdown of winding-up costs claimed in 2017 differed to that observed in 2015. Higher costs were incurred for ending office and accommodation contracts early. The cost of releasing a number of departing MPs from their office lease agreements was £151,100. This accounts for 4.8% of the winding-up costs claimed. If these costs are excluded, the average proportion claimed in 2017 would be 55.3%.

95. Four departing MPs incurred costs that exceeded their winding-up budget by between 1% and 24%. IPSA approved uplifts to accommodate this. Three of these former MPs incurred particularly high costs as a result of lease agreements. The other former MP overspent because of high staffing costs.
96. All staffing costs including PILON, holiday pay and routine staffing costs account for an average of 82% of all costs claimed from the winding-up budget. In-depth analysis of these costs was carried out and further information can be found in paragraphs 111 to 153.
97. The winding-up costs incurred by MPs who stood down were, on average, 12.3% lower than those incurred for MPs who stood for re-election and were defeated.
98. £213,500 was claimed for accommodation costs by departing MPs during the two-month winding-up period from the uncapped accommodation budget. £51,500 of this related to lease termination costs.

Office and accommodation costs

99. Many departing MPs had entered into long-term office and accommodation lease agreements that extended beyond the winding-up period. In several cases a clause in the lease required the tenant to pay a fee to end the contract early. In other cases the departing MP was obliged to pay the rent for the duration of the contract. We are aware that, in these circumstances, the landlords could financially benefit disproportionately from taxpayer funds. However, these costs were a result of the snap election and can be considered parliamentary.
100. The 2017-18 Scheme included a new rule which recommended that MPs should negotiate a clause in their contracts to allow them to give two months' notice in the event of a change in circumstances, such as losing their seat at an election. The rule also states that MPs will only be able to claim for rent and other office costs incurred during the two-month winding-up period (and not beyond that), 'unless MPs can demonstrate that they were unavoidable'. The 2017-18 Scheme came into effect 18 days before the General Election was announced. In the circumstances, IPSA acknowledged that this was not sufficient time for MPs to renegotiate their lease agreements, and therefore took the decision to fund rental costs beyond the winding-up period where MPs could show that they were unavoidable.
101. The total cost to the taxpayer was £151,100 for office rental payments beyond the winding-up period on behalf of 16 departing MPs. Payments on behalf of individual MPs ranged from £1,100 to £26,000. The additional costs relating to office leases were funded from the windingup budget. In three cases, a budget uplift was required as the cost exceeded the departing MP's allocated winding-up budget. A breakdown can be seen in figure 9.
102. One departing MP did not have a break clause in their office lease, and as a result was legally required to continue paying rent until June 2020. The landlord of the building agreed to release the MP from their obligation provided they found a new tenant. In an attempt to reduce the cost to the taxpayer, IPSA agreed to continue paying the rent for the office rather than incur the full three year. As of July 2018, a total of £19,700 has been paid by IPSA on the MP's behalf. IPSA have encouraged the former MP to ensure that a new tenant is found to reduce the cost to the taxpayer. No resolution had been finalised at the time this report was completed.

103. Meanwhile, £213,500 was incurred for rental accommodation costs for departing MPs, including £16,500 for utilities. In total, 70 departing MPs claimed for accommodation during the winding-up period. The average amount claimed was £2,000 with total values claimed ranging from £30 to £17,600.

Status	Additional Office Rental Costs	Additional Accommodation Costs	Total
Defeated	£143,800 (14)	£49,100 (13)	£192,900
Stood Down	£7,300 (2)	£2,400 (1)	£9,700
Total	£151,100	£51,500	£202,600

FIGURE 9— BREAKDOWN OF ADDITIONAL COSTS INCURRED IN ENDING OFFICE AND ACCOMMODATION LEASES. THE NUMBER OF MPs WHO CLAIMED THESE COSTS ARE SHOWN IN BRACKETS.

104. Of this, £51,500 was incurred to release departing MPs from their accommodation lease agreements. This accounts for 24.1% of the total winding-up accommodation costs.

105. No formal guidance was issued to departing MPs on the standard of evidence that IPSA would accept in order to fund these additional rental costs. IPSA staff supporting former MPs in their winding-up were given guidance on the information to be sought, e.g. information about what attempts a former MPs had made to renegotiate their lease and when they gave notice to their landlord. However, this information was not collected or assessed in a systematic way and there were inconsistencies in the evidence provided by MPs to support these claims. Analysis of evidence provided by departing MPs showed disparity in the attempts made to reduce the costs and a pre-approved standard was not enforced by IPSA to ensure consistency. Although it is possible that some of these costs could have been avoided, the snap election resulted in unique circumstances that placed unforeseen pressure on IPSA.

106. Some departing MPs retained their office or accommodation beyond their departure from Parliament and began to pay for these costs themselves. One departing MP continued to rent part of their constituency office after their departure, saving the taxpayer approximately £9,000. In another instance, the departing MP transferred their office to the newly elected MP for that constituency. However, this information was not recorded for all departing MPs.

Travel Costs

107. Departing MPs could claim for travel from the winding-up budget exclusively where it related to the winding-up of their parliamentary affairs. There are no explicit restrictions on dependants and partners claiming during the winding-up period that differ from the normal rules the fundamental principles of the Scheme. Although there are specific expense types for mileage costs, the most utilised travel expense type is 'Travel Costs', and therefore it is more difficult to analyse who undertook the journeys. There are no staff, dependant or spouse specific expense types for rail or air travel from the winding-up budget.

108. In total, £44,000 was claimed for travel during the winding-up period by 67 departing MPs. £2,600 was claimed for staff travel which was reimbursed directly to the staff member. However, as there are no transport-specific expense types for the winding-up budget, it is possible that staff travel could have been claimed and reimbursed to the MP, and therefore this figure may not be reflective of the actual staff travel undertaken.
109. There is no function in the current system for departing MPs to enter the mileage they wish to claim, and instead they must claim for the amount owed to them for the mileage incurred. This presents several risks. MPs who have claimed in excess of 10,000 miles within a financial year may claim for more than they are entitled to, due to HMRC mileage reimbursement rates declining after this point. It also increases the risk of human error and incorrect payments⁹. This was noted in the 2015 General Election assurance review and a recommendation was made then that a process be introduced to mitigate the risk. However, as a new expenses system was due to be implemented before the next General Election, it was not considered cost effective to make the changes to the current system. The reoccurrence of this issue can be directly attributed to the timing of this election. IPSA is now due to introduce the new online system in 2019, which will mitigate this risk.
110. Further investigation of invoices submitted to support claims made by departing MPs showed that some claims were made for dependant and partner travel. However, it is not possible to ascertain what proportion of the winding-up travel costs claimed were on their behalf as there is no specific expense type to accommodate it.

Staffing Costs

111. Staffing costs for those employed by MPs account for the majority of MPs business costs and expenses, including the costs incurred during winding-up. In the winding-up period these costs consist of:
- Payments of salaries and incidental expenses for staff employed to assist in winding-up;
 - Redundancy costs for staff who have been employed continuously by the same MP for at least two years;
 - Pay for unused holiday including annual leave, time off in lieu or overtime; and
 - PILON for staff who are not required or not able to work their full notice period as per their employment contract.
112. On average, 82% of the winding-up costs incurred by departing MPs related to staffing costs. The distribution of individual payments in each category can be seen in figure 10.
113. The total cost of staff salaries for the staff of departing MPs in this period was approximately £1,640,000. Salary payments during the winding-up period are based on existing contractual terms. It is at the MP's discretion how long they continue to employ their staff to assist in the winding-up of their office.

⁹ The Scheme of MPs' Business Costs and Expenses states that mileage claims will be reimbursed at 45p per mile for the first 10,000 miles claimed and 25p thereafter. This is based on HMRC standard rates.

However, IPSA will not continue to fund the salary costs of departing MPs' staff members beyond the end of the two-month winding-up period. For the 2017 General Election, the winding-up period ended on 8 August 2017.

The chart below shows the distribution of payments (£0 to £35,000) made to departing staff members for (left to right) payment in lieu of notice (PILON), redundancy and holiday payments.

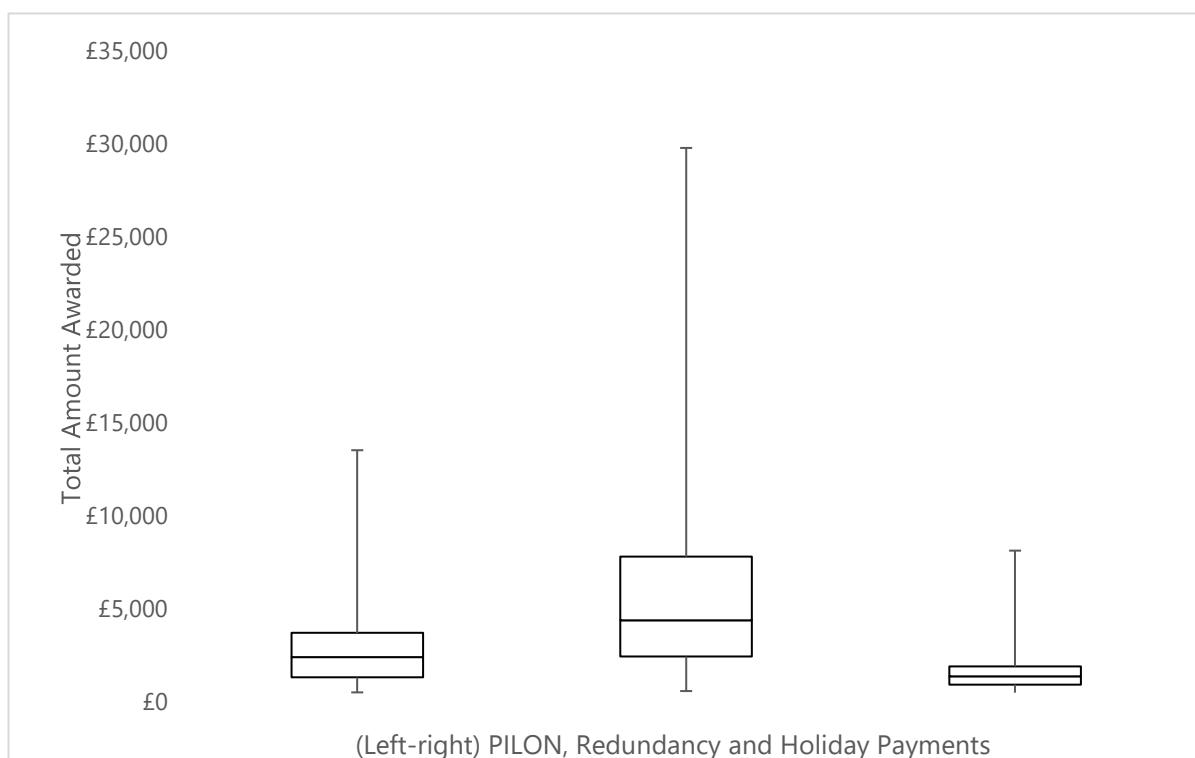


FIGURE 10– BOX PLOT OF THE DISTRIBUTION OF PAYMENTS MADE TO DEPARTING STAFF MEMBERS FOR PILON, HOLIDAY AND REDUNDANCY IN 2017

114. In total, there were 476 staff leavers due to their employing MP either standing down or losing their seat at the 2017 General Election. Of these departing staff, approximately 128 were reemployed by another MP within 10 weeks. This accounts for 27% of all leavers.

➤ Redundancy Payments

115. All staff members employed by an MP who stood down or was defeated in the election must be made redundant as a result of their employer's departure from Parliament. Staff with continuous employment of at least two years were entitled to receive redundancy payments under the terms of their employment contracts. The conditions as stated in contracts are as follows¹⁰:

¹⁰ While MPs' staff receive redundancy payments based on statutory redundancy calculations as specified in their employment contracts, they do not have a statutory entitlement to redundancy payments under the Employment Rights Act 1996. MPs' staff are excluded from the right to redundancy payments under section 159 of the Act as their employment is employment in a public office received by an MP as defined under section 39, sub-section

- Staff employed under IPSA contracts receive twice their statutory redundancy entitlement; and
- Staff employed before 8 May 2010 who remained on House of Commons-issued contracts receive their statutory redundancy entitlement.

116. In the 2017-18 financial year, statutory redundancy rates were calculated as follows:

- half a week's pay for each full year of employment when the person was under 22
- one week's pay (subject to a maximum) for each full year of employment when they were 22 or older, but under 41
- One and a half week's pay for each full year of employment when they were 41 or older.

117. Of the 476 departing staff members, 253 were entitled to a redundancy payment. The mean average payment was £5,400 and individual payments ranged from £100 to £29,300 as shown in figure 10.

118. As demonstrated in figure 10, there was a high level of variance in the total payments received by individuals. A smaller variance was observed in 2015, with the average redundancy payment being £7,200. The level of variance observed in 2017 can be largely attributed to the proportion of staff members who qualified for redundancy payments by only a few weeks.

119. The enhanced redundancy payments afforded to staff on IPSA contracts benefited 50% of all leavers and 96% of all departing staff who were entitled to a redundancy payment. A small proportion (4%) of departing staff members were employed on pre-IPSA employment contracts and were paid redundancy in accordance with this.

120. £1,374,100 was paid in redundancy costs to staff who were employed by departing MPs at the time they were defeated or stood down. Of this, £606,300 related to the double statutory redundancy terms in IPSA-issued contracts.

121. 47% of staff departing were not entitled to any redundancy payments. In the majority of cases this is because the staff members had not been employed for two years. Of the 255 departing staff members employed by MPs first elected in 2015, 91 of those, or 40%, were entitled to a redundancy payment.

122. The proportion of departing staff who were not entitled to a redundancy payment due mainly to their length of service increased substantially in 2017 when compared with 2015. In 2015, 29% of departing staff members did not receive a redundancy payment.

1.2 of the Superannuation Act 1965. The availability of redundancy payments for staff who are re-employed with little or no break in service could, consequently, be withdrawn through an amendment to contractual terms, even though employments with different MPs are distinct. IPSA considered this following the 2015 General Election, but decided against making any change to the arrangements.

123. Due to the employment relationship between an MP and their staff members, when a staff member is made redundant and subsequently employed by another MP with little or no break, this is considered a separate employment. As such, it does not affect their entitlement to a redundancy payment. Of the 128 individuals re-employed within 10 weeks, 48% had received a redundancy payment costing a total of £278,600 from their previous employment with the departing MP. In 42 of these cases, there was no gap in employment with the new employment starting the day after the previous had ended.

124. In 13 cases, there was an overlap in employment. Five of these staff members were employed on two contracts with two different MPs that together exceeded 60 hours per week for a period of eight days or more¹¹. In one case, the overlap in employment was 54 days, and the new starter paperwork for this employee was not submitted to IPSA until one month after the employment with the departing MP had ended, and over two months after the new employment had started. Figure 11 shows the detail and costs identified.

Length of Overlap in days	Combined Hours	Total amount received in excess of first employment salary
54	66	£13,100
43	77.5	£16,300
15	77.5	£28,600
15	77.5	£4,800
8	61	£1,400

FIGURE 11– DETAILS OF OVERLAPPING EMPLOYMENTS AND COSTS

125. **It is recommended that:**

- **IPSA should consider whether to reduce the financial impact of a future snap election on MPs’ staff with less than two years’ continuous service.**
- **IPSA should ensure that where an individual is employed on more than one fulltime contract, further details are provided to ensure that there is no overlap in the completion of contracted hours.**

➤ Pay in Lieu of Notice

126. When a staff member is made redundant, the MP, as the employer, must issue notice. IPSA is unable to issue notice on behalf of the MP.

¹¹ The European Working Time Directive states that no employee can work more than 48 hours on average when averaged over 17 weeks and therefore would not apply in these cases. Staff can also opt out of this and make appropriate arrangements with their employer. IPSA does not retain information on this.

127. MPs' staff contracts specify the notice period required. IPSA's model contracts between 2010 and 2015 specify a notice period of between 4 to 12 weeks. Staff employed on pre-2010 House of Commons contracts may have a notice period of up to 13 weeks. All staff employed after 8 May 2015 have a notice period of 4 or 8 weeks.
128. Section 86 of the Employment Rights Act 1996 sets minimum notice periods for termination of employment by an employer. The statutory notice supersedes the contracted notice period if it is longer.
129. As was identified in the General Election 2015, there is a risk that, to ensure that their staff receive the maximum amount of financial support, departing MPs may delay issuing notice to their employees. By doing this, the staff member could receive greater redundancy payments, PILON, holiday pay for any untaken annual leave along with their salary.
130. In total, 191 staff members, or 40%, received a total of £458,500 in PILON payments. This is an increase of 6% when compared with the proportion of staff who received PILON in 2015.
131. The average payment in 2017 was £2,400, approximately £150 more than the average payment awarded in 2015. Individual payments ranged from £30 to £13,100.
132. Following recommendations made based on the General Election 2015 assurance review, IPSA added guidance to the Scheme stating that MPs who leave Parliament should issue notice 'at a point which allows them to wind up their affairs effectively and minimises the cost of pay-in-lieu-of-notice to the taxpayer.' We recognise that we cannot force notice to be given at a particular time, and departing MPs should have the discretion to arrange their staffing resource as needed during the winding-up period. However, we expect MPs to act with probity and to have regard to value for money.¹²
133. Some PILON payments are unavoidable and are a consequence of the two-month limit on the winding-up period, along with contractual or statutory notice periods that are longer than 8 weeks. Additionally, some PILON was unavoidable if the departing MP concluded winding-up their office before the end of the winding-up period and therefore ended their staff members' employment.
134. All PILON payments were reviewed to assess the cost associated with late issuance of notice. The proportion of PILON that would have been avoidable had notice been issued in a timely manner was estimated from this analysis.

¹² IPSA consulted on whether there should be a change in the rules to impose automatic notice of redundancy for staff following an election, to minimise the cost to the taxpayer of avoidable PILON. However we decided against this. Details can be seen in the consultation report published in March 2017: <http://www.theipsa.org.uk/media/1606/2017-03-16-ipsa-review-of-Scheme-of-mps-business-costs-web.pdf>.

135. The assumptions made to calculate this are as follows:
- The earliest day an MP could issue notice was 9 June 2017.
 - PILON costs for any staff member for whom the period between 9 June 2017 and their leaving date exceeded their notice period were avoidable in their entirety.
 - PILON costs for staff members who left on 9 June 2017 were entirely unavoidable.
 - For staff members with a notice period that exceeded the time between 9 June and their leaving date, a possible proportion of the PILON cost was avoidable.
136. To calculate the proportion of avoidable PILON, the staff member's maximum possible payment was multiplied by the proportion of the notice period that exceeded their days of employment after 8 June 2017. This was considered to be unavoidable PILON. The difference between this value and the PILON paid to the departing staff member was considered to be avoidable for the purposes of the estimation.
137. We calculated that the proportion of avoidable PILON was approximately £219,200 or 47.8% of the total. This is an estimate only.
138. Thirteen staff members, employed by eight MPs, were not issued notice until the final day of the winding-up period, and therefore were paid the maximum amount of PILON possible. This amounted to £35,000. Had notice been issued earlier, this cost would have been avoided or reduced.
139. We also noted that there was a risk that PILON costs would be higher following the 2017 election, because a higher percentage of staff were not entitled to redundancy payments. The risk was that if staff members had little or no entitlement to a redundancy payment, their notice might be delayed, to ease the financial burden on them.
140. An analysis (shown in figure 12) was carried out to assess if there was correlation between the total amount of redundancy pay received by departing staff and the amount of PILON received. There was weak positive correlation, with a R^2 value of 19.2%. Although weak, the positive correlation suggests that the higher the value of redundancy payment received, the higher the value of PILON received. This outcome is the opposite of the risk described above (where there would be a negative correlation).

The chart below shows total payments in lieu of notice received (£0 to £14,000) and total redundancy payments received (£0 to £35,000).

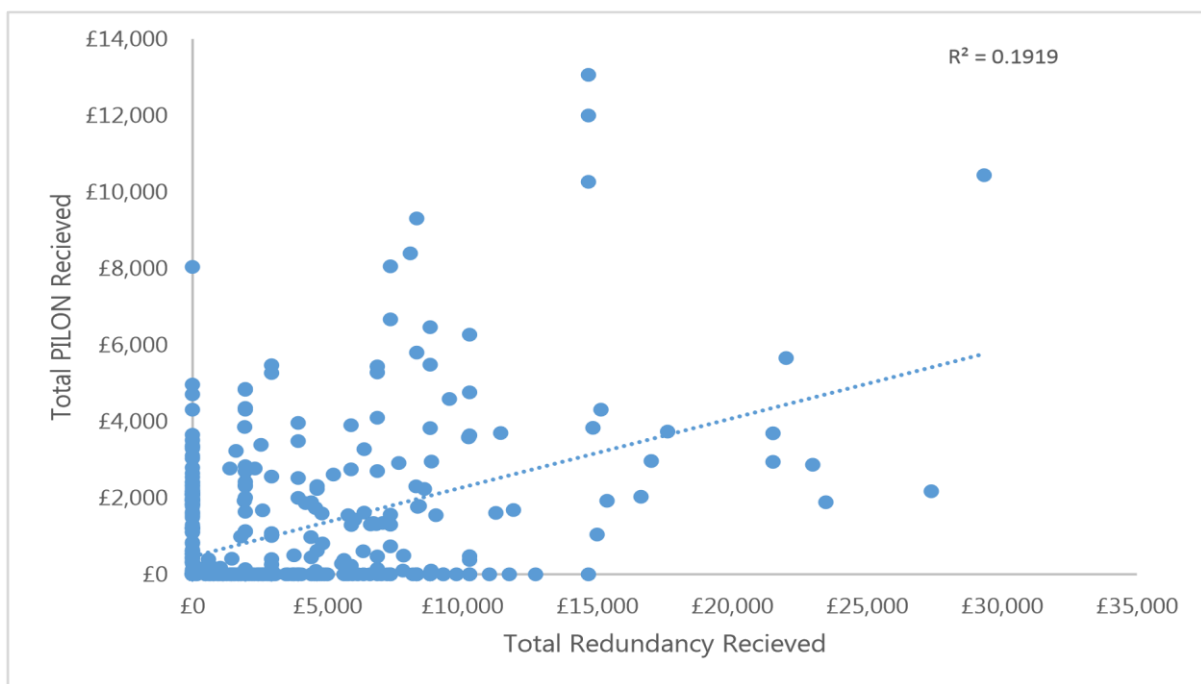


FIGURE 12 – SCATTER GRAPH SHOWING THE CORRELATION BETWEEN THE VALUE OF REDUNDANCY AND PILON PAYMENTS MADE TO INDIVIDUAL DEPARTING STAFF MEMBERS

141. Although through the analysis it is evident that there is no strong positive trend between the value of redundancy received and the value of PILON, several outliers were identified. These outliers were checked for accuracy and appropriateness. In one instance, a staff member was newly employed in the dissolution period by an MP who subsequently lost their seat. This staff MP received £3,100 in PILON. IPSA did not issue any guidance prohibiting MPs from employing new staff during the dissolution period; however they did advise that staffing budgets would be pro-rated for the period 1 April – 8 June 2018, were they to lose their seats.

142. **It is recommended that IPSA should continue to communicate clearly to MPs the importance of issuing timely notice to their staff in order to save public money.**

➤ Holiday pay

143. Departing staff members are entitled to receive any accrued but untaken annual leave as a payment. This payment is made at their contracted daily rate.

144. The 2015 General Election assurance review noted that that the holiday payments to some staff were very high, as annual leave had been carried over from previous years with no restrictions. In response to this, IPSA updated the Scheme taking effect from 1 April 2017 instructing MPs that new staff members could only carry over five accrued annual leave days per leave year.

145. However, given the timing, the expected effect would not have materialised until April 2018 for the newly employed staff members. The requirement could not be enforced for existing staff members.
146. In total, £436,700 was paid to 401 departing staff members for untaken leave, with an average mean payment of £1,100. Individual payments ranged from £10 to £7,700. The average payment to individuals was similar in 2017 to that observed in 2015.
147. 75% of staff members who received a payment for untaken holiday in 2017 received a payment for more than five days.
148. As shown in figures 10 and 13, the majority of holiday payments were modest but there is a high level of variation between the individual amounts claimed. There was a higher level of variation in the 2017 payments than that observed in 2015.
149. The median average payment was £900 and the majority of payments were around this value. However, a number of outliers were observed. In one instance, a staff member was paid for 55 days of holiday leave. This was 11 days more than the employee could have accrued given their length of service. IPSA contacted the former MP who confirmed that the overpayment was a result of a second non-IPSA employment held with the employee, for which the outstanding holiday payment was incorrectly claimed from the MPs IPSA budget. The full overpayment has now been recovered.
150. Payments for TOIL are included in holiday payments for departing staff members. As IPSA funds and facilitates the payments made to the staff members of MPs but is not the employer, it pays according to the employing MP's instructions. Where appropriate, IPSA does seek further information from MPs about particularly high claims to ensure they are accurate.
151. As with PILON payments, there was an additional risk during the 2017 General Election that higher amounts of holiday pay would be awarded to staff members with no entitlement to redundancy. Further statistical analysis was carried out to assess if this had been widespread within the population data.
152. To test this, the total value of redundancy and total value of holiday pay received by individuals were plotted to examine potential correlation. There is weak positive correlation between the total amount of holiday pay made to a departing staff member and the total value of redundancy received (as shown in figure 13). This outcome is the opposite of the risk described above (where there would be a negative correlation). Several outliers were identified and investigated. However, given that MPs are not required to provide evidence to prove the amount of holiday pay they are requesting there is nothing further that can be analysed.

The chart below shows total holiday pay received (£0 to £9,000) and total redundancy received (£0 to £35,000).

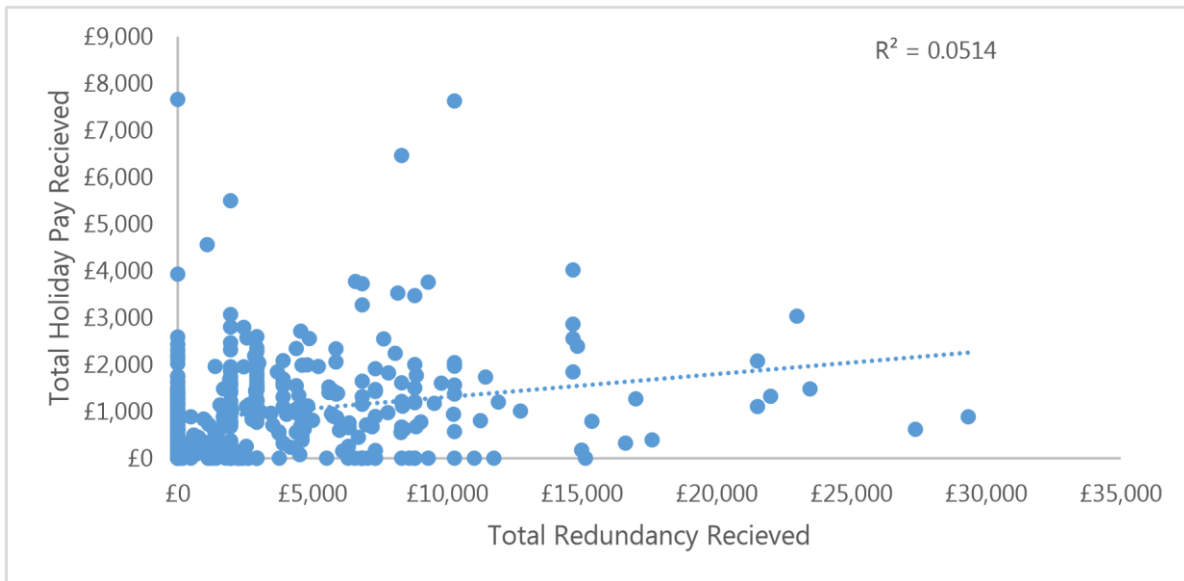


FIGURE 13 – SCATTER GRAPH SHOWING THE CORRELATION BETWEEN THE VALUE OF HOLIDAY AND PILON PAYMENTS MADE TO INDIVIDUAL DEPARTING STAFF MEMBERS

It is recommended that:

- **IPSA should ensure that payments to MPs’ staff for untaken leave are accurately recorded as annual leave or overtime.**
- **IPSA should require MPs to provide further details when requesting payments to their staff of more than 50% of their accrued leave over the period of employment.**
- **IPSA should consider enforcing a 90-day limit within which an MP can claim for overtime carried out by staff and a requirement to provide supporting evidence for all staff employed before April 2017.**

➤ **Maternity pay**

152. The timing of the election had an impact on the availability of maternity payments for a small number of staff members. In order to qualify for both statutory and occupational maternity payments, the staff member must have 26 weeks’ continuous service by their qualifying 15th week of pregnancy and remain in the employment of the same MP when they begin their maternity leave. The impact on pregnant staff members who were made redundant due to their employing MP departing at the election was as follows;

- Staff who had 26 weeks continuous service at the end of their qualifying week but had not begun their maternity leave were entitled to statutory maternity pay but not occupational maternity pay

- Staff who had 26 weeks' continuous service at the end of their qualifying week and had begun their maternity leave were entitled to statutory maternity pay and occupational maternity pay
 - Due to the employment relationship between MPs and their staff, and each employment with an MP considered separate, pregnant staff members who were then re-employed by another MP did not have the continuous service to make them eligible for these payments.
153. We are aware that a small number of departing staff members were affected by this and were not entitled to occupational maternity pay. However, this is based on those small number of cases raised with us, and it is not possible to know exactly how many staff members were financially impacted, as they may not have notified IPSA of their pregnancy by the time their employment ended. IPSA is obliged to comply with legal requirements on maternity pay and ensured that this was applied in all relevant cases.

Capital Expenditure

154. Departing MPs claimed for £160,100 of capital expenditure items in the period between the 2015 and 2017 General Elections. Capital expenditure has been considered to include furniture, computer hardware and equipment purchases. 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; otherwise, however, they remain the personal property of the MP.
155. The House of Commons provides MPs with a budget to purchase computers and other items. These costs have not been considered in this analysis.
156. Several assumptions were made to provide an estimate of the value of items that could be considered capital expenditure at the time of the elections:
- Equipment – for example printers and computers – have a lifespan of five years.
 - Fixtures and fittings – for example furniture – would typically have a lifespan of around 10 years. The salvageable value at the end of the item's life span was considered to be zero.
 - Each item was subject to straight line depreciation.
157. Using the assumptions outlined above, the estimated value at polling day of all capital purchases made by MPs who departed after the 2017 General Election was £129,200.
158. This is substantially higher than that calculated following the 2015 General Election. There are a number of possible reasons for this. Firstly, as mentioned earlier in this report, the 2017-18 Scheme no longer had a blanket restriction on purchasing capital equipment during the preelection period, whereas there was a ban on capital purchases for six months prior to dissolution before the 2015 election. In addition, as the 2017 election took place just two years into a parliament, the effect of depreciation on equipment purchased after the 2015 election would be less than after a full fixed term Parliament of five years. Furthermore, the 32 MPs elected in 2015 who departed after the 2017 would have had a start-up supplement of £6,000 in their first year of service: making £192,000 available mainly for 'big ticket' items.

159. **As stated earlier in this report, it is recommended that IPSA should consider asking departing MPs to confirm in their winding-up declaration how they disposed of their IPSA-funded capital equipment.**

APPENDIX A – Methodology

160. The expenses and business costs claimed by MPs present a unique population data set with many variable factors. Each MP will carry out their parliamentary work as they see fit and are responsible for claiming appropriately what they need to carry out this work. This means that costs can vary substantially between MPs, regions and constituencies. Therefore, the overall total claims made by individual MPs may have a wide range and an overall average that does not take into consideration the many variables and contributing factors that result in differing costs. MPs may choose not to claim for certain expenses, even if they are within the rules of the Scheme.
161. Often the variation in claiming patterns can be attributed to the MP's own constituency circumstances and the way in which they choose to carry out their parliamentary work. Nonetheless, analysis will take place to ensure that IPSA can provide assurance that claims made are eligible.
162. Throughout this report, the range of total values claimed in each analysed category has been presented along with the mean or median to give context to the reported figures. In some cases, extreme outliers may affect the average reported.
163. To provide assurance that costs claimed are eligible with the Scheme of MPs' Business Costs and Expenses, the data has been analysed in a multiple ways. This includes, but is not limited to:
- Investigating outliers within datasets;
 - Examining the sum and count of claims made within a period by individual MPs, by expense type and date claimed;
 - Investigating trends and deviations from an established trend within data sets;
 - Where appropriate examining the correlation between claims made through different expense types;
 - Reviewing the descriptions and details provided by those making the claim; and
 - The standard of supporting evidence.
164. A wide range of expense types were considered within the scope of this review. This includes all claims made in the period between the announcement that there was to be an election and polling day, all claims made by departing MPs in the winding-up period and claims made by newly-elected MPs.
165. IPSA categorises expense types as follows:
- Accommodation
 - Accommodation – Hotels
 - Miscellaneous Expenses
 - Office Costs
 - Staff Absence
 - Staffing

- Travel
- Winding-up.

166. Statistical analysis was carried out in Microsoft Excel using datasets from IPSA's online expenses system.
167. Particular analytical emphasis was placed on costs that were directly attributable to the snap election and the unique circumstances it presented.
168. Costs were compared with the period prior to the election announcement and those claimed during the 2015 General Election where appropriate.
169. Several data sets have been graphically presented as a box plot to give the reader a visual representation of the variation between claims and payments. A box plot displays the first and third quartiles, the median value and the maximum and minimum values.

Limitations

170. A number of limitations were identified through analysis of the relevant data. As a regulator, IPSA is responsible for ensuring that costs claimed by MPs are compliant with the Scheme of MPs' Business Costs and Expenses. However, in some areas IPSA rely heavily on the MP to provide adequate detail in support of their claims. There is a limit to what can be done to monitor MPs' actual work and activities against what they have claimed.
171. In some instances, the analysis suggests that costs may have been claimed from the wrong budget. Where appropriate they will be moved to more accurately reflect the cost being claimed and therefore the values presented in this report may be subject to change.

APPENDIX B – Loss of Office payments (LOOP)

MPs receive a salary for holding public office but are not entitled to any form of redundancy payment when they leave office. In place of redundancy, LOOP exists to provide MPs with financial support when they leave office. The history of these payments is as follows:

- up to and including the General Election on 6 May 2010, all MPs who left office could claim a Resettlement Grant from the House of Commons;
- at the General Election on 7 May 2015, MPs who stood for re-election but were not returned received a Resettlement Payment from IPSA; and
- At the General Election on 8 June 2018, MPs who stood for re-election and were not returned received a Loss of Office Payment from IPSA.

The current arrangements are:

Any MP who lost their seat at a General Election on 8 June 2017 was eligible to receive LOOP provided they had a minimum of two years' continuous service.

To qualify the individual must be an MP on the day before the dissolution of Parliament and be a candidate for re-election to the same seat, but not re-elected.

Any MP who stands down at the Election will not receive LOOP.

LOOP will be equal to double the prevailing statutory redundancy entitlement.

Currently statutory redundancy rates are calculated as follows:

- half a week's pay for each full year you were under 22
- one week's pay for each full year you were 22 or older, but under 41
- one and half week's pay for each full year you were 41 or older

Further information about statutory redundancy pay can be found at www.gov.uk/redundant-yourrights/redundancy-pay.