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25 February 2021

Dear Member of Parliament

Following agreement this week of our draft Estimate by the Speaker's Committee for IPSA, I am writing to let you know of your own budgets for next year. I would also like to update you on MP staff automatic salary uprating and on IPSA's plans for change.

Your Budgets for 2021-22

Attached to this letter is a table showing you the budgets for the next financial year. In summary, accommodation related budgets have been increased based on an estimated forecast of inflation over the next year, as have office costs budgets.

The general staffing budget has been increased by 1%. We are conscious that the pandemic has increased significantly the workloads of you and your staff, so I am pleased to say that the additional Covid staffing capacity budget has been confirmed. This is for 2021-22 only and any unspent budget from this year cannot be rolled over. We will, however, work with you and your staff to assess the impact that this staffing uplift has had on your offices to inform our future consideration of staffing budgets.

Automatic Implementation of MP Staff Pay Rises

IPSA recently consulted on whether to introduce arrangements for the automatic implementation of annual pay increases for MPs' staff. IPSA aims to facilitate a professional and fair approach to pay, similar to that of staff working in other sectors. Automatic pay increases for MPs' staff is a move in that direction. We know that most MPs do pass on increases to their staff, so this will help reduce the administrative burden as forms will only be required if an MP wants to opt out.

The consultation responses were overwhelmingly in favour of the proposal and so the IPSA Board has decided to implement the new arrangements for staff from the 2021-22 financial year.

IPSA fully recognises the vital role MPs' staff play in serving constituents. Many staff members have seen substantial increases in their workloads in recent years, as expectations among constituents of MPs' offices has changed, and as a result of the Covid-19 pandemic. However, MPs' staff are not civil servants and receive fewer employment benefits than public sector workers.

We felt it was right in the circumstances to allow for a modest cost-of-living increase for staff, although the decision as to whether individual staff members receive pay rises still ultimately remains with MPs, as the employers.

Effective from April 2021, all staff members will therefore receive a 1% cost of living increase unless their employing MP has opted out. Changes to the payroll will be implemented in May, with the pay increase backdated to the start of April. Further details of these changes are attached to this letter but if you or your staff have any queries, please contact us at payroll@theipsa.org.uk

Changing IPSA

The Speaker's Committee also endorsed our new corporate plan, which sets out a new vision and direction for the organisation, aimed at improving our service and enabling you and your staff to focus on what really matters – representing and supporting your constituents. We will shortly be providing more detailed information on this new start for IPSA and the improvements you can expect to see from us.

Parental Leave and MP Staff Reservists

As a reminder, we are currently consulting on proposals to formalise the arrangements for MPs who are taking parental leave and to provide additional support for MPs whose staff are reservists. We would be pleased to hear from you on these important matters. The closing date for this consultation is 1 March and subject to the outcome, we will be implementing these measures in April.

Yours sincerely,

Richard Lloyd

Interim Chair

BUDGET HEADING	AREA / ELIGIBILITY	2020-21 BUDGET	2021-22 BUDGET
Accommodation – rental costs (pro-rated to dates of tenancy)	London Area	£23,010	£23,290
	Outside London Area	£16,120	£16,320
Accommodation – associated costs only	(Non-London Area MPs only)	£5,410	£5,480
Rental accommodation uplift for dependants (pro-rated to dates of tenancy)	Per eligible dependant per year (max of 3 uplifts)	£5,435	£5,500
Office costs (including £1,250 to cover homeworking allowance)	London Area MPs	£28,800	£30,400
	Non-London Area MPs	£25,910	£27,470
Staffing costs	London Area MPs	£188,860	£190,750
	Non-London Area MPs	£177,550	£179,330
Staffing costs – Covid uplift	London Area MPs	£18,270	£27,680
	Non-London Area MPs	£16,480	£24,970
Winding-up costs	London Area MPs	£57,150	£57,150
	Non-London Area MPs	£53,950	£53,950
London Area Living Payment (LALP)	96 London Area MPs	£4,090	£4,140
Additional LALP	London Area MPs of 23 outer London constituencies	£1,450	£1,470

AUTOMATIC UPDATING OF MP PAY

Overview

- A few months ago, IPSA held a consultation on whether to introduce arrangements for automatic annual pay increases for MPs' staff. The consultation closed in January 2021 and the responses were overwhelmingly in favour of the proposal.
- The IPSA Board has decided to implement automatic pay increases for staff from the 2021-22 financial year.
- MPs will retain an 'opt out' where a pay increase may not be appropriate in specific circumstances.
- The automatic pay increases will be available to all staff members, including those who are currently being paid at the top of their relevant salary range.
- The IPSA Board will determine the appropriate level of increase each financial year. Where automatic increases are applied, the staffing budget will also be increased to ensure these are affordable.
- Effective from April 2021, all staff members will receive a 1% increase, unless their employing MP has opted out. Changes to the payroll will be implemented in May, with the pay increase backdated to the start of April.
- These changes are intended to ensure staff are fairly paid, while reducing the administrative burden on MPs.

Q&A

When will staff salaries be increased and how?

IPSA has decided to introduce arrangements for automatic annual salary increases for MPs' staff members from the 2021-22 financial year. All staff will receive a 1% increase effective from April 2021, unless their employing MP has exercised an opt out.

Changes to the payroll will be made in May, and the increase will be backdated to the start of April. In other words, staff members will see the additional salary amount for April and May in their May salary payment.

Opting Out

MPs as employers retain an opt-out. This is because there are some circumstances where awarding a pay increase may not be appropriate. For example, where staff members are on probation or with a live disciplinary issue.

In order to opt out, MPs need to email payroll@theipsa.org.uk by **30 April**, clearly stating the relevant staff member's name.

Where an MP has exercised an opt out for a particular staff member, they may at a later date request a pay increase for that staff member in the normal way (using the Contractual Changes form on IPSA Online).

If MPs are considering an opt-out, they should ensure that they are adhering to good employment practice and treating their staff fairly. MPs are strongly encouraged to seek advice from the House of Commons Members' HR team (membershr@parliament.uk) on when opting out might be appropriate.

How will the percentage increase be determined?

The IPSA Board will decide the percentage to be applied for automatic salary increases ahead of each new financial year. In doing so, they will take account of a range of factors, including changes in the cost of living, guidance which applies elsewhere in the public sector, affordability and value for money for the taxpayer.

Periodically IPSA also conducts benchmarking exercises that compare salaries for MPs' staff with those in other similar roles, to ensure that the salary ranges in the Scheme reflect a fair market rate. We conducted the last such exercise in late 2019. IPSA will continue to conduct these reviews periodically.

Rationale for a pay rise for MP staff this year

MPs' staff members serve a vital role in supporting constituents – in listening to concerns and frustrations, advocating for them with local and national government agencies, guiding them through bureaucracy and representing their views in Parliament. The importance of this role has been highlighted by the Covid pandemic, with even more constituents turning to their MPs for help and advice about the lockdown restrictions, jobs and financial support. Staff members have carried on working, dealing with increasingly heavy workloads and in difficult circumstances.

MPs' staff members are not civil servants and the pay constraints do not formally apply to them. MP staff also receive fewer employment benefits than other public sector workers, for example a less generous pension scheme. We felt it was right in the circumstances to allow for a modest cost-of-living increase for staff. The decision on whether individual staff members receive pay rises ultimately remains with MPs, as the employers.

Will MPs be able to offer staff an additional pay increase on top of what IPSA automatically applies?

Yes. MPs can increase staff pay further, so long as it remains within the relevant salary range for that job role (set out in the Scheme) and is affordable in their overall staffing budget. They should follow the normal process, using the Contractual Changes form on IPSA Online.

Which staff are included?

All staff on IPSA payroll as of 31 March, including connected parties, would receive automatic pay increases. Connected parties will not be treated differently to other staff.

Individuals contracted as bought-in services who are not on IPSA payroll would not receive an automatic pay increase. Any increase in the fees charged would need to be agreed between the MP and individual providing the services.

How does this relate to the additional staffing funding for Covid-related work?

We have announced that we will be extending the COVID-related staffing budget supplement into the 2021-22 financial year, with an additional one-off 50% increase. This means that an additional £24,970 will be available for MP staffing budgets outside of the London area and £27,680 for London area MPs. These figures include a 1% increase so that any staff whose salaries are being paid out of this additional funding can also have a 1% salary increase. Please note this is a temporary uplift for 2021-22 only.