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Purpose

1. IPSA pays salaries to MPs and their staff and provides MPs with budgets and payment cards to support their parliamentary functions. This policy sets out how IPSA handles money or debt which is due for repayment to IPSA by MPs, their staff or other persons and organisations.
2. This document supports the information set out in the Scheme of MPs' Business Costs and Expenses¹ ('the Scheme').

Policy and principles

3. IPSA has a duty to safeguard taxpayers' money. IPSA's guiding principle in respect of MPs' and other monies owed and debts is to seek to recover all money that is owed, whilst retaining the flexibility to decide on a case-by-case basis, taking into account the cost of recovery, value for money, fairness and IPSA's regulatory responsibilities, whether the amount in question should be written-off.
4. IPSA may write off low-value debts, where disproportionate time and effort would be required to recover the amounts, which would not represent value for money for the taxpayer. MPs will be given a choice whether to repay or have the debt written off. Any written off amounts will be published in the interests of transparency.
5. IPSA may also write off debts or monies owed that arise in whole or in part as a result of an error by IPSA, again subject to appropriate transparency.
6. IPSA will follow these principles when acting to recover MPs' monies owed or debt:
 - We will tell the MP as soon as possible that they owe IPSA money, and the reason why.
 - The MP can ask for a review of the decision that they owe money. The review will be carried out by someone who was not involved in the original decision and IPSA will pause recovery of the money, while the review is carried out.
 - IPSA will work with the MP to agree a repayment plan, which appropriately balances the need to recover money in a timely manner with the particular circumstances.
 - IPSA will only impose a repayment plan if we have been unable to agree one with the MP in a reasonable timescale, normally 30 days.
 - IPSA will let the MP know in writing before a repayment plan is imposed.

¹ [The Scheme of MPs' Staffing and Business Costs - 2021-22 \(ctfassets.net\)](https://www.ctfassets.net/115-894)

- IPSA will not impose a repayment plan if the MP is absent from work, unless there are exceptional circumstances which make this necessary.
- We will not normally impose a repayment plan involving salary deduction which would reduce an MP's monthly salary by more than 50%.

Definitions and responsibilities

Monies owed

7. IPSA generally uses the term 'monies owed' to refer to money owed by current MPs². It may be due or overdue for repayment. For MPs, this includes payment card items not claimed and to be repaid and deposit loans. For current MPs, money owed becomes overdue for repayment when it falls outside of the agreed repayment terms, whether they have been agreed as part of a repayment plan or are set out in the Scheme, such as the 30-day timescale for repayments.
8. The IPSA MP Services and Payroll Teams are responsible for working with MPs to facilitate repayment of money owed by them. The IPSA Payroll team is also responsible for recovering money owed by MPs' staff, as these usually arise due to salary overpayments.
9. More information about how we handle debt owed by MPs who have left their seat can be found below.

Debt

10. Debt is money owed to IPSA by former MPs (those who left their seat and are no longer subject to the winding up process), former MPs' staff or external customers. Again, debt may be due or overdue for repayment. Debt recovery from these groups is generally managed by the IPSA Finance team, subject to individual circumstances.
11. Finance, working with other teams, are also responsible for ensuring that the data held on IPSA Online is correct and accurately reported. As part of the standard month-end process, Finance reconcile the general ledger and control accounts and ensure that financial reports for managing debts are available to IPSA teams.

Scheme provisions for recovery of money owed by MPs

12. The Scheme³ sets out the circumstances under which MPs are required to make repayments to IPSA:
 - a) they have been paid an amount (or have had an amount paid by IPSA on their behalf) that IPSA subsequently determines should not have been paid;

² 'Current MPs' refers to sitting MPs and MPs who have left their seat following the most recent general election and who are still subject to the winding up process.

³ Para 2.11, 13th edition of the Scheme [The Scheme of MPs' Staffing and Business Costs - 2021-22 \(ctfassets.net\)](https://ctfassets.net)

- b) they have overspent their budget in a particular category of spending;
 - c) they have agreed to repay an amount following an investigation by the Compliance Officer; or
 - d) they have been directed by the Compliance Officer to repay an amount.
13. Additionally, MPs may be required to make repayments to IPSA where they have used their payment card for non-parliamentary spending or not reconciled spending within the timescales set out in the Payment Card Policy⁴.
14. MPs must also repay any deposit loans to IPSA when they leave a rented property.
15. The Scheme⁵ also sets out the steps IPSA can take to recover money owed by MPs.
- if MPs do not make the repayments within 30 days, IPSA will arrange for the amount to be deducted from further payments of claims to which the MPs are entitled. It may also suspend MPs' access to their payment cards and direct rent and other payments to suppliers. MPs will be notified of these arrangements.
 - MPs may request for the amount to be deducted from their salaries instead of being deducted from the payment of further claims.
 - If any amounts to be deducted from claims have not been recovered by IPSA within 30 days of MPs being notified, the remaining amounts may be deducted from MPs' salaries without their agreement.
 - Where salary deductions, agreed or otherwise, are made, a schedule of deductions will be agreed with the MPs in question. The sums involved will normally be recovered in the same financial year as they were commenced. Exceptions will be made, for example, when recovery begins late in the financial year, or the amounts to be recovered are particularly large. Recovery of overpayments of MPs' or staff salaries are subject to separate arrangements.
16. Under the Scheme⁶, IPSA may also withhold the loss-of-office payment (LOOP) from an MP leaving their seat, until they have repaid any money owed. Alternatively, MPs can ask for money owed to be recovered directly from their LOOP.

⁴ <https://information.ipsonline.org.uk/guidance/card-payments#payment-cards>

⁵ Para 2.12-2.14, 13th edition of the Scheme [The Scheme of MPs' Staffing and Business Costs - 2021-22 \(ctfassets.net\)](#)

⁶ Para 8.17, 13th edition of the Scheme [The Scheme of MPs' Staffing and Business Costs - 2021-22 \(ctfassets.net\)](#)

OPERATIONAL PROCESSES

Notifying current MPs and staff about money owed

Reimbursement claims or payment card spending subsequently found to be invalid

17. If IPSA has reimbursed a claim or allowed payment card spending which we subsequently identify as invalid, we will raise a credit note on IPSA Online and the MP will be notified via the system that they must repay the money.
18. The MP (or their expenses proxy if they have one) can then select on the system whether they wish to repay the money by cheque or bank transfer, repay the money via salary deductions, or offset the money owed against future reimbursement claims.

Recovery of unreconciled payment card spending or unclaimed payment card spending

19. Under the IPSA Payment Card Policy if the MP's payment card spending is not fully reconciled within the required timescales, by submitting evidence to support the spending, they will be notified via a task in the IPSA Online system that they must repay the costs to IPSA; they must repay within 30 days of being notified.
20. Similarly, if an MP uses a payment card, but does not claim for the costs from their IPSA budgets, they must repay the costs to IPSA within 30 days of marking the spending as 'not claimed, to repay'.

Budget overspends

21. MPs are responsible for staying within their IPSA budgets and any overspend must be repaid to IPSA.
22. During the financial year IPSA will monitor spend against budgets and we may take measures to prevent overspending as set out in Chapter Two of the Scheme. Measures may include, but are not limited to, suspending rental payments, suspending or restricting payment card usage to travel only, or not processing staff overtime payments and new starters. Even if these measures are put in place, it remains the MP's responsibility to stay within budget.
23. After the end of the financial year and the conclusion of the year-end process (for which separate guidance is issued), MPs will be able to see on IPSA Online their final spend against their budgets, after incorporation of year-end adjustments. If an MP overspends any capped budget, we will usually inform them that the overspend must be repaid to IPSA within 30 days, by raising a credit note in IPSA Online, unless a different approach has been agreed.

24. If an MP disagrees with the decision that they have overspent their budgets and must repay money, they could reject the credit note. IPSA would then engage with them to seek agreement.

Deposit loans and rent overpayments

25. Deposit loans must be repaid to IPSA within one month of an MP leaving the property. All deposit loans must be repaid to IPSA in full, even if the MP does not receive the full amount from their landlord.
26. Sometimes when an MP leaves a property, IPSA has already paid rent beyond the last date of the tenancy. When the MP informs IPSA that they have left the property, we will calculate the rent overpayment and raise a credit note on the system to alert the MP to the overpayment. It is the MP's responsibility to liaise with the landlord to recover the overpayment which must be returned to IPSA. If there is a discrepancy between the landlord and IPSA's calculation of a rent overpayment, or there has been a calculation error, the implications will be discussed with the IPSA Homes, Offices and Security Team.

Salary overpayments for current MPs and staff

27. Salary overpayments can happen for a variety of reasons, but IPSA will seek to recover money that a person received but to which they were not entitled. Salary overpayments can only be repaid by cheque, bank transfer or salary deductions, or (in exceptional circumstances involving hardship only) through an offsetting reduction in the MP's following year budget.
28. As soon as possible after a salary overpayment to a current MP or member of staff is identified, we will write to them, proposing a repayment plan through salary deductions, in most instances with a maximum term of the length of the overpayment in question. We will ask them to contact us within 30 days with any questions or to propose a different repayment plan.
29. We will work to agree a repayment plan which balances the need to recover money in a timely manner, with sensitivity to their personal circumstances. However, a repayment plan must be reasonable in all the circumstances. Once agreed, the repayment plan will be set on the payroll system as soon as practicable.
30. If the person does not respond within 30 days, or a repayment plan is not agreed, we will set up the proposed repayment plan, and inform them that we have done so. From that point the person will see the salary deductions set out on their payslip, until the overpayment has been repaid.
31. We will not normally impose a repayment plan if the person concerned is absent from work, unless there are exceptional circumstances which make this necessary.

32. A repayment plan may be renegotiated at any point but must be reasonable in all the circumstances.

Salary overpayments for former MPs and staff

33. As soon as possible after a salary overpayment is identified, Payroll will write to them, seeking to agree a repayment plan.

34. If the money is not repaid, Payroll will send a second letter giving a further 7 days to repay and informing the recipient that the matter is being passed to the Finance Team for formal debt recovery.

35. Finance will send recorded delivery letters, the first informing the person concerned that they have 14 days to contact IPSA; the second informing them that they have 7 days to do so failing which the matter will be referred to our debt recovery agents and that they will be liable for costs. A final letter will then be sent informing them that the debt has now been passed on and that IPSA will no longer be directly involved in the process.

36. If the salary overpayment is disputed we will work with the person concerned resolve the matter, making corrections if necessary. If the overpayment stands, recovery of the money owed will continue.

Repaying money owed to IPSA

37. There are four ways in which MPs can repay money owed to IPSA:

- cheque or bank transfer
- offsetting against future reimbursement claims, and
- salary deductions.
- offsetting budget reductions, in exceptional circumstances.

38. If an MP does not repay money to IPSA within the agreed repayment terms, as set out in the Scheme and this policy, then IPSA can move to recover the money through offsetting or salary deductions without the MP's agreement (see paragraph 50 below).

39. If the MP has been sent a credit note on IPSA Online, they should action the credit note to tell us how they would like to repay, by selecting repayment, offsetting or salary deductions.

40. Salary overpayments can only be repaid through cheque, bank transfer or salary deductions.

Cheque or bank transfer

41. When an MP or staff member is informed that they must repay money to IPSA, they can make the repayment by sending a cheque or making a repayment by bank transfer to our account:

- Account name: IPSA
- Sort code: 60-70-80
- Account number: 10012524
- Reference: We request that they use a reference that includes the MP's initial and surname, and form number or the nature of the payment. For example, J Smith - 600000123 or J Smith– Office sublet.

42. We also stipulate that they complete a repayment form and send it to info@theipsa.org.uk. This will help us allocate the repayment correctly.

Offsetting

43. Alternatively, an MP can choose to repay the money owed by offsetting it against future reimbursement claims. In this case, any future reimbursement claims will not be paid to the MP until the money owed has been fully repaid. Claims reimbursements to the MP's staff members will continue as usual.

Salary deductions

44. An MP can choose to repay money owed through an agreed and signed repayment plan by salary deductions.

45. We will work with the person to agree a repayment plan which balances reasonably the need to recover money as soon as practicable, with sensitivity to their personal circumstances. Once agreed, the repayment plan will be set on the payroll system as soon as practicable.

46. From that point the person will see the salary deductions set out on their payslip, until the money owed has been repaid.

Offsetting budget reductions

47. In exceptional circumstances it may be possible for IPSA to agree that money owed can be offset against the same budget in the following year, if it is not possible to repay the amount by any of the other means in paragraph 39, for example because doing so would lead to genuine hardship. This option would only be available in respect of budget overspends that have arisen as a result of spending that would otherwise be for legitimate parliamentary purposes in accordance with the Scheme. In that case an offsetting budget reduction would be made and published for the following year. It is not possible for that offsetting arrangement to be extended over more than one year.

Recovery of money owed and debt

Recovery of money which is overdue for repayment

48. Where an MP does not repay IPSA money within the repayment terms, usually 30 days of the notification or repayment becoming due, IPSA can exceptionally take action to recover the money owed through offsetting or salary deduction, without the agreement of the MP. A decision on whether to do so would be made by IPSA's Debt Panel, chaired at Director level.
49. Before taking this step, IPSA will take reasonable steps to contact the MP by email or phone to agree a repayment plan. If this fails, we will send a final letter (by post and email) which will be sent to the MP's Westminster address, proposing a repayment plan, either by offsetting or salary deductions. If we do not receive a response within 7 days, the proposed repayment plan will be implemented.
50. A repayment plan may be renegotiated at any point, but must be reasonable in all the circumstances.
51. If necessary, IPSA may decide to suspend an MP's access to their payment card and direct suppliers. MPs will be notified of these arrangements.
52. If a person leaves their role as an MP or employment as a staff member before money owed has been repaid in full, IPSA will recover any balance from their final salary payment or, with agreement, winding up payment, or Loss of Office Payment in the case of defeated MPs, where possible.
53. During the winding-up period and process, the IPSA MP Services team will support former MPs to submit any remaining claims, make any repayments and finalise their financial affairs with IPSA.
54. If the Director of MP Services decides that it is necessary, and that all other reasonable options have been exhausted, recovery of money owed by a former MP can be passed to the Finance team to handle through the debt recovery process described above.

Recovery of debt

55. Debt is money owed to IPSA by former MPs (those who left their seat and are no longer subject to the winding up process), former MPs' staff or external customers. Again, debt may be due or overdue for repayment. Debt recovery from these groups is managed by the IPSA Finance team.
56. IPSA will usually send two letters by recorded delivery seeking repayment of the debt and agreement on a suitable repayment plan. Where no satisfactory response is received we will send a final letter informing them that the matter now rests with our agents.

Deceased MPs

57. If an MP dies while in office, during the winding-up period or after their departure from office, IPSA will seek to recover any money owed or debt from their estate. However, the Debt Panel may exercise discretion to recommend to the Accounting Officer that certain debts should be written off where appropriate.

Writing off debts

58. In accordance with the policy in paragraph 3, IPSA may decide to write off debts where seeking to recover the amount in question would not represent value for money for the taxpayer. Any write-offs require the completion of a write off form and the subsequent approval by IPSA's Accounting Officer before this can be communicated.
59. In the case of individual monies owed or debts of low value, on grounds of value for money and proportionality, IPSA may not go through the full recovery process described above to recover the amount, unless there are particular reasons for doing so. In the case of MPs and former MPs, IPSA will normally write giving them the option to repay the amount or for it to be published as part of IPSA's normal publication process, appropriately described, in the interests of transparency.
60. In accordance with the principle of fairness contained in the policy statement in paragraph 3, balanced alongside IPSA's duty to the taxpayer, IPSA may decide to write off an MP's or former MP's money owed or a debt, where the amount in question has arisen in whole or mainly as a result of an error by IPSA. In such cases any amounts written off would be published as part of IPSA's publication process, appropriately described.