

# **Independent Parliamentary Standards Authority**

## **Annual Review of the MPs' Scheme of Business Costs and Expenses 2013**

Presented to the House of Commons pursuant to section 5(5) of the Parliamentary  
Standards Act 2009

Ordered by the House of Commons to be printed on 13 March 2013

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ISBN: 9780102982299

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID 2545710            03/13

Printed on paper containing 75% recycled fibre content minimum.

## FOREWORD BY THE CHAIR OF IPSA

This is the latest review of the MPs' Scheme of Business Costs and Expenses, fulfilling our requirement to review the Scheme regularly. This year's review reflects our continuing commitment to introduce improvements into the Scheme, but also the fact that the Scheme is now settled, working well and meeting our values of fairness and transparency. Consequently, the review is limited in scope this year, but still makes important refinements to the rules and the budgets.

This review pays special attention to MPs' needs for support with their accommodation costs. For those MPs whose constituencies are more than 20 miles from London, working in two locations – their constituency and Westminster – brings with it a need for a base in those two places. We continue to believe that it is right for the taxpayer to support MPs who need overnight accommodation when performing their parliamentary functions. We looked in particular in this review at the level of that support for MPs who rent a flat in London to meet those overnight accommodation needs. Chapter One of our report sets out our conclusions.

We think, however, that how MPs' needs for work-related accommodation are met is a large issue and one that requires fresh thinking. In April 2013 we will begin an in-depth review of the rules in this area, in order to ensure that we have in place a sustainable, fair, workable and transparent system for meeting MPs' needs for accommodation. We will consult on this issue in the autumn, giving MPs and the public an opportunity to contribute.

This review has been greatly assisted by the responses that we received. We believe that we have in place a Scheme that is fair, workable and transparent and we commend the review and the new edition of the Scheme to MPs and taxpayers alike.



**Professor Sir Ian Kennedy**

## **CONTENTS**

<b>ONE:</b>	<b>SUMMARY OF CHANGES</b>	<b>Page 5</b>
<b>TWO:</b>	<b>FIFTH EDITION OF THE MPS' SCHEME OF BUSINESS COSTS AND EXPENSES</b>	<b>Page 7</b>
<b>THREE:</b>	<b>REPORT ON THE CONSULTATION</b>	<b>Page 71</b>

## SUMMARY OF CHANGES

Below is a summary of the changes made to the *MPs' Scheme of Business Costs and Expenses* ("the Scheme") for its Fifth Edition. The changes come into effect on 1 April 2013.

### *Accommodation Expenditure*

- The rental element of the budgets for MPs renting in the London Area or the constituencies remains unchanged, although the amount designated for associated expenditure has increased by £100 to reflect inflation. See Chapter 4 and Annex B of the Scheme for more information.
- The budget for MPs who own their home remains at £8,850 as an interim measure while IPSA conducts an in-depth review of the rules on MPs' accommodation. Refer to Chapter 4.
- Provisions relating to the mortgage interest subsidy have been removed as the subsidy has ended. However, some references remain as some repayment plans for any capital gains owed by MPs run until the end of the Parliament. Refer to Chapter 4 and Annex A.
- MPs may continue to rent accommodation from another MP, provided the landlord MP is not a connected party. For transparency, IPSA will publish the names of both the tenant MP and the landlord MP in its regular publication cycle, subject to the publication scheme. See Chapter 4.

### *Travel and Subsistence Expenditure*

- The rules have been amended to allow MPs to claim for journeys from Westminster to their constituency (or vice versa) that involve a diversion, as well as necessary journeys from anywhere in the UK to Westminster or their constituency. Refer to Chapter 9.
- The rules have been clarified to reflect provisions for staff members who routinely work from a "home office" to claim travel and subsistence in the same manner as staff who are based in Westminster. Refer to Chapter 9.

### *Office Costs Expenditure*

- The Office Costs Expenditure budgets have been increased to £25,350 for London Area MPs and £22,750 for non-London Area MPs to reflect inflation. Refer to Chapter 6.

### *Winding-Up Expenditure*

- The Winding-Up Expenditure budget limit has increased to £56,450 for London Area MPs and £53,350 for non-London Area MPs. Refer to Chapter 8.
- Rules have been introduced to ensure MPs make necessary arrangements to wind-up their parliamentary affairs before IPSA will pay a resettlement payment to those MPs eligible to receive one. Refer to Chapter 8.

### *Other*

- Activities relating to reviews of parliamentary constituency boundary changes have been added to the list of activities not considered wholly, necessarily and exclusively for parliamentary purposes. Refer to Chapter 3.
- To provide greater clarity, some non-statutory advice (including from the grey "guidance" boxes and previous IPSA communications to MPs) has been incorporated into the Scheme rules.



**THE MPS' SCHEME OF BUSINESS COSTS AND EXPENSES  
FIFTH EDITION**

April 2013

**THE MPs' SCHEME OF BUSINESS COSTS AND EXPENSES  
FIFTH EDITION**

**INTRODUCTION**

1. The MPs' Scheme of Business Costs and Expenses, which makes provision for reimbursement of costs and provision of support for MPs ("the Scheme"), is made by the Independent Parliamentary Standards Authority ("IPSA") in the exercise of the powers conferred on it by section 5(3)(a) of the Parliamentary Standards Act 2009.
  
2. In the course of preparing this Fifth Edition of the Scheme IPSA consulted:
  - a. the Speaker of the House of Commons;
  - b. the Committee on Standards in Public Life;
  - c. the Leader of the House of Commons;
  - d. the Committee on Standards and Privileges;
  - e. members of the House of Commons;
  - f. the Review Body on Senior Salaries;
  - g. HM Revenue and Customs;
  - h. HM Treasury; and
  - i. the publicthrough a consultation between 19 November 2012 and 18 January 2013.
  
3. This Scheme is intended to ensure that Members of Parliament are reimbursed for costs and provision of support necessarily incurred in the performance of their parliamentary functions.

*The text in grey boxes is guidance only and is intended to provide help with interpretation of the Scheme.*

## CONTENTS

<b>PART A: CONDITIONS</b> .....	<b>10</b>
CHAPTER ONE: THE PROCESS FOR MAKING CLAIMS .....	10
CHAPTER TWO: DETERMINATION AND REVIEW OF CLAIMS .....	11
CHAPTER THREE: GENERAL CONDITIONS OF THE SCHEME .....	13
<b>PART B: WORKING FROM TWO LOCATIONS</b> .....	<b>16</b>
CHAPTER FOUR: ACCOMMODATION EXPENDITURE .....	16
CHAPTER FIVE: THE LONDON AREA LIVING PAYMENT .....	22
<b>PART C: OFFICE SUPPORT</b> .....	<b>23</b>
CHAPTER SIX: OFFICE COSTS EXPENDITURE .....	23
CHAPTER SEVEN: STAFFING EXPENDITURE.....	27
CHAPTER EIGHT: START-UP AND WINDING-UP .....	31
<b>PART D: OTHER SUPPORT</b> .....	<b>34</b>
CHAPTER NINE: TRAVEL AND SUBSISTENCE EXPENDITURE.....	34
CHAPTER TEN: MISCELLANEOUS EXPENDITURE AND FINANCIAL ASSISTANCE .....	42
<b>SCHEDULE 1: FUNDAMENTAL PRINCIPLES</b> .....	<b>48</b>
<b>SCHEDULE 2: LIST OF CONSTITUENCIES IN THE LONDON AREA</b> .....	<b>49</b>
<b>SCHEDULE 3: LIST OF CONSTITUENCIES WHOSE MPs ARE ELIGIBLE FOR ADDITIONAL LONDON AREA LIVING PAYMENT OF £1,330 PER YEAR</b> .....	<b>51</b>
<b>ANNEX A: MORTGAGE INTEREST SUBSIDIES AND REPAYMENT OF CAPITAL GAINS – CONDITIONS AND GUIDANCE FROM THE 4<sup>TH</sup> EDITION OF THE SCHEME</b> .....	<b>52</b>
<b>ANNEX B: BANDINGS FOR ACCOMMODATION EXPENDITURE</b> .....	<b>55</b>
<b>ANNEX C: GUIDANCE ON OTHER PAYMENT METHODS</b> .....	<b>68</b>

## PART A: CONDITIONS

### CHAPTER ONE: THE PROCESS FOR MAKING CLAIMS

- 1.1 Claims for reimbursement under this Scheme must be:
- a. submitted using the online expenses system or another mechanism agreed with IPSA;
  - b. submitted personally by the MP, or with IPSA's agreement by his or her designated proxy (except where paragraphs 1.2 or 1.3 apply);
  - c. submitted no more than 90 days after the expenditure was incurred; and
  - d. supported by the evidence required by IPSA no later than seven days after the claim is submitted.
- 1.2 IPSA may agree to allow an MP to delegate the submission of claims to the MP's designated proxy, or in exceptional circumstances where an MP is unable to fulfil his or her parliamentary functions, to another MP.

*Forms to allow routine delegation to a proxy, or in exceptional circumstances to another MP, are available on the IPSA website. Exceptional circumstances may include an MP:*

- *taking maternity, paternity or adoptive leave;*
- *being called up to serve in the armed forces; or*
- *being on long-term sick leave.*

- 1.3 For certain expenditure, an MP may claim payment in advance on production of an invoice or through use of an IPSA-provided payment card or may request IPSA to make payments directly to a supplier.

*Guidance on payment methods can be found at Annex C.*

- 1.4 A claim will not be paid if any part of the claim or the evidence supporting the claim is redacted prior to its submission to IPSA.
- 1.5 IPSA will set out in guidance the type and nature of evidence that is required in relation to each claim.
- 1.6 IPSA may make specific provision at the end of a financial year to limit the 90 day period specified at paragraph 1.1c.

## CHAPTER TWO: DETERMINATION AND REVIEW OF CLAIMS

### *Determination of claims*

2.1 Following receipt of a claim, IPSA will determine whether to allow or refuse it.

*Where IPSA refuses a claim, it will be marked as “not paid” on the online expenses system.*

2.2 If IPSA determines to allow the claim it will:

- a. determine how much of the amount claimed is to be allowed; and
- b. arrange for the amount allowed to be paid.

2.3 No decision by IPSA to allow or refuse a particular claim will bind IPSA in subsequent claims of the same nature.

2.4 If IPSA determines to refuse the claim or to allow only part of the amount claimed, it will notify the MP and specify the reason for the refusal.

### *Review of claims*

2.5 Where IPSA determines either to refuse a claim or to allow only part of the amount claimed, the MP may, within 14 days of IPSA issuing that notification, request IPSA to review its determination. Such a request may only be made on the grounds that:

- a. the rules have been applied incorrectly; or
- b. an administrative error has been made by IPSA.

*MPs may request a review under this paragraph using the online expenses system.*

2.6 Upon receiving a request in accordance with paragraph 2.5, IPSA will:

- a. review whether the original determination was properly made;
- b. decide whether to confirm or alter the amount allowed under the original determination;
- c. notify the MP of its decision; and
- d. if any amount has been determined as allowed, arrange for it to be paid to the MP.

2.7 IPSA may also elect to review its own determinations.

- 2.8 No staff member of IPSA who was involved in making the original determination shall be involved in any review of that determination.
- 2.9 After giving IPSA a reasonable time to review the determination (as set out in paragraph 2.5) an MP may request that the determination is reviewed by the Compliance Officer.
- 2.10 IPSA will make any payments or adjustments necessary to give effect to decisions of the Compliance Officer under paragraph 2.9, provided that all relevant appeals on the matter have been withdrawn or determined and it is no longer possible for there to be a further relevant appeal.

*Recovery of overpayments*

- 2.11 Where an MP:
- a. has been paid an amount (or has had an amount paid by IPSA on his or her behalf) that IPSA subsequently determines should not have been paid either in full or in part; or
  - b. agrees to repay an amount following an investigation by the Compliance Officer; or
  - c. is directed by the Compliance Officer to repay an amount, together with any additional amounts that the Compliance Officer has directed the MP to pay by way of interest, penalties and/or costs incurred by IPSA in relation to the overpayment (including the costs of the Compliance Officer in carrying out the investigation); and
  - d. has not repaid the amount if requested to do so by IPSA;
- then IPSA shall arrange for the amount to be deducted from further payments of claims to which the MP may become entitled.
- 2.12 If the MP has no further claims pending from which the overpayment can be deducted, or the value of the repayment required is greater than the value of any pending further claims, IPSA will require the MP to repay the amount in question within one month of being notified of the outcome of the review or investigation.
- 2.13 If the MP does not pay the amount within one month of being notified, the amount may be deducted from the MP's salary or otherwise recovered.

### CHAPTER THREE: GENERAL CONDITIONS OF THE SCHEME

- 3.1 No claims will be considered from an MP who has not agreed with IPSA that he or she will abide by the Scheme.
- 3.2 In making any claim under the Scheme, an MP must certify that the expenditure was necessary for performance of his or her parliamentary functions, and that in incurring the expenditure he or she had complied with the Scheme.
- 3.3 The Scheme makes provision for the exercise in certain circumstances of discretion by MPs and by IPSA. Such discretion is not absolute. At all times:
- a. it shall be exercised reasonably; and
  - b. MPs and IPSA shall satisfy the requirement of the Parliamentary Standards Act that MPs must only be paid or reimbursed for costs necessarily incurred for the performance of their parliamentary functions.
- 3.4 The following are examples of activities that are not considered as necessary for the performance of MPs' parliamentary functions:
- a. attendance at political party conferences or meetings;
  - b. work which is conducted for or at the behest of a political party;
  - c. activities relating to reviews of parliamentary constituency boundaries;
  - d. production or distribution of any material which could be construed as campaign expenditure within the scope of the Political Parties, Elections and Referendums Act 2000;
  - e. work relating to delegations to an international assembly; or
  - f. work relating to the performance of Ministerial functions.
- 3.5 For the purpose of Chapter Seven, the activities at paragraph 3.4 are not considered as necessary for the support of the performance of parliamentary functions by MPs' staff.
- 3.6 MPs must provide any information or assistance reasonably required by IPSA to carry out its management assurance functions, in order to ensure the appropriate and cost-effective use of public funds, or for the purposes of audit.

3.7 Any duty of IPSA to pay any expenses to an MP is subject to anything done in relation to the MP in the exercise of the disciplinary powers of the House of Commons.

#### *Publishing of claims*

3.8 IPSA will publish information relating to claims in accordance with its procedures and policy relating to such publication.

*Claims will be published on IPSA's website, as will IPSA's decision on each claim. IPSA recognises the need to take proper account, in terms of what is published, of the boundaries between the public and private. In determining what information to publish, IPSA is, as any other public authority, subject to the requirements of the Data Protection Act and the Freedom of Information Act. IPSA's publication scheme is available on the IPSA website.*

#### *Budgets and financial limits: general provisions*

3.9 Unless specified elsewhere, all budgets and financial limits set out in this Scheme are for a year commencing on 1 April, and ending on 31 March of the following year. All references to a "year" are to be read in this context.

3.10 Where a Parliament commences or is dissolved within a year, IPSA may calculate proportionally reduced budgets for the remainder of the year and set them out accordingly.

3.11 IPSA may from time to time amend the budgets and financial limits set out in this Scheme.

*MPs may incur business costs and expenses above the stated limits in the Scheme if they wish to do so. However any business costs and expenses above these limits will not be met from the public purse.*

3.12 Expenses may not be transferred between budgets, nor may they be charged in advance of the beginning of a year, except with IPSA's agreement. Amounts not utilised in any particular year's budget may not be carried forward into subsequent years, except in relation to the Start-Up Expenditure.

#### *The London Area*

3.13 For the purposes of this Scheme, MPs representing any constituency listed in Schedule 2 are referred to as "London Area MPs", and any reference should be read accordingly.

3.14 MPs representing any other constituency are referred to as "non-London Area MPs".

*General restrictions applicable to claims*

- 3.15 For the purposes of this Scheme, a connected party is defined as:
- a. a spouse, civil partner or cohabiting partner of the member;
  - b. parent, child, grandparent, grandchild, sibling, uncle, aunt, nephew or niece of the member or of a spouse, civil partner or cohabiting partner of the member; or
  - c. a body corporate, a firm or a trust with which the MP is connected as defined in section 252 of the Companies Act 2006.

The Companies Act can be found at <http://www.legislation.gov.uk/ukpga/2006/46>

- 3.16 No costs may be claimed relating to the purchase of goods or services, where the MP or a connected party is the provider of the goods or services in question.
- 3.17 Except to the extent permitted under paragraph 4.18, no costs may be claimed relating to an MP's rental of a property, where the MP or a connected party is the owner of the property in question.
- 3.18 'Air miles' or similar customer loyalty benefits and other discounts earned on purchases for which claims are payable under this Scheme are not for personal use, but must be applied to further claimable expenditure.

## **PART B: WORKING FROM TWO LOCATIONS**

### **CHAPTER FOUR: ACCOMMODATION EXPENDITURE**

- 4.1 Accommodation Expenditure is designed to meet costs necessarily incurred on overnight accommodation which is required for the performance of an MP's parliamentary functions.
- 4.2 Accommodation Expenditure is not payable to MPs who:
  - a. are London Area MPs; or
  - b. by virtue of any particular office held, occupy 'grace and favour' accommodation.
- 4.3 MPs may only claim for Accommodation Expenditure in relation to a property at one location, which may be either:
  - a. in the London Area, or
  - b. within the MP's constituency, or within 20 miles of any point on the constituency boundary.
- 4.4 In exceptional circumstances and notwithstanding paragraph 4.3, IPSA may at its discretion allow an MP to claim for more than one property in the MP's constituency.
- 4.5 Where an MP is claiming Accommodation Expenditure under paragraph 4.9b or c, the MP must be routinely resident at the property supported by IPSA, and may not sublet this property.
- 4.6 Claims may only be made for Accommodation Expenditure (other than for hotel costs) once IPSA has approved the MP's rental contract, or mortgage agreement, or has been provided with proof of ownership, and agreed that such claims can be made.
- 4.7 IPSA will approve all rental contracts to ensure the eligibility criteria and conditions are met before any claims can be made. MPs should satisfy themselves that the conditions as set out in the Scheme are met.
- 4.8 MPs may rent accommodation from another MP, provided that the landlord MP is not a connected party. Only the tenant MP may claim the associated expenditure for that property.
- 4.9 Accommodation Expenditure may be claimed only for the following costs:

- a. hotel accommodation; or
- b. rental payments and associated expenditure as set out at paragraph 4.10; or
- c. for MPs who own their property, associated expenditure as set out at paragraph 4.10.

4.10 Associated expenditure includes:

- a. utility bills (gas, electricity, other fuel and water);
- b. council tax;
- c. ground rent and service charges;
- d. home contents insurance;
- e. in the case of MPs claiming under 4.9c, buildings insurance;
- f. purchase, installation and maintenance of routine security measures;
- g. installation of a landline telephone line, line rental and usage charges;
- h. installation of a broadband connection and usage charges;
- i. connection to a basic, free to air television broadcast package; and
- j. the purchase of a television licence.

*“Routine security measures” are security locks, alarms, or similar.*

4.11 Associated expenditure shall not include and no claims will be paid for:

- a. cleaning;
- b. gardening; or
- c. the purchase or maintenance of furniture.

4.12 Accommodation Expenditure may only be paid for hotel costs to non-London Area MPs who have informed IPSA of their intention not to claim for rental property, associated expenditure under paragraph 4.10, or the London Area Living Payment.

*Claiming for rental payments*

4.13 For MPs claiming for rental payments in the London Area, the annual Accommodation Expenditure budget (including all associated expenditure as set out at paragraph 4.10) is £20,100.

4.14 For MPs claiming for rental payments within the MP's constituency, or within 20 miles of any point on the constituency boundary, IPSA may set out in guidance annual Accommodation Expenditure budgets, which may vary having regard to particular constituencies.

4.15 The budgets for particular constituencies are set out at Annex B.

*MPs may enter into a rental agreement above the Accommodation Expenditure limit in the Scheme if they wish to do so. However, any rent or associated expenditure above this limit will not be met from the public purse.*

*IPSA has assessed that £2,700 per year is an appropriate amount for associated expenditure. MPs with low rental payments will be able to claim more than £2,700 per year in associated costs, provided they do not exceed the overall budget. However, they should have regard to the fact that £2,700 is built into the budget specifically for these costs.*

4.16 The Accommodation Expenditure budget is designed to include the cost of drawing up any tenancy agreement and any agency fees incurred on entering into or extending contracts for rental accommodation.

4.17 Removal costs for moving to new accommodation may be claimed from the Contingency Fund. No pre-approval is required.

*MPs are advised to negotiate a clause within their contract to allow them to extricate themselves from the contract within two months in case of a change in circumstances such as the loss of their seat at a General Election. The Winding-Up budget permits former MPs to claim for expenses incurred for a maximum of two months after they cease to be MPs.*

*MPs who own their own homes*

4.18 For MPs claiming associated expenditure only, the annual Accommodation Expenditure budget is £8,850.

4.19 IPSA may recover any outstanding amount owed by an MP in respect of the publicly subsidised share of the property of an MP who claimed mortgage interest for that property at any time during the period from 7 May 2010 to 31 August 2012. That share shall be calculated and recovered in accordance with the provisions of Annex A to the Fourth Edition of this Scheme, a copy of which is retained hereto for that purpose.

*MPs who share rental accommodation*

- 4.20 If two or more eligible MPs choose to share rental accommodation, that intention must be registered with IPSA when registering the property. In this case, the names of each MP must be on the rental agreement as provided to IPSA.
- 4.21 Each MP will be entitled to the full Accommodation Expenditure budget and all costs claimed from Accommodation Expenditure by MPs who elect to share accommodation should be apportioned equally between those MPs.

*Additional budgets for MPs with caring responsibilities*

- 4.22 An MP who is eligible to claim Accommodation Expenditure for rental costs may have his or her budget limit increased by up to £2,425 in any financial year for any additional expenditure that may be required, for each person for whom that MP has caring responsibilities (known hereafter as the “dependant”), provided that he or she can certify that the dependant routinely resides at the rented accommodation.
- 4.23 MPs will become eligible for additional expenditure under paragraph 4.22 once they register their dependant(s) with IPSA.

*If an MP is expecting a child or is in the process of adoption, and the MP wishes to secure new accommodation as a result, he or she should notify IPSA as soon as possible. Early notification will assist both the MP and IPSA in making the appropriate arrangements.*

- 4.24 For the purposes of this Scheme, MPs will be deemed to have caring responsibilities where they:
- a. have parental responsibility for a dependent child of up to the age of 16, or up to the age of 18 if in full-time education; or
  - b. are the sole carer for a dependent child in full-time education, of up to the age of 21 years; or
  - c. are the primary carer for a family member in receipt of one of the following benefits:
    - i. Attendance Allowance;
    - ii. Disability Living Allowance at the middle or highest rate for personal care; or

- iii. Constant Attendance Allowance at or above the maximum rate with an Industrial Injuries Disablement Benefit, or basic (full day) rate with a War Disablement Pension.

*Full-time education means a course where the average time spent during term time receiving tuition, engaging in practical work or supervised study or taking examinations is more than 12 hours a week and is not linked to employment or any office held. It includes breaks taken as an integral part of the course, such as “sandwich years”.*

*Following the introduction later this year of Personal Independence Payments for those 16 and over, MPs will be deemed to have caring responsibilities if they are the primary carer for a family member in receipt of the daily living component of personal independence payment.*

#### *Loans for deposits on rental properties*

- 4.25 An MP who intends to claim Accommodation Expenditure for rental costs may apply to IPSA for a loan to cover any deposit payable at the commencement of a tenancy. This loan will not be deducted from the Accommodation Expenditure budget.
- 4.26 The value of any loan under paragraph 4.25 may not exceed:
  - a. the deposit which is stipulated in the rental agreement; or
  - b. one quarter of the appropriate annual Accommodation Expenditure budget for the location (i.e. London Area or the constituency),whichever is the lower.
- 4.27 Applications for loans should be accompanied by a draft of the rental agreement, for IPSA to approve. MPs will be asked to sign hard copies of loan agreements before funds are provided to them. The terms and conditions of the loan will be set out in these agreements.
- 4.28 No MP may hold more than one loan for a deposit on residential accommodation at any one time, except where IPSA agrees otherwise.
- 4.29 The MP is responsible for securing the return of the deposit and for repaying the amount in full to IPSA, no later than one month after the date on which the tenancy came to an end or when the MP leaves Parliament (whichever is earlier). Any shortfall between the deposit paid and the amount returned shall be the sole responsibility of the MP.

### *Conditions applicable to Accommodation Expenditure*

- 4.30 An MP's entitlement to an uplift in his or her budget for Accommodation Expenditure attributable to caring responsibilities as set out at paragraph 4.22 shall cease under the following circumstances:
- a. in the case of any dependant, when that person ceases to reside routinely at the property with the MP;
  - b. in the case of a dependent child under the age of 16 years, six months after the end of the financial year during which the child attains that age;
  - c. in the case of a dependent child in full-time education between the ages of 16 and 18 years, six months after the end of the financial year during which the child turns 18 or concludes full-time education whichever is the earlier;
  - d. in the case of a dependent child in full-time education between the ages of 18 and 21 years for whom the MP is the sole carer, six months after the end of the financial year during which the child turns 21 or concludes full-time education whichever is the earlier;  
or
  - e. in the case of any family member for whom the MP is the primary carer, who is in receipt of one of the benefits listed at paragraph 4.24c, six months after the end of any financial year during which the family member ceases to be in receipt of one of those benefits.

### *Hotel Costs*

- 4.31 Accommodation Expenditure may only be claimed in relation to hotel accommodation up to a maximum cost of £150 per night in the London Area, or £120 elsewhere in the United Kingdom.
- 4.32 If this cost includes breakfast, then it will also be reimbursed, provided it is included on the same receipt, and that the overall limit is not exceeded. These limits are inclusive of VAT.

*MPs should note that the House of Commons Travel Office may be able to book hotels at a rate below these limits.*

## CHAPTER FIVE: THE LONDON AREA LIVING PAYMENT

- 5.1 The London Area Living Payment is intended to contribute towards the additional expenses of living in the London Area or of commuting regularly to the London Area.
- 5.2 The London Area Living Payment may be claimed by:
- a. London Area MPs, or
  - b. non-London Area MPs who have informed IPSA of their intention not to claim for Accommodation Expenditure.
- 5.3 The London Area Living Payment is limited to £3,760 per financial year, payable on a monthly basis.
- 5.4 MPs representing certain constituencies (detailed in Schedule 3) may claim an additional £1,330 per year in London Area Living Payment.

### *Conditions*

- 5.5 The London Area Living Payment will not be payable in relation to any period before notification is given to IPSA that the MP has elected to claim it.

*Provided the MP applies before the payroll deadline for the month, IPSA will pay LALP for the current month in full. The payroll deadline is usually the 15th of the month (but will be earlier if the 15th falls on a bank holiday or weekend). If the MP applies after the deadline, LALP will not be paid until the following month.*

- 5.6 The London Area Living Payment will not be payable to an MP who occupies any 'grace and favour' accommodation by virtue of any particular office held.
- 5.7 If an MP in receipt of the London Area Living Payment subsequently elects to claim Accommodation Expenditure, the MP's entitlement to the London Area Living Payment will cease with effect from the day before Accommodation Expenditure is claimed.

## **PART C: OFFICE SUPPORT**

### **CHAPTER SIX: OFFICE COSTS EXPENDITURE**

- 6.1 Office Costs Expenditure is provided to meet the costs of renting, equipping and running an MP's office or offices and surgeries, where these costs are not claimable from other budgets under this Scheme, or from other sources.
- 6.2 All MPs are eligible for Office Costs Expenditure, whether or not they rent a constituency office.
- 6.3 For London Area MPs, the annual Office Costs Expenditure budget is £25,350.
- 6.4 For non-London Area MPs, the annual Office Costs Expenditure budget is £22,750.
- 6.5 MPs are entitled to exercise discretion over claims for items that meet the purposes of the Office Costs Expenditure budget, provided that the claims meet the general conditions of the Scheme and the conditions in this Chapter.
- 6.6 Office Costs Expenditure may only be claimed for the performance of parliamentary functions. It may not be claimed for:
- a. any alcoholic drinks;
  - b. stationery provided by the House of Commons;
  - c. newsletters;
  - d. funding any material, excluding a website, that contains a party political logo or emblem;
  - e. personal accountancy or tax advice; or
  - f. producing or publishing any material which could be construed as campaign expenditure within the scope of the Political Parties, Elections and Referendums Act 2000.
- 6.7 Where an MP moves office, removal costs are not required to come from Office Costs Expenditure. They may be claimed from the Contingency Fund instead. No pre-approval is required.

*Office Costs Expenditure (OCE) may be claimed for any costs required to support the set-up and ongoing running of the MP's constituency office (including rental costs), where these are necessary for the performance of an MP's parliamentary functions and meet the conditions of the Scheme. Other than as noted in this guidance, IPSA will not provide advice on whether a particular item is claimable from this budget.*

*IPSA has arranged a facilitated purchase of employment practice insurance for MPs. The premium for this insurance will be deducted from the OCE budget if an MP decides to purchase the cover through IPSA. If an MP decides to purchase legal expenses or employment practice insurance separately (ie not through the IPSA-facilitated purchase arrangement), this may be claimed from the OCE budget.*

*For MPs representing Welsh constituencies, the costs of translation between the Welsh and English languages may be met from the Contingency Fund, rather than from OCE.*

*MPs should not claim for pooled staffing resources, such as the Parliamentary Resources Unit, Parliamentary Office of the Liberal Democrats or Parliamentary Research Service from the OCE budget unless they expect their Staffing Expenditure budget to be exhausted.*

*MPs may only claim for telephone calls that relate to their parliamentary work. When submitting a claim, MPs will be required to determine the appropriate proportion of their phone bill that they wish to claim for (which may be 100%). MPs will need to enter the amount of the bill they wish to claim, not the percentage figure.*

*Any claim for catering costs must show the full detail of the items claimed for and must show the cost per head. Claims should be limited to non-alcoholic drinks and light refreshments.*

### *Constituency office rental costs*

6.8 Office Costs Expenditure may also be claimed for the rent of one or more premises to be used as a constituency office, each of which must be registered with IPSA before a rental claim is made. A constituency office must be located within the constituency or less than 20 miles outside it.

6.9 Claims for the following costs will only be allowed where the office has been registered with IPSA:

- a. energy and water bills;
- b. business rates;
- c. contents and buildings insurance; and
- d. rental and usage costs for telephone and internet access.

6.10 Where the costs in paragraph 6.9 above are incurred at an MP's or staff member's home (for example if he or she works from home routinely), that home must be registered with IPSA as a constituency office, or (where it is more than 20 miles outside the constituency) as a "home office".

6.11 If a member of staff routinely works from home and wishes to register his or her home as a home office under paragraph 6.10, the restriction in paragraph 6.8 (that it must be within the constituency or fewer than 20 miles outside of it) is not applicable.

6.12 Where the constituency office is to be rented from a political party or constituency association:

- a. the MP must provide a valuation of the market rate for the contract prepared by a valuer regulated by the Royal Institution of Chartered Surveyors; and
- b. that market rate must not be exceeded.

The cost of the valuation is claimable under Office Costs Expenditure.

*MPs are strongly advised to negotiate a clause within their contract to allow them to extricate themselves from the contract within two months in case of a change in circumstances such as the loss of their seat at a General Election. The Winding-Up budget permits former MPs to claim for expenses incurred for a maximum of two months after they cease to be MPs.*

*Where an MP has an office at home, or an MP's staff member routinely works from a home office under 6.10, he or she must be able to satisfy HMRC that this is a de facto office, and not that he or she occasionally works at home. IPSA will then reimburse associated expenditure according to the HMRC guidelines on working from home.*

*In no circumstances will rent for an MP's home office be reimbursed in addition to Accommodation Expenditure. Any journeys made from this location will be treated as from home, and IPSA will not reimburse the MP's daily commute.*

#### *Loans for deposits on rental properties*

6.13 An MP who intends to claim Office Costs Expenditure for rental costs may apply to IPSA for a loan to cover any deposit payable at the start of a tenancy.

6.14 The MP is responsible for securing the return of the deposit and for repaying the amount in full to IPSA, no later than one month after the date on which the tenancy comes to an end or when the MP leaves office (whichever is earlier). Any shortfall between the deposit paid and the amount returned shall be the sole responsibility of the MP.

### *Use of offices by others*

6.15 Where an MP who claims office rental expenditure grants a licence or gives permission to any person for the use of the constituency office (or any part of it) on one or more occasions, a fee must be charged which reflects an appropriate proportion of the rent and other costs incurred.

6.16 This fee must be remitted to IPSA in its entirety.

### *Shared offices*

6.17 If an MP shares a constituency office or surgery with another MP, a member of the European Parliament, the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly, Office Costs Expenditure may be claimed only for the appropriate proportion of the rent and other office costs. The MP will be required to inform IPSA of the relevant proportion when registering the office.

*IPSA will use the relevant proportion of the costs to calculate both rent and costs payable to the MP.*

*Where an MP shares an office with a Member of the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly, he or she should submit a claim for his or her proportion of the expenses using the online expenses system as usual. IPSA will accept a copy of any invoices or receipts rather than the original, so that the original can be submitted to the Parliament or Assembly as appropriate. MPs should indicate that this is the case when submitting the claim.*

## CHAPTER SEVEN: STAFFING EXPENDITURE

- 7.1 Staffing Expenditure may be claimed to meet the cost incurred in the provision of staff to assist with the performance of an MP's parliamentary functions. Throughout this Chapter, “staff” should be taken to include “apprentices” where those apprenticeships meet the standards of the National Apprenticeship Service and “interns” who are workers, except where stated in paragraphs 7.8 and 7.9.
- 7.2 All MPs are eligible for Staffing Expenditure.
- 7.3 Staffing Expenditure may be used to meet the following costs:
- a. staff salaries, employers' contributions to National Insurance and employers' contributions to pension schemes;
  - b. payments to pooled staffing resources;
  - c. payments for bought-in services;
  - d. overtime payments, to the extent that these are specified in staff terms and conditions;
  - e. payments for childcare vouchers for staff or other payments by way of salary sacrifice schemes;
  - f. modest reward and recognition payments (but these may not be claimed in respect of any connected parties);
  - g. one-off health and welfare costs associated with provision of staffing support, such as eyesight tests and occupational health assessments;
  - h. costs associated with apprenticeships that meet the standards of the National Apprenticeship Service; and
  - i. the incidental expenses of volunteers (as set out in paragraph 7.12).

*“Pooled staffing resources” refers to services provided to a group of MPs for provision of research or other support, such as the Parliamentary Resources Unit, Parliamentary Office of the Liberal Democrats or Parliamentary Research Service. Where they expect their Staffing Expenditure budget to be exhausted, MPs may claim for these services from their Office Costs Expenditure budget.*

*“Bought-in services” refers to staffing services provided by companies, self-employed individuals or others not on the payroll.*

*Any necessary expenditure on staff redundancies will be met from the contingency fund, while any paid time in lieu of notice or holiday pay due to the staff member will be met from the MP's staffing budget. The level of redundancy payments covered is defined in the staff contracts as approved by IPSA.*

*MPs will not be reimbursed by IPSA for the payment of bonuses, but may claim for modest reward and recognition payments. The level of reward and recognition payments is left to the MP's discretion, but should be modest. The total amounts claimed by each MP for reward and recognition payments and the amounts claimed for individual staff members will be published annually.*

*"Volunteers" include 'unpaid interns' who receive incidental expenses only and in relation to whom the MP has no obligation to provide work and the volunteer has no obligation to accept it.*

7.4 The following costs will be met centrally and will not be deducted from an MP's Staffing Expenditure budget:

- a. necessary expenditure on replacement staff to cover staff on maternity, paternity, or adoptive leave; and
- b. necessary expenditure on replacement staff to cover staff on long-term sick leave (i.e. longer than two weeks).

#### *Limits*

7.5 For London Area MPs, the annual Staffing Expenditure budget is £144,000.

7.6 For non-London Area MPs, the annual Staffing Expenditure budget is £137,200.

#### *Conditions*

7.7 The salaries of staff employed by an MP after 7 May 2010 will be paid by IPSA provided that the following conditions are satisfied:

- a. the member of staff is employed to do work that complies with one or more of the job descriptions published by IPSA;
- b. the member of staff's salary is within the relevant range published by IPSA for the job description in question;
- c. a contract of employment that complies with the model contract of employment published by IPSA from time to time has been signed by the relevant parties; and
- d. the MP has provided to IPSA proof that conditions a-c above have been satisfied and has obtained IPSA's approval to the contract of employment.

*Model contracts and job descriptions, along with further guidance, can be downloaded from IPSA's website.*

*When setting the pay for their staff, MPs should have regard to the terms of the wider public sector pay policy. Under the terms of this policy, public sector pay increases will be capped at an average of 1%.*

7.8 Paragraph 7.7 does not apply to apprentices. The salaries of apprentices employed by an MP after 7 May 2010 will be paid by IPSA provided that the following conditions are satisfied:

- a. the apprentice is employed on terms that meet the standards of the National Apprenticeship Scheme; and
- b. the terms of the employment and the job description have been provided to IPSA.

7.9 Paragraph 7.7b does not apply to interns. The salaries of interns employed by an MP after 7 May 2010 will be paid by IPSA provided that the employment conditions comply with the requirements of National Minimum Wage legislation.

7.10 Staff employed by the MP on 7 May 2010 may remain on job descriptions, salaries and contracts that do not conform to the conditions in paragraph 7.7 above.

7.11 Once the conditions set out in paragraph 7.7 have been fulfilled (or IPSA is satisfied that they will be fulfilled) IPSA may at its discretion pay the salaries of MPs' staff with effect from the commencement of the staff members' employment.

7.12 MPs who engage volunteers must submit a signed agreement with the volunteer to IPSA before claims for incidental expenses can be made. The signed agreement must comply with the model agreement published by IPSA. Incidental expenses are limited to reasonable travel and food, and non-alcoholic drinks.

*Agreements for volunteers are applicable to those individuals who are not 'workers' and therefore not entitled to at least the National Minimum Wage. A model agreement is available on the IPSA website.*

7.13 MPs must notify IPSA whenever an agreement with a volunteer comes to an end.

7.14 Unpaid interns and other volunteers are not required to carry out specific duties for the MP, and they are assisting the MP with his or her duties on a voluntary basis. Should the nature of the unpaid intern's or volunteer's work change so that they would be classified as an

employee, the MP must contact IPSA and provide the intern or volunteer with a contract of employment, subject to National Minimum Wage legislation.

7.15 Staffing Expenditure may only be claimed for the salary of one employee who is a connected party, unless an MP employed more than one connected party on 7 May 2010. In that case the MP may continue to employ these connected parties until the parties in question cease to be employed or otherwise to provide staffing assistance.

7.16 Nothing in this Scheme shall be taken to affect the MP's position as the employer of his or her staff.

#### *Employers' contributions to National Insurance*

7.17 Employers' National Insurance contributions will be paid by IPSA for all members of staff for whom salaries are paid. These will be deducted from the budget for Staffing Expenditure. Employees' contributions will be deducted from salaries.

#### *Pension scheme payments*

7.18 Employers' pension contributions will be paid by IPSA for all members of staff for whom salaries are paid. These will be deducted from the budget for Staffing Expenditure. Employees' contributions will be deducted from salaries.

7.19 Except where the employee in question has opted out of the Portcullis Pension Plan, the contributions at paragraph 7.18 shall be towards that plan and shall be equal to 10% of the employee's salary.

7.20 IPSA will if requested by the MP make contributions to a pension plan other than the Portcullis Pension Plan if it is satisfied that this is the preference of that staff member.

#### *Salary sacrifice for employee benefits*

7.21 An MP may request IPSA to make arrangements for employees to have access to benefits such as childcare voucher schemes through salary sacrifice arrangements. Payments from staff's salaries will be administered by IPSA. Any employer contributions will be deducted from the budget for Staffing Expenditure.

*Guidance and associated documentation on salary sacrifice schemes can be found on the IPSA website.*

## CHAPTER EIGHT: START-UP AND WINDING-UP

### **A: START-UP**

#### *Purpose and eligibility*

- 8.1 Start-Up Expenditure is designed to meet the costs of setting up one or more constituency offices as a new MP.
- 8.2 Start-Up Expenditure is available for MPs elected to Parliament for the first time for a particular constituency. Notwithstanding any budgetary limit applicable, IPSA may at its discretion limit the Start-Up Expenditure budget for individual MPs.

*Start-Up Expenditure is intended to meet the costs of “big-ticket” start-up items, such as computers, desks, re-decoration etc.*

#### *Duration and limit*

- 8.3 The Start-up Expenditure budget is set at £6,000 and lasts for 365 days from the day after the date of election of the MP.
- 8.4 Notwithstanding paragraph 3.12, if a new MP has not exhausted the Start-Up Expenditure budget by the end of the financial year and part of the 365 day period remains, the remaining budget will be rolled over into the next financial year. Any unspent funds will expire 365 days after the day after the date of the MP’s election.

### **B: WINDING-UP**

#### *Purpose and eligibility*

- 8.5 Winding-Up Expenditure is designed to meet the cost of completing the outstanding parliamentary functions of a person who ceases to be an MP.
- 8.6 Winding-Up Expenditure is available for MPs when they are not re-elected to Parliament (whether or not this is because they do not stand at a General Election) or who leave the House during a Parliament. Former MPs may claim for expenses incurred for a maximum of two months after they cease to be MPs.

- 8.7 Winding-Up Expenditure may be claimed for the costs of concluding parliamentary functions, including:
- a. salary and National Insurance costs for any staff who continue to work for the MP (for up to a maximum of two months after the MP leaves Parliament);
  - b. other contractual liabilities for staff in respect of the period after the date of the General Election, such as any employer pension contributions, overtime worked, untaken holiday and pay in lieu of notice if allowed by staff contracts;
  - c. contractual liabilities for offices and/or equipment, such as office rent and utility bills, and equipment rental payments for the notice period;
  - d. travel costs where necessary for completion of parliamentary functions, with certification that the travel was for the purpose of closing down such functions;
  - e. any costs reasonably incurred under the terms of an office rental agreement, such as the costs of redecorating the office and making good dilapidations;
  - f. postage, stationery and telephone costs, subject to the rules in Chapter Six of this Scheme, with evidence that the claim relates to the conclusion of parliamentary functions;
  - g. the costs of removing items such as furniture from the MP's office;
  - h. other associated costs, such as the shredding of confidential waste or cleaning the hard disk of any IT equipment which has been purchased under the Scheme;
  - i. the costs, including removal costs, of leaving any accommodation funded under the Scheme, but excluding redecoration and cleaning costs.
- 8.8 The costs of staff redundancy payments will be met from the Contingency Fund.
- 8.9 MPs may continue to claim for accommodation rental payments and/or associated expenditure for two months after leaving Parliament. These costs will be met from the Contingency Fund.
- 8.10 MPs who received disability or security assistance prior to leaving Parliament may continue to claim on the same basis for two months after leaving Parliament.
- 8.11 MPs who lose their seat in a general election held before the next scheduled general election (under the Fixed-term Parliaments Act 2011) will be eligible to receive a resettlement payment in accordance with IPSA's published resettlement payment policy.

*IPSA's interim resettlement payment policy is available on the IPSA website at [www.parliamentarystandards.org.uk](http://www.parliamentarystandards.org.uk).*

- 8.12 To qualify for a resettlement payment MPs must ensure they make the following necessary arrangements to wind-up their affairs, including:
- a. issuing redundancy notices to staff and sending instructions to IPSA;
  - b. repaying any outstanding debts to IPSA (such as repayment of advances, deposit loans, overpaid expenses, and capital gains owed as a result of mortgage interest subsidy);
  - c. submitting all expense claims for the period running to the election;
  - d. carrying out administrative tasks such as cancellation of the IPSA payment card; and
  - e. any other necessary tasks identified by IPSA.

*Limit*

8.13 For London Area MPs, the Winding-Up Expenditure budget is limited to a maximum of £56,450.

8.14 For non-London Area MPs, the Winding-Up Expenditure budget is limited to a maximum of £53,350.

## PART D: OTHER SUPPORT

### CHAPTER NINE: TRAVEL AND SUBSISTENCE EXPENDITURE

- 9.1 Travel and Subsistence claims may be made for the costs of travel, and travel-related subsistence expenditure undertaken by an MP or others, which are necessarily incurred in the performance of the MP's parliamentary functions.
- 9.2 MPs may claim for Travel and Subsistence Expenditure for journeys which are necessary for the performance of their parliamentary functions, and fall into one of the following categories:
- a. for MPs who are eligible for Accommodation Expenditure, journeys between any point in the constituency (or a home or office within 20 miles of their constituency boundary) and Westminster or a London Area home;
  - b. for MPs who are not eligible for Accommodation Expenditure, journeys between their constituency office and Westminster;
  - c. travel within the constituency or within 20 miles of the constituency boundary;
  - d. extended UK travel under paragraph 9.3; or
  - e. a maximum of three return journeys per year to the national Parliaments of Council of Europe member states, or institutions and agencies of the European Union.

*Non-London Area MPs who choose to claim the London Area Living Payment are not eligible for Accommodation Expenditure, and cannot claim for journeys described in paragraph 9.2a. Journeys as described under paragraph 9.2b will be claimable in these circumstances. Paragraph 9.2b is not intended to allow London Area MPs to claim for their daily commute by first going into the office every day and visiting the office on the way back home. Rather it is to allow for travel claims when MPs need to travel between Westminster and the constituency office in order to conduct constituency business.*

#### *Extended UK Travel*

- 9.3 MPs may only claim for extended UK travel if they can demonstrate that the journey undertaken was made for at least one of the following reasons and if funding for the journey is not provided by another source.
- a. Journeys from Westminster or the constituency to anywhere in the UK if the journey was required for one of the following:
    - i. a matter currently before the House;
    - ii. a matter currently before a Select Committee on which the MP serves;

- iii. a journey made as part of an All Party Parliamentary Group (APPG) if the journey has been expressly and formally requested by the APPG;
  - iv. a constituent or general constituency matter; or
  - v. opposition front bench or shadow ministerial travel.
- b. Journeys from Westminster to the constituency (or vice versa) that involved a diversion for a non-parliamentary purpose. The maximum claimable fare is the anytime standard open fare of the direct journey between Westminster and the constituency.
- c. Journeys necessarily incurred in the performance of the MP's parliamentary functions from anywhere in the UK to Westminster or the constituency. The amount that can be claimed is the lesser of the anytime standard open fare of the direct journey between the constituency and Westminster, or the value of the claim from the starting location to the destination.

9.4 Extended UK travel may not be claimed for:

- a. journeys made on Party business;
- b. travel related to a delegation to an international assembly;
- c. journeys made on Government business; or
- d. journeys made for the purpose of electioneering.

*MPs should include explanatory notes when claiming for Extended UK Travel.*

*General conditions*

9.5 Other than at paragraph 9.39 below, no claims will be payable for the cost of the daily commute to and from a place of work for MPs or a member of an MP's staff. This includes journeys between:

- a. Westminster and an MP's residence in the London Area; or
- b. an MP's constituency residence and his or her constituency office.

9.6 No claims will be payable for journeys which are undertaken for the purpose of carrying out ministerial functions, or for carrying out functions relating to an MP's role on an official delegation.

9.7 The MP should always have regard to whether any particular journey is necessary and to the most cost-effective way to undertake it. In particular, whatever means of transport is used,

consideration should be given to whether potential savings to public funds could be made through the use of concessionary fares such as Oyster cards, season tickets, advance purchase or off-peak travel.

*Specific conditions: public transport*

9.8 For allowable journeys by public transport, MPs may buy a ticket of any class but (except where paragraph 9.9 below applies) reimbursement will be limited to the rate of an economy class ticket available at the time of booking. In the case of air travel, "economy" includes "flexible economy".

9.9 For allowable journeys made by rail, reimbursement will be limited to the rate of an "anytime standard open" ticket for the journey prevalent at the time of the claim.

*Information on standard open fares is included in the online expenses system, which will automatically check the cost of the relevant rail journey.*

*MPs should consider value for money when purchasing tickets which they may need to change at short notice. In the interest of saving money for the taxpayer MPs should exercise discretion and balance low cost, generally inflexible, tickets against the probability of cancellations and the charges they will incur.*

9.10 MPs travelling on sleeper train services are additionally entitled to claim for a sleeper supplement for a single occupancy berth.

*Both companies which provide sleeper train services within the UK (Scotrail and First Great Western) will allow travellers to purchase a single occupancy berth as a supplement to a standard class ticket. The single occupancy berth is the same berth as would be provided with a first class ticket.*

*No MP is expected to share a berth and IPSA will reimburse any claim that was necessary to secure a single berth.*

9.11 Where an MP obtains a railcard or season ticket which allows savings to be made on future purchases of rail tickets, reimbursement of the cost of the railcard may be claimed.

*Specific conditions: private transport*

9.12 Private cars, motorcycles or bicycles may be used as an alternative to public transport where there is a specific need or it is cost-effective to do so. An MP undertaking a journey by

private transport as the driver will be reimbursed in accordance with the rates set out in IPSA's guidance.

*These rates are the standard rates set by Parliament and administered by HMRC. They are valid at the time of publication of this Scheme.*

Motor mileage rate	To cover business travel by private motor car	45p per mile for the first 10,000 miles 25p per mile thereafter
Motor Cycle mileage	To cover business travel by private motor cycle	24p per mile
Bicycle mileage	To cover business travel by private cycle	20p per mile

9.13 Where more than one MP travels in the same car, only one of the MPs may submit a claim for the cost of each journey.

9.14 Cars must be registered on the online expenses system before mileage claims can be submitted.

*When making a claim for mileage the MP can download a spreadsheet from the IPSA website and enter the total number of miles driven each day for one month. This can then be entered as a single claim. It is not necessary to enter a separate claim for each individual journey driven.*

9.15 MPs using private transport may claim reimbursement of costs necessarily incurred in relation to their journey for parking charges, congestion zone charging and road tolls. Penalty or additional charges for late payment, or civil charges for traffic, parking or other violations will not be reimbursed.

9.16 Other than in the circumstances described at paragraph 9.39 below, taxi fares will only be reimbursed from Travel and Subsistence Expenditure when a journey by taxi is necessary because:

- a. no other reasonable method of transport is available for all or part of the journey; or
- b. alternative methods of transport are impracticable due to pregnancy, disability, illness or injury of the MP or staff member.

*Any reference to taxis in this Scheme includes any vehicle licensed by the Public Carriage Office or by the local authority. Licensed minicabs generally fall into this category.*

*When submitting claims for taxi journeys, MPs must include a note on the reasons why they took a taxi rather than using an alternative method of transport.*

9.17 Hire cars may be used in the above circumstances where a saving to the public purse over the cost of using taxis can be demonstrated. MPs may claim for the cost of hiring the vehicle, of any fuel used, and insurance purchased.

9.18 A hire car may only be used for allowable journeys and must be used in accordance with the terms of hire. Where required, the car must be returned at the end of its hire with a full fuel tank, to avoid any penalty charges.

#### *Travel by members of MPs' staff*

9.19 Each MP may claim for Travel and Subsistence Expenditure for his or her staff to make up to 96 single journeys each year between (1) the MP's constituency office and/or home office registered under 6.10, and Westminster; and (2) for staff members who routinely work from a home office registered under 6.10, the home office and the MP's constituency office. This limit is the total for all staff employed by the MP, not per staff member.

9.20 MPs may also claim for Travel and Subsistence Expenditure in respect of the following journeys made by members of their staff:

- a. travel within the constituency or within 20 miles of the constituency boundary; and
- b. travel elsewhere within the UK for the purposes of relevant training

*Training may include attendance at conferences on subjects that are relevant to the MP's parliamentary functions. It does not include attendance at a party political conference or meeting.*

9.21 All of the conditions at paragraphs 9.5 to 9.18 apply to travel by members of MPs' staff.

#### *Travel by family members*

9.22 Where MPs have caring responsibilities under paragraph 4.24, they may claim for journeys by the dependant in question. Such claims are limited to 30 single journeys between the MP's London Area residence and the constituency residence in each year for each dependant.

- 9.23 In the circumstances at paragraph 9.22, where MPs share responsibility for caring with a spouse or partner, MPs may also claim for journeys by their spouse or partner made in exercise of that responsibility. Such claims are limited to 30 single journeys per person between the MP's London Area residence and the constituency residence in each year.
- 9.24 Where a dependant needs assistance from a carer other than an MP's spouse or partner while travelling on an allowable journey, the cost of the carer's journey may also be claimed.
- 9.25 A "partner" is considered to be either a civil partner or cohabiting partner of the MP in question.
- 9.26 All of the conditions at paragraphs 9.5 to 9.18 apply to travel by MPs' families apart from paragraph 9.11 (railcards).

*Subsistence expenditure for MPs*

- 9.27 MPs may claim for Travel and Subsistence Expenditure for the cost of an overnight hotel stay where they have travelled as part of their parliamentary functions, and it would be unreasonable to return to any residence either in the London Area or their constituency.
- 9.28 Travel and Subsistence Expenditure may not be claimed for hotel stays in the London Area except in the circumstances at paragraph 9.39 below.
- 9.29 Where Travel and Subsistence Expenditure is claimed for hotel stays outside the United Kingdom, this is subject to an upper limit of £150 per night.

*These will be claimed by the MP in the usual manner, but a conversion factor will be applied to convert the currency to pounds sterling.*

- 9.30 Where Travel and Subsistence Expenditure is claimed for hotel stays inside the United Kingdom but outside the London Area, this is subject to an upper limit of £120 per night.
- 9.31 MPs may claim for the cost of purchasing food and non-alcoholic drinks where they have necessarily stayed overnight neither in the London Area nor their constituency. This is limited to £25 for each night.

9.32 MPs may claim reimbursement of the costs of an evening meal (excluding alcoholic drinks), when they are required to be at the House of Commons because the House is sitting beyond 7:30pm. This is limited to £15 for each night.

*MPs may either choose to purchase a meal at or away from the Parliamentary Estate. Under the Section 293A of the Income Tax (Earnings and Pensions) Act 2003, meals will be taxable if eaten away from the Parliamentary Estate. Meals eaten on the Parliamentary Estate will remain untaxed.*

#### *Subsistence expenditure for carers*

9.33 Where a dependant needs assistance from a carer other than an MP's spouse or partner while travelling on an allowable journey, the cost of the carer's necessary overnight hotel stay and subsistence may also be claimed.

9.34 For hotel stays the following upper limits apply for each carer:

- a. for hotels within the London Area, £150 per night; and
- b. for hotels outside the London Area, £120 per night.

9.35 Subsistence is subject to an upper limit of £25 for each night for food and non-alcoholic drinks.

#### *Subsistence expenditure for staff*

9.36 Members may claim for the cost of an overnight hotel for a member of their staff, where the staff member has necessarily travelled in assisting the MP in his or her parliamentary functions, or is undertaking relevant training. Such claims may be made only when it would be unreasonable to return to any residence.

9.37 MPs may claim reimbursement for subsistence for their staff members if the staff member necessarily stays overnight in a hotel to assist the MP in his or her parliamentary functions, or if the staff member is undertaking training. Expenditure is limited to £25 for each night for food and non-alcoholic drinks.

9.38 For hotel stays the upper limits set out in paragraph 9.34 also apply for each staff member.

*Specific provision for late working in Parliament*

9.39 Where the House of Commons sits late or when MPs undertake their parliamentary functions in the House of Commons until late at night, MPs may use their discretion in claiming for reimbursement of taxi fares for journeys from the House of Commons to a London Area residence, or for the cost of an overnight stay in a hotel. Taxis will be subject to an upper limit of £80 for each such journey. Hotels will be subject to an upper limit of £150 per night.

9.40 If in exceptional circumstances an MP is unable to find a hotel for £150 or less, he or she may submit a claim for the total cost, providing they have evidence which shows why it was not possible to find a hotel within the budget.

*Travel and subsistence after late working in the House of Commons may be claimed at the MP's discretion and IPSA will not provide advice on individual circumstances.*

*MPs may wish to have regard to the HMRC's guidance on the tax status of claims for hotels and late-night taxis, which is available on our website.*

## CHAPTER TEN: MISCELLANEOUS EXPENDITURE AND FINANCIAL ASSISTANCE

### A: DISABILITY ASSISTANCE

- 10.1 Disability Assistance may be claimed by any MP for necessary additional expenditure incurred in the performance of an MP's parliamentary functions which is reasonably attributable to a disability of an MP, a staff member, a job applicant or constituents visiting the office or surgery.
- 10.2 In addition to the expenditure for which claims may be made under other parts of this Scheme, Disability Assistance may be claimed to meet the costs of any “reasonable adjustments” required by the Equality Act 2010 including:
- a. staff and associated costs;
  - b. IT and other specialist equipment;
  - c. office furniture;
  - d. necessary adjustments to office premises or accommodation;
  - e. necessary costs of securing larger office premises or accommodation; and
  - f. necessary additional travel costs (including for carers or support staff where necessary).

#### *Conditions*

- 10.3 A claim for Disability Assistance must be accompanied by a clear statement of the nature of the condition in question and the assistance required.
- 10.4 Claims for Disability Assistance can only be made for additional funding required by the MP which affects their ability to perform their parliamentary functions outside the Parliamentary Estate. There is no set limit on the amount of Disability Assistance an MP may receive; the level of allowable claims will be decided on a case by case basis.

*It will not always be necessary for MPs or staff to undergo an assessment of their disability in order to determine what reasonable adjustments are required. In many cases, the individual will already understand what is needed. However, if such an assessment is required, the cost should be claimed under Disability Assistance.*

*MPs are recommended to seek prior approval for claims, especially if there is a large cost involved – for example, for buying specialist equipment IPSA will require an estimate of costs of the additional assistance in order to grant prior approval.*

*In some circumstances, particularly where a large cost is involved, IPSA may require an independent assessment of the disability to be provided.*

*If an MP or staff member has a temporary or minor injury which does not constitute a disability, for example a broken leg, it may be more suitable for them to claim for any required additional assistance from the Contingency Fund.*

## **B: SECURITY ASSISTANCE**

10.5 Security Assistance may be claimed for additional security measures that are necessary to enable the MP's parliamentary functions to be undertaken.

*Routine security measures should be claimed from the Office Costs Expenditure or Accommodation Expenditure budgets.*

10.6 A claim may be made by any MP who considers that measures are necessary to safeguard the MP, or the MP's staff or equipment at any location outside the Parliamentary Estate where assistance towards the provision of such measures is not available from the House of Commons.

### *Conditions*

10.7 IPSA will not accept a claim for Security Assistance unless:

- a. it is provided with a copy of a report by a police force or security agency setting out the grounds for the proposed expenditure; and
- b. it is satisfied that the MP's ability to perform the MP's parliamentary functions in safety would be significantly impaired if the claim is not accepted.

10.8 Any claim for Security Assistance should be approved in principle before any contract is entered into to incur the expenditure. The in principle claim should be accompanied with an estimate of the costs to be incurred, obtained from a reliable supplier.

*The term "security agency" at 10.7a refers to the Home Office's Office for Security and Counter Terrorism, the Cabinet Office, the House of Commons Serjeant at Arms' office, the Parliamentary Security Coordinator or the Palace of Westminster Police. If an MP has extra security needs over and above what is set out elsewhere in the Scheme then he or she should follow the steps outlined below.*

*MPs who consider that they have extra security requirements should in the first instance contact the*

IPSA Security Officer via email at [security@parliamentarystandards.org.uk](mailto:security@parliamentarystandards.org.uk)

*MPs will be asked to outline briefly their reasons for the extra security and the contact details of the security agency/police advisor who has recommended this course of action. At this time IPSA will ask the security agency/police advisor for a written statement of the risks and their advice for extra support from IPSA. All police security assessments should be signed off by officers at or above the rank of Chief Inspector. IPSA will then contact the security agency/police advisor to verify the statement and if content, process the application and advise the MP.*

### **C: INSURANCE**

10.9 In addition to any insurance which is payable under Chapters 4, 6 and 9 of this Scheme, MPs may claim in respect of premium payments for the following types of insurance:

- a. Employer's Liability Insurance, up to a limit of £10,000,000;
- b. Public Liability Insurance, up to a limit of £5,000,000; and
- c. Travel Insurance, to cover travel under paragraph 9.2e.

10.10 No claim may be made under paragraph 10.9 if the MP is otherwise provided with the type of insurance in question by the House of Commons or by IPSA.

*Employer's Liability and Public Liability Insurance is provided by IPSA for the financial year 2013-2014. MPs do not have to claim for it and no claims for this insurance will be paid.*

### **D: CONTINGENCY PAYMENTS**

10.11 Where an MP necessarily incurs expenditure or liability for expenditure related to the performance of the MP's parliamentary functions which is not covered by any of the budgets set out in this Scheme or, if it is covered by one or more of those budgets, it exceeds any financial limit that may apply, the MP may apply to IPSA to be reimbursed on an exceptional basis in respect of that expenditure.

10.12 IPSA may decide to accept or reject an application under paragraph 10.11 at its sole discretion, and in considering its decision shall take into account the following factors:

- a. whether there are exceptional circumstances warranting additional support;
- b. whether the MP could reasonably have been expected to take any action to avoid the circumstances which gave rise to the expenditure or liability; and
- c. whether the MP's performance of parliamentary functions will be significantly impaired by a refusal of the claim.

*To receive a contingency payment MPs must complete a request for a contingency payment which sets out the following:*

- a clear description of the situation;*
- a declaration that refusal of the claim will significantly affect their ability to perform their parliamentary functions and how this is the case; and*
- a declaration that they could not have foreseen or prevented the expenditure or liability and how this is the case.*

*MPs should set out clearly the exceptional circumstance that resulted in the expenditure. If an MP runs out of funds at the end of the year when there is no exceptional reason why those funds have been exhausted, contingency funding will not be available to top up the MP's budget.*

*To ensure that their application contains all the necessary information, MPs should use the proforma available on the IPSA website.*

*While it is understood that claims for contingency payments will vary in nature, it is expected that MPs should seek prior approval for claims. IPSA will require an estimate of costs involved in order to grant prior approval.*

*Any necessary expenditure on staff redundancies will be met from the Contingency Fund; any payment in lieu of notice or holiday pay due to the staff member will be met from the MP's staffing budget.*

#### *Temporary or Minor Injury*

*If an MP sustains an injury which is minor or temporary in nature and which they can demonstrate will significantly affect their ability to perform their parliamentary functions, he or she may receive necessary additional financial assistance away from the Parliamentary Estate for the period for which the injury will affect him or her. This can be claimed as a contingency payment. An example of this could be an MP who breaks his or her leg and who requires short-term additional financial assistance (away from the Parliamentary Estate). The MP must follow the normal procedure to apply for a contingency payment. The MP would also have to provide IPSA with a note from his or her GP or the House of Commons Safety Health and Wellbeing Service setting out what the injury is and for how long it is likely to affect him or her, as well as any receipts which show the additional payments made. (Please note MPs are already able to claim for some journeys by taxi due to injury as under paragraph 9.16b of the Scheme).*

*In cases of claims for additional assistance as a result of a temporary or minor injury, IPSA reserves the right to request a medical report if it feels the injury is more significant or permanent and therefore should be claimed through Disability Assistance.*

#### *Example of a contingency claim which is likely to be accepted*

*If an MP were to ask for an extrication payment to cover the costs of ending an expensive printer lease, this is likely to be accepted where the MP can show that this would present good value to the taxpayer. It may be possible to show this where the costs of continuing the lease would be greater than the cost*

of ending it.

**Example of a contingency claim which is likely to be rejected**

*If an MP were to ask for a contingency payment to cover the cost of replacing stolen contents from their constituency office this claim would be rejected. This is because the MP could have foreseen or prevented the expenditure or liability by claiming for contents insurance for their constituency office. It may be decided that the MP should have taken responsibility to ensure that the contents were insured, the cost of which was already claimable, and therefore should not receive any additional assistance.*

**E: RECALL OF PARLIAMENT**

10.13 IPSA will, in the event of a recall of Parliament during Recess, settle claims for any reasonable travel by an MP and his or her spouse/partner or dependants to Westminster or an MP's London Area residence. This includes international travel back to the UK and may include return travel to the foreign location, up to a maximum of £3,750 per MP.

*If MPs necessarily incur costs above £3,750 when returning to the UK for a recall, IPSA will consider making a contingency payment for the additional amount.*

**F: EXPENDITURE DURING A GENERAL ELECTION**

10.14 During the period between the dissolution of Parliament and the day after polling day the following restrictions will apply to claims made under this Scheme.

10.15 Accommodation Expenditure may be claimed in accordance with Chapter Four of the Scheme.

10.16 Office Costs Expenditure may be claimed for the performance of parliamentary functions only. Office equipment and supplies purchased for the performance of parliamentary functions may not be used for party political activities. An MP who intends to use his or her IPSA funded office for any activities connected with the election may only claim the proportion of the rent, utilities and other costs which relate to parliamentary activity.

10.17 Staffing Expenditure may not be claimed for any party political activity. Staff wishing to undertake party political activity must not do so during their working hours and must instead take paid or unpaid leave. If a staff member plans to take unpaid leave, the MP must notify IPSA in advance, so that pay adjustments can be made.

10.18 Travel and Subsistence Expenditure for MPs will be restricted to one single journey from Westminster to the MP's residence or any point in his or her constituency. MPs may also claim for one single journey back to the MP's residence or constituency for any dependant (as defined by paragraph 4.24). Staff may claim one single journey to return to their normal place of work. Staff may also claim for travel between the MP's constituency office and Westminster in accordance with paragraph 9.19 of the Scheme. All of the conditions set out in Chapter Nine of the Scheme apply to travel during the election period.

10.19 For the six months prior to the expected dissolution of Parliament, claims for purchases of office equipment, IT and furniture under Office Costs Expenditure will not be allowed. In exceptional circumstances where such purchases are necessary, prior approval from IPSA will be required.

**G: NECESSARY FINANCIAL ASSISTANCE, INCLUDING ADVANCES**

10.20 In addition to any other payments or assistance provided by this Scheme, IPSA may, in its discretion and on an individual basis, pay claims with such additional financial assistance as it deems necessary to MPs to carry out their parliamentary functions effectively.

10.21 MPs may apply for an interest-free advance of up to £4,000. The advance is repayable by the end of the Parliament.

*This advance is to assist with cash-flow and help MPs to cover any costs they incur that are allowed under the Scheme and are exclusively in furtherance of their parliamentary functions. MPs wishing to request such advances should complete the form available on the IPSA website.*

## SCHEDULE 1: FUNDAMENTAL PRINCIPLES

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

## SCHEDULE 2: LIST OF CONSTITUENCIES IN THE LONDON AREA

1	Barking	42	Hackney North and Stoke Newington
2	Battersea	43	Hackney South and Shoreditch
3	Beaconsfield	44	Hammersmith
4	Beckenham	45	Hampstead and Kilburn
5	Bermondsey and Old Southwark	46	Harlow
6	Bethnal Green and Bow	47	Harrow East
7	Bexleyheath and Crayford	48	Harrow West
8	Brent Central	49	Hayes and Harlington
9	Brent North	50	Hendon
10	Brentford and Isleworth	51	Hertford and Stortford
11	Brentwood and Ongar	52	Hertsmere
12	Bromley and Chislehurst	53	Holborn and St Pancras
13	Broxbourne	54	Hornchurch and Upminster
14	Camberwell and Peckham	55	Hornsey and Wood Green
15	Carshalton and Wallington	56	Ilford North
16	Chelsea and Fulham	57	Ilford South
17	Chingford and Woodford Green	58	Islington North
18	Chipping Barnet	59	Islington South and Finsbury
19	Cities of London and Westminster	60	Kensington
20	Croydon Central	61	Kingston and Surbiton
21	Croydon North	62	Lewisham East
22	Croydon South	63	Lewisham West and Penge
23	Dagenham and Rainham	64	Lewisham, Deptford
24	Dartford	65	Leyton and Wanstead
25	Dulwich and West Norwood	66	Mitcham and Morden
26	Ealing Central and Acton	67	Mole Valley
27	Ealing North	68	Old Bexley and Sidcup
28	Ealing, Southall	69	Orpington
29	East Ham	70	Poplar and Limehouse
30	East Surrey	71	Putney
31	Edmonton	72	Reigate
32	Eltham	73	Richmond Park
33	Enfield North	74	Romford
34	Enfield, Southgate	75	Ruislip, Northwood and Pinner
35	Epping Forest	76	Runnymede and Weybridge
36	Epsom and Ewell	77	Sevenoaks
37	Erith and Thamesmead	78	Slough
38	Esher and Walton	79	South West Hertfordshire
39	Feltham and Heston	80	Spelthorne
40	Finchley and Golders Green	81	St Albans
41	Greenwich and Woolwich	82	Streatham

- 83 Sutton and Cheam
- 84 Thurrock
- 85 Tooting
- 86 Tottenham
- 87 Twickenham
- 88 Uxbridge and South Ruislip
- 89 Vauxhall
- 90 Walthamstow
- 91 Watford
- 92 Welwyn Hatfield
- 93 West Ham
- 94 Westminster North
- 95 Wimbledon
- 96 Windsor

**SCHEDULE 3: LIST OF CONSTITUENCIES WHOSE MPs ARE ELIGIBLE FOR ADDITIONAL  
LONDON AREA LIVING PAYMENT OF £1,330 PER YEAR**

- 1 Beaconsfield
- 2 Brentwood and Ongar
- 3 Broxbourne
- 4 Dartford
- 5 East Surrey
- 6 Epping Forest
- 7 Epsom and Ewell
- 8 Esher and Walton
- 9 Harlow
- 10 Hertford and Stortford
- 11 Hertsmere
- 12 Mole Valley
- 13 Reigate
- 14 Runnymede and Weybridge
- 15 Sevenoaks
- 16 Slough
- 17 South West Hertfordshire
- 18 Spelthorne
- 19 St Albans
- 20 Thurrock
- 21 Watford
- 22 Welwyn Hatfield
- 23 Windsor

## **ANNEX A: MORTGAGE INTEREST SUBSIDIES AND REPAYMENT OF CAPITAL GAINS – CONDITIONS AND GUIDANCE FROM THE FOURTH EDITION OF THE SCHEME**

This Annex sets out the transitional arrangements devised to assist returning MPs who currently claim a mortgage interest subsidy on their property whilst they make alternative arrangements, and sets out the process of establishing the appropriate level of any capital gains accruing on the property during this period to be recouped by IPSA.

Returning MPs who received a mortgage interest subsidy on their property in the previous parliament may continue to claim such a subsidy on the same property, up to the budget set out in the Scheme, during a transitional period ending 31 August 2012 on the following basis:

1. MPs designating a property for which they wish to claim a mortgage interest subsidy will not be able to change the designation to any other property.
2. MPs claiming a mortgage interest subsidy must occupy the property for which they are claiming this subsidy.
3. MPs cannot claim rent under Accommodation Expenses if they claim a mortgage interest subsidy.
4. MPs can apply for a mortgage interest subsidy only once they have had their property independently valued by a valuer regulated by the Royal Institution of Chartered Surveyors.
5. MPs must, with their application, submit the valuation and a certified copy of their mortgage contract which sets out details of their loans.
6. IPSA may – on receipt of a statement from the mortgage lender – provide an advance on mortgage interest payments prior to the application being approved. IPSA will provide such an advance only for a single month's mortgage interest and will not do so beyond 31 May 2010.
7. Once the application for a mortgage interest subsidy has been made, IPSA will calculate the publicly subsidised share of the property on the basis of the valuation of the property and the value of the loan (or part thereof) being subsidised by IPSA.
8. The publicly subsidised share of the property will be the percentage of the value of the loan the interest on which is paid for by mortgage interest subsidy to the value of the property as calculated by the valuer (illustration below).
9. MPs must, on a monthly basis, provide IPSA with a mortgage statement from their mortgage lender, stating the mortgage interest payments to the lender and any capital repayments to the lender.
10. MPs must, between 1 – 31 August 2012, secure a further independent valuation of their property by a valuer regulated by the Royal Institution of Chartered Surveyors. This second valuation will be used to calculate any notional gains the subsidised properties may have accrued during the transitional period.

11. IPSA will, once the second valuation has been carried out, adjust the subsidised loan-to-value ratio of the property to reflect any capital repayments, taking into account when such repayments were made. Any increase in value will be assumed to have been a consistent month on month increase over the transitional period.
12. Any increase in the value of the publicly subsidised share of the property will be regarded as a proportion of the overall capital gain of the property during the transitional period commensurate with the proportion of the publicly subsidised share.
13. IPSA will recoup the public share of any notional gain.
14. MPs must by 30 November 2012 repay to IPSA the public share of the notional gain accrued during the transitional period. Where the three month limit will create hardship for MPs, IPSA will consider applications for a longer repayment period, up to the end of the Parliament. Please note that such an extended period of repayment may create a tax liability: MPs should seek advice from HMRC before entering into a longer repayment period. There will be no requirement for MPs to sell their properties and IPSA will not pay for any early repayment charges where an MP elects to sell his or her property.
15. MPs choosing to stop claiming for their properties before the end of the transitional period must secure an independent valuation by a valuer regulated by the Royal Institution of Chartered Surveyors at the point at which they stop claiming to establish the value of any gain up to that point in time.
16. MPs choosing to sell their properties before the end of the transitional period must secure an independent valuation by a valuer regulated by the Royal Institution of Chartered Surveyors to establish any gain up to the point at which they place the property on the market:
  - If the property is sold for a sum higher than the valuation, this higher figure will be used to calculate any gain;
  - If the property is sold for a sum lower than the valuation, this lower figure will be used to calculate any gain unless the property is sold to a connected party as defined at 3.15 of the Scheme, in which case the sum at valuation will be used to calculate any gain.
17. MPs who either stop claiming for or sell their subsidised property before the end of the transitional period must repay the public share of the gain within three months of ceasing to claim or completion of the sale. Again, where the three month limit will create hardship for MPs, IPSA will consider applications for a longer repayment period, up to the end of the Parliament.
18. MPs who carry out capital improvements to properties for which they receive a mortgage interest subsidy during the transitional period should be aware that such capital improvements will not generally be taken into consideration when calculating the value of the publicly subsidised share of any capital gain on the property. If any MP considers that there are exceptional circumstances justifying a departure from this rule, the case should be made to IPSA at the earliest opportunity, and, in any event, no later than one month after the completion of such works.

19. From 1 September 2012 IPSA will fund only rented properties.

#### **Advice**

- i. MPs will receive a mortgage interest subsidy only once they have had a valuation carried out by an RICS-regulated valuer. MPs are therefore encouraged to do so as soon as possible following the general election.
- ii. The website [www.rics.org/uk](http://www.rics.org/uk) will help MPs locate regulated valuers.
- iii. Property valuations are not an allowable expense under the scheme. MPs applying for a mortgage subsidy will therefore be required to pay for these valuations themselves.

#### **Illustration A**

1. An MP's flat is valued in May 2010 at £200,000. The MP has a £100,000 interest only mortgage and applies for a subsidy for the whole of the mortgage interest on the mortgage. The publicly subsidised share of the property is, therefore, 50 per cent and IPSA will recoup 50 per cent of any increase in the value of the flat between the first and second valuation.
2. If, therefore, at the end of the transition period, the flat is valued at £220,000, the gain during this period will be £20,000 and IPSA's share of that will be £10,000.

#### **Illustration B**

1. An MP's flat is valued in May 2010 at £200,000. The MP has a £100,000 repayment mortgage and applies for a subsidy for the whole of the mortgage interest on the mortgage. The publicly subsidised share of the property is, therefore, 50 per cent at the start of the transitional period.
2. The MP makes capital repayments of £500 per month during the transitional period. Each month IPSA amends the loan-to-value ratio accordingly, reducing the publicly subsidised share of the property.
3. At the end of the transitional period in August 2010, the flat is valued at £220,000, registering a gain of £20,000 – or a month on month gain of £740.74 over 27 months.
4. The publicly subsidised share of the property will by this time have reduced to 39% of the new value. However, when the changing relative interest in the property is applied to take account of the gradual reduction in the publicly funded share over the period, the public share of the gain will be 43.27% – or £8,704.80.

## ANNEX B: BANDINGS FOR ACCOMMODATION EXPENDITURE

Constituency Name	Band	Total Accommodation Limit (Annual)
Aberavon	E	£10,150
Aberconwy	D	£11,050
Aberdeen North	D	£11,050
Aberdeen South	D	£11,050
Airdrie and Shotts	E	£10,150
Aldershot	A	£15,250
Aldridge-Brownhills	E	£10,150
Altrincham and Sale West	D	£11,050
Alyn and Deeside	E	£10,150
Amber Valley	E	£10,150
Angus	E	£10,150
Arfon	D	£11,050
Argyll and Bute	E	£10,150
Arundel and South Downs	C	£12,450
Ashfield	E	£10,150
Ashford	D	£11,050
Ashton-under-Lyne	E	£10,150
Aylesbury	C	£12,450
Ayr, Carrick and Cumnock	E	£10,150
Banbury	C	£12,450
Banff and Buchan	D	£11,050
Barnsley Central	E	£10,150
Barnsley East	E	£10,150
Barrow and Furness	E	£10,150
Basildon and Billericay	A	£15,250
Basingstoke	A	£15,250
Bassetlaw	E	£10,150
Bath	A	£15,250
Batley and Spen	E	£10,150
Bedford	D	£11,050
Belfast East	D	£11,050
Belfast North	D	£11,050
Belfast South	E	£10,150
Belfast West	D	£11,050
Berwickshire, Roxburgh and Selkirk	E	£10,150
Berwick-upon-Tweed	E	£10,150
Beverley and Holderness	E	£10,150
Bexhill and Battle	D	£11,050
Birkenhead	D	£11,050

Birmingham, Edgbaston	D	£11,050
Birmingham, Erdington	D	£11,050
Birmingham, Hall Green	D	£11,050
Birmingham, Hodge Hill	D	£11,050
Birmingham, Ladywood	D	£11,050
Birmingham, Northfield	D	£11,050
Birmingham, Perry Barr	D	£11,050
Birmingham, Selly Oak	D	£11,050
Birmingham, Yardley	D	£11,050
Bishop Auckland	E	£10,150
Blackburn	E	£10,150
Blackley and Broughton	C	£12,450
Blackpool North and Cleveleys	D	£11,050
Blackpool South	D	£11,050
Blaenau Gwent	E	£10,150
Blaydon	D	£11,050
Blyth Valley	E	£10,150
Bognor Regis and Littlehampton	C	£12,450
Bolsover	E	£10,150
Bolton North East	E	£10,150
Bolton South East	E	£10,150
Bolton West	E	£10,150
Bootle	D	£11,050
Boston and Skegness	E	£10,150
Bosworth	E	£10,150
Bournemouth East	C	£12,450
Bournemouth West	C	£12,450
Bracknell	B	£13,850
Bradford East	E	£10,150
Bradford South	E	£10,150
Bradford West	E	£10,150
Braintree	D	£11,050
Brecon and Radnorshire	E	£10,150
Bridgend	E	£10,150
Bridgwater and West Somerset	D	£11,050
Brigg and Goole	E	£10,150
Brighton, Kemptown	A	£15,250
Brighton, Pavilion	A	£15,250
Bristol East	B	£13,850
Bristol North West	B	£13,850
Bristol South	B	£13,850
Bristol West	B	£13,850
Broadland	D	£11,050

Bromsgrove	D	£11,050
Broxtowe	D	£11,050
Buckingham	C	£12,450
Burnley	E	£10,150
Burton	D	£11,050
Bury North	E	£10,150
Bury South	E	£10,150
Bury St. Edmunds	D	£11,050
Caerphilly	E	£10,150
Caithness, Sutherland and Easter Ross	E	£10,150
Calder Valley	E	£10,150
Camborne and Redruth	C	£12,450
Cambridge	A	£15,250
Cannock Chase	D	£11,050
Canterbury	C	£12,450
Cardiff Central	D	£11,050
Cardiff North	D	£11,050
Cardiff South and Penarth	D	£11,050
Cardiff West	D	£11,050
Carlisle	E	£10,150
Carmarthen East and Dinefwr	E	£10,150
Carmarthen West and South Pembrokeshire	E	£10,150
Castle Point	A	£15,250
Central Ayrshire	E	£10,150
Central Devon	C	£12,450
Central Suffolk and North Ipswich	D	£11,050
Ceredigion	D	£11,050
Charnwood	D	£11,050
Chatham and Aylesford	A	£15,250
Cheadle	D	£11,050
Chelmsford	A	£15,250
Cheltenham	C	£12,450
Chesham and Amersham	A	£15,250
Chesterfield	E	£10,150
Chichester	C	£12,450
Chippenham	D	£11,050
Chorley	D	£11,050
Christchurch	C	£12,450
City of Chester	D	£11,050
City of Durham	E	£10,150
Clacton	D	£11,050
Cleethorpes	E	£10,150
Clwyd South	E	£10,150

Clwyd West	D	£11,050
Coatbridge, Chryston and Bellshill	E	£10,150
Colchester	D	£11,050
Colne Valley	E	£10,150
Congleton	D	£11,050
Copeland	E	£10,150
Corby	E	£10,150
Coventry North East	D	£11,050
Coventry North West	D	£11,050
Coventry South	D	£11,050
Crawley	A	£15,250
Crewe and Nantwich	D	£11,050
Cumbernauld, Kilsyth and Kirkintilloch East	E	£10,150
Cynon Valley	E	£10,150
Darlington	E	£10,150
Daventry	D	£11,050
Delyn	E	£10,150
Denton and Reddish	E	£10,150
Derby North	E	£10,150
Derby South	E	£10,150
Derbyshire Dales	D	£11,050
Devizes	C	£12,450
Dewsbury	E	£10,150
Don Valley	E	£10,150
Doncaster Central	E	£10,150
Doncaster North	E	£10,150
Dover	D	£11,050
Dudley North	E	£10,150
Dudley South	E	£10,150
Dumfries and Galloway	E	£10,150
Dumfriesshire, Clydesdale and Tweeddale	E	£10,150
Dundee East	E	£10,150
Dundee West	E	£10,150
Dunfermline and West Fife	E	£10,150
Dwyfor Meirionnydd	E	£10,150
Easington	E	£10,150
East Antrim	E	£10,150
East Devon	C	£12,450
East Dunbartonshire	E	£10,150
East Hampshire	B	£13,850
East Kilbride, Strathaven and Lesmahagow	E	£10,150
East Londonderry	E	£10,150
East Lothian	E	£10,150

East Renfrewshire	E	£10,150
East Worthing and Shoreham	C	£12,450
East Yorkshire	E	£10,150
Eastbourne	D	£11,050
Eastleigh	C	£12,450
Eddisbury	D	£11,050
Edinburgh East	E	£10,150
Edinburgh North and Leith	E	£10,150
Edinburgh South	E	£10,150
Edinburgh South West	E	£10,150
Edinburgh West	E	£10,150
Ellesmere Port and Neston	D	£11,050
Elmet and Rothwell	D	£11,050
Erewash	D	£11,050
Exeter	C	£12,450
Falkirk	E	£10,150
Fareham	C	£12,450
Faversham and Mid Kent	C	£12,450
Fermanagh and South Tyrone	E	£10,150
Filton and Bradley Stoke	B	£13,850
Folkestone and Hythe	D	£11,050
Forest of Dean	C	£12,450
Foyle	E	£10,150
Fylde	D	£11,050
Gainsborough	E	£10,150
Garston and Halewood	D	£11,050
Gateshead	D	£11,050
Gedling	D	£11,050
Gillingham and Rainham	D	£11,050
Glasgow Central	E	£10,150
Glasgow East	E	£10,150
Glasgow North	E	£10,150
Glasgow North East	E	£10,150
Glasgow North West	E	£10,150
Glasgow South	E	£10,150
Glasgow South West	E	£10,150
Glenrothes	E	£10,150
Gloucester	C	£12,450
Gordon	D	£11,050
Gosport	C	£12,450
Gower	D	£11,050
Grantham and Stamford	E	£10,150
Gravesham	A	£15,250

Great Grimsby	E	£10,150
Great Yarmouth	E	£10,150
Guildford	A	£15,250
Halesowen and Rowley Regis	E	£10,150
Halifax	E	£10,150
Haltemprice and Howden	E	£10,150
Halton	D	£11,050
Harborough	D	£11,050
Harrogate and Knaresborough	D	£11,050
Hartlepool	E	£10,150
Harwich and North Essex	D	£11,050
Hastings and Rye	D	£11,050
Havant	C	£12,450
Hazel Grove	D	£11,050
Hemel Hempstead	A	£15,250
Hemsworth	E	£10,150
Henley	A	£15,250
Hereford and South Herefordshire	E	£10,150
Hexham	D	£11,050
Heywood and Middleton	E	£10,150
High Peak	D	£11,050
Hitchin and Harpenden	A	£15,250
Horsham	B	£13,850
Houghton and Sunderland South	E	£10,150
Hove	A	£15,250
Huddersfield	E	£10,150
Huntingdon	D	£11,050
Hyndburn	E	£10,150
Inverclyde	E	£10,150
Inverness, Nairn, Badenoch and Strathspey	E	£10,150
Ipswich	D	£11,050
Isle of Wight	D	£11,050
Islwyn	E	£10,150
Jarrow	D	£11,050
Keighley	E	£10,150
Kenilworth and Southam	D	£11,050
Kettering	E	£10,150
Kilmarnock and Loudoun	E	£10,150
Kingston upon Hull East	E	£10,150
Kingston upon Hull North	E	£10,150
Kingston upon Hull West and Hessle	E	£10,150
Kingswood	B	£13,850
Kirkcaldy and Cowdenbeath	E	£10,150

Knowsley	D	£11,050
Lagan Valley	E	£10,150
Lanark and Hamilton East	E	£10,150
Lancaster and Fleetwood	E	£10,150
Leeds Central	D	£11,050
Leeds East	D	£11,050
Leeds North East	D	£11,050
Leeds North West	D	£11,050
Leeds West	D	£11,050
Leicester East	D	£11,050
Leicester South	D	£11,050
Leicester West	D	£11,050
Leigh	E	£10,150
Lewes	A	£15,250
Lichfield	D	£11,050
Lincoln	E	£10,150
Linlithgow and East Falkirk	E	£10,150
Liverpool, Riverside	D	£11,050
Liverpool, Walton	D	£11,050
Liverpool, Wavertree	D	£11,050
Liverpool, West Derby	D	£11,050
Livingston	E	£10,150
Llanelli	E	£10,150
Loughborough	D	£11,050
Louth and Horncastle	E	£10,150
Ludlow	D	£11,050
Luton North	A	£15,250
Luton South	A	£15,250
Macclesfield	D	£11,050
Maidenhead	A	£15,250
Maidstone and The Weald	C	£12,450
Makerfield	E	£10,150
Maldon	C	£12,450
Manchester Central	C	£12,450
Manchester, Gorton	C	£12,450
Manchester, Withington	C	£12,450
Mansfield	E	£10,150
Meon Valley	B	£13,850
Meriden	D	£11,050
Merthyr Tydfil and Rhymney	E	£10,150
Mid Bedfordshire	D	£11,050
Mid Derbyshire	E	£10,150
Mid Dorset and North Poole	C	£12,450

Mid Norfolk	D	£11,050
Mid Sussex	A	£15,250
Mid Ulster	E	£10,150
Mid Worcestershire	D	£11,050
Middlesbrough	E	£10,150
Middlesbrough South and East Cleveland	E	£10,150
Midlothian	E	£10,150
Milton Keynes North	A	£15,250
Milton Keynes South	A	£15,250
Monmouth	D	£11,050
Montgomeryshire	E	£10,150
Moray	E	£10,150
Morecambe and Lunesdale	E	£10,150
Morley and Outwood	D	£11,050
Motherwell and Wishaw	E	£10,150
Na h-Eileanan an Iar	E	£10,150
Neath	E	£10,150
New Forest East	C	£12,450
New Forest West	C	£12,450
Newark	E	£10,150
Newbury	C	£12,450
Newcastle upon Tyne Central	D	£11,050
Newcastle upon Tyne East	D	£11,050
Newcastle upon Tyne North	D	£11,050
Newcastle-under-Lyme	E	£10,150
Newport East	E	£10,150
Newport West	E	£10,150
Newry and Armagh	E	£10,150
Newton Abbot	D	£11,050
Normanton, Pontefract and Castleford	E	£10,150
North Antrim	E	£10,150
North Ayrshire and Arran	E	£10,150
North Cornwall	E	£10,150
North Devon	D	£11,050
North Dorset	D	£11,050
North Down	E	£10,150
North Durham	E	£10,150
North East Bedfordshire	A	£15,250
North East Cambridgeshire	D	£11,050
North East Derbyshire	E	£10,150
North East Fife	E	£10,150
North East Hampshire	A	£15,250
North East Hertfordshire	A	£15,250

North East Somerset	A	£15,250
North Herefordshire	E	£10,150
North Norfolk	D	£11,050
North Shropshire	D	£11,050
North Somerset	B	£13,850
North Swindon	C	£12,450
North Thanet	E	£10,150
North Tyneside	D	£11,050
North Warwickshire	D	£11,050
North West Cambridgeshire	D	£11,050
North West Durham	E	£10,150
North West Hampshire	B	£13,850
North West Leicestershire	D	£11,050
North West Norfolk	E	£10,150
North Wiltshire	D	£11,050
Northampton North	D	£11,050
Northampton South	D	£11,050
Norwich North	D	£11,050
Norwich South	D	£11,050
Nottingham East	D	£11,050
Nottingham North	D	£11,050
Nottingham South	D	£11,050
Nuneaton	E	£10,150
Ochil and South Perthshire	E	£10,150
Ogmore	E	£10,150
Oldham East and Saddleworth	E	£10,150
Oldham West and Royton	E	£10,150
Orkney and Shetland	E	£10,150
Oxford East	A	£15,250
Oxford West and Abingdon	A	£15,250
Paisley and Renfrewshire North	E	£10,150
Paisley and Renfrewshire South	E	£10,150
Pendle	E	£10,150
Penistone and Stocksbridge	D	£11,050
Penrith and The Border	E	£10,150
Perth and North Perthshire	E	£10,150
Peterborough	D	£11,050
Plymouth, Moor View	D	£11,050
Plymouth, Sutton and Devonport	D	£11,050
Pontypridd	E	£10,150
Poole	C	£12,450
Portsmouth North	C	£12,450
Portsmouth South	C	£12,450

Preseli Pembrokeshire	E	£10,150
Preston	D	£11,050
Pudsey	D	£11,050
Rayleigh and Wickford	C	£12,450
Reading East	A	£15,250
Reading West	A	£15,250
Redcar	E	£10,150
Redditch	D	£11,050
Rhondda	E	£10,150
Ribble Valley	E	£10,150
Richmond (Yorks)	E	£10,150
Rochdale	E	£10,150
Rochester and Strood	A	£15,250
Rochford and Southend East	C	£12,450
Romsey and Southampton North	C	£12,450
Ross, Skye and Lochaber	E	£10,150
Rossendale and Darwen	E	£10,150
Rother Valley	E	£10,150
Rotherham	E	£10,150
Rugby	D	£11,050
Rushcliffe	D	£11,050
Rutherglen and Hamilton West	E	£10,150
Rutland and Melton	D	£11,050
Saffron Walden	C	£12,450
Salford and Eccles	C	£12,450
Salisbury	C	£12,450
Scarborough and Whitby	E	£10,150
Scunthorpe	E	£10,150
Sedgefield	E	£10,150
Sefton Central	D	£11,050
Selby and Ainsty	D	£11,050
Sheffield Central	D	£11,050
Sheffield South East	D	£11,050
Sheffield, Brightside and Hillsborough	D	£11,050
Sheffield, Hallam	D	£11,050
Sheffield, Heeley	D	£11,050
Sherwood	E	£10,150
Shipley	E	£10,150
Shrewsbury and Atcham	D	£11,050
Sittingbourne and Sheppey	D	£11,050
Skipton and Ripon	E	£10,150
Sleaford and North Hykeham	E	£10,150
Solihull	D	£11,050

Somerton and Frome	D	£11,050
South Antrim	E	£10,150
South Basildon and East Thurrock	A	£15,250
South Cambridgeshire	A	£15,250
South Derbyshire	D	£11,050
South Dorset	C	£12,450
South Down	E	£10,150
South East Cambridgeshire	A	£15,250
South East Cornwall	D	£11,050
South Holland and The Deepings	E	£10,150
South Leicestershire	D	£11,050
South Norfolk	D	£11,050
South Northamptonshire	D	£11,050
South Ribble	D	£11,050
South Shields	D	£11,050
South Staffordshire	E	£10,150
South Suffolk	D	£11,050
South Swindon	C	£12,450
South Thanet	C	£12,450
South West Bedfordshire	A	£15,250
South West Devon	D	£11,050
South West Norfolk	E	£10,150
South West Surrey	A	£15,250
South West Wiltshire	D	£11,050
Southampton, Itchen	C	£12,450
Southampton, Test	C	£12,450
Southend West	C	£12,450
Southport	D	£11,050
St. Austell and Newquay	C	£12,450
St. Helens North	E	£10,150
St. Helens South and Whiston	E	£10,150
St. Ives	C	£12,450
Stafford	D	£11,050
Staffordshire Moorlands	E	£10,150
Stalybridge and Hyde	E	£10,150
Stevenage	A	£15,250
Stirling	E	£10,150
Stockport	D	£11,050
Stockton North	E	£10,150
Stockton South	E	£10,150
Stoke-on-Trent Central	E	£10,150
Stoke-on-Trent North	E	£10,150
Stoke-on-Trent South	E	£10,150

Stone	D	£11,050
Stourbridge	E	£10,150
Strangford	E	£10,150
Stratford-on-Avon	D	£11,050
Stretford and Urmston	C	£12,450
Stroud	C	£12,450
Suffolk Coastal	D	£11,050
Sunderland Central	E	£10,150
Surrey Heath	A	£15,250
Sutton Coldfield	D	£11,050
Swansea East	D	£11,050
Swansea West	D	£11,050
Tamworth	D	£11,050
Tatton	D	£11,050
Taunton Deane	D	£11,050
Telford	D	£11,050
Tewkesbury	C	£12,450
The Cotswolds	C	£12,450
The Wrekin	D	£11,050
Thirsk and Malton	E	£10,150
Thornbury and Yate	B	£13,850
Tiverton and Honiton	D	£11,050
Tonbridge and Malling	A	£15,250
Torbay	D	£11,050
Torfaen	E	£10,150
Torridge and West Devon	D	£11,050
Totnes	D	£11,050
Truro and Falmouth	C	£12,450
Tunbridge Wells	B	£13,850
Tynemouth	D	£11,050
Upper Bann	E	£10,150
Vale of Clwyd	D	£11,050
Vale of Glamorgan	D	£11,050
Wakefield	E	£10,150
Wallasey	D	£11,050
Walsall North	E	£10,150
Walsall South	E	£10,150
Wansbeck	E	£10,150
Wantage	A	£15,250
Warley	D	£11,050
Warrington North	D	£11,050
Warrington South	D	£11,050
Warwick and Leamington	D	£11,050

Washington and Sunderland West	E	£10,150
Waveney	E	£10,150
Wealden	B	£13,850
Weaver Vale	D	£11,050
Wellingborough	E	£10,150
Wells	D	£11,050
Wentworth and Dearne	E	£10,150
West Aberdeenshire and Kincardine	D	£11,050
West Bromwich East	E	£10,150
West Bromwich West	E	£10,150
West Dorset	D	£11,050
West Dunbartonshire	E	£10,150
West Lancashire	D	£11,050
West Suffolk	D	£11,050
West Tyrone	E	£10,150
West Worcestershire	D	£11,050
Westmorland and Lonsdale	D	£11,050
Weston-Super-Mare	D	£11,050
Wigan	E	£10,150
Wimbledon	A	£15,250
Winchester	B	£13,850
Wirral South	D	£11,050
Wirral West	D	£11,050
Witham	D	£11,050
Witney	A	£15,250
Woking	A	£15,250
Wokingham	B	£13,850
Wolverhampton North East	E	£10,150
Wolverhampton South East	E	£10,150
Wolverhampton South West	E	£10,150
Worcester	D	£11,050
Workington	E	£10,150
Worsley and Eccles South	C	£12,450
Worthing West	C	£12,450
Wrexham	E	£10,150
Wycombe	A	£15,250
Wyre and Preston North	D	£11,050
Wyre Forest	D	£11,050
Wythenshawe and Sale East	D	£11,050
Yeovil	D	£11,050
Ynys Mon	D	£11,050
York Central	D	£11,050
York Outer	D	£11,050

## ANNEX C: GUIDANCE ON OTHER PAYMENT METHODS

In addition to reimbursing parliamentary costs on the online expenses system, IPSA also provides a number of other payment methods and loans to reduce administration and improve cash-flow for MPs.

These may develop between reviews of the Scheme; updated guidance is available on IPSA's website, or by contacting the MP Support team (020 7811 6400, [info@parliamentarystandards.org.uk](mailto:info@parliamentarystandards.org.uk)).

### Direct payments to suppliers

IPSA can make payments direct to a number of suppliers on behalf of the MP, removing the need for the MP to pay, claim or provide evidence. These costs will then be charged to the appropriate budget.

#### 1. Direct payments for rail travel

MPs can book rail tickets using the account IPSA generated for them on the Trainline.com website, and IPSA will pay the Trainline direct. MPs do not need to complete a form, reconcile the expense or send any receipts or tickets – IPSA will get all the information required from the Trainline when the MP books.

#### 2. Direct payments for office supplies

MPs can buy office supplies online using accounts IPSA generated for them with three suppliers: Commercial; Banner; and QC Supplies. IPSA will pay these suppliers direct, and MPs do not need to complete a form, reconcile the expense or send any receipts – IPSA will get all the information required from the suppliers when the MP orders online. IPSA will then allocate these costs to the MP's office costs expenditure budget. If the office costs budget is exceeded, IPSA may suspend further use of the websites until the new financial year, to prevent a greater overspend. IPSA will contact the MP seeking repayment for the overspend following the end of the financial year.

#### 3. Direct payments for rent

IPSA is able to make payments directly to MPs' landlords for accommodation and constituency office rent, once MPs have registered their rental agreement with IPSA. MPs can request direct payments by completing the "Simplified Payments Application Form" on our website, and sending a signed copy to us.

MPs should allow 28 days for the first payment to be set up.

MPs will be notified when the payment has been set up, and IPSA will then pay the landlord automatically each month, quarter or year as appropriate until the end date of the rental agreement. While an MP's landlord is receiving direct payments, the online expenses system will not offer the option of claiming reimbursement for rent for that property.

MPs must inform IPSA immediately if the rental agreement ends or is renewed, or if there are any changes (such as a change in the rental amount or the landlord's payment details). For rental agreements longer than a year, once every 12 months the MP should confirm in writing the details of the rental agreement and that it remains in force.

Once the direct payment has been made, it will be allocated to the MP's accommodation or office costs budget, as appropriate. Where a budget is exceeded, IPSA will contact the MP seeking repayment for the overspend following the end of the financial year.

#### **4. Direct payments for pooled staffing services**

IPSA can pay annual subscriptions for pooled services direct to the Policy Research Unit Ltd (PRU), Parliamentary Research Service (PRS), Parliamentary Office of the Liberal Democrats (POLD), Parliamentary Support Team (PST) and the European Research Group. These organisations send direct payment request forms to their users annually.

#### **5. Direct payments for employment practice liability insurance (legal expenses insurance)**

IPSA can pay MPs' employment practice liability insurance direct to an insurer. IPSA will contact all MPs annually when it is time to renew, to enable MPs to opt in or to renew.

### **Payment card**

IPSA will on request provide MPs with a payment card which can be used to pay for:

1. travel (including tolls and congestion charges, but excluding mileage and taxis);
2. parking;
3. utilities such as electricity, water, gas and heating fuels;
4. council tax and business rates;
5. office waste collection;
6. insurance;
7. hotels;
8. TV licences;
9. stationery; and
10. constituency office telephone bills for landlines.

Each transaction is limited to £1,000, and the monthly credit limit is £4,000. IPSA may consider increases to these limits if requested by an MP.

Once a month, IPSA will send a reconciliation form to the MP's or proxy's account on the online expenses system, under "Claims/Forms in Progress". The form will contain the details of each transaction the MP has made that month. MPs will need to complete the remaining details, submit the form online and send us all supporting evidence in hard copy.

Each month MPs will receive an email when their reconciliation form is in the account and ready for completion. MPs must send IPSA their reconciliation forms and evidence within 30 days of receiving the email. If MPs do not complete their reconciliation forms within 30 days, IPSA may suspend the use of the payment card until the outstanding reconciliation forms are complete. Once the MP has sent the reconciliation form to IPSA, if IPSA then returns the form to the MP with a query, the MP must resubmit the form to IPSA within two weeks to avoid suspension of the card.

IPSA may also seek repayment for use of the card where an MP does not reconcile after the card is suspended, or we determine that a purchase cannot be paid under the Scheme and mark it "Not Paid" on the reconciliation form.

Where MPs have used the card outside the Scheme or the guidance for its use, they should select "Not Claimed, To Repay" on the reconciliation form and send IPSA a cheque. Use of the card may be suspended if it is persistently or seriously misused outside the Scheme.

Once the reconciliation form is received and processed by IPSA, the expenditure will then be allocated to the appropriate budgets. If both the accommodation and the office costs budgets are exceeded, IPSA may restrict further use of the card to travel costs only until the new financial year, to prevent greater overspends. Where a capped budget is exceeded, IPSA will contact the MP seeking repayment for the overspend following the end of the financial year.

### **Claiming an advance before paying the supplier**

MPs may claim payment in advance for unpaid invoices of £200 or more for any expense type except reward and recognition payments and mileage. MPs can claim an advance by selecting “Yes, not yet Paid” under the field “Advance?” on the claim form for the relevant expense type, and submitting an unpaid invoice. The MP must then submit a receipt within one month of our paying the advance, using the “RECEIPTS: Supporting Invoice” form.

For some types of expense the supplier may not provide a receipt. These are: utility bills; telephone bills; rental claims; council tax; and business rates. For these expense types, we will not expect MPs to submit any further supporting evidence after we have paid the advance.

### **Loans**

#### **1. Deposit loans**

As described in the Scheme, MPs may apply for a loan for any deposit payable at the start of a tenancy for their constituency office or accommodation. MPs can request this by completing the “Rental Property Deposit Loan Agreement” on IPSA’s website, and sending it to IPSA with their final or draft rental agreement. MPs will need to repay the loan in full within one month of the rental agreement ending, or when the MP leaves office (whichever is earlier).

#### **2. Advance loan of up to £4000**

Each MP can apply for an interest-free advance loan of up to £4000 to assist with cash-flow and help them to cover any costs they incur that are allowed under the Scheme and are exclusively in furtherance of their parliamentary functions. MPs will be required to repay the loan by the end of the Parliament. MPs can apply for the loan using the “Advance Application and Agreement” on IPSA’s website.

**REPORT ON THE CONSULTATION OF 2012-13**  
**ON**  
**THE MPS' SCHEME OF BUSINESS COSTS AND EXPENSES**

## Contents

<b>Introduction .....</b>	<b>73</b>
<b>Chapter 1: Accommodation.....</b>	<b>74</b>
The London Area rental budget .....	74
Redundant provisions for MPs claiming mortgage interest subsidy .....	75
The budget for MPs who claim associated expenditure .....	75
MPs who rent accommodation from other MPs .....	76
Review of the London Area Living Payment .....	77
<b>Chapter 2: Travel and Subsistence .....</b>	<b>78</b>
Extended UK travel for MPs .....	78
Extended travel for MPs' staff .....	79
Review of hotel budgets .....	79
<b>Chapter 3: Miscellaneous Issues .....</b>	<b>80</b>
Resettlement payments.....	80
Review of parliamentary constituency boundaries .....	81
Membership fees .....	81
Incorporating non-statutory guidance into the Scheme rules .....	82
Any other comments .....	82
<b>Chapter 4: Remaining Budget Reviews.....</b>	<b>84</b>
The Staffing Budget.....	84
The Office Costs Expenditure Budget .....	84
The Winding-Up Budget.....	84
<b>Equality Impact Assessment .....</b>	<b>85</b>
<b>Annex A: Results of the Online Survey .....</b>	<b>86</b>
<b>Annex B: Valuation Office Agency Data .....</b>	<b>89</b>

## Introduction

1. This is the Report on the public consultation held by the Independent Parliamentary Standards Authority (IPSA) as part of our review of the MPs' Scheme of Business Costs and Expenses (the Scheme), and the statement of IPSA's position following that consultation. The consultation was launched on 19 November 2012 and closed on 18 January 2013. It complied with section 5(4) of the Parliamentary Standards Act 2009 which obliges us, when revising the Scheme, to consult:
  - a. the Speaker of the House of Commons;
  - b. the Committee on Standards in Public Life;
  - c. the Leader of the House of Commons;
  - d. any Committee of the House of Commons nominated by the Speaker (the Speaker nominated the Committee on Standards and Privileges<sup>1</sup>);
  - e. members of the House of Commons;
  - f. the Review Body on Senior Salaries;
  - g. Her Majesty's Revenue and Customs;
  - h. Her Majesty's Treasury; and
  - i. any other person IPSA considers appropriate (in this case, the public).
2. We received 25 written responses to the consultation, from the public, interested organisations, MPs' staff and MPs themselves. In addition, an online survey that accompanied the consultation attracted 145 responses (the results are set out in Annex A). We are grateful to all who replied. Inevitably, in this Report not all responses can be presented, but each one has been analysed.<sup>2</sup>
3. The focus of this year's review is the budget for those MPs who claim for rent in London. In addition to the views of the respondents to the consultation we have examined the rental market in areas close to the Palace of Westminster and across London more generally. The outcome of this analysis is given in paragraphs 8-9 below. The review also looked at some of the other rules in the Scheme relating to accommodation and other budgets, and examined all of the budget limits. We report on all of these in this document.
4. The review has resulted in the Fifth Edition of the Scheme, which will come into effect on 1 April 2013.

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<sup>1</sup> In January 2013 the Committee on Standards and Privileges was replaced by the Committee on Standards and the Committee of Privileges. We are now required to consult the Committee on Standards.

<sup>2</sup> Consultation responses can be viewed on our website.

## Chapter 1: Accommodation

### The London Area rental budget

**Consultation question 1: What factors do you think we should consider when reviewing the London Area accommodation budget? Is it appropriate for MPs to take transport to get to and from Parliament, or should they be able to rent properties within walking distance of the House of Commons?**

5. This question addressed the concerns raised by some MPs that they have difficulty finding suitable rental accommodation close to Parliament within the budget for the London Area, and that they face security issues in commuting elsewhere late at night. That budget provides £1,450 per month for rent and an additional £2,600 per year for associated expenditure (e.g. utilities)<sup>3</sup>, giving an annual budget for 2012-13 of £20,000. Within that budget limit MPs have some flexibility: if their rent is less than £1,450 a month then they have additional funds to cover associated costs, and vice versa.
6. 79% of respondents to the online survey said that the budget should not be based on MPs being able to walk to work. This was a combination of 82% of the public and only 29% of MPs and 35% of MPs' staff members. In addition, we received 12 written responses to this question. All the responses from the public were clear that MPs should expect to commute some distance to Westminster using public transport. The TaxPayers' Alliance echoed this, saying:

*It is perfectly appropriate for MPs to use transport to get to Parliament from their London home and vice versa. Not only is Westminster well served by buses and the underground, but MPs can also drive and enjoy access to the most sought after free parking in London (the House of Commons Car Park) while others choose to cycle.*

7. The Speaker called for "there to be sufficient flexibility in the accommodation budget to enable MPs to have a reasonable choice of accommodation," and asked IPSA to take account of rising rental rates in London. Martin Horwood MP outlined the negative impact of facing a long London commute:

*...those of us who have constituency homes far from London already have to spend many hours a week travelling to get to Westminster. If we are really expected to make long journeys commuting within London on top of this, it really threatens to place quite an unfair burden on individual MPs and either their families or work or both.*

8. As explained in our consultation document, we worked with the Valuation Office Agency (VOA) to understand better the residential rental market in London. Our analysis of its independent data showed that in the area immediately surrounding the Palace of Westminster (i.e. within two miles or a half-hour walk), the mean monthly rent for a one-bed flat is £1,655 and the median rent is £1,750.<sup>4</sup> However, there were areas within that radius where the mean rent was less than £1,450 per month, including Borough, areas in Lambeth and around Pimlico. Across the

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<sup>3</sup> If an MP claims less on rent then they can claim more on associated expenditure, and vice versa, up to the overall budget limit of £20,000.

<sup>4</sup> The 'mean' is the arithmetical average of a set of values and the median is the middle value in the set.

whole of London the mean monthly rent for a one-bed flat was £1,082, and in all but three local authorities (City of London, Kensington and Chelsea and Westminster) the mean rent was less than £1,450. Of those three, only in the City of London was the mean rent consistently above our budget. Annex B summarises the data.

9. Having analysed the VOA data and consultation responses, we have decided not to increase the rental element of the budget for the London Area. We acknowledge that the availability of one-bed flats within walking distance of Parliament is limited, but we also note that they are not impossible to find. Further, availability increases significantly within even a short commute from Westminster and is ample across London as a whole. We do not think it right to increase this rental budget on the basis that MPs should be able to walk to work, as that is a position at odds with the experience of the vast majority of ordinary citizens. Finally, if an MP is required to work in the House of Commons until late at night and is worried about security or the availability of public transport, the rules already allow them to claim for a taxi home or a hotel room.<sup>5</sup>

### **Redundant provisions for MPs claiming mortgage interest subsidy**

***Consultation question 2: Do you have any comments about removing the redundant provisions on mortgage interest subsidy?***

10. Until 31 August 2012 our rules allowed MPs to continue claiming the mortgage interest subsidy if they were doing so in the previous Parliament. This date represented the end of a transitional period, granted to allow these MPs time to make alternative accommodation arrangements. Now the transitional period is over and the mortgage interest subsidy has ended. The rules relating to it are therefore redundant, and all of the respondents to the consultation who addressed this question agreed these redundant rules should be removed from the Scheme. Consequently, we have removed the rules relating to the mortgage interest subsidy from the Scheme. We have, however, retained reference to the repayment of any capital gains owed to the taxpayer by MPs who claimed the subsidy.<sup>6</sup> This is because some of the repayment plans for the capital gains owed to the taxpayer run until the end of the Parliament.

### **The budget for MPs who claim associated expenditure**

***Consultation question 3: Do you agree that the budget for associated expenditure should be set at a level that covers reasonable costs for MPs who stay in their own property?***

11. Non-London Area MPs who own properties in both London and their constituency may claim the associated expenditure for one of these properties instead of renting a flat or staying in a hotel. In our consultation we discussed a budget of £4,000 for this purpose, now that the mortgage interest subsidy has ended. We received 12 responses to this question, of which ten (four MPs, three members of the public, the TaxPayers' Alliance, the 1922 Committee and the Parliamentary Labour Party (PLP)) agreed with the need for a budget that covers reasonable costs and two (both members of the public) opposed any budget provision at all. Of those who agreed with a budget, two – the 1922 Committee and a member of the public – commented that

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<sup>5</sup> Paragraph 9.37 of the Scheme; this also limits such claims to £80 for a taxi or £150 for a hotel room.

<sup>6</sup> Under the conditions for claiming the mortgage interest subsidy, IPSA will recoup the public share of any increase in the overall capital gain of the property during the period where the MP was claiming the subsidy.

the disparity between the budgets for renting in London (£20,000) and staying in your own home in London (proposed £4,000) was unfair.

12. We continue to consider it important to provide a budget for MPs who stay in their own properties when they are in London or their constituency for parliamentary functions. As the TaxPayers' Alliance wrote in its consultation response, "we do recognise that those staying in their own property are costing the taxpayer less than if they were claiming rent for a property in London." However, associated expenditure on these properties can vary widely depending on the type and location of the property and in some cases greatly exceeds £4,000. There is a limit to the contribution the taxpayer should make.
13. This year we will conduct an in-depth review of the rules on MPs' accommodation, including the type and amount of support the taxpayer should provide. In the interim, for this financial year the budget will stay at its current level of £8,850. MPs who claim against this budget should be aware of the in-depth review, to which they will be invited to contribute, and regard this year's budget as temporary only.
14. Associated expenditure is also part of the calculation of the rental budgets for accommodation in London and elsewhere: an annual amount of £2,600 for associated expenditure is built into the rental budgets. To increase the amount for associated expenditure to, say, £4,000 in the current economic climate would not, in our view, be defensible. We have decided that a small increase in this budget to reflect inflation is appropriate. Consequently we have increased them by 2.4%<sup>7</sup> to £2,700 (rounded up). This will increase all the rental accommodation budgets by £100 each.

### **MPs who rent accommodation from other MPs**

***Consultation question 4: Should the rules be amended to prevent MPs, if they claim accommodation costs, from renting accommodation from other current MPs? If so, how could this restriction be achieved?***

15. This question was prompted by media coverage suggesting that such arrangements could lead to MPs profiting at taxpayers' expense. We believe that MPs have every right to rent out a privately owned property and that the risk of inappropriate profiteering is very small. However, we acknowledge that this issue has caused public concern and therefore proposed ways to mitigate further the risks: widen the definition of a 'connected party' to include other MPs, introduce a new rule restricting MPs from renting from other current MPs, or requiring such arrangements to be declared and the identity of the landlord made public.
16. In the online survey, 34% of respondents advocated widening the definition of a connected party, 33% agreed that the landlord's name should be published and 12% said a ban should be introduced on MPs renting from other MPs. Of the 12 written responses to this question, two (the Speaker and the TaxPayers' Alliance) advocated expanding the definition of a connected party, four (all members of the public) called for a ban and four called for more transparency about the arrangements. A member of MPs' staff, Carol Stanners, for example, said: "If the

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<sup>7</sup> 2.4% is the midpoint between the December 2012 CPI figure of 2.7% and the Bank of England forecast inflation rate for the end of 2013-14 of 2%.

system encourages an MP to move out from his own home and rent it is not justifiable that they can then rent this home to another MP. How to achieve the restriction is a matter of transparency of MP's interests." The two remaining respondents were the Parliamentary Labour Party (PLP), who called on IPSA to retain the current position, and the 1922 Committee, who argued that:

*The London rental market is transparent - with the market setting the price of accommodation. It is therefore unclear how continuation of such arrangements "could lead to MPs profiting at the taxpayers' expense", given that rent is paid for use of an asset, the value of which is determined by the market.*

17. We agree with the respondents who argued that there is in practice little risk of taxpayers' funds being misused here, so we will not ban MPs from renting from other MPs or widen the definition of a connected party. However, we also understand that some members of the public have significant concern about this. Consequently, we believe that greater transparency is needed around arrangements where MPs rent from other MPs, and will therefore require MPs to declare such arrangements. From April 2013 onwards we will publish the names of landlord and tenant MPs who enter into such arrangements as part of our routine publication cycles.<sup>8</sup>

### **Review of the London Area Living Payment**

18. The London Area Living Payment (LALP) is a contribution to the additional costs of living in and commuting to the London Area.<sup>9</sup> It can be claimed by the 96 London Area MPs and any non-London Area MP who does not claim Accommodation Expenditure. For 2012-13 the LALP was set at £3,760 per annum, with an additional amount of £1,330 per annum for those 23 London Area MPs who were outside Greater London (the Outer LALP, or OLALP) to cover the increased travel costs from outside Greater London.
19. Mark Field MP was the only respondent to comment on the LALP. He argued that increases in the budget for MPs' accommodation since 2001 have not been matched by a commensurate increase in the LALP, and that this has created a "distinction between inner and outer London Members for the purposes of the London allowance [LALP]." We do not believe, however, that Accommodation Expenditure and the LALP can be equated in this way as the former is for the provision of overnight accommodation and the latter is a contribution to the cost of living in and commuting to the London Area. Further, we do not believe that the LALP creates a distinction between inner and outer London Area MPs, especially as the introduction of the OLALP in 2011-12 means that the contribution made is fair to all London Area MPs.
20. We have decided not to change the level of the LALP or OLALP in 2013-14. We accept that as rail prices have increased the contribution the LALP and OLALP makes to these costs has fallen. However, a fundamental principle of the Scheme is that MPs should be treated, as far as possible, like other citizens. Other citizens must absorb increased commuting costs from their own resources and we see no reason to treat MPs differently.

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<sup>8</sup> Publication of these details will be subject to our publication policy, which sets out how IPSA will redact certain information to take account of the personal security of MPs and their staff. For further details see [www.parliamentary-standards.org.uk](http://www.parliamentary-standards.org.uk).

<sup>9</sup> The London Area comprises all constituencies substantially within 20 miles of Westminster. Schedule 2 of the Scheme lists these constituencies and Schedule 3 lists those also eligible to claim the Outer LALP.

## Chapter 2: Travel and Subsistence

### Extended UK travel for MPs

***Consultation question 5: Should MPs be permitted to claim for journeys to Westminster or the constituency from any location in the UK, even if the reason for being in the location was for party political purposes?***

21. This question arose from queries from some MPs about whether they can claim for journeys from a party political event back to Westminster or their constituency, on the grounds that these journeys are necessary for them to perform their parliamentary functions and that the reason for being at the starting point is irrelevant. We received nine responses to this question of which six argued such journeys should not be payable and two said that they should. Mark Field MP, also commented that allowing such claims would be a significant change.

*This would mean a major change in the rules. It has always been accepted that MPs cannot charge expenses incurred to attend Party Conferences or to charge for going to by-elections. Similarly it has also been my understanding that costs incurred to speak at a function for a fellow party member are also not claimable.*

22. The key purpose of this proposal is to allow claims for journeys to Westminster or a constituency that are wholly, necessary and exclusively for parliamentary purposes. On this basis we will make clear in the rules that the cost of such journeys can be claimed. However, we recognise the risks, particularly to public confidence with the potential for the taxpayer to fund travel from a party political event. Consequently we have limited the value that can be claimed for any journey under this rule to the lesser of the anytime standard open fare of the direct journey between the constituency and Westminster, or the value of the claim from the starting location to the destination.

***Consultation question 6: Should MPs be permitted to claim a notional amount for the journeys which start and end in Westminster or the constituency, but which divert along the way for a non-parliamentary purpose? This amount would not exceed the standard fare of the direct journey.***

23. Under the current rules a non-London Area MP may claim the cost of travel between his constituency and London. Allowing claims for 'diverted journeys' would mean that if an MP travels between his constituency and London (in either direction) via a third place, he can claim up to the cost of the direct journey, irrespective of the reason – which may be for party political purposes - for going via the third place.
24. We received nine responses to this question. Five respondents, including the PLP, said that claims for such 'diverted journeys' should be allowed. The TaxPayers' Alliance also agreed with the proposal provided that caveats around the maximum claimable cost and the time taken to complete the diverted journey were in place. Conversely, two members of the public and the Speaker were opposed to the proposal. The Speaker, for example, said: "I am... concerned that the introduction of notional claims for diverted journeys may, by breaking the link between expenditure and its direct parliamentary purpose, give rise to concerns about accountability."

The results of the online survey were similarly mixed but generally in favour of allowing such claims: 61% said yes against 37% who said no.

25. The purpose of a journey between an MP's constituency and London must be for parliamentary purposes (otherwise the MP could not claim for it at all). The purpose or location of the diversion does not change this. The need for the travel is a consequence of the nature of MPs' work in two locations. Whatever the reason for the diversion, be it political or otherwise, it is not right that an MP is penalised for making an indirect journey by being able to claim nothing at all for a journey that is necessary for their parliamentary functions. In view of this, we will amend the Scheme to allow MPs to claim for diverted journeys between their constituency and London provided that they would be eligible to claim for a direct journey, and will cap the claim at the cost of the standard open fare for that direct journey.

### **Extended travel for MPs' staff**

***Consultation question 7: Do you think that MPs should be allowed to claim extended UK travel costs for their staff?***

26. The majority of the ten responses we received on this question did not agree with allowing extended travel claims for MPs' staff. One MP and one member of the public said 'no' outright, and the TaxPayers' Alliance saw it as "hard to justify" and five responses said claims should only be allowed within limits (either on the number of journeys, number of staff or on the cost of the travel. Only two responses – from the PLP and an MP – were in favour of allowing these claims in all cases. The online survey results were, conversely, in favour of allowing the claims: 62% said yes against 30% saying no. The public was generally against (59%) while MPs and their staff were in favour (85% each).
27. The existing rules allowing claims for travel by MPs' staff within their constituencies, between their constituency and Westminster and for training purposes cater for the vast majority of journeys that MPs' staff make for parliamentary purposes. There have only been a very small number of instances where requests have been made for claims to be accepted for other journeys. In light of this, of the general scepticism of the consultation responses and the availability of mobile technology to connect MPs with their staff from different locations, we do not consider it appropriate to extend the rules to staff travel around the UK.

### **Review of hotel budgets**

28. Where MPs are away from their constituency or home in the performance of their parliamentary functions, they can claim the cost of staying in a hotel. They are limited to claiming up to £150 a night for a hotel in London, £120 a night for a hotel elsewhere in the UK and £150 a night for a hotel abroad.
29. We have received no concerns from MPs about these budgets either during the year or in response to the consultation. Nonetheless, we analysed a sample of hotels close to Westminster and in Brussels (being a common overseas location for MPs performing parliamentary functions) and ascertained that there is ready availability of hotel rooms within budget both in the immediate term (i.e. for that night) and in a week's and a month's time. On that basis, we have not increased the budget limits for hotels in London, elsewhere in the UK or overseas.

## Chapter 3: Miscellaneous Issues

### Resettlement payments

**Consultation question 8: Do you support the introduction of winding-up obligations which MPs must meet before receiving a resettlement payment?**

30. Our consultation document explained that we intend to introduce into the Scheme provisions to ensure that MPs must make the necessary arrangements to wind up their affairs and repay any loans or payments from us which they hold before we make any resettlement payments.<sup>10</sup> Of the nine responses to this question, seven, including the PLP and one MP, agreed with the proposal. The TaxPayers' Alliance, who agreed with the proposal, suggested introducing a requirement for MPs to hand over casework to their successor before receiving a resettlement payment. IPSA has no control over casework and so it would be inappropriate for it to impose such an obligation. The PLP, while agreeing with the proposal, called for pragmatism:

*Yes provided they [the obligations] are sensible and proportionate and take into account the fact MPs, unlike other employees, have less flexibility around retirement time and consideration needs to be given to this and ensuring the system does not introduce perverse incentives for members to stay on, or cut their careers short.*

31. Of the two other respondents, the 1922 Committee commented on the position of MPs not eligible for a resettlement payment and one member of the public was opposed to resettlement payments altogether.

32. In light of these responses we will implement our proposal to introduce provisions to ensure that MPs wind up their affairs and repay any monies due to us before we give them a resettlement payment (if they are eligible for one). The full list of these obligations is as follows:

- a. issuing redundancy notices to staff and sending instructions to us;
- b. repaying any outstanding debts to us;
- c. submitting all expense claims for the period running up to the election;
- d. carrying out administrative tasks such as the cancellation of the IPSA payment card; and
- e. any other necessary tasks we identify.

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<sup>10</sup> Under IPSA's current policy, MPs will be eligible for a resettlement payment if they are an MP on the day before the dissolution of Parliament in the event of the 2015 General Election and are a candidate for re-election for the same seat, but are not re-elected. The amount of the resettlement payment payable is equal to one calendar month's salary (at the rate payable immediately before the dissolution) for each completed year of service subject to a maximum payment equal to six months' salary.

## Review of parliamentary constituency boundaries

### ***Consultation question 9: Do you agree that we should prohibit payment of claims for activities relating to parliamentary constituency boundary changes?***

33. As explained in our consultation document, we are concerned that research on changes to the parliamentary constituency boundaries might not meet our requirement of being wholly, exclusively and necessarily for an MP's parliamentary functions. Eight out of the ten responses we received to this question agreed that we should prohibit payment of claims for activities relating to parliamentary boundary changes. In addition, 60% of respondents to the online survey (75% of members of the public who responded) said such claims should be banned. The 1922 Committee and the PLP, however, took a different view. The PLP offered to assist IPSA in producing guidance on what might be appropriate expenditure with regards to the boundary changes. The 1922 Committee made the following point.

*In regards to the funding of activities in relation to Boundary Reviews, the Committee feels that IPSA needs to tread cautiously in this area, as this is an issue before Parliament. IPSA would not want to set a precedent whereby it becomes the arbiter in deciding what matters before Parliament are legitimate for Members to pursue and what matters are not.*

34. On 29 January 2013 the House of Commons voted to defer until 2018 at the earliest the review of the parliamentary boundaries that would have seen a reduction in the number of MPs from 650 to 600. It is not, therefore, currently a matter before Parliament. We agree, nonetheless, that it is not appropriate for us to determine what matters before Parliament MPs choose to pursue. It is, however, appropriate for us to be clear that we will only accept claims for costs that are wholly, necessarily and exclusively in furtherance of an MP's parliamentary functions. Activities relating to the boundary changes do not meet this condition as they are inextricably linked to the voting intentions of the electorate.

## Membership fees

### ***Consultation question 10: Do you believe that MPs should be able to claim the cost of membership fees, subject to any conditions, if there is demonstrable evidence of value for money to the taxpayer and the membership is only used for parliamentary functions?***

35. We received nine responses to this question. Five (two members of the public, an MP, the PLP and the Speaker) were in favour of allowing such claims, primarily on the basis that they represent value for money. Four respondents, however, were uncomfortable with such claims because of the potential for the MP to benefit personally from them. The TaxPayers' Alliance, for example, said:

*We believe it would be problematic to process claims for club membership fees because not only might it be difficult to prove their taxpayer value for money at the time of their being due, but it would also lead to questions as to how the MP could potentially be benefiting from the membership for non-parliamentary functions.*

36. Respondents to the online survey were in favour of allowing such claims. Overall, 77% were in favour, comprising 67% of members of the public, 86% of MPs and 83% of MPs' staff members.

37. We recognise that in some cases the services provided by membership clubs might provide cost savings for the taxpayer. Nonetheless, we are persuaded that it is not appropriate for the taxpayer to fund membership of such clubs. The potential for incidental private benefit to the MP, particularly in relation to private members' clubs with accommodation facilities, is too great even if the primary motivation for joining is to use the facilities or services for parliamentary purposes.
38. There is one exception to this, where an MP can demonstrate that membership of a club and the cost reductions it brings will result in significant savings to the taxpayer. If any MP believes that he can make a value for money case along these lines, he may apply for contingency funding under Part 10 of the Scheme. Every such case will be considered on its own merits.

### **Incorporating non-statutory guidance into the Scheme rules**

#### ***Consultation question 12: Have you any comment on the introduction of some of the non-statutory guidance into the Scheme rules?***

39. This question reflected our intention to ensure that the Scheme contained all relevant rules, however they have been communicated to MPs. Of the nine responses, seven were clear that this should happen and two commented on the content of certain rules. We have incorporated the non-statutory guidance listed in the consultation document (see Annex B to that document) into the Scheme and have published an updated version of the Scheme for 2013-14.

### **Any other comments**

#### ***Consultation question 13: Are there any additional comments which you would like to submit on the MPs' Scheme of Business Costs and Expenses?***

40. There were a range of additional comments made about the Scheme, both in response to this question and a similar one asked in the online survey. The key issues raised were as follows (this is not an exhaustive list of all comments, all of which were considered).
- a. One respondent asked us to amend our claims process so that we can reimburse MPs' staff directly where they have incurred a cost. Currently we reimburse travel costs direct to staff members as these are the main types of expense we expect staff members to pay. For other expenditure, such as office supplies, we would expect the MP as the employer either to pay for them or arrange for the staff member to be reimbursed and then claim the cost from us.
  - b. One respondent suggested that claims should be published before being paid to allow the public an opportunity to object. However, we believe that we meet high standards of transparency by publishing all claims and details of whether they have been paid, and that the public have an ability to object through an appeal to the Compliance Officer. Further, a delay in paying claims would impact on an MP's cash-flow.
  - c. A small number of respondents argued that MPs should not receive any support for their accommodation costs, or that it should be limited to a cheap hotel room when

necessary. We continue to believe that MPs who are required to live and work in two locations should receive accommodation support, and that the provision either of a hotel room or a one-bed flat is appropriate. Other respondents suggested that if an MP owns a property then they should not be able to claim Accommodation Expenditure, even if they do not live or stay in that property themselves. However, this could lead to certain MPs being penalised for having a property portfolio that is entirely unrelated to their parliamentary work.

41. In the coming year we plan to conduct an in-depth review of the rules relating to MPs' residential and office accommodation. This will provide an opportunity to look again at the scope and size of these budgets and will culminate in a public consultation on any proposals to change the rules.

## Chapter 4: Remaining Budget Reviews

### The Staffing Budget

42. In 2012-13, following a review of the rules on MP's staffing expenditure, the staffing budgets for MPs were increased from £115,000 in 2011-12 to £144,000 for London Area MPs and £137,200 for non-London Area MPs. In view of this we do not consider it appropriate to increase the budgets further this year.
43. When setting pay for their staff, we advise MPs that they should have regard to the terms of the wider public sector pay policy. Under the terms of this policy, public sector pay increases will be capped at an average of 1%. In recognition of this, we do not expect to receive any requests for salary uplifts for MPs' staff that average in excess of 1%, except where the staff in question have taken on significant extra responsibilities.

### The Office Costs Expenditure Budget

44. The Office Costs Expenditure budget (OCE) covers the costs of renting, equipping and running an MP's office(s) or surgeries. Given the rise in fuel and other office-related costs over the last year, the OCE budget will be increased by 2.4%<sup>11</sup> to reflect inflation.

### The Winding-Up Budget

45. The Winding-Up budget is available to MPs to meet the cost of completing their outstanding parliamentary functions when they cease to be MPs. It is calculated as a proportion of the Staffing and OCE budgets. The OCE budget has changed as a result of this review and the revised Winding-Up budgets are:
- a. For London Area MPs: £56,450.
  - b. For non-London Area MPs: £53,350.

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<sup>11</sup> See footnote 7 above.

## Equality Impact Assessment

46. During each review of the Scheme we carry out an Equality Impact Assessment (EIA) to consider the likely or actual impacts of our policies on MPs and their staff. We examine the rules in the existing Scheme and on any proposed policy changes which we raise in each consultation. We also consider our duties under the Equality Act 2010. The Act contains a public sector equality duty that seeks to ensure that all public bodies consider the needs of all individuals in shaping policy and delivering services. In addition, the Act also makes it unlawful for an employer to discriminate against individuals (including employees and those seeking work) based upon certain “protected” characteristics. These characteristics are age, disability, gender reassignment, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. Whilst we are not the employer of MPs or their staff, one of the fundamental principles with regards to MPs’ business costs and expenses is that the arrangements should be sufficiently flexible to take into account the diverse working patterns adopted by MPs, and that they should not unduly deter representation from all sections of society. We consider this principle when reviewing and proposing any changes to the Scheme.
47. To gain feedback on how the Scheme is working in practice, and to gain views from members of the public, we again included a question in the consultation on the impact of the Scheme on MPs and their staff.

***Consultation question 11: What likely or actual impact do you believe the Scheme and specific matters raised in this consultation may have on equality and diversity in relation to MPs and their staff?***

48. We received eight responses to this question - from one MP, the PLP, the Speaker, one MPs’ staff member, the Taxpayers’ Alliance, and three members of the public. Only one of the respondents noted that she felt the Scheme had any impact on equality and diversity of MPs staff “on the basis on personal wealth” but she did not offer any further explanation of how this was the case. The PLP noted that they have “...urged IPSA to have a more fundamental look at the barriers to attracting people from all walks of life to Parliament to ensure that the system of pay and expenses does not put people off.” We have not received any evidence that any prospective parliamentary candidates are discouraged from standing for office because of the Scheme. Whilst our remit under the relevant legislation clearly applies only to existing MPs, we will continue to monitor the operation of the Scheme and should any evidence be put forward that suggests that our Scheme is deterring prospective candidates we will consider it in subsequent reviews.

## Annex A: Results of the Online Survey

**Question 1- Please let us know if you are a member of the public, an MP or work for an MP. This information will be used to assist IPSA's analysis of responses.**

Counts Analysis % Respondents		
	<b>Base</b>	<b>145 100.0%</b>
	<b>I am a member of the public</b>	<b>61 42.1%</b>
	<b>I am an MP</b>	<b>7 4.8%</b>
	<b>I work for an MP</b>	<b>77 53.1%</b>

**Question 2- Should the London Area accommodation budget be set at a level to allow MPs to rent properties for their parliamentary functions which are within walking distance of Westminster?**

Counts Analysis % Respondents	Total	Should the London Area accommodation budget be set at a level...		
		Yes	No	Don't know
<b>Base</b>	<b>145</b>	<b>52 35.9%</b>	<b>79 54.5%</b>	<b>14 9.7%</b>
<b>I am a member of the public</b>	<b>61</b>	<b>7 11.5%</b>	<b>50 82.0%</b>	<b>4 6.6%</b>
<b>I am an MP</b>	<b>7</b>	<b>5 71.4%</b>	<b>2 28.6%</b>	<b>- -</b>
<b>I work for an MP</b>	<b>77</b>	<b>40 51.9%</b>	<b>27 35.1%</b>	<b>10 13.0%</b>

**Question 3- Do you agree that the budget for associated expenditure should be set at a level that covers reasonable costs for MPs who stay in their own property?**

Counts Analysis % Respondents	Total	Do you agree that the budget for associated expenditure should...		
		Yes	No	Don't know
<b>Base</b>	<b>145</b>	<b>80 55.2%</b>	<b>54 37.2%</b>	<b>11 7.6%</b>
<b>I am a member of the public</b>	<b>61</b>	<b>21 34.4%</b>	<b>35 57.4%</b>	<b>5 8.2%</b>
<b>I am an MP</b>	<b>7</b>	<b>5 71.4%</b>	<b>2 28.6%</b>	<b>- -</b>
<b>I work for an MP</b>	<b>77</b>	<b>54 70.1%</b>	<b>17 22.1%</b>	<b>6 7.8%</b>

**Question 4- Should the rules be amended to prevent MPs from renting accommodation from other MPs?**

Counts Analysis % Respondents	Total	Should the rules be amended to prevent MPs from renting accommodation from other MPs?				
		Yes, by widening the definition of a "connected party" to include other MPs.	Yes, by introducing a new rule to restrict MPs renting from other MPs.	No, but introduce a requirement that if an MP rents from another MP (while claiming rental costs from IPSEA) it should be declared and the identity of the landlord should be made public.	No, MPs should continue to be allowed to rent accommodation from other MPs.	Don't know.
Base	145	52 35.9%	18 12.4%	48 33.1%	23 15.9%	4 2.8%
I am a member of the public	61	35 57.4%	13 21.3%	11 18.0%	2 3.3%	- -
I am an MP	7	1 14.3%	- -	2 28.6%	3 42.9%	1 14.3%
I work for an MP	77	16 20.8%	5 6.5%	35 45.5%	18 23.4%	3 3.9%

**Question 5- Should MPs be permitted to claim a notional amount for journeys which start and end in Westminster or the constituency, but which divert along the way for a non-parliamentary purpose? This amount would not exceed the standard fare of the direct journey.**

Counts Analysis % Respondents	Total	Should MPs be permitted to claim a notional amount for...		
		Yes	No	Don't know
Base	145	88 60.7%	53 36.6%	4 2.8%
I am a member of the public	61	25 41.0%	35 57.4%	1 1.6%
I am an MP	7	5 71.4%	2 28.6%	- -
I work for an MP	77	58 75.3%	16 20.8%	3 3.9%

**Question 6 - Do you think that MPs should be allowed to claim extended UK travel costs for their staff?**

Counts Analysis % Respondents	Total	Do you think that MPs should be allowed to claim extended...		
		Yes	No	Don't know
Base	145	90 62.1%	43 29.7%	12 8.3%
I am a member of the public	61	18 29.5%	36 59.0%	7 11.5%
I am an MP	7	6 85.7%	1 14.3%	- -
I work for an MP	77	66 85.7%	6 7.8%	5 6.5%

**Question 7 - Do you agree that we should prohibit payment of claims for activities relating to parliamentary constituency boundary changes?**

Counts Analysis % Respondents	Total	Do you agree that we should prohibit payment of claims for...		
		Yes	No	Don't know
Base	145	87 60.0%	42 29.0%	16 11.0%
I am a member of the public	61	46 75.4%	11 18.0%	4 6.6%
I am an MP	7	2 28.6%	4 57.1%	1 14.3%
I work for an MP	77	39 50.6%	27 35.1%	11 14.3%

**Question 8- Do you believe that MPs should be able to claim the cost of membership fees, subject to any conditions, if there is demonstrable evidence of value-for-money to the taxpayer and the membership is only used for parliamentary functions?**

Counts Analysis % Respondents	Total	Do you believe that MPs should be able to claim the cost of...		
		Yes	No	Don't know
Base	145	111 76.6%	28 19.3%	6 4.1%
I am a member of the public	61	41 67.2%	19 31.1%	1 1.6%
I am an MP	7	6 85.7%	1 14.3%	- -
I work for an MP	77	64 83.1%	8 10.4%	5 6.5%

**Question 9- Do you support the introduction of winding-up obligations which MPs must meet before receiving a resettlement payment?**

Counts Analysis % Respondents	Total	Do you support the introduction of winding-up obligations...		
		Yes	No	Don't know
Base	145	115 79.3%	24 16.6%	6 4.1%
I am a member of the public	61	53 86.9%	8 13.1%	- -
I am an MP	7	3 42.9%	2 28.6%	2 28.6%
I work for an MP	77	59 76.6%	14 18.2%	4 5.2%

## Annex B: Valuation Office Agency Data

**Private Rental Market Statistics: Summary of property type '1 bedroom' monthly rents recorded in the 12 months to Q3 2012 (01 Oct 2011 to 30 Sep 2012) by Middle Layer Super Output Area for London**

Area	Count of rents	Average (£)	Lower quartile (£)	Median (£)	Upper quartile (£)
<b>LONDON</b>	<b>14,070</b>	<b>1,108</b>	<b>800</b>	<b>1,000</b>	<b>1,300</b>
<b>Inner London</b>	<b>8,068</b>	<b>1,281</b>	<b>975</b>	<b>1,213</b>	<b>1,517</b>
Camden	792	1,491	1,257	1,430	1,668
City of London	54	1,657	1,517	1,647	1,777
Hackney	384	1,245	1,000	1,213	1,408
Hammersmith and Fulham	472	1,242	1,040	1,278	1,408
Haringey	363	1,040	845	1,040	1,192
Islington	853	1,336	1,083	1,300	1,517
Kensington and Chelsea	274	1,984	1,625	1,950	2,275
Lambeth	711	1,118	900	1,096	1,300
Lewisham	713	872	750	850	997
Newham	287	899	750	875	1,000
Southwark	849	1,157	900	1,040	1,365
Tower Hamlets	482	1,278	1,062	1,196	1,473
Wandsworth	977	1,203	1,000	1,195	1,325
Westminster	857	1,737	1,408	1,647	1,950
<b>Outer London</b>	<b>6,002</b>	<b>877</b>	<b>735</b>	<b>825</b>	<b>953</b>
Barking and Dagenham	148	706	650	699	738
Barnet	409	988	823	943	1,075
Bexley	152	670	625	663	700
Brent	289	1,082	850	1,040	1,257
Bromley	370	775	700	775	850
Croydon	304	735	675	750	781
Ealing	685	1,007	867	987	1,127
Enfield	197	856	750	800	897
Greenwich	244	835	675	750	950
Harrow	226	894	797	850	900
Havering	164	688	650	695	750
Hillingdon	483	770	700	750	800
Hounslow	499	942	775	875	1,050
Kingston upon Thames	106	911	806	898	980
Merton	440	988	850	950	1,100
Redbridge	386	759	675	725	825
Richmond upon Thames	355	1,010	865	970	1,100
Sutton	143	728	675	725	775
Waltham Forest	402	802	750	800	850

Valuation Office Agency Notes: The statistics in the attached tables cover the period 1st October 2011 to 30th September 2012. This is the same period covered by the Private Rental Market Statistics published on 13th December 2012. In the tables provided all the statistics derived from sample fewer than 10 properties have been suppressed. This is because smaller samples are more susceptible to skew. The statistics presented in the tables are simple and not adjusted to represent the market mix of private rental properties. The data set underpinning these statistics is not a

statistical sample and is not composed of tracked properties but rather is based on voluntary returns from various sources ranging from tenants living in a rented room to estate agents with national coverage. As a result estimates at local authority level and below (e.g. MSOA) are to be regarded as indicative figures. Geographic referencing was carried out by VOA to allocate individual addresses to OAs and from there to higher geographies. In accordance with agreed practice, the following approved sources were utilised:

- National Statistics Postcode Look-up File.
- Standard Names and Codes for Geographies.

Please note that MSOA figures may not aggregate to local authority total due to suppression and postcode mismatching. Since the addresses forming each small unit postcode do not necessarily correspond to administrative areas, some postcodes inevitably straddle boundaries. This will have implications for record matching. Nevertheless, the majority of allocations will be accurate.