

# **Compliance Officer for IPSA**

## **Summary of investigation and findings**

Mr Michael Fallon MP  
Member of Parliament for Sevenoaks and Swanley  
(IN/0023/310311)

11 October 2011

**Martyn Taylor**  
**Compliance Officer for IPSA**  
**PO Box 68209**  
**London SW1P 9TZ**

## **Investigation summary**

1. The Compliance Officer for the Independent Parliamentary Standards Authority carried out an investigation into whether Michael Fallon MP was paid an amount under the MPs' Expenses Scheme (the Scheme) that should not have been allowed.
2. The investigation was conducted in accordance with section 9(1) of the Parliamentary Standards Act 2009 (as amended by the Constitutional Reform and Governance Act 2010) (PSA).
3. The investigation was initiated by the Compliance Officer, as he had reason to believe Mr Fallon may have received funding for claims relating to a website ([www.michaelfallon.org.uk](http://www.michaelfallon.org.uk)) that did not comply with the rules of the Independent Parliamentary Standards Authority (IPSA) as set out in the Scheme.
4. On 11 April 2011 the Compliance Officer notified Mr Fallon that he was the subject of a preliminary investigation and on 5 July 2011 the Compliance Officer opened a substantive investigation into this matter.
5. On 25 August 2011, the Compliance Officer issued a Statement of Provisional Findings. This statement provides full details of the investigation. The findings are summarised below.

## **Findings**

6. The Compliance Officer found:
  - a. that, in contravention of the rules of the MPs' Expenses Scheme, Mr Fallon received reimbursement for claims he submitted for costs relating to his website at a time when the website contained party political logos;
  - b. that Mr Fallon acted swiftly to rectify the contravention and submitted a cheque by way of repayment for the amount of the claims;
  - c. that IPSA was in part at fault as its validation procedures should have prevented reimbursements being made;
  - d. that seeking a repayment for this contravention was neither proportionate nor reasonable and that IPSA should return Mr Fallon's repayment to him; and
  - e. that IPSA had strengthened its validation practices.

## **Resolution**

7. On 14 September Mr Fallon wrote to confirm that he accepted the provisional findings. Consequently, IPSA returned Mr Fallon's repayment to him.

8. No further action was required either of Mr Fallon or of IPSA and on 22 September 2011 the investigation was closed.

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**Martyn Taylor**  
**Compliance Officer for IPSA**

**11 October 2011**

# **Compliance Officer for IPSA**

## **Statement of Provisional Findings**

Mr Michael Fallon MP  
Member of Parliament for Sevenoaks and Swanley  
(IN/0023/310311)

25 August 2011

**Martyn Taylor**  
**Compliance Officer for IPSA**  
**PO Box 68209**  
**London SW1P 9TZ**

## **A. Introduction**

1. The Compliance Officer<sup>1</sup> for the Independent Parliamentary Standards Authority has carried out an investigation into whether Michael Fallon MP was paid an amount under the MPs' Expenses Scheme (the Scheme) that should not have been allowed. This investigation was conducted in accordance with section 9(1) of the Parliamentary Standards Act 2009 (as amended by the Constitutional Reform and Governance Act 2010) (PSA).
2. The investigation in respect of Mr Fallon was initiated by the Compliance Officer, as he had reason to believe Mr Fallon may have received funding for claims relating to a website ([www.michaelfallon.org.uk](http://www.michaelfallon.org.uk)) that did not comply with the rules of the Independent Parliamentary Standards Authority (IPSA) as set out in the Scheme.
3. This statement sets out the Compliance Officer's provisional findings in respect of this investigation.
4. Mr Fallon and IPSA may make representations in writing to the Compliance Officer in respect of the provisional findings in this statement within fifteen working days of the date of this statement.
5. If representations are received, the Compliance Officer will consider these and may prepare a Statement of Findings.

## **B. Summary of the investigation**

6. In December 2010 a member of the public made a complaint to the Compliance Officer about the use of party political logos on the website of an MP, the costs of which were claimed through the Scheme.
7. Sections 10.6 of the Second Edition of the Scheme, which was in effect at that time, stated that *"[expenditure] may not be claimed for (a) funding any material that contains a party political logo or emblem; or (b) publishing any material which could be construed as election campaign expenditure within the scope of the Political Parties, Elections and Referendums Act 2000"*. Both the First Edition and the current (Third) Edition of the Scheme stated the same under sections 10.6 and 6.6 (d) and (f) respectively. The Scheme, therefore, does not provide for reimbursements of the costs of material that contains a party logo, no matter the size, location or purpose of the logo.

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<sup>1</sup> For the purposes of this statement, actions of the Compliance Officer may have been carried out by the members of his staff acting on his behalf.

8. Following this complaint, the Compliance Officer carried out an inspection of all the websites of MPs where the costs of the websites had been claimed through the Scheme.
9. When Mr Fallon's website was checked as part of this inspection, it was found to contain party political logos for the Conservative Party. A snapshot was taken of the site and retained as evidence.
10. This inspection gave the Compliance Officer a reason to believe that Mr Fallon may have been reimbursed for claims under the Scheme that should not have been allowed, and on 11 April 2011 a Notice of Preliminary Investigation was issued to the MP and IPSA in respect of the claims set out below.

Claim Number	Date	Category	Expense Type	Amount Paid
14657	12/07/10	General Admin	Website - Design/Production	£61.02
31824	01/09/10	General Admin	Website - Design/Production	£247
31844	15/09/10	General Admin	Website - Design/Production	£11.75
31844	15/09/10	General Admin	Website - Design/Production	£5.88

11. Mr Fallon's office contacted the Compliance Officer by telephone on 14 April 2011 for information about the Preliminary Investigation. On 15 April 2011, Mr Fallon wrote a letter to the Compliance Officer to nominate a proxy to discuss the case, which was followed up by a telephone call by his proxy on 20 April. Following this conversation, Mr Fallon wrote to the Compliance Officer on 13 May 2011 explaining the presence of the Conservative Party logos. In this letter he advised the Compliance Officer that he had removed the logos as soon as his attention had been drawn to them and offered to reimburse the costs of the claims.
12. Upon request, IPSA supplied all original invoices and supporting documentation held on its files relating to the above claims.
13. On 5 July 2011, following an analysis of the documentation from IPSA and the correspondence with Mr Fallon, the Compliance Officer notified Mr Fallon of his decision to carry out a Substantive Investigation, on the grounds that he was satisfied that Mr Fallon may have been paid an amount under the Scheme that should not have been allowed. IPSA received a copy of the Notice of Substantive Investigation on 21 July 2011.
14. Section 9(4) of the PSA provides that the Compliance Officer give the MP and IPSA an opportunity to make representations in respect of the substantive investigation.

15. Mr Fallon wrote to the Compliance Officer on 8 July 2011 and enclosed a cheque for £325.65. IPSA submitted representations to the Compliance Officer in writing on 28 July 2011.
16. During the investigation, the Compliance Officer considered, in addition to Mr Fallon's website, IPSA's validation practices and IPSA's policy position in respect of the presence of party logos and emblems on MPs' websites. He also considered the correspondence with Mr Fallon and the representations submitted to him.

### **C. Provisional Findings**

17. Following an assessment of the evidence in this case and having given consideration to both Mr Fallon's responses and IPSA's representations, the Compliance Officer has made the provisional findings set out below.
- i. The rules of the Scheme are clear that reimbursement may not be sought for the costs of material that contains a party political logo or emblem. IPSA has clarified that websites are covered by "material".
  - ii. Mr Fallon submitted claims for costs relating to his website, and received reimbursement for these costs from IPSA, despite the website containing party political logos for the Conservative Party.
  - iii. Mr Fallon therefore contravened the rules of the Scheme and received reimbursement for claims that should not have been allowed. The Compliance Officer has decided not to apportion a particular amount to this contravention on the grounds that it is not necessary in this case to disaggregate the costs of designing and hosting party logos from the other costs of designing and hosting Mr Fallon's website.
  - iv. Notwithstanding the fact that it is not possible retrospectively to check the content of Mr Fallon's website at the time the claims were submitted, IPSA's validation effort in respect of some, if not all, of these claims fell short. It did not meet its validation standards, which include provision that the front pages of websites for which claims are being made are checked for party political logos or campaign material, and which should have resulted in certain claims being turned down for reimbursement. Although MPs alone are responsible for the accuracy of the submission of their claims, IPSA is in this case in part at fault as it could have prevented reimbursements being made to Mr Fallon for amounts that were not allowed under the Scheme by following its validation procedures.

18. When considering whether a repayment or penalty is appropriate in the case of a contravention of the Scheme, the Compliance Officer must consider a range of factors in order to ensure he adopts a proportionate and fair approach. The nature of the contravention, the nature of the claims that have been investigated, the context of the submission of the claims, and Mr Fallon's response are therefore relevant factors, and the Compliance Officer has provisionally found the following in respect of these:

- i. The contravention itself was minor in scale. With the exception of the presence of the party logos, Mr Fallon's website was compliant with the Scheme. It is hard to envisage any personal financial, political or other particular advantage to Mr Fallon resulting from the presence of a party political logo on his website, particularly at this time in the electoral cycle. Were a similar contravention to occur in the run-up to a General Election, it is possible that a different finding would be made.
- ii. The claims that have been subject to this investigation were for paid-for services sought by Mr Fallon in pursuit of his parliamentary duties, rather than material goods that could more readily be exchanged or returned.
- iii. The claims in this case were made within a few months of the 2010 General Election, following which the new Scheme came into effect. IPSA has stated in its representations in respect of this case that during this period it took time for both MPs and IPSA itself to become fully familiar with the Scheme, to the extent that for much of this early period IPSA operated a "grace period" during which it returned rather than refused claims it found to be outside the rules.
- iv. Following the notification that a Preliminary Investigation was underway, Mr Fallon took swift and welcome action to ensure the website complied with the Scheme. A recent inspection of the website confirmed that it remains compliant.
- v. In addition, Mr Fallon sent IPSA a cheque to repay the amount for which he had received reimbursement. Consequently, Mr Fallon's website is currently funded personally by him.

### Conclusion

19. Under section 9(8) of the Act, the Compliance Officer may determine what amount is reasonable to request an MP repay.

20. In doing so, the Compliance Officer has taken all relevant factors, as set out above, into account, and is, in addition, mindful of a recommendation to MPs by the National Audit



Office (NAO) in its recent report on MPs' expenses<sup>2</sup> that *"MPs should submit claims for all expenditure they legitimately incur as part of their work"*.

21. Claims for the cost of a website are legitimate if the website assists MPs in carrying out their parliamentary functions and does not carry party political logos or emblems.
22. Consequently, the Compliance Officer finds that it would be neither proportionate nor reasonable to request a repayment, such as Mr Fallon has already made, and that Mr Fallon's repayment should be returned to him by IPSA. He also finds that it would be neither proportionate nor reasonable to impose penalties.
23. The Compliance Officer further finds that IPSA has acted to strengthen its validation practices in respect of section 6.6 (d) and (f) of the Scheme and that IPSA therefore need take no additional action.
24. The Compliance Officer does, however, remind Mr Fallon that he alone is responsible for the correct submission of claims and that a general condition of the Scheme is that *"[i]n making any claim under the Scheme, an MP must certify that the expenditure was necessary for performance of their parliamentary functions, and that in incurring the expenditure they had complied with the Scheme"* (section 3.2).

#### **D. Representations and case resolution**

25. Mr Fallon and IPSA may make representations in writing to the Compliance Officer in respect of these provisional findings within fifteen working days of the date of this statement.
26. If representations are received, the Compliance Officer will consider these and prepare a Statement of Findings.
27. The Compliance Officer may determine not to prepare a Statement of Findings, as per paragraph 36 of the Procedures for Investigations of the Compliance Officer, if Mr Fallon accepts the Provisional Findings.

**Martyn Taylor**  
**Compliance Officer for IPSA**

**25 August 2011**

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<sup>2</sup> Independent Parliamentary Standards Authority: The payment of MPs' expenses (NAO, 7 July 2011, HC 1273 Session 2010-12)

# **Compliance Officer for IPSA**

## **Investigation Closure Report**

Mr Michael Fallon MP  
Member of Parliament for Sevenoaks and Swanley  
(IN/0023/310311)

22 September 2011

**Martyn Taylor**  
**Compliance Officer for IPSA**  
**PO Box 68209**  
**London SW1P 9TZ**

## **Investigation closure report**

On 25 August 2011 the Compliance Officer sent Mr Michael Fallon MP a Statement of Provisional Findings in respect of the investigation that was conducted in accordance with section 9(1) of the Parliamentary Standards Act 2009 (as amended by the Constitutional Reform and Governance Act 2010) (PSA).

The investigation was into the presence of political party logos on a website that was funded through the MPs' Expenses Scheme. The Statement of Provisional Findings sets out the details of the investigation and the Compliance Officer's reasoning for his findings.

The Compliance Officer also sent a copy of the Statement to the Independent Parliamentary Standards Authority (IPSA).

Section 9(5) of the PSA provides that both the MP in question and IPSA are given the opportunity to make representations to the Compliance Officer about the provisional findings.

On 6 September 2011, IPSA's Chairman, Sir Ian Kennedy, wrote to the Compliance Officer to confirm that he would not be making any further representations in respect of this investigation.

On 14 September 2011, Mr Fallon wrote to the Compliance Officer to confirm that he accepted the findings. The Compliance Officer consequently instructed IPSA to issue a repayment of £325.65 to Mr Fallon, as set out in the provisional findings.

No further action was required of Mr Fallon or of IPSA, and the Compliance Officer will not be preparing a Statement of Findings further to the Statement of Provisional Findings.

This investigation is now closed.

A handwritten signature in black ink, appearing to read 'M. Taylor', followed by a period.

**Martyn Taylor**  
**Compliance Officer for IPSA**

**22 September 2011**