



Review of a determination by the IPSA in relation to travel and accommodation costs.

**Review conducted at request of Paul Howell
Member of Parliament for Sedgefield.**

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April 2021

Introduction

1. This review has been conducted following a request by Paul Howell, the MP for Sedgefield, to consider a determination of IPSA to issue a credit note requiring him to repay £489 for hotel and travel costs because of a late submission of supporting evidence (receipts).
2. IPSA publishes and operates The Scheme of MPs' Business Costs and Expenses (the Scheme) in exercise of the powers conferred on it by section 5(3)(a) of the Parliamentary Standards Act 2009. "The Scheme is intended to ensure that MPs' use of taxpayers' money is well regulated, and that MPs are resourced appropriately to carry out their parliamentary functions¹.
3. The guidance which applies in this case comes under annex C and Chapter 3 with the Twelfth Edition of the Scheme.
4. *Section 6A of the Parliamentary Standards Act 2009* (the Act) provides that if:
 - (1)(a) the IPSA determines under section 6(3)² that a claim is to be refused or that only part of the amount claimed is to be allowed, and
 - (b) the member (after asking the IPSA to reconsider the determination and giving it a reasonable opportunity to do so) asks the Compliance Officer to review the determination (or any altered determination resulting from the IPSA's reconsideration).
 - (2) The Compliance Officer must -
 - (a) consider whether the determination (or the altered determination) is the determination that should have been made, and
 - (b) in light of that consideration, decide whether to confirm or alter it.

¹ The Scheme of MPs' Business Costs and Expenses (Twelfth edition).

² Section 6(3) of the Act states that on receipt of a claim, the IPSA must – (a) determine whether to allow or refuse the claim, and (b) if it is allowed, determine how much of the amount claimed is to be allowed and pay it accordingly.

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5. Paragraph 9 of the notes for Guidance on the Conduct of Reviews by the Compliance Officer for IPSA states that:

“The Compliance Officer will, taking into account all information, evidence and representations, decide whether the determination (or the altered determination) is the determination that should have been made under the Scheme and in light of that, whether or not to confirm or alter it”.

6. As IPSA had conducted an internal review into this matter which upheld the original decision, there is no impediment to the Compliance Officer accepting the request for a review from Mr Howell.

The Review.

7. In conducting the review, the Compliance Officer has utilised the twelfth edition of the Scheme which came in to force in April 2020.

8. In addition, the Compliance Officer has conducted the following enquiries:

- ◇ Reviewed the information provided by Mr Howell
- ◇ Reviewed the record of the IPSA review which considered the application.
- ◇ Held a meeting with the deputy operations manager of IPSA.
- ◇ Reviewed the notes held on the IPSA case records management system.
- ◇ Researched the Scheme for MPS Business costs and expenses.
- ◇ Requested further information from the MP.

The basis for the review request by Mr Howell.

9. In Feb/March 2020, the MP used his MP procurement card to pay for hotel accommodation and travel costs which totalled £489.50. This can be broken down as £350 for accommodation at a London hotel and £139.50 for rail travel between London and the MP’s constituency.

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10. The expenses were incurred in connection with a parliamentary purpose and were repeats of similar expenditure incurred before and since the relevant dates.
11. The claims were uploaded on to the IPSA expense system on 5th March 2020 and the system notified the MPs office that the claims needed to be validated and supporting evidence (receipts) provided.
12. The MPs office responded to the request on 26th June but did not upload the supporting evidence. At the time, the MP was required to reconcile expenditure against his procurement card, the invoices could not be found and an explanation was given to that effect. The expenses in question were recorded under claim number 60051040.
13. The claims remained on the system unactioned because the supporting evidence had not been provided. The MP's office attempted to reconcile the card payments and on 17th August and notified IPSA that the receipts could not be found. The system shows the MP provided the following explanation "Rail travel - No receipt can be found. This is clearly a repeat transaction for MP travel from Constituency to London and a return journey. There are many repeat transactions on a weekly basis similar to this" and in relation to the hotel claim wrote "*Park Plaza- No receipt can be found. This is clearly a repeat stay at the Park Plaza for London Accommodation. There are many repeat and similar transactions like this from December 2019 to April 2020.*"
14. On 25th August the validation team at IPSA rejected the claim because there was insufficient evidence provided in support of it. At this point the MP had the right to request a review of the decision on the system but did not.
15. The system was endorsed to show the decision was accepted by the MP, and a credit note was issued on 1st September under reference number 179867 informing the MP he would have to repay £489.50.

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16. Following receipt of the credit note, the MP requested an internal review. In the interim, he had also managed to obtain a copy of the hotel receipt and had found the original rail receipt which were both submitted to IPSA on 2nd October 2020.
17. The review was not conducted on 1st February 2021. There was considerable delay in the MP requesting the review and it being actioned by IPSA.
18. The reviewing officer upheld the original decision that the credit note was valid, and the MP should repay the money.
19. At this point the MP contacted the compliance officer and requested a review.

Position of the MP

20. The MP's position is that IPSA could have exercised their discretion in allowing this claim as they were clearly legitimate expenses incurred as a result of his parliamentary role. He accepts his staff should have processed the claims in a more timely and efficient manner but some of the delays were because of system delays or delays in IPSA responding to his communications.
21. In addition, this period coincided with virtual home working because of covid restrictions, which made the day to day running of his office more difficult. The MP was elected in December 2019 and had a new team of employees who were unfamiliar with IPSA systems. Mr Howell has a background in finance but states he finds the expenses at work system difficult to understand and due to covid restrictions, it has been made more difficult to pick up the phone and speak to IPSA staff for assistance.
22. Mr Howell fully accepts he did not get the paperwork in on time and should have followed this matter up. He said he had several conversations with IPSA over this and other matters which were quite complex. He feels he is being punished for being late, whilst IPSA themselves took an extraordinarily long time to reply to several communications from him.

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Position of IPSA

23. The position of IPSA is that they made several requests to the MP to remind him the procurement card transactions needed to be reconciled.
24. They do acknowledge, however, that there was some confusion over this claim because there were other aspects to it involving unrelated claims connected to the Royal Mail. Much of the communication with the MP was in relation to these matters.
25. In June 2020, IPSA produced an addendum to the “Scheme for MPs Business Costs and Expenses”, which enabled MPs to be paid for claims in circumstances where a receipt could not be accessed as a direct result of the Co-vid pandemic. In any case, the receipts had to be submitted within 120 days or the MP would be required to repay the money. IPSA remain of the view, that the MP had ample time to reconcile the claim within permitted timescales and failed to do so. Even with the 120-day extension, Mr Howell should have provided the supporting evidence by 31st July. The receipts were not provided until October.

Considerations of the Compliance Officer

26. The Compliance Officer, on receipt of a request for a review, shall consider whether it is within his or her jurisdiction (IE does it relate to a refusal in part or whole of a claim under the Scheme) and whether the MP has given IPSA a reasonable opportunity to reconsider the determination.
27. The Compliance Officer will, taking into account all information, evidence and representations, decide whether the determination (or the altered determination) is the determination that should have been made under the Scheme and in light of that, whether or not to confirm or alter it.
28. The below is an extract from Annex C of the Scheme for MPs Business Costs and Expenses which sets out the rules in relation to procurement cards.

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“IPSA provides a Government procurement card, known as a payment card, to MPs. MPs can use the payment card to pay for any business cost or expense allowable under the Scheme. It is not intended for personal use. IPSA will make payment to the payment card supplier every month.

Before taking ownership of a payment card, MPs must sign a form that indicates their agreement to use the payment card only for spending that falls within the Scheme rules. MPs must also agree to reconcile the items of spending monthly and within the time limits set out below. Each transaction is limited to £2,000, and the monthly credit limit is £4,000. IPSA may consider increases to these limits if requested by an MP.

IPSA will provide, monthly, through the online expense system, a list of the expenditure that MPs have incurred on their payment card. MPs are required to account for that expenditure within 30 days of notification of the transactions and to provide supporting evidence. IPSA may suspend use of the payment card if there is expenditure unaccounted for after this 30-day period.

IPSA may seek repayment for any unaccounted-for use of the card, or where IPSA determines that a purchase cannot be paid under the Scheme and marks it ‘Not Paid’ on the reconciliation form”.

29. It is clear that the MP has not complied with the guidance with regards to the submission of supporting evidence within permitted timescales. When considering the guidance only, both the IPSA validation team and reviewing officer were correct in their interpretation and implementation of the rules as set out under “The Scheme”.
30. Mr Howell is not challenging the decision of IPSA and has accepted the supporting evidence was submitted late. He has requested the review based on whether IPSA could have exercised their discretion when considering the set of circumstances as presented.

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31. 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 it must be exercised reasonably, taking account of the fundamental principles of the Scheme (in Part A). (Part A – see appendix A)

32. There are circumstances when IPSA can and should exercise discretion. There is no doubt the claims were legitimate, made in support of the MPs role as a parliamentarian and were supported with receipts.

33. The receipts were submitted late for a variety of reasons which include:
 - Inexperienced office manager who was unfamiliar with IPSA systems.
 - Delays in communication from IPSA
 - The MP believed dispensation would be given by IPSA because of Covid restrictions.
 - There was a misunderstanding as to the guidance issued under the addendum in June 2020.
 - Change of office manager - meant the claim laid dormant for a period within the business world system. (March to June).
 - Similar delays caused because the claim sat in the system unactioned by IPSA due to lack of receipt (June to August).
 - All employees working remotely including MP due to Covid – making things more difficult during that period
 - When the MP became involved – he sourced receipts in a reasonable time and has clearly spent a great deal of time and effort trying to resolve this matter.
 - Much of the communication between IPSA and MP during the relevant times were in relation to other matters and this caused some confusion. The records on CRM make it clear the MP was not made aware of the issue until September 2020 as much of the communication is in relation to other matters.
 - The MP has acknowledged he had some staffing issues and had to replace his office manager as a result.
 - The claims are legitimate and were supported with receipts, albeit submitted very late.

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34. In coming to a determination, the Compliance officer wants to make it clear, the original decisions of IPSA and the reviewing officer were correct.
35. The MP is the accountable person and is ultimately responsible for ensuring the efficient running of his office and compliance with the rules as set out under the scheme. The MP accepts this position and has responded to it by making some staff changes.
36. There were other extenuating circumstances which need to be considered, which are listed above and for these reasons, on reviewing all the evidence, the Compliance Officer, believes this is a case where IPSA could have exercised their discretion.
37. Before concluding the review, the compliance officer, sought the views of the Director of MP Services because the original determination by IPSA was correct and the exercise of discretion is a subjective test.
38. The Director of MP Services agreed that this was a case where the question of discretion could have been considered and provided an example where they had made a similar decision on behalf of another MP.

Conclusion

39. The Compliance Officer has reached the conclusion. IPSA should exercise their discretion and rescind the credit note. These were legitimate claims and made in support of a parliamentary purpose and on that basis, it is the right thing to do.
40. Section 6A (6) of the Act provides that an MP requesting a review may appeal the decision of the Compliance Officer to a 'First-tier Tribunal' if they are not satisfied with the outcome. The appeal must be submitted within 28 days of receiving the decision. Further information on how to appeal a decision by the Compliance Officer can be found at the following address: <https://www.gov.uk/guidance/mp-expenses-appeal-a-compliance-officers-decision>.

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41. In accordance with the Guidance on the Conduct of Reviews by the Compliance Officer for IPSA, details of the review will be published in a manner decided by the Compliance Officer.

Recommendation

IPSA should ensure, Mr Howell and his office manager are offered further support, and if necessary, training, in relation to the expense at work system.