



**Review of a determination by the IPSA
Contingency Panel to refuse an application.
Final Report.**

John Woodcock
Former Member of Parliament for Barrow and Furness.

Tracy Hawkings
Compliance Officer for IPSA
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Introduction

1. This review has been conducted following a request by John Woodcock, the former MP for Barrow and Furness, to consider a decision of the IPSA contingency panel process to refuse to pay for IT equipment purchased during the two-month wind-up period following the December General Election.
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 functions."¹
3. The guidance which applies in this case comes under Section C Chapter Eight and Annex A of the "The Scheme" (Eleventh Edition).
4. The MP lost his seat in the December 2019 General Election. The Scheme allows for a two-month wind-up period, which affords MPs the opportunity to close down the running of their parliamentary business and constituency offices. If additional expenditure occurs as a result, they are permitted to claim from their wind-up budget.
5. The MP had loaned the majority of his office equipment from the Parliamentary Digital Service (PDS). The expenditure which arose as a result was claimed from IPSA. The IT equipment was removed/collected on 16th January 2020 by PDS², but the MP and members of his team still required access to computer systems in order to access IPSA systems and conduct other business throughout the wind-up period which ran until the end of February.
6. The MP sought advice from IPSA and on the basis of the advice given (See para.19) purchased an Apple Mac Book Pro, accessories and care package with his IPSA procurement card on 17th January 2020. The claim was subsequently rejected during the reconciliation process by the IPSA validation team on the basis it was not an eligible expense and could not be claimed from his

¹ The Scheme of MPs' Business Costs and Expenses (Eleventh edition – Introduction).

² This was a stipulation contained within Dissolution Guidance.

wind-up budget. Mr Woodcock was advised to make an application to the IPSA contingency panel.

7. Mr Woodcock made an application to the contingency panel and argued that the circumstances in his case were exceptional. In the application, Mr Woodcock made it clear, he wanted to retain the item for personal use and that is why he purchased an Apple MacBook Pro. He had previously been told by IPSA, that any expenditure over £500 would be challenged and he would be given the option to purchase the item once a settlement figure had been agreed by the IPSA finance team. Mr Woodcock's position is, he always intended to purchase the equipment and reimburse IPSA, once a settlement figure had been agreed. (taking depreciation in to account)
8. The case was heard at the contingency panel meeting in March and revisited again on 23rd April 2020 following the submission of additional information. Mr Woodcock's application was not upheld and in light of this, he made a request to the Compliance Officer to conduct a review on 27th April 2020.
9. *Section 6A of the Parliamentary Standards Act 2009* (the Act) provides that if:
 - (1)(a) the IPSA determines under section 6(3)³ 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 or not to confirm or alter it.
10. Paragraph 9 of the notes for Guidance on the Conduct of Reviews by the Compliance Officer for IPSA states that:

³ 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.

“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”.

11. As IPSA had conducted an internal review through the Contingency Panel process, there is no impediment to the Compliance Officer accepting the request for a review from Mr Woodcock.

The Review

12. In conducting the review, the Compliance Officer has utilised the eleventh edition of the Scheme and the Dissolution guidance to MP’s issued by the House of Commons.

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

- ◇ Reviewed the contingency panel application submitted by Mr Woodcock.
- ◇ Reviewed the minutes of the contingency panel meeting which considered the application.
- ◇ Reviewed the notes held on the IPSA case records management system.
- ◇ Sought additional information from Mr Woodcock’s.
- ◇ Sought additional information from the IT department at IPSA.
- ◇ Sought additional information from the Policy and Assurance team.
- ◇ Reviewed previous expenditure for IT equipment from Mr Woodcock’s office.

The Basis for the Review request by Mr Woodcock.

14. As previously stated, the application subject of this review, relates to IT equipment which was purchased by Mr Woodcock during the wind-up period which followed the General Election held on 12th December 2019.

15. The majority of Mr Woodcock’s IT equipment was on loan from the Parliamentary Digital Service. He also had two devices which had been purchased with IPSA funds. One device (a desktop) was to be collected at the same time as the loan equipment on 16th January 2020. The instruction was that PDS would collect, format and return the device after an unspecified period, with the option

to buy or donate at that time. The other device (a laptop) had not been linked to the parliamentary network and therefore did not need to be collected/formatted and returned.

16. Mr Woodcock's IT equipment was collected by PDS on 16th January 2019. However, both he and his office manager required access to IT systems throughout the duration of the wind-up period which ran until the end of February 2020. To try and mitigate the issue Mr Woodcock's office manager tried very hard to get PDS to collect the purchased desktop early in an attempt for it to be returned prior to the rest of the equipment being removed. This would have given Mr Woodcock access to the two devices required. Unfortunately, PDS could not supply a device within agreed timescales.
17. Had Mr Woodcock chosen to retain the equipment in contravention of the instructions received from PDS, the devices would have been terminated remotely, rendering them useless.
18. At this point having explored all avenues, the only option left was to follow the advice given by HR, PDS and IPSA, which was to purchase a new device and buy it at the agreed settlement figure once the winding up process was complete.
19. Mr Woodcock has provided a copy of an e mail received on this subject from a staff member at IPSA which clarifies he could either arrange for an item of equipment to be loaned to him, or if he felt his circumstances were exceptional to purchase new equipment. He was further advised, that if any new equipment purchased was over £500, he would be required to notify IPSA how it was disposed of, or he could retain once a settlement figure had been reached by IPSA finance team.

The e mail reads *"Regarding your query on the use of office equipment after 16th January, when PDS will remove the IT equipment you use for processing expenses, our Policy team have advised that a laptop is claimable in exceptional circumstances (i.e. you need this piece of equipment to finish the winding-up process). Please note that if the equipment costs above £500, we will be asking you how this was disposed of after the winding-up period. In terms of disposal, you can either pass the equipment to another MP, a charity, or if yourself or Mr Woodcock would like to keep it, then our Finance team can calculate the appropriate fee. Our Policy team have also pointed out that you may be able to rent a laptop for this period of time, which is in keeping with the fundamental principle of value for money"*.

20. Mr Woodcock purchased an Apple Mac book pro, accessories and an apple care package at a total cost of £2102. It was always his intention to retain the equipment and reimburse IPSA a settlement figure agreed with the IPSA finance team. Mr Woodcock, purchased the item with his procurement card, but the claim was rejected during the reconciliation process.
21. Mr Woodcock, subsequently made an application to the IPSA contingency panel and the claim was rejected. The case he presented was that, it was necessary to purchase new IT equipment as his previous equipment had been collected by PDS on 16th January. He still needed IT equipment to access IPSA systems and deal with other business until the end of February. He had tried to negotiate with PDS to get his equipment returned to enable him to wind up his affairs but they could not guarantee the equipment would be returned within timescales. He sought advice from IPSA and on the basis on the advice made the decision to purchase Apple equipment as he wanted to retain it for personal use. It was always his intention to reimburse IPSA an agreed amount once depreciation had been taken in to account by the finance team.

Position of IPSA

22. This matter was considered by the IPSA Contingency panels held in March and again on 23rd April 2020. The panel rejected the application made by Mr Woodcock on the basis that, the equipment purchased did not represent value for money. However, there was some acknowledgement by the panel that there was a genuine need for Mr Woodcock to purchase new equipment. In notifying Mr Woodcock of the decision of the panel, he was informed “Although in principle the Panel accepted that it may be necessary for you purchase or hire equipment in order to complete your winding up, they did not believe that the purchase of a laptop at such a high cost after you have left Parliament, represents good value for money for the taxpayer”.

Considerations by Compliance Officer.

23. In conducting this review, the Compliance Officer has to decide whether or not there are any grounds to overturn the decision of the contingency panel.
24. The guidance on the contingency panel process is set out in Section 10.10 of “the Scheme” which states:

IPSA may decide to accept or reject an application at its discretion. In considering its decision IPSA shall take in to 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.*

25. The Compliance Officer believes there are two paragraphs and a guidance note contained within the Scheme which are relevant and need to be considered in this case.

Paragraph 8.6 states "IPSA will not pay claims for the purchase of new office equipment (including IT) and furniture from the winding-up budget. If MPs have an exceptional need for either during the winding-up period they must apply for contingency funding".

Paragraph 10.8 states "MPs may apply to IPSA for a contingency payment, under the following circumstances: a. where they have incurred a cost, or liability for a cost, which is not covered by the Scheme, but which they consider to be in support of their parliamentary functions".

In the guidance notes in section 8 (after 8.6) it states "MPs who leave Parliament should make arrangements to dispose of their office equipment and furniture. MPs may choose to transfer these items to their successor or another MP, or donate equipment to a charity of their choice. If MPs make any money from disposing of equipment, they should refund this to IPSA. MPs should dispose of any equipment safely and securely, in compliance with data protection legislation. Before they leave Parliament, MPs can claim any disposal costs from their office costs budget. After they leave Parliament, they can claim these costs from their winding-up budget.

26. In the communications received from IPSA by way of the original e mail and the findings of the contingency panel, there appears to be an acceptance that Mr Woodcock could justify the need to purchase additional IT equipment during the wind-up period. That means he could demonstrate there were exceptional circumstances in his case, that justified the purchase and without it, he would not have been able to conclude his parliamentary related business and finalise his affairs.

27. The position of the contingency panel is that there was no justification for the amount of money that was spent on the equipment and in that basis, they rejected his application. The view of the Compliance Officer is that the panel did not seem to take in to account, Mr Woodcock's position that he bought the items with a view to retaining them and paying IPSA a settlement sum which was to be decided by the IPSA finance team. Mr Woodcock's position was set out very clearly in both his application form and in subsequent information provided.
28. The Compliance officer sought additional advice from the Policy and Assurance team and asked them if depreciation is not considered in the first year of purchase, then would consideration be given to the fact, Mr Woodcock used the equipment he purchased for a six-week period to wind up his parliamentary affairs.
29. IPSA replied "I can confirm that would be IPSA's position. (I note that the advice in the email is not quite complete; it says that the purchase of a laptop would be claimable in exceptional circumstances, but does not say for completeness that Mr Woodcock needed to apply for contingency funding.) If the cost of the laptop had been reimbursed and he chose to keep it, he would have been asked to repay the current value – which in this case would have been the full purchase price. In other words, the outcome would have been the same, whether he was able to claim the amount and then pay it back in full, or whether he was unable to claim the amount at all".
30. The Compliance Officer totally understands the position that IPSA has taken on this issue. Their stance is that the equipment purchased by Mr Woodcock does not represent value for money to the tax payer and depreciation is not taken in to account during the first year of purchase. On the basis of that, IPSA's position is that Mr Woodcock is required to repay the full amount. Although the e mail received by Mr Woodcock from IPSA does not specifically mention the cost should come from the contingency panel budget, the "Scheme" itself stipulates that it should.
31. The Compliance Office is in total agreement with IPSA in that the purchase an Apple Mac book and care plan do not represent value for money to the tax payer. However, there was never an expectation on the part of Mr Woodcock that he would not be required to pay toward the total cost.

32. The Compliance Officer has a dilemma over this issue. The fact that he was effectively given permission to purchase a lap top in the e mail sent to him on 16th January 2020, cannot be ignored. Neither can the fact, that Mr Woodcock's required a lap top to wind up his parliamentary business. In addition, the contingency panel members agreed his circumstances were exceptional and the purchase of a new laptop was justified.
33. It was a conscious decision of Mr Woodcock to purchase such an expensive piece of equipment, but he did so on the basis that he would reimburse IPSA a settlement figure agreed by the finance team. Had Mr Woodcock purchased a lap top valued under £500, it does not appear to the as though there would have been any requirement for him to account for how the item was disposed of at all.
34. The Compliance officer is of the view that Mr Woodcock is entitled to some dispensation due to the fact he used the equipment for a six-week period for work related purposes. The average hire cost of a mac book pro is £30 a month. In circumstances where depreciation is taken in to account by IPSA it is calculated over a five-year period based on purchase price. On a laptop that costs £1800, this would also work out at £30 a month⁴. As the equipment was used over a two-month period, the Compliance Officer adjudicates Mr Woodcock should receive £60 off the total cost and therefore should repay IPSA the sum of £2042.00.

Conclusion

39. The Compliance Officer has concluded that the decision of the IPSA contingency panel was correct in respect of their rejection of the total cost incurred for the purchase of IT equipment. However, the Compliance Officer considers there should have been some acknowledgement by the panel of the fact he used the purchased equipment for work related purposes for a six-week period and he had sought prior advice from IPSA and been sent an e mail indicating he had approval to purchase a laptop (with a proviso as to disposal).
40. It is clear from evidence provided during this review that IPSA were content for Mr Woodcock to purchase IT equipment on the basis the circumstances were exceptional. He was further advised that he would be asked to account for how the item was disposed of, if the total cost exceeded

⁴ Information provided by IPSA IT team.

£500. One option that was open to him was the retention of the item once a settlement figure had been calculated.

41. The decision of the Compliance Officer is that, Mr Woodcock is required to repay £2042 towards the total cost.
42. Prior to concluding the review, the Compliance Officer sent a copy of the provisional findings to both Mr Woodcock and IPSA offering them the opportunity to make representations. Mr Woodcock did make a representation and this is recorded at appendix one of this report. On receipt of the representation, the Compliance Officer gave IPSA a right to reply. This is also recorded in appendix one.
43. 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>.
44. 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.

Review Comment

There seems to be some confusion over the period when calculations linked to depreciation is considered. This needs to be addressed.

Tracy Hawkings

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Appendix One

Representation from Mr Woodcock

45. On 30th July 2020, Mr Woodcock replied to the Compliance Officer and said the following:

“Thank you for undertaking such a considered review into this matter. I am pleased that you have accepted the basis of my argument but I would query the proposed loan costings. I attach two recent quotes which seem to suggest the price would be significantly higher than this. I accept that IPSA may have access to preferred suppliers attracting better value for money but this was not communicated as an option available to me at the time. Also, with regards to depreciation, to purchase a reconditioned device of a similar specification [REDACTED] basic research seems to suggest the depreciation would be greater. I wonder if this can also be taken into consideration? I am very grateful for the time you have given over to looking into this matter and if the finance team would like to reconsider the settlement figure I would be more than happy to conclude this matter”.
46. Mr Woodcock also provided examples of quotes for leasing costs of Apple mac book pro and details of resale values. Not all the quotes related to the same model as the one purchased by Mr Woodcock. The most competitive price was £250 for a two-month lease plus VAT.
47. The Compliance Officer sent the above to IPSA and asked them for their views. IPSA agreed with the provisional findings of the Compliance Officer and had no further comment to make.
48. In making the original adjudication, the Compliance Officer sought guidance from the IT department at IPSA who gave advice on IT depreciation costs (from an IPSA perspective as opposed to a commercial company) and the average lease costs available from the Parliamentary digital service.
49. The Compliance Officer has now extended her enquiries in to leasing costs from more commercial companies. The most competitive quotes ranged between £8 and £25 a week plus VAT. There was also a delivery and collection cost which the Compliance officer has discounted as Mr Woodcock actually purchased a mac book pro and the Compliance officer was simply looking for a comparison of lease costs for the same period.
50. The issue in this case was Mr Woodcock decided to purchase such an expensive system as it was his intention to retain the equipment on a permanent basis. He could have leased a less expensive laptop for that period for less than £30 per month which would have enabled him to conclude his parliamentary affairs.

51. The Compliance Officer has to decide what is reasonable and fair. She also has to consider, as does Mr Woodcock, the principle of value for money. The Compliance Officer does not consider the quotes provided by Mr Woodcock to represent value for money to the tax payer nor does she consider the original purchase of an Apple Mac book pro to represent value for money to the tax payer. In order to finalise his parliamentary affairs. Mr Woodcock needed a device which had a basic functionality and allowed him to access the internet.
52. During the original review, the compliance Officer accepted Mr Woodcock's position that he purchased an Apple system because he wanted to retain it for himself and would reimburse IPSA a settlement figure. IPSA's position was and is, that he should repay the whole amount. The Compliance Officer ruled that he should be entitled to some dispensation as he need a laptop to finalise his parliamentary business and IPSA has accepted the ruling.
53. The Compliance Officer is willing to acknowledge, she took a narrow view when considering lease costs. However, this case is not about lease costs, it is about what would be proportionate and fair when considering the question of what dispensation should Mr Woodcock be entitled to for using an Apple Mac book for a six-week period in connection with his parliamentary business.
54. The Compliance reached the sum of £60 based on the formula used by IPSA when working out depreciation costs. This is the total price purchase divided over a 5-year period. The Apple Mac book pro purchased by Mr Woodcock costs £1799. This divided over a 5-year period works out at £30 depreciation per month. As Mr Woodcock used the equipment for six weeks over a two-month period, the Compliance Officer allowed for £60 depreciation value.
55. The Compliance Officer has considered all of the additional information and is not willing to change her additional ruling.