



## Review of a determination by IPSA to refuse an expense claim

Mr Steven Paterson MP  
Member of Parliament for Stirling

16 April 2018

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Introduction

1. On 11 August 2017, Mr Steven Paterson MP submitted a claim to the Independent Parliamentary Standards Authority (IPSA) for Accommodation Costs Expenditure under the *MPs' Scheme of Business Costs and Expenses* (the Scheme). The claim was not paid by IPSA.
2. On 21 November 2017, Mr Paterson contacted the Compliance Officer for IPSA to request a review of the decision by IPSA to refuse the expense claim.
3. *Section 6A of the Parliamentary Standards Act 2009* (the Act) provides that if:
  - (1)(a) *the IPSA determines under section 6(3)<sup>1</sup> 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.*
4. Paragraph 9 of the notes for *Guidance on the Conduct of Reviews by the Compliance Officer for IPSA* states that
  9. *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.*
5. The claim is numbered 600270 and is in the sum of £402.00. It relates to the end of tenancy cleaning of the London rented property during the 'winding up' process.
6. Initially, the validator reviewing the claim concluded that it was an allowable expense and authorised payment. As part of quality assurance, the claim was reviewed by the Validation Manager and claim 600270 was identified as not allowable under the Scheme.
7. Mr Paterson requested that IPSA conduct an internal review of their decision not to pay the claim. The review concluded that the claim was not eligible and included the following:

*"The MP submitted a winding up claim which included costs for cleaning their property at the end of their lease. The MP's office explained that the costs had only been incurred*

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<sup>1</sup> 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.

*following information provided during their winding up meeting. This claim was initially allowed by a validator following examination of their lease but was later rejected following the winding up MPV checks.”*

*“We have marked line 8, end of lease cleaning as not paid as it is not allowable under the Scheme. This is specified in Part C, 4.5 of the Scheme. This is contrary to the previous note and was picked up as part of quality assurance.”*

*“As this is a cost that is not permissible under the Scheme, this claim, despite the mixed information provided to the MP, it should be rejected.”*

8. As IPSA’s internal review again rejected the claim, the MP was at liberty to request a further review of the decision by the Compliance Officer for IPSA.

## The Basis for the Review

9. The following information was submitted by the MP in support of his request for a review:

*“Following the General Election in June, I attended a wind up meeting with IPSA when the termination of leases was discussed. I asked if an end of tenancy professional clean of the flat I had rented was permissible within the wind up costs, and was advised that it was. A cost of £402 was incurred for the professional clean. When I submitted the claim, it was rejected, as apparently the guidance states that day to day cleaning is not an allowable expense under a clause dealing with day to day cleaning. This was not for day to day cleaning, but was for an end of tenancy clean, required by the IPSA-approved lease and advised as permissible.*

*The crucial point here is that I was explicitly advised that this expenditure would be covered within the wind up budget when I specifically asked about this before arranging for it to take place. If incorrect information was given to me by IPSA, I truly feel for them but that is their problem, not mine. Otherwise, what is the point of having a meeting to ask any questions about an office wind up if one cannot trust the answers given?*

*A review upheld the original decision on the basis of cleaning not being covered within the Scheme, at which point it was acknowledged that advice may have been confusing. This advice was not confusing, I understood it perfectly well and followed it; however, the clear advice given by IPSA at the advice meeting for outgoing MPs was the wrong advice.*

*I therefore seek a review because I followed the clear IPSA advice on this matter, and should not pay for their shortcomings given that their advice was wrong.”*

## The Review

10. In conducting the review, the Compliance Officer has utilised the Ninth Edition of the Scheme and, in addition, has consulted the following:

1. Validation Notes – notes appended to a claim submitted by an MP by the IPSA Validator describing the reason for the rejection of a claim;
  2. Workflow History – shows the date the claim was opened by the MP or proxy, the date of submission to IPSA and details of how the claim was processed by IPSA;
  3. CRM History – computer records of all interactions between the MP and IPSA; and
  4. Correspondence and conversation with IPSA and the MP, and with the MP directly.
  5. Legal advice into the application of the Scheme and its application by IPSA and the Compliance Officer.
11. At the core of Mr Paterson’s argument is that he was told by IPSA during a face to face ‘winding up’ meeting that the cost for the end of tenancy cleaning would be an eligible expense and therefore the claim would be reimbursed.

### The IPSA Scheme and guidance

12. In order to consider the final determination, the Compliance Officer has also referred to the Schemes’ Fundamental Principles, IPSA guidance and General conditions of the Schemes. Particularly relevant were found to be:

#### *Determination of Claims*

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

*The guidance [in grey] provided in the Scheme states: “IPSA supports MPs and their staff to comply with the rules of the Scheme by providing advice on the rules and whether a particular claim is likely to fall within the Scheme. Such advice is not a decision to allow or refuse a claim. That decision can only be made when the claim is submitted, together with the supporting evidence.”*

#### *Chapter Three: General Conditions of the Scheme*

*3.3 In making any claim under the Scheme, MPs must certify that the expenditure was for the performance of their parliamentary functions, and that in incurring the expenditure they had complied with the Scheme.*

#### *Chapter Four: Accommodation Expenditure*

*4.1 The accommodation costs budget is designed to meet costs incurred by MPs as a result of working from two permanent locations.*

*4.3 Accommodation costs may be claimed for one of the following:*

- a. hotel accommodation; or*
- b. rental payments and associated costs as set out in paragraph 4.4; or*
- c. for MPs who own their property, associated costs only as set out at paragraph 4.4.*

*4.4 Associated costs include:*

- a. utility bills (gas, electricity, other fuel and water);*

- b. council tax;*
- c. ground rent and service charges;*
- d. in the case of MPs claiming under 4.3c, buildings insurance;*
- e. purchase, installation and maintenance of routine security measures;*
- f. installation of landline telephone line, line rental and usage charges; and*
- g. installation of a broadband connection and usage charges.*

**4.5 Associated costs do not include and no claims will be paid for:**

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

## Considerations

13. It is stated by IPSA, that the decision to not allow claims for cleaning costs was supported by the Committee for Standards in Public Life and the Senior Salaries Review Board as a way of “maintaining the distinction between Parliamentary costs and those perceived to be more personal in nature.” IPSA have also highlighted that the Scheme is designed to support MPs who need to work from two locations and that IPSA does not cover all living costs. This policy has been applied consistently since 2010 and the ‘non-payment’ for cleaning costs should be taken as unequivocal.
14. The Compliance Officer considered the matter of whether the professional cleaning of the rented accommodation should be paid. Mr Paterson states, it is an IPSA ‘approved’ lease. IPSA have clearly explained that although a copy of the lease is sent to IPSA prior to commencement of the lease, this is to confirm amount and frequency of payments for validation purposes, as opposed to approving the lease.
15. On this basis, the Compliance Officer agrees with IPSA in that the lease is not ‘approved’ by IPSA and therefore the requirement to professionally clean the property at the end of the lease term is the responsibility of Mr Paterson.

## Observations

16. This review highlights an issue that tends to be a recurrent theme in the Compliance Officer’s dealings with a range of stakeholders in respect of assessments, investigations, or in this case, reviews of IPSA decisions. This is the issue of ‘pre-advice’ apparently given to MPs by IPSA staff, by telephone, in correspondence or in person at meetings.

17. An important consideration and learning from previous matters is that any claim can only be judged “within the four corners of the Scheme” and there is no scope for the role of legitimate expectation on the back of any assurance/advice which looks like informal ‘approval-type’ statements made to an MP (or his or her staff) by IPSA....

***ie there is no basis under the scheme for IPSA to give ‘prior’ approval to expenses.***

18. It should be accepted that IPSA staff continually seek to assist MPs as best they can, to access and use the Scheme to facilitate the appropriate claims for expenses incurred for Parliamentary purposes. Whilst the guidance regarding pre-advice is set out in the Scheme; it might be useful for IPSA to re-iterate and communicate the fundamental position that the Scheme is a wholly reactive process and that no pre-advice will be given to MPs in respect of expense claims.

19. It might be helpful for IPSA to provide more clarity or some specific guidance in respect of clauses within rental leases giving an expectation of cleaning at the end of the contract. They might articulate the personal, as opposed to parliamentary nature of the contract and that there is no provision for an ‘IPSA-approved lease’, to cover any cleaning costs.

## Conclusion

20. The Compliance Officer is satisfied, applying the section 6A(2) test to a review, that the determination by the IPSA to refuse the payment to the 2017-18 budgets of Mr Paterson for the ‘cleaning expenses’ is the determination that should have been made and is confirmed.

21. The Compliance Officer believes that IPSA has reasonably applied its interpretation of the Scheme and the potential use of discretion. In this case there are no ‘exceptional circumstances’ that might have been considered as a contingency issue by IPSA.

22. A representation from IPSA is contained at Annex A.

23. 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>.

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

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**Annex A**  
**Representation from IPSA**



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By email

16 January 2018

Dear Andy

Request for review of a claim by Mr Steven Paterson

Thank you for notifying us of a request for review of a claim which you received from a former MP, Mr Steven Paterson. I am writing to set out IPSA's position in relation to this claim.

The claim was for costs (£402) incurred by Mr Paterson at the end of his accommodation tenancy for a professional cleaning service, which was required by his lease. The claim was not allowed, on the basis that the costs of accommodation cleaning are explicitly excluded from the Scheme of MPs' Business Costs and Expenses.

As you will know, paragraph 4.5 of the Scheme states: 'Associated costs do not include and no claims will be paid for... cleaning'. We believe this is unequivocal.

This policy has been consistent since the first version of IPSA's Scheme in 2010, and it was a decision that was supported at the time by the Committee on Standards in Public Life and the Senior Salaries Review Board, among other key stakeholders, as a way of maintaining the distinction between Parliamentary costs and those perceived to be more personal in nature. The very first Scheme in 2010 stated that winding up costs could be used for 'costs, including removal costs, of leaving any home funded through an allowance paid under the Scheme, *but excluding redecoration and cleaning costs*' (emphasis added). Also excluded from the Scheme are claims for gardening, the purchase or maintenance of furniture, television services/licences, and home contents insurance. These are all considered to be personal, rather than parliamentary, costs.

The Scheme is designed to support MPs who need to work from two locations. MPs are allocated a budget which allows them to rent a property within close proximity to Westminster, as well as funding to cover their utilities, council tax and other costs associated with residing in the rental property. IPSA does not however cover all living costs. If an MP signs a contract which includes cleaning, they have accepted this cost as additional to the standard accommodation costs. Similarly, they may rent an unfurnished property, which would necessitate the purchase of furniture, a cost which would not be covered by the Scheme.

Mr Paterson implies in his request for review that the cost of professional cleaning at the end of his tenancy should be paid because it was required by his 'IPSA-approved' lease. IPSA requires MPs to



[provide](#) a copy of their lease when registering a property for rental payments. This is so that we can confirm the amount and frequency of rental payments for validation purposes or to facilitate direct rental payments, not in order to 'approve' the specific terms of lease. The rental contract is between the MP and their landlord only, and IPSA is not a party to it.

Mr Paterson has also stated that he received incorrect advice during his winding-up meeting that the costs of cleaning at the end of an accommodation tenancy were claimable from the winding up budget. Of course it is impossible to evidence whether or not this was the case, as the advice provided by IPSA Account Managers during these winding up meetings was given verbally and not audio recorded. However, all Account Managers who dealt with departing MPs after the election were experienced members of staff and underwent intensive training in preparation for winding up meetings, including the rules in the Scheme which apply to the winding up period. The question of cleaning at the end of an accommodation tenancy was specifically addressed in this training. We therefore believe that while it is possible that unclear or incorrect advice was given to Mr Paterson at that meeting, it is unlikely.

There is evidence that Mr Paterson and his proxy were advised correctly that the cleaning cost was not claimable on several occasions after the winding up meeting. After the claim was originally submitted, the Account Manager assigned to Mr Paterson's winding up case noticed the ineligible cost and returned the claim. The Account Manager explained this in a phone call with the proxy, who later said that Mr Paterson would escalate the issue to senior officials. The Deputy Operations Manager who was leading on the winding up process then emailed the proxy to confirm the advice provided by the Account Manager. The proxy was later advised that, in order for the claim to be escalated to the Compliance Officer, it would first need to be resubmitted, rejected and reviewed via the internal claim review process. Relevant correspondence and notes are available on the CRM system, so please let me know if you would like sight of these.

In any case, we believe that the question of whether a particular instance of advice to Mr Paterson was correct should not be relevant to a determination of whether the cost is within the Scheme rules, given the Scheme is unequivocal on this point. While we always endeavour to advise MPs consistently, it is the MP's responsibility to be aware of and adhere to the rules of the Scheme.

I trust this is helpful to your review, but of course I and other colleagues will be happy to discuss this with you in more detail if necessary.

Yours sincerely

**Nicole Casey**  
Head of Policy and Assurance