



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

Virginia Crosbie  
Former Member of Parliament for Ynys Môn (Anglesey).

Tracy Hawkings  
Compliance Officer for IPSA  
January 2021

## Introduction

1. This review has been conducted following a request by Virginia Crosbie, the MP for Anglesey (Ynys Môn), to consider a decision of the IPSA contingency panel to refuse an application for her rental costs for a property in her constituency.
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."<sup>1</sup>
3. The guidance which applies in this case comes under Section C Chapter Four and Annex A of the "The Scheme" (Eleventh Edition).
4. The MP was elected to office in the December 2019 General Election. By 15<sup>th</sup> December, she had secured temporary living accommodation for a two-month period within the constituency before securing a more permanent arrangement. The Scheme allows for MPs to claim rental costs from IPSA who will make the payments after it has 'approved'/registered a rental contract and a property registration form completed. (See paragraph for further comment).
5. An assured shorthold tenancy agreement was sent to IPSA by the MP's office manager for their consideration and review. This document was sent in an e mail on 7<sup>th</sup> January 2020. The document was not signed. This agreement was to cover the period between the 30<sup>th</sup> December 2019 and 26<sup>th</sup> February 2020. When the MP submitted the corresponding expense claim for rental costs to IPSA, it was not paid because the tenancy agreement had not been signed nor a property registration form completed.
6. In March 2020, a complaint was submitted to IPSA from the MP's office about this matter and she was advised to apply to the contingency panel which was considered in June 2020. The application was rejected on the grounds the MP had not followed the correct process in relation

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

to the tenancy agreement and the claims had been submitted outside the permitted 90-day timescale allowed for the submission of claims.

7. Ms Crosbie then made a request to the Compliance Officer to conduct a review on 19<sup>th</sup> November 2020.

8. *Section 6A of the Parliamentary Standards Act 2009* (the Act) provides that if:

(1)(a) the IPSA determines under section 6(3)<sup>2</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 to confirm or alter it.

9. 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”.

10. 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 Ms Crosbie.

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<sup>2</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.

## The Review

11. In conducting the review, the Compliance Officer has utilised the eleventh edition of the Scheme.
12. In addition, the Compliance Officer has conducted the following enquiries:
  - ◇ Reviewed the contingency panel application submitted by Ms Crosbie.
  - ◇ 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 Ms Crosbie.
  - ◇ Reviewed information held on IPSA business world expense system.

## The Basis for the Review request by Ms Crosbie.

13. As previously stated, the application subject of this review, relates to one month's rental claims for the period December 15<sup>th</sup>, 2019 to January 15<sup>th</sup>, 2020 which totalled £2000.00.
14. Following her election on 12<sup>th</sup> December 2019, Ms Crosbie was required to move to her constituency in Ynys Môn (Anglesey). She decided to take a short-term holiday rental as that was a cheaper option for herself and her family than hotel accommodation would have been.
15. An assured shorthold tenancy agreement was prepared and sent to IPSA on 7<sup>th</sup> January for their consideration. The document was not signed by either the MP or the landlord at the time of its initial submission.
16. The MP paid the sum of £2000 out of her own pocket and then attempted to claim the money back from IPSA providing an invoice from the landlord whose name featured on the tenancy agreement. Due to the fact the tenancy agreement had not been registered on IPSA systems because the document was unsigned and a property registration form not completed, the claim was not processed.
17. In the intervening period, from mid-January 2020, the MP moved to permanent accommodation and submitted a second tenancy agreement which was processed and registered on to the IPSA systems.

18. The MP points out, had she moved to hotel accommodation with her family, the costs would have been significantly more, and she thought she had taken the most cost-effective course of action for the taxpayer.
19. The reason given by Ms Crosbie for not signing the initial agreement was that, had she done so it would have committed her to a minimum six- month contract and it was only ever meant to be a temporary solution.
20. Ms Crosbie is of the view, the ‘Scheme’ does not allow for this eventuality and when the document was submitted on 7<sup>th</sup> January 2020, her office manager was asking IPSA for their advice on how to proceed.

#### **Position of IPSA**

21. This matter was considered by the IPSA Contingency panel held on 2<sup>nd</sup> July 2020. The panel rejected the application made by Ms Crosbie on the basis that, the property had not been registered on to IPSA systems within agreed timescales and neither had the claims. The panel referred to notes recorded on the CRM system which stated the MP’s office had been provided with advice as to the correct procedures and had not heeded the advice given.

#### **Considerations by Compliance Officer.**

22. In conducting this review, the Compliance Officer must decide whether the original decision of the contingency panel was the correct one.
23. 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.*

24. The guidance on accommodation with the 'Scheme' is clear. The Compliance Officer believes there are two paragraphs within the Scheme which are relevant and need to be considered in this case.

Paragraph 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 at paragraph 4.4; or c. for MPs who own their property, associated costs only as set out at paragraph 4.4.*

Paragraph 4.21

*IPSA will pay for rent and associated costs only after it has **approved** the MP's rental contract or has been provided with proof of ownership of the property.*

25. On 7<sup>th</sup> January 2020, Ms Crosbie's office manager contacted IPSA and provided an unsigned copy of an Assured Shorthold Tenancy Agreement for a property in Anglesey. The agreement was dated 15<sup>th</sup> December and the term of the tenancy ran from 15<sup>th</sup> December to 15<sup>th</sup> February. The rental charges were £1000 per fortnight. There was an option to extend the agreement on a month by month basis. Ms Crosbie and her family resided at this premise for a 4-week period and paid £2000 directly to the landlord.
26. In the e mail of 7<sup>th</sup> January, the staff member wrote the following "*Attached is a tenancy agreement for a property in the constituency on short term rental. Please could you review this document and indicate your acceptance of its content prior to the claim being registered*". There is no record on the case management system that this enquiry was responded to.
27. On 13<sup>th</sup> January, Ms Crosbie's office manager sent a second Assured Shorthold Tenancy Agreement (ASTA) for a **different** property to IPSA for their review before signature and registration. This lease agreement was a fixed term contract for a minimum period of 12 months commencing on 11<sup>th</sup> January 2020 and the cost was £1750 per calendar month.

28. The office manager did receive a response to the e mail of 13<sup>th</sup> January from IPSA on 19<sup>th</sup> January and was correctly informed that IPSA do not approve leases prior to a property registration form being completed and a signed contract provided. They were also advised to ensure a two-month break clause was negotiated. A signed copy of the agreement was subsequently submitted, and the property registered on IPSA systems and rental payments made for the second property.
29. On 12<sup>th</sup> March, the office manager made further contact with IPSA to make a complaint about various matters which included the rental payments for December/January. The staff member pointed out his e mail of 7<sup>th</sup> January had not been responded to and he had tried on several occasions to telephone IPSA but could not get a response. (It must be noted this period coincided with the first covid lockdown and it was some time before IPSA had a system in place which enabled them to deal with telephone enquiries).
30. The office manager stated that the Scheme does not cater for MPs to claim for short term accommodation and so they were unable to submit the invoice as the expense system did not allow for that category of accommodation to be entered. He stated the ASTA was not signed because the arrangement was more like an Air B and B booking. The staff member requested an extension to the 90 deadlines for claims to be submitted in order that a solution could be found.
31. On 1<sup>st</sup> April a response was received from a deputy operations manager which referred to the response given on 19<sup>th</sup> January to the e mail of 13<sup>th</sup> January which relates to a completely different rental contract. The advice was repeated in that a signed contract needed to be submitted together with a property registration form. By this time of course, the MP had moved out of the temporary holiday accommodation. The staff member was advised to submit an application to the contingency panel if they felt the circumstances were exceptional.
32. A contingency panel application was submitted. In the application, Ms Crosbie argued that as a new MP she was required to move immediately to her constituency. She secured temporary accommodation for herself and her family until more permanent accommodation could be found. Her office manager sought guidance on the subject from IPSA on 7<sup>th</sup> January 2020 but did not receive a response. The MP paid the money to the landlord on good faith in the genuine belief she would be reimbursed from her accommodation budget.

33. The application was rejected in the grounds a property registration form was not completed nor a signed contract submitted, and the claims were not submitted within the permitted ninety-day timescale for submission of claims.

## Conclusion

39. The Scheme currently allows for two types of claim in relation to private accommodation. IPSA will pay rental costs when there is a rental agreement in place and a property registration form completed and the property registered on IPSA systems or they will pay for hotel accommodation.

40. The minimum period that an Assured Shorthold Tenancy Agreement can be put in place by law is six months. Although the original unsigned ASTA was for a two-month period, the MP stayed at the property for one month only before moving to a more permanent arrangement. This may be the reason why the document could not be signed as it would have tied her in for a six-month contract. No explanation has been forthcoming from the MP as to why the document could not be signed within the application. This point has since been queried with the MP's office who stated, they made telephone contact with IPSA over this issue and were advised a short-term tenancy agreement could not be signed. The Compliance Officer cannot find any record of the telephone conversation recorded on CRM.

41. The contingency panel have correctly identified that the temporary accommodation was not a property registered with IPSA and therefore the claims could not be processed. However, the panel did not consider that this was a very temporary arrangement and the accommodation was no more than a holiday cottage. It must be noted, this was not made entirely clear on the application nor in the original e mail of 7<sup>th</sup> January. The scheme does not allow for this set of circumstances, but had the accommodation been secured by way of hotel accommodation it would have been approved without challenge.

42. The Compliance Officer believes there has been poor communication and misunderstanding on both sides. The original e mail from Ms Crosbie's staff member could have been much clearer and about the fact Ms Crosbie had taken a short-term holiday let to give her time to find a longer-term rental accommodation. He also submitted an unsigned ASTA for a two-month period. The



minimum period allowed for such an agreement is six months. He sought advice as to whether this was the correct procedure and did not receive a response.

43. Within a month of moving to the temporary accommodation, Ms Crosbie had found more permanent accommodation and the correct procedure was followed.
44. In all subsequent communications between IPSA and the staff member following the e mail on 7<sup>th</sup> January, it is clear IPSA are referring to the advice given in relation to the second rental contract submitted on 13<sup>th</sup> January and so the basis for the contingency panel deliberations was based on incorrect information. The MP's office had previously asked for an extension in relation to the submission of the claims and this should have been given to allow for a resolution to be found.
45. The Compliance Officer is of the view, the IPSA contingency panel could and should have exercised their discretion in this case. There is no doubt and no dispute over the fact this is an eligible claim and therefore an MP should not be financially disadvantaged by the fact there has been an issue with a process or procedure.
46. The decision of the Compliance Officer is that, Ms Crosbie should be reimbursed the £2000 she paid for rental costs. This is on the basis that the Compliance Officer believes the circumstances are exceptional for the following reasons:
  - a) The rental claims were for temporary holiday accommodation for a one-month period. It is not possible in law to have a one-month ASTA. The minimum term is six months.
  - b) The MP's office did seek advice from IPSA which was not responded to.
  - c) In March, the MP's office did request an extension to the 90-day time scale for submission of claims and were advised to submit a contingency panel application.
  - d) It is a legitimate claim made in connection with a parliamentary purpose.
  - e) The correct process was not adhered to because the Scheme does not allow for such in its current form.
  - f) Ms Crosbie was a newly elected MP and it was not unreasonable for her to seek advice from IPSA.
  - g) The deliberations of the Contingency Panel were based on incorrect information.

h) There must be some allowance made in relation to miscommunications/misunderstandings due to COVID restrictions.

i) The use of discretion would have been entirely appropriate in this case.

47. Prior to concluding the review, the Compliance Officer sent a copy of the provisional findings to both MS Crosbie and IPSA offering them the opportunity to make representations.

48. On 31<sup>st</sup> January 2020, Ian Todd, the CEO of IPSA contacted the Compliance Officer and confirmed there were no representations from IPSA and the recommendation as detailed below is accepted. No representations have been received from Ms Crosbie.

49. 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>.

50. 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 Recommendation**

**IPSA should consider whether or not the Scheme needs to be amended to cater for circumstances when short term temporary accommodation is secured as a preference to hotel accommodation. This is particularly relevant to newly elected MP's who need to secure accommodation within their constituencies before long term accommodation can be secured.**

Tracy Hawkings

**Compliance Officer for IPSA**

[compliance@theipsa.org.uk](mailto:compliance@theipsa.org.uk)