



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

Mr Philip Davies MP  
Member of Parliament for Shipley

20 January 2016

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## Introduction

1. On 8 June 2015, Mr Philip Davies MP submitted a claim to the Independent Parliamentary Standards Authority (IPSA) for Office Costs Expenditure under the *MPs' Scheme of Business Costs and Expenses* (the Scheme). Following consideration, the claim was rejected on the grounds that the type of cost incurred was no longer claimable under the Scheme.
2. On 23 November 2015, Mr Davies' office 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:
  - (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)*

*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 the 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 referred to is numbered 440894 and contains seven claim lines, only one of which was rejected. The claim relates to *hospitality* and more specifically to refreshments (tea and coffee) provided at an event hosted by the MP. The value of the claim is £80.64.

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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.

6. The Compliance Officer has established that an internal review of the initial decision to reject the claim has been conducted by IPSA and the original decision upheld.
7. As a result there is no impediment to the Compliance Officer accepting the request for a review.

## The Basis for the Review

8. The following information was submitted by the MP's office in support of his request for a review.
9. *The claim is to cover the cost of tea/coffee that was served at an event in February in the constituency. The event was organised by Philip in conjunction with Sports England, where local sports club leaders were invited and given advice on how to affectively apply for funding from Sports England for local clubs. It was held at a local Sports club itself, which is run mainly by volunteers.*
10. *Although the event was held in February, we did not receive the invoice for the event until a few months after (June) at which point the claim was submitted. There may be several reasons for this delay, such as the fact that the local club is not staffed regularly and so there was a delay in receiving the invoice, however this was out of our hands and as soon as the invoice was received it was submitted.*
11. *When the event was held in February IPSA guidelines stated that MPs could claim for tea/coffee for constituents - hence this was offered at the event. Obviously, this rule has changed since the election - something which Philip completely accepts and is happy to comply with. The reason Philip is asking for the review today is that this rule was retrospectively applied in this instance.*
12. *At the time of the event, this claim would have been accepted by IPSA, however by the time the invoice was received as the rules have changed, the claim was rejected. By this point the expense had already been made.*
13. *It is also important to note that a claim could not have been made in the interim period when waiting for the invoice, as claims by IPSA are not accepted without evidence, hence the delay to wait for the invoice to arrive until the claim was made.*
14. *I hope you will see that cost was incurred during an event Philip held as the local MP to try and help local sports clubs and was in line with IPSA rules as well as the spirit of the rules*

*at the time. I hope you will consider this application for review, and turnover the initial decision not to reimburse this expense.*

15. In rejecting the claim following internal review, IPSA commented that; *“since 8 May 2015 hospitality costs such as teas and coffees have not been claimable under the Scheme.”*
16. The date the goods were supplied, as stated on the account provided to the MP and submitted to IPSA, is 2 February 2015.

## The Review

17. In conducting the review, the Compliance Officer has utilised the Sixth and Seventh Editions of the Scheme<sup>2</sup> and, in addition, has utilised 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. Correspondence between IPSA and the MP and
  4. Correspondence with the MP and IPSA.
18. The following areas of the Scheme are relevant to the review:

### Sixth Edition

*3.2 In making any claim under the Scheme, an MP must certify that the expenditure was necessary for performance of his or her parliamentary functions, and that in incurring the expenditure he or she complied with the Scheme.*

*6.1 Office Costs Expenditure (OCE) is provided to meet the costs of renting, equipping and running an MP’s office or offices and surgeries, where these costs are not claimable from other budgets under the Scheme, or from other sources.*

*6.6 Office Costs Expenditure may only be claimed for the performance of parliamentary functions. It may not be claimed for:*

- a. any alcoholic drinks;*
- b. stationary provided by the House of Commons;*
- c. newsletters;*
- d. funding any material, excluding a website, that contains a party political logo or emblem; or*

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<sup>2</sup> Sixth Edition – April 2014 to March 2015. Seventh Edition – April 2015 to March 2016.

e. *personal accountancy or tax advice.*

19. Within the guidance notes for Office Costs Expenditure, it states the following:

*Any claim for catering costs must show the full detail of the items claimed for and must show the cost per head. Claims should be limited to non-alcoholic drinks and light refreshments.*

Seventh Edition

*6.6 Office Costs Expenditure may only be claimed for the performance of parliamentary functions. It may not be claimed for:*

- a. any alcoholic drinks;*
- b. stationary provided by the House of Commons;*
- c. newsletters;*
- d. funding any material, excluding a website, that contains a party logo or emblem;*
- e. personal accountancy or tax advice; or*
- f. from 8 May 2015, hospitality (including refreshments in the office).*

20. IPSA produces *Guidance for MPs' Business Costs and Expenses* which is described as "*a day-to-day guide for MPs and their staff on managing budgets and employing staff, what to claim and how to claim*". The document is available on the IPSA website.

21. The latest iteration of the guidance was published on 6 August 2015 and is described as being "*in support of the current 2015-16 edition of the MPs' Scheme of Business Costs and Expenses*".

22. Within the section of the document covering Office Costs, at paragraph 3.3, under the heading of "*what you can't claim*", it provides the following list:

- any alcoholic drinks*
- stationary provided by the House of Commons*
- newsletters*
- any material, excluding websites, that contains a party political logo or emblem*
- personal accountancy or tax advice*
- costs for activities that are not considered necessary to perform your parliamentary functions, in accordance with the General Conditions of the Scheme.*

23. IPSA also publishes *A Quick Guide to the MPs' Scheme of Business Costs and Expenses*. In the iteration dated 1 April 2015, Section E covers Office Costs. Within the *list of exclusions*, there is no reference to *hospitality* and no updated version has been published.

24. In order to settle the account for the refreshments, the MP utilised his IPSA payment card<sup>3</sup>. In conducting the internal review requested by the MP, IPSA utilised the *Guidance for MPs' Business Costs and Expenses*<sup>4</sup> and more specifically, the section entitled *Managing your business costs and expenses*. Under the heading of *transaction dates*, the guide states:

*You will need to choose the appropriate transaction date when submitting claims on the online expenses system.*

- *If you have already paid the supplier and are claiming reimbursement, you should enter the date you made payment.*

25. Mr Davies had utilised his payment card and was therefore not requesting repayment, nevertheless, when making the decision to reject the review, IPSA applied the date the account was settled by the MP. This brought the transaction within the scope of the Seventh Edition of the Scheme which does not allow the cost of *hospitality*.

26. In conducting his review, the Compliance Officer has been cognisant of the notes for *Guidance on the Conduct of Reviews by the Compliance Officer for IPSA* which confine the parameters of the review to considerations as to whether the determination by IPSA: "*is the determination that should have been made under the Scheme*".

## Conclusions

27. The information submitted by Mr Davies is sufficient to determine that the event for which the refreshments were provided was in support of his parliamentary function.

28. On 2 February 2015, the date of the event, the provision of 'hospitality' by an MP, which in this instance was in the form of tea and coffee, was allowable under the Sixth Edition of the Scheme.

29. The MP did not receive the account requiring payment until June 2015.

30. IPSA utilised the *Guidance for MPs' Business Costs and Expenses* to determine the date of the transaction and, as a result, utilised the date that payment was made by the MP as opposed to the date the cost was incurred.

31. The Compliance Officer is required to base the finding of his review on a judgement as to whether the claim complied with the Scheme.

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<sup>3</sup> A credit card provided to an MP by IPSA for use exclusively for the payment of costs incurred under the Scheme.

<sup>4</sup> See paragraph 20.

32. **The Compliance Officer is cognisant that the current guidance notes and quick guide provided for MPs by IPSA do not include the hospitality exemption.**
33. **While the Compliance Officer accepts the logic used by IPSA in reaching their determination, his decision must be based upon the Scheme alone as opposed to the guidance notes relied upon by IPSA.**
34. **As the cost was incurred on 2 February 2015, the Compliance Officer believes that when reaching his determination the Sixth Edition of the Scheme should be utilised and not the Seventh Edition. In doing so, the Compliance Officer is bound to conclude that the expense was allowable under the Scheme.**
35. **Therefore, in accordance with Section 6A of the Parliamentary Act 2009 (as amended) the Compliance Officer concludes that the determination made by IPSA is not the determination that should have been made and the expense should be allowed.**
36. 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>.
37. 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.

A handwritten signature in black ink, appearing to read 'Peter Davis', is centered on a light gray background.

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