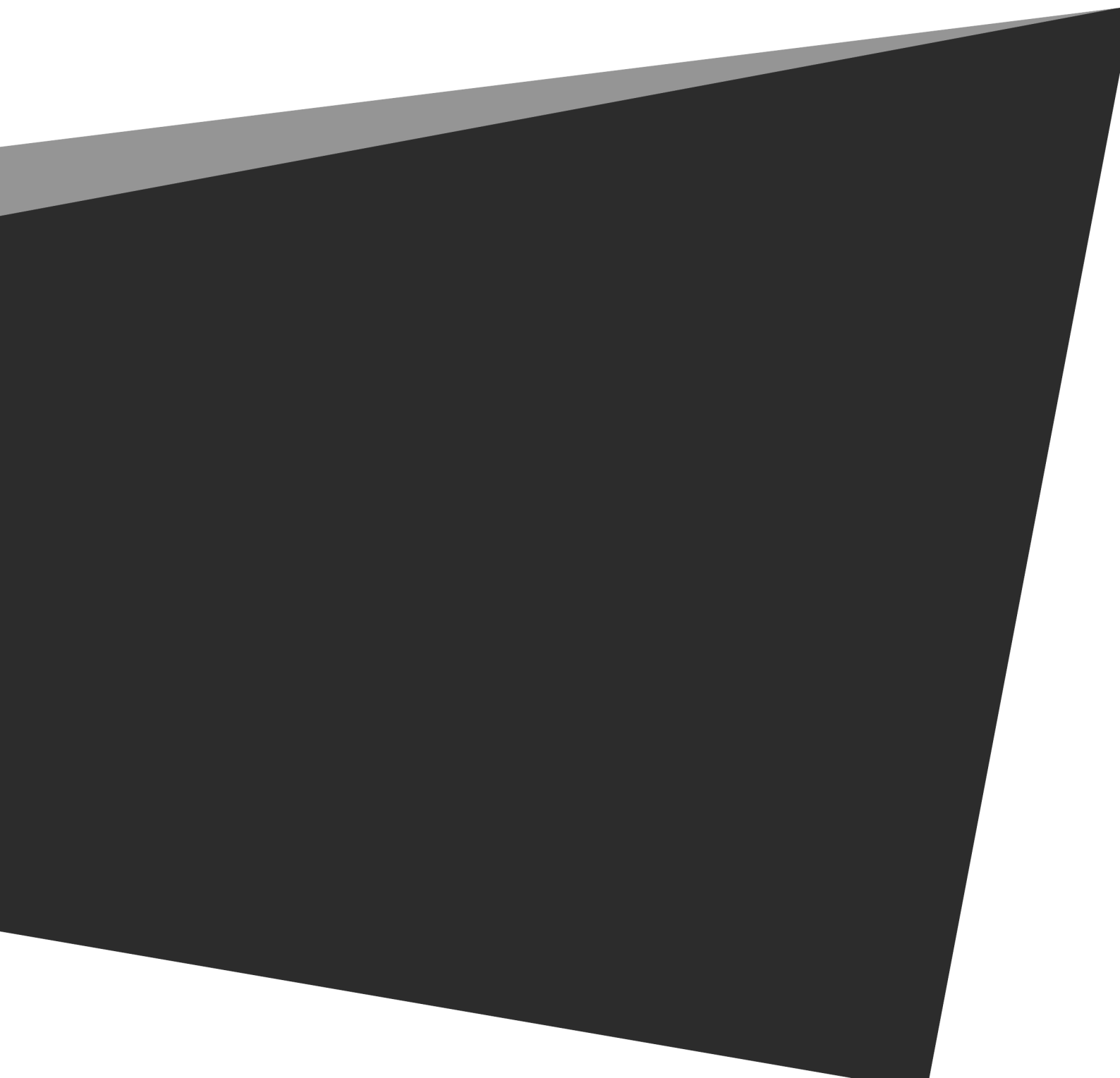


# Annual Review of the MPs' Scheme of Business Costs and Expenses 2012





**Independent Parliamentary Standards Authority**

**Annual Review of the MPs' Scheme of Business Costs and Expenses  
2012**

Presented to the House of Commons pursuant to section 5(5) of the Parliamentary  
Standards Act 2009

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## FOREWORD BY THE BOARD OF IPSA

We undertook to review the Scheme for MPs' Business Costs and Expenses each year. This year's Review reflects our commitment to introduce improvements in the administration of the Scheme wherever possible. It also continues the process of evolution towards a Scheme which gives appropriate discretion to MPs in the management of their affairs, commensurate with assurance to taxpayers as to how their taxes are spent.

We conducted our Review in a time of severe economic restraint. MPs cannot be immune to this. What we set out, therefore, reflects a compromise between what may be appropriate in an ideal world and what can be afforded.

The Scheme has already evolved significantly, and therefore much of this Review was refining the rules rather than making substantive changes. In addition, the Review pays special attention to MPs' needs for staff. It is an important issue: if MPs are to serve their constituents they need the support of staff. But, as MPs work in many different ways, arriving at some standard approach is not easy. We have carried out a thorough examination and set out a way forward that recognises the increased demands on MPs since the last review nearly five years ago. We give MPs a clear budget limit for staff, but one that allows for flexibility so as to reflect the differences in their ways of work. This staffing budget is not to meet the personal expenses of MPs: it is to cover the important business cost of employing staff.

One other area warrants comment here. We explored in this Review the separation between parliamentary functions and party political activities. Taxpayers' funds are not to be used for the latter. Recognising that MPs are politicians, we have identified certain activities which will not be supported and left MPs to decide whether or not others support their parliamentary or their party political work. They must then account for those decisions. This is the great strength of having a system which has transparency at its centre.

This Review, and the consultation which was a central part of it, has been greatly assisted by the responses that we have received. We wish to single out for special thanks the staff of MPs, who contributed significantly to the process. We commend the Review to MPs and taxpayers alike. We believe we have established a Scheme of Business Costs and Expenses which is fair, workable and transparent, and which safeguards the public's money while allowing MPs to do what they were elected to do.



**Professor Sir Ian Kennedy**

**Sir Scott Baker**

**Jackie Ballard**

**Ken Olisa**

**Isobel Sharp**

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## SUMMARY OF CHANGES

Below is a summary of the changes made to the MPs' Scheme of Business Costs and Expenses (the Scheme) for its Fourth Edition. The changes come into effect on 1 April 2012.

- IPSA has expanded its guidance on the activities it does not regard as parliamentary to include attendance at party conferences, and campaigning and fundraising for a political party.
- The Accommodation Expenditure budgets have been raised to reflect inflation and, separately, for the average rent MPs pay for Band E properties. The budget for MPs claiming the mortgage interest subsidy has been reduced because the subsidy comes to an end in August 2012.
- The Office Costs Expenditure budgets have been raised to reflect inflation. They are now £24,750 for London Area MPs and £22,200 for non-London Area MPs.
- MPs can now display their party political logo on websites and still claim the cost of the website.
- IPSA will offer MPs the opportunity to purchase legal expenses insurance through a centrally arranged scheme. MPs can still choose not to purchase this insurance or to do so individually.
- Office costs and travel claims can now be made for staff members who live more than 20 miles from the constituency of the MP who employs them.
- The Staffing Expenditure budget limit has been increased to £137,200 for non-London Area MPs and £144,000 for London Area MPs, incorporating a 5% supplement for London Area MPs to reflect higher salary ranges for staff based in London. IPSA's Estimate is subject to approval by the Speaker's Committee for IPSA.
- New and more flexible job descriptions for staff members will be available, and the redundancy package for staff on IPSA's contracts has been doubled from the statutory minimum.
- The Winding-Up budgets have been increased to £56,250 for London Area MPs and £53,150 for non-London Area MPs.
- MPs who leave Parliament can continue to claim associated expenditure on their accommodation for up to two months, as well as any security and disability assistance they were claiming before they left.
- MPs who lose their seats in an election before 2015 will be eligible for a resettlement payment. This is an interim policy in advance of the review of MPs' pay and pensions, which will identify a longer term solution.
- MPs' staff can claim the cost of a railcard where it represents value for money on their parliamentary-related journeys.
- Rules for the cost of travelling for a recall of Parliament have been introduced.
- Rules for claims during an election period have been introduced.





**THE MPS' SCHEME OF BUSINESS COSTS AND EXPENSES**

**FOURTH EDITION**

April 2012

**THE MPs' SCHEME OF BUSINESS COSTS AND EXPENSES  
FOURTH EDITION**

**INTRODUCTION**

1. The MPs' Scheme of Business Costs and Expenses, which makes provision for reimbursement of costs and provision of support for MPs ("the Scheme"), is made by the Independent Parliamentary Standards Authority ("IPSA") in the exercise of the powers conferred on it by section 5(3)(a) of the Parliamentary Standards Act 2009.
  
2. In the course of preparing this Fourth Edition of the Scheme IPSA consulted:
  - a. the Speaker of the House of Commons;
  - b. the Committee on Standards in Public Life;
  - c. the Leader of the House of Commons;
  - d. the Committee on Standards and Privileges;
  - e. members of the House of Commons;
  - f. the Review Body on Senior Salaries;
  - g. HM Revenue and Customs;
  - h. HM Treasury; and
  - i. the publicthrough a consultation between 24 November 2011 and 20 January 2012.
  
3. This Scheme is intended to ensure that Members of Parliament are reimbursed for costs and provision of support necessarily incurred in the performance of their parliamentary functions.

*The text in grey boxes is guidance only and is intended to provide help with interpretation of the Scheme.*

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## PART A: CONDITIONS

### CHAPTER ONE: THE PROCESS FOR MAKING CLAIMS

- 1.1 Claims for reimbursement under this Scheme must be:
- a. submitted using the online expenses system or another mechanism agreed with IPSA;
  - b. submitted personally by the MP, or with IPSA's agreement by his or her designated proxy (except where paragraphs 1.2 or 1.3 apply);
  - c. submitted no more than 90 days after the expenditure was incurred; and
  - d. supported by the evidence required by IPSA no later than seven days after the claim is submitted.
- 1.2 IPSA may agree to allow an MP to delegate the submission of claims to the MP's designated proxy, or in exceptional circumstances where an MP is unable to fulfil his or her parliamentary functions, to another MP.

*Forms to allow routine delegation to a proxy, or in exceptional circumstances to another MP, are available on the IPSA website. Exceptional circumstances may include an MP:*

- *taking maternity, paternity or adoptive leave;*
- *being called up to serve in the armed forces; or*
- *being on long-term sick leave.*

- 1.3 For certain expenditure, an MP may claim payment in advance on production of an invoice or through use of an IPSA-provided payment card or may request IPSA to make payments directly to a supplier.

*Guidance on the procedures for advances and use of the payment card is at Annex C.*

- 1.4 A claim will not be paid if any part of the claim or the evidence supporting the claim is redacted prior to its submission to IPSA.
- 1.5 IPSA will set out in guidance the type and nature of evidence that is required in relation to each claim.
- 1.6 IPSA may make specific provision at the end of a financial year to limit the 90 day period specified at paragraph 1.1c.

## CHAPTER TWO: DETERMINATION AND REVIEW OF CLAIMS

### *Determination of claims*

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

*Where IPSA refuses a claim, it will be marked as "not paid" on the online expenses system.*

2.2 If IPSA determines to allow the claim it will:

- a. determine how much of the amount claimed is to be allowed; and
- b. arrange for the amount allowed to be paid.

2.3 No decision by IPSA to allow or refuse a particular claim will bind IPSA in subsequent claims of the same nature.

2.4 If IPSA determines to refuse the claim or to allow only part of the amount claimed, it will notify the MP and specify the reason for the refusal.

### *Review of claims*

2.5 Where IPSA determines either to refuse a claim or to allow only part of the amount claimed, the MP may, within 14 days of IPSA issuing that notification, request IPSA to review its determination. Such a request may only be made on the grounds that:

- a. the rules have been applied incorrectly; or
- b. an administrative error has been made by IPSA.

*MPs may request a review under this paragraph using the online expenses system.*

2.6 Upon receiving a request in accordance with paragraph 2.5, IPSA will:

- a. review whether the original determination was properly made;
- b. decide whether to confirm or alter the amount allowed under the original determination;
- c. notify the MP of its decision; and
- d. if any amount has been determined as allowed, arrange for it to be paid to the MP.

2.7 IPSA may also elect to review its own determinations.

- 2.8 No staff member of IPSA who was involved in making the original determination shall be involved in any review of that determination.
- 2.9 After giving IPSA a reasonable time to review the determination (as set out in paragraph 2.5) an MP may request that the determination is reviewed by the Compliance Officer.
- 2.10 IPSA will make any payments or adjustments necessary to give effect to decisions of the Compliance Officer under paragraph 2.9, provided that all relevant appeals on the matter have been withdrawn or determined and it is no longer possible for there to be a further relevant appeal.

#### *Recovery of overpayments*

- 2.11 Where an MP:
- a. has been paid an amount (or has had an amount paid by IPSA on his or her behalf) that IPSA subsequently determines should not have been paid either in full or in part; or
  - b. agrees to repay an amount following an investigation by the Compliance Officer; or
  - c. is directed by the Compliance Officer to repay an amount, together with any additional amounts that the Compliance Officer has directed the MP to pay by way of interest, penalties and/or costs incurred by IPSA in relation to the overpayment (including the costs of the Compliance Officer in carrying out the investigation); and
  - d. has not repaid the amount if requested to do so by IPSA;
- then IPSA shall arrange for the amount to be deducted from further payments of claims to which the MP may become entitled.
- 2.12 If the MP has no further claims pending from which the overpayment can be deducted, or the value of the repayment required is greater than the value of any pending further claims, IPSA will require the MP to repay the amount in question within one month of being notified of the outcome of the review or investigation.
- 2.13 If the MP does not pay the amount within one month of being notified, the amount may be deducted from the MP's salary or otherwise recovered.

## CHAPTER THREE: GENERAL CONDITIONS OF THE SCHEME

- 3.1 No claims will be considered from an MP who has not agreed with IPSA that he or she will abide by the Scheme.
- 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 had complied with the Scheme.
- 3.3 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:
- a. it shall be exercised reasonably; and
  - b. MPs and IPSA shall satisfy the requirement of the Parliamentary Standards Act that MPs must only be paid or reimbursed for costs necessarily incurred for the performance of their parliamentary functions.

*Except where set out in Chapter Nine, the following are examples of activities that are not considered as necessary for the performance of parliamentary functions:*

- *attendance at party conferences or meetings;*
- *work which is conducted for or at the behest of a political party;*
- *producing or distributing any material which could be construed as campaign expenditure within the scope of the Political Parties, Elections and Referendums Act 2000;*
- *work relating to delegations to an international assembly; or*
- *work relating to the performance of Ministerial functions.*

*For the purpose of Chapter Seven, the above activities are not considered as necessary for the support of the performance of parliamentary functions by MPs' staff.*

- 3.4 MPs must provide any information or assistance reasonably required by IPSA to carry out its management assurance functions, in order to ensure the appropriate and cost-effective use of public funds, or for the purposes of audit.
- 3.5 Any duty of IPSA to pay any expenses to an MP is subject to anything done in relation to the MP in the exercise of the disciplinary powers of the House of Commons.

### *Publishing of claims*

- 3.6 IPSA will publish information relating to claims in accordance with its procedures and policy relating to such publication.

*Claims will be published on IPSA's website, as will IPSA's decision on each claim. IPSA recognises the need to take proper account, in terms of what is published, of the boundaries between the public and private. In determining what information to publish, IPSA is, as any other public authority, subject to the requirements of the Data Protection Act and the Freedom of Information Act. IPSA's publication policy is available on the IPSA website.*

### *Budgets and financial limits: general provisions*

- 3.7 Unless specified elsewhere, all budgets and financial limits set out in this Scheme are for a year commencing on 1 April, and ending on 31 March of the following year. All references to a "year" are to be read in this context.
- 3.8 Where a Parliament commences or is dissolved within a year, IPSA may calculate proportionally reduced budgets for the remainder of the year and set them out accordingly.
- 3.9 IPSA may from time to time amend the budgets and financial limits set out in this Scheme.

*MPs may incur business costs and expenses above the stated limits in the Scheme if they wish to do so. However any business costs and expenses above these limits will not be met from the public purse.*

- 3.10 Expenses may not be transferred between budgets, nor may they be charged in advance of the beginning of a year, except with IPSA's agreement. Amounts not utilised in any particular year's budget may not be carried forward into subsequent years, except in relation to the Start-Up Expenditure.

### *The London Area*

- 3.11 For the purposes of this Scheme, MPs representing any constituency listed in Schedule 2 are referred to as "London Area MPs", and any reference should be read accordingly.
- 3.12 MPs representing any other constituency are referred to as "non-London Area MPs".



*General restrictions applicable to claims*

- 3.13 For the purposes of this Scheme, a connected party is defined as:
- a. a spouse, civil partner or cohabiting partner of the member;
  - b. parent, child, grandparent, grandchild, sibling, uncle, aunt, nephew or niece of the member or of a spouse, civil partner or cohabiting partner of the member; or
  - c. a body corporate, a firm or a trust with which the MP is connected as defined in section 252 of the Companies Act 2006.

*The Companies Act can be found at <http://www.legislation.gov.uk/ukpga/2006/46>*

3.14 No costs may be claimed relating to the purchase of goods or services, where the MP or a connected party is the provider of the goods or services in question.

3.15 Except to the extent permitted under paragraph 4.16, no costs may be claimed relating to an MP's rental of a property, where the MP or a connected party is the owner of the property in question.

3.16 'Air miles' or similar customer loyalty benefits and other discounts earned on purchases for which claims are payable under this Scheme are not for personal use, but must be applied to further claimable expenditure.

## PART B: WORKING FROM TWO LOCATIONS

### CHAPTER FOUR: ACCOMMODATION EXPENDITURE

- 4.1 Accommodation Expenditure is designed to meet costs necessarily incurred on overnight accommodation which is required for the performance of an MP's parliamentary functions.
- 4.2 Accommodation Expenditure is not payable to MPs who:
- a. are London Area MPs; or
  - b. by virtue of any particular office held, occupy 'grace and favour' accommodation.
- 4.3 MPs may only claim for Accommodation Expenditure in relation to a property at one location, which may be either:
- a. in the London Area, or
  - b. within the MP's constituency, or within 20 miles of any point on the constituency boundary.
- 4.4 In exceptional circumstances and notwithstanding paragraph 4.3, IPSA may at its discretion allow an MP to claim for more than one property in the MP's constituency.
- 4.5 Where an MP is claiming Accommodation Expenditure under paragraph 4.8b, c or d, the MP must be routinely resident at the property supported by IPSA, and may not sublet this property.
- 4.6 Claims may only be made for Accommodation Expenditure (other than for hotel costs) once IPSA has approved the MP's rental contract, or mortgage agreement, or has been provided with proof of ownership, and agreed that such claims can be made.

*IPSA will approve all rental contracts or mortgage agreements to ensure the eligibility criteria and conditions are met before any claims can be made. MPs should satisfy themselves that the conditions as set out in the Scheme are met.*

- 4.7 MPs may rent accommodation from another MP, provided that the landlord MP is not a connected party. Only the tenant MP may claim the associated expenditure for that property.
- 4.8 Accommodation Expenditure may be claimed only for the following costs:
- a. hotel accommodation; or

- b. rental payments and associated expenditure as set out at paragraph 4.9; or
- c. for MPs who own their property but who are not claiming mortgage interest subsidy under paragraph 4.8d, associated expenditure as set out at paragraph 4.9; or
- d. exceptionally, in the case of MPs receiving payments for mortgage interest on 7 May 2010, continued payment of mortgage interest and associated expenditure as set out at paragraph 4.9 until 31 August 2012 or the date when the MP disposes of the property, whichever is the earlier.

4.9 Associated expenditure includes:

- a. utility bills (gas, electricity, other fuel and water);
- b. council tax;
- c. ground rent and service charges;
- d. home contents insurance;
- e. in the case of MPs claiming under 4.8c or 4.8d, buildings insurance;
- f. purchase, installation and maintenance of routine security measures;
- g. installation of a landline telephone line, line rental and usage charges;
- h. installation of a broadband connection and usage charges;
- i. connection to a basic, free to air television broadcast package; and
- j. the purchase of a television licence.

*“Routine security measures” are security locks, alarms, or similar.*

4.10 Associated expenditure shall not include and no claims will be paid for:

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

4.11 Accommodation Expenditure may only be paid for hotel costs to non-London Area MPs who have informed IPSA of their intention not to claim for rental property, mortgage interest, associated expenditure under paragraph 4.9, or the London Area Living Payment.

*Claiming for rental payments*

4.12 For MPs claiming for rental payments in the London Area, the annual Accommodation Expenditure budget (including all associated expenditure as set out at paragraph 4.9) is £20,000.

4.13 For MPs claiming for rental payments within the MP's constituency, or within 20 miles of any point on the constituency boundary, IPSA may set out in guidance annual Accommodation Expenditure budgets with monthly rental payment limits, which may vary having regard to particular constituencies.

4.14 The budgets for particular constituencies are set out at Annex B.

*MPs may enter into a rental agreement above the Accommodation Expenditure limit in the Scheme if they wish to do so. However, any rent or associated expenditure above this limit will not be met from the public purse.*

*IPSA has assessed that £2,600 per year is an appropriate amount for associated expenditure. MPs with low rental payments will be able to claim more than £2,600 per year in associated costs, provided they do not exceed the overall budget. However, they should have regard to the fact that £2,600 is built into the budget specifically for these costs.*

4.15 The Accommodation Expenditure budget is designed to include the cost of drawing up any tenancy agreement and any agency fees incurred on entering into or extending contracts for rental accommodation.

*Removal costs for moving to new accommodation may be claimed from the Contingency Fund. No pre-approval is required.*

*MPs who own their own homes*

4.16 For MPs claiming for mortgage interest or associated expenditure only, the annual Accommodation Expenditure budget (including all associated expenditure as set out at paragraph 4.9) is £8,850.

*This budget comprises five months' subsidy of £1,250 per month, until 31 August 2012 when the subsidy ends, and £2,600 for associated expenditure.*

*MPs who own their property but do not claim mortgage interest subsidy should have regard to the fact that £2,600 per year for associated expenditure is built into the accommodation budget for associated costs. This is IPSA's estimate of a reasonable amount of cover for associated costs.*

4.17 IPSA may recover the publicly subsidised element of any increase in the value of the property over the period for which mortgage interest payments are claimed. Additional rules on the procedures for reclamation are set out at Annex A.

*MPs who share rental accommodation*

4.18 If two or more eligible MPs choose to share rental accommodation, that intention must be registered with IPSA when registering the property. In this case, the names of both MPs must be on the rental agreement as provided to IPSA.

4.19 Each MP will be entitled to the full Accommodation Expenditure budget and all costs claimed from Accommodation Expenditure by MPs who elect to share accommodation should be apportioned equally between those MPs.

*Additional budgets for MPs with caring responsibilities*

4.20 An MP who is eligible to claim Accommodation Expenditure for rental costs may have his or her budget limit increased by up to £2,425 in any financial year for any additional expenditure that may be required, for each person for whom that MP has caring responsibilities (known hereafter as the “dependant”), provided that he or she can certify that the dependant routinely resides at the rented accommodation.

*MPs will become eligible for this additional expenditure once they register their dependant(s) with IPSA. If an MP is expecting a child or is in the process of adoption, and the MP wishes to secure new accommodation as a result, he or she should notify IPSA as soon as possible. Early notification will assist both the MP and IPSA in making the appropriate arrangements.*

4.21 For the purposes of this Scheme MPs will be deemed to have caring responsibilities where they:

- a. have parental responsibility for a dependent child of up to the age of 16, or up to the age of 18 if in full-time education; or
- b. are the sole carer for a dependent child in full-time education, of up to the age of 21 years; or
- c. are the primary carer for a family member in receipt of one of the following benefits:
  - i. Attendance Allowance;
  - ii. Disability Living Allowance at the middle or highest rate for personal care; or

- iii. Constant Attendance Allowance at or above the maximum rate with an Industrial Injuries Disablement Benefit, or basic (full day) rate with a War Disablement Pension.

*Full-time education means a course where the average time spent during term time receiving tuition, engaging in practical work or supervised study or taking examinations is more than 12 hours a week and is not linked to employment or any office held. It includes breaks taken as an integral part of the course, such as “sandwich years”.*

*Loans for deposits on rental properties*

4.22 An MP who intends to claim Accommodation Expenditure for rental costs may apply to IPSA for a loan to cover any deposit payable at the commencement of a tenancy. This loan will not be deducted from the Accommodation Expenditure budget.

4.23 The value of any loan under paragraph 4.22 may not exceed:

- a. the deposit which is stipulated in the rental agreement; or
- b. one quarter of the appropriate annual Accommodation Expenditure budget for the location (i.e. London Area or the constituency),

whichever is the lower.

*Applications for loans should be accompanied by a draft of the rental agreement, for IPSA to approve. MPs will be asked to sign hard copies of loan agreements before funds are provided to them. The terms and conditions of the loan will be set out in these agreements.*

*No MP may hold more than one loan for a deposit on residential accommodation at any one time, except where IPSA agrees otherwise.*

4.24 The MP is responsible for securing the return of the deposit and for repaying the amount in full to IPSA, no later than one month after the date on which the tenancy came to an end or when the MP leaves Parliament (whichever is earlier). Any shortfall between the deposit paid and the amount returned shall be the sole responsibility of the MP.

*Conditions applicable to Accommodation Expenditure*

4.25 An MP's entitlement to an uplift in his or her budget for Accommodation Expenditure attributable to caring responsibilities as set out at paragraph 4.20 shall cease under the following circumstances:

- a. in the case of any dependant, when that person ceases to reside routinely at the property with the MP;
- b. in the case of a dependent child under the age of 16 years, six months after the end of the financial year during which the child attains that age;
- c. in the case of a dependent child in full-time education between the ages of 16 and 18 years, six months after the end of the financial year during which the child turns 18 or concludes full-time education whichever is the earlier;
- d. in the case of a dependent child in full-time education between the ages of 18 and 21 years for whom the MP is the sole carer, six months after the end of the financial year during which the child turns 21 or concludes full-time education whichever is the earlier;  
or
- e. in the case of any family member for whom the MP is the primary carer, who is in receipt of one of the benefits listed at paragraph 4.21c, six months after the end of any financial year during which the family member ceases to be in receipt of one of those benefits.

#### *Hotel Costs*

- 4.26 Accommodation Expenditure may only be claimed in relation to hotel accommodation up to a maximum cost of £150 per night in the London Area, or £120 elsewhere in the United Kingdom.
- 4.27 If this cost includes breakfast, then it will also be reimbursed, provided it is included on the same receipt, and that the overall limit is not exceeded. These limits are inclusive of VAT.

*MPs should note that the House of Commons Travel Office may be able to book hotels at a rate below these limits.*

## CHAPTER FIVE: THE LONDON AREA LIVING PAYMENT

- 5.1 The London Area Living Payment is intended to contribute towards the additional expenses of living in the London Area or of commuting regularly to the London Area.
- 5.2 The London Area Living Payment may be claimed by:
- a. London Area MPs, or
  - b. non-London Area MPs who have informed IPSA of their intention not to claim for Accommodation Expenditure.
- 5.3 The London Area Living Payment is limited to £3,760 per financial year, payable on a monthly basis.
- 5.4 MPs representing certain constituencies (detailed in Schedule 3) may claim an additional £1,330 per year in London Area Living Payment.

### *Conditions*

- 5.5 The London Area Living Payment will not be payable in relation to any period before notification is given to IPSA that the MP has elected to claim it.

*Provided the MP applies before the payroll deadline for the month, IPSA will pay LALP for the current month in full. The payroll deadline is usually the 15th of the month (but will be earlier if the 15th falls on a bank holiday or weekend). If the MP applies after the deadline, LALP will not be paid until the following month.*

- 5.6 The London Area Living Payment will not be payable to an MP who:
- a. occupies any 'grace and favour' accommodation by virtue of any particular office held, or
  - b. receives payment for mortgage interest under paragraph 4.8d of this Scheme.
- 5.7 If an MP in receipt of the London Area Living Payment subsequently elects to claim Accommodation Expenditure, the MP's entitlement to the London Area Living Payment will cease with effect from the day before Accommodation Expenditure is claimed.



## PART C: OFFICE SUPPORT

### CHAPTER SIX: OFFICE COSTS EXPENDITURE

- 6.1 Office Costs Expenditure 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 this Scheme, or from other sources.
- 6.2 All MPs are eligible for Office Costs Expenditure, whether or not they rent a constituency office.
- 6.3 For London Area MPs, the annual Office Costs Expenditure budget is £24,750.
- 6.4 For non-London Area MPs, the annual Office Costs Expenditure budget is £22,200.
- 6.5 MPs are entitled to exercise discretion over claims for items that meet the purposes of the Office Costs Expenditure budget, provided that the claims meet the general conditions of the Scheme and the conditions in this Chapter.
- 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. stationery provided by the House of Commons;
  - c. newsletters;
  - d. funding any material, excluding a website, that contains a party political logo or emblem;
  - e. personal accountancy or tax advice; or
  - f. producing or publishing any material which could be construed as campaign expenditure within the scope of the Political Parties, Elections and Referendums Act 2000.

*Office Costs Expenditure (OCE) may be claimed for any costs required to support the set-up and ongoing running of the MP's constituency office (including rental costs), where these are necessary for the performance of an MP's parliamentary functions and meet the conditions of the Scheme. Other than as noted in this guidance, IPSA will not provide advice on whether a particular item is claimable from this budget.*

*IPSA intends to arrange a facilitated purchase of employment practice insurance for MPs. The premium for this insurance will be deducted from the OCE budget if an MP decides to purchase the cover through IPSA. If an MP decides to purchase legal expenses or employment practice insurance separately (ie not through the IPSA facilitated purchase arrangement), this may be claimed from the OCE budget.*

*Where an MP moves office, these removal costs are not required to come from OCE and may be claimed from the Contingency Fund instead.*

*For MPs representing Welsh constituencies, the costs of translation between the Welsh and English languages may be met from the Contingency Fund, and not from OCE.*

*MPs should not claim for pooled staffing resources, such as the Parliamentary Resources Unit, Parliamentary Office of the Liberal Democrats or Parliamentary Research Service from the OCE budget unless they expect their Staffing Expenditure budget to be exhausted.*

*MPs may only claim for telephone calls that relate to their parliamentary work. When submitting a claim, MPs will be required to determine the appropriate proportion of their phone bill that they wish to claim for (which may be 100%). MPs will need to enter the amount of the bill they wish to claim, not the percentage figure.*

*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.*

#### *Constituency office rental costs*

- 6.7 Office Costs Expenditure may also be claimed for the rent of one or more premises to be used as a constituency office, each of which must be registered with IPSA before a rental claim is made. A constituency office must be located within the constituency or less than 20 miles outside it.
- 6.8 Claims for the following costs will only be allowed where the office has been registered with IPSA:
- a. energy and water bills;
  - b. business rates;
  - c. contents and buildings insurance; and
  - d. rental and usage costs for telephone and internet access.
- 6.9 Where the costs in paragraph 6.8 above are incurred at an MP's or staff member's home (for example if he or she works from home routinely), that home must be registered with IPSA as a constituency office.

6.10 If a member of staff routinely works from home and wishes to register his or her home as an office under paragraph 6.9, the restriction in paragraph 6.7 that it must be within the constituency or fewer than 20 miles outside of it is not applicable.

6.11 Where the constituency office is to be rented from a political party or constituency association:

- a. the MP must provide a valuation of the market rate for the contract prepared by a valuer regulated by the Royal Institution of Chartered Surveyors; and
- b. that market rate must not be exceeded.

The cost of the valuation is claimable under Office Costs Expenditure.

*MPs are strongly advised to negotiate a clause within their contract to allow them to extricate themselves from the contract within two months in case of a change in circumstances such as the loss of their seat at a General Election.*

*Where an MP has an office at home, he or she must be able to satisfy HMRC that this is a de facto office, and not that he or she occasionally works at home. IPSA will then reimburse associated expenditure according to the HMRC guidelines on working from home. In no circumstances will rent for this office be reimbursed in addition to accommodation expenditure. Any journeys made from this location will be treated as from home, and IPSA will not reimburse the MP's daily commute.*

#### *Loans for deposits on rental properties*

6.12 An MP who intends to claim Office Costs Expenditure for rental costs may apply to IPSA for a loan to cover any deposit payable at the start of a tenancy.

6.13 The MP is responsible for securing the return of the deposit and for repaying the amount in full to IPSA, no later than one month after the date on which the tenancy comes to an end or when the MP leaves office (whichever is earlier). Any shortfall between the deposit paid and the amount returned shall be the sole responsibility of the MP.

#### *Use of offices by others*

6.14 Where an MP who claims office rental expenditure grants a licence or gives permission to any person for the use of the constituency office (or any part of it) on one or more occasions, a fee must be charged which reflects an appropriate proportion of the rent and other costs incurred.

6.15 This fee must be remitted to IPSA in its entirety.

*When paying this fee to IPSA, MPs should use the cheque repayment form (available on the IPSA website) and provide an explanation of the method used to calculate the fee.*

#### *Shared offices*

6.16 If an MP shares a constituency office or surgery with another MP, a member of the European Parliament, the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly, Office Costs Expenditure may be claimed only for the appropriate proportion of the rent and other office costs. The MP will be required to inform IPSA of the relevant proportion when registering the office.

*IPSA will use the relevant proportion of the costs to calculate both rent and costs payable to the MP.*

*Where an MP shares an office with a Member of the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly, he or she should submit a claim for his or her proportion of the expenses using the online expenses system as usual. IPSA will accept a copy of any invoices or receipts rather than the original, so that the original can be submitted to the Parliament or Assembly as appropriate. MPs should indicate that this is the case when submitting the claim.*

## CHAPTER SEVEN: STAFFING EXPENDITURE

- 7.1 Staffing Expenditure may be claimed to meet the cost incurred in the provision of staff to assist with the performance of an MP's parliamentary functions. Throughout this Chapter, “staff” should be taken to include “apprentices” where those apprenticeships meet the standards of the National Apprenticeship Service and “interns” who are workers, except where stated in paragraphs 7.8 and 7.9.
- 7.2 All MPs are eligible for Staffing Expenditure.
- 7.3 Staffing Expenditure may be used to meet the following costs:
- a. staff salaries, employers' contributions to National Insurance and employers' contributions to pension schemes;
  - b. payments to pooled staffing resources;
  - c. payments for bought-in services;
  - d. overtime payments, to the extent that these are specified in staff terms and conditions;
  - e. payments for childcare vouchers for staff or other payments by way of salary sacrifice schemes;
  - f. modest reward and recognition payments (but these may not be claimed in respect of any connected parties);
  - g. one-off health and welfare costs associated with provision of staffing support, such as eyesight tests and occupational health assessments;
  - h. costs associated with apprenticeships that meet the standards of the National Apprenticeship Service; and
  - i. the incidental expenses of volunteers (as set out in paragraph 7.12).

*“Pooled staffing resources” refers to services provided to a group of MPs for provision of research or other support, such as the Parliamentary Resources Unit, Parliamentary Office of the Liberal Democrats or Parliamentary Research Service. Where they expect their Staffing Expenditure budget to be exhausted, MPs may claim for these services from their Office Costs Expenditure budget.*

*“Bought-in services” refers to staffing services provided by companies, self-employed individuals or others not on the payroll.*

*Any necessary expenditure on staff redundancies will be met by the MP making a claim for a contingency payment, while any paid time in lieu of notice or holiday pay due to the staff member will be met from the MP's staffing budget. The level of redundancy payments covered is defined in the staff contracts as approved by IPSA.*

*MPs will not be reimbursed by IPSA for the payment of bonuses, but may claim for modest reward and recognition payments. The level of reward and recognition payments is left to the MP's discretion, but should be modest. The total amounts claimed by each MP for reward and recognition payments and the amounts claimed for individual staff members will be published annually.*

*"Volunteers" include 'unpaid interns' who receive incidental expenses only and in relation to whom the MP has no obligation to provide work and the volunteer has no obligation to accept it.*

7.4 The following costs will be met centrally and will not be deducted from an MP's Staffing Expenditure budget:

- a. necessary expenditure on replacement staff to cover staff on maternity, paternity, or adoptive leave; and
- b. necessary expenditure on replacement staff to cover staff on long-term sick leave (i.e. longer than two weeks).

#### *Limits*

7.5 For London Area MPs, the annual Staffing Expenditure budget is £144,000.

7.6 For non-London Area MPs, the annual Staffing Expenditure budget is £137,200.

*MPs should note that these budgets are subject to approval of the Speaker's Committee for IPSA of the necessary monies to fund them.*

#### *Conditions*

7.7 The salaries of staff employed by an MP after 7 May 2010 will be paid by IPSA provided that the following conditions are satisfied:

- a. the member of staff is employed to do work that complies with one or more of the job descriptions published by IPSA;
- b. the member of staff's salary is within the relevant range published by IPSA for the job description in question;
- c. a contract of employment that complies with the model contract of employment published by IPSA from time to time has been signed by the relevant parties; and

- d. the MP has provided to IPSA proof that conditions a-c above have been satisfied and has obtained IPSA's approval to the contract of employment.

*Model contracts and job descriptions, along with further guidance, be can be downloaded from IPSA's website.*

*When setting pay for their staff, MPs should have regard to the terms of the wider public sector pay freeze. In recognition of this freeze, IPSA does not expect to receive any requests for salary uplifts for MPs' staff, except where the staff in question have taken on significant extra responsibilities.*

*Under the terms of the public sector pay freeze, public sector workers earning over £21,000 will not receive any increase in salary. Public sector workers earning under this amount will receive an uplift of £250. If MPs wish to provide this £250 uplift from their staffing budget, they should use the salary amendment form on the IPSA website to request it.*

- 7.8 Paragraph 7.7 does not apply to apprentices. The salaries of apprentices employed by an MP after 7 May 2010 will be paid by IPSA provided that the following conditions are satisfied:
- the apprentice is employed on terms that meet the standards of the National Apprenticeship Scheme; and
  - the terms of the employment and the job description have been provided to IPSA.
- 7.9 Paragraph 7.7b does not apply to interns. The salaries of interns employed by an MP after 7 May 2010 will be paid by IPSA provided that the employment conditions comply with the requirements of National Minimum Wage legislation.
- 7.10 Staff employed by the MP on 7 May 2010 may remain on job descriptions, salaries and contracts that do not conform to the conditions in paragraph 7.7 above.
- 7.11 Once the conditions set out in paragraph 7.7 have been fulfilled (or IPSA is satisfied that they will be fulfilled) IPSA may at its discretion pay the salaries of MPs' staff with effect from the commencement of the staff member's employment.
- 7.12 MPs who engage volunteers must submit a signed agreement with the volunteer to IPSA before claims for incidental expenses can be made. The signed agreement must comply with the model agreement published by IPSA. Incidental expenses are limited to reasonable travel and food, and non-alcoholic drinks.

*Agreements for volunteers are applicable to those individuals who are not 'workers' and therefore not entitled to at least the National Minimum Wage. A model agreement is available on the IPSA website. MPs must notify IPSA whenever an agreement with a volunteer comes to an end.*

*Unpaid interns and other volunteers are not required to carry out specific duties for the MP, and they are assisting the MP with his or her duties on a voluntary basis. Should the nature of the unpaid intern's or volunteer's work change so that they would be classified as an employee, the MP must contact IPSA and provide the intern or volunteer with a contract of employment, subject to National Minimum Wage legislation.*

7.13 Staffing Expenditure may only be claimed for the salary of one employee who is a connected party, unless an MP employed more than one connected party on 7 May 2010. In that case the MP may continue to employ these connected parties until the parties in question cease to be employed or otherwise to provide staffing assistance.

7.14 Nothing in this Scheme shall be taken to affect the MP's position as the employer of their staff.

#### *Employers' contributions to National Insurance*

7.15 Employers' National Insurance contributions will be paid by IPSA for all members of staff for whom salaries are paid. These will be deducted from the budget for Staffing Expenditure. Employees' contributions will be deducted from salaries.

#### *Pension scheme payments*

7.16 Employers' pension contributions will be paid by IPSA for all members of staff for whom salaries are paid. These will be deducted from the budget for Staffing Expenditure. Employees' contributions will be deducted from salaries.

7.17 Except where the employee in question has opted out of the Portcullis Pension Plan, the contributions at paragraph 7.16 shall be towards that plan and shall be equal to 10% of the employee's salary.

7.18 IPSA will if requested by the MP make contributions to a pension plan other than the Portcullis Pension Plan if it is satisfied that this is the preference of that staff member.



*Salary sacrifice for employee benefits*

7.19 An MP may request IPSA to make arrangements for employees to have access to benefits such as childcare voucher schemes through salary sacrifice arrangements. Payments from staff's salaries will be administered by IPSA. Any employer contributions will be deducted from the budget for Staffing Expenditure.

*Further guidance and associated documentation on salary sacrifice schemes can be found on the IPSA website.*

## CHAPTER EIGHT: START-UP AND WINDING-UP

### **A: START-UP**

#### *Purpose and Eligibility*

- 8.1 Start-Up Expenditure is designed to meet the costs of setting up one or more constituency offices as a new MP.
- 8.2 Start-Up Expenditure is available for MPs elected to Parliament for the first time for a particular constituency. Notwithstanding any budgetary limit applicable, IPSA may at its discretion limit the Start-Up Expenditure budget for individual MPs.

*Start-Up Expenditure is intended to meet the costs of “big-ticket” start-up items, such as computers, desks, re-decoration etc.*

#### *Duration and Limit*

- 8.3 The Start-up Expenditure budget is set at £6,000 and lasts for 365 days from the day after the date of election of the MP.
- 8.4 Notwithstanding paragraph 3.10, if a new MP has not exhausted the Start-Up Expenditure budget by the end of the financial year and part of the 365 day period remains, the remaining budget will be rolled over into the next financial year. Any unspent funds will expire 365 days after the day after the date of the MP’s election.

### **B: WINDING-UP**

#### *Purpose and eligibility*

- 8.5 Winding-Up Expenditure is designed to meet the cost of completing the outstanding parliamentary functions of a person who ceases to be an MP.
- 8.6 Winding-Up Expenditure is available for MPs when they are not re-elected to Parliament (whether or not this is because they do not stand at a General Election) or who leave the House during a Parliament. It is payable only to a former MP, when that individual ceases to be an MP a maximum of two months before the date on which the expense being claimed was incurred.

- 8.7 Winding-Up Expenditure may be claimed for the costs of concluding parliamentary functions, including:
- a. salary, and National Insurance costs for any staff who continue to work for the MP (for up to a maximum of two months after the MP leaves Parliament);
  - b. other contractual liabilities for staff in respect of the period after the date of the General Election, such as any employer pension contributions, overtime worked, untaken holiday and pay in lieu of notice if allowed by staff contracts;
  - c. contractual liabilities for offices and/or equipment, such as office rent and utility bills, and equipment rental payments for the notice period;
  - d. travel costs where necessary for completion of parliamentary functions, with certification that the travel was for the purpose of closing down such functions;
  - e. any costs reasonably incurred under the terms of an office rental agreement, such as the costs of redecorating the office and making good dilapidations;
  - f. postage, stationery and telephone costs, subject to the rules in Chapter Six of this Scheme, with evidence that the claim relates to the conclusion of parliamentary functions;
  - g. the costs of removing items such as furniture from the MP's office;
  - h. other associated costs, such as the shredding of confidential waste or cleaning the hard disk of any IT equipment which has been purchased under the Scheme;
  - i. the costs, including removal costs, of leaving any accommodation funded under the Scheme, but excluding redecoration and cleaning costs.
- 8.8 The costs of staff redundancy payments will be met from the Contingency Fund.
- 8.9 MPs may continue to claim for rental payments or mortgage interest payments and associated expenditure for two months after leaving Parliament. These costs will be met from the Contingency Fund.
- 8.10 MPs who received disability or security assistance prior to leaving Parliament may continue to claim on the same basis for two months after leaving Parliament.
- 8.11 MPs who lose their seat in a general election held before the next scheduled general election (under the Fixed-term Parliaments Act 2011) will be eligible to receive a resettlement payment in accordance with IPSA's published resettlement payment policy.

*IPSA's interim resettlement payment policy is as follows.*

*To qualify for the resettlement payment, the individual must have been an MP on the day before the dissolution of Parliament and a candidate for re-election for the same seat, but not re-elected.*

*The amount of the resettlement payment payable is one calendar month's salary (at the rate payable to Members immediately before the dissolution) for each completed year of service subject to a maximum payment equal to six months' salary.*

*Limit*

8.12 For London Area MPs, the Winding-Up Expenditure budget is limited to a maximum of £56,250.

8.13 For non-London Area MPs the Winding-Up Expenditure budget is limited to a maximum of £53,150.

## PART D: OTHER SUPPORT

### CHAPTER NINE: TRAVEL AND SUBSISTENCE EXPENDITURE

- 9.1 Travel and Subsistence claims may be made for the costs of travel, and travel-related and subsistence expenditure undertaken by an MP or others, which are necessarily incurred in the performance of the MP's parliamentary functions.
- 9.2 MPs may claim for Travel and Subsistence Expenditure for journeys which are necessary for the performance of their parliamentary functions, and fall into one of the following categories:
- a. for MPs who are eligible for Accommodation Expenditure, journeys between any point in the constituency (or a home or office within 20 miles of their constituency boundary) and Westminster or a London Area home;
  - b. for MPs who are not eligible for Accommodation Expenditure, journeys between their constituency office and Westminster;
  - c. travel within the constituency or within 20 miles of the constituency boundary;
  - d. extended UK travel under paragraph 9.3; or
  - e. a maximum of three return journeys per year to the national Parliaments of Council of Europe member states, or institutions and agencies of the European Union.

*Non-London Area MPs who choose to claim the London Area Living Payment are not eligible for Accommodation Expenditure, and cannot claim for journeys described in paragraph 9.2a. Journeys as described under paragraph 9.2b will be claimable in these circumstances. Paragraph 9.2b is not intended to allow London Area MPs to claim for their daily commute by first going into the office every day and visiting the office on the way back home. Rather it is to allow for travel claims when MPs need to travel between Westminster and the constituency office in order to conduct constituency business.*

#### *Extended UK Travel*

- 9.3 MPs may only claim for extended UK travel if they can demonstrate that the journey undertaken was made for at least one of the following reasons:
- a. a matter currently before the House;
  - b. a matter currently before a Select Committee on which the MP serves, for which travel funding is not provided by another source;
  - c. a constituent or general constituency matter; or
  - d. any other necessary travel for parliamentary functions for which funding is not provided by another source.

*MPs should include explanatory notes when claiming for Extended UK Travel.*

*Journeys made as part of an MP's duties as an Opposition Front Bench spokesperson or shadow minister may be claimable under paragraph 9.3d where funding is not available from another source. Journeys made as part of an All-Party Parliamentary Group (APPG) may only be claimed where they meet the requirements of paragraph 9.3 above and the journey has been expressly and formally requested by the APPG. Extended UK travel may not be claimed for:*

- journeys made on Party business;*
- travel related to a delegation to an international assembly;*
- journeys made on Government business;*
- journeys made for the purpose of electioneering; and*
- journeys for which funding is available from another source.*

#### *General conditions*

9.4 Other than at paragraph 9.37 below, no claims will be payable for the cost of the MP's daily commute to and from a place of work. This includes journeys between:

- a. Westminster and an MP's residence in the London Area; or
- b. an MP's constituency residence and his or her constituency office.

9.5 No claims will be payable for journeys which are undertaken for the purpose of carrying out ministerial functions, or for carrying out functions relating to an MP's role on an official delegation.

9.6 The MP should always have regard to whether any particular journey is necessary and to the most cost-effective way to undertake it. In particular, whatever means of transport is used, consideration should be given to whether potential savings to public funds could be made through the use of concessionary fares such as Oyster cards, season tickets, advance purchase or off-peak travel.

#### *Specific conditions: public transport*

9.7 For allowable journeys by public transport, MPs may buy a ticket of any class but (except where paragraph 9.8 below applies) reimbursement will be limited to the rate of an economy class ticket available at the time of booking. In the case of air travel, "economy" includes "flexible economy".

9.8 For allowable journeys made by rail, reimbursement will be limited to the rate of an "anytime standard open" ticket for the journey prevalent at the time of the claim.

*Information on standard open fares is included in the online expenses system, which will automatically check the cost of the relevant rail journey.*

*MPs should consider value for money when purchasing tickets which they may need to change at short notice. In the interest of saving money for the taxpayer MPs should exercise discretion and balance low cost, generally inflexible, tickets against the probability of cancellations and the charges they will incur.*

9.9 MPs travelling on sleeper train services are additionally entitled to claim for a sleeper supplement for a single occupancy berth.

*Both companies which provide sleeper train services within the UK (Scotrail and First Great Western) will allow travellers to purchase a single occupancy berth as a supplement to a standard class ticket. The single occupancy berth is the same berth as would be provided with a first class ticket.*

*No MP is expected to share a berth and IPSA will reimburse any claim that was necessary to secure a single berth.*

9.10 Where an MP obtains a railcard or season ticket which allows savings to be made on future purchases of rail tickets, reimbursement of the cost of the railcard may be claimed.

*Specific conditions: private transport*

9.11 Private cars, motorcycles or bicycles may be used as an alternative to public transport where there is a specific need or it is cost-effective to do so. An MP undertaking a journey by private transport as the driver will be reimbursed in accordance with the rates set out in IPSA's guidance.

*These rates are the standard rates set by Parliament and administered by HMRC. They are valid from 1 May 2011 onwards.*

Motor mileage rate	To cover business travel by private motor car	45p per mile for the first 10,000 miles 25p per mile thereafter
Motor Cycle mileage	To cover business travel by private motor cycle	24p per mile
Bicycle mileage	To cover business travel by private cycle	20p per mile

9.12 Where more than one MP travels in the same car, only one of the MPs may submit a claim for the cost of each journey.

*When making a claim for mileage the MP can download a spreadsheet from the IPSA website and enter the total number of miles driven each day for one month. This can then be entered as a single claim. It is not necessary to enter a separate claim for each individual journey driven.*

*Cars must be registered on the online expenses system before mileage claims can be submitted.*

9.13 MPs using private transport may claim reimbursement of costs necessarily incurred in relation to their journey for parking charges, congestion zone charging and road tolls. Penalty or additional charges for late payment, or civil charges for traffic, parking or other violations will not be reimbursed.

9.14 Other than in the circumstances described at paragraph 9.37 below, taxi fares will only be reimbursed from Travel and Subsistence Expenditure when a journey by taxi is necessary because:

- a. no other reasonable method of transport is available for all or part of the journey; or
- b. alternative methods of transport are impracticable due to pregnancy, disability, illness or injury of the MP or staff member.

*Any reference to taxis in this Scheme includes any vehicle licensed by the Public Carriage Office or by the local authority. Licensed minicabs generally fall into this category.*

*When submitting claims for taxi journeys, MPs must include a note on the reasons why they took a taxi rather than using an alternative method of transport.*

9.15 Hire cars may be used in the above circumstances where a saving to the public purse over the cost of using taxis can be demonstrated. MPs may claim for the cost of hiring the vehicle, of any fuel used, and insurance purchased.

9.16 A hire car may only be used for allowable journeys and must be used in accordance with the terms of hire. Where required, the car must be returned at the end of its hire with a full fuel tank, to avoid any penalty charges.



### *Travel by members of MPs' staff*

9.17 Each MP may claim for Travel and Subsistence Expenditure for his or her staff to make up to 96 single journeys each year between the MP's constituency office and Westminster. This limit is the total for all staff employed by the MP, not per staff member.

9.18 MPs may also claim for Travel and Subsistence Expenditure in respect of the following journeys made by members of their staff:

- a. travel within the constituency or within 20 miles of the constituency boundary; and
- b. travel elsewhere within the UK for the purposes of relevant training.

*Training may include attendance at conferences on subjects that are relevant to the MP's parliamentary functions. It does not include attendance at a party political conference or meeting.*

9.19 All of the conditions at paragraphs 9.4 to 9.16 apply to travel by members of MPs' staff.

### *Travel by family members*

9.20 Where MPs have caring responsibilities under paragraph 4.20, they may claim for journeys by the dependant in question. Such claims are limited to 30 single journeys between the MP's London Area residence and the constituency residence in each year for each dependant.

9.21 In the circumstances at paragraph 9.20, where MPs share responsibility for caring with a spouse or partner, MPs may also claim for journeys by their spouse or partner made in exercise of that responsibility. Such claims are limited to 30 single journeys per person between the MP's London Area residence and the constituency residence in each year.

9.22 Where a dependant needs assistance from a carer other than an MP's spouse or partner while travelling on an allowable journey, the cost of the carer's journey may also be claimed.

9.23 A "partner" is considered to be either a civil partner or cohabiting partner of the MP in question.

9.24 All of the conditions at paragraphs 9.4 to 9.16 apply to travel by MPs' families apart from paragraph 9.10 (railcards).

### *Subsistence expenditure for MPs*

- 9.25 MPs may claim for Travel and Subsistence Expenditure for the cost of an overnight hotel stay where they have travelled as part of their parliamentary functions, and it would be unreasonable to return to any residence either in the London Area or their constituency.
- 9.26 Travel and Subsistence Expenditure may not be claimed for hotel stays in the London Area except in the circumstances at paragraph 9.37 below.
- 9.27 Where Travel and Subsistence Expenditure is claimed for hotel stays outside the United Kingdom, this is subject to an upper limit of £150 per night.

*These will be claimed by the MP in the usual manner, but a conversion factor will be applied to convert the currency to pounds sterling.*

- 9.28 Where Travel and Subsistence Expenditure is claimed for hotel stays inside the United Kingdom but outside the London Area, this is subject to an upper limit of £120 per night.
- 9.29 MPs may claim for the cost of purchasing food and non-alcoholic drinks where they have necessarily stayed overnight neither in the London Area nor their constituency. This is limited to £25 for each night.
- 9.30 MPs may claim reimbursement of the costs of an evening meal (excluding alcoholic drinks), when they are required to be at the House of Commons because the House is sitting beyond 7:30pm. This is limited to £15 for each night.

*MPs may either choose to purchase a meal at or away from the Parliamentary Estate. Under the Section 293A of the Income Tax (Earnings and Pensions) Act 2003, meals will be taxable if eaten away from the Parliamentary Estate. Meals eaten on the Parliamentary Estate will remain untaxed.*

### *Subsistence expenditure for carers*

- 9.31 Where a dependant needs assistance from a carer other than an MP's spouse or partner while travelling on an allowable journey, the cost of the carer's necessary overnight hotel stay and subsistence may also be claimed.
- 9.32 For hotel stays the following upper limits apply for each carer:
- a. for hotels within the London Area, £150 per night; and

- b. for hotels outside the London Area, £120 per night.

9.33 Subsistence is subject to an upper limit of £25 for each night for food and non-alcoholic drinks.

*Subsistence expenditure for staff*

9.34 Members may claim for the cost of an overnight hotel for a member of their staff, where the staff member has necessarily travelled in assisting the MP in his or her parliamentary functions, or is undertaking relevant training. Such claims may be made only when it would be unreasonable to return to any residence.

9.35 MPs may claim reimbursement for subsistence for their staff members if the staff member necessarily stays overnight in a hotel to assist the MP in his or her parliamentary functions, or if the staff member is undertaking training. Expenditure is limited to £25 for each night for food and non-alcoholic drinks.

9.36 For hotel stays the upper limits set out in paragraph 9.32 also apply for each staff member.

*Specific provision for late working in Parliament*

9.37 Where the House of Commons sits late or when MPs undertake their parliamentary functions in the House of Commons until late at night, MPs may use their discretion in claiming for reimbursement of taxi fares for journeys from the House of Commons to a London Area residence, or for the cost of an overnight stay in a hotel. Taxis will be subject to an upper limit of £80 for each such journey. Hotels will be subject to an upper limit of £150 per night.

*Travel and subsistence after late working in the House of Commons may be claimed at the MP's discretion and IPSA will not provide advice on individual circumstances.*

*MPs may wish to have regard to the HMRC's guidance on the tax status of claims for hotels and late-night taxis, which is available on our website.*

## CHAPTER TEN: MISCELLANEOUS EXPENDITURE AND FINANCIAL ASSISTANCE

### A: DISABILITY ASSISTANCE

- 10.1 Disability Assistance may be claimed by any MP for necessary additional expenditure incurred in the performance of an MP's parliamentary functions which is reasonably attributable to a disability of an MP, a staff member, a job applicant or constituents visiting the office or surgery.
- 10.2 In addition to the expenditure for which claims may be made under other parts of this Scheme, Disability Assistance may be claimed to meet the costs of any “reasonable adjustments” required by the Equality Act 2010 including:
- a. staff and associated costs;
  - b. IT and other specialist equipment;
  - c. office furniture;
  - d. necessary adjustments to office premises or accommodation;
  - e. necessary costs of securing larger office premises or accommodation; and
  - f. necessary additional travel costs (including for carers or support staff where necessary).

#### *Conditions*

- 10.3 A claim for Disability Assistance must be accompanied by a clear statement of the nature of the condition in question and the assistance required.

*Claims for disability assistance can only be made for additional funding required by the MP which affects their ability to perform their parliamentary functions outside the Parliamentary Estate. There is no set limit on the amount of Disability Assistance an MP may receive; the level of allowable claims will be decided on a case by case basis.*

*It will not always be necessary for MPs or staff to undergo an assessment of their disability in order to determine what reasonable adjustments are required. In many cases, the individual will already understand what is needed. However, if such an assessment is required, the cost should be claimed under Disability Assistance.*

*MPs are recommended to seek prior approval for claims, especially if there is a large cost involved – for example, for buying specialist equipment IPSA will require an estimate of costs of the additional assistance in order to grant prior approval.*

*In some circumstances, particularly where a large cost is involved, IPSA may require an independent assessment of the disability to be provided.*

*If an MP or staff member has a temporary or minor injury which does not constitute a disability, for example a broken leg, it may be more suitable for them to claim for any required additional assistance from the Contingency Fund.*

## **B: SECURITY ASSISTANCE**

10.4 Security Assistance may be claimed for additional security measures that are necessary to enable the MP's parliamentary functions to be undertaken.

*Routine security measures should be claimed from the Office Costs Expenditure or Accommodation Expenditure budgets.*

10.5 A claim may be made by any MP who considers that measures are necessary to safeguard the MP, or the MP's staff or equipment at any location outside the Parliamentary Estate where assistance towards the provision of such measures is not available from the House of Commons.

### *Conditions*

10.6 IPSA will not accept a claim for Security Assistance unless:

- a. it is provided with a copy of a report by a police force or security agency setting out the grounds for the proposed expenditure; and
- b. it is satisfied that the MP's ability to perform the MP's parliamentary functions in safety would be significantly impaired if the claim is not accepted.

10.7 Any claim for Security Assistance should be approved in principle before any contract is entered into to incur the expenditure. The in principle claim should be accompanied with an estimate of the costs to be incurred, obtained from a reliable supplier.

*The term "security agency" at 10.6a refers to the Home Office's Office for Security and Counter Terrorism, the Cabinet Office, the House of Commons Serjeant at Arms' office, the Parliamentary Security Coordinator or the Palace of Westminster Police. If an MP has extra security needs over and above what is set out elsewhere in the Scheme then he or she should follow the steps outlined below.*

*MPs who consider that they have extra security requirements should in the first instance contact the*

*IPSA Security Officer via email at [security@parliamentarystandards.org.uk](mailto:security@parliamentarystandards.org.uk)*

*MPs will be asked to outline briefly their reasons for the extra security and the contact details of the security agency/police advisor who has recommended this course of action. At this time IPSA will ask the security agency/police advisor for a written statement of the risks and their advice for extra support from IPSA. All police security assessments should be signed off by officers at or above the rank of Chief Inspector. IPSA will then contact the security agency/police advisor to verify the statement and if content, process the application and advise the MP.*

### **C: INSURANCE**

10.8 In addition to any insurance which is payable under Chapters 4, 6 and 9 of this Scheme, MPs may claim in respect of premium payments for the following types of insurance:

- a. Employer's Liability Insurance, up to a limit of £10,000,000;
- b. Public Liability Insurance, up to a limit of £5,000,000; and
- c. Travel Insurance, to cover travel under paragraph 9.2e.

10.9 No claim may be made under paragraph 10.8 if the MP is otherwise provided with the type of insurance in question by the House of Commons or by IPSA.

*Employer's Liability and Public Liability Insurance is provided by IPSA for the financial year 2012-13. MPs do not have to claim for it and no claims for this insurance will be paid.*

### **D: CONTINGENCY PAYMENTS**

10.10 Where an MP necessarily incurs expenditure or liability for expenditure related to the performance of the MP's parliamentary functions which is not covered by any of the budgets set out in this Scheme or, if it is covered by one or more of those budgets, it exceeds any financial limit that may apply, the MP may apply to IPSA to be reimbursed on an exceptional basis in respect of that expenditure.

10.11 IPSA may decide to accept or reject an application under paragraph 10.10 at its sole discretion, and in considering its decision shall take into 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.

*To receive a contingency payment MPs must complete a request for a contingency payment which sets out the following:*

- a clear description of the situation;*
- a declaration that refusal of the claim will significantly affect their ability to perform their parliamentary functions and how this is the case; and*
- a declaration that they could not have foreseen or prevented the expenditure or liability and how this is the case.*

*MPs should set out clearly the exceptional circumstance that resulted in the expenditure. If an MP runs out of funds at the end of the year when there is no exceptional reason why those funds have been exhausted, contingency funding will not be available to top up the MP's budget.*

*To ensure that their application contains all the necessary information, MPs should use the proforma available on the IPSA website.*

*While it is understood that claims for contingency payments will vary in nature, it is expected that MPs should seek prior approval for claims. IPSA will require an estimate of costs involved in order to grant prior approval.*

*Any necessary expenditure on staff redundancies will be met from the Contingency Fund; any payment in lieu of notice or holiday pay due to the staff member will be met from the MP's staffing budget.*

#### *Temporary or Minor Injury*

*If an MP sustains an injury which is minor or temporary in nature and which they can demonstrate will significantly affect their ability to perform their parliamentary functions, he or she may receive necessary additional financial assistance away from the Parliamentary Estate for the period for which the injury will affect him or her. This can be claimed as a contingency payment. An example of this could be an MP who breaks his or her leg and who requires short-term additional financial assistance (away from the Parliamentary Estate). The MP must follow the normal procedure to apply for a contingency payment. The MP would also have to provide IPSA with a note from his or her GP or the House of Commons Safety Health and Wellbeing Service setting out what the injury is and for how long it is likely to affect him or her, as well as any receipts which show the additional payments made. (Please note MPs are already able to claim for some journeys by taxi due to injury as under paragraph 9.14b of the Scheme).*

*In cases of claims for additional assistance as a result of a temporary or minor injury, IPSA reserves the right to request a medical report if it feels the injury is more significant or permanent and therefore should be claimed through Disability Assistance.*

#### *Example of a contingency claim which is likely to be accepted*

*If an MP were to ask for an extrication payment to cover the costs of ending an expensive printer lease,*

*this is likely to be accepted where the MP can show that this would present good value to the taxpayer. It may be possible to show this where the costs of continuing the lease would be greater than the cost of ending it.*

**Example of a contingency claim which is likely to be rejected**

*If an MP were to ask for a contingency payment to cover the cost of replacing stolen contents from their constituency office this claim would be rejected. This is because the MP could have foreseen or prevented the expenditure or liability by claiming for contents insurance for their constituency office. It may be decided that the MP should have taken responsibility to ensure that the contents were insured, the cost of which was already claimable, and therefore should not receive any additional assistance.*

**E: RECALL OF PARLIAMENT**

10.12 IPSA will, in the event of a recall of Parliament during Recess, settle claims for any reasonable travel by an MP and their spouse/partner or dependants to Westminster or an MP's London Area residence. This includes international travel back to the UK and may include return travel to the foreign location, up to a maximum of £3,750 per MP.

*If MPs necessarily incur costs above £3,750 when returning to the UK for a recall, IPSA will consider making a contingency payment for the additional amount.*

**F: EXPENDITURE DURING A GENERAL ELECTION**

10.13 During the period between the dissolution of Parliament and the day after polling day the following restrictions will apply to claims made under this Scheme.

10.14 Accommodation Expenditure may be claimed in accordance with Chapter Four of the Scheme.

10.15 Office Costs Expenditure may be claimed for the performance of parliamentary functions only. Office equipment and supplies purchased for the performance of parliamentary functions may not be used for party political activities. An MP who intends to use his or her IPSA funded office for any activities connected with the election may only claim the proportion of the rent, utilities and other costs which relate to parliamentary activity.

10.16 Staffing Expenditure may not be claimed for any party political activity. Staff wishing to undertake party political activity must not do so during their working hours and must instead take paid or unpaid leave. If a staff member plans to take unpaid leave, the MP must notify IPSA in advance, so that pay adjustments can be made.



10.17 Travel and Subsistence Expenditure for MPs will be restricted to one single journey from Westminster to the MP's residence or any point in his or her constituency. MPs may also claim for one single journey back to the MP's residence or constituency for any dependant (as defined by paragraph 4.21). Staff may claim one single journey to return to their normal place of work. Staff may also claim for travel between the MP's constituency office and Westminster in accordance with paragraph 9.17 of the Scheme. All of the conditions set out in Chapter Nine of the Scheme apply to travel during the election period.

10.18 For the six months prior to the expected dissolution of Parliament, claims for purchases of office equipment, IT and furniture under Office Costs Expenditure will not be allowed. In exceptional circumstances where such purchases are necessary, prior approval from IPSA will be required.

**G: NECESSARY FINANCIAL ASSISTANCE**

10.19 In addition to any other payments or assistance provided by this Scheme, IPSA may, in its discretion and on an individual basis, pay claims with such additional financial assistance as it deems necessary to allow them to carry out their parliamentary functions effectively.


**Advances**

*MPs may apply for an interest-free advance of up to £4,000. This advance is to assist with cash-flow and help MPs to cover any costs they incur that are allowed under the Scheme and are exclusively in furtherance of their parliamentary functions. MPs wishing to request such advances should complete the form available on the IPSA website. MPs will be required to repay the loan by the end of the Parliament.*

## SCHEDULE 1: FUNDAMENTAL PRINCIPLES

1. Members of Parliament should always behave with probity and integrity when making claims on public resources. MPs should be held, and regard themselves, as personally responsible and accountable for expenses incurred, and claims made, and for adherence to these principles as well as to the rules.
2. Members of Parliament have the right to be reimbursed for unavoidable costs where they are incurred wholly, exclusively, and necessarily in the performance of their parliamentary functions, but not otherwise.
3. Members of Parliament must not exploit the system for personal financial advantage, nor to confer an undue advantage on a political organisation.
4.
  - a. The system should be open and transparent.
  - b. The system should be subject to independent audit and assurance.
5. The details of the expenses scheme for Members of Parliament should be determined independently of Parliament.
6. There should be clear, effective and proportionate sanctions for breaches of the rules, robustly enforced.
7. The presumption should be that in matters relating to expenses, MPs should be treated in the same manner as other citizens. If the arrangements depart from those which would normally be expected elsewhere, those departures need to be explicitly justified.
8. The scheme should provide value for the taxpayer. Value for money should not necessarily be judged by reference to financial costs alone.
9. Arrangements should be flexible enough to take account of the diverse working patterns and demands placed upon individual MPs, and should not unduly deter representation from all sections of society.
10. The system should be clear and understandable. If it is difficult to explain an element of the system in terms which the general public will regard as reasonable, that is a powerful argument against it.
11. The system should prohibit MPs from entering into arrangements which might appear to create a conflict of interests in the use of public resources.
12. The system must give the public confidence that high standards of honesty will be upheld.

## SCHEDULE 2: LIST OF CONSTITUENCIES IN THE LONDON AREA

1	Barking	42	Hackney North and Stoke Newington
2	Battersea	43	Hackney South and Shoreditch
3	Beaconsfield	44	Hammersmith
4	Beckenham	45	Hampstead and Kilburn
5	Bermondsey and Old Southwark	46	Harlow
6	Bethnal Green and Bow	47	Harrow East
7	Bexleyheath and Crayford	48	Harrow West
8	Brent Central	49	Hayes and Harlington
9	Brent North	50	Hendon
10	Brentford and Isleworth	51	Hertford and Stortford
11	Brentwood and Ongar	52	Hertsmere
12	Bromley and Chislehurst	53	Holborn and St Pancras
13	Broxbourne	54	Hornchurch and Upminster
14	Camberwell and Peckham	55	Hornsey and Wood Green
15	Carshalton and Wallington	56	Ilford North
16	Chelsea and Fulham	57	Ilford South
17	Chingford and Woodford Green	58	Islington North
18	Chipping Barnet	59	Islington South and Finsbury
19	Cities of London and Westminster	60	Kensington
20	Croydon Central	61	Kingston and Surbiton
21	Croydon North	62	Lewisham East
22	Croydon South	63	Lewisham West and Penge
23	Dagenham and Rainham	64	Lewisham, Deptford
24	Dartford	65	Leyton and Wanstead
25	Dulwich and West Norwood	66	Mitcham and Morden
26	Ealing Central and Acton	67	Mole Valley
27	Ealing North	68	
28	Ealing, Southall	69	Old Bexley and Sidcup
29	East Ham	70	Orpington
30	East Surrey	71	Poplar and Limehouse
31	Edmonton	72	Putney
32	Eltham	73	Reigate
33	Enfield North	74	Richmond Park
34	Enfield, Southgate	75	Romford
35	Epping Forest	76	Ruislip, Northwood and Pinner
36	Epsom and Ewell	77	Runnymede and Weybridge
37	Erith and Thamesmead	78	Sevenoaks
38	Esher and Walton	79	Slough
39	Feltham and Heston	80	South West Hertfordshire
40	Finchley and Golders Green	81	Spelthorne
41	Greenwich and Woolwich	82	St Albans

- 83 Streatham
- 84 Sutton and Cheam
- 85 Thurrock
- 86 Tooting
- 87 Tottenham
- 88 Twickenham
- 89 Uxbridge and South Ruislip
- 90 Vauxhall
- 91 Walthamstow
- 92 Watford
- 93 Welwyn Hatfield
- 94 West Ham
- 95 Westminster North
- 96 Wimbledon
- 97 Windsor

**SCHEDULE 3: LIST OF CONSTITUENCIES WHOSE MPs ARE ELIGIBLE FOR ADDITIONAL  
LONDON AREA LIVING PAYMENT OF £1,330 PER YEAR**

- 1 Beaconsfield
- 2 Brentwood and Ongar
- 3 Broxbourne
- 4 Dartford
- 5 East Surrey
- 6 Epping Forest
- 7 Epsom and Ewell
- 8 Esher and Walton
- 9 Harlow
- 10 Hertford and Stortford
- 11 Hertsmere
- 12 Mole Valley
- 13 Reigate
- 14 Runnymede and Weybridge
- 15 Sevenoaks
- 16 Slough
- 17 South West Hertfordshire
- 18 Spelthorne
- 19 St Albans
- 20 Thurrock
- 21 Watford
- 22 Welwyn Hatfield
- 23 Windsor

## **ANNEX A: MORTGAGE INTEREST SUBSIDIES AND REPAYMENT OF CAPITAL GAINS – CONDITIONS AND GUIDANCE**

This Annex sets out the transitional arrangements devised to assist returning MPs who currently claim a mortgage interest subsidy on their property whilst they make alternative arrangements, and sets out the process of establishing the appropriate level of any capital gains accruing on the property during this period to be recouped by IPSA.

Returning MPs who received a mortgage interest subsidy on their property in the previous parliament may continue to claim such a subsidy on the same property, up to the budget set out in the Scheme, during a transitional period ending 31 August 2012 on the following basis:

1. MPs designating a property for which they wish to claim a mortgage interest subsidy will not be able to change the designation to any other property.
2. MPs claiming a mortgage interest subsidy must occupy the property for which they are claiming this subsidy.
3. MPs cannot claim rent under Accommodation Expenses if they claim a mortgage interest subsidy.
4. MPs can apply for a mortgage interest subsidy only once they have had their property independently valued by a valuer regulated by the Royal Institution of Chartered Surveyors.
5. MPs must, with their application, submit the valuation and a certified copy of their mortgage contract which sets out details of their loans.
6. IPSA may – on receipt of a statement from the mortgage lender – provide an advance on mortgage interest payments prior to the application being approved. IPSA will provide such an advance only for a single month's mortgage interest and will not do so beyond 31 May 2010.
7. Once the application for a mortgage interest subsidy has been made, IPSA will calculate the publicly subsidised share of the property on the basis of the valuation of the property and the value of the loan (or part thereof) being subsidised by IPSA.
8. The publicly subsidised share of the property will be the percentage of the value of the loan the interest on which is paid for by mortgage interest subsidy to the value of the property as calculated by the valuer (illustration below).
9. MPs must, on a monthly basis, provide IPSA with a mortgage statement from their mortgage lender, stating the mortgage interest payments to the lender and any capital repayments to the lender.
10. MPs must, between 1 – 31 August 2012, secure a further independent valuation of their property by a valuer regulated by the Royal Institution of Chartered Surveyors. This second valuation will be used to calculate any notional gains the subsidised properties may have accrued during the transitional period.

11. IPSA will, once the second valuation has been carried out, adjust the subsidised loan-to-value ratio of the property to reflect any capital repayments, taking into account when such repayments were made. Any increase in value will be assumed to have been a consistent month on month increase over the transitional period.
12. Any increase in the value of the publicly subsidised share of the property will be regarded as a proportion of the overall capital gain of the property during the transitional period commensurate with the proportion of the publicly subsidised share.
13. IPSA will recoup the public share of any notional gain.
14. MPs must by 30 November 2012 repay to IPSA the public share of the notional gain accrued during the transitional period. Where the three month limit will create hardship for MPs, IPSA will consider applications for a longer repayment period, up to the end of the Parliament. Please note that such an extended period of repayment may create a tax liability: MPs should seek advice from HMRC before entering into a longer repayment period. There will be no requirement for MPs to sell their properties and IPSA will not pay for any early repayment charges where an MP elects to sell their property.
15. MPs choosing to stop claiming for their properties before the end of the transitional period must secure an independent valuation by a valuer regulated by the Royal Institution of Chartered Surveyors at the point at which they stop claiming to establish the value of any gain up to that point in time.
16. MPs choosing to sell their properties before the end of the transitional period must secure an independent valuation by a valuer regulated by the Royal Institution of Chartered Surveyors to establish any gain up to the point at which they place the property on the market:
  - If the property is sold for a sum higher than the valuation, this higher figure will be used to calculate any gain;
  - If the property is sold for a sum lower than the valuation, this lower figure will be used to calculate any gain unless the property is sold to a connected party as defined at 3.13 of the Scheme, in which case the sum at valuation will be used to calculate any gain.
17. MPs who either stop claiming for or sell their subsidised property before the end of the transitional period must repay the public share of the gain within three months of ceasing to claim or completion of the sale. Again, where the three month limit will create hardship for MPs, IPSA will consider applications for a longer repayment period, up to the end of the Parliament.
18. MPs who carry out capital improvements to properties for which they receive a mortgage interest subsidy during the transitional period should be aware that such capital improvements will not generally be taken into consideration when calculating the value of the publicly subsidised share of any capital gain on the property. If any MP considers that there are exceptional circumstances justifying a departure from this rule, the case should be made to IPSA at the earliest opportunity, and, in any event, no later than one month after the completion of such works.

19. From 1 September 2012 IPSA will fund only rented properties.

#### **Advice**

- i. MPs will receive a mortgage interest subsidy only once they have had a valuation carried out by an RICS-regulated valuer. MPs are therefore encouraged to do so as soon as possible following the general election.
- ii. The website [www.rics.org/uk](http://www.rics.org/uk) will help MPs locate regulated valuers.
- iii. Property valuations are not an allowable expense under the scheme. MPs applying for a mortgage subsidy will therefore be required to pay for these valuations themselves.

#### **Illustration A**

1. An MP's flat is valued in May 2010 at £200,000. The MP has a £100,000 interest only mortgage and applies for a subsidy for the whole of the mortgage interest on the mortgage. The publicly subsidised share of the property is, therefore, 50 per cent and IPSA will recoup 50 per cent of any increase in the value of the flat between the first and second valuation.
2. If, therefore, at the end of the transition period, the flat is valued at £220,000, the gain during this period will be £20,000 and IPSA's share of that will be £10,000.

#### **Illustration B**

1. An MP's flat is valued in May 2010 at £200,000. The MP has a £100,000 repayment mortgage and applies for a subsidy for the whole of the mortgage interest on the mortgage. The publicly subsidised share of the property is, therefore, 50 per cent at the start of the transitional period.
2. The MP makes capital repayments of £500 per month during the transitional period. Each month IPSA amends the loan-to-value ratio accordingly, reducing the publicly subsidised share of the property.
3. At the end of the transitional period in August 2010, the flat is valued at £220,000, registering a gain of £20,000 – or a month on month gain of £740.74 over 27 months.
4. The publicly subsidised share of the property will by this time have reduced to 39% of the new value. However, when the changing relative interest in the property is applied to take account of the gradual reduction in the publicly funded share over the period, the public share of the gain will be 43.27% – or £8,704.80.



## ANNEX B: BANDINGS FOR ACCOMMODATION EXPENDITURE

Constituency Name	Band	Total Accommodation Limit (Annual)
Aberavon	E	£10,050
Aberconwy	D	£10,950
Aberdeen North	D	£10,950
Aberdeen South	D	£10,950
Airdrie and Shotts	E	£10,050
Aldershot	A	£15,150
Aldridge-Brownhills	E	£10,050
Altrincham and Sale West	D	£10,950
Alyn and Deeside	E	£10,050
Amber Valley	E	£10,050
Angus	E	£10,050
Arfon	D	£10,950
Argyll and Bute	E	£10,050
Arundel and South Downs	C	£12,350
Ashfield	E	£10,050
Ashford	D	£10,950
Ashton-under-Lyne	E	£10,050
Aylesbury	C	£12,350
Ayr, Carrick and Cumnock	E	£10,050
Banbury	C	£12,350
Banff and Buchan	D	£10,950
Barnsley Central	E	£10,050
Barnsley East	E	£10,050
Barrow and Furness	E	£10,050
Basildon and Billericay	A	£15,150
Basingstoke	A	£15,150
Bassetlaw	E	£10,050
Bath	A	£15,150
Batley and Spen	E	£10,050
Bedford	D	£10,950
Belfast East	D	£10,950
Belfast North	D	£10,950
Belfast South	E	£10,050
Belfast West	D	£10,950
Berwickshire, Roxburgh and Selkirk	E	£10,050
Berwick-upon-Tweed	E	£10,050
Beverley and Holderness	E	£10,050
Bexhill and Battle	D	£10,950
Birkenhead	D	£10,950

Birmingham, Edgbaston	D	£10,950
Birmingham, Erdington	D	£10,950
Birmingham, Hall Green	D	£10,950
Birmingham, Hodge Hill	D	£10,950
Birmingham, Ladywood	D	£10,950
Birmingham, Northfield	D	£10,950
Birmingham, Perry Barr	D	£10,950
Birmingham, Selly Oak	D	£10,950
Birmingham, Yardley	D	£10,950
Bishop Auckland	E	£10,050
Blackburn	E	£10,050
Blackley and Broughton	C	£12,350
Blackpool North and Cleveleys	D	£10,950
Blackpool South	D	£10,950
Blaenau Gwent	E	£10,050
Blaydon	D	£10,950
Blyth Valley	E	£10,050
Bognor Regis and Littlehampton	C	£12,350
Bolsover	E	£10,050
Bolton North East	E	£10,050
Bolton South East	E	£10,050
Bolton West	E	£10,050
Bootle	D	£10,950
Boston and Skegness	E	£10,050
Bosworth	E	£10,050
Bournemouth East	C	£12,350
Bournemouth West	C	£12,350
Bracknell	B	£13,750
Bradford East	E	£10,050
Bradford South	E	£10,050
Bradford West	E	£10,050
Braintree	D	£10,950
Brecon and Radnorshire	E	£10,050
Bridgend	E	£10,050
Bridgwater and West Somerset	D	£10,950
Brigg and Goole	E	£10,050
Brighton, Kemptown	A	£15,150
Brighton, Pavilion	A	£15,150
Bristol East	B	£13,750
Bristol North West	B	£13,750
Bristol South	B	£13,750
Bristol West	B	£13,750
Broadland	D	£10,950

Bromsgrove	D	£10,950
Broxtowe	D	£10,950
Buckingham	C	£12,350
Burnley	E	£10,050
Burton	D	£10,950
Bury North	E	£10,050
Bury South	E	£10,050
Bury St. Edmunds	D	£10,950
Caerphilly	E	£10,050
Caithness, Sutherland and Easter Ross	E	£10,050
Calder Valley	E	£10,050
Camborne and Redruth	C	£12,350
Cambridge	A	£15,150
Cannock Chase	D	£10,950
Canterbury	C	£12,350
Cardiff Central	D	£10,950
Cardiff North	D	£10,950
Cardiff South and Penarth	D	£10,950
Cardiff West	D	£10,950
Carlisle	E	£10,050
Carmarthen East and Dinefwr	E	£10,050
Carmarthen West and South Pembrokeshire	E	£10,050
Castle Point	A	£15,150
Central Ayrshire	E	£10,050
Central Devon	C	£12,350
Central Suffolk and North Ipswich	D	£10,950
Ceredigion	D	£10,950
Charnwood	D	£10,950
Chatham and Aylesford	A	£15,150
Cheadle	D	£10,950
Chelmsford	A	£15,150
Cheltenham	C	£12,350
Chesham and Amersham	A	£15,150
Chesterfield	E	£10,050
Chichester	C	£12,350
Chippenham	D	£10,950
Chorley	D	£10,950
Christchurch	C	£12,350
City of Chester	D	£10,950
City of Durham	E	£10,050
Clacton	D	£10,950
Cleethorpes	E	£10,050
Clwyd South	E	£10,050

Clwyd West	D	£10,950
Coatbridge, Chryston and Bellshill	E	£10,050
Colchester	D	£10,950
Colne Valley	E	£10,050
Congleton	D	£10,950
Copeland	E	£10,050
Corby	E	£10,050
Coventry North East	D	£10,950
Coventry North West	D	£10,950
Coventry South	D	£10,950
Crawley	A	£15,150
Crewe and Nantwich	D	£10,950
Cumbernauld, Kilsyth and Kirkintilloch East	E	£10,050
Cynon Valley	E	£10,050
Darlington	E	£10,050
Daventry	D	£10,950
Delyn	E	£10,050
Denton and Reddish	E	£10,050
Derby North	E	£10,050
Derby South	E	£10,050
Derbyshire Dales	D	£10,950
Devizes	C	£12,350
Dewsbury	E	£10,050
Don Valley	E	£10,050
Doncaster Central	E	£10,050
Doncaster North	E	£10,050
Dover	D	£10,950
Dudley North	E	£10,050
Dudley South	E	£10,050
Dumfries and Galloway	E	£10,050
Dumfriesshire, Clydesdale and Tweeddale	E	£10,050
Dundee East	E	£10,050
Dundee West	E	£10,050
Dunfermline and West Fife	E	£10,050
Dwyfor Meirionnydd	E	£10,050
Easington	E	£10,050
East Antrim	E	£10,050
East Devon	C	£12,350
East Dunbartonshire	E	£10,050
East Hampshire	B	£13,750
East Kilbride, Strathaven and Lesmahagow	E	£10,050
East Londonderry	E	£10,050
East Lothian	E	£10,050

East Renfrewshire	E	£10,050
East Worthing and Shoreham	C	£12,350
East Yorkshire	E	£10,050
Eastbourne	D	£10,950
Eastleigh	C	£12,350
Eddisbury	D	£10,950
Edinburgh East	E	£10,050
Edinburgh North and Leith	E	£10,050
Edinburgh South	E	£10,050
Edinburgh South West	E	£10,050
Edinburgh West	E	£10,050
Ellesmere Port and Neston	D	£10,950
Elmet and Rothwell	D	£10,950
Erewash	D	£10,950
Exeter	C	£12,350
Falkirk	E	£10,050
Fareham	C	£12,350
Faversham and Mid Kent	C	£12,350
Fermanagh and South Tyrone	E	£10,050
Filton and Bradley Stoke	B	£13,750
Folkestone and Hythe	D	£10,950
Forest of Dean	C	£12,350
Foyle	E	£10,050
Fylde	D	£10,950
Gainsborough	E	£10,050
Garston and Halewood	D	£10,950
Gateshead	D	£10,950
Gedling	D	£10,950
Gillingham and Rainham	D	£10,950
Glasgow Central	E	£10,050
Glasgow East	E	£10,050
Glasgow North	E	£10,050
Glasgow North East	E	£10,050
Glasgow North West	E	£10,050
Glasgow South	E	£10,050
Glasgow South West	E	£10,050
Glenrothes	E	£10,050
Gloucester	C	£12,350
Gordon	D	£10,950
Gosport	C	£12,350
Gower	D	£10,950
Grantham and Stamford	E	£10,050
Gravesham	A	£15,150

Great Grimsby	E	£10,050
Great Yarmouth	E	£10,050
Guildford	A	£15,150
Halesowen and Rowley Regis	E	£10,050
Halifax	E	£10,050
Haltemprice and Howden	E	£10,050
Halton	D	£10,950
Harborough	D	£10,950
Harrogate and Knaresborough	D	£10,950
Hartlepool	E	£10,050
Harwich and North Essex	D	£10,950
Hastings and Rye	D	£10,950
Havant	C	£12,350
Hazel Grove	D	£10,950
Hemel Hempstead	A	£15,150
Hemsworth	E	£10,050
Henley	A	£15,150
Hereford and South Herefordshire	E	£10,050
Hexham	D	£10,950
Heywood and Middleton	E	£10,050
High Peak	D	£10,950
Hitchin and Harpenden	A	£15,150
Horsham	B	£13,750
Houghton and Sunderland South	E	£10,050
Hove	A	£15,150
Huddersfield	E	£10,050
Huntingdon	D	£10,950
Hyndburn	E	£10,050
Inverclyde	E	£10,050
Inverness, Nairn, Badenoch and Strathspey	E	£10,050
Ipswich	D	£10,950
Isle of Wight	D	£10,950
Islwyn	E	£10,050
Jarrow	D	£10,950
Keighley	E	£10,050
Kenilworth and Southam	D	£10,950
Kettering	E	£10,050
Kilmarnock and Loudoun	E	£10,050
Kingston upon Hull East	E	£10,050
Kingston upon Hull North	E	£10,050
Kingston upon Hull West and Hessle	E	£10,050
Kingswood	B	£13,750
Kirkcaldy and Cowdenbeath	E	£10,050

Knowsley	D	£10,950
Lagan Valley	E	£10,050
Lanark and Hamilton East	E	£10,050
Lancaster and Fleetwood	E	£10,050
Leeds Central	D	£10,950
Leeds East	D	£10,950
Leeds North East	D	£10,950
Leeds North West	D	£10,950
Leeds West	D	£10,950
Leicester East	D	£10,950
Leicester South	D	£10,950
Leicester West	D	£10,950
Leigh	E	£10,050
Lewes	A	£15,150
Lichfield	D	£10,950
Lincoln	E	£10,050
Linlithgow and East Falkirk	E	£10,050
Liverpool, Riverside	D	£10,950
Liverpool, Walton	D	£10,950
Liverpool, Wavertree	D	£10,950
Liverpool, West Derby	D	£10,950
Livingston	E	£10,050
Llanelli	E	£10,050
Loughborough	D	£10,950
Louth and Horncastle	E	£10,050
Ludlow	D	£10,950
Luton North	A	£15,150
Luton South	A	£15,150
Macclesfield	D	£10,950
Maidenhead	A	£15,150
Maidstone and The Weald	C	£12,350
Makerfield	E	£10,050
Maldon	C	£12,350
Manchester Central	C	£12,350
Manchester, Gorton	C	£12,350
Manchester, Withington	C	£12,350
Mansfield	E	£10,050
Meon Valley	B	£13,750
Meriden	D	£10,950
Merthyr Tydfil and Rhymney	E	£10,050
Mid Bedfordshire	D	£10,950
Mid Derbyshire	E	£10,050
Mid Dorset and North Poole	C	£12,350

Mid Norfolk	D	£10,950
Mid Sussex	A	£15,150
Mid Ulster	E	£10,050
Mid Worcestershire	D	£10,950
Middlesbrough	E	£10,050
Middlesbrough South and East Cleveland	E	£10,050
Midlothian	E	£10,050
Milton Keynes North	A	£15,150
Milton Keynes South	A	£15,150
Monmouth	D	£10,950
Montgomeryshire	E	£10,050
Moray	E	£10,050
Morecambe and Lunesdale	E	£10,050
Morley and Outwood	D	£10,950
Motherwell and Wishaw	E	£10,050
Na h-Eileanan an Iar	E	£10,050
Neath	E	£10,050
New Forest East	C	£12,350
New Forest West	C	£12,350
Newark	E	£10,050
Newbury	C	£12,350
Newcastle upon Tyne Central	D	£10,950
Newcastle upon Tyne East	D	£10,950
Newcastle upon Tyne North	D	£10,950
Newcastle-under-Lyme	E	£10,050
Newport East	E	£10,050
Newport West	E	£10,050
Newry and Armagh	E	£10,050
Newton Abbot	D	£10,950
Normanton, Pontefract and Castleford	E	£10,050
North Antrim	E	£10,050
North Ayrshire and Arran	E	£10,050
North Cornwall	E	£10,050
North Devon	D	£10,950
North Dorset	D	£10,950
North Down	E	£10,050
North Durham	E	£10,050
North East Bedfordshire	A	£15,150
North East Cambridgeshire	D	£10,950
North East Derbyshire	E	£10,050
North East Fife	E	£10,050
North East Hampshire	A	£15,150
North East Hertfordshire	A	£15,150



North East Somerset	A	£15,150
North Herefordshire	E	£10,050
North Norfolk	D	£10,950
North Shropshire	D	£10,950
North Somerset	B	£13,750
North Swindon	C	£12,350
North Thanet	E	£10,050
North Tyneside	D	£10,950
North Warwickshire	D	£10,950
North West Cambridgeshire	D	£10,950
North West Durham	E	£10,050
North West Hampshire	B	£13,750
North West Leicestershire	D	£10,950
North West Norfolk	E	£10,050
North Wiltshire	D	£10,950
Northampton North	D	£10,950
Northampton South	D	£10,950
Norwich North	D	£10,950
Norwich South	D	£10,950
Nottingham East	D	£10,950
Nottingham North	D	£10,950
Nottingham South	D	£10,950
Nuneaton	E	£10,050
Ochil and South Perthshire	E	£10,050
Ogmore	E	£10,050
Oldham East and Saddleworth	E	£10,050
Oldham West and Royton	E	£10,050
Orkney and Shetland	E	£10,050
Oxford East	A	£15,150
Oxford West and Abingdon	A	£15,150
Paisley and Renfrewshire North	E	£10,050
Paisley and Renfrewshire South	E	£10,050
Pendle	E	£10,050
Penistone and Stocksbridge	D	£10,950
Penrith and The Border	E	£10,050
Perth and North Perthshire	E	£10,050
Peterborough	D	£10,950
Plymouth, Moor View	D	£10,950
Plymouth, Sutton and Devonport	D	£10,950
Pontypridd	E	£10,050
Poole	C	£12,350
Portsmouth North	C	£12,350
Portsmouth South	C	£12,350

Preseli Pembrokeshire	E	£10,050
Preston	D	£10,950
Pudsey	D	£10,950
Rayleigh and Wickford	C	£12,350
Reading East	A	£15,150
Reading West	A	£15,150
Redcar	E	£10,050
Redditch	D	£10,950
Rhondda	E	£10,050
Ribble Valley	E	£10,050
Richmond (Yorks)	E	£10,050
Rochdale	E	£10,050
Rochester and Strood	A	£15,150
Rochford and Southend East	C	£12,350
Romsey and Southampton North	C	£12,350
Ross, Skye and Lochaber	E	£10,050
Rossendale and Darwen	E	£10,050
Rother Valley	E	£10,050
Rotherham	E	£10,050
Rugby	D	£10,950
Rushcliffe	D	£10,950
Rutherglen and Hamilton West	E	£10,050
Rutland and Melton	D	£10,950
Saffron Walden	C	£12,350
Salford and Eccles	C	£12,350
Salisbury	C	£12,350
Scarborough and Whitby	E	£10,050
Scunthorpe	E	£10,050
Sedgefield	E	£10,050
Sefton Central	D	£10,950
Selby and Ainsty	D	£10,950
Sheffield Central	D	£10,950
Sheffield South East	D	£10,950
Sheffield, Brightside and Hillsborough	D	£10,950
Sheffield, Hallam	D	£10,950
Sheffield, Heeley	D	£10,950
Sherwood	E	£10,050
Shipley	E	£10,050
Shrewsbury and Atcham	D	£10,950
Sittingbourne and Sheppey	D	£10,950
Skipton and Ripon	E	£10,050
Sleaford and North Hykeham	E	£10,050
Solihull	D	£10,950

Somerton and Frome	D	£10,950
South Antrim	E	£10,050
South Basildon and East Thurrock	A	£15,150
South Cambridgeshire	A	£15,150
South Derbyshire	D	£10,950
South Dorset	C	£12,350
South Down	E	£10,050
South East Cambridgeshire	A	£15,150
South East Cornwall	D	£10,950
South Holland and The Deepings	E	£10,050
South Leicestershire	D	£10,950
South Norfolk	D	£10,950
South Northamptonshire	D	£10,950
South Ribble	D	£10,950
South Shields	D	£10,950
South Staffordshire	E	£10,050
South Suffolk	D	£10,950
South Swindon	C	£12,350
South Thanet	C	£12,350
South West Bedfordshire	A	£15,150
South West Devon	D	£10,950
South West Norfolk	E	£10,050
South West Surrey	A	£15,150
South West Wiltshire	D	£10,950
Southampton, Itchen	C	£12,350
Southampton, Test	C	£12,350
Southend West	C	£12,350
Southport	D	£10,950
St. Austell and Newquay	C	£12,350
St. Helens North	E	£10,050
St. Helens South and Whiston	E	£10,050
St. Ives	C	£12,350
Stafford	D	£10,950
Staffordshire Moorlands	E	£10,050
Stalybridge and Hyde	E	£10,050
Stevenage	A	£15,150
Stirling	E	£10,050
Stockport	D	£10,950
Stockton North	E	£10,050
Stockton South	E	£10,050
Stoke-on-Trent Central	E	£10,050
Stoke-on-Trent North	E	£10,050
Stoke-on-Trent South	E	£10,050

Stone	D	£10,950
Stourbridge	E	£10,050
Strangford	E	£10,050
Stratford-on-Avon	D	£10,950
Stretford and Urmston	C	£12,350
Stroud	C	£12,350
Suffolk Coastal	D	£10,950
Sunderland Central	E	£10,050
Surrey Heath	A	£15,150
Sutton Coldfield	D	£10,950
Swansea East	D	£10,950
Swansea West	D	£10,950
Tamworth	D	£10,950
Tatton	D	£10,950
Taunton Deane	D	£10,950
Telford	D	£10,950
Tewkesbury	C	£12,350
The Cotswolds	C	£12,350
The Wrekin	D	£10,950
Thirsk and Malton	E	£10,050
Thornbury and Yate	B	£13,750
Tiverton and Honiton	D	£10,950
Tonbridge and Malling	A	£15,150
Torbay	D	£10,950
Torfaen	E	£10,050
Torrige and West Devon	D	£10,950
Totnes	D	£10,950
Truro and Falmouth	C	£12,350
Tunbridge Wells	B	£13,750
Tynemouth	D	£10,950
Upper Bann	E	£10,050
Vale of Clwyd	D	£10,950
Vale of Glamorgan	D	£10,950
Wakefield	E	£10,050
Wallasey	D	£10,950
Walsall North	E	£10,050
Walsall South	E	£10,050
Wansbeck	E	£10,050
Wantage	A	£15,150
Warley	D	£10,950
Warrington North	D	£10,950
Warrington South	D	£10,950
Warwick and Leamington	D	£10,950

Washington and Sunderland West	E	£10,050
Waveney	E	£10,050
Wealden	B	£13,750
Weaver Vale	D	£10,950
Wellingborough	E	£10,050
Wells	D	£10,950
Wentworth and Dearne	E	£10,050
West Aberdeenshire and Kincardine	D	£10,950
West Bromwich East	E	£10,050
West Bromwich West	E	£10,050
West Dorset	D	£10,950
West Dunbartonshire	E	£10,050
West Lancashire	D	£10,950
West Suffolk	D	£10,950
West Tyrone	E	£10,050
West Worcestershire	D	£10,950
Westmorland and Lonsdale	D	£10,950
Weston-Super-Mare	D	£10,950
Wigan	E	£10,050
Wimbledon	A	£15,150
Winchester	B	£13,750
Wirral South	D	£10,950
Wirral West	D	£10,950
Witham	D	£10,950
Witney	A	£15,150
Woking	A	£15,150
Wokingham	B	£13,750
Wolverhampton North East	E	£10,050
Wolverhampton South East	E	£10,050
Wolverhampton South West	E	£10,050
Worcester	D	£10,950
Workington	E	£10,050
Worsley and Eccles South	C	£12,350
Worthing West	C	£12,350
Wrexham	E	£10,050
Wycombe	A	£15,150
Wyre and Preston North	D	£10,950
Wyre Forest	D	£10,950
Wythenshawe and Sale East	D	£10,950
Yeovil	D	£10,950
Ynys Mon	D	£10,950
York Central	D	£10,950
York Outer	D	£10,950

## ANNEX C: OTHER PAYMENT METHODS

Please check IPSA's website for updates to this Guidance.

### Advances

MPs may claim payment in advance for invoices of £200 or more for any cost or expense type except reward and recognition payments and mileage. MPs can claim an advance by selecting "Yes, not yet Paid" under the information field "Advance?" on the claim form for the relevant expense type, and submitting an unpaid invoice. The MP is then required to submit a receipt within one month of our paying the advance, using the "RECEIPTS: Supporting Invoice" form.

For some types of cost or expense the supplier may not provide a receipt. These are: utility bills; telephone bills; rental claims; council tax; and business rates. For these cost and expense types, we will not expect MPs to submit any further supporting evidence after we have paid the advance.

### Payment card

IPSA will on request provide MPs with a payment card which can be used to pay for:

1. travel (including tolls and congestion charges, but excluding mileage and taxis);
2. parking;
3. utilities such as electricity, water, gas and heating fuels;
4. council tax and business rates;
5. office waste collection;
6. insurance
7. hotels;
8. TV licences;
9. stationery; and
10. constituency office telephone bills for landlines.

Each transaction is limited to £1,000, and the monthly credit limit is £4,000. IPSA may consider increases to these limits if requested by an MP.

Once a month, IPSA will send a reconciliation form to the MP's or proxy's account on the online expenses system, under "Claims/Forms in Progress". The form will contain the details of each transaction the MP has made that month. MPs will need to complete the remaining details, submit the form online and send us all supporting evidence in hard copy, ideally within two weeks and at the latest within 30 days of receiving the email. If MPs do not complete their reconciliation forms within 30 days without good reason, IPSA may suspend the use of the payment card until the outstanding reconciliation forms are complete.

Use of the card may also be suspended if it is persistently or seriously used outside the Scheme. Where MPs have used the card outside the Scheme or the guidance for its use, they should select "Not Claimed, To Repay" on the reconciliation form and send IPSA a cheque.

IPSA may also seek repayment for use of the card where an MP does not reconcile after the card is suspended, or where it has determined that a purchase cannot be paid and marked it “Not Paid” on the reconciliation form.

### **Payments to Trainline.com**

MPs can book tickets using their account IPSA generated for them on the Trainline.com website, and IPSA pays Trainline direct. MPs do not need to complete a form, reconcile the expense or send any receipts or tickets – IPSA will get all the information it needs from Trainline.

### **Payments to landlords**

IPSA is able to make payments directly to MPs’ landlords for rental of accommodation and constituency offices, once MPs have registered their rental agreement with IPSA. MPs can request direct payments by completing the “Simplified Payments Application Form” on IPSA’s website, and sending a signed copy to IPSA.

MPs should allow 28 days for the first payment to be set up.

MPs will be notified when the payment has been set up, and IPSA will then pay the landlord automatically each month, quarter or year as appropriate until the end date of the rental agreement. While an MP’s landlord is receiving direct payments, the online expenses system will not offer the option of claiming reimbursement for rent for that property.

MPs must inform IPSA immediately if the rental agreement ends or is renewed, or if there are any changes (such as a change in the rental amount or the landlord’s payment details). For rental agreements longer than a year, once every 12 months the MP will need to confirm in writing the details of the rental agreement and that it remains in force.

### **Subscriptions to pooled services**

IPSA can pay annual subscriptions for pooled services direct to suppliers, including the Parliamentary Resources Unit (PRU), Parliamentary Research Service (PRS), Parliamentary Office of the Liberal Democrats (POLD) and the European Research Group.

### **Deposit loans**

As detailed in the Scheme, MPs may apply for a loan for any deposit payable at the start of a tenancy for their constituency office or accommodation. MPs can request this by completing the “Rental Property Deposit Loan Agreement” on our website, and sending it to IPSA with their final or draft rental agreement. MPs will need to repay the loan within one month of the deposit being repaid to the MP, or the rental agreement ending, or ceasing to be an MP (whichever is earliest).





**REPORT ON THE CONSULTATION OF NOVEMBER-JANUARY 2011-12**

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## Chapter One: Introduction

### The Report

- 1.1 This is the report on the public consultation held by the Independent Parliamentary Standards Authority (IPSA) as part of the Annual Review of the MPs' Scheme of Business Costs and Expenses (the Scheme), and the statement of IPSA's position following that Review. The consultation was launched on 24 November 2011 and closed on 20 January 2012. It complied with section 5(4) of the Parliamentary Standards Act 2009, which obliges IPSA, when revising the Scheme, to consult with:
- a. the Speaker of the House of Commons;
  - b. the Committee on Standards in Public Life;
  - c. the Leader of the House of Commons;
  - d. any committee of the House of Commons nominated by the Speaker (the Speaker nominated the Committee on Standards and Privileges);
  - e. members of the House of Commons;
  - f. the Review Body on Senior Salaries;
  - g. Her Majesty's Revenue and Customs;
  - h. the Treasury; and
  - i. any other person IPSA considers appropriate (in this case, the public).
- 1.2 IPSA received 76 written responses to the consultation, from the public, interested organisations, MPs' staff and MPs themselves. In addition, an online survey that accompanied the consultation attracted 439 responses. IPSA is grateful to all who replied. Inevitably, in this Report only a selection of responses can be presented, but each one has been analysed.
- 1.3 In addition to the responses noted above, in May 2011 the Committee on Members' Expenses was constituted by the House of Commons to review the operation of the Parliamentary Standards Act 2009. The Committee's report<sup>1</sup> was debated in the House on 15 December 2011. The House agreed a Motion which thanked the Committee for its report and referred it to IPSA to be considered as part of its Review of the Scheme. A number of the issues raised by the Committee are addressed in the main body of this Report. However, all of the Committee's recommendations are brought together in Annex A, where they are accompanied by a response from IPSA.
- 1.4 The focus of this Review was the staffing provisions in the Scheme. IPSA's analysis therefore also drew on the evidence gathered from a series of visits to MPs' constituency and Westminster offices during 2011 to talk to MPs' staff members about the impact of the Scheme on them. IPSA also held two sessions for MPs' staff members in January 2012 where attendees carried out desk-top exercises to elicit their views on the matters under

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<sup>1</sup> Committee on Members' Expenses First Report: *Operation of the Parliamentary Standards Act 2009* ([www.parliament.uk](http://www.parliament.uk))

consultation. IPSA is grateful to all the staff members who gave time for the visits and the sessions. A number of the representative groups for MPs' staff also conducted surveys amongst their members and IPSA is grateful for the evidence this provided.

- 1.5 The staffing provisions in the Scheme are the first issue covered in this Report. The Report then addresses all the other questions asked in the consultation document, by budget type in the same order as the chapters in the Scheme. In addition, IPSA has reviewed the various budget limits set out in the Scheme to ensure that they remain appropriate. These are discussed in the relevant chapters. Finally, in keeping with IPSA's duties under the Equality Act 2010 the Report is accompanied by an Equality Impact Assessment, addressing the first question in the consultation regarding the impact of the Scheme on equality and diversity in relation to MPs and their staff.
- 1.6 The Review has culminated in the publication of the Fourth Edition of the MPs' Scheme of Business Costs and Expenses. This Fourth Edition will come into effect on 1 April 2012. It can be found on page 7 of this document.

### **The Direction of Travel**

- 1.7 In the last Review of the Scheme IPSA set out the direction of travel for the Scheme for the long term, recognising that there may be scope for an increasing shift in the balance between prescriptive rules and a framework of general principles. IPSA was and is clear that this must be a process which strengthens public confidence and is underpinned by a commitment to assurance and transparency.
- 1.8 With this in mind, where possible IPSA has sought greater simplicity in the rules and given MPs greater responsibility for decisions about the legitimate use of public funds to support the performance of their parliamentary functions. It does so in the context of there being a strong and rigorous process for checking claims made under the Scheme and of those claims being published. All of the claims made for funds under the Scheme can be viewed on IPSA's claims website at [www.parliamentary-standards.org.uk](http://www.parliamentary-standards.org.uk).

## Chapter Two: Staffing Costs

### Party Political Activities

Question 2: Should staff members be allowed to carry out any party political activities during their working (taxpayer-funded) hours? If so, should there be any limitations on these activities and what should these be? Limitations may include the following:

- Restricting the length of time staff members spend on political activities.
- Prohibiting certain types of party political activity while allowing others.

#### Consultation Responses

- 2.1 IPSA received 36 responses to this question, the majority of which recognised that there was a grey area between the party political and parliamentary functions of an MP. Ten responses, including four MPs and the Taxpayers' Alliance, said that a party political angle to casework and speech-writing for MPs is expected by constituents. The Committee on Standards and Privileges, for example, said:

*As political parties are at the heart of our parliamentary system, it is difficult to draw a clear distinction between parliamentary and political in every case. In many cases political campaigning and parliamentary work can and should be distinguished, but there will always be boundary issues and matters for judgment.*

- 2.2 The Speaker of the House of Commons, commenting on this same theme, wrote of a spectrum of activities recognising that an MP is a party politician and also a parliamentarian. He gave the following example of the difficulty of drawing a clear line:

*A Member who campaigns in relation to a local facility may be perceived to gain a political benefit from doing so, but will also be doing what many constituents expect their Member of Parliament to do.*

- 2.3 The issue for these respondents, and others, was whether IPSA's current rules were sufficient in light of the existence of this grey area. Five individual MPs, the Parliamentary Labour Party (PLP), the 1922 Committee of Conservative backbenchers and several of the groups representing MPs' staff were all clear that the current rules worked. In particular it was important, the 1922 Committee amongst others wrote, that MPs had as much discretion as possible so as not to fetter the conduct of their parliamentary work. Detailed rules brought in by IPSA could compromise this discretion. The 1922 Committee also cautioned that a list of 'party political activities' that would not be paid for by the taxpayer might imply a green light for any activity not on the list.
- 2.4 Nonetheless, there was a call from some MPs' staff members for detailed guidance on what party political activities would not be funded by IPSA. In discussions during the consultation, the staff representative groups indicated that this was to protect staff from being asked to carry out inappropriate activities on taxpayer-funded time. Furthermore, 129 staff members answered the consultation survey by saying that there should be specific exclusions on campaigning and fundraising for a political party.

- 2.5 Four MPs, two staff representative groups and the Taxpayers' Alliance argued that both the time and travel costs for MPs' staff to go to party conferences should be claimable. The Parliamentary Resources Unit (PRU) wrote the following:

*...given the number of third parties present (companies, trade associations, lobbyists) and wealth of policy announcements, [party conferences] tend to be simply a more intense version of the daily life in Westminster where the presence of a publicly funded assistant to make notes at meetings, follow up actions and deal with the media would be permitted without public concern.*

- 2.6 Finally, eight responses (two MPs, two members of MPs' staff and four members of the public) advocated banning all party political activities by staff members, but did not address the question of how to define such activities. 202 out of the 439 replies to the consultation survey also said that staff members should carry out no party political activities during taxpayer-funded hours, including 103 staff members and 79 members of the public.

#### IPSA's Position

- 2.7 IPSA's current rules state that any cost claimed under the Scheme, including staff salaries, must have been wholly, necessarily and exclusively incurred in the performance of an MP's parliamentary functions. These functions are performed by individuals who are politicians, the overwhelming majority of whom have a party affiliation. Moreover, the public expects and accepts that MPs will pursue their parliamentary functions as party politicians. While certain activities fall clearly into one camp or the other, this suggests that there is a grey area where it is at best difficult to argue that there is something which is purely parliamentary and something that is purely party political. It should be for MPs to exercise their judgment in this grey area and to be accountable for this to the public.
- 2.8 IPSA is however persuaded that its current guidance regarding the activities that IPSA does not consider to fall within the scope of 'parliamentary functions' should be expanded to make explicit reference to campaigning and fundraising for a political party. These comprise a category of activities that many of the consultation respondents agree does cross a line, and IPSA agrees. While IPSA has no evidence of staff members breaching the current rules in these areas, there is potentially a risk that staff members will be asked to perform party political activities on taxpayer-funded working time. The call from staff representative groups and some staff members for more clarity in IPSA's guidance demonstrates that they too recognise this risk.
- 2.9 IPSA is not convinced that the taxpayer should fund staff travel to and attendance at party conferences. The core purpose of a party conference is, quite simply, to confer on party matters. MPs cannot claim the cost of travel to or attendance at party conferences, nor have they been able to do so in the past. The same judgment applies to MPs' staff.
- 2.10 The new guidance regarding activities that IPSA does not consider to be 'parliamentary' is under paragraph 3.3 of the new Scheme. This guidance applies to all claims made under the Scheme, and to the activities of staff members during taxpayer-funded hours.

## Job Descriptions and Salaries

Question 3: Should IPSA retain its framework of standard – although adaptable – job descriptions, pay scales and reward and recognition payments, or should MPs be able to decide what roles to recruit for and what staff salaries should be?

### Consultation Responses

2.11 Of the 39 responses to this question, 17 were from MPs and ten of those supported retaining the current mandatory job descriptions and salary ranges for their staff. Martin Horwood MP, for example, said that the salary ranges “*prevent real inequalities creeping back in*”, although he sought more flexibility in setting pay and called for pay progression to be built into the system. Four members of the public also supported retaining the status quo, along with one member of MPs’ staff and one staff representative group.

2.12 Two further staff representative groups, two staff members and one MP commented that the job descriptions and salary ranges should be a guide only. Another three MPs and two staff representative groups asked for more flexibility for MPs when drawing up job descriptions, in order better to match them to the needs of individual offices.

2.13 A number of specific requests were made in the responses, including:

- a. the removal of the job title ‘secretary’, which was felt to be outmoded;
- b. an increase in the salary ranges; and
- c. a request from the 1922 Committee that:

*...pay for new starters should only need to be equal to the national minimum wage or the London living wage.*

2.14 Countering the respondents who supported IPSA’s job descriptions and salary ranges as mandatory or as guidance, there was also a call for IPSA to have as little involvement in the structuring of MPs’ offices as possible. This proposal came from one MP, five members of MPs’ staff, the PRU and the Taxpayers’ Alliance. It was also the prevailing view amongst replies to the consultation survey where 275 out of the 439 respondents, including 215 staff members, said that MPs should be able to determine their own job descriptions and salaries for their staff. Conversely, 155 respondents said this should not be left to MPs, including 58 staff members and six MPs.

### IPSA’s Position

2.15 The job descriptions and salary ranges are an important safeguard both for the taxpayer and for staff members, providing assurance that a defined job is being done for a fair wage. They are also a condition upon which IPSA may be satisfied that MPs should continue to be able to employ connected parties, given the safeguards they bring. In light of these important consequences of the job descriptions and salary ranges, IPSA is persuaded that they should stay and should remain mandatory. The requirement to adhere to them does inevitably intrude upon the discretion of MPs to structure their office as they see fit. IPSA regards the requirements as a reasonable and necessary intrusion.

- 2.16 While they should remain mandatory, the job descriptions can be made more flexible. IPSA will develop a new framework of job descriptions that will allow MPs to select responsibilities that match certain jobs and levels of seniority. This will enable MPs to pick the tasks that suit a particular role in their office, while ensuring that those tasks are appropriate to a given role and salary range. IPSA will also introduce job descriptions for new roles that could be found in an MP's office, and update the job title of 'secretary'.
- 2.17 The new job descriptions will be published on IPSA's website by 1 April 2012. MPs are not obliged to move staff to these new descriptions but are encouraged to make use of their flexibility as and when reviewing staff roles or employing new staff. Job descriptions and contracts will continue to be subject to IPSA's approval.
- 2.18 IPSA has not made any change to the salary ranges for 2012/13. The current ranges were based upon independently assessed market rates for the various roles.

Question 4: Should IPSA investigate offering central recruitment and performance management systems where these can achieve enhanced cost-effectiveness? Are there any other areas of staffing arrangements where IPSA should look to achieve greater cost-effectiveness through a centralised system?

#### Consultation Responses

- 2.19 There were 29 responses to this question, five of which (three MPs and two staff members) said that guidance on recruitment practices would be welcomed. One MP also said that guidance on performance management tools would be useful. Three respondents, including one MP, said that IPSA should look for cost savings in these areas but otherwise recruitment and performance management should be a matter for MPs.
- 2.20 Two respondents advocated a mandatory role for IPSA in the recruitment of MPs' staff. The Committee on Standards in Public Life, for example, said that MPs need some form of central recruitment, and one member of the public argued that MPs should be removed from the recruitment process altogether.
- 2.21 The majority of respondents, 18 in total, opposed the idea of a role for IPSA in recruitment. This included seven MPs, the PLP, the Speaker of the House of Commons, five staff members and two staff representative groups. Peter Luff MP, for example, wrote the following:

*An MP's office relies on absolute trust and each MP has very different working practices, reflecting their own priorities and those of their constituency. They must be free to recruit and manage their staff as they see fit if they are to represent their constituents effectively and democratically.*

#### IPSA's Position

- 2.22 In asking this question IPSA had not intended to suggest that it might replace the recruitment and performance management systems that MPs use. MPs are the employers of their staff and IPSA agrees with the majority of respondents that it is important that MPs retain discretion over and responsibility for their management systems. Given the strength of views amongst respondents, IPSA will not offer alternative recruitment or performance



management systems for MPs but will develop a page on its website signposting sources of good practice in staff recruitment and management. IPSA hopes that these will be useful to MPs and their staff but there is no obligation on MPs and their staff either to read or to adopt the practices they outline.

Question 5: Should IPSA provide an additional budget increase to MPs currently paying staff below the IPSA pay scale minimum for their role, to bring those staff members' salaries up to that minimum? Those MPs would then need to absorb the cost of these salary rises in future years.

#### Consultation Responses

2.23 Of the 24 responses to this question, 11 (including two MPs and the PLP) were in favour of some form of additional budget to bring those staff members paid below the IPSA salary range minimum up to that level. While agreeing with this proposal, several respondents questioned how the necessary salary increases could be absorbed by an MP's staffing budget in future years without cuts elsewhere. At the staff sessions held during the consultation there was a concern that MPs may be forced to make redundancies to ensure they had sufficient funds to cover the new, higher salaries for some staff.

2.24 Seven respondents were against any additional budget to bring staff salaries up to the IPSA salary range minimum. Different reasons were given for this position, including the view that it was up to the MP to decide salaries and that IPSA should not impose a pay rise in any circumstance. Martin Horwood MP also made the following point:

*If an increased budget allowance is to be awarded to compensate MPs for the increased salaries they now have to pay for pre-2010 staff, it should be increased for everyone who has made this increase regardless of when they made it.*

2.25 The results of the consultation survey were similarly split on this question, with a majority (295 of the 439 responses) in favour of an additional budget. There was a slight majority of MPs against the proposal rather than for it (22 and 16 MPs respectively).

#### IPSA's Position

2.26 This question addressed the issue of staff members employed before IPSA came into operation in May 2010, whose contracts may have included a salary that was below the minimum of the IPSA salary range for the appropriate job. As such, the proposals would affect only those MPs returned to office in May 2010 who had not, of their own volition, moved staff onto IPSA's contracts or salaries. But, as these MPs already can, if they choose to, move staff to IPSA's contracts and salaries, IPSA is persuaded that no additional support should be given. It is one of the responsibilities of MPs as employers to decide whether to address any pre- and post-May 2010 salary disparity in their office, and not for IPSA to impose a solution. Furthermore, IPSA is content that the new staffing budget (see paragraph 2.46) provides MPs with the scope to address these issues if they decide to do so. Consequently, no additional budget will be provided to MPs who continue to employ staff members from before May 2010 at salaries below IPSA's salary ranges.

Question 7: Should London Area MPs receive a different staffing budget from non-London Area MPs? If so, how should this be calculated?

- Use the London Area pay scales to determine the staffing budget for London Area MPs, and the non-London Area pay scales for non-London Area MPs?
- Another method?

#### Consultation Responses

- 2.27 Of the 34 responses to this question, 23 favoured introducing some kind of higher budget for MPs whose staff were all based in London. This included 13 MPs, two members of MPs' staff, all the staff representative groups and three members of the public. Opinions were divided on how to calculate and administer this higher budget. A minority of respondents thought that the London Area salary ranges should be used to calculate the staffing budget for London Area MPs, although some acknowledged that this may be unfair to non-London Area MPs who also employed staff in London. The staff representative groups and one MP suggested instead that IPSA create a central budget to pay London weighting, which would be applied automatically to the salaries of London-based staff. This would be administratively simple, they argued, and as it did not impact on their staffing budget it would leave all MPs on an equal footing.
- 2.28 Those who opposed the introduction of a different budget did so primarily on the grounds that it was not justified solely on the basis that MPs represented different geographical locations. If London was to be singled out then why not other expensive areas of the country? Respondents also argued that it was up to staff members to decide whether to accept a given salary in London. Finally, the Speaker of the House of Commons and the Committee on Standards and Privileges cautioned that any incentive for MPs to base staff in London might have implications for the cost – also borne by the taxpayer – of housing them on the Parliamentary Estate.

#### IPSA's Position

- 2.29 All staff members on IPSA contracts and working in the London Area, no matter what constituency their MP represents, must be paid in accordance with the London Area salary ranges. These are approximately 10% higher than the ranges for the rest of the country, and reflect IPSA's position that the salaries paid to London Area based staff should take account the higher cost of living in London. On this basis, IPSA is persuaded that having one staffing budget but two different salary ranges does adversely affect London Area MPs, who base all their staff in London (be it in their constituency or Westminster). It is appropriate to reflect the two different salary ranges in two different budgets for London Area and non-London Area MPs.
- 2.30 IPSA is not persuaded that a centrally funded and automatically-added London weighting is the answer. It is important for simplicity and transparency that all the costs associated with employing MPs' staff come from one budget, rather than introducing a separate central one. Further, the decision whether to pay London weighting, and if so how much, is one for individual MPs to make and not for IPSA to impose. Consequently, it will remain a choice for

MPs whether to pay London-based staff a higher salary (within the appropriate salary range) from within their staffing budget.

- 2.31 To address the issue of one budget and two salary ranges, London Area MPs will be provided with a staffing budget that is 5% higher than that of non-London Area MPs. This is intentionally less than the approximately 10% by which the salary ranges for London Area based staff are higher. London Area MPs who give their staff higher salaries because they are in London will still need to absorb at least part of the cost of doing so within the same amount of money as their non-London Area colleagues receive. This reflects the fact that non-London Area MPs will need to find the cost of employing staff in London from within that amount of money.

### **The Staffing Expenditure Budget**

- 2.32 Prior to considering the consultation question on the staffing budget, this Report examines the relevant responses to the final question in the consultation, which asked whether respondents had any other comments on the Scheme. A number of respondents raised issues that could affect the level of the staffing budget. These issues and IPSA's position on them are summarised below.
- 2.33 Bonuses: Six respondents called for the reintroduction of bonuses to staff members, ended by IPSA in 2010. MPs and their staff members said that bonuses were often paid in lieu of unclaimed overtime, which would cost more than a bonus if claimed. IPSA remains unconvinced that the taxpayer should fund bonuses for staff but notes that the new staffing budget (see paragraph 2.46) should provide MPs with greater flexibility to fund more overtime costs. In addition, the Scheme provides for MPs to award staff members modest reward and recognition payments for outstanding work.
- 2.34 Redundancy pay: MPs' staff on IPSA's contracts are entitled to statutory redundancy pay if they are made redundant (staff on pre-IPSA contracts may have different redundancy packages). The staff representative groups were concerned that this redundancy package was too low to persuade staff members to stay in their jobs in the run-up to the next General Election, since they would risk being made redundant if their MP lost his or her seat. IPSA is persuaded that the statutory redundancy provisions should be improved to bring MPs' staff into line with many other public sector workers. From 1 April 2012, therefore, all staff on IPSA's contracts will be entitled to a redundancy package of two weeks' pay per year of reckonable service up to a maximum of six years. This doubles statutory redundancy. IPSA will shortly issue an amendment to staff contracts to this effect.
- 2.35 Personnel support for staff: Four respondents and the staff representative groups raised concerns that there was no dedicated personnel support service for staff members, who may want advice on management or disciplinary matters. They reported that the Personnel Advice Service (PAS) provided by the House only supported MPs and that this left staff members at a significant disadvantage. The Members and Peers Staff Association (MAPSA) wrote, for example:

*Whilst MPs have the use of the very helpful, but very small, Personnel Advice Service (PAS) staff have no such service. Neither IPSA nor the House authorities seem to want to take responsibility for HR for employees, so staff have no access to information regarding their rights; nor is there guidance available to those managing staff.*

2.36 While IPSA recognises the gap in advice available to staff members, it is not its role to provide that advice. IPSA will discuss with PAS the concerns raised by staff groups. It also encourages MPs and staff to make use of the services of ACAS, the Advisory, Conciliation and Arbitration Service, as appropriate.

2.37 Paid internships: Four respondents and some of the staff representative groups asked IPSA to create a central fund that MPs could access to pay for interns. This would, they argued, encourage MPs to pay interns a wage rather than engage them on an expenses-only basis. One MP staff member outlined the challenge of paying for interns without a central budget thus:

*The staffing budget is simply not big enough to allow interns to be paid at [the National Minimum Wage] without reduction in hours of existing members of staff.*

2.38 IPSA continues to hold the view it expressed when this issue was raised in the last review of the Scheme. It is not for IPSA to dictate how Parliament treats interns within its system and so IPSA will continue to recognise two categories of ‘interns’: those who are properly workers and must be paid at least the National Minimum Wage, and those who are properly volunteers and are thus only paid expenses. A central budget for interns would not add to these provisions, but would simply move the cost and bring with it the necessary introduction of more rules. Consequently, the provisions relating to interns remain unchanged, although the language used in the Scheme has been amended to better reflect the two categories listed above.

2.39 Other proposals: Finally, particular respondents asked for the following changes to the Scheme:

- a. The Committee on Standards in Public Life and a member of the public called for MPs to be banned from employing connected parties. IPSA has seen no evidence that changes its view on the employment of connected parties and so its rules have not changed.
- b. One MP asked for staff pension contributions to come from a central fund rather than the staffing budget. However, this would undermine the benefits of simplicity and transparency that come from all staff salaries and related costs coming from one budget. Thus IPSA’s rules remain unchanged, including the inclusion in the staffing budget of 10% on top of salary costs to cover pension contributions.
- c. One staff member asked for contingency funding to cover staff overtime. Contingency funding is made available to MPs experiencing exceptional circumstances that push their costs over one of the budget limits in the Scheme. This may already include the need to cover overtime costs arising from some exceptional circumstance.

- d. One staff member asked IPSA to adopt the bike2work scheme. As provision is already in place for staff members to request bike loans, IPSA does not consider it cost-effective to introduce a second scheme.
- e. One MP and a member of the public asked for staff members to be able to claim for railcards where it would mean a saving in their travel claims over the course of a year. IPSA is persuaded that this is both a reasonable and cost-effective proposal and has changed its rules to that effect.
- f. The Unite Parliamentary Branch asked for IPSA to recognise it as the trade union that represents MPs' staff. However, as IPSA is not the employer of MPs' staff it cannot recognise Unite in this way. It will continue to liaise with Unite as one of the groups representing MPs' staff.

Question 6: Which of the following options do you think IPSA should use to determine the Staffing Expenditure budget?

- No change to the existing budget and continue to base the budget on all MPs employing 3.5 FTE members of staff.
- Provide an increased budget for MPs with the most socially deprived constituencies.
- Calculate the budget based on pay band maximums.
- Another method.

#### Consultation Responses

2.40 IPSA received 45 responses to this question. They made a wide variety of proposals and comments on the level of the staffing budget with little consensus on the best way to determine it. For example, five respondents, including one MP and the 1922 Committee, felt that there was no justification for an across-the-board increase in the staffing budget, due mainly to the prevailing economic climate. They advocated the continued use of contingency funding to top up the budgets for MPs with exceptional staffing needs. The 1922 Committee and several MPs also proposed merging the staffing and Office Costs Expenditure (OCE) budget so as to create a larger budget with more flexibility. Meg Hillier MP linked this suggestion to the ability to fund pay progression for staff, by saying:

*...under the previous system I had the flexibility to move funds from my office costs to my staffing budget. This would enable me to recognise my staffs' achievements whilst staying within my allowance.*

2.41 There was also a widespread view amongst respondents that the staffing budget was insufficient. Two reasons were given. First, the 3.5 full-time equivalent (FTE) staff members on which the budget was based did not reflect MPs' current needs. Four respondents recommended a budget based on 4 FTE members of staff, while the staff representative groups argued for 4 FTE and a paid intern/apprentice to be the basis of the budget. Secondly, 17 respondents thought that the budget should be based on the maximum of the salary ranges for those staff members rather than the midpoint as currently used. This would, they argued, give MPs the flexibility needed to consider pay progression for staff members, and to pay overtime and higher salaries for more experienced staff. The Unite Parliamentary Branch, for example, said:

*We believe a budget should be set based on the top of the IPSA scale to allow for more experienced and long serving staff to have career progression, staff who work overtime to claim it and the ability for a mixture of roles or recruit more staff due to an increased workload.*

- 2.42 Six respondents supported the proposal to give a larger staffing budget to MPs whose constituencies had high levels of social deprivation. However, 15 respondents rejected the proposal, arguing that workloads, and thus staffing needs, were determined by a wide range of factors including an MP's parliamentary duties and the number of policy-related queries the office received. There was no justification, in their view, to pick social deprivation out from this list. A small number of respondents also said that there could be a party political bias in the proposals by favouring those constituencies with high social deprivation.
- 2.43 Finally, the PLP said that an assessment of the needs of MPs' offices should be carried out. IPSA carried out extensive research amongst MPs and their staff during 2011 to ascertain the needs of MPs' offices across the country. The evidence provided by MPs and their staff members, including many working for members of the PLP, was important and thorough and allowed IPSA to reach considered conclusions. IPSA is grateful for the efforts of those MPs and staff members in providing it.

#### IPSA's Position

- 2.44 IPSA is persuaded that the staffing budget should not be based on social deprivation in a constituency. Overall casework demands, however, have been a contributory factor in the decisions outlined below. Social deprivation is one of the many factors that affect workloads in an MP's office; others include the role of the MP in Parliament and non-constituency-based work. IPSA also remains of the view that the staffing and OCE budgets should not be merged at this time. There may be a loss of transparency in creating one such large budget covering such varied types of business cost.
- 2.45 The last comprehensive review of MPs' staffing needs was conducted in 2007 by the Senior Salaries Review Body and concluded that MPs required 3.5 FTE members of staff. IPSA is persuaded, on the basis of the evidence it saw of increased workloads and of unpaid overtime to maintain a service to constituents during its 2011 review of staffing needs, that this level of staffing is no longer sufficient. The new staffing budget is therefore based on MPs employing 4 FTE members of staff. It is also based on MPs employing two senior members of staff (an Office Manager and a Senior Parliamentary Assistant) and two caseworkers. This better reflects the office structures that IPSA saw during its staffing review. IPSA is also persuaded that the budget should no longer be calculated on the midpoint of the salary range, but on the 60<sup>th</sup> percentile. As this Parliament progresses, staff will gain experience that may warrant their moving up the salary range. Last year this was reflected in an increase to the staffing budget; this year it is again reflected, but on this occasion through using a higher point on the salary ranges in the manner given above.
- 2.46 The staffing budgets for 2012/13 will be £137,200 for non-London Area MPs and £144,000 for London Area MPs.<sup>2</sup> When planning for 2012/13, however, MPs are reminded that these

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<sup>2</sup> This reflects the decision set out in paragraph 2.31 to provide London Area MPs with a 5% higher staffing budget.

budgets are subject to approval by the Speaker's Committee for IPSA of the grant to IPSA of the necessary monies to fund them.

- 2.47 The staffing review IPSA conducted in 2011 raised a number of issues about employment structures in MPs' offices. Some of these were for IPSA to consider, but many were not. MPs' offices are small, and this inevitably creates issues of career and pay progression, staff retention and of how to organise workloads and cover when staff members are sick or on leave. These matters, which were raised by several of the staff representative groups, are not for IPSA. In setting the budgets given above, IPSA considered the need for MPs to have the flexibility to run their offices as they see fit. IPSA is clear that this is now for MPs to do. IPSA will not intervene in matters of career and pay progression or workload/staff management such as those outlined above.
- 2.48 The new budget limits are therefore designed both to recognise the increasing demands on MPs' offices and to provide MPs with some flexibility to manage their affairs in the way that best suits their circumstances. IPSA does not expect all MPs to need to spend the maximum; the evidence from costs claimed so far suggests that the majority of MPs are able to operate within the current limits. Additionally, IPSA does not expect the increase in budget limits to be used to allow across the board inflationary pay increases, given that the public sector generally is still observing a pay freeze.

## Chapter Three: Accommodation Expenditure

### Leaving Parliament

Question 8: Do you agree that MPs who lose their seat should be allowed to claim for the associated expenditure on the property formerly required for their parliamentary functions for up to two months after leaving Parliament?

#### Consultation Responses

- 3.1 Under IPSA's current rules, MPs who leave Parliament can continue to claim rent or mortgage interest (until the mortgage interest subsidy comes to an end in August 2012) on a property that was required for their parliamentary functions for two months after leaving, but cannot claim for any utility bills or other associated expenditure permitted under the Scheme. Of the 27 responses to this question, 23 agreed that this should be changed. One MP went further to argue that two months was too short a time period to move out of their accommodation. Four respondents rejected this proposal as they did not see a need for MPs to claim any costs after leaving Parliament, although one MP amongst this group did suggest that circumstances should be assessed on a case-by-case basis.

#### IPSA's Position

- 3.2 MPs who leave Parliament will incur costs in winding up the arrangements they put in place so that they could perform their parliamentary functions. For this reason the Scheme provides for the cost of winding up an office and making staff redundant, as well as the cost of up to two months' rent or mortgage interest on the property required by the MP for their parliamentary functions. Utility bills and other associated expenditure as defined in the Scheme fall into the same category of costs. For this reason IPSA is persuaded that MPs should be able to claim the cost of associated expenditure on the property formerly required for their parliamentary functions. To be consistent with the rules on claiming rent and mortgage interest in this scenario, IPSA will only accept claims relating to the period of up to two months after MPs leave Parliament.

### The Accommodation Expenditure Budget

- 3.3 In order to ensure that it remains set at the right level, IPSA reviewed the Accommodation Expenditure budget. The size of this budget, which is not available to London Area MPs, varies according to whether MPs rent accommodation in London or in their constituency, or stay in hotels when needing overnight accommodation for the purpose of performing their parliamentary functions.



### Rent in the London Area

- 3.4 MPs who rent property in the London Area have a budget of £19,900 per year to cover both rent and associated expenditure.<sup>3</sup> While MPs can split the budget as they choose, it is calculated on the basis of a monthly rent of up to £1,450 and an annual amount of £2,500 for associated expenditure.
- 3.5 Last year IPSA established that it was possible to rent a one bedroom flat for £1,450 a month in 65% of London postal code areas.<sup>4</sup> This year repetition of this research has ascertained that this figure is now 64%. The availability of property within budget close to Westminster is more limited, and IPSA is aware of certain service providers close to the Palace of Westminster, popular with MPs, who charge more. However, given the overall availability of properties within the budget across London, IPSA has decided to continue to base the rental element of the budget for the London Area on £1,450 per month.

### Rent outside the London Area

- 3.6 The budget for MPs who rent property outside the London Area depends on which band (A to E) their constituency is in. Band A constituencies have a budget of £15,050 – the highest - while Band E constituencies have a budget of £9,472 – the lowest. As with the London Area, this incorporates an annual £2,500 for associated expenditure while the rest is for rent.
- 3.7 IPSA sampled the rent paid in all the Bands and ascertained that the average rent paid by MPs was comfortably within the appropriate limit for each Band. In all but one case (that of Band E) the average rent left a margin of more than £2,500 remaining in the budget to cover associated expenditure. The average rent in Band E left only £2,000. On this basis, IPSA has decided that there will be no change to the rental elements of accommodation Bands A to D, but Band E will be increased by £500.

### Associated Expenditure

- 3.8 After reviewing average claims in this category and looking at utility and fuel prices, IPSA has decided that a small increase in this budget is merited to cover inflation. The associated expenditure element of the accommodation budget will therefore be increased by 3.1% from £2,500 to £2,600. The figure of 3.1% is the midpoint between Consumer Price Index (CPI) annual inflation as at December 2011 (4.2%<sup>5</sup>) and the Bank of England forecast for CPI inflation as at March 2013 (2%).

### Additional Caring Responsibilities

- 3.9 MPs with caring responsibilities may claim an additional £2,425 per year on top of their accommodation budget per eligible dependant registered with IPSA. There is no evidence that this additional budget is too low, and IPSA's research shows that in the London Area, the additional amount for a single dependant would enable an MP to rent a two bedroom flat in 62% of London postal code areas. Consequently, the additional caring responsibilities budget has not been increased.

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<sup>3</sup> Unless expressly mentioned, the budgets in this section do not include the additional caring responsibilities budget for MPs with dependants registered with IPSA.

<sup>4</sup> Rental data from [www.londonpropertywatch.co.uk](http://www.londonpropertywatch.co.uk).

<sup>5</sup> Data from the Office of National Statistics.

### Hotel Costs

- 3.10 IPSA is aware of occasional instances of MPs being unable to locate a hotel room within the budget, and in those circumstances the MP can request the cost be covered from the Contingency Fund.<sup>6</sup> As this safety valve is in place and there has been no call from MPs to increase these limits, the nightly hotel budget stays the same.
- 3.11 Should an MP need to be in London during Recess this year for the performance of his or her parliamentary functions, it may be difficult to find hotel rooms within the budget while the Olympics and Paralympics are underway. Any MP in this situation should contact IPSA.

### Accommodation Expenditure budgets for 2012/13

- 3.12 The Accommodation Expenditure budgets for 2012/13 are as follows:<sup>7</sup>

Budget	Limit (£)
Rental property in the London Area	20,000
Rental property in Band A constituency	15,150
Rental property in Band B constituency	13,750
Rental property in Band C constituency	12,350
Rental property in Band D constituency	10,950
Rental property in Band E constituency	10,050
Hotel room per night in the London Area	150
Hotel room per night outside the London Area	120

### **The London Area Living Payment**

- 3.13 The London Area Living Payment (LALP, currently set at £3,760 per year) may be claimed by London Area MPs as a contribution to the additional cost of living in and commuting to London. These MPs cannot claim Accommodation Expenditure, and the LALP can also be claimed by non-London Area MPs who choose not to claim for their accommodation. In 2011/12 IPSA introduced the Outer LALP (OLALP) for MPs whose constituencies are outside Greater London but still within 20 miles of Westminster and thus in the London Area. The OLALP comprises an additional amount of £1,330 per year.
- 3.14 Mark Field MP commented on the level of the LALP in his consultation response.

*You will note that by IPSA's own figures, it is acknowledged that the cost of maintaining a home in London exceeds the projected cost of the next most costly area, Band A, by £4850... Yet the London Area Living Payment, provided as an*

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<sup>6</sup> The Contingency Fund caters for exceptional circumstances which cause an MP to necessarily incur expenditure or liability for expenditure related to the performance of their parliamentary functions which is not covered by one of the budgets of the Scheme, or which exceeds any financial limit set out in the Scheme.

<sup>7</sup> All budgets have been rounded up to the nearest £50. The budget for those claiming the mortgage interest subsidy is £8,850 per year. See paragraphs 6.22-6.27.

*acknowledgement of the greater cost in making one's home in the capital, is only £3750, a sum which is also taxed.*

- 3.15 Accommodation Expenditure covers a specified range of costs while the LALP has a different purpose. Hence, the two cannot be compared as Mr Field suggests. Instead IPSA considered the LALP in the context of the contribution it makes to the additional cost of living in London. It could not assess the exact amount of this contribution for all MPs, as this would involve knowing the details of every London Area MP's personal living arrangements. Nonetheless, IPSA is content that the LALP remains a reasonable contribution for the taxpayer to make and so has not raised the amount.
- 3.16 The OLALP covers the average cost of peak-time commuting from the outer London constituencies to Westminster four days a week for 30 weeks a year. As rail prices have increased, the contribution the OLALP makes to these costs has fallen. Nonetheless, IPSA has not raised the OLALP. A fundamental principle of the Scheme is that MPs should be treated, as far as is possible, like other citizens. Other citizens must absorb the increased cost of commuting from their own resources and IPSA sees no reason to treat MPs differently.

## Chapter Four: Office Costs

### MPs' Websites

Question 9: Should MPs be allowed to claim for the costs of websites which contain material relating to referendum campaigns?

#### Consultation Responses

- 4.1 The responses were split on this question. 12 of the 28 respondents were against allowing MPs to claim for the cost of websites containing material relating to referendum campaigns, either because these could be party political or because it was impossible to draw a line on what type of material was appropriate for the taxpayer to fund. For the Committee on Standards and Privileges, for example, the issue was one of effective enforcement.

*In principle it would be reasonable to allow Members to include a brief summary of their views on the subject of a non-partisan referendum on a publicly funded website, but extensive campaigning should not be so funded. In practice, we believe this would be difficult to define and to police, so do not support allowing such material on publicly funded websites.*

- 4.2 14 respondents agreed with the proposal set out in the question, including nine MPs and the 1922 Committee. They argued that there is a public expectation that MPs should engage in matters of public discourse such as a referendum, and a website is an effective way of communicating their views to constituents.
- 4.3 The results of the consultation survey were marginally in favour of the proposal, with 286 out of 439 respondents supporting it, including a majority of the replies from MPs and their staff members.

#### IPSA's Position

- 4.4 On balance, IPSA is persuaded that MPs should not be allowed to claim the cost of websites containing material relating to referendum campaigns. While in some cases these will not be party political, in others they may or may be perceived to be so. There is a risk that there will be perceived to be a misuse of public funds for party political campaigning. Furthermore, there will be a risk that those funds contravene the regulations surrounding referendum campaigning set out in the Political Parties, Elections and Referendums Act 2000. IPSA will keep its assessment under review in the light of subsequent referendum campaigns.

Question 10: Should MPs be allowed to claim for the costs of websites which display political party logos?

#### Consultation Responses

- 4.5 IPSA received 30 responses to this question, of which 16 were in favour of allowing claims, included the Speaker of the House of Commons, who wrote:

*It would appear to be illogical to ban such emblems while permitting the Member to state in writing to which political party he or she belongs.*

4.6 11 respondents were against allowing claims for websites containing party logos because they were inherently party political. The Committee on Standards and Privileges, for example, said that the current prohibition was “*proportionate*”.

4.7 Respondents to the consultation survey were also split: 219 replies were in favour of allowing claims for websites containing party political logos, while 197 were against.

#### IPSA’s Position

4.8 Given that MPs can already claim for the costs of websites that state, in words, to which political party they belong, IPSA is persuaded that there is no significant risk associated with allowing MPs to put their party logo on their website. Consequently, from 1 April 2012 MPs can claim for the costs of websites which display party political logos.

Question 11: Should IPSA allow MPs to claim for the cost of websites that contain any other types of political content?

#### Consultation Responses

4.9 Of the 28 responses to this question, 16 were opposed to permitting MPs to claim the cost of websites that contain any other types of political content. The main reasons for opposition were the challenge of determining what was and was not acceptable, and the commensurate risk of the taxpayer funding websites containing party political statements.

4.10 The Speaker of the House of Commons, for example, drew attention to the challenge of distinguishing parliamentary from party political work examined in question 2 of the consultation (see paragraphs 2.7-2.9 above), and said that this cautioned against allowing political content on websites. Other respondents argued for only certain types of political content to be allowed. Simon Hughes MP, for example, answered this question thus:

*My view is yes, provided that it is only positive content promoting one’s own party and not negative comment about other parties or people in other parties. Taxpayers’ money can reasonably be justified to support an informative website which presents what MPs do and say and believe. Taxpayers’ money should not fund attacks on other people or parties.*

#### IPSA’s Position

4.11 IPSA is persuaded that it is not appropriate to allow MPs to claim the cost of websites containing other types of political content. Given the grey area between what is parliamentary and what is party political (see IPSA’s response to question 2 above), there would be a significant challenge for MPs and IPSA in determining what material was and was not acceptable. Instead, the guidelines included in the Scheme as a result of question 2 above will apply as equally to the content of websites whose costs are claimed from IPSA, as to the activities of staff members during taxpayer-funded working hours.

## Staff Working from Home

Question 12: Do you agree that staff members who live over 20 miles from the constituency boundary of the MP who employs them and who regularly work from home should be entitled to claim office and travel expenses, like other staff members who live closer to the constituency boundary?

### Consultation Responses

- 4.12 IPSA received 27 responses to this question, and the views were mixed. 11 MPs and six staff members were in favour of allowing claims in these circumstances. One staff member, for example, wrote:

*In these times, with remote working so simple, it makes very little difference where staff members are geographically based.*

- 4.13 Two members of the public, however, were opposed to this proposal, with one arguing that:

*[MPs] should be concentrating on providing employment, however limited, within their constituency.*

- 4.14 One MP also opposed the proposal as he felt that it could disadvantage staff members who lived within or near the constituency of the MP who employed them, as these staff members could not claim for the cost of their commute to work.

### IPSA's Position

- 4.15 The Scheme rules were based on the premise that staff members would live in or near the constituencies of the MPs who employed them. But IPSA is aware of a small number of instances where this is not the case. This is, for IPSA, a question about the flexibility of the Scheme to cater for different scenarios. Whether or not MPs should employ staff members who live more than 20 miles from their constituency is a decision for each individual MP. Some may choose to concentrate employment in their constituency while others may not. IPSA takes the view that the Scheme should not hinder MPs who have staff members living some distance from their constituency. For that reason, from 1 April 2012 MPs will be able to claim office and travel expenses for staff members living more than 20 miles from their constituency on exactly the same basis as for staff members who live closer to or in the constituency. This means they can claim for office costs relating to the MP's parliamentary functions, and for travel to and from Westminster and for relevant training. All the conditions in the Scheme, such as standard class travel, will apply.
- 4.16 It does not mean that the MP can claim for the cost of a staff member's commute, as this is expressly prohibited in the Scheme.

## Legal Expenses Insurance

Question 17: Should IPSA provide legal expenses insurance for MPs centrally, or should MPs continue to have discretion to claim for this cost themselves?

### Consultation Responses

- 4.17 There were 24 responses to this question, of which a clear majority were in favour of central provision of this insurance by IPSA. The PRU, for example, who voluntarily facilitated the purchase of an insurance policy during 2011/12 for those MPs who wished to take it up, pointed to the administrative benefits of this being done centrally.
- 4.18 Some respondents said that they only favoured central provision if it turned out to be cheaper than MPs continuing to obtain the insurance individually. Conversely, five respondents said that MPs should continue to arrange their own legal expenses insurance, the cost of which could then be claimed from IPSA. A small number of respondents took a different approach, suggesting that MPs should be offered a centrally purchased policy but should not be required to take it up.

### IPSA's Position

- 4.19 It is the responsibility of MPs to ensure that they have appropriate insurance for their work and if an MP chooses not to obtain a certain type of insurance then the MP, not the taxpayer, accepts the resultant risk.
- 4.20 Whether or not to offer legal expenses insurance, or Employment Practice Insurance as it is also known, for IPSA rests on cost-effectiveness. On this basis, IPSA has decided that it will provide a facilitated purchase scheme for this insurance. Rather than purchasing insurance centrally for all MPs irrespective of whether they want to participate, IPSA will facilitate the purchase of insurance for those MPs who choose to buy it using this scheme. The cost of the insurance premium offered by IPSA is likely to be less than the premium an MP might pay for individually arranged insurance and will fall even lower if more MPs take advantage of IPSA's scheme. However, there is no obligation upon MPs either to purchase legal expenses insurance at all, or to purchase it through IPSA. If an MP decides to purchase the insurance through IPSA or individually, the cost of the premium will come from their Office Costs Expenditure (OCE) budget. IPSA will publish further details of the facilitated purchase scheme shortly.

## The Office Costs Expenditure Budget

- 4.21 Given the rise in fuel and other office-related costs over the last year, the OCE budget will be increased by 3.1% to take account of inflation. The figure of 3.1% is the midpoint between CPI annual inflation as at December 2011 (4.2%<sup>8</sup>) and the Bank of England forecast for CPI inflation as at March 2013 (2%).

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<sup>8</sup> Data from the Office of National Statistics

4.22 The OCE budgets for 2012/13 will be as follows:

- a. For London Area MPs: £24,750.
- b. For non-London Area MPs: £22,200.

### **The Winding-Up Budget**

4.23 The Winding-Up budget is available to MPs to meet the cost of completing their outstanding parliamentary functions when they cease to be MPs. It is calculated as a proportion of the Staffing and OCE budgets. Both these budgets have changed as a result of this Review of the Scheme. The resultant Winding-Up budgets are as follows:

- a. For London Area MPs: £56,250.
- b. For non-London Area MPs: £53,250.



## Chapter Five: Travel and Subsistence

### Late Night Taxis

Question 13: Should the budget for taxis be increased from £80 to allow MPs, if they wish, to return to their London Area residence rather than claiming £150 for a hotel? If so, should the limit be £100, £120 or another figure?

#### Consultation Responses

- 5.1 IPSA received 22 responses to this question, of which 15 were in favour of raising the taxi limit especially as it may actually result in an increased use of taxis rather than hotels and thus produce an overall cost saving. The Speaker of the House of Commons, for example, said:

*All MPs in the London Area should have the same choice to travel home at night or stay in a hotel. Therefore I believe that the amount which may be claimed for a taxi ought to enable travel to all constituencies within that London area, provided that it ensures good value for money – ie that the amount is not more than the amount which may be claimed for a London Area hotel.*

- 5.2 There was, however, a small number of respondents, including three members of the public, who opposed the taxi limit being increased.

#### IPSA's Position

- 5.3 The Scheme permits MPs who need to work at Westminster late at night either to claim up to £80 for a taxi to a London Area residence, or up to £150 for a hotel for the night. There is very little demand for hotel stays, however, with only 13 MPs claiming for them in the first six months of this financial year. Consequently there would be little gain from raising the taxi limit and IPSA is satisfied that £80 is an appropriate maximum limit for a taxi fare that is paid from taxpayer funds.

## Chapter Six: Other Matters

### Resettlement Payments

Question 14: Should IPSA introduce an interim resettlement grant system for MPs leaving the House of Commons involuntarily? If so, how should the payment be calculated?

#### Consultation Responses

- 6.1 The question asked in the consultation referred to an *interim* resettlement grant system only. IPSA will consider whether and what resettlement grant should be available to MPs for the long term in its wider review of MPs' pay and pensions, where it will also consider the impact of the boundary changes to Westminster parliamentary constituencies planned for 2015.
- 6.2 The consultation question first asked for views on whether an interim resettlement grant should be introduced. Of the 30 responses to the question, three members of the public argued against there being any kind of resettlement grant for MPs. 24 respondents, however, were in favour of introducing some kind of resettlement grant. This included 16 MPs, seven members of MPs' staff and one member of the public. Peter Luff MP, for example, expressed the following view:

*We [MPs] need a few months of income while we settle in the 'real' world.*

- 6.3 The question went on to ask what system IPSA should use to calculate the interim resettlement grant, should one be introduced. There was no clear consensus in the responses on this point, although there was a general view that basing the grant on statutory redundancy was insufficient. Several respondents felt the system should mirror that recently implemented by the Welsh Assembly, although one MP commented that this may create an incentive for MPs to contest elections simply to become eligible for a grant if they lose. Other respondents said a resettlement grant should vary according to the age and length of service of the MP concerned. Finally, the Committee on Standards and Privileges questioned whether it was appropriate only to pay a resettlement grant to those MPs leaving Parliament involuntarily when many MPs face being unable to stand for election in 2015 due to the proposed boundary changes.

#### IPSA's Position

- 6.4 One of IPSA's fundamental principles is that MPs should be treated, as far as possible, in the same manner as other citizens. Normally, if an employee is made redundant and thus loses his or her job involuntarily, he or she receives a redundancy payment. On the same basis it is appropriate that an MP, if they lose their position involuntarily through losing their seat at an election, should receive a resettlement payment.
- 6.5 The interim provisions considered as part of this Review would only apply in the case of MPs losing their seats in an election held before the planned General Election of 2015. Further, the resettlement grant would not be available to MPs who choose to stand down or are disqualified from Parliament, in the same way that an employee who chooses to leave a job

or who is sacked for misconduct would not receive a leaving payment. This resettlement grant also does not apply to MPs who stand down on the grounds of ill health, as provision for this situation is already made in the MPs' pension scheme.

- 6.6 After assessing the various different models for the interim resettlement grant put forward in the consultation paper, IPSA has decided to implement the Welsh Assembly's policy on resettlement grants for Parliament. This policy is a fair and equitable method of providing support to former MPs who are settling back into non-Parliamentary life. Its calculation is based upon length of service and it does not discriminate or benefit any individuals based on their age, which some of the other options put forward in the consultation were considered to do. The Welsh Assembly model is also similar to redundancy packages offered across the public sector. Consequently, should an election be called before the planned General Election of 2015, any MP who stands as a candidate and loses will receive a resettlement payment equal to one month's salary for each completed year of service, subject to a maximum payment of six months' salary.

## Recalls of Parliament

Question 15: Should IPSA's rules allow MPs to claim for the cost of returning to Parliament in the event of a recall of the House of Commons? Are there any restrictions on the type or value of claims which you think should be payable?

### Consultation Responses

- 6.7 IPSA received 24 responses to this question. Of the four members of the public who replied, three were against allowing claims for MPs to return to Parliament if recalled. One, Brian Riches, said that it is the responsibility of an employee to make their own way back to work if necessary, and that:

*IPSA should publish the names of MPs that decline to return [when Parliament is recalled].*

- 6.8 In addition to the one member of the public in favour, a further 21 respondents, including 13 MPs and six members of MPs' staff, also said that rules for recalls should be incorporated in the Scheme, with one staff member [REDACTED] saying the following:

*If an MP feels he needs to return he will make a judgment whether or not the cost is justifiable to his constituents. He should not be restricted from returning because he cannot afford to suffer the loss himself.*

- 6.9 A small number of these respondents made suggestions as to what should be in the rules. One MP said that IPSA should impose a fixed amount that MPs can claim. Barry Gardiner MP said that similar provisions should apply to staff members who were needed at the House to support their MPs. Finally, Mike Wood MP and the Taxpayers' Alliance both argued that the costs that could be claimed should be reasonable and that MPs should purchase economy tickets where possible.

### IPSA's Position

- 6.10 It is not IPSA's role to monitor which MPs return if Parliament is recalled. IPSA's role here is to ensure that appropriate support is in place through the Scheme to enable MPs to perform their parliamentary functions if Parliament is recalled. The Scheme will therefore be amended explicitly to allow MPs to claim the reasonable costs of returning to Parliament in the event of it being recalled.
- 6.11 Exactly what costs are allowed will depend on the circumstances of each recall. In general, IPSA will allow reasonable claims for UK travel by the MP and, if necessary, reasonable claims for international travel up to a maximum per MP of £3,750. This amount should be sufficient to cover the majority of possible travel claims for MPs returning to Parliament for a recall, but IPSA will consider reimbursing any necessary costs incurred above this upon an explanation by the MP of the reason for the amount. MPs will be expected to purchase standard class tickets unless they have no alternative but to travel premium class. Reasonable claims for travel of family members alongside MPs will also be paid, such as where an MP has dependants who must return to the UK with them. IPSA may also pay to return MPs to their locations abroad following the recall, but claims for this will be assessed on a case-by-case basis.

### **Expenditure during an Election Period**

Question 16: Should IPSA introduce rules to restrict claims for expenditure during an election period?

### Consultation Responses

- 6.12 IPSA received 21 responses to this question. Several respondents replied on the assumption these rules already exist and are sufficient. 17 of the responses agreed that such rules should be developed and included in the Scheme.
- 6.13 There was general agreement amongst those in favour of rules that MPs should be allowed to continue to claim for accommodation required for parliamentary functions during an election campaign.
- 6.14 IPSA's proposal for office costs was to allow MPs to claim only for rent and supplies used exclusively for parliamentary functions. Several respondents, including the Speaker of the House of Commons, commented that this may prove difficult to implement in practice, especially given the volume of office costs now paid directly by IPSA to suppliers (including office rent) or by way of MPs' payment cards.

### IPSA's Position

- 6.15 The Scheme currently contains no rules specifically catering for the period in the run up to a General Election. IPSA is convinced that it should contain such rules, as the legal framework and the risk of taxpayer funds being used for party political campaigning alter in this period.
- 6.16 In framing its rules IPSA recognises that some of the parliamentary functions of an MP will continue even after Parliament has been dissolved. Its rules therefore seek to accommodate

these functions while disallowing any form of taxpayer support for party political activity. The rules are set out in paragraphs 10.13 – 10.18 of the new Scheme, and the key elements include the following:

- a. OCE claims can continue to be paid only for costs associated with the MP's parliamentary functions. No equipment or supplies purchased using funds from IPSA may be used for party political purposes. Large capital purchases will be restricted in the run-up to the election. If an MP uses his or her IPSA-funded office for election activities then he or she will only be able to claim an appropriate proportion of the rent and utilities from IPSA.
- b. The only travel an MP can claim will be one single journey from Westminster to his or her residence (either the accommodation registered with IPSA or the main home), or to any point in his or her constituency.
- c. Staffing costs may not be claimed for any party political activity and staff may not campaign or carry out other election-related activities during their taxpayer-funded working hours.
- d. The MP can continue to claim Accommodation Expenditure as normal throughout the election period.

## Allowances

Question 18: Do you support an allowance-based system for MPs, that is the payment of a lump sum to MPs for them to spend at their discretion, without a detailed account of the expenditure?

### Consultation Responses

- 6.17 We received 27 responses to this question, of which four – two MPs and two staff members - advocated a return to an allowance-based system. Mark Field MP supported his view on a value for money basis, saying:

*...it would prove likely far better value to the taxpayer, not only in financial terms but it would free up the huge amounts of time currently spent by everyone navigating the complex IPSA rules and payments system.*

- 6.18 However, 17 responses rejected a return to allowances, including the six responses from members of the public along with four MPs. One member of public, RL Collins, for example, said:

*It is surely right that receipts should be provided for legitimate expenses before payment is authorised. This is the norm elsewhere in the public sector and, so far as I know, the private sector too.*

- 6.19 The 1922 Committee opposed a return to allowances for all costs and expenses but suggested that MPs could be paid an allowance each time the House sat late to use for the purchase of an evening meal. The 1922 Committee suggested an allowance of £12, less than then £15 MPs are permitted to claim for food and non-alcoholic drink when working late at the House. It argued that an allowance would be administratively simpler than checking food claims and would save money.

### IPSA's Position

- 6.20 IPSA remains of the view that MPs should render a detailed account of their business costs and expenditure that are funded by the taxpayer. An allowance – by way of a lump-sum given to an MP – is incompatible with this and would significantly reduce the transparency of the current system. IPSA therefore will not move to an allowance-based system for funding MPs' expenses and costs.
- 6.21 IPSA is not persuaded that MPs should receive a subsistence allowance each time they are working late at the House, as this would require making a payment to an MP with no evidence to prove the MP had incurred a cost.

### **Mortgage Interest Subsidy**

Question 19: Do you support MPs continuing to claim the mortgage interest subsidy beyond the August 2012 transitional arrangements?

### Consultation Responses

- 6.22 When it came into operation in May 2010 IPSA announced the end of the payment of the mortgage interest subsidy to MPs, but it allowed 28 months for those MPs who were claiming the subsidy in the previous Parliament to make alternative arrangements. This 28 month transitional period ends in August 2012.
- 6.23 We received 25 responses to this question, of which 15 were clear that there should be no extension to the transitional period. This included three MPs, three members of MPs' staff, the Committee on Standards in Public Life, the Taxpayers' Alliance and all seven responses from members of the public. Eight respondents, however, argued that the mortgage interest subsidy should either continue to be paid permanently or should continue until the end of this Parliament.
- 6.24 The following quotes were typical of the arguments on either side.

*There [is] a sizeable majority of MPs who have been unable to rent or sell their properties either because they bought in their constituencies where property markets have fallen or because they have recently re-mortgaged or because of family commitments. There is an equalities issue for MPs with families who are expected to rent and potentially move their families every six months when a lease ends, causing distress and confusion to young children who already travel extensively between homes at weekends. (Anonymous MP)*

*Whilst we recognise that the monthly cost of mortgage interest could be cheaper than rent, no-one has come up with a satisfactory scheme that would compensate taxpayers for the fact that MPs have been able to use that subsidy to assist them in the purchase of a property during their tenure as an MP which they retain thereafter. (Taxpayers' Alliance)*

### IPSA's Position

- 6.25 Since IPSA announced it would end the mortgage interest subsidy in May 2010, it has consulted on the ending of the subsidy and, now, on the length of the transitional period.

- 6.26 The first of these questions was asked in the last Review of the Scheme. IPSA remained persuaded that the ending of the subsidy was about more than saving money. It was about removing the opportunity for MPs to realise personal profit through taxpayers' funds by way of capital gains increases (over and above those recouped for the taxpayer by IPSA). IPSA does not consider that renting a property necessarily creates undue disruption to an MP's family life. Many properties are available on long leases, and the property funded by the taxpayer is only supported because the MP needs it for his or her parliamentary work.
- 6.27 None of the respondents put forward evidence that the transitional period was too short, or that it in any way disadvantaged those MPs subject to it. IPSA is mindful that a number of MPs have already made alternative living arrangements and that any change to the policy now could be unfair to them. For these reasons, IPSA remains of the view that 28 months is time enough for MPs to make arrangements for the ending of the mortgage interest subsidy. The subsidy will therefore end on 31 August 2012.

### **Additional Comments**

Question 20: Are there any additional comments which you would like to submit on the Scheme?

#### Consultation Responses

- 6.28 Of the 76 respondents to the consultation overall, 49 answered this question. The overwhelming majority of those responses commented on the provisions for MPs' staffing in the Scheme. Those comments have been addressed in Chapter Two of this Report. The majority of the remaining responses commented on the system rather than the rules set out in the Scheme. This included calls for more costs and expenses to be paid directly to suppliers rather than reimbursed to MPs who then had to incur the costs upfront. A number of respondents asked for the payment card given to MPs to be available for a wider range of costs.
- 6.29 The same question was asked in the consultation survey. 230 of the 439 respondents left comments. Again, those focussed on the efficacy of the system and the use of direct payments to suppliers and the payment card. Comments were also made on the time required to use the online expenses system and on the opening hours of the IPSA helpline.
- 6.30 Finally, both the written responses and those made through the consultation survey contained expressions of support for IPSA's role in being an independent regulator of MPs' business costs and expenses.

#### IPSA's Position

- 6.31 Since coming into operation in May 2010, IPSA has made a number of changes to the way in which MPs can pay for business costs and expenses. Up to three-quarters of costs and expenses could be paid directly by IPSA or through the use of advances, rather than the MP paying out the cost upfront. MPs can arrange direct payments for office and accommodation rent, and some other services. In addition, the payment card can now be used for an expanded list of items, comprising travel, parking, utilities, council tax, business rates, office

waste collection, insurance, hotels, stationery and some telephone bills. Furthermore, train travel can now be booked using an account that IPSA has set up for each MP.

- 6.32 The decision to restrict the opening hours of the Infoline enables IPSA to operate as effectively as possible with the resources available. Since introducing the policy, call waiting times have fallen and turnaround times on emailed queries have reduced. Given these improvements in administration, IPSA has no plans to extend the opening hours further. MPs can send IPSA an email with a query at any time of the day.



## Annex A: Report on the Operation of the Parliamentary Standards Act 2009

Recommendation	IPSA's Response
<p>1. Independent determination of the payments system for MPs' costs and independent regulation of it are fundamental and should continue.</p>	<p>While this is ultimately a matter for Parliament, IPSA agrees with the statement. The Prime Minister's statement of 8 February reiterated the Government's support for independent regulation by IPSA.</p>
<p>2. The Act should be amended in accordance with the Committee on Standards in Public Life's recommendation to provide that IPSA's primary duty is "to support MPs efficiently, cost-effectively and transparently in carrying out their parliamentary functions". It would continue to be IPSA's role to determine what assistance for MPs was necessary.</p>	<p>Amendments to legislation are clearly a matter for Parliament. Amending the Act (and thus removing "to have regard to the principle of" supporting MPs) would fundamentally change IPSA's ability to develop and deliver a system for MPs' business costs and expenses through independent regulation. The current legislation allows IPSA to provide support for MPs in the light of what it considers to be the public interest.</p>
<p>3. IPSA's current administrative role should be carried out by a separate body, so that IPSA is not regulating itself, and the Act should be amended to permit this. The best arrangement would be for that separate body to be within the House of Commons Service, both because such a body would avoid imposing undue burdens on MPs and because it would benefit from the economies of scale of being part of a larger organisation in areas such as human resources and IT. <b>Independent</b> regulation by IPSA and transparency would ensure that it did not replicate the deficiencies of the old expenses system.</p>	<p>Amendments to legislation are clearly a matter for Parliament. Returning the administrative functions to a body within the House of Commons would recreate the equivalent of the old Fees Office. The recommendation, if implemented, would undermine independent regulation, and remove IPSA's ability to manage the implementation of the Scheme. It would risk undermining public confidence in Parliament by removing IPSA's ability to regulate costs and expenses by placing that responsibility onto a separate payment body, which would (following the logic of Recommendation 12) pre-approve their claims. Pre-approval would mean that MPs would no longer have full responsibility for their own costs and expenses. In addition, it is not cost effective to have two organisations covering the one service. Splitting IPSA's regulatory and administrative functions would significantly reduce the synergy between IPSA's regulatory and administrative operations. It is also important to note that IPSA does not "regulate itself". It is subject to considerable scrutiny – from the Speaker's Committee for IPSA (SCIPSA), the National Audit Office, the Public Accounts Committee, the CME and through Parliamentary Questions and debates and Freedom of Information requests.</p>

<p>4. The body administering MPs' expenses should implement a more risk-based and therefore cost-effective approach to validation, as recommended by the NAO.</p>	<p>IPSA successfully piloted risk-based validation in November 2011, and in February 2012 implemented a streamlined system in which routine, low value claims are not subjected to the same degree of scrutiny as higher value and more complex claims. This has had a positive impact on the speed and cost of claim processing. IPSA will continue to keep its processes under review.</p> <p>Since October 2011 around three-quarters of transactions by value are capable of being paid either direct to landlords, through the Trainline ticketing facility, or through the payment card, which is available to MPs. Many MPs have yet to take up the available facilities, so that only 35% of transactions by value are currently covered by direct payments. IPSA is working to encourage higher take-up.</p>
<p>5. The body administering MPs' expenses should extend its use of direct payments to cover as near to 100% of transactions as possible.</p>	<p>IPSA has made several service improvements and is currently focusing on explaining these improvements to MPs and increasing the take-up of the new services. An example of these new improvements is IPSA's new partnership with Trainline, which means that MPs no longer have to pay for their own train travel. IPSA is also holding discussions with one major stationery supplier to explore a direct payment arrangement (where the supplier will bill IPSA directly for MPs' purchases). IPSA does not, however, intend to procure supplies centrally – this would reduce flexibility for MPs in their choice of supplier and be costly to administer.</p>
<p>6. The body administering MPs' expenses should make more extensive use of its capacity to purchase and provide centrally.</p>	<p>a) A significantly faster search function was introduced in January 2012. IPSA is working to develop the publication website further, and a series of new features will be introduced in Spring 2012. IPSA does not intend to introduce proactive publication of receipts. Key information is already published and redaction costs of publishing receipts proactively would increase costs by over £1 million a year.</p> <p>b) The two month cycle was chosen because it was sufficiently frequent to illustrate the routine nature of claims, it captured recent developments and was cost effective. Changing the publication cycle to real time, and/or publishing on an accruals basis, would increase costs and would mean that MPs would not be able to see in advance what was to be published. IPSA will keep this under review, however.</p>
<p>7. IPSA should improve its system of publication by:</p> <p>a) Creating an enhanced scheme of annual publication of claims, which would be searchable and facilitate comparisons, and would include the underlying receipts (subject to safeguards relating to personal details and security);</p> <p>b) Begin developing and implementing a cost-effective system of real-time publication of claims, or at least publishing on an accruals basis (reflecting when the costs were incurred), and immediately ceasing the misleading bi-monthly publication.</p>	<p>a) A significantly faster search function was introduced in January 2012. IPSA is working to develop the publication website further, and a series of new features will be introduced in Spring 2012. IPSA does not intend to introduce proactive publication of receipts. Key information is already published and redaction costs of publishing receipts proactively would increase costs by over £1 million a year.</p> <p>b) The two month cycle was chosen because it was sufficiently frequent to illustrate the routine nature of claims, it captured recent developments and was cost effective. Changing the publication cycle to real time, and/or publishing on an accruals basis, would increase costs and would mean that MPs would not be able to see in advance what was to be published. IPSA will keep this under review, however.</p>

<p>8. When publishing claims, IPSA should make a clear distinction between (a) costs commonly regarded as personal, such as accommodation and travel, and (b) office and staff costs. The latter would not be described as “expenses” in any other profession, and should not be so described by IPSA, which should publish them separately from other costs.</p>	<p>IPSA made these distinctions in the Third Edition of the scheme of MPs’ costs and expenses, and in the publication of MPs’ annual spending on the IPSA website. Future publications, including the Fourth Edition of the Scheme, will continue to emphasise these distinctions.</p>
<p>9. [a] When publishing “not paid” and “part-paid” claims, IPSA should classify each one in respect of the reason for non-payment; and [b] it should review whether publication of such claims increases or reduces public confidence in the payments system and Parliament.</p>	<p>(a) IPSA already publishes the reasons for “not paid” and “part paid” claims. It does not believe there is a case to provide further detail on the nature of individual claims.</p> <p>(b) IPSA believes that it is important for transparency to publish proactively all claims submitted by MPs. If IPSA chose not to publish “not paid” or “part paid” claims, the evidence would in any event still be available under the Freedom of Information Act.</p>
<p>10. In order to use publicly-funded resources more effectively, IPSA should offer MPs the option of submitting claims in paper form only, allowing IPSA more efficiently and in a more controlled way to enter the data into their online system.</p>	<p>It would not be cost-effective or efficient to operate two systems of submitting expenses. A paper-based system would involve duplication of activity, and the extra processes would add approximately £400,000 to IPSA’s running costs. Further disadvantages of a paper-based system include the risk of losing paper, of delay, poorer management information and reduced accountability.</p>
<p>11. IPSA should merge the office and staff budgets.</p>	<p>At this point IPSA believes that it is best to keep the two budgets separate. These are quite different areas of spending and we prefer to make clear what is available under each heading. The separation also mitigates the risk of spending drifting upwards because of perceived surpluses in either the office or staffing budgets. Both the staffing and office cost budget limits will be increased from April 2012. This should provide MPs with more flexibility.</p>
<p>12. IPSA should, on request from MPs, indicate to them whether a specific claim will be accepted or rejected; any subsequent claim would of course be published in the usual way.</p>	<p>IPSA has developed a scheme for MPs’ costs and expenses and these rules are provided to all MPs and their staff. It is the responsibility of each MP to take a decision about what they believe is or is not legitimate to claim for under the rules, and to complete a declaration that they take responsibility for how they have spent public money. Pre-approving individual claims for MPs would also be more costly to administer. IPSA does provide advice to MPs and their staff on the Scheme rules.</p> <p>This recommendation also runs counter to recommendation 4.</p>

<p>13. IPSA should make it easier for MPs to find out online how much of each budget has been spent.</p>	<p>IPSA rolled out new and amended budget reports in October 2011. A new budget report on staffing expenditure will shortly be available. IPSA is willing to consider suggestions from MPs about any further improvements it could make, and will discuss this with the informal Liaison Group of MPs.</p>
<p>14. IPSA should establish a liaison group with MPs' staff, and should include their representatives in consultations on the same basis as the statutory consultees.</p>	<p>IPSA meets MPs' staff regularly, and will work with staff representatives on the best way to formalise the process.</p>
<p>15. IPSA should review the overall remuneration package of MPs' staff, and in particular redundancy pay, with a view to ensuring that they are appropriately rewarded and that MPs are able to retain experienced staff and provide opportunities to interns.</p>	<p>The current pay scales were reviewed by independent pay specialists who confirmed they reflected a suitable level of pay, prior to the launch of IPSA's Scheme in May 2010. While the ranges remain appropriate, IPSA will continue to review them. IPSA will also work with MPs on allowing more flexibility in job descriptions and therefore the salaries they offer within IPSA pay ranges. The proposed increase in staffing budget limits should provide some scope for appropriate pay progression, but individual MPs are responsible for taking action to retain their staff and for deciding whether to take on interns.</p> <p>IPSA will also continue to have regard to the public sector pay freeze. It will not implement pay rises for any staff which take the MP above their existing budget unless the staff member in question has taken on significant additional responsibilities. IPSA's Scheme already makes provisions for interns' expenses, and if the individual is entitled to a salary he or she can be put on a casual contract of employment, earning at least the minimum wage.</p>
<p>16. IPSA should make it a consistent practice that MPs' staff who incur legitimate costs relating to the MP's parliamentary duties receive reimbursement direct, and should ensure that such reimbursement is made promptly.</p>	<p>Staff members can currently be reimbursed directly for personal Travel and Subsistence expenses. MPs are responsible for their own office expenses and they are the ones required to submit claims for those costs (although they can nominate a proxy to do so on their behalf). IPSA is willing to explore expanding payments directly to staff for individual categories of claims, whilst maintaining the principle that the responsibility remains with the MP.</p>
<p>17. To facilitate informed consideration and public debate about cost-effectiveness and accountability, we recommend that: a) IPSA provide a detailed explanation of the rationale for its existing London supplements (especially the Outer London one) and make transparent its current methodology for calculation of the rates.</p>	<p>a) IPSA set out the rationale for the LALP in the Third report on the Scheme, published in March 2011. The LALP has been reviewed as part of the Second Review of the Scheme. No changes are planned for the level of the LALP or the outer London supplement in 2012-13.</p>

<p>b) A body independent of both Parliament and IPSA be commissioned by the House Service to undertake a financial cost-benefit analysis to determine whether extending IPSA's current system of London and Outer London supplements to other regions in the UK could provide greater value for money for taxpayers, and an evaluation of the extent to which each of the aims for the Act set out in 2009 would be achieved.</p> <p>c) In not more than six months' time, the House should have the opportunity to consider the merits of that cost-benefit analysis and evaluation and to make a decision on whether there should or should not be a system of regional supplements instead of the existing travel and accommodation provisions.</p>	<p>(b) and (c) These recommendations as phrased would be a matter for the House, but if taken forward, they would undermine IPSA's independence by allowing the House to set rules for the remuneration of MPs. The proposal was rejected on these grounds in the 15 December 2011 debate on the CME report. The proposals in (c) would also be tantamount to an allowances system for MPs' direct expenses, similar in some respects to the old, failed system. This would remove transparency and therefore, accountability.</p>
<p>18. The levels of salaries and rates and maxima for any other payments to MPs should, whenever possible, be set by IPSA at the start of a Parliament for the duration of that Parliament.</p>	<p>The Parliamentary Standards Act 2009, as amended by the Constitutional Reform and Governance Act 2010, requires IPSA to carry out periodic reviews of pay, including one in the first year of a Parliament. IPSA has plans to conduct a thorough review of MPs' pay and pensions, announcing the way forward by the end of 2013. It cannot make any commitment at this stage as to whether pay in the future will be set for the duration of the Parliament.</p>
<p>19. When it examines the matter of resettlement grants for MPs who lose their seats at a general election, IPSA should take into account the arrangements in the Scottish Parliament and the National Assembly for Wales.</p>	<p>IPSA has just consulted on options for an interim resettlement grant and has decided to adopt similar arrangements to those in the Welsh Assembly. The longer term approach will be addressed in the MPs' pay and pensions review.</p>

## Annex B: Consultation Survey Results

**Question 1:** Please let us know if you are an MP, work for an MP or are a member of the public. This information will be used to assist IPSA’s analysis of responses.

<b>Base</b>	<b>439</b>
<b>I am a member of the public</b>	121
<b>I am an MP</b>	38
<b>I work for an MP</b>	280

**Question 2:** The distinction between parliamentary and party political activity can be difficult to identify, reflecting the fact that MPs are politicians. That said, some activities, such as campaigning or fundraising for a political party are clearly party political. Do you think that staff members should be allowed to carry out party political activities during their working (taxpayer-funded) hours?

Counts Respondents	Total	I am a member of the public		
		I am a member of the public	I am an MP	I work for an MP
<b>Yes, MPs' staff members should be allowed to carry out any party political activity during their working (taxpayer funded) hours</b>	<b>49</b>	11	1	37
<b>Yes, but with some exclusions, such as campaigning or fundraising for a political party</b>	<b>173</b>	29	15	129
<b>No</b>	<b>202</b>	79	20	103
<b>Don't know</b>	<b>15</b>	2	2	11

**Question 3:** Currently IPSA provides MPs with standard, although adaptable, job descriptions and salary ranges for their staff. While some MPs and staff members have welcomed the structure and consistency this framework creates, others have argued that it is too restrictive and hinders the ability of MPs to determine their staffing arrangements as they see fit. Should MPs be able to determine their own job descriptions and salary ranges for their staff, as long as they stay within budget?

Counts	Respondents	Total			
			I am a member of the public	I am an MP	I work for an MP
	Yes	275	29	31	215
	No	155	91	6	58
	Don't know	9	1	1	7

**Question 4:** While staff members employed since IPSA came into operation must adhere to standard pay ranges, staff members employed before the 2010 General Election could stay on their existing salaries, even where this is below the minimum of IPSA's pay range for the same job. In some MPs' offices this has led to new and potentially inexperienced staff being employed on higher salaries than the salaries of more experienced staff. Should IPSA provide an additional budget to MPs currently paying staff below the applicable IPSA salary range to bring those staff members?

Respondents	Total				
		I am a member of the public	I am an MP	I work for an MP	
	Yes	295	70	16	209
	No	105	43	22	40
	Don't know	39	8	-	31

**Question 5:** Each MP is currently given a budget for staffing costs that is based on them employing 3.5 full-time equivalent members of staff. MPs for constituencies with high social deprivation often have high casework levels, which some argue can be difficult to manage with 3.5 FTE members of staff. Should MPs for constituencies with high deprivation receive additional funds to employ more staff?

Respondents	Total				
		I am a member of the public	I am an MP	I work for an MP	
	Yes	301	67	17	217
	No	118	51	20	47
	Don't know	20	3	1	16

**Question 6:** Most MPs need to live and work in two locations – their constituency and Westminster – and can claim expenses to support one of these. MPs who were claiming their mortgage interest in the last Parliament can continue claiming it on a temporary basis. This ends in August 2012, after which no MP will be allowed to claim mortgage interest. Should MPs be allowed to continue to claim mortgage interest past August 2012?

Respondents	Total			
		I am a member of the public	I am an MP	I work for an MP
Yes	117	10	18	89
No	256	108	13	135
Don't know	66	3	7	56

**Question 7:** MPs can claim for the cost of maintaining a website provided they meet certain conditions. Currently, one of those conditions is that the website must not display the logo of a political party, although the MP can state what party he or she belongs to. Another condition is that the website does not display campaign material for elections and referenda. Should MPs be able claim the costs of the following items:

a. Websites that display the logo of the MP's political party?

Respondents	Total			
		I am a member of the public	I am an MP	I work for an MP
Yes	219	26	22	171
No	197	89	14	94
Don't know	23	6	2	15

b. Websites used to promote the MP's views in referendum campaigns, where these are not run on party political lines?

Counts Respondents	Total			
		I am a member of the public	I am an MP	I work for an MP
Yes	285	52	28	205
No	129	63	9	57
Don't know	25	6	1	18



**Question 8:** MPs can claim on behalf of their staff for the costs of working from home, but only if that home is within 20 miles of the MP's constituency. Should MPs also be able to claim home office costs for staff members who live more than 20 miles away from the MP's constituency?

Respondents	Total			
		I am a member of the public	I am an MP	I work for an MP
Yes	226	27	22	177
No	161	78	11	72
Don't know	52	16	5	31

**Question 9:** Legal expenses insurance is designed to pay for legal costs when an MP is the subject of legal action as a result of an employment dispute. Currently MPs arrange their own insurance premium and claim the cost. IPSA could provide insurance centrally (reducing MPs' office budgets accordingly) although this might require IPSA to become more involved in the way MPs run their offices. Should legal expenses insurance:

Counts Respondents	Total			
		I am a member of the public	I am an MP	I work for an MP
Continue to be arranged by MPs and the cost claimed from IPSA	144	13	14	117
Be arranged and paid for centrally by IPSA	245	104	21	120
Don't know	50	4	3	43

**Question 10:** Do you have any other comments on the MPs' Expenses Scheme?

This question received 230 responses, of which 137 were from MPs' staff, 65 from the public and 28 from MPs. A number of the comments from MPs and their staff related to the staffing provisions in the Scheme. These have been addressed in Chapter Two above. Other comments focussed on the expenses system, and raised concerns that it is cumbersome and time-consuming and that use of the payment card should be widened. A small number of comments were also made about the opening hours of the IPSA Infoline and the time taken to respond to emails and letters.

The comments from the public focussed on the need for an independent regulator of MPs' expenses and emphasised the need for both the rules and the system to mirror those in use across the public sector and in other industries. Several members of the public called for IPSA's rules to become stricter.



**EQUALITY IMPACT ASSESSMENT OF THE MPs' SCHEME OF BUSINESS COSTS AND EXPENSES**

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## INTRODUCTION

### **The Equality Act 2010 and Public Sector Equality Duty**

1. The Equality Act 2010 (“the Act”) repealed previous anti-discrimination legislation including the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disability Discrimination Act 1996, and replaced it with one single piece of legislation. The Act gained Royal Assent in April 2010 and it came into effect in October 2010. The legislation makes it unlawful for an employer to discriminate against individuals (including employees and those seeking work) based upon certain “protected” characteristics. These characteristics are age, disability, gender reassignment, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act also contains a public sector Equality Duty which seeks to ensure that all public bodies consider the needs of all individuals in shaping policy and delivering services.

### **Equality Impact Assessments - What they are and how they are used**

2. Carrying out an Equality Impact Assessment (“EIA”) is a process of assessing the impact of a policy, or a proposed policy, on particular groups. The aim is to ensure that the policy in question is inclusive of anyone who is, or may be, affected by them. It seeks to ensure that the policy will not cause any unlawful or unjustified discrimination to any individual based on the protected characteristics.
3. IPSA is responsible for developing and implementing the MPs’ Scheme of Business Costs and Expenses (“the Scheme”), which affects all 650 MPs and their staff.<sup>9</sup> The Scheme sets out the provisions that allow MPs to claim their business expenses, including the costs of employing staff. Staffing claims come from the Staffing Expenditure budget, which allows payments for staff salaries, one-off occupational health costs, travel and subsistence expenses, and childcare vouchers, amongst other staffing costs. The provisions for staffing are the focus of this year’s Annual Review of the Scheme.
4. As a public sector organisation IPSA must have regard to the Equality Duty and it is good practice to carry out an EIA on any new policy. Thus, as part of the Annual Review, IPSA has carried out an EIA on the current Scheme and the new policies that will be introduced into the Fourth Edition of the Scheme to consider the impact of the policies on the protected characteristics of MPs and their staff.

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<sup>9</sup> At the time of publication, there were approximately 2,800 MPs’ staff members on IPSA’s payroll.

### **The Distinction - IPSA as Administrator and the MP as Employer**

5. Whilst IPSA is responsible for paying the salaries and expenses of MPs and their staff, it is not the employer of either. MPs are office holders and they do not have an employer. However, MPs themselves are employers, as they directly employ their own staff. IPSA provides model employment contracts, job descriptions and salary ranges that MPs must adhere to when recruiting their staff. Following recruitment IPSA provides the back-office payroll function. Legally, MPs are responsible for the treatment of their staff.

### **The Scope of the EIA**

6. The EIA considers the impact of the Scheme on MPs and their staff based on the nine protected characteristics above. It considers the impact of the rules contained within the Third Edition of the Scheme and the policy proposals which have resulted from the Annual Review consultation. The EIA seeks to ensure that the Scheme does not hinder the equality and diversity of those directly affected by it, namely MPs and their staff. It should be noted however that as MPs are office holders without an employer, and MPs employ their own staff, IPSA has no remit with regard to any reform of the working practices of Parliament. This is a matter for MPs themselves. Where areas for improvement have been identified within the Scheme to support MPs and their staff, based on the protected characteristics, changes to the rules have been made.

## EVIDENCE

### The consultation on the MPs' Scheme of Business Costs and Expenses

7. The Parliamentary Standards Act 2009 requires IPSA to conduct regular reviews of the Scheme, and on 24 November 2011 IPSA launched a consultation on the Scheme as part of its latest Review. The consultation ran for 10 weeks and closed on 20 January 2012. The first question in the consultation asked:

*What likely or actual impact do you believe the Scheme and specific matters raised in this consultation may have on equality and diversity in relation to MPs and their staff?*

#### Consultation Responses

8. IPSA received 76 responses to the consultation and 22 of them addressed points related to equality and diversity. These responses were received from 12 MPs, one MPs' staff member, two members of the public, and six organisations (the Committee on Standards and Privileges, the Liberal Democrat Staff Committee, Unite Parliamentary Branch, the Parliamentary Labour Party, the Members and Peers Staff Association, and the Taxpayers' Alliance).
9. The responses were divided between those who felt that IPSA should be influencing the equality and diversity of Parliament and those who felt that an expenses scheme should have no effect on equality and diversity. The Parliamentary Labour Party (PLP), for example, noted it had a:

*...wider concern about the need for Parliament to reflect the diversity of Britain – Parliament should never be the exclusive preserve of those of independent means. This issue in its broader sense is beyond the scope of this consultation – but there are specific issues that IPSA needs to address.*

10. Some respondents felt that MPs should be responsible for adhering to equality legislation in their own offices. Member of the public Simon Bell wrote:

*The employers (MPs) are the law makers of the country and have no excuse for failing to follow employment and equality legislation that parliament has debated and formed into statute.*

11. Another member of the public, Brian Riches, wrote that he finds it “difficult to understand how an expenses scheme can impact on equality and diversity.” One staff member felt that it is not IPSA’s role to consider equality and diversity in MPs offices. Instead, the staff member wrote:

*Equality and diversity studies should only be conducted across the staff in one office, rather ‘MPs’ staff’ as a whole. Unless IPSA are going to ensure parity amongst all salaries then I do not believe they should do so on the basis of equality. This should be left to an individual MP; however staff should have access to make a complaint if they feel they are being treated wrongly in this regard.*

12. The Taxpayers’ Alliance noted that although it “expects MPs to abide by anti-discrimination legislation” that it does not feel that IPSA should have to “spend time and (tax-payers’) money conducting another Equality Impact Assessment.” Conversely, the Speaker was supportive of IPSA’s recognition of the impact of its Scheme on equality and diversity. He wrote:

*I welcome IPSA’s attention to questions of equality and diversity in relation to the impact of the Scheme on MPs and staff. I was pleased to note that changes made following last year’s Review, better to support MPs with caring responsibilities, have prompted more Members to engage with aspects of the Scheme.*

13. The Members and Peers Staff Association wrote that it has “no information that suggests the scheme would have any particular impact on equality and diversity.” Finally, in addition to the responses noted a paragraph 8, two members of public noted they did not understand the question, and one said any impact was “negligible.”

14. Specific comments regarding the protected characteristics are reflected in the assessment which follows.

### **Feedback at staff sessions**

15. In January 2012 IPSA ran two facilitated sessions for MPs’ staff which focused on the staffing provisions of the Scheme. Approximately 40 staff members attended these sessions. Attendees were asked to discuss the consultation question on equality and diversity, and the feedback from both sessions has been considered in this EIA.



## THE ASSESSMENT

16. The following assessment considers the impact of the Scheme on MPs and their staff. It focuses on the nine protected characteristics, as well as highlighting issues relating to the impact of the Scheme on MPs' family lives and pay progression and disparity relating to MPs' staff.

### Age

17. No evidence has been received by IPSA which suggests that MPs or their staff are unfairly impacted due to their age. One response from Barry Gardiner MP suggested in that individuals above the age of 34 face "unfavourable salary and employment conditions and are therefore discouraged from applying for positions." He did not however elaborate on why he felt this was the case.

### IPSA's Response

18. Aside from the comment above, IPSA has not received any evidence that staff members in any age group are discriminated against by the level of their salary or their IPSA-determined employment conditions. MPs are the employers of staff and they are responsible for ensuring that their staff's employment conditions are met under the Equality Act 2010. IPSA's model job contracts reflect best practice, but ultimately it is the responsibility of MPs' to ensure that they do not discriminate against any of their staff based on their age, and that they themselves comply with good employment practice. IPSA's salary ranges and employment terms and conditions are in no way linked to an employee's age; however the employer would ideally take into account an individual's experience when deciding on a salary. This may result in a more experienced candidate receiving a larger salary offer due to their additional experience where appropriate.
19. Whether or not an individual chooses to apply for a position in an MP's office is not a matter within IPSA's control. IPSA has a duty to ensure that the Scheme does not hinder equality and diversity but ultimately it is the responsibility of MPs to ensure that the legislation translates into practice in their own offices. Staff who regard their MP to be unlawfully discriminatory are able to pursue cases at through an employment tribunal.

## Disability

20. Only one consultation response was received which suggested that the Scheme has a negative impact on individuals with disabilities. It was also from Barry Gardiner MP, who noted that he felt that workers with medical conditions and disabilities face difficulties with their salary and employment conditions. He felt that MPs' staff have very little access to occupational health provisions as one-off occupational health claims come from the MPs' staffing budget.

### IPSA's Response

21. MPs are the employers of their staff and as such are responsible for managing staff appropriately, which includes the recruitment and selection of staff. IPSA currently has no involvement in the recruitment and selection process for MPs' staff, nor has there been significant support from MPs or MPs' staff for IPSA to have any involvement in this process.<sup>10</sup>

22. MPs are permitted to claim for expenditure to meet the costs of any "reasonable adjustments" required by the Equality Act 2010 including staff and associated costs, IT and other specialist equipment, office furniture, necessary adjustments to office premises or accommodation, necessary costs of securing larger office premises or accommodation, and necessary additional travel costs (including for carers or support staff where necessary).<sup>11</sup> Claims for Disability Assistance are met from IPSA's central Contingency Fund so they do not impact on individual MPs' budgets. IPSA only publishes the amounts claimed for Disability Assistance for the House of Commons as a whole and does not publish any details relating to individual MPs or staff members. This is done on an annual basis.

23. It is not clear as to why workers with medical conditions and those with disabilities may face unfavourable salary and employment conditions due to the Scheme. No employer should unlawfully discriminate against any worker or applicant as stated in the Equality Act 2010. Where reasonable adjustments are needed to make for any new or existing employees, this would be funded from the disability budget.

24. Whilst IPSA is confident that its Scheme does not discriminate against MPs or staff with disabilities, it has made one clarification in the Fourth Edition of the Scheme to make clear that former MPs who are winding-up their office and/or accommodation after leaving the House of Commons are entitled to continue to

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<sup>10</sup> IPSA supplies generic job descriptions and salary ranges which MPs must use when they appoint new staff. IPSA will develop a page on its website to signpost sources of good practice for staff recruitment and management, which it hopes will be a useful tool for information and assistance.

<sup>11</sup> The provisions for Disability Assistance are set out in Chapter 10 of the Scheme.

claim Disability Assistance. This rule has been added at paragraph 8.10 of the Scheme.

### **Gender Reassignment**

25. To date, IPSA has received no evidence that suggests that the Scheme impacts unfairly on anyone based upon their gender reassignment. IPSA is content that its Scheme is compliant with the Act in this area.

### **Marriage and Civil Partnership**

26. IPSA received two responses to the consultation that suggested that the Scheme has an unfair impact on individuals in marriages or civil partnerships. These responses were from Austin Mitchell MP and the Unite Parliamentary Staff Branch.

27. Mr Mitchell commented that the Scheme impacts unfairly on married MPs because it does not pay for spouses to travel with MPs. He wrote:

*My marriage is a career partnership. Like the Clintons under Bill's presidency, Mitchells offer two for the price of one... It is insulting and outdated to take the view, as IPSA has, that the little woman should be neither seen nor heard but left marooned at one or the other end of the MPs weekly pilgrimage, to look after homes, kids or small animals and to clean the lavatories with no other part to play... Election to Parliament is a big enough strain on wives and families without this being compounded by this no travel rule... IPSA should be either be brave enough to announce that wives have no role and are no use beyond the breeding and support of children, or it should recognise that wives have an important role. That they are partners in the parliamentary enterprise, and should be paid to travel with the MP on Parliamentary journeys in this country.*

28. The second response which addressed the characteristic of marriage and civil partnership was from Unite, which quoted one of its members as saying that "no married person with a young family and partner could afford to work for an MP."

## IPSA's Response

29. The Scheme is based around 12 fundamental principles which set out its approach to the treatment of MPs' expenses.<sup>12</sup> Principle Two is that Members of Parliament have the right to be reimbursed for unavoidable costs where they are incurred wholly, exclusively and necessarily in the performance of their parliamentary functions, but not otherwise. IPSA does not consider that expenses for spouses and partners fall within the definition of "wholly, exclusively, and necessarily" in this context. In addition, Principle Seven states that in matters relating to expenses, MPs should be treated in the same manner as other citizens. The overwhelming majority of citizens are not eligible to claim expenses for their spouses or partners and IPSA is still not persuaded that the taxpayer should pay for the spouses and partners to regularly travel with MPs, when unaccompanied by dependants.
30. IPSA does not consider that its Scheme unduly impacts on MPs or MPs' staff based on their marriage or civil partnership status. Rather, the Scheme has a neutral impact on these characteristics, as it neither benefits nor discriminates against those individuals who are, or who are not, engaged in marriage or civil partnership. The Scheme has express provisions for MPs with caring responsibilities and it permits MPs who share caring responsibilities with their spouse or partner to claim for 30 single journeys per person between the MP's London Area residence and their constituency residence each year.<sup>13</sup> IPSA judges this to be a fair rule which allows MPs to manage their family commitments without unduly burdening the taxpayer.
31. With regards to remuneration for MPs' staff, the salary and pay bands for the job descriptions are designed to remunerate staff members sufficiently for the roles they carry out. The model staff contracts and job descriptions are based on the pre-existing House of Commons contracts and updated to reflect best employment practice. In addition, independent reward consultants carried out an analysis of the appropriate market rates for each position in early 2010. An uplift of approximately 10% was applied to the pay ranges for London Area staff. As there is a public sector pay freeze in operation, IPSA believes the current pay

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<sup>12</sup> The Principles can be found at Schedule 1 of the Scheme.

<sup>13</sup> Caring responsibilities are defined at paragraph 4.21 of the Scheme. MPs with caring responsibilities are deemed to be those who have parental responsibility for a dependent child up to the age of 16, or up to age of 18 if in full-time education; or are the sole carer for a dependent child in full-time education, of up to the age of 21 years; or are the primary carer for a family member in receipt of one of the following benefits: Attendance Allowance, Disability Living Allowance at the middle or highest rate for personal care, or Constant Attendance Allowance at or above the maximum rate with an Industrial Injuries Disablement Benefit, or basic (full day) rate with a War Disablement Pension.

ranges as identified by the independent consultants are applicable for MPs' staff today.<sup>14</sup>

32. IPSA does not believe individuals with spouse/partners or dependants should be automatically entitled to higher pay. The independent analysis of the pay ranges did not consider whether staff with spouses/civil partners or dependants should receive higher pay. Such a policy would directly discriminate against individuals *without* spouses/partners or dependants as they would be paid less than those with such commitments. The pay ranges reflect the appropriate remuneration for the job carried out, as it with the case with the majority of all employment contracts and levels of pay. IPSA is satisfied that the Scheme complies with its duties under the Act.

### **Pregnancy and Maternity**

33. Last year IPSA conducted a survey of MPs and their staff to gather evidence about the impact of the Scheme on equality and diversity. The survey data was used to support the first full EIA on the Scheme. IPSA received seven responses to that survey which suggested that the Scheme had an unfair impact on individuals who become pregnant or are on maternity leave. Several staff members felt that the guidelines for staff maternity and paternity leave were unclear, and IPSA amended the Scheme to clarify that maternity, paternity, adoptive (and long-term sickness leave) payments were met from IPSA's central Contingency Fund, rather than from MPs' capped budgets. This was not a change in policy, but rather a clarification of the existing policy. This year, IPSA has not received any evidence that the Scheme impacts unfairly on the protected characteristics of pregnant and maternity.

#### IPSA's Response

34. As IPSA has specific provisions in place for MPs and their staff who are pregnant or on maternity leave it is content that its Scheme is in accordance with the duties set out in the Act. No changes have been made to the Scheme in this area.

### **Race**

35. IPSA has received no evidence that the Scheme impacts unfairly on any MPs or their staff based on their race. IPSA believes the Scheme is compliant with its duties under the Act in this area.

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<sup>14</sup> For further information about the pay ranges please see question 3 within the consultation report.

## Religion or Belief

36. No evidence has been submitted which suggests that the Scheme impacts unfairly on any individuals according to their religion or belief. IPSA is content that the Scheme is compliant with the Act in regards to this protected characteristic.

## Sex

37. Two consultation responses in particular focused on the protected characteristic of sex and focused on the impact of the Scheme on females. One response was from an MP (who wished to remain anonymous) and the other from Unite. The MP suggested that raising the limit for late night taxis, as proposed in consultation question 13, would help improve security for female MPs travelling back at night.
38. The response from Unite addressed its perceived impact of the Scheme in regards to female staff. One member of Unite was quoted as saying:

*I have three children and received Childcare vouchers under the old system. The MP is very unhappy that they now need to be paid from the staffing budget and has made it clear that he is less likely to employ young women (although he does not realise the IPSA system is different) and it makes me fear he will try to get rid of me.*

39. Staff members who attended the staff sessions also raised childcare vouchers and expressed their preference to have a salary supplement rather than salary sacrifice scheme. Salary supplement schemes allow employees to receive an additional payment on top of their salary in order to purchase certain benefits. IPSA operates a salary supplement scheme for those staff that were employed and enrolled in such schemes pre-May 2010. IPSA permits staff who were employed post-May 2010 (when it took over responsibility for MPs' expenses) to purchase childcare vouchers using a salary sacrifice scheme, which allows them to trade part of their salary for a non-taxable benefit. This is standard practice across the public sector.
40. Unite also quoted its members as saying "I have heard that MPs do not wish to hire women of a certain age because of the cost of maternity leave," and "less funding for staff always impacts on women applicants."
41. Unite wrote that its survey of members showed that:

*There is a feeling amongst some women staffers that the lower pay grades for caseworkers were unfair and possibly discriminatory because the job is of equal importance with researchers but is predominately undertaken by women.*

42. Unite also stated that:

*We received evidence from reps that women members are less likely to pursue grievance cases against MPs on sexual harassment issues because the IPSA grievance and disciplinary allow MPs to hear grievances against themselves and there is no independent person to appeal to.*

#### IPSA's Response

##### *Impact of the Scheme on female MPs*

43. IPSA consulted on raising the late night taxi limit from £80 to allow MPs increased discretion to manage their parliamentary functions, and on value-for-money grounds. However, at this time IPSA is retaining its current financial limit on late night taxis.<sup>15</sup> However, females MPs, as with all MPs, have access to Security Assistance and to claim for routine security measures for their residential accommodation and their offices. IPSA is satisfied that the Scheme is compliant with the duties under the Equality Act 2010.

##### *Impact of the Scheme on female staff*

44. The quotations above raise separate points about the treatment of female staff. These are addressed in turn below.

- Childcare vouchers and employment of female staff: IPSA permits MPs and their staff to use a salary sacrifice scheme for childcare vouchers. Whilst IPSA recognises that salary sacrifice is less generous than the previous House of Commons' salary supplement scheme, the scheme which IPSA operates is in line with standard practice schemes across the public sector. Salary sacrifice is a modern system which does not unduly benefit any employees in particular circumstances (in this case, children, but similar schemes are in operation for bike-to-work schemes, for example). IPSA does not believe that MPs' staff should receive any further additional benefits paid by the taxpayer on the sole ground that they have children. It will continue to honour the contractual provisions of staff employed pre-May 2010 but it will also continue to operate salary sacrifice schemes for all MPs, their staff on IPSA contracts, and IPSA staff.

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<sup>15</sup> See paragraph 5.3 of the Report for more discussion of this decision.

- Recruitment of female staff and maternity leave: IPSA does not believe that Scheme hinders the ability of MPs to recruit female staff. It offers model, adaptable job contracts for MPs to tailor for particular roles and it requires MPs to pay their staff within fixed salary bands to ensure fair and appropriate remuneration. IPSA has no involvement in the recruitment of staff and MPs must abide by the duties set out in the Equality Act 2010. When a staff member goes on maternity (or paternity or adoptive leave) their salary continues to be paid from the Staffing budget, as with any normal employment relationship. If the MP needs to fill the position whilst the staff member is on leave, the maternity (or paternity or adoptive) cover is met centrally by IPSA's Contingency Fund. There is thus no additional cost to MPs who have staff members who go on maternity leave.
- Pay of female staff: IPSA's payroll data show that the 752 staff members employed in predominately casework roles are 55% female, 45% male. Of those that work full-time, 52% are female and 48% are male. This does not suggest that this role is predominately undertaken by women, but rather than the gender split is fairly equal.

Only 54 members of staff are identified as researchers. 37% are female and 63% are male. Whilst the data do show that a higher percentage of staff members are caseworkers than researchers, the number of researchers is so low that it is difficult to draw conclusions. However, the available data do not suggest that male researchers are paid significantly higher than female researchers.<sup>16</sup> IPSA thus does not hold any data which supports the suggestion that caseworkers are predominately female and discriminated against. As always, it is for the employer to decide what salary to appoint at.

- Disciplinary and grievance against MPs: As IPSA is not the employer it has no process in place to receive disciplinary or grievance cases from staff. IPSA recognises the potential difficulties staff may have in raising a grievance against an MP due to the size of their office. This situation is similar in many small businesses. The guidance which IPSA supplies on grievance and disciplinary procedures reflects that provided by the ACAS statutory Code of Practice on Discipline and Grievance. This Code of Practice provides basic practical guidance to employers, employees and their representatives and sets out principles for handling disciplinary and grievance situations in the workplace.

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<sup>16</sup> The data used is accurate as of 1 October 2011. It is the data which was used to inform the *Annual Review of the MPs' Expenses and Costs Scheme Consultation* (November 2011).



Due to the size and structure of MPs' offices there may be no independent manager to hear any potential grievance. In such a situation the MP may decide to bring in an independent third party. It is not within IPSA's jurisdiction to force an MP to use any independent party in such situations or to enforce any sanctions on MPs. It is also not in IPSA's remit to provide HR support to MPs' staff. In a grievance situation the individual could seek advice from a Union representative or ACAS (which has a free employee help line).

45. IPSA has reviewed the anecdotal comments received to the consultation and has no evidence, either from the responses or from its payroll data that its Scheme hinders equality or diversity. It is satisfied it is compliant with its duties under the Act in this regard.

### **Sexual Orientation**

46. No responses to the consultation or evidence has been received which suggests that the Scheme has an unfair impact on MPs or their staff based on their sexual orientation. IPSA is content that its Scheme is compliant with the Act in this area.

### **Other Comments**

#### *Impact of the Scheme on family life*

47. During the last Review of the Scheme IPSA made significant changes to better support MPs with caring responsibilities. Several respondents to this year's consultation recognised these changes, with Thérèse Coffey MP, for example, writing that the "changes made previously to help those with families were welcomed by other Members."
48. Other respondents noted that they feel the Scheme is negatively impacting MPs with families. PLP wrote that is "concern about the pressure on family life. We do not believe that MPs should have to make significant family sacrifices to ensure they strictly adhere to IPSA rules."
49. Mark Field MP suggested that London Area MPs are disadvantaged because they have to have:

*...their main home in one of the world's most expensive cities... having space for a dependant, whether a child or an elderly person is a high cost... I cannot believe it was IPSA's intention to reinforce the idea that only the wealthy*

*people or those without dependants would be in a position to represent London-based constituencies in Parliament.*

50. An anonymous MP suggested that the continuation of the mortgage interest subsidy for MPs who have not sold or rented their homes would help MPs with caring responsibilities and those without substantial private wealth.

IPSA's Response

51. IPSA believes it made sufficient changes to support MPs with caring responsibilities during the previous Review of the Scheme, after which the Third Edition of the Scheme came into effect in April 2011. MPs with caring responsibilities are eligible for an additional Accommodation budget to contribute towards the additional rental and associated costs they may incur as a result of having dependants.<sup>17</sup> MPs are also eligible to claim for 30 single journeys per dependant between their London Area residence and their constituency residence each year. If the MP shares caring duties with his or her spouse or civil partner, he or she is also eligible to claim the same number of journeys for the spouse/partner each year. IPSA feels these provisions sufficiently support MPs with caring responsibilities at the taxpayer's expense.
52. With regards to Mr Field's comments, London Area MPs are not eligible for Accommodation expenses. This was the policy under the House of Commons and it is the policy under IPSA's Scheme. It is not IPSA's intention that only wealthy people or those without dependants are available to run for Parliament, rather, running for office is an individual decision and individuals must consider their own personal circumstances with the remuneration and responsibilities of being an office holder. IPSA is satisfied that individuals who choose to enter Parliament have access to provisions within the Scheme to reimburse them for their parliamentary expenses and to support those with caring responsibilities as far as is currently within IPSA's remit. As ever, IPSA will continue to monitor the impact of the Scheme on all MPs and their staff and it welcomes any evidence which can be put forth for areas of improvement.

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<sup>17</sup> Please see footnote 3 for the definition of dependants.

### *Pay Progression*

53. Six responses to the consultation touched on pay progression in MPs' offices and pay disparity between staff employed before and after the 2010 General Election. These points were not made in regards to any of the protected characteristics but two of the responses were in regards to question one of the consultation. The report on the consultation discusses these issues in more detail under questions three and six. IPSA is content that the staffing provisions do not hinder equality or diversity in MPs' offices.

## **SUMMARY OF CHANGES TO THE SCHEME WHICH MAY AFFECT EQUALITY AND DIVERSITY**

54. The following changes that have been incorporated into the Fourth Edition of the Scheme are thought to influence equality and diversity positively and to support better those MPs and staff with the protected characteristics:

- Removing the 20-mile rule in regards to home offices for MPs' staff (which may improve flexible working arrangements for staff with the protected characteristics of age, disability, marriage and civil partnership, and pregnancy and maternity).
- Including explicit provisions for Disability (and Security) Assistance within the Winding-Up budget (which is intended to better support those with disabilities).
- Introduction of an interim resettlement payment for MPs (which may have a positive effect on individuals based on their age or disability).
- Guidance on IPSA's website for links to information for flexible working and good employment practice (which may benefit all staff).





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