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Our ref: AM-139

Dear Member,

## **STAFFING BUDGETS, CONSTITUENCY OFFICE RENTALS AND INTERNS**

IPSA has been operating for a little over four weeks now and, in that time, it has paid all MPs' salaries, paid new members of staff working for MPs, processed 33 deposit loans with a collective value of £66,500 and has processed 46 applications for advances with a collective value of £174,000. We have met almost 600 MPs face to face at the induction sessions and are currently hosting training sessions around the country for MPs' staff.

I recognise there have been concerns expressed about the new online approach, and about our advisory services. We take these concerns seriously and are considering how best to respond to them.

Turning to the rules, the IPSA Board is firmly of the view that they are fair, workable and transparent and that they are based on sound principles. That said, we have always maintained that we will address anomalies where they come to light. We have also said that, where we are presented with new facts, we will consider them. The remainder of this letter is illustrative of that approach.

### **Staffing budgets**

In setting the staffing budget for this financial year we worked from MPs' staffing pay ranges last year and made provisions for pension contributions, for national insurance and for inflation. As you know, IPSA has been asking MPs who believe the budget to be insufficient for their needs, to provide evidence by November. Concerns

have been expressed about the uncertainty involved in waiting until then; therefore IPSA is accelerating the process. MPs can get in touch now with evidence of their requirements if they are finding difficulty in staying within budget. We will need evidence of staff numbers, the costs of each member of staff and their headline job descriptions, along with a description of why the particular staff complement is needed. IPSA will consider that evidence and decide whether the MP should be able to operate with a higher budget for this financial year (ending March 2011). We also intend to conduct a wider review of the staffing budget arrangements this autumn. This will feed into decisions about staffing budgets in the longer term.

I can also confirm that, for staff members who were employed before 7 May 2010, IPSA will honour their existing contracting arrangements, including their salaries. If any existing member of staff has a contractual arrangement that falls outside the IPSA model contracts and pay ranges then MPs should notify IPSA of this exception by 30 June. This is required by the expenses scheme rules. It is not for IPSA to approve or reject these exceptions. The commitment outlined above relates to salaries and other contractual entitlements: it does not cover non-contractual bonuses.

### **Constituency office rentals (CORE)**

IPSA's approach to office rentals and associated costs is similar to that for staffing budgets. We have previously invited MPs to provide evidence by November if the relevant budget is insufficient for their needs. This process is also being accelerated and MPs can provide any such evidence now for IPSA to review their case. To help MPs consider what evidence to provide, IPSA has outlined some criteria to be considered when responding. MPs should include details of their actual rental costs and the rate per square foot, an explanation of why a particular office location is necessary, and an explanation of why it is not possible to rent alternative office premises whose costs would fall within the current CORE budget. For example, this might include some evidence about typical office rental costs in the area where the MP needs to be located. As with staffing costs, any agreement by IPSA to fund a higher level of expenditure will be at this stage for the remainder of the financial year only. There will also be a wider review of office rental issues in the autumn.

### **Interns**

Our position on interns has not changed; when the expenses scheme was launched, our primary concern was to ensure that all those engaged in parliamentary work were treated fairly. This led us to conclude that interns should have a contract of employment. It is clear to us now that the practice of engaging interns is based largely on interns being unpaid, but receiving incidental expenses such as lunch and travel costs. Because of the value of internships both to the interns themselves and to MPs, we are therefore considering whether to amend the expenses rules so that incidental expenses can continue to be claimed for an intern.

Our concern here is to ensure that the arrangements are in line with good employment practice and compatible with employment law. IPSA will be consulting later this month on whether such incidental expenses should be claimable under the expenses scheme.

In the meantime, for those MPs wishing to engage a new intern now, there are two options. The first is to pay them incidental expenses only. For the time being if an MP chooses this route he or she will have to fund those expenses themselves, as the rules do not allow for reimbursement. This is why we are consulting. The second option is to provide the intern with a contract of employment. IPSA would fund this, but MPs should be aware that they will need to pay such interns at the minimum wage at least.

If you have a pre-existing arrangement to employ an intern for which you are seeking reimbursement, then you should email IPSA at [info@parliamentarystandards.org.uk](mailto:info@parliamentarystandards.org.uk) with details of your agreement. We will consider how to deal with these on a case-by-case basis as it is clear that there are many different arrangements.

For any MP wishing to contact us with evidence or information, please email it to us at: [info@parliamentarystandards.org.uk](mailto:info@parliamentarystandards.org.uk)

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew McDonald', with a horizontal line underneath the name.

Andrew McDonald  
Interim Chief Executive