

Dear Member of Parliament,

MPs' EXPENSES SCHEME: REVISIONS TO THE RULES AND IMPROVEMENTS TO SERVICE DELIVERY

We recently held a public consultation on the MPs' Expenses Scheme: we encouraged all those interested and affected by the Scheme to tell us what they thought about the rules as they were and how they were working.

Building on the responses we received and our own experience of the past ten months of operation, tomorrow we are publishing a revised version of the Scheme.

The changes we make are based on the core and founding principles of the Scheme, but address areas where some evolution of the rules was necessary to ensure a fair and workable system.

The key changes to the scheme include:

- Extending the definition of caring responsibilities to provide more support to MPs with dependent children up to the age of 16 or 18 if they are in full-time education;
- Changing the definition of the London Area to be 20 miles from Westminster – 97 MPs will now be defined as London MPs;
- Simplifying the structure of the budgets for office costs, merging CORE and GAE, and making clear the separation of business costs and personal expenses;
- Revising MPs' staffing budget to take account of the 1% increase in National Insurance and to provide a degree of flexibility – for example, to allow for career progression;
- Introducing a London Area Living payment of £5,090 per year for 24 Outer London Area MPs.

We have also been working on how we can simplify and streamline the system to ensure it is not unduly burdensome for you or your staff. So we are also announcing a number of service changes which will be rolled out over the coming months. These include:

- Expanding further the use of payment cards to include items such as hotels, stationery and constituency office landline telephone bills. We will introduce this change on 1 April;
- Expanding further availability of direct payments;
- Simplifying the process for submitting mileage claims
- Improving the technology to make it easier to use;
- Changing how we publish details of claims initially "not paid" but approved on resubmission. Where it is clear that a claim has subsequently been resubmitted with the appropriate supporting evidence and paid, we will publish only the details of the claim approved for reimbursement.

By expanding the use of payment cards and direct payments, you will be able to make up to two-thirds of your expense payments without the funds going through your bank account, and the simplifications should make the system easier and quicker to use.

Work is under way to introduce these changes and we will contact you in the coming weeks to let you know when we are ready to do so.

In addition to the main Scheme changes, there are a series of other revisions we are making. You will find the details on all of these in the new Scheme, a copy of which is enclosed. However, for ease of reference, these include:

- We have created a Start-Up Expenditure budget of £6,000 for new MPs which can be used to pay for one-off costs needed to set up an office.
- The definition of extended travel now includes travel related to matters before the House, a Select Committee, or other Parliamentary business, unless the travel can be claimed elsewhere.
- MPs now have the discretion to decide, with appropriate regard to value for money, whether they need to claim for a taxi or a hotel when working late in Parliament. These are subject to financial limits of £80 and £150 per night respectively.
- Disability Assistance can now be claimed for all necessary additional expenditure (including 'reasonable adjustments' within the meaning of the Equality Act) incurred in the performance of an MP's parliamentary functions, for the MP or a member of their staff.
- We have added a new rule which gives us discretion to consider and reimburse claims which may not be explicitly covered by the Scheme.
- Giving MPs the freedom to authorise a proxy to submit claims on their behalf, provided the MP continues to accept responsibility for those claims.
- The distinction between rent and associated expenditure has now been removed to allow MPs greater flexibility over their accommodation costs. But the overall cap remains the same.
- The limit for hotel bills will increase to £150 per night in the London Area, and £120 outside the London Area in the UK.
- When two MPs share a residence, each MP now has access to the full Accommodation Expenditure budget.

The revised scheme will be introduced on 1 April. To accommodate the revised scheme we need to introduce some IT changes, so the online expenses system will be unavailable on Saturday 2 and 3 April and live again at 8am on Monday 4 April, when you will be able to see your new budgets and limits.

Next week, we will make the consultation responses and equality impact assessment available for all MPs.

We hope you agree that changes we are introducing represent a sensible and pragmatic evolution of the scheme.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Scott Woolveridge', written in a cursive style.

Scott Woolveridge
Acting Chief Executive
IPSA