



Professor Sir Ian Kennedy
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Dear Member of Parliament

THE FIFTH EDITION OF THE MPs' SCHEME OF BUSINESS COSTS AND EXPENSES

I write, following our recent annual review of the *MPs' Scheme of Business Costs and Expenses*, to make you aware of the new edition of the Scheme, which will come into effect on 1 April 2013.

We carefully considered all the feedback that we received to our consultation (for which we were very grateful), together with other evidence we gathered during the review. Apart from the changes to budget limits set out in the attached note, we have made only minor adjustments to the Scheme for its Fifth Edition. The aim of the adjustments is to improve the Scheme's operability, both for MPs and IPSA, while still striking the proper balance between ensuring that MPs have adequate support to perform their role and serve their constituents effectively on the one hand, and providing value for money to the taxpayer on the other.

The focus of this year's review was the budget for those MPs who claim for rental payments in the London Area. We sought independent advice about the current London rental market and, based on our analysis of the evidence, concluded that it would not be right to increase the rental portion of the Accommodation Expenditure budgets for this year in either the London Area or elsewhere. We will, however, increase the associated expenditure portion of the Accommodation Expenditure budgets by £100 for those who claim rental payments, to reflect inflation. This will lead to an overall increase in the total annual Accommodation Expenditure budgets.

For MPs who live in a property that they own for which they claim associated expenditure only, the budget for associated expenditure will remain at the current level (£8,850) for this financial year. We will be conducting an in-depth review of the rules on MPs' accommodation in advance of the 2014-15 financial year. I will be writing to you again later this year to seek your views as part of this exercise.

A summary of the changes made in the Fifth Edition of the Scheme is attached. A copy of the Scheme is available for collection at the Vote Office or on our website www.parliamentarystandards.org.uk.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian Kennedy', with a stylized flourish at the end.

Professor Sir Ian Kennedy
Chair