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Dear [MPs' name]

MPs' SCHEME OF BUSINESS COSTS AND EXPENSES

I write to make you aware of the new edition of the *MPs' Scheme of Business Costs and Expenses* (the Scheme), which we are publishing today following our recent review. This will be the Sixth Edition of the Scheme and it will come into effect on 1 April 2014 for the 2014/15 financial year.

We are grateful to those who responded to our consultation. We have carefully considered all the feedback that we received, together with other evidence that we gathered during the review. We have concluded that only minor adjustments to the Scheme are necessary. The aim of these adjustments is to ensure that the Scheme continues to be fair and workable. Throughout the review, we have remained mindful of our obligation both to ensure that MPs have adequate support to perform their role and serve their constituents effectively and to continue to provide value for money to the taxpayer.

Following this year's review, we have amended the rules and guidance to help clarify the terms on which MPs engage volunteers. For the avoidance of doubt, references in the Scheme to 'unpaid intern' have been replaced by 'volunteer'. The Scheme will continue to recognise 'employed interns', who are workers and must be paid at least the National Minimum Wage. The Model Volunteer Arrangement has also been amended to clarify its scope and purpose. We have also clarified the rules to state that, in the event of a recall of Parliament, MPs will be expected to travel standard class or equivalent unless there is no alternative available.

This year's review was also an opportunity to ensure that the rules are ready for the lead-up to the General Election. We have clarified the rules and guidance relating to expenditure by MPs during this period and by those MPs winding-up their affairs when they leave Parliament.

We have also reviewed the budget limits to ensure that these remain at an appropriate level. We have increased the Accommodation Expenditure budgets for MPs who claim rental payments by 2.5% to reflect inflation and rising rental costs. This represents an increase of £500 for those renting in the London Area to £20,600, and an increase of up to £400 for the regional rental bands. The nominal amount identified for associated expenditure will increase to £2,800. For MPs who live in a property that they own and for which they claim associated expenditure only, the budget will remain at its current level.

We have increased the Office Costs Expenditure budgets by 2.0% to reflect inflation. The Staffing Expenditure budgets have been increased by around 1%, representing an increase of up to £1,500. This increase reflects the wider public sector pay policy, which remains that staff pay rises should be capped at an average of 1% except where significant extra responsibilities have been taken on. MPs should have regard to the terms of this policy when setting pay for their staff.

A summary of the key changes made to the Scheme is attached. Please refer to the latest edition of the Scheme for full details of all the rules, guidance and budgets that will come into effect on 1 April 2014. A copy of the Scheme is available for collection at the Vote Office or on our website: www.parliamentarystandards.org.uk.

We have also today laid before Parliament a new edition of the MPs' Pension Scheme, making changes in recognition of the commencement of the Marriage (Same Sex Couples) Act. A copy of this new edition is available also for collection at the Vote Office or on our website.

Yours sincerely,



Professor Sir Ian Kennedy
Chair

SUMMARY OF CHANGES

Below is a summary of the key changes made to the *MPs' Scheme of Business Costs and Expenses* ("the Scheme"), following this review and public consultation. Please refer to the Scheme for full details of all the rules and guidance. All changes come into effect on 1 April 2014.

Staffing Expenditure

- Where an MP expects his or her Office Costs Expenditure budget to be exhausted, he or she may claim employment practice liability insurance and staff training costs from Staffing Expenditure.
- For the avoidance of doubt, references to 'unpaid intern' have been removed from the Scheme and replaced by 'volunteer'. There is continued recognition of 'employed interns' who are workers and must be paid at least the National Minimum Wage. The Model Volunteer Arrangement has also been amended to clarify its scope and purpose.
- The Staffing Expenditure budgets have been increased by 1% to £145,500 for London Area MPs and £138,600 for non-London Area MPs, to reflect the wider public sector pay policy.
- We have changed the rules to make clear that we will not accept any claims or requests for payments where these would take an MP over the Staffing Expenditure budget within the year.
- In future, where MPs' staff members choose to opt out of the Portcullis Pension Plan, we will only make contributions to a different plan where we already have an arrangement for payments to that plan.

Office Costs Expenditure (OCE)

- MPs will be allowed to use their IPSA-funded websites to make a statement about the Scottish Independence Referendum if they wish to do so.
- The Office Costs Expenditure budgets have been increased by 2% to £25,900 for London Area MPs and £23,250 for non-London Area MPs to reflect consumer price inflation.

Winding-Up Expenditure, Miscellaneous Expenditure and other matters

- In the event of a recall of Parliament, MPs will be expected to travel standard class or equivalent unless they have no alternative or there is a more cost-effective option available.
- We have clarified the general conditions of the Scheme to prohibit claims for any activities which could be construed as campaign expenditure or election expenses under the relevant legislation.
- MPs who are standing down at the General Election may claim for two return journeys between the MP's residence or constituency and Westminster during dissolution to wind up their affairs.
- In the event of an early General Election, claims for the purchase of capital items will not be allowed from the date of dissolution of Parliament.
- Guidance has been added for MPs leaving Parliament regarding arrangements to dispose of their office equipment and furniture.

Accommodation Expenditure

- The Accommodation Expenditure budgets for MPs claiming for rental payments in the London Area or within their constituency have been increased by 2.5% to reflect inflation.