

MP Name  
House of Commons  
London SW1A 0AA

T 020 7811 6400  
E [info@theipsa.org.uk](mailto:info@theipsa.org.uk)  
W [www.theipsa.org.uk](http://www.theipsa.org.uk)

16 March 2017

Dear MP,

**THE SCHEME OF MPs' BUSINESS COSTS AND EXPENSES 2017-18**

I write to inform you that we will today publish the new edition of the *Scheme of MPs' Business Costs and Expenses* (the Scheme). This will come into effect on 1 April 2017 for the 2017-18 financial year.

As you will be aware, last year we conducted our first comprehensive review of the Scheme since 2011, which included a public consultation held between 11 May and 24 October 2016. We sought to make the Scheme simpler and clearer, whilst retaining a robust approach to regulating MPs' business costs and expenses and a commitment to supporting MPs in their parliamentary duties.

Key areas included in the consultation were: accommodation; support for MPs and their families, including connected parties; MPs' staffing expenditure; and the boundary between parliamentary and party political work. We also consulted on our publication policy, which guides the information we publish about both MPs' expenditure and also our own operations.

We received formal written responses to the consultation from political parties, individual MPs, MPs' staff and staff groups, the Committee on Standards, the Electoral Commission, the Committee on Standards in Public Life, academics and members of the public. We are grateful to all who replied.

We have now concluded our review and have made a number of key changes to the Ninth Edition of the Scheme. A summary of the key changes is appended to this letter. A full copy of the new Scheme is available on our website, alongside the consultation report and an Equality Impact Assessment: [www.theipsa.org.uk](http://www.theipsa.org.uk).

Yours sincerely,



**Ruth Evans**  
Chair of IPSA

## SUMMARY OF CHANGES

Below is a summary of the key changes made to the *Scheme of MPs' Business Costs and Expenses* ('the Scheme') for 2017-18. Most changes come into effect on 1 April 2017, except where otherwise stated. Please refer to the Scheme for full details of all the rules and guidance.

We have revised the Fundamental Principles to distinguish between the principles that MPs must adhere to when submitting claims and those that apply to IPSA in our role as an independent regulator to MPs.

### *General Conditions of the Scheme*

- We have amended the examples of activities that are not considered as necessary for the performance of MPs' parliamentary functions to include 'activities whose purpose is to give MPs a campaign advantage during general elections or referendums'.
- We have simplified the definition of MPs' dependants to be 'dependant children up to the age of 18'.

### *Accommodation Costs*

- The rental accommodation budget for London has increased to £22,760 per year which is based on the average cost of a one-bedroom property in Westminster and Lambeth (based on data from the Valuation Office Agency).
- For rental accommodation outside of London, the budget is £15,850. All five previous accommodation bands have been merged into this one outside-London band.
- The nominal amount included in the accommodation budgets for associated costs has increased for all MPs to £3,000 per year.
- We have increased the uplift for MPs who need to provide accommodation for a dependant to £5,435 per year to reflect the average difference between a one-bedroom and two-bedroom flat in Westminster and Lambeth according to Valuation Office Agency figures. MPs may claim up to three uplifts.
- We have simplified the dependant uplift rules to remove the requirement that dependants must reside 'routinely' with the MP. All MPs with a registered dependant will automatically qualify for the uplift.
- We have amended the rules so that MPs can group together the individual nights of a single stay, where the cost varies on different nights, and claim the full amount provided that the average cost per night does not exceed the nightly limit (£150 in London and £120 elsewhere in the UK).

### *London Area Living Payment (LALP)*

- The LALP budget has increased in line with inflation to £3,820 and the additional LALP available to outer London MPs to £1,350.

- We have changed the rules so that LALP can only be claimable by London-area MPs. Those non-London Area MPs who are already claiming LALP can continue to do so until the next General Election.

#### *Office Costs (formerly Office Costs Expenditure)*

- The office costs budget has increased to £27,550 per year for London-area MPs and to £24,850 per year for non-London-area MPs. This increase reflects inflation and one-off costs associated with IPSA's new online expenses system.
- We have changed the rules to allow MPs to claim for hospitality, such as light refreshments, at their constituency offices.
- There is no longer a separate start-up budget. It is now integrated into the office costs budget and will be a one-off £6,000 supplement for new MPs during their first financial year in Parliament.

#### *Staffing Costs*

- The staffing costs budget for London-area MPs has been increased to £161,550 per year and for non-London-area MPs to £150,900 per year. This is to enable all staff to be moved to at least the minimum for their new salary range, which is in line with the voluntary living wage. MPs can use their discretion to make other pay increases as long as they remain within their overall staffing budget. The budget for non-London-area MPs has been calculated using an assumption that they employ at least one member of staff in London.
- We have amended the rules to restrict reward and recognition payments to no more than 2 per cent of an MP's staffing costs budget per year. These payments will also be subject to an annual maximum of £1,000 per staff member.
- We have placed a cap on the amount of untaken leave that can be rolled forward by MPs' staff to the next year to five working days.
- There will be no IPSA funding for new connected parties following the next General Election. All current connected parties will have their employment protected. Employees who later become connected parties will continue to have their salaries paid by IPSA for a period of no longer than two years, once MPs have notified IPSA.
- The costs of staff *to cover* for those absent on maternity, paternity, adoptive or long-term sick leave will be met from MPs' staffing costs budgets. The costs of the staff *on* long-term leave will be met central from a staff absence budget.
- Redundancy payments to staff incurred at any time other than when an MP ceases to hold office must be funded from the staffing costs budget.

#### *Winding-up and Loss of Office Payments*

- We have allowed MPs who lose office to receive an amount equivalent to their monthly salary after they have left Parliament. This will be deducted from their Loss of Office Payment.

- MPs will also be able to request that any outstanding debts to IPSA are deducted from their Loss of Office Payment.

#### *Travel and Subsistence*

- We have simplified the rules for MPs' European travel. All journeys to Europe for parliamentary purposes can be claimed, and we have removed the cap for the number of journeys that can be made in any year.
- We have clarified the rules for travel between Westminster and constituencies.
- We have removed the cap on the number of journeys that can be made by dependants and MPs' staff members.
- MPs' spouses and partners can now claim for any journeys made between London and the constituency.
- We have amended the rules so MPs' staff can claim the same travel costs as MPs within the UK.
- We have amended the rule for late working to allow MPs to claim for taxis or hotels where they are working on parliamentary matters beyond 10pm. We have also removed the £80 limit for late-night taxi claims.