

**A quick guide to the Scheme of MPs’  
Business Costs and Expenses (2017-18):**

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This summary describes the main features of the Ninth Edition of the [Scheme of MPs’ Business Costs and Expenses](#) (“the Scheme”), which covers the 2017-18 financial year.

This summary explains some of the rationale behind the Scheme. It is not a comprehensive statement of the rules and does not always use exactly the same terminology. It has no status other than an explanatory one and anyone who wants to understand the detail of the rules should refer to the Ninth Edition of the Scheme itself. Copies are available on IPSA’s website: [www.theipsa.org.uk](http://www.theipsa.org.uk).

**As at 8 June 2017**

A quick guide  
to the Scheme  
of MPs’  
Business Costs  
and Expenses  
(2017-18)

June 2017

## A. Introduction

The Independent Parliamentary Standards Authority (IPSA) was created by legislation<sup>1</sup> after the 2009 MPs' expenses scandal. It is independent of the Government and Parliament.

IPSA regulates MPs' business costs and expenses. It also sets their pay and pensions. It combines this regulatory role with a support role: paying claims, paying suppliers, administering payroll and providing information and advice.

The [Scheme of MPs' Business Costs and Expenses](#) (known as 'the Scheme') sets the rules for the funding of MPs in support of their parliamentary functions.

What are MPs' parliamentary functions? There is no definitive description, but a parliamentary committee in 2007 suggested that MPs had the following responsibilities:<sup>2</sup>

- supporting their party in votes in Parliament;
- representing and furthering the interests of their constituency;
- representing individual constituents and taking up their problems;
- scrutinising and holding the Government to account;
- initiating, reviewing and amending legislation; and
- contributing to the development of policy and promoting public understanding of party policies.

IPSA supports MPs in carrying out their parliamentary functions by providing funding for a constituency office, surgeries, staff, accommodation (if their constituency is outside the London area), travel and subsistence and a number of other essential costs.

MPs also receive support from the House of Commons authorities, including an office in Westminster, IT, House of Commons stationery and some insurance and travel expenses.

If funding for parliamentary functions is not covered by the House of Commons or another source, then it is provided by IPSA if it is compliant with our rules.

All the costs which are funded publicly are designed to support MPs in carrying out their parliamentary functions. They are not provided for party political purposes (like campaigning), for any government role, or for private gain. They allow MPs to do the job for which they are elected.

We review the Scheme regularly to ensure it remains up to date.

The current Scheme (the Ninth Edition) applies to the 2017-18 financial year.

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<sup>1</sup> The Parliamentary Standards Act 2009, as amended by the Constitutional Reform and Governance Act 2010.

<sup>2</sup> Select Committee on the modernisation of The House of Commons: *Revitalising the Chamber: the Role of the Back Bench Member*, 13 June 2007. The bullets above are an edited version.

## B. Claims, payments and finance

The essence of the Scheme is that to be reimbursed for a claim, MPs must provide evidence to support it.

MPs must make claims for reimbursement within 90 days of the transaction. This is a reasonable time limit by professional standards. It allows MPs to keep track of their spending and IPSA to provide timely and accurate accounts.

At the end of the financial year (31 March), IPSA may shorten the time limit for claims incurred in that year. For example, for the 2016-17 year end, the limit was Thursday 13 April 2017. All eligible claims submitted after 13 April, and within the 90-day claim period, were paid, but deducted from the 2017-18 budgets.

To help MPs manage their personal cash flow, there are a number of facilities which allow MPs to avoid paying from their own resources before being reimbursed. These include the following.

- With the exception of mileage and reward and recognition payments, an invoice can be submitted to IPSA before the MP has actually paid for the goods or services;
- In a number of areas, including rent and stationery, IPSA will pay landlords and suppliers directly;
- MPs can use a payment card for goods and services which are allowable under the Scheme (they then need to provide the evidence for these payments each month, to reconcile them); and
- Rail tickets can be purchased online from Trainline.

Again to help with cash flow, IPSA provides an interest-free loan to MPs to pay for deposits on rented properties (office or residential).

There is a process for the recovery of overpayments made to MPs. This may involve offsetting claims, or salary deductions, if repayments are not made within 30 days.

There is a Compliance Officer who operates independently of IPSA and has two roles:

- To review complaints by MPs that IPSA has turned down a claim that should be paid;
- To investigate complaints by the public that MPs have been paid for something that shouldn't have been funded.

Overall, there has been a high degree of compliance by MPs with the Scheme rules since 2010, with only a small number of investigations undertaken by the Compliance Officer.

You can find out more about the Compliance Officer on his website at:

[www.parliamentarycompliance.org.uk](http://www.parliamentarycompliance.org.uk).

## C. General Conditions

The Scheme is divided into different categories of expenditure, but there are some conditions which apply across the board.

The Scheme lists a number of activities which are not considered to be necessary for the performance of MPs' parliamentary functions. These are mostly related to [party political activity](#) (which should be paid for by the party or MPs themselves), or to ministerial functions (which will be paid for by the Government).

The Scheme notes that IPSA will publish information relating to MPs' claims. There is a separate [Publication Scheme](#), which describes how we publish MPs' expenditure and IPSA's own spending and other activities<sup>3</sup>.

The [transparency](#) that comes from publication is central to IPSA's principles. It ensures accountability and allows the public to view the spending of MPs for themselves.

96 constituencies are defined as being in the [London Area](#). All of these are within 20 miles of Westminster. The MPs for these constituencies cannot claim for residential accommodation costs or the costs of travel from their home to Westminster.

For the purpose of claiming costs, the definition of a constituency includes any location within 20 miles of its boundaries.

[MPs' budgets for the financial year](#) are defined in the Scheme. Funds cannot be moved from one budget to another, or carried forward into the next year if there are underspends. **MPs elected on 8 June 2017 will have a budget for the remainder of 2017-18 which is the equivalent of 10 months of the annual budget.** MPs departing on 8 June 2017 will have a 3 month pro-rated budget.

MPs cannot claim for goods or services provided by themselves or by a "[connected party](#)". The definition of connected parties is in the Scheme. It covers a range of family and business relationships that an MP may have.

Prior to the 8 June 2017 General Election, MPs could employ one member of staff who is a connected party (most commonly an MP's spouse). A number of safeguards have been put in place, including the publication of all connected parties' salaries, in £5,000 bands, to make sure that the ability to employ spouses and business associates is not abused.

Following the 8 June 2017 General Election, MPs will no longer be permitted to employ [new](#) connected parties. Any connected parties employed prior to the election will be allowed to continue working for the MP.

The Scheme defines circumstances where MPs may have [caring responsibilities](#). This determines claims MPs can make for dependant travel and uplifts to their accommodation budgets.

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<sup>3</sup> We publish information on MPs' claims every two months, 4-5 months in arrears. For example, in September 2016, we published the claims processed in the previous April and May. We also publish annual expenditure information for each MP every autumn.

## D. Residential accommodation and London Area Living Payment

All MPs have two places of work where they carry out their parliamentary functions: Westminster and their constituency. With the exception of those with London Area constituencies, MPs can claim for accommodation costs either in London or their constituency (but not both).

Eligible MPs can claim for accommodation in one of three ways:

- for a rental property, along with its "associated costs" – mainly utilities and council tax;
- for hotel costs; or
- for associated costs only, if they own the property.

They cannot claim for cleaning, gardening, the purchase or maintenance of furniture, home contents insurance, television services or television licences.

An annual budget is set for accommodation for MPs who rent in London and in a non-London band for MPs who rent in their non-London constituency. The annual London rental accommodation budget is £22,760 for 2017-18. This is designed to allow MPs to rent at a rate equivalent to the average cost of a one-bedroom property in Westminster or Lambeth. MPs need to cover their associated costs from these budgets as well as their rent. If they exceed the limit, they have to fund the excess themselves.

London Area MPs can claim a London Area Living Payment (LALP) to help cover the additional costs of living and travelling in London. For most London Area MPs, the LALP is £3,820, paid into salary and taxable. For 23 MPs on the outer ring of the London Area, who face higher travel costs, an additional £1,350 is available.

There is a limit on hotel costs of £150 per night in London and £120 elsewhere in the UK. MPs can group together a number of nights during a single stay and claim the full amount if the average per night does not exceed the relevant limit.

MPs can claim up to three budget uplifts for their dependants at a rate of £5,435 per dependant per financial year. Most dependants will be children. All children under 18 are eligible. These uplifts allow MPs to rent more than a one-bedroom flat if necessary and assist with covering additional associated costs. It is designed to help MPs carry out their caring responsibilities during the course of their parliamentary work.

MPs can claim for associated costs only in a home that they own. The annual budget limit for this is, since 8 June 2017, £5,000. For MPs who were in the previous Parliament, the budget for 2017-18 only, is £5,963.

A very small number of MPs rent from other MPs. This is perfectly legitimate, provided that the landlord MP is not a connected party. We publish the details. Only the tenant MP may claim for associated costs on the property.

## E. Office costs

The Office Costs budget is provided to meet the costs of renting, equipping and running MPs' constituency offices and surgeries. It also covers other activities which support the MP's parliamentary functions and which are not available from other budgets in the Scheme, or other sources, like the House of Commons.

The annual budget for office costs is £26,850 for London Area MPs, and £24,150 for non-London Area MPs for 2017-18.

New MPs have an additional start-up supplement of £6,000 for the duration of the financial year in which they were elected. This is designed to help new MPs with the costs of setting up and equipping an office when they first become MPs.

MPs are given discretion over what they claim under office costs, provided that the items claimed for are in support of their parliamentary functions.

There is a list of exclusions. MPs cannot claim for alcoholic drinks, House of Commons stationery, newsletters, material (other than a website) containing a party political logo or emblem, personal accountancy or tax advice.

MPs, or members of staff, can work from home, and register their home as a constituency office.

MPs can rent their office from their political party, but must provide a valuation of the market rate for the contract which has been prepared by a valuer regulated by the Royal Institute of Chartered Surveyors. This market rate cannot be exceeded.

A number of costs like pooled staffing resources and staff training can be claimed either under office costs or the staffing budget. This provides MPs with a degree of flexibility in their budgeting, which can be helpful when some of these costs – parliamentary research services, for example – can run into thousands of pounds.

If MPs share an office with another MP, another representative<sup>4</sup> or a political party, only the appropriate proportion of the office costs can be claimed.

If, in the dissolution period before a general election, the MP wishes to use the office as a base for the election campaign, only an appropriate proportion of any office costs can be claimed.

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<sup>4</sup> Such as Members of the European Parliament, Scottish Parliament, National Assembly for Wales, or Northern Ireland Assembly.

## F. Staffing costs

The staffing budget is provided to MPs to assist them in the performance of their parliamentary functions. Staff should not undertake party political duties during office hours, when they are being paid from public funds.

The annual staffing budget is £161,550 for London Area MPs and £150,900 for non-London Area MPs for 2017-18. The London Area budget is higher, to account for the fact that all staff employed by London Area MP will be based in London, where staffing costs tend to be higher than other parts of the UK. The budgets are based on an assumption of four full-time equivalent staff covering a range of functions. It is for MPs to decide exactly how they deploy the resources.

IPSA provides payroll services to MPs and their staff. It provides model contracts and job descriptions on its website. These must be used for all new staff. This is to ensure that all members of staff have a proper contract and an agreed job description. IPSA also sets pay ranges for each job description.

IPSA honours employment contracts agreed under earlier Parliaments. These are the only circumstances under which pay can be above or below the pay ranges set by IPSA.

MPs, not IPSA, are the employers of the staff. IPSA does not provide HR advice to MPs on matters which go beyond payroll. This is provided by the House of Commons [Members' HR Advice Service](#).

MPs may engage volunteers, who can claim for lunch and travel expenses if they have signed the model volunteer arrangement. This is an arrangement which imposes no contractual obligations on the part of the MP or the volunteer. MPs may employ interns under a casual or fixed term contract. They must be paid at least the National Minimum Wage.

The largest political parties have associated organisations which offer pooled research services to their MPs. These must be for parliamentary purposes only. The costs can be claimed from the staffing budget or, if necessary, the office costs budget.

Large bonus payments are not allowed. Reward and recognition payments for MPs' staff are permitted, for outstanding performance. Such payments in aggregate cannot exceed 2% of the MP's staffing budget, and £1,000 per staff member. Details of all payments are published annually, in September. Staff names are not published.

Employees who are connected parties cannot receive reward and recognition payments. This is to avoid any perception that family members or those with a business connection to the MP are being unduly rewarded.

MPs' staff may only roll forward a maximum of five days of untaken leave. MPs are encouraged to allow staff to take full leave entitlement.

Staff on long-term leave (such as maternity, paternity or long-term sick leave) will be paid from a central Staff Absence budget. The cost of staff to cover those absent will be met from the MP's staffing costs budget.

## G. Travel and subsistence

Expenditure on travel and subsistence is not capped because of the wide variety of circumstances faced by MPs and their staff. (Compare the distances travelled by a Scottish MP with those by an inner London MP, for example).

We do not pay claims for commuting costs in London or MPs' constituencies, except where non London Area MPs choose to travel daily into Westminster from their constituencies rather than claim accommodation costs in London.

Journeys by public transport are reimbursed up to the cost of a standard /economy class fare. Value for money, rather than the class of the journey, is the main criterion.

Non-London Area MPs can claim for all journeys between their constituencies and Westminster. London Area MPs can claim for all such journeys except those between their constituency residences and Westminster.

All MPs can claim for travel within their constituency (except the commute to their constituency office). Mileage rates are the same as those set by Parliament and administered by HMRC – currently 45p per mile.

MPs can claim for “extended” travel in the UK – that is, travel not between Westminster and the constituency or within the constituency – if it is for parliamentary purposes.

The funding of overseas travel is limited to journeys to and from other states in Europe. There is no cap on the number of journeys that can be claimed.

MPs can claim for taxis at their discretion, but should only do so when no other reasonable method of transport is available for all or part of the journey. In such instances, they should give a reason for the claim when they make it. In addition, if MPs have been working after 10 pm on parliamentary matters they may claim for a taxi to their London Area residence or for an overnight stay in a hotel.

If MPs are travelling outside their constituency on parliamentary matters, and need to stay overnight, they can claim for a hotel. The maximum rates are £150 in London and overseas and £120 in the rest of the UK. On such occasions, they can also claim subsistence of up to £25 for food and drink (excluding alcohol).

Except for overseas travel, the travel and subsistence rules for MPs are mirrored for their staff.

MPs can claim for travel between their constituency and London for their dependants and for their spouse/partner at their discretion. MPs' staff cannot claim such costs. All claims will be published.



## H. Winding-up

A winding-up budget is made available to meet the cost of completing the outstanding parliamentary functions of a person who ceases to be an MP, for example through retirement or through losing the seat in an election. MPs do not benefit personally from the payments.

The Scheme sets out the types of costs covered by winding-up. They include staff costs and office costs and contractual commitments as the constituency office is closed down. New office equipment and furniture cannot be claimed from this budget. Pay rises or reward and recognition payments will not be paid for in the winding-up period.

Winding-up can be claimed for costs incurred up to two months after the date when the person ceased to be an MP.

The current winding-up budgets are £57,150 for London Area MPs and £53,950 for non-London Area MPs.

Departing MPs' accommodation costs will be covered by IPSA, from the contingency fund for up to two months after the date they cease to be an MP.

When MPs leave Parliament, their staff have to be made redundant. Staff redundancy costs are met from the contingency fund, but pay in lieu of notice and holiday pay come from the winding-up budget.

MPs should give their staff notice of redundancy at a point which allows them to wind up their affairs effectively and minimises the cost of pay-in-lieu-of-notice to the taxpayer.

MPs who lose their seat at a General Election will be entitled to a Loss of Office payment, which is equal to double the prevailing statutory redundancy entitlement. Any MPs with outstanding debts to IPSA can have these deducted from their Loss of Office payment. Also, MPs can choose to be paid the full salary for the month of the election, which is deducted from their final Loss of Office payment.

MPs who stand down voluntarily do not receive a Loss of Office payment.

## I. Other assistance

Disability assistance may be claimed by any MP for necessary additional expenditure which is attributable to the disability of an MP, a staff member, a job applicant or constituents visiting the office or surgeries.

Claims for disability assistance can only be made in relation to MPs' parliamentary functions outside the Parliamentary estate. Within the Parliamentary estate, it is provided by the House of Commons authorities. There are no set limits on funding: decisions are made on a case by case basis.

Security assistance is available where security measures beyond those that are routine are necessary for MPs to carry out their parliamentary functions.

MPs' security measures will be funded from the Security Assistance Fund. Security measures consist of those recommended by the National Police Chiefs' Council ('NPCC'). This can be accessed through the Parliamentary Security Department. If an MP has concern about a specific, increased risk, they should [contact the Parliamentary Liaison and Investigation Team](#) (PLaIT) who will assess the information provided together with any other relevant intelligence and make necessary proportionate recommendations to IPSA.

Individual disability and security assistance claims are not published. The aggregate annual expenditure for each of the categories is published every year.

For further information on security arrangements please contact IPSA or the Parliamentary Security Department (contact details [can be found below](#)).

In the event of a recall of Parliament during Recess (when Parliament is not sitting), IPSA will settle claims for any reasonable travel by MPs and their spouses/partners and dependants back to London. This includes international travel back to the UK and a return to the foreign location if necessary. We expect MPs to travel standard class or equivalent unless they have no alternative, or there is a more cost-effective option available.

MPs can apply for contingency funding either for costs not covered by the Scheme or for extra funding. In considering an application, IPSA will take the following factors into account:

- whether there are exceptional circumstances warranting additional support;
- whether the MP could reasonably have been expected to take any action to avoid the circumstances which gave rise to the expenditure or liability; and
- whether the performance of an MP's parliamentary functions will be significantly impaired by a refusal of the claim.

Contingency funding allows a degree of flexibility on funding and avoids the need to create yet more rules, or increases in general budgets, to deal with the variety of exceptional and unpredictable circumstances of 650 MPs, representing very different constituencies across the UK. You can find Contingency guidance on our website<sup>5</sup>.

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<sup>5</sup> Contingency guidance can be found at: <http://www.theipsa.org.uk/ipsa-for-mps/guidance/>.

## J. Useful Contacts

### General Enquiries

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

### HR and Pensions Support

*Employee Assistance Programme*  
0800 030 5182

*Members' HR Advice Service*  
020 7219 2080

*MPs' Staff Pension Scheme*  
[www.legalandgeneral.com/workplacebenefits/microsites/ipsa](http://www.legalandgeneral.com/workplacebenefits/microsites/ipsa)

*Pensions Unit (for MPs)*  
020 7219 2106  
[pensionsmp@parliament.uk](mailto:pensionsmp@parliament.uk)  
[www.mypcpcfension.co.uk](http://www.mypcpcfension.co.uk)

*The Pensions Regulator*  
0345 600 1011  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### Security

*Chubb Security*  
0344 879 1046  
[safe@chubb.co.uk](mailto:safe@chubb.co.uk)

*Parliamentary Liaison and Investigation Team (PLaIT)*  
020 7219 4955  
[plait@met.pnn.police.uk](mailto:plait@met.pnn.police.uk)

*Parliamentary Security Department*  
020 7219 2244  
[psdenquiries@parliament.uk](mailto:psdenquiries@parliament.uk)

*Serjeant at Arms*  
020 7219 3030  
[saaenquiries@parliament.uk](mailto:saaenquiries@parliament.uk)

## K. Summary of budgets for 2017-18

Budget heading	Area / Eligibility	Returning MPs (Full 2017-18 budget)	Departing MPs (3 months pro-rated)	New MPs (10 months pro-rated)
Accommodation Expenditure – Rental costs	London Area	£22,760	£5,690	£18,967
	Outside London Area	£15,850	£3,963	£13,209
Accommodation – Associated Expenditure only	(Non-London Area MPs only)	£5,963  3 months @ £8,850 per year pre-election  9 months @ £5,000 per year post-election	£2,213	£4,167
Office Costs <sup>1</sup>	London Area MPs	£26,850	£6,713	£28,375 incl. £6,000 start-up supplement
	Non-London Area MPs	£24,150	£6,038	£26,125 incl. £6,000 start-up supplement
Staffing	London Area MPs	£161,550	£40,388	£134,625
	Non-London Area MPs	£150,900	£37,725	£125,750
Winding-Up	London Area MPs	N/A	£57,150	N/A
	Non-London Area MPs	N/A	£53,950	N/A
London Area Living Payment (LALP)	London Area MPs	£3,820	£955	£3,184 (London Area MPs only)

<b>Budget heading</b>	<b>Area / Eligibility</b>	<b>Returning MPs (Full 2017-18 budget)</b>	<b>Departing MPs (3 months pro-rated)</b>	<b>New MPs (10 months pro-rated)</b>
<b>Additional LALP</b>	London Area MPs of 23 outer London constituencies	<b>£1,350</b>	<b>£338</b>	<b>£1,125</b> (London Area MPs only)
<b>Rental accommodation uplift for MPs with caring responsibilities</b>	Per eligible dependant per year (max of 3 uplifts)	<b>£5,435</b>	<b>£1,359</b>	<b>£4,530</b>