



Professor Sir Ian Kennedy
Chair

7th Floor
Portland House
Bressenden Place
London
SW1E 5BH

Member of Parliament,
House of Commons,
LONDON,
SW1A 0AA

T 020 7811 6400
E info@parliamentarystandards.org.uk
www.parliamentarystandards.org.uk

6 March 2012

Our ref:

Dear Member of Parliament,

ANNUAL REVIEW OF THE MPs' SCHEME OF BUSINESS COSTS AND EXPENSES

As you know, in recent months IPSA has been conducting a review of the MPs' Scheme of Business Costs and Expenses ("the Scheme") with a particular focus on staffing support required by MPs. To gather evidence for the Review we visited constituency offices around the country, met MPs both individually and in groups and spent considerable time with MPs' staff. Throughout this exercise we have been grateful for the support and help provided by MPs and their staff as we refine the scheme and make the small changes needed to improve its operability for both MPs and IPSA .

We have reviewed the evidence provided to us by MPs, staff, the public and others and consequently have made several changes to the Scheme. You may wish to note in particular that we have doubled the redundancy payments available to MPs' staff on IPSA contracts, introduced new and more flexible job descriptions for staff and increased the size of the staffing budget¹. Amongst other changes we have also:

¹ IPSA's Estimate is subject to approval by the Speaker's Committee for IPSA.

- introduced an interim resettlement payment policy so that in the unlikely event that there is a general election before the planned general election in 2015 and before the MPs' Pay and Pensions Review is complete, MPs who lose their seat at an election will receive a resettlement payment;
- introduced specific rules for claims during an election period and for a recall of Parliament.

A summary of all the changes we have made is attached to this letter and a copy of the conclusions of our Review and the fourth edition of the Scheme is available on our website www.parliamentarystandards.org.uk.

All of the changes we have made to the Scheme will come into effect on 1 April 2012.

Yours sincerely



Professor Sir Ian Kennedy
Chair

SUMMARY OF CHANGES

Below is a summary of the changes made to the MPs' Scheme of Business Costs and Expenses (the Scheme) for its Fourth Edition. The changes come into effect on 1 April 2012.

- IPSA has expanded its guidance on the activities it does not regard as parliamentary to include attendance at party conferences, and campaigning and fundraising for a political party.
- The Accommodation Expenditure budgets have been raised to reflect inflation and, separately, for the average rent MPs pay for Band E properties. The budget for MPs claiming the mortgage interest subsidy has been reduced because the subsidy comes to an end in August 2012.
- The Office Costs Expenditure budgets have been raised to reflect inflation. They are now £24,750 for London Area MPs and £22,200 for non-London Area MPs.
- MPs can now display their party political logo on websites and still claim the cost of the website.
- IPSA will offer MPs the opportunity to purchase legal expenses insurance through a centrally arranged scheme. MPs can still choose not to purchase this insurance or to do so individually.
- Office costs and travel claims can now be made for staff members who live more than 20 miles from the constituency of the MP who employs them.
- The Staffing Expenditure budget limit has been increased to £137,200 for non-London Area MPs and £144,000 for London Area MPs, incorporating a 5% supplement for London Area MPs to reflect higher salary ranges for staff based in London. IPSA's Estimate is subject to approval by the Speaker's Committee for IPSA.
- New and more flexible job descriptions for staff members will be available, and the redundancy package for staff on IPSA's contracts has been doubled from the statutory minimum.
- The Winding-Up budgets have been increased to £56,250 for London Area MPs and £53,150 for non-London Area MPs.
- MPs who leave Parliament can continue to claim associated expenditure on their accommodation for up to two months, as well as any security and disability assistance they were claiming before they left.
- MPs who lose their seats in an election before 2015 will be eligible for a resettlement payment. This is an interim policy in advance of the review of MPs' pay and pensions, which will identify a longer term solution.
- MPs' staff can claim the cost of a railcard where it represents value for money on their parliamentary-related journeys.

- Rules for the cost of travelling for a recall of Parliament have been introduced.
- Rules for claims during an election period have been introduced.