

Annual Review of Assurance

2016-17





Independent Parliamentary Standards Authority

Annual Review of Assurance 2016-17

16 November 2017

Contents

Executive summary	4
1 Introduction	5
2 Overview of assurance at IPSA	7
3 Pre-payment validation in 2016-17	10
4 Post-payment validation in 2016-17.....	11
5 Thematic reviews in 2016-17.....	12

Executive summary

This is IPSA's first Annual Review of Assurance. It covers all of the activity we undertook during the 2016-17 financial year to ensure that claims for MPs' business costs and expenses were appropriately evidenced and compliant with our rules. This activity includes validation processes, where we check claims individually either before or after payment; and our assurance work, which examines specific areas of expenditure.

Validation and assurance have been central parts of our regulatory role since IPSA was set up in 2010. But hitherto, we have not reported most of our findings publicly. However, we believe it is important not only that we assure ourselves that public money is spent appropriately by MPs, but that we also assure the public that MPs are claiming responsibly and within the rules.

This document comprises five sections. **Section 1** provides an introduction to IPSA's regulatory role. **Section 2** describes our approach to validation and assurance and how this has changed since IPSA's establishment. We know now that the vast majority of MPs' claims are compliant with our rules, so we have developed more targeted, risk-based processes to be sure our focus is in the right places.

In **Section 3**, we provide information on the pre-payment validation activity which took place during 2016-17. Likewise, **Section 4** provides information on post-payment validation during the year.

Lastly, **Section 5** summarises the six thematic assurance reviews that were completed during 2016-17. We explain why we chose to look at these areas of expenditure, and what we have done in response to the findings. These reviews focus on three broad areas: party-political activity and campaigning; issues that have historically been contentious; and uncapped expenditure.

From the work we carried out during the year, we draw the following conclusions:

- First, we believe our validation and assurance processes are robust and informed by our assessment of risks. Because of this, we can be confident that the vast majority of claims by MPs are legitimate and compliant with the rules.
- Second, where we discover ineligible claims through validation or assurance, in most cases it is due to an error or misunderstanding on the part of the MP. We have no evidence of any systematic misuse of public funds by MPs.
- Third, in the few cases where claims are not compliant with the Scheme, we take effective action, including recovering sums from MPs for costs that have been incorrectly claimed. We have also tightened up our checks and procedures as a result of identified non-compliance.

But regulation makes up only half of our responsibilities. IPSA is also charged in legislation with the duty to support MPs in their parliamentary roles. Validation and assurance work not only tells us about compliance; it also allows us to understand how we can support MPs better. For example, where findings indicate that understanding about certain rules is low amongst MPs, we can make any changes that we think necessary to clarify and improve the rules or the guidance we provide about them.

1 Introduction

1. The Independent Parliamentary Standards Authority (IPSA) is the regulator of business costs and expenses for Members of Parliament in the UK. Our founding legislation gives us a dual role: to ensure that MPs are resourced appropriately to carry out their parliamentary functions; and to ensure that MPs' use of taxpayers' money is transparent and well regulated.
2. To do this, we have established the *Scheme of MPs' Business Costs and Expenses*¹ ('the Scheme'), which sets out rules for what MPs can and cannot claim. The Scheme is underpinned by Fundamental Principles which apply to MPs, in making claims, and to IPSA, in administering them. MPs can only claim for costs that are parliamentary; must act with probity; must seek value for money in their claims; and are accountable for what they spend. Meanwhile, IPSA must treat MPs fairly; operate transparently; and regulate efficiently, cost effectively and proportionately.
3. The objective of IPSA's assurance work is to assess the level of assurance that IPSA's Board and its Chief Executive, as Accounting Officer, can have that money paid to MPs through IPSA's accounts is spent properly. In essence, this means checking the compliance of MPs' claims with the Scheme – both with the specific rules as well as with the Fundamental Principles.
4. In addition, assurance work helps us to improve our understanding of MPs' spending patterns and financial requirements. This informs our future policy making.
5. For the purposes of this document, we have used the term 'assurance' broadly to include both validation, meaning the checking of individual claims, and thematic assurance work, meaning the analysis of expenditure across all MPs to establish patterns and make an assessment of compliance.

What this document covers

6. This is the first Annual Review of Assurance that IPSA has published. In this document we provide a summary of all validation and assurance work which took place in the 2016-17 financial year. This covers three types of activity:
 - Pre-payment validation;
 - Post-payment validation; and
 - Thematic assurance reviews.
7. We also explain how our findings from these assurance activities are used. Some have led to further investigation of specific claims or areas of expenditure. In a few cases, we have recovered money from MPs which was incorrectly claimed or paid. In all cases, we seek to use assurance activities to support the continuous improvement of IPSA's processes and rules.

¹ The Scheme can be viewed online on our website: <http://www.theipsa.org.uk/publications/scheme-of-mps-business-costs-expenses/>

8. The reports of the six thematic assurance reviews covered in this document have been published in full on our website.

Review of the Scheme of MPs' Business Costs and Expenses

9. During 2016-17, we conducted a comprehensive review of the Scheme, including a five-month public consultation to seek views from stakeholders and members of the public on potential changes to the rules. A revised Scheme for 2017-18 was published in March 2017.
10. This review aimed in part to create a simpler Scheme, removing arbitrary caps and other restrictive rules, and enabling MPs to use a greater degree of discretion in determining what claims to make in carrying out their parliamentary functions. At the same time, we support MPs to take greater responsibility for complying with the Scheme rules and Fundamental Principles.
11. Some of the changes to the revised Scheme were made as a result of findings from our assurance activities – for example where rules have been poorly understood or difficult to implement. We have noted where this is the case in the relevant sections below.

2 Overview of assurance at IPSA

12. IPSA processes between 150,000 and 180,000 claims for MPs' business costs and expenses each financial year – an average of up to 15,000 per month – with an annual total value of £15-18 million².
13. In the early days of IPSA, all claims were validated by at least two people before payment, to avoid the risk of claims either being inadvertently paid, or conversely, being unreasonably refused. This was a legacy of the 2009 expenses scandal and a reflection of IPSA's priority at the time to avoid mistakes. As it became clear that the vast majority of MPs' claims were for routine accommodation, office and travel costs and did not need excessive amounts of inspection, our approach evolved to reflect the low level of risk in most claims.
14. We were also mindful that good practice in regulation involves minimising burden and cost and helping people to comply. As time went on, our data showed that we were working from a solid base of compliance by MPs with the rules. This allowed us to focus even more on that enabling role, without losing sight of our need to ensure that taxpayers' money is properly spent and accounted for.
15. As a result, we now have a three-tiered approach to the validation and assurance of claims, which uses evidence in determining risk and maintains efficiency in processing and paying claims, so that we reimburse MPs and suppliers as quickly as possible. This is one way in which we balance our dual responsibilities of financial support and regulation.
16. Assurance activity takes place throughout the 'lifetime' of a claim, covering pre-payment validation; post-payment validation; and reviews of expenditure across all MPs, focusing on a specific theme or area of expenditure. This approach allows us to be targeted and risk-based at the beginning of the process, whilst also being able to identify unusual claiming patterns or outliers which might signal the need for a more detailed examination.
17. The robustness of the three-tiered assurance process means that we have a high level of assurance that taxpayers' money is being paid appropriately to MPs to support their parliamentary work.

Pre-payment validation

18. The first tier of validation takes place before payment. At this stage a sample of claims are individually checked. The sample is made up of a mix of randomly selected claims and certain claim types that have been identified as priority risks. All other claims are paid upon receipt of evidence and checked in the subsequent validation processes described below.
19. **Section 3** provides a summary of the pre-payment validation activity which took place in 2016-17.

² This includes claims for reimbursement and direct payments to suppliers only; it does not include other business costs such as the salaries of MPs' staff members, which are checked through other processes.

Post-payment validation

20. Second-level validation takes place after payment. It is a retrospective exercise which takes place quarterly, or more frequently where necessary. It allows us to spot any claims that were not examined in the pre-payment validation process and which should not have been paid. In such cases, the MP is asked to repay the money.
21. The benefit of this post-payment validation is that it enables IPSA to look at an MP's claims in context, meaning that we can identify any unusual patterns, outliers or repeated errors which would not be seen through pre-payment validation of individual claims. It also means that we can efficiently pay the majority of claims without burdensome pre-payment checks.
22. **Section 4** provides a summary of post-payment validation activity in 2016-17, including the outcomes from this work.

Claim reviews

23. Claim reviews are not strictly part of the three-tiered approach, as they take place on an ad hoc basis (normally at the request of the MP). They are, however, a crucial way of checking that the decisions made during the first and second validation tiers are sound, consistent and in accordance with the Scheme rules.
24. Where a claim, or part of a claim, is determined as ineligible in either pre-payment validation or post-payment validation, the MP may request an internal review of this decision. The review is carried out by IPSA's assurance team, who are separate from the team responsible for conducting the earlier validation processes, in order to provide a degree of independence.
25. If the claim review determines that IPSA's decision not to pay a claim (or to recover money that has been paid) was due to an error or an incorrect application of Scheme rules, then the MP's claim is eligible and will be paid. On the other hand, the review may uphold IPSA's original decision. In these cases, the MP can appeal to the Compliance Officer³ if they choose.

Thematic reviews

26. The third tier is the programme of thematic assurance reviews which are carried out by IPSA's assurance team. Thematic reviews examine aggregate spending by all MPs in a specific category or range of categories. Any significant outliers or unusual patterns will be identified and followed up, for example by contacting the MPs in question to seek assurance that the rules were well understood and that the claims were compliant.
27. These thematic reviews have confirmed a high degree of compliance amongst MPs. In a small number of cases, the findings of thematic reviews have led to repayments; and in rare cases, we

³ The Compliance Officer for the IPSA is an independent statutory office holder. He can conduct an investigation if he has reason to believe an MP may have been paid an amount that should not have been allowed; or can at the request of an MP review a decision by IPSA to refuse reimbursement for a claim. The Compliance Officer reports to, but is not directed by, IPSA's Board and is wholly independent of IPSA's executive.

have referred claims to the Compliance Officer (for example, where we believe there may have been intentional abuse of the rules).

28. More often, we use the understanding and insight gained through thematic reviews to inform other areas of our work. For example, where a review has revealed that our operational processes have not been effective in implementing rules or in supporting MPs to comply with the rules, we have made adjustments to improve them. Likewise, where a review has revealed that certain rules are poorly understood by MPs, we have looked to improve our communication of the rules concerned to MPs and made amendments to the Scheme where appropriate.
29. In selecting the topics for thematic reviews each year, we consider factors including the perceived risk of error in certain areas of spend, as well as discussions with operational teams within IPSA and feedback from MPs and other stakeholders. Some areas, such as constituency mileage claims and telephone usage, have also been of interest to IPSA's auditors. Significant events also play a role. So, for example, we have conducted thematic reviews on rules relating to elections and referendums following these events.
30. During the 2016-17 financial year, we completed thematic reviews on the following⁴:
 - Expenditure relating to the 2015 General Election;
 - Expenditure relating to the 2016 referendum on UK membership of the EU;
 - Pooled staffing services;
 - Employment of 'connected parties';
 - Claims for surveys and gifts; and
 - Travel and subsistence expenditure.

These are each described in more detail in **Section 5**, including the actions we have taken as a result of the review findings. The full review reports are published on the IPSA website⁵.

⁴ The reports of the 2015 General Election review and connected parties review were published in May 2016, although much of the work took place in the 2015-16 financial year.

⁵ The full reports can be found here: <http://www.theipsa.org.uk/publications/assurance-reports/>

3 Pre-payment validation in 2016-17

31. We received more than 172,000 claims for MPs' business costs and expenses in 2016-17. (This does not include payments that were made for the salaries of MPs' staff members). About one-third of these related to payments made by IPSA directly to a supplier. The rest related to costs which MPs had paid and for which they later claimed reimbursement.
32. In line with our risk-based pre-payment validation process, around three-quarters of the claims we received (132,579) were paid as soon as we verified that the MP had submitted evidence of the cost. We say that these claims have been 'streamlined'.
33. The remainder (39,512 claims) formed the sample selected for individual validation. These were a combination of claims randomly selected each day and those which fall into categories that are considered at higher risk of error.
34. For each of these, a validator in IPSA's operations team checked each line of each claim to determine whether:
 - the MP had provided sufficient information;
 - the cost was assigned to the correct expense type; and
 - the evidence provided matched the information in the claim and the amount.
35. Of the nearly 40,000 claims that were individually validated, a total of only 146 claims were not paid.
36. The table below shows the number of claims 'streamlined' and the number individually validated before payment.

Direct payments		Claims for reimbursement		Total
Streamlined	Validated	Streamlined	Validated	
48,184	11,440	84,395	28,072	172,091

37. The average time it takes for IPSA to reimburse MPs' claims, including those which are individually validated, is 2.7 days from the point at which we receive the receipt or invoice.

4 Post-payment validation in 2016-17

38. There were 2,165 post-payment validation reviews conducted in relation to 2016-17: 650 reviews (one for each MP) in Q1, Q2 and Q3 of the year, and 215 reviews in Q4 (due to resource allocation for the 2017 snap General Election).
39. Post-payment validation in 2016-17 led to the following further actions:
- **Corrections to expense type:** There were 903 items identified through reviews as being coded by MPs to the incorrect expense type, although they were legitimate claims. We have made the necessary corrections to the online claims system.
 - **Further investigation:** There were 1,852 items flagged for further investigation, e.g. a need to request additional evidence. We contacted the MPs concerned in all cases.
 - **Repayments:** There were 164 claims identified through post-payment validation for repayment by MPs, with a total value of £11,661. The figures for comparison from 2015-16 were 219 claims repaid with a total value of £15,690.
 - **Additional advice:** Findings from the reviews identified that 177 MPs (or members of their staff) required additional advice or training in how to make compliant claims or in how to use our online claims system. IPSA staff contacted each of these MPs during the year in order to follow up on these individual issues.
40. We keep the assurance process under continual review and review the risk assessments regularly based on relevant data. In future we will look to reduce manual intervention and increase automation, as well as improve detection of spending outside the norm through better use of analytic tools.

5 Thematic reviews in 2016-17

42. There are six thematic reviews covered in this year's Annual Review of Assurance. The topics can be broadly divided into three areas:
- **Potential for party-political activity and campaigning:** reviews of 2015 General Election expenditure, EU referendum expenditure and the use of pooled services affiliated with political parties
 - **Issues that have been historically contentious:** reviews on the employment of connected parties and claims for surveys and gifts
 - **Uncapped expenditure:** a review of travel and subsistence expenditure.
43. This section provides summaries of each of the six thematic reviews, including why the topic was examined; a summary of findings; and the actions taken as a result.
44. Two of these thematic reviews – of 2015 General Election expenditure and the employment of connected parties – were published in May 2016, alongside our consultation on proposed changes to the Scheme.
45. Three other reviews – of the use of pooled services, claims for surveys and gifts, and travel and subsistence expenditure – were completed prior to the conclusion of the Scheme review. We have since updated the reports to reflect recent changes to relevant Scheme rules. Where the rules have changed specifically as a result of the review findings, this has been noted in the summaries below.

General Election, 2015

46. As stated above, the thematic review of expenditure during the 2015 General Election was published in May 2016. The full report can be found on the IPSA website.

Why did we look at this topic?

47. Expenditure before, during and after a General Election is of interest from an assurance perspective for a few reasons. The large turnover in the membership of the House of Commons at a General Election necessarily means increased costs for those leaving Parliament and those newly elected. It is also important to understand MPs' expenditure during this period in order for us to plan more accurately for elections in future.
48. Additionally, the Scheme includes special rules which apply during the pre-election period and after Parliament has been dissolved. These are designed to ensure that MPs are supported appropriately – for example when they do not have access to their Westminster offices during the dissolution period – and to ensure that public funds are not used for campaigning.
49. After the election, those MPs who have stood down or lost their seats are provided with a winding-up budget and other assistance to help them with closing down their parliamentary affairs. Amongst other things, this includes making their staff redundant. We do not tell MPs how they should do this; as the employer, it is for them to decide how to wind up their affairs

and when to make staff redundant. However, as this is a large area of expenditure, we have a duty to assure ourselves that public money has been spent appropriately.

What did we find?

50. The review looked at all categories of expenditure considered to be a direct consequence of the General Election. This included the following:
 - all costs met from the winding up budget for MPs who left Parliament;
 - staff redundancy costs for MPs who left Parliament;
 - accommodation costs for MPs who left Parliament;
 - contingency costs for MPs who left Parliament;
 - 'resettlement payments' made to MPs who lost their seats; and
 - start-up costs for new MPs.
51. The review estimated the overall additional cost of MPs' expenditure due to the General Election to be £13.2 million⁶, substantially lower than the amount forecast and budgeted for in IPSA's 2015-16 budget estimate. This implies that MPs on the whole spent prudently, only incurring costs where necessary. It was also a consequence of the fact that the 'turnover' of MPs (i.e. the number who left Parliament and were replaced by new MPs) was lower than we prudently projected.
52. MPs who lost their seats at the Election were entitled to Resettlement Payments, equal to one month's pay per year of service, up to a maximum of six months. After the 2015 Election, the total cost of Resettlement Payments was £2.8 million, an average of about £30,600 per MP.
53. There was no evidence of widespread misuse of IPSA's public funding for the purposes of political campaigning at the General Election. Our detailed analysis and review of MPs' expenditure immediately before the Election found that, for more than 95 per cent of MPs, there were no claims for campaign expenditure. There were a few ineligible claims identified, but these were not systemic, mostly the result of error, and related to only a few MPs.
54. However, the review did identify four cases of potentially more significant breaches of the Scheme and of electoral regulation rules that required further investigation. The relevant information was passed to the Compliance Officer to investigate. A further two cases were identified of MPs who had already been referred to the Compliance Officer for related claims.
55. Additionally, there was a lack of available evidence in some areas of spending which meant that measures of assurance were limited. In particular, it was difficult for us to make an assessment in all cases about whether staff time, office space, office equipment and stationery were being used strictly and exclusively for parliamentary work and not for campaigning purposes.

⁶ This includes additional budget amounts being made available to some MPs between 1 April and 7 May 2015, winding up costs for MPs who stood down or were defeated, resettlement payments for MPs who were defeated and the start-up budgets for new MPs

56. An assessment of compliance with dissolution restrictions showed a mixed picture. Under the rules in effect at the time, travel for MPs and their dependants during dissolution was restricted. Our review found that, whilst the number and value of travel claims during dissolution was very low (just over £12,000 in total), 46.6 per cent of these claims for MP and dependant travel between London and constituencies during dissolution were not compliant with the restrictions.
57. In addition, we had imposed a ban on purchases of capital equipment (including IT equipment) six months prior to the dissolution of Parliament. We found that, whilst average monthly spend in the restricted months fell by 84.3 per cent, compared with the unrestricted months across a 12-month period, there was also a fourfold increase in the value of equipment purchases immediately before the restrictions came into effect. This indicates that the ban may have resulted in higher spending by MPs at a different point in the year.
58. The review included a detailed examination of costs relating to staff members who were made redundant due to the General Election (i.e. where the MPs they worked for left Parliament because they stood down or lost their seats). Redundancy payments to MPs' staff totalled around £4.4 million. About £975,000 of this was paid to staff members who were re-employed by another MP within 10 weeks. Because each MP is a stand-alone employer, there is no requirement for staff members to return any of their redundancy payment if re-employed by another MP. However, in line with employment legislation, they also lose their accrued length of service, and must work for at least two years with the new MP before they qualify for any future redundancy payments.

2015 General Election – Key facts

The additional cost of MPs' expenditure directly relating to the General Election totalled £13.2 million.

Departing MPs only spent on average 58.7 per cent of their Winding-Up Expenditure budget. Winding-up costs totalled £10.4 million.

Resettlement payments to MPs who lost their seats at the General Election totalled £2.8 million. This represented an average payment of £30,600 per MP.

Claims totalling just over £6,000 were identified as ineligible because they related to party political activity.

Staff redundancy costs attributable to the General Election were around £4.4 million. £975,000 was paid to 125 staff members who had a break in employment of under 10 weeks.

£647,700 was paid as Pay in Lieu of Notice (PILON) to 289 staff members; however, between £379,800 and £435,200 could potentially have been avoidable if the MPs had issued notice to their staff members earlier.

£743,200 was paid to 651 staff members for untaken holiday. This equates to an average of about 13 days per staff member.

59. Our report recognised that there is a potential risk that MPs could make decisions to benefit their staff financially, rather than minimise costs to the taxpayer. For example, the review found that between £379,800 and £435,200 of the money paid to MPs' staff as pay-in-lieu-of-notice (PILON) could have been avoided if MPs had issued notice of redundancy sooner. In each case,

the staff member was paid for not working some or all of their notice period, even though the MP had sufficient time to issue notice prior to their leave date. This amounts to between 58.6 per cent and 67.2 per cent of all PILON paid by departing MPs and was a significant cost to the taxpayer that may have been avoidable.

60. Where a staff member was made redundant and had not used their entire leave allowance for the year, they were entitled to be paid for any accrued leave that was not taken. The review found that £743,200 was claimed for untaken leave by staff members. Individual payments were as high as £5,500 and the average payment was £1,100. This equates to approximately 8,600 days of unused holiday entitlement, an average of 13 per staff member. We were not able to verify these payments because IPSA does not keep records of the annual leave taken by MPs' staff. This is rightly a matter for MPs as their employers. But these facts nonetheless gave us concern about value for money, as well as about whether all MPs were following good employment practice in enabling their staff to take leave throughout the year.
61. The review compared the value of Resettlement Payments received by MPs who left Parliament at the 2015 General Election with what they would have been entitled to under the prior rules for the House of Commons' Resettlement Grants. Resettlement Payments under IPSA's rules cost the taxpayer £5,327,700, or 66 per cent, less when compared with the previous Resettlement Grants managed by the House of Commons.

How have we responded?

62. The findings of the thematic review on the 2015 General Election formed a significant part of the evidence that we considered when we reviewed the Scheme in 2016. General Election-related issues which featured in the consultation included the restrictive travel rules during dissolution; the ban on capital expenditure in the six months before the Election; and redundancy, PILON and untaken leave costs for staff.
63. It was clear from the review that the rules on travel claims during the dissolution period were not fully understood by all MPs. As part of other changes to simplify the Scheme and to give MPs further discretion to determine what activities are necessary for their parliamentary work, in the revised Scheme for 2017-18 we removed the restrictions on travel for MPs and their dependants during dissolution. MPs, their dependants and staff can now travel during dissolution if they judge it necessary to serve their constituents.
64. We have also removed restrictions on capital purchases in the pre-election period. The six-month cut-off was arbitrary and may have had the unintended consequence of skewing purchasing decisions, as demonstrated by the significant rise in purchases shortly before the deadline. The 2017-18 Scheme states that MPs can claim for office costs during dissolution, but they should only purchase office furniture, IT hardware or other capital equipment where there is an exceptional need to do so. No capital purchases are allowed during the winding-up period after the election (although MPs can apply for contingency funding in exceptional circumstances).
65. We had concerns about value for money in relation to the amounts paid in PILON and untaken leave for MPs' staff members who were made redundant as a result of the Election. During the

review of the Scheme, we considered whether to amend staff contracts to stipulate that automatic notice is deemed to be given to staff at the beginning of the two-month winding-up period. However, we concluded that this could cause practical difficulties and, instead, the Scheme now includes clear guidance to state that MPs who leave Parliament should give their staff notice of redundancy as early as possible, to minimise the cost to the taxpayer. In addition, a new rule states that all new staff contracts must stipulate that the maximum amount of untaken leave that can be rolled forward from one year to the next under normal circumstances is five days. This will help ensure that staff are able to make use of their leave entitlement and do not accumulate excessive untaken leave.

66. Most MPs spent much less than the maximum available in their winding-up budget. As such, we did not make any changes to these amounts.
67. We have already begun a similar review of expenditure related to the 2017 General Election. This will allow us to assess the impact of our changes to election-related rules in the Scheme.

The EU referendum: Analysis of expenditure, 15 April – 23 June 2016

Why did we look at this topic?

68. The referendum on UK membership in the EU which took place in June 2016 was clearly a matter of huge importance. Ahead of the referendum campaign, IPSA issued guidance to MPs stating that expenditure relating to the EU referendum was not considered to be party-political in nature, and therefore would be allowed under the Scheme. But claims for referendum-related costs still needed to comply with IPSA's Fundamental Principles and other rules in the Scheme. Specifically, MPs could claim for costs that are in support of their parliamentary functions, but not for anything that could constitute 'election expenses' or 'campaign expenditure', or anything that would confer an undue advantage on a political organisation.
69. MPs were advised that they could publish a statement of their views on the referendum question (on their website, for example), and claim for any costs incurred, provided that this did not reference or promote their party's views, criticise politicians from other parties, nor strongly advocate for a particular campaign group. They could organise events and debates and claim for these so long as they were balanced and factual. However, they were not allowed to claim for campaign leaflets or other materials; these should be funded by the respective campaign groups rather than by IPSA.
70. We identified that there could be a risk that MPs could have (inadvertently or otherwise) used IPSA funds to support campaigning activities. We therefore conducted a thematic review to examine expenditure during the campaign period in a number of expense types related to communication, events and travel, which could also be used for campaign-related activities.

What did we find?

71. The review focused on a small group of expense types, where we judged that there was a potential risk that IPSA funds could be used for campaigning activities. The relevant expense types from the office costs budget were: advertising, contact cards, postage, stationery, telephone costs, venue hire and website costs. For travel, we examined European travel and

extended UK travel (i.e. outside the MP's constituency and not the journey between their constituency and London). We looked specifically at claims during the regulated campaign period ahead of the referendum, 15 April to 23 June 2016, and used the same period in previous financial years for comparison purposes.

72. In addition to expenditure across all MPs, we also looked at a sample of MPs who actively campaigned during the referendum for comparison. We considered that being an active campaigner may have had an impact on the spending patterns for these MPs.
73. The combined expenditure on advertising and contact cards, postage, stationery, telephone, and website and venue hire costs incurred during the EU referendum campaign period (15 April to 23 June 2016) was £517,847. This was 27 per cent higher than for the same time period in 2014-15⁷. (2015-16 was not considered optimal as a comparator because spending before and after the 2015 General Election is likely to have been abnormal.)
74. Conversely, spending by MPs on travel in the pre-referendum period decreased compared with previous years. The total expenditure in both of these expense types incurred during the campaign period in 2016 was £19,933. European related travel almost halved from 2014-15 and was 55 per cent lower than in the same period in 2013-14.

EU referendum expenditure – Key facts

Expenditure on advertising, contact cards, postage, stationery, telephone, and website and venue hire costs during the EU referendum campaign period (15 April to 23 June 2016) was around £518,000.

The MPs included in the sample of active campaigners accounted for 14 per cent of the total expenditure during the campaign period in the office costs expense types examined, while representing 7 per cent of MPs.

Spending by MPs on European and extended UK travel during the EU referendum campaign period was almost £20,000. This was a decrease compared with previous years.

Only 19 claims with a total value of about £7,500 were specifically identified as related to the EU referendum (11 office costs claims and eight travel claims).

Spending on websites was significantly higher than in many previous years. But this was due to annual subscription costs and maintenance fees made by multiple MPs during the period.

75. On the whole, spending during the pre-referendum campaign period followed expected patterns. For those expense types where the MPs in the sample of active campaigners spent more on average than other MPs during the campaign period, this was often (though not always) the case in previous years as well.
76. One expense type where there was a noticeably high level of spending by MPs included in the sample of active campaigners was website costs. These MPs spent significantly more on their websites on average compared with all MPs as a whole during the referendum campaign period (£1,266 compared with £385). However, four of the particularly high claims were for annual

⁷ These are nominal comparisons; factoring in inflation would reduce this percentage slightly.

subscription fees. These were recurring claims from previous years, so there were no compliance concerns in relation to the EU referendum, despite the higher costs.

77. In addition to an analysis of expenditure patterns, the review made an assessment of compliance based on qualitative analysis of the information and evidence submitted with claims during the campaign period.
78. We looked at a sample of claims for advertising and contact cards submitted during the pre-referendum campaign period, where images of the adverts or contact cards themselves had been provided as evidence. Of the 32 advertisement claims examined, only one (for an advert) was related to the EU referendum; the content was found to be eligible, as it provided information relating to meetings which explored both sides of the referendum question. None of the sample of claims for contact cards related to the EU referendum.
79. With regard to advertising, contact cards, postage, stationery, telephone, venue hire and website claims, the review also looked at the information provided in the 'short description' and 'details' free-text fields⁸. From this information, 10 additional claims were found to be referendum-related (six for venue hire and four for advertising). We contacted the MPs who made the advertising claims to seek assurance that these were not for campaigning or party political in nature, and we asked for images of the adverts where available. There were no issues of concern arising from these.
80. Meanwhile, there were eight extended UK journeys which were found to be related to the EU referendum, based on the 'short description' and 'details' free-text fields. These included trips to attend radio and TV debates by invitation.
81. Notwithstanding the information and assurance gained during the review, there were limitations to the assessment of compliance that was possible. For instance, only some of the claims for advertising and contact cards included an image or actual contact card as evidence. In the case of postage and stationery claims, we were sometimes unable to tell from the information provided in the claims what the stationery costs – e.g. printing – were used for. We also encountered limitations in analysing website claims because the timing of the review (after the referendum) meant that any non-compliant content might already have been removed from MPs' websites.

How have we responded?

82. This thematic review did not identify any specific compliance concerns or recommendations.

⁸ MPs are required to type information into the 'short description' and 'details' fields for each cost they submit a claim for.

Pooled services: Assessment of risks, controls and compliance 2015-16

Why did we look at this topic?

83. The Scheme is clear that IPSA will only pay for claims that are for parliamentary purposes, and not for any work that is party political. However, the nature of an MP's role means that there can be an overlap between their parliamentary and party political activity.
84. An example of something that could be considered both parliamentary and party political is the materials provided by 'pooled services'. These are organisations that provide research and other services to MPs of a single political party. Pooled services are widely used by MPs to receive detailed background briefings, template correspondence and other materials that they use in parliamentary debates. MPs may claim from IPSA their subscription fee to a pooled service, provided that the organisation has an agreed arrangement in place with us such that they must comply with our rules.
85. From an assurance perspective, we wish to ensure that the materials provided to MPs by pooled services do not cross the line into being work 'for or at the behest of a political party' and therefore ineligible for funding from IPSA. This thematic review informed our comprehensive review on the Scheme in 2016, which considered IPSA funding for pooled services which are exclusively subscribed to by MPs of a single political party.

What did we find?

86. The thematic review looked at expenditure during the 2014-15, 2015-16 and 2016-17 financial years (up to August 2016) on the pooled service organisations with current arrangements in place with IPSA:
 - the Parliamentary Research Service (PRS), for Labour MPs;
 - the Policy Research Unit (PRU), for Conservative MPs;
 - the Parliamentary Support Team (PST), for Liberal Democrat MPs;
 - the European Research Group (ERG), also for Conservative MPs; and
 - the Scottish National Party (SNP) Research Team, for SNP MPs.
87. 589 MPs paid subscriptions to a pooled service organisation for one or more financial years during the period March 2014 to August 2016. This equates to 56 per cent of all MPs in 2014-15, and 73 per cent of all MPs in 2015-16. The number of MPs each party has in the House of Commons broadly corresponds with the proportion of costs paid to that party's pooled service. For instance, Conservative Party MPs, having more MPs than any other party, claimed for the largest proportion of pooled service expenditure during the period. The Liberal Democrats, with the fewest MPs among parties with a pooled service, claimed the smallest proportion.
88. All pooled services charged an annual subscription fee, but the amounts varied widely between £2,000 and £10,500 per year. The SNP Research Team charges the highest subscription fee, while the ERG charges the lowest. There are a variety of factors that can impact on the level of

fees, including the economies of scale that larger pooled services can benefit from. However, the level of fee charged by the SNP Research Team was relatively high, and the review recommended that further assurance about the value for money provided by this pooled service was needed.

89. The review assessed the internal controls applied by IPSA and by the pooled service organisations themselves to ensure that IPSA funds are being used appropriately. We found that the controls operated by IPSA over payments to pooled services were proportionate and effective, given that no duplicate payments to pooled services were identified. MPs are required to affirm in writing that they will use pooled services for exclusively parliamentary purposes, but we do not request sample materials from the pooled services before approving a direct payment or accepting a claim for reimbursement. The review found this to be a proportionate approach.
90. The governance structure and internal controls in place at the pooled service organisations are varied. The PRS and PRU were assessed to have implemented effective governance and internal controls to ensure the eligibility of materials, combining written guidance and training for staff with a degree of formal separation from the political party structure. On the other hand, the PST and SNP Research Team both have formal ties to the respective party structures, which increases the risk that materials are used for party political purposes. Meanwhile, the ERG was found to have noticeably less formal governance structure and internal controls compared with the other pooled services, which could present a risk to compliance.

Pooled services – Key facts

The total cost of pooled services for the two and a half years between March 2014 and August 2016 was £4.3 million.

On average, £1.5 million is spent on pooled services annually, with expenditure having risen year on year since 2010 to a high of £1.8 million in 2013-14. The total cost fell to £1.3 million in 2014-15, before increasing again in 2015-16 to £1.7 million.

Pooled services charge annual subscription fees of between £2,000 and £10,500.

96 per cent of expenditure during the period was paid directly by IPSA to pooled service organisations. Only a very small proportion was paid following claims for reimbursement made by individual MPs.

91. To assess compliance with the Scheme – specifically, to ensure that pooled service materials did not constitute party political activity, or campaign expenditure or election expenses according to electoral law – samples of the materials provided by each pooled service were examined. There was a generally high degree of compliance found, apart from a small number of concerns that were not considered to be systematic or widespread.
92. We concluded that PRS and PRU materials were compliant with the Scheme, barring some minor instances of language that strayed into the party political. Similarly, materials provided by the ERG were also assessed as compliant. The ERG's focus is solely on issues relating to the UK's relationship with the European Union, which are of cross-party interest, and materials were factual and informative.

93. Briefing materials produced by the PST were broadly compliant with the rules, but the template correspondence was found to be routinely written from the perspective of the party, rather than from an individual MP, and to contain instances of party-political content. Similarly, materials provided by the SNP Research Team were assessed as mostly compliant, albeit with some party-political language identified in the research briefings.

How have we responded?

94. IPSA's comprehensive review of the Scheme in 2016 addressed IPSA funding of MPs' subscriptions to pooled services, given that they provide services exclusively to MPs of one political party and in some cases have explicit links to the parties they support.
95. Based on the fact that this thematic review indicated broad compliance and only limited incidences of party-political language, we decided not to make any changes to the Scheme rules in this area. We were assured that these services are generally cost effective and support MPs in their parliamentary role.
96. We did, however, address the low-level compliance concerns identified. We wrote to the Chief Whips of the four parties (Conservative, Labour, Liberal Democrat and SNP) setting out the findings of the review for the respective pooled services.
97. The PRS and PRU have both been proactive in taking on board the review findings and have adopted recommended changes to ensure compliance with the Scheme. The PRU have responded formally to the review and, among other things, have produced new guidance for their staff on referring to political parties; made improvements to their new starter training; strengthened their review process; and added stronger compliance obligations on MPs in their service agreement. Meanwhile, the PRS have also produced additional guidance for staff members to ensure that materials comply with the Scheme.
98. With the Liberal Democrat Chief Whip, we specifically addressed concerns about the party-political nature of some PST materials, providing examples of ineligible language identified by the review. We have been informed that their Board will formally consider IPSA's review and take steps to address the use of party-political language and ensure that future materials are compliant with the Scheme.
99. In conversations with the SNP, we highlighted the party-political nature of some SNP Research Team materials and emphasised the high cost of its services, compared with other similar organisations. The SNP have given us some assurance that the Research Team's services are providing good value for money; for instance, a number of SNP MPs use the Research Team's services instead of employing Westminster-based staff.
100. The ERG attracted some media coverage in 2017, following the completion of this review, in part because of its focus on a single issue and support for a particular type of withdrawal from the European Union. Some MPs and members of the public questioned whether the service should be funded with public money. IPSA will only fund a single-issue research service so long as it complies with the rules and principles of the Scheme – e.g. that it supports MPs' parliamentary work, is not party-political and does not constitute campaigning. We concluded in the assurance review that this was the case for the ERG, and therefore its services were

eligible for IPSA funding. However, given the concerns raised, we believed it was right to seek additional assurance and conducted a further review of material produced by the ERG since the 2017 General Election. Whilst a small degree of party-political language was identified (which has been highlighted to the ERG), the vast majority of the material was factual, informative and not in conflict with the Scheme.

101. We will include a pooled services assurance review in the assurance work programme in future years. If significant compliance concerns are identified before then, we may review pooled services more frequently.

Connected Parties, May 2010 – March 2015

102. The thematic review on 'Connected Parties, May 2010 – March 2015' was published in May 2016. The full report can be found on the IPSA website.

Why did we look at this topic?

103. The employment by MPs of 'connected parties' (usually spouses and close family members) has been a contentious issue. Under the House of Commons arrangements prior to 2010, there were no restrictions on the employment of MPs' family members. Following consultation in 2010, IPSA initially decided not to cease funding for the practice, accepting that MPs' family members can provide good value for money due to their willingness to work long and unsocial hours. Furthermore, there was evidence of only one instance of abuse under the House of Commons' system.
104. IPSA nonetheless put in place various safeguards relating to the practice. MPs were only allowed to employ one connected party at any one time with IPSA funding (unless they had employed more than one before the 2010 General Election). Connected parties employed after the 2010 General Election had to be on IPSA contracts, paid within our salary ranges and could not receive reward and recognition payments. We also annually publish the name, job title and salary range (in £5,000 bands) for each connected party.
105. However, the issue continued to be debated, with the Committee on Standards in Public Life (CSPL) maintaining their view that the employment of connected parties was inappropriate and should end. We therefore decided to look at this again as part of our comprehensive review of the Scheme in 2016. The thematic assurance review on employment of connected parties was conducted as a way of gathering evidence about connected parties' employment in practice.

What did we find?

106. The review examined total expenditure on connected parties, including salaries and associated employment costs. Although expenditure on connected parties has increased year on year, as a proportion of all MPs' business costs it remained broadly consistent across the period. As a proportion of MPs' overall staffing budget, connected party costs have actually fallen between 2010-11 and 2014-15 (from 6.3 per cent to 5.7 per cent).
107. An analysis of pay for connected parties revealed a complicated picture. Although, in some individual circumstances, a particular connected party received better pay and conditions than

other staff members, there was no evidence that this was systematic. The median average gross salary for connected parties in 2014-15 was nearly 22 per cent higher than for other staff members; and the average connected party salary had also increased annually at twice the rate of that for other staff. However, connected parties did not, across the board, receive better salaries when compared with other staff with the same job description and circumstances.

Connected parties – Key facts

1 in 4 MPs employed a connected party, at some point between 2010-11 and 2014-15, totalling 203 individuals.

The average number of connected parties employed at any one time was 151.

The total cost of connected parties between May 2010 and March 2015 was £21 million, around 4.5 per cent of the total of MPs' business costs during that period.

The median annual salary (FTE) for a connected party in 2014-15 was £31,350, 21.7 per cent higher than the average salary for other staff employed by MPs.

However, connected parties did not, across the board, receive better salaries when compared with other staff with the same job description and circumstances.

There was a 23.7 per cent increase in the annual cost of connected parties between 2010-11 and 2014-15; but as a proportion of total salary costs for MPs employing connected parties, the cost of connected parties was gradually reducing.

108. Length of service also played an unexpected role. While staff who are not connected parties are typically paid more as a result of longer periods of employment, this trend does not hold for connected parties. This means that connected parties with longer lengths of service are not better off than other staff with a similar length of service; although connected parties who started more recently are comparatively better off than other staff who started at the same time.
109. This mixed picture on pay is reflective of the broad variation in the conditions that different MPs offer their staff. We concluded that there was no indication of widespread preferential treatment.
110. Overall, the review did not identify compliance concerns for the majority of connected parties. At the same time, it acknowledged that IPSA's current safeguards could not mitigate all risks. Regulation governing the employment of connected parties depends on MPs registering their connected parties with us. Identifying inaccurate declarations is hard because the nature of the relationship between the MP and connected party will often not be openly available. In the absence of any other information, we rarely have occasion to question a declaration.
111. In addition, there are no proportionate means for us to identify non-compliance without undertaking intrusive investigation into the employment practices in MPs' offices and the work carried out by their connected party staff on an individual and daily basis.

How have we responded?

112. As mentioned above, we asked about the employment of connected parties in our 2016 review of the Scheme. We received strong representations with opposing views. The majority of MPs who responded to this part of the consultation argued that connected parties were highly valued as employees and provided good value for money. On the other hand, those who were opposed to the employment of connected parties believed that the practice was wrong and encouraged nepotism.
113. IPSA's Board, considering the practice of employing connected parties on the basis of 'first principles', decided to end funding for new employees who are connected parties. The Board viewed the employment of connected parties as out of step with modern employment practice, which requires fair and open recruitment and management of staff. This position is supported by guidance from two key authorities on good practice: the Advisory Conciliation and Arbitration Service (ACAS) and the Equality and Human Rights Commission (EHRC).
114. This change came into effect following the General Election on 8 June 2017. Staff members who become connected parties during the course of their employment will have their contracts honoured for a two-year period before IPSA funding is withdrawn. Existing connected parties (those employed at the time of the 2017 General Election) have not been affected.
115. The decision was not based on any identified abuse or mis-claiming. The findings from the thematic assurance review were clear that, whilst connected parties did earn more than other staff on average, this was the result of a number of factors and there was no indication of widespread preferential treatment.
116. We will undertake a follow-up review of connected parties in 2018-19. This will allow us to look at how the situation may have changed since the new restriction was put in place.

Surveys and gifts: Summary of expenditure and assessment of compliance 2015-16

Why did we look at this topic?

117. The Scheme is clear on the principle that IPSA will only pay for claims that are for parliamentary purposes. There is a limited number of specific exclusions in the Scheme. On the whole this has worked well. However, the nature of an MP's role means that it is not always easy to define 'parliamentary' and we have sometimes disagreed with MPs about whether certain activities were parliamentary.
118. Two areas which have come up frequently in this regard are surveys of constituents and 'gifts' which MPs might purchase to give to others (such as certificates, trophies, prizes and greeting cards). Neither are explicitly excluded in the Scheme, so their eligibility has at times been dependent upon operational judgements made by IPSA as to whether specific claims are parliamentary. Surveys are generally eligible, but we have sometimes had concerns that some survey questions were party-political, and that surveys may be used to collect personal contact details on behalf of political parties. This would not be eligible for public funding through IPSA.

119. Similarly IPSA has in the past considered that so-called 'gifts' do not meet the criteria in the Scheme of being wholly and necessary parliamentary costs. Rather we considered that their effect was to raise the profile of the MP, which potentially could be regarded as (personal) campaigning activity.

What did we find?

120. This review strengthened IPSA's view that it is difficult to formulate a straightforward definition for what activities are 'parliamentary'. Nonetheless, the review also showed that the majority of MPs understood the Scheme rules and were able to make sound judgements about whether claims are parliamentary.

Surveys and gifts – Key facts

60 claims made by 28 different MPs specifically for surveys were paid in 2015-16, amounting to about £6,450.

97 per cent of survey claims we received were accepted in validation and paid.

Only one claim for a survey which had been paid was found by the review to be ineligible because of party-political content.

Seven claims for gifts were paid which would have been ineligible under the rules in place at the time of the review. These totalled £581.98.

Four other claims for gifts were made during 2015-16. Three of these were identified in post-payment validation and repaid by the MP before the assurance review commenced, and one had been rejected upon submission.

121. Only one (1.7 per cent) of the 60 paid claims for surveys we looked at were found to be ineligible for party-political content. This indicates that the risk is low that MPs are using surveys for party-political or other purposes, rather than for factual enquiry to gauge the views of constituents.
122. We did find, however, that IPSA's advice to MPs on what evidence is needed when submitting claims for surveys has been inconsistent. MPs are not required to submit a copy of the survey itself with the claim, but if they do, or if one is requested as part of our validation processes, we will assess the eligibility of the survey in a way that we do not in all cases.
123. There were 11 claims for gifts identified during 2015-16 with a total value of £1,068.20. Three of these (totalling £276.22) were identified in post-payment validation and repaid by the MP before the assurance review commenced, and one (£210.00) had been rejected upon submission. This low number suggests either that most MPs do not give gifts to constituents, or that they do not normally claim for them. However it also shows that IPSA's position that gifts were not eligible has not always been understood across all MPs.

How have we responded?

124. Since this review was conducted, we completed a comprehensive review of the Scheme. From April 2017 we have changed our approach and now allow MPs greater discretion to determine

whether claims are parliamentary, provided they do not contravene other parts of the Scheme, such as the Fundamental Principles and General Conditions. The Scheme still includes a small number of exclusions – such as work conducted on behalf of a political party – but apart from these, we aim to support MPs who must take responsibility for making a judgement about what activities are part of their parliamentary work. This means that IPSA is no longer in the position of having to make operational judgements about these types of claims.

125. Changes to the Scheme now mean that claims for gifts are no longer excluded, provided the MP has judged that the expenditure is parliamentary and does not contravene other parts of the Scheme (e.g. it is not party political). As such, we have not sought repayment for the outstanding seven claims for gifts identified. This was not considered to be a proportionate action, given the relatively small amounts involved (totalling around £580) and our new approach to give greater discretion for MPs. Under the new rules of the Scheme, such claims would be considered within the MP's discretion and therefore eligible.
126. With respect to surveys, we have revised the guidance for IPSA staff who carry out post-payment validation to ensure that all relevant expense types are checked for survey-related claims. This will improve consistency, in that MPs will be asked to provide sample surveys for all of these claims during this process. We recognise that there can still be inconsistencies before claims are paid. However, we consider this to be appropriate and in line with our risk-based approach.

Travel and subsistence: Summary of Expenditure 2010-2015 and Compliance Risks 2015-2016

Why did we look at this topic?

127. The amount that an MP can spend on travel and subsistence during a year is not capped because of the wide variety of geographical circumstances faced by MPs and their staff. We acknowledge that levels of expenditure are dependent upon the size and characteristics of the constituency they represent and the distance they must travel to attend Parliament in London.
128. The fact that there is no budget cap, however, makes this area of expenditure of particular interest from an assurance perspective. It is important for IPSA to understand how MPs make use of funding for travel and subsistence, and to ensure that money has been spent and claimed appropriately.

What did we find?

129. Expenditure on travel and subsistence for MPs and their staff amounted to only about 4 per cent of the total expenditure on MPs' business costs between May 2010 and May 2015. It has remained largely consistent during that period.
130. Spend per MP varied widely, but for the most part seemed to correlate with the location of constituencies; for example, Scotland and Northern Ireland MPs faced much higher costs because of the larger distances they were required to travel between London and their constituencies. Spend per MP on travel within their constituencies varied less, but variances were generally in line with the differing sizes of constituency areas.

131. The review looked at MPs' compliance with the Scheme travel rules in a number of specific areas. In particular, it focused on outliers in expenditure for travel between London and the constituency; claims for mileage within the constituency; and less routine journey types such as European travel, extended UK travel (that is, travel that is outside of the MP's constituency and not the journey between the constituency and London) and so-called 'diverted' journeys (where the MP diverts a journey for a non-parliamentary reason).

Travel and subsistence – Key facts

The total cost of travel and subsistence expenditure for MPs and their staff between May 2010 and May 2015 was £22.2 million. This is equal to around 4 per cent of the total of MPs' business costs.

Expenditure on travel has remained broadly consistent since 2011-12, with real-terms increases of 2.5 per cent or less per year.

Travel between London and MPs' constituencies accounted for between 79 and 83 per cent of the costs claimed each year.

The greatest proportion of expenditure was on rail travel (£8.8 million), but the most common method of transport was travel by car (62 per cent of journeys).

The amount claimed for travel between London and the constituency varied significantly by region. MPs for constituencies in Scotland and Northern Ireland faced much higher costs because of the distances they were required to travel.

305 MPs undertook at least one journey to Europe in the 2010-2015 Parliament, costing £277,000.

139 MPs used the provision for their dependants to travel with them in the 2010-2015 Parliament. Dependent travel accounted for only around 1 per cent of total travel expenditure.

Staff travel and subsistence accounted for 12 per cent of travel and subsistence expenditure from 2010-2015.

132. Overall we identified few compliance concerns; the vast majority of the sample of claims examined were paid in accordance with the rules. Where we identified spending that was significantly above average, we sought to establish a pattern of claims by the MPs concerned; and in the majority of cases we were able to establish that the travel was eligible.
133. Based on this review, we are confident that our controls are robust, particularly where supporting documentation evidences expenditure, as is the case for travel by rail, air and for overnight hotel stays when travelling. The majority of expenditure was either incurred in this way or was part of a routine travel pattern, such as regular weekly travel between London and an MP's constituency. Mileage claims within an MP's constituency were the exception to this. Because there is no supporting documentation to use for verification, it can be difficult to establish a routine or eligibility.
134. There were a small number of issues identified. For instance, we found that many MPs did not understand some aspects of the Scheme rules around extended UK travel. Whilst almost all claims submitted in these categories were allowable, most should have actually been claimed as a different type of journey.

135. In addition, the review discovered that adequate safeguards were not in place for MPs from outside London who had opted to claim IPSA's London Area Living Payment (LALP). By choosing to receive LALP, these MPs became subject to the same travel rules as London Area MPs. They were able to claim for travel between Westminster and their constituency office, but not when they were going elsewhere in the constituency, such as their home. This is because LALP was intended to compensate MPs for the higher costs of living in London, but not to reimburse the cost of commuting. We found that some MPs had unwittingly been claiming both for LALP and for travel between their constituency home and London over a period of years. This should not have been allowed.

How have we responded?

136. The review identified a relatively small number of ineligible claims, which have since been resolved, with amounts recovered from MPs. In almost all cases the ineligibility resulted from a poor understanding by the MP or their office of IPSA's non-standard travel rules or the interplay between two different sets of rules in the Scheme, rather than because of deliberate mis-claiming.

137. The findings of this assurance review were considered in conjunction with responses to the consultation on the Scheme which ran between May and October 2016. The fact that the vast majority of travel claims were found to be compliant with the Scheme supported our decision to maintain our overall approach to MPs' travel and subsistence claims. We nonetheless made a number of changes to simplify the rules relating to travel, to ensure greater clarity for MPs.

- We have retained the rule on 'diverted' journeys but amended the wording so it is easier to understand.
- We have removed the caps on dependant travel, European travel and staff travel. During the assurance review it became clear that these caps were difficult to validate and enforce. We also recognised that the caps themselves were arbitrary, and we want to support MPs to use more discretion.
- Similarly we removed the specific restrictions on European travel. The previous Scheme stated that this could only be to the national legislatures of Council of Europe member states, or to institutions and agencies of the European Union. However, in order to allow MPs more discretion to determine what travel is related to their parliamentary role, the revised rules state only that they may travel 'to Europe'.
- Other exclusions in the Scheme, such as those relating to party political work and ministerial business, still apply.

138. In addition, repayments are being recovered from those non-London Area MPs who claimed LALP but also claimed for travel between their constituency home and London, mistakenly believing that this was eligible. All non-London Area MPs who were claiming LALP at the time of the review were contacted to remind them of the rules.

139. In the new Scheme, we announced that from the next General Election – since held in June 2017 – only London Area MPs would be able to claim LALP. This is the most effective way to simplify

this part of the Scheme. All non-London Area MPs will be eligible to claim for any travel between London and their constituency (including their constituency home), as long as it is not their daily commute. In the meantime, we have also amended the rules on constituency-to-Westminster travel in the Scheme to clarify the distinction between London Area and non-London Area MPs. They are now more simply stated and no longer framed in relation to an MP's eligibility to claim accommodation.

140. We are also looking at ways in which we can achieve further simplification of processes relating to travel claims in the future. One possibility is to move to lump-sum budgets for within-constituency travel. More than 90 per cent of MPs claim less than £2,000 a year on constituency mileage. We will look to pilot an approach in 2018-19 where MPs may receive advance payments for this form of travel and reporting is kept to the essential details.