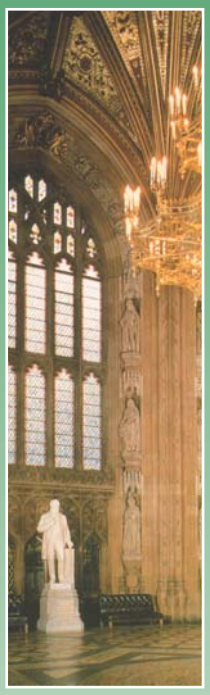
This version of the Green Book was effective from July 2006 – February 2009

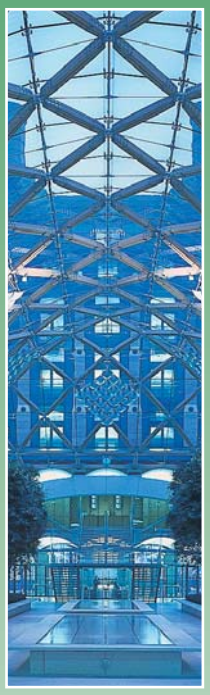
Finance & Administration
House of Commons

Department of Finance and Administration - July 2006

The Green Book

Parliamentary Salaries, Allowances and Pensions





Speaker's Introduction

I am pleased to introduce this new version of the Green Book, which updates the version published immediately after the General Election.

Its principal aim is to set out in clear terms to Members the information they need on pay, allowances, pensions and responsibilities for employees. Further information on the services provided to Members by the Department of Finance and Administration (and other House departments) can be found in the Members' Handbook.

The Green Book does not publish financial limits on the salary and allowances for Members. This information is available in the Quick Guide which provides up to the minute details on these areas as well as useful contact numbers for the Department. The Quick Guide is updated each April when salary and allowances are increased. Both the Green Book and the Quick Guide are available on the Intranet.

Members themselves are responsible for ensuring that their use of allowances is above reproach. They should seek advice in cases of doubt and read the Green Book with care. In cases of doubt or difficulty about any aspect of the allowances or how they can be used, please contact the Department of Finance and Administration. The Members Estimate Committee, which I chair, has recently restated the Department's authority to interpret and enforce these rules.

I do hope that Members will find this new version of the Green Book to be a helpful and useful source of advice.

Speaker

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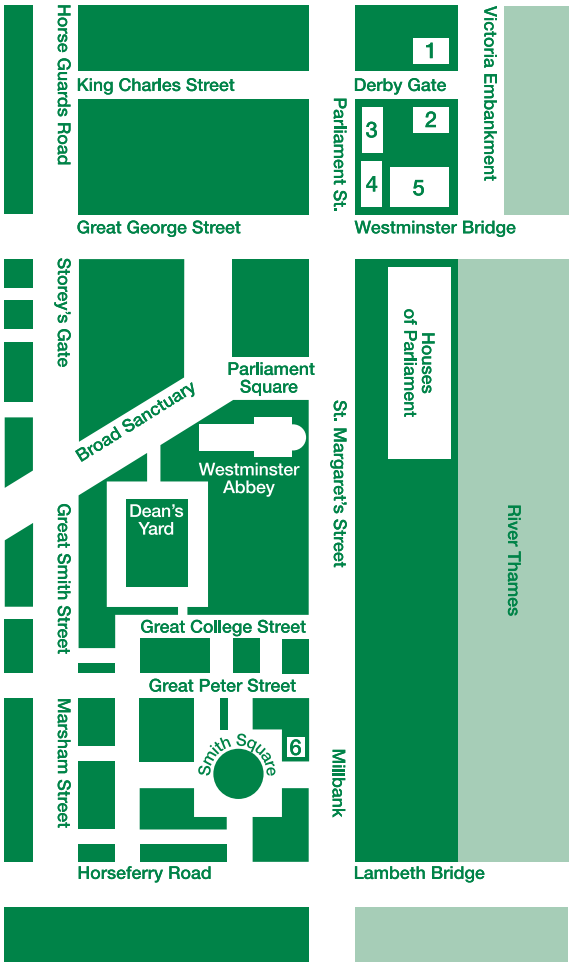
Department of Finance & Administration



The Department of Finance & Administration is located on the third floor of 7 Millbank.

Department of Finance & Administration
House of Commons
London SW1A OAA

1	Norman Shaw North
2	Norman Shaw South
3	1 Derby Gate
4	1 Parliament Street
5	Portcullis House
6	7 Millbank

Introduction from Andrew Walker

I am pleased to have this opportunity to introduce my Department and to explain the services which we provide from our offices in 7 Millbank. We have a long history of serving Members, and we pride ourselves on the high quality of our service and on our confidentiality.

Departmental Services

We provide you with a wide range of financial and advice services. For example;

- we pay your salary as a Member, and make deductions for tax, national insurance and contributions to the Parliamentary Contributory Pension Fund;
- we pay your parliamentary allowances and provide you with monthly statements. We give advice and rulings on the use of the allowances;
- we operate a bureau payroll service so that you can pay any employees funded through the staffing allowance. We also hold certain payroll records on your behalf;
- we oversee pensions for you and your staff;
- we give guidance on human resources issues in relation to your staff;
- we arrange certain insurance policies and provide training for your staff;
- we provide health services, travel services (through the Travel Office in Star Chamber Court), and the Westminster Gymnasium (in Canon Row).

Freedom of Information

The House of Commons is a public authority under the Freedom of Information Act 2000. This means that we are under an obligation to consider requests for certain information about Members' allowances, and where appropriate to disclose it. We summarise and collate information about your allowances for disclosure as part of the House's publication scheme each autumn, and also deal with ad hoc requests for disclosure.

Use of Parliamentary allowances

It is your responsibility to satisfy yourself when you submit a claim, or authorise payments from your staffing allowance, that any expenditure claimed from the allowances has been wholly, exclusively and necessarily incurred for the purpose of performing your Parliamentary duties. The Parliamentary Commissioner for Standards may investigate allegations of improper use of the allowances.
If you overspend, or mischarge something to your allowances, we reserve the right to deduct the costs from your salary or, if you are leaving the House, your resettlement grant.

We urge you to

- Provide all the necessary information with your claims. Documentary evidence is required for all items of spend of £250 or more, and for certain items below that amount.
- Submit claims in a regular and timely fashion, using the forms provided. The allowance year runs from 1 April to 31 March, and we must receive claims for any given year before 31 May.
- Take seriously your responsibilities as employer of your staff. If you pay them out of your allowances, you will be required to use standard forms of contract and agreed pay ranges.

Andrew Walker
Director of Finance & Administration

Note by Terry Bird, Director of Operations, Department of Finance & Administration

The Operations Directorate, part of the Department of Finance and Administration, is responsible for administering and paying your salary and allowances and the salaries of your staff and for overseeing all pension arrangements. The Directorate is determined to provide the best possible customer service, and my staff are always available to assist you where they can.

The Directorate has been organised to ensure that payments are accurate and timely and that your queries are dealt with effectively. Our service standards are set out each year in the Department's Business Plan.

The contact list below gives details of the main sources of information and advice in the Directorate. Most queries are about your pay and allowances or your staff's pay and for these you should contact the Enquiries and Advice Team (EAT). This team is trained to help with a range of enquiries and they should normally be your first port of call. A new telephone system has been installed recently and this has improved considerably the Enquiry and Advice Team's ability to handle your calls at busy times.

I take Members' comments and concerns about our service extremely seriously. I would personally like to know when things have gone well and where they have not. In this way we can constantly improve and tailor our services to Members' needs.

Terry Bird
Director of Operations

CONTACTS LIST

ENQUIRIES & ADVICE TEAM
020 7219 1340 or email
dfamembersadvice@parliament.uk

MEMBERS' PENSIONS
020 7219 4962 or email
pensionsmp@parliament.uk

PERSONNEL ADVICE SERVICE
020 7219 2080 or e-mail
pas@parliament.uk

If you have any suggestions for improving the Green Book, please contact:

Operations Directorate Policy Unit,
email searcm@parliament.uk

ENQUIRIES & ADVICE 020 7219 1340

FREQUENTLY ASKED QUESTIONS

When will I get paid?	Everyone is paid on the last working day of the month.
When do I have to notify the Department of any changes affecting the payment of my salary?	By the 15th day of the month.
When do I receive my P60?	By the end of May. Please keep it safe as we are not allowed to issue duplicate copies.
When do I receive my P11D, to enable me to complete my tax return?	By 6th July, the Inland Revenue statutory deadline.
Does the Department pay my Ministerial salary?	No, individual Government Departments will pay these.
When I cease to be a Minister am I entitled to severance pay?	Yes, if you are under the age of 65 you are entitled to three months' Ministerial salary paid by your Department, provided you are not appointed to another Ministerial post within three weeks.
What arrangements are made for salaries during Dissolution?	You and your staff will be paid up to and including the day of the general election and continue uninterrupted if you retain your seat.

ENQUIRIES & ADVICE 020 7219 1340

1.1.1.

The Department deals with Members' pay, and the pay and expenses of Members' staff. All salaries are paid monthly in arrears, on the last working day of every month.

1.1.2.

If you change your address or your bank account please ensure that details reach us by the 15th of the month in which they are to be effective.

1.2.1. Members' payroll

Members' salaries are governed by Resolutions of the House, and are increased annually on 1st April in line with Senior Civil Service pay. The Department also pays certain Parliamentary Office Holders, Select Committee Chairmen* and Members of the Chairmen's Panel (Standing Committee Chairmen*), the Chairman of Ways and Means and both Deputies. The employing Department of State pays Ministerial salaries.

1.2.2.

The Department cannot pay a salary until a new Member takes the oath or affirms.

1.2.3.

Contributions are automatically deducted from salary in respect of the Parliamentary Contributory Pension Fund and the Members' Fund. See section 2.

1.3.1. London Supplement

Further details are available at section 4.

1.4.1. Tax and National Insurance

Income Tax and National Insurance contributions are deducted from salary payments under Pay As You Earn regulations. If you receive other income you may be entitled to defer employee National Insurance contributions. You can obtain details from your local Benefits Office.

1.4.2.

The Tax Office that deals with you and your employees is:

Public Department 1
Ty Glas Road
Llanishen
Cardiff CF14 5XZ

Telephone (switchboard) 02920 325201
Fax number 02920 765642

1.5.1. Pay and Tax Information

Everyone paid through the Department will receive a P60 by the end of May, if they are still in employment at 5th April. This contains statutory information relating to payments and deductions.

1.5.2.

The Department will also send you your form P11D that sets out the taxable expenses and benefits you have received. These are normally sent out at the end of June or early July, to meet the Inland Revenue deadline of 6th July. The Department automatically sends copies to the Tax Office.

1.5.3.

If you make any payments in respect of your Parliamentary duties after the P11D has been sent to you it will be your responsibility to report these to Her Majesty's Revenue & Customs (HMRC) independently.

* *Chairmen of the following Select Committees: Select committees appointed under Standing Order No. 152 (Select committees related to government departments), the Environmental Audit Committee, the European Scrutiny Committee, the Committee of Public Accounts, the Select Committee on Public Administration, the Regulatory Reform Committee, the Joint Committee on Human Rights, the Joint Committee on Statutory Instruments, the Administration Committee, the Finance and Services Committee, the Liaison Committee, the Procedure Committee, the Committee of Selection, the Committee of Standards and Privileges, the Select Committee on the Crossrail Bill or a Committee of another name which exercises the functions of any of the Committees referred to above.*

This is a brief summary of the main points. Please contact the Pensions Unit for further copies of the relevant booklet(s), application forms etc, and any other information you may require.

Am I in a pension scheme?	Yes. Once you have taken the Oath, you are a member of the Parliamentary Contributory Pension Fund (PCPF) from the day after you were elected. The PCPF has a supplementary section for Ministers, paid Select Committee Chairmen, paid members of the Chairman's Panel and paid Office Holders. Details will be supplied at the time they become relevant.
Do I have to be in the PCPF?	No, you may opt out at any time provided you give at least one month's notice, and sign the special form available from the Pensions Unit to confirm that you understand the valuable benefits you are giving up by choosing not to be in the PCPF.
How much does it cost me?	You can choose to make contributions of either 6% or 10% of gross pay (see below). Once you have made your choice, you cannot later change your mind, even if you have a break in service. The effect on your take home pay is much less than the 6% or 10% contribution, as you benefit from relief from tax at your highest rate, and also pay a lower rate of National Insurance.
Why is my National Insurance contribution reduced?	While you are a member of the PCPF, you continue to build up rights to the Basic State Pension, but not to the Additional State Pension. (This used to be the State Earnings Related Pension, and is now the State Second Pension (S2P)). The PCPF is allowed to "contract out" because it provides benefits which meet - and indeed substantially exceed - certain minimum criteria.
What are the benefits?	If you pay 6% contributions, you normally build up benefits at 1/50th of your final salary for each year you are contributing to the PCPF. If you pay 10%, you normally build up benefits at 1/40th.
Why "normally" 1/40th or 1/50th - what are the exceptions?	The rules of the PCPF place limits on maximum pension you can build up. If you have "retained benefits" (pension benefits from other sources, such as a previous company scheme or personal pension/retirement annuity contract, whether or not they have come into payment) at the time you join the PCPF, these may restrict your PCPF benefits. **For your own protection, it is vital that you ask the Pensions Unit for more information, and then discuss this with your own professional advisers.**
Can I top up these benefits?	You may be able to do so by paying extra personal contributions. Limits apply both to the amounts you can contribute and to the benefits you can build up. Please ask the Pensions Unit for more information.

At what age can I draw my pension?	You cannot draw your pension until you cease to be an MP. The normal pension age under the PCPF is 65. Early retirement (including on grounds of ill health) is possible, as is late retirement. Again, please ask the Pensions Unit for more information.
What benefits are payable if I die while I am a serving MP?	A death gratuity of 4 x basic salary may be payable at the Trustees' discretion (unless you have opted out of the PCPF). **You can obtain a Nomination Form from the Pensions Unit. Please update this if your personal circumstances change.** Partners and dependent children are normally eligible for dependents' pensions.
Can I continue to contribute to my existing personal pension?	Yes. With effect from 6 April 2006 the tax rules have changed to allow you to continue to pay contributions to a personal pension or stakeholder pension subject to the annual allowance.
Why am I paying £2.00 per month to the HCMF?	The House of Commons Members' Fund is basically a benevolent fund. It provides for ex-Members who find themselves in difficult straits. Currently you have to pay £2.00 a month from your salary to the fund. (You receive tax relief on this contribution.) We deduct this automatically from your salary. The fund is managed by six trustees who are sitting Members of Parliament. The Public Trustee acts as Custodian Trustee, with the Pensions Unit secretariat providing administrative support. For further information or assistance apply to: The HCMF Trustees c/o Pensions Unit Secretariat Department of Finance and Administration House of Commons London SW1A 0AA
What about pensions for my staff?	All of your staff who are on a contract of 3 months or longer are automatically enrolled in a group stakeholder pension (Portcullis Pension Plan) to which the House of Commons contributes 10% of salary. This cost is not taken from your allowances. Your staff will also benefit from life assurance worth twice their annual salary. We will send full details to all new employees. Staff can opt out of these benefits or pay additional contributions if they wish.

FREQUENTLY ASKED QUESTIONS

What can I claim?	Only those additional costs wholly, exclusively and necessarily incurred to enable you to stay overnight away from your only or main UK residence, either in London or in the constituency. If you receive the London Supplement you will not be eligible.
What supporting documents do I have to provide?	We require receipts for items of expenditure of £250 or more (except for food), and for all hotel bills. If you are claiming rental or mortgage interest we ask for a copy of your rental agreement or your latest mortgage interest statement. Please supply copies of all relevant documentation if you change your arrangements. Section 3.8 explains the requirements more fully.
Can you pay my bills direct?	No, you must pay them yourself and claim reimbursement from us.
Can I transfer costs into the next year's allowance budget?	No, we can only reimburse expenses for the financial year in which they occurred.
What do I have to do if I want to change my mortgage or move home?	Please consult us in advance. There are strict rules on the costs that can be claimed, and you may need to change the nomination of your main home.

* *Sometimes referred to as the Living Away from Home Allowance, Overnight Allowance, Accommodation Allowance.*

3.1.1. Scope of allowance

The Additional Costs Allowance (ACA) reimburses Members of Parliament for expenses wholly, exclusively and necessarily incurred when staying overnight away from their main UK residence (referred to below as their main home) for the purpose of performing Parliamentary duties. **This excludes expenses that have been incurred for purely personal or political purposes.**

3.2.1. Eligibility

You can claim ACA if:

- **a** You have stayed overnight in the UK away from your only or main home, and
- **b** This was for the purpose of performing your Parliamentary duties, and
- **c** You have necessarily incurred additional costs in so doing, and
- **d** You represent a constituency in outer London or outside London.

Note: You cannot claim ACA if you represent an inner London constituency.[1] Instead you will automatically receive the London supplement with your salary. If you represent an outer London constituency[1] you can choose between receiving the London supplement and ACA.

3.3.1. Principles

You must ensure that arrangements for your ACA claims are above reproach and that there can be no grounds for a suggestion of misuse of public money. Members should bear in mind the need to obtain value for money from accommodation, goods or services funded from the allowances.

3.3.2.

You must avoid any arrangement which may give rise to an accusation that you are, or someone close to you is, obtaining an immediate benefit or subsidy from public funds or that public money is being diverted for the benefit of a political organisation.

3.3.3.

ACA must not be used to meet the costs of a mortgage or for leasing accommodation from:

- yourself;
- a close business associate or any organisation or company in which you - or a partner or family member - have an interest; or
- a partner or family member.

What you can claim if you are eligible for the allowance

3.4.1. Location of overnight stays

If your main home is in the constituency, you can claim ACA for overnight stays in London - or in another part of the constituency if reasonably necessary in view of the distance from your only or main home. Please contact the Department of Finance and Administration for information on such arrangements.

If your main home is in London you can claim for overnight stays in the constituency.

If your main home is neither in London nor the constituency you can choose in which of these areas to claim ACA.

If on your journey to London or your main home you cannot practicably reach your destination on the same day as your day of departure, you may claim the cost of an overnight stay en route to your destination. Any such arrangements must be cleared in advance with the Department of Finance and Administration.

See section 3.10.1. for definition of your main home.

3.5.1. Avoiding duplicate claims

You must inform the Department if you claim ACA for a second home and you wish to claim against the incidental expenses provision for any of the costs associated with an office on these premises (eg: heating, lighting, decoration, furniture, telephones, etc). You must make sure that you do not claim twice for any element of these costs.

3.5.2.

You must not claim ACA for more than one location at any time unless the DFA has specifically approved other arrangements in writing.

3.5.3.

You must inform the Department if you are claiming ACA in respect of a property which you share with another Member.

3.6.1. Subletting, lodgers, paying guests etc

You are strongly advised to avoid subletting or renting out any part of a property for which you claim the additional costs allowance. However, if you have such an arrangement you should send a copy of the agreement with your tenant or lodger to the Department. We will reduce the ceiling on your claims for that year by the rental income for that year.

[1] *See section 4 on the London Supplement, which lists inner and outer London constituencies.*

3.7.1. Mortgages

We strongly encourage Members to keep any mortgage arrangements for ACA purposes as straightforward as possible. Mortgages must be taken out with a company subject to regulation by the Financial Services Authority. Please contact DFA if you require further advice.

3.7.2.

If you take out a joint mortgage with someone who is not your spouse or partner you must contact DFA to arrange to discuss the amount of any such mortgage which can be claimed from ACA. This will normally be based on the actual percentage of the mortgage for which you are responsible.

3.7.3.

Re-mortgaging is permissible if moving to different accommodation or if repairing or improving your existing ACA home.

Members should consult the DFA before making any major commitments.

3.8.1. Documentation needed

Please supply the following:

- If you have a mortgage, a copy of your last statement of interest - and future statements at annual intervals. If this does not give enough information about the mortgage, further evidence may be required
- If you lease a property, a copy of your lease agreement
- If you sublet or rent out a portion of your property, a copy of the relevant agreement with your tenant or lodger
- Any documentation relating to changes to these arrangements
- If you stay in a hotel, all hotel receipts (including those under £250)
- Invoices/receipts for all items of expenditure of £250 or more (except for food.)

3.8.2.

You must supply the address of your second home or hotel every time you complete a claim form.

3.9.1. Making a claim

Please submit your claim monthly or quarterly using the ACA2 claim form. We cannot pay suppliers direct - you can only be reimbursed for expenses which you have already paid.

3.10.1. Allowable expenditure

You should avoid purchases which could be seen as extravagant or luxurious.

3.10.2.

Subject to paragraphs 3.1.1. to 3.10.1. you can claim reimbursement for the expenses listed provided that they are wholly, exclusively and necessarily incurred in the course of your Parliamentary duties.

3.10.3. Proportion of the allowance which may be claimed during the year

If you enter or leave Parliament† part way through the allowances year, your allowance will be calculated on a quarterly basis. For example, if the House is dissolved or you leave for some other reason in July (ie during the second quarter) you will be entitled to two quarters' worth of ACA. If you have spent more than this you will be asked to repay the excess.

3.11.1. Definitions

Main home

When you enter Parliament we will ask you to give the address of your main UK home on form ACA1 for the purposes of ACA and travel entitlements. Members are expected to locate their main homes in the UK. It is your responsibility to tell us if your main home changes. This will remain your main home unless you tell us otherwise.

The location of your main home will normally be a matter of fact. If you have more than one home, your main home will normally be the one where you spend more nights than any other. If there is any doubt about which is your main home, please consult the Department of Finance and Administration.

Constituency

For the purpose of the ACA, overnight stays within 20 miles of your constituency boundary are regarded as overnight stays within your constituency.

London

Similarly, for the purposes of the ACA, overnight stays within 20 miles of the Palace of Westminster are deemed to be overnight stays within London.

3.12.1. Changes to your living arrangements

If you change the location of your main or second home please let us know promptly, as it may affect your ACA claim. For example, if your constituency is outside London and you move your main home from the constituency to London, this will mean that you can no longer claim ACA in London.

† *If you leave at a General Election your entitlement to the ACA will end on the date of Dissolution.*

3.13.1. Examples of expenditure allowable under additional costs allowance

- **Rent** - on one additional home in either London or the constituency. (If you claim for a rental deposit you must repay this when the deposit is returned to you)
- **Mortgage costs** - for one additional home in either London or the constituency. This is limited to the interest paid on repayment or endowment mortgages, legal and other costs associated with obtaining (and selling) that home (eg: stamp duty, valuation fees, conveyance, land searches, removal expenses)
- Increases to mortgage costs (ie: re-mortgaging) to pay for improvements to a property. Interest only will be paid, not capital, on re-mortgages for this purpose
- Increases to mortgage costs to pay for an extension of an existing lease or the purchase of the freehold. Interest only will be paid.
- **Hotel expenses** - in either London or the constituency. (This may include overnight accommodation and food but no alcohol)
- **Other food** - reasonable additional costs while you are away from your main home
- **Service charges**
- **Utilities**
  - heat
  - light
  - water
  - council tax
- **Telecommunications charges**
- **Furnishings**
  - white goods
  - electrical equipment
  - other furnishings
- **Maintenance & service agreements**
  - necessary repairs to make good dilapidations
  - decoration
- **Cleaning**
- **Insurance**
  - buildings and contents
- **Basic security measures**
  - door/window locks
  - intruder alarms
  - external security lighting

Other

- TV licence, parking permit

Members should consult the DFA before making any major commitments.

3.14.1. The following expenditure is not allowable:

- Living costs for anyone other than yourself
- Repayments of the capital element of your mortgage
- Interest foregone or notional interest on loans
- Payments toward endowment policies & life insurance premiums
- Interest on any additional mortgages, advances or loans secured on the same property unless required for the repair or improvement of that property
- Rental or mortgage costs for any part of your property occupied by a lodger, paying guest etc, unless this is offset against your claim
- Mortgages not taken out with a company subject to regulation by the Financial Services Authority
- Computer equipment or services
- The capital cost of repairs which go beyond making good dilapidations and enhance the property

  Please seek advice on what is allowable before committing to building works of any sort
- The costs of leasing accommodation from yourself
- Furnishings or fittings which are antique, luxury or premium grade
- Entertainment or hospitality
- Travel
  (These costs should be claimed in the usual way)
- Congestion charges
- Any expenses incurred during the dissolution of Parliament
- Mobile phone rental and charges

If you are unsure about whether an expense may be met from the allowance please contact the enquiries and advice number before making any commitments.
If you do not, we may not be able to reimburse you fully for costs you have incurred.

4.1.1. Scope of the London Supplement

The London Supplement is payable to Members who represent certain constituencies in London. It is automatically paid to these Members with their salary and is subject to income tax and national insurance.

4.2.1. Eligibility

You will automatically receive the London Supplement if you represent an inner London constituency.

If you represent an outer London constituency you must choose between the London Supplement or the Additional Costs Allowance. (See section 3 for details on this allowance.)

1. Inner London Constituencies

Battersea
Bethnal Green & Bow
Camberwell & Peckham
Cities of London & Westminster
Deptford
Dulwich & West Norwood
Eltham
Greenwich & Woolwich
Hackney North & Stoke Newington
Hackney South & Shoreditch
Hammersmith & Fulham
Hampstead & Highgate
Holborn & St Pancras
Islington North
Islington South & Finsbury
Kensington & Chelsea
Lewisham Deptford
Lewisham East
Lewisham West
North Southwark & Bermondsey
Poplar & Canning Town
Putney
Regent's Park & Kensington North
Streatham
Tooting
Vauxhall

2. Outer London Constituencies

Barking
Beckenham
Bexleyheath & Crayford
Brent East
Brent North
Brent South
Brentford & Isleworth
Bromley & Chislehurst
Carshalton & Wallington
Chingford & Woodford Green
Chipping Barnet
Croydon Central
Croydon North
Croydon South
Dagenham
Ealing North
Ealing Southall
Ealing, Acton & Shepherd's Bush
East Ham
Edmonton
Enfield North
Enfield, Southgate
Erith & Thamesmead
Finchley & Golders Green
Feltham & Heston
Harrow East
Harrow West
Hayes & Harlington
Hendon
Hornchurch
Hornsey & Wood Green
Ilford North
Ilford South
Kingston & Surbiton
Leyton & Wanstead
Mitcham & Morden
Old Bexley & Sidcup
Orpington
Richmond Park
Romford
Ruislip Northwood
Sutton & Cheam
Tottenham
Twickenham
Upminster
Uxbridge
Walthamstow
West Ham
Wimbledon

FREQUENTLY ASKED QUESTIONS

What can I use the IEP for?	You can use it to pay for: • Office and surgery accommodation • Equipment and supplies for the office and/or surgery • Work commissioned and bought in services • Communications and travel • Certain staff related costs. (In order to meet these, you must transfer funds into the staffing allowance) Please see the detailed guidance in section 5.13.
How do I claim?	There are three main ways to claim: • You can meet the bill yourself and claim the sum back. Use a Members' Reimbursement form (C1). (You can also use a Direct Payment to Staff form (SA3) to reimburse an employee who has purchased supplies for you) • We can pay the supplier direct. Use a Direct Payment to Third Parties form (C2) and attach a copy of the invoice • You can set up a regular payment arrangement. Use a Periodic Payments form (B1), and attach a copy of your contract with the supplier.
How long does it take for payment to be made?	We aim to pay invoices within 7 working days of an invoice reaching us. Please submit invoices promptly.
What statements will I get?	The Department will send you a monthly statement showing actual expenditure to date.

5.1.1. Scope of the allowance

The Incidental Expenses Provision (IEP) is available to meet costs incurred on Members' Parliamentary duties. It cannot be used to meet personal costs, or the costs of party political activities or campaigning. The paragraphs which follow outline the main areas of expenditure which we recognise as incurred in supporting these duties, but it is each Member's responsibility to ensure that all expenditure funded by the IEP is wholly, exclusively and necessarily incurred on Parliamentary duties.

5.2.1. Eligibility

It is open to all Members of Parliament to apply for the IEP.

5.3.1. Allowable expenditure

The IEP may be used to meet the following expenses:

- Accommodation for office or surgery use - or for occasional meetings
- Equipment and supplies for the office or surgery
- Work commissioned and other services
- Certain travel and communications.

In addition, you may transfer money from the IEP to the staffing allowance to meet staffing costs.

5.3.2.

Section 5.13. lists examples of allowable and non-allowable expenditure under these headings. Even if an item is listed in the category of allowable expenditure, it is only allowable if the spend is wholly, exclusively and necessarily incurred on Parliamentary duties. For further guidance please contact the help numbers above.

5.4.1. Proportion of the allowance which may be claimed during the year

The allowances year runs from 1 April to 31 March. Subject to paragraph 5.4.2., there is no ceiling on the proportion of this allowance which you may draw down at any point in the year.

5.4.2.

If you enter or leave Parliament part way through the allowances year your entitlement will be calculated on a quarterly basis. For example, if you leave in July (ie during the second quarter) you will be entitled to two quarters' worth of the IEP. If you have spent more than this you will be asked to repay the excess.

5.5.1. Tax implications

The IEP is taxable and must be included in your tax return, but expenses which Her Majesty's Revenue and Customs (HMRC) accepts as wholly, exclusively and necessarily incurred in the performance of your Parliamentary duties are eligible for tax relief.

5.5.2.

Some of the items allowable under the incidental expenses provision may nevertheless give rise to a tax charge. For information about tax implications see the booklet 'MPs, Ministers and Tax', obtainable from the Department, or contact HMRC on 02920 325201.

5.6.1. Transfers into and out of the IEP

You may choose to transfer money from the IEP to the staffing allowance at any point in the allowances year. You may also transfer up to 10% of the staffing allowance to the IEP subject to the rules listed in section 6.3.1.

5.7.1. Annual adjustment

The IEP will be adjusted annually in line with the movement in the Retail Prices Index. Each April, the Department will announce the increase in IEP for the year ahead.

5.8.1. At the end of the allowances year

If part of the IEP remains unspent at the end of the allowances year, then - providing the spend was incurred during that year - claims may be made against it for 2 months ie until the end of May. In some circumstances* you may carry forward an unspent balance or draw down money from the following year's allowance in advance.

5.9.1. Avoidance of overspends

We can process claims only whilst there are sufficient funds remaining in the IEP to cover these costs. You can augment the IEP with a transfer from the staffing allowance or with an advance against a future year. (See 5.6.1. and 5.8.1. above). But you must not top up the IEP with funds from outside the allowances.

5.9.2.

If you have exhausted the IEP and cannot augment it, it will be your responsibility to meet any bills due from your own resources. The Department will not process these.

5.10.1. Verifiable expenditure

Evidence in the form of invoices or receipts must be provided for all items of expenditure of £250 or more.

* *See factsheet available on the Parliamentary Intranet. You can find it under 'A' for allowances in the site index.*

5.11.1. Spend which may be met from the Incidental Expenses Provision

Pages 18-19 give examples of expenditure which is allowable, provided that it is incurred wholly, exclusively and necessarily on Parliamentary duties. There are also examples of expenditure which is not allowable. If in doubt please consult the help number given at the top of this page.

Rules on the arrangements for Members' constituency offices

5.12.1. Principles

You must ensure that arrangements for your office and surgery premises are above reproach and that there can be no grounds for a suggestion of misuse of public money.

5.12.2. Propriety

You must avoid any arrangement which may give rise to an accusation that you - or someone close to you - is obtaining an element of profit from public funds; or that public money is being diverted for the benefit of a political organisation. The allowances must not be used to meet the costs of leasing accommodation from:

- Yourself (But see paragraph 5.12.9. on using an office in your home)
- A close business associate, or any organisation in which you - or a partner or family member - have an interest
- A partner or family member (which includes relatives by blood and by marriage.)

5.12.3.

If the accommodation is leased from a political party or a constituency association, you must ask an independent valuer to assess the property in order to ensure that it is being rented at no more than the market rate. See also paragraph 5.12.5. on agreements for accommodation and services in combination.

5.12.4.

You should seek advice from the Registrar of Members' Interests if the premises are provided rent free or at a rental below market rates.

Other issues

The following arrangements require particular care:

5.12.5. Contracts for staff, services etc in combination with accommodation

You must negotiate a separate contract for accommodation and another one for services (eg: staffing, telephony, use of photocopiers etc). Any agreement for staffing facilities and/or services, and the charges, must be set out in writing separately from any agreement for accommodation. Charges must be for actual, not nominal, services, and the service charges must accurately reflect the levels of service provided. You must lodge a copy of the agreement with the Department and ensure that any subsequent changes are notified in writing immediately to the Department.

5.12.6. Sharing arrangements between Members, and sharing with Members of Devolved Bodies and Members of the European Parliament

Secure separate billing arrangements wherever possible. Where separate billing is not feasible you must lodge with the Department a copy of the agreement setting out how the costs will be divided. If one Member agrees to meet the costs in full initially, and to recover from the other parties to the arrangements you must lodge with the Department the agreement to do this. The sums recovered must be remitted to the Department for credit to the incidental expenses provision.

5.12.7. Sublets

In view of the practical difficulties which may arise, you may not sublet accommodation which you lease and pay for out of the allowances. [Exceptions may be allowed for sublets existing in January 2002 when this restriction was introduced.]

5.12.8. Documentation required

You must lodge a copy of the following with the Department of Finance and Administration

- A copy of your lease and any sublease
- A copy of a recent independent valuation (required only if you lease from a political organisation or if you sublet part of the premises). This must be updated if and when rental costs exceed figures shown in independent valuations.
- A copy of any agreement for cost sharing (required only if you share with another Member, with a Member of a devolved body or a MEP)
- A copy of any agreement for services with your constituency association or other party political organisation.

You must also inform the Department of any alterations to the terms of these.

5.12.9. Homes used as offices

You may use as an office for your Parliamentary duties any part of your home, or of any other building which you lease or own. You may claim for any additional costs incurred (eg: extra telephone lines, heat, light) but not leasing or mortgage costs.

5.12.10. Occasional use of office premises by others

You should charge for occasional use of your premises by others. (This must not exceed 20 days per year.) The charge should be set at a level which reflects a proportion of the leasing costs and the cost of any services used. You should ensure that full and proper accounts are kept of all relevant transactions. All income received must be credited back to your Incidental Expenses Provision.

5.12.11. Information required by the Inland Revenue

You should note in your tax return any income derived from letting or sharing your office, and from occasional use of the premises by others etc.

5.13.1. Examples of expenditure allowable under the incidental expenses provision

Office and surgery accommodation

NB: You must lodge copies of all office leases with the Department of Finance and Administration, keep them updated and ensure that they fully comply with the rules listed in Section 5.12.

Please seek advice from the Department of Finance and Administration on what is allowable before committing to building works of any sort

Allowable expenditure:

- Rental, surveyors' and lawyers' fees
- Hiring facilities for surgeries or meetings
- Payments to utilities: rates, water, gas, electricity
- Repairs and alterations if required by your lease, provided that these do not go beyond making good dilapidations and thus enhance the value of the property.
- Measures to ensure office security[1], better health and safety or accessibility for the disabled
- Additional costs of using part of the home as an office - provided this is set aside as an office. If you claim ACA for this home you must take particular care to ensure that you do not claim twice for the same expenses
- Insurance for office premises (It is your responsibility to arrange insurance for your office premises. You are advised to check whether your policy includes cover for acts of terrorism.)

Expenditure not allowable:

- Buying accommodation or vehicles
- Rental or mortgage costs for your home
- Repairs and alterations which would enhance the value of your home or office (But certain security measures may be permissible.)
- Security for your home. (However, the allowances may be used for additional security measures limited to any part of a home which is used as an office.)

[1] *Further details are available on the Parliamentary Intranet see under 'A' for allowances in the site index and from the Enquiries and Advice Team on 020 7219 1340.*

5.13.2. Work commissioned and bought in services

Note: With the exception of costs associated with publications and websites, the costs listed below may also be met from the staffing allowance, provided that in any given year the costs of work commissioned do not exceed 25% of that budget.

Allowable expenditure:

- Professional advice eg from accountants, valuers or lawyers
- Cleaning, janitorial or reception services
- Maintenance services for hardware, software and equipment
- Interpreting and translation services (This includes sign language, interpretation and Braille translation)
- Research and media scanning services
- Consultancy, eg: on software or websites
- Insurance for office contents other than centrally provided computers, legal costs insurance
- Occupational health advice or services for staff
- Training for Members and/or their staff[1]
- Recruitment services
- Work that you would reasonably expect a member of your staff to undertake.

Expenditure not allowable:

- Advice for individual Members on self promotion, or PR for individuals or political parties.
- Any insurance which is bought by the House centrally.[2] This includes:
  - public liability
  - employers' liability
  - personal accident for Members and their spouses
  - travel for Members while abroad
  - defamation
  - accidental loss and damage for centrally provided computers etc
  - professional liability.

[1] *Details of training, seminars and induction for Members' staff can be obtained via the website* ***www.w4mp.org***

[2] *Further details on insurance are available in the DFA publication, "Working to protect you" and on the Parliamentary Intranet. See under 'A' for allowances*

[3] *Members are entitled to centrally provided IT equipment - further details are on the Intranet under 'C' for computers information and services.*

[4] *Further details are available on the Parliamentary Intranet. See under 'A' for allowances.*

Equipment and supplies for the office and/or surgery

5.13.3. Allowable expenditure:

- Purchase or lease of photocopiers, faxes, scanners, phones and other office equipment, including computers[3]
- Purchase of office furniture
- Purchase of stationery and consumables
- Purchase of hardware and software.

Expenditure not allowable:

- Hospitality and entertainment
- Camcorders

5.13.4. Communications and travel

Allowable expenditure:

- Postage
- Constituency telephone costs including line rental
- Printing and sending newsletters[4], establishing and maintaining websites. Advice can be sought from the Department of Finance and Administration, and information Factsheets may be found on the Parliamentary Intranet
- Accommodation during trips funded by extended travel
- Subscriptions, eg: to newspapers or periodicals
- Recruitment and recruitment advertising costs
- Data Protection Notification to the Information Commissioner
- Staff travel if not paid for from central funds
- Taxis and private hire cars for permitted UK travel (You must provide receipts and journey details.) See Section 7.1.2.
- Reasonable international internet or telephone charges, but excluding rental and standing charges.

Expenditure not allowable:

- Campaigning on behalf of a political party or cause
- Communications or travel on personal or party political matters
- Travel and/or accommodation for anyone who is not a Member or their employee
- Wreaths, greetings messages and cards etc
- Hospitality and entertainment
- Surveys and questionnaires[4].

If you are unsure about whether an expense may be met from the allowance it is very important that you contact the Enquiries and Advice Team on 020 7219 1340 before making any commitments. If you do not, we may not be able to reimburse you fully for costs you have incurred.

Advice on personnel or employment practice 020 7219 2080 or e-mail pas@parliament.uk
ENQUIRIES & ADVICE 020 7219 1340

FREQUENTLY ASKED QUESTIONS

How do I know how much money I have in this allowance each year?	The Department will tell you at the start of the allowances year, which begins on 1 April. See explanation in section 6.6.1.
How do I arrange payment for a new employee?	Ask the Department for a new starter pack which contains information for your new employee and a copy of a form SA1 for you to fill in before your employee is paid.
Do I need to give my staff a contract of employment?	Yes. You must provide a contract of employment to your employee within 8 weeks of them starting work. A copy must be sent to the Personnel Advice Service, Department of Finance and Administration.
How do I change the salary of an existing employee?	Ask the Department for a copy of form SA2.
What monitoring information will I receive?	We will issue a projection at the beginning of the allowances year. We will update this as needed when your staffing arrangements change.
Can I make a payment to an employee myself and then claim reimbursement from my staffing allowance?	No.
Can you pay for cover when employees are off on maternity leave or sickness absence?	You may be able to claim temporary secretarial allowance. You can find out about this via a factsheet available on the Parliamentary Intranet.[1]
Can I move money out of my staffing allowance?	Yes, but only if you have a constituency office registered with the Department and you use the funds to meet the costs listed as allowable in 5.13.1.

[1] *See under 'A' for allowances on the Parliamentary Intranet.*

6.1.1. Scope of allowance

The staffing allowance is available to meet the costs wholly, exclusively and necessarily incurred on the provision of staff to help you perform your Parliamentary duties. Further details of allowable expenditure are set out at paragraph 6.10.1.

6.2.1. Eligibility

Subject to the paragraphs which follow, all Members of Parliament may draw on the staffing allowance to pay their staff. It is a Member's responsibility to ensure that staff paid from this allowance are:

- employed to meet a genuine need in supporting you, the Member, in performing your Parliamentary duties;
- able and (if necessary) qualified to do the job;
- actually doing the job

and that the resulting costs, in so far as they are charged to this allowance, are reasonable and entirely attributable to the Member's Parliamentary work.

6.3.1. Transfers to and from the staffing allowance

If you have a constituency office registered with the Department, you may transfer money from your staffing allowance to your IEP to meet costs listed in paragraph 5.13.1. The sum to be transferred must be

- a minimum of £500
- no more than 10% of the relevant year's staffing allowance.

6.3.2.

Except as set out in 6.3.1. above, you may not switch funds out of the staffing allowance for use elsewhere.

6.3.3.

You may supplement the staffing allowance by drawing on any surplus funds either from your own Parliamentary salary or from the incidental expenses provision.

6.4.1. Period for which claims may be submitted

The allowances year runs from 1 April to 31 March. Subject to the paragraph which follows, there is no ceiling on the proportion of this allowance which you may draw down at any point in the year.

6.4.2.

If you enter or leave Parliament part way through the allowances year your entitlement will be calculated on a quarterly basis. For example, if you leave in July (ie: during the second quarter) you will be entitled to two quarters' worth of the staffing allowance. If you have spent more than this you will be asked to repay the excess.

6.5.1. Paying for bought-in services

The costs of bought-in services may be met from the IEP, or alternatively from the staffing allowance. If you charge bought-in services to the staffing allowance the total costs in any allowances year may not exceed 25% of that allowance. (See section 6.10.1. for guidance on those bought-in services which are regarded as allowable.)

6.6.1. Annual adjustment

The ceiling on the staffing allowance will be adjusted annually in line with the movements in pay for similar jobs outside the House. At the beginning of each allowances year the Department will advise Members of the ceiling for their staffing allowance. We will not however uprate the pay of Members' staff automatically. If you wish to increase the pay of your staff, please notify the Enquiries & Advice Team.

6.7.1. At the end of the allowances year

If part of the staffing allowance remains unspent at the end of the allowances year, then for a further 2 months until the end of May you may draw on the unspent allowance, eg for bonuses or overtime payments - providing that these relate to work done during the year in question. See also paragraph 6.10.1. for rules on bonuses.

6.7.2. Carry forward of unspent amounts at year end and provision for advances

If you have specific spending plans you can apply to carry forward up to 10% of the staffing allowance at year-end. In certain circumstances you can also ask for an advance.[1]

[1] *Further details are in a factsheet available on the Parliamentary Intranet.*
See under 'A' for allowances.

6.8.1. Avoidance of overspends

You must ensure that funds are available to meet all commitments. If the staffing allowance is exhausted and you have commitments to pay staff, the Department will only honour these if you transfer money into the staffing allowance in advance from the incidental expenses provision or out of your own Parliamentary salary. The Department of Finance and Administration is not empowered to honour your commitments if you do not do this.

6.9. Employment issues

6.9.1. The role of employer

You, not the Department, have the responsibilities of employer towards any employees paid from your staffing allowance. It is your responsibility to ensure that you conform with employment law.

6.9.2. Taking on employees

Employees who are paid from your staffing allowance must be paid in accordance with the pay ranges linked to the job descriptions and standard contracts prepared by the Department and approved by the Advisory Panel on Members' Allowances. These are available both on the Parliamentary Intranet and also on the website **www.w4mp.org**

6.9.3.

The Department provides standard employment contracts which you must use when taking on new employees. But it is important that you understand your responsibilities as an employer and that your employees understand their responsibilities.

6.9.4.

Exceptions in respect of standard employment contracts and pay ranges may be made for staff who were employed before 5 July 2001 and therefore have pre-existing employment rights, self employed staff who are recognised as such by the Inland Revenue and a very small number of staff approved by the Department who are employed on non-standard jobs eg facilitators for disabled Members.

6.9.5.

You may wish to incentivise or reward staff by giving them one-off bonuses. Bonuses are limited to 15% of the gross annual salary received by that employee in the year in question.

6.9.6.

When you take on an employee you must

- complete Form SA1 and forward it to the Department. We need to receive this by the 15th of the month in order to include your new employee on the monthly payroll.
- complete an employment contract and job description and lodge this with the Department within 8 weeks of your employee's start date. If we do not receive this we will take steps to remove your employee from the payroll.

6.9.7. Pay increases and changes to terms and conditions

We will adjust the ceiling on your staffing allowance each year in line with the movement in pay for similar jobs outside the House. We will not however uprate the pay of your staff automatically. This is a decision for you as employer. If you wish to increase the pay of your staff, please notify the Department using form SA2.

6.9.8. Record keeping

As part of our payroll service we will keep records of payments made. However you are responsible for keeping other records eg of contractual changes (please also notify the DFA), holiday taken by your employees and sickness absence.

6.9.9. Absence from the office

If you have an employee who is absent because of sickness you must forward any relevant certificates to the payment and payroll control section.

6.9.10.

If you have an employee who is absent for more than two weeks on sick leave, adoption leave, maternity leave or because of a disability within the meaning of the Disability Discrimination Act 1995 you may be able to claim temporary secretarial allowance[1] to meet the costs of a substitute employee or contractor, or additional hours for your other staff. We will require documentary evidence of the reason for your employee's absence.

6.9.11. Further Information

We provide a Personnel Advice Service for Members (020 7219 2080, or e-mail pas@parliament.uk) staffed by professional HR practitioners. We recommend that you seek advice promptly in the event of problems with performance, attendance etc. Please note that this service is not established to give specific legal advice to Members on individual cases. Members should seek their own legal advice as appropriate.

[1] *Further details are in a factsheet available on the Parliamentary Intranet.*
See under 'A' for allowances in the site index.

When your staff leave

6.9.12.

Please notify the Department using form SA4. You can use this form to notify us of any payment which needs to be made for holiday not taken etc.

6.9.13.

If you make an employee redundant but you are not yourself leaving the House you may need to make a redundancy payment. This will come from your own allowances. (But if you are leaving the House, statutory redundancy payments will come from central funds.)

Pensions contributions

6.9.14.

If you have employees who are paid out of the staffing allowance and they work for you for three months or more we will normally make regular payments from central funds equivalent to 10% of salary to the Portcullis Pension Plan. The Plan is a group stakeholder arrangement. The 10% can be paid to one of the two nominated providers, or split between them either as your employees choose, or 50:50 as a default arrangement.

We will send full details of the Plan to all new employees.

6.10.1. Allowable expenditure

The following list below gives examples of expenditure which are allowable, provided that the expenditure is wholly, exclusively and necessarily incurred on Parliamentary duties. It also gives examples of expenditure which is not allowable. If in doubt please consult the help numbers given.

Allowable expenditure

- Staff salaries and employer's NI - provided that for any staff taken on since 5 July 2001, they are employed on approved standard contracts and their salaries and contracts meet the Departmental rules
- Overtime payments
- Bonuses/performance awards[1]
- Payments to self-employed staff recognised as such by the Inland Revenue (Public Department 1) in Cardiff
- Payments for bought-in services (See section 5 for further guidance)
- Severance pay or pay in lieu of notice if payable
- Settlements made at tribunals and court hearings (and in advance of such hearings) The allowances will not meet the costs of punitive damages, ie: where a court awards damages against you because your actions towards another were seen to be deliberate[2]
- Travel, subsistence and/or expenses for staff and volunteers.[3] (Must be paid through the payroll as a tax charge may be incurred)
- Reasonable cover for staff absences (eg: for caring, maternity, parental leave or sickness absence) of up to 2 weeks
- Pay of cleaning staff (Exceptionally, the new pay guidance does not apply)
- Meals and subsistence
- Additional pensions contributions for Members' staff[4]
- Childcare costs[4, 5]
- Contributions to private healthcare schemes for Members' staff[4]
- Non-repayable season tickets for Members' staff.[4]

Expenditure not allowable:

- Salaries of staff taken on since 31 July 2001 who are employed on pay rates which do not conform with the pay guidance issued by the Department of Finance and Administration; or on non-standard contracts unless specially authorised by the Department
- Staff who are employed on party political duties or non-Parliamentary duties
- Gifts valued at over £10
- Hospitality or entertainment, such as Christmas parties or lunches.
- Ex gratia payments, except as authorised in the Green Book or by the DFA.

1 *Bonuses paid during the year may not exceed 15% of that employee's gross annual salary/received in the year.*

2 *Litigation. Members finding themselves involved in litigation solely relating to actions arising from the performance of their duties as a Member of Parliament or as an employer should contact the Director of Operations, Department of Finance and Administration. If the action relates to an employee, please seek advice from the Department.*

3 *You are encouraged to pay subsistence for your staff if they attend training activities away from their work place.*

4 *These should be considered as part of the overall remuneration package for the purpose of the guidance on salaries issued by the Department of Finance and Administration. They should not be paid in addition to the recommended salary levels.*

5 *Members' employees may claim childcare vouchers from central funds. Further details are available on the Parliamentary Intranet, under 'C' for childcare in the site index.*

7.1.1. General

The House will fund reasonable travel and associated parking for your vehicle provided that the costs are wholly exclusively and necessarily incurred on Parliamentary duties such as:

- Attendance in the Chamber, in Westminster Hall or in committees of the House
- Visits to constituents
- Other visits to undertake constituency casework or where required for general constituency matters
- Surgeries and advice sessions
- Other issues relating to matters currently before the House or before a select committee on which you serve

This is limited to journeys listed in 7.1.4. below.

7.1.2.

Provided that the journey is allowable under one of the four categories listed in 7.1.4. below, the House will meet the costs of:

- Fares for journeys by public transport. This may include sleeping berths for overnight journeys
- Mileage for cars, motorbikes or bicycles
- Reasonable parking
- Taxis and private hire cars at car mileage rates only. (If you wish to claim the full costs, you may use your incidental expenses provision. You must provide receipts and journey details.)

7.1.3. What cannot be claimed?

You cannot claim for:

- Subsistence (Except for European and extended travel which can be claimed from your IEP)
- Travel fares for anyone other than you, your staff and family as set out in the guidance which follows. You may however carry passengers with you in your car
- Congestion charges or tolls
- Costs of leasing or purchasing a vehicle (The car mileage rates include an element to cover purchasing costs.)

7.1.4. Allowable journeys

The following are allowable provided that the travel was undertaken on Parliamentary duties.

a Standard travel: Travel by the recognised direct route between any two of the following three points:

- Your main home[1], Westminster, the constituency.
  Section 7.2. gives further details.

b Constituency travel: Travel within the constituency, and travel within a 20 mile radius of the constituency boundary.
Section 7.3. gives further details.

c Extended travel within the UK.
(This requires advance authorisation.)
Crown dependencies are not allowable.
Section 7.4. gives further details.

d European travel.
(This requires advance authorisation.)
Section 7.5. gives further details.

Journeys which are not allowable

7.1.5. You cannot claim for:

- Journeys on party political business eg to party conferences, party events
- Journeys to private destinations
- Journeys within the UK other than **a** to **d** above
- Journeys to European destinations - other than those allowed under European travel.

[1] *If you are claiming additional costs allowance, this home must be the same as the main home for ACA. Please see section 3 on the ACA for a definition of your main home.*

Mode of travel

7.1.6. Using your car, motorbike or bicycle

You will be reimbursed for mileage at standard rates, found in the Quick Guide to Members' Allowances.

7.1.7.

The DFA calculate car mileage for standard travel using the Autoroute digitised mapping system.

7.1.8.

Please note that you must notify us if you are driving in a car which is not wholly owned and maintained by you, as a lower mileage rate will usually be paid.

7.1.9.

In some circumstances, we will also pay the mileage rate if you drive or are driven in a vehicle owned and maintained by someone else. You must undertake to pass this sum on to them.

7.1.10.

If you use your vehicle for constituency travel you may need to record mileage in some circumstances. See Section 7.3.2. for an explanation.

7.1.11. You can claim for

- The cost of mileage at House of Commons rates (see the Quick Guide for these).
- The cost of parking associated with permitted journeys, where necessary for your parliamentary duties. This includes season tickets for parking in certain circumstances.

But not for

- Congestion charges
- Road tolls
- Long term parking
- Garaging
- Parking at your home
- Parking fines
- The cost of buying or hiring a car.

7.1.12. Travelling by rail, air, ferry etc.

If you make a permitted journey by such means you may:

- Pay using a House of Commons Travel card or
- Buy a ticket yourself and claim back the costs using form T2.[1]

7.1.13. Travel Cards

Instructions for the use of the travel card are contained in the folders which were given to all Members when the cards were introduced.

7.1.14.

You are encouraged to purchase your tickets via the Parliamentary Travel Office if at all possible, so that the House can benefit from route deals.

7.1.15.

You may buy a season ticket to the Westminster area with your travel card if you make four return journeys per week during sitting weeks.

7.1.16. Class of travel

There is no restriction on the class of travel for Members.

7.1.17.

Members' employees are generally expected to travel via standard class.

7.1.18. Prompt submission of claims

We ask you to submit claims promptly, and in any case within 2 months of the end of the allowances year to which they relate.

7.1.19. Tax

There are complex rules on the taxability of journeys. These are set out in the booklet 'MPs, Ministers and Tax', available from the Department, or via HMRC (020 7273 8052).

[1] *Travel warrants were replaced with a corporate travel card after 1 April 2006*

Standard travel

7.2.1. Allowable journeys

Standard travel is travel between any two of the following three points: the constituency, Westminster and your main home, (as defined in paragraph 3.9.1.).

How to claim

7.2.2. Registering your journeys

You must pre-register your standard journeys. Normally this is done when you first enter the House, but you must tell us of any change to your standard destinations, such as a move of home.

7.2.3.

When you register standard journeys you will be given a code for each part of the journey.

7.2.4. How to claim: mileage

Complete a Members' Mileage form (T1) and quote the code that has been given for that part of the journey, and the date, for example:

car from home to station (Birmingham New Street) (A)	23 May 06
train from Birmingham to London (B)	23 May 06

You can also claim reasonable parking costs if necessary for your Parliamentary duties. Please submit any tickets and receipts, and provide details on your mileage claim form. If you are claiming for a season ticket, please explain how this will provide value for money.

7.2.5. How to claim: travel by rail, air, ferry etc

You are encouraged to purchase your tickets via the Parliamentary Travel Office if at all possible, so that the House can benefit from route deals. Please use your House of Commons corporate travel card, or pay for the tickets yourself and claim reimbursement on form T2.

7.2.6. How to claim for a diverted journey

Please notify us if you divert from a standard journey to undertake another engagement. Unless it is a destination allowable for extended travel, you will be able to claim only for the standard journey.

Constituency travel

7.3.1. Allowable journeys

Constituency travel includes:

- Travel within the constituency and
- Travel outside the constituency but within 20 miles of the constituency boundary and
- Travel between the constituency and local or regional offices of government departments and the offices of local authorities.

7.3.2. How to claim mileage

Use a Standard Mileage form (T1). If you drive 350 constituency miles or more per month you must provide a breakdown by date, destination, frequency and miles for all constituency miles driven that month.

7.3.3. How to claim travel by rail, car, ferry etc

Either:

- Use your House of Commons corporate travel card to pay for the tickets, or
- Pay for the tickets yourself and claim reimbursement using form T2.

Extended travel

7.4.1. Allowable journeys

Extended travel is travel within the UK other than constituency or standard travel. Any expenditure must be wholly, exclusively and necessarily incurred on Parliamentary business and the journey must:

- Relate to a matter currently before the House; or
- Relate to a matter currently before a select committee on which you serve; or
- Be to a constituent (eg: a jailed constituent) or relevant as a general constituency matter (eg a road about to be built through the constituency); or
- Be to a UK Parliamentary assembly.

7.4.2.

Travel to Crown dependencies is not allowable.

7.4.3. How to claim

Complete an Extended Travel form (ET) at least three days before your journey, and await authorisation. We will authorise your journey in writing. If you travel without authorisation we may not meet the costs you have incurred.

7.4.4. How to claim: rail, air, ferry etc

You are encouraged to purchase your tickets via the Parliamentary Travel Office, so that the House can benefit from route deals.

7.4.5. You can claim in the following ways

- Use your House of Commons corporate travel card to pay for the ticket(s), or
- Pay using your own money and claim reimbursement using form T2.

7.4.6. How to claim mileage

If you want to claim mileage, use a form ET. You can also claim reasonable parking costs if necessary for your Parliamentary duties.

7.4.7. Subsistence

You can claim subsistence for extended travel, but you must charge this to your own incidental expenses provision.

European travel

7.5.1. Allowable journeys

You can claim for travel on Parliamentary duties to:

- EU institutions and agencies
- The national parliaments of:
  - EU member states
  - EFTA member states
  - EU candidate countries
  - EU applicant countries

7.5.2.

The Department can provide a list of the above. Other destinations are not allowable.

7.5.3. Advance authorisation

You must complete a European Travel (Euro1) form at least 30 days before your journey and wait authorisation. If you travel without authorisation we may not meet the costs you have incurred.

7.5.4. What you can claim

You can claim each year for up to:

- 3 return visits (subject to an annual cost ceiling equivalent to three times the business class airfare per Member) and
- Two nights' subsistence per visit. This will be paid at the Civil Service Class A rate.

7.5.5. The costs of the return journey may include

- Travel by car, bicycle or motorbike, in which case you may claim mileage, and/or
- Travel by air, sea, rail or by any other means of public transport excluding taxis;
- Parking at the UK port or airport. (The daily subsistence rate is set at a level to cover parking abroad).

You must buy any tickets yourself and claim back the costs.

7.5.6.

You are encouraged to purchase your tickets via the Parliamentary Travel Office, so that the House can benefit from route deals.

7.5.7. How to claim

After the journey inform the Department in writing of the costs incurred and submit supporting documents.

7.5.8. Select committee and delegation travel

These are funded through separate arrangements.

7.5.9.

If you are a member of a select committee, the Clerk will advise on how to claim.

7.5.10.

If you visit the Council of Europe, the Western European Union or the North Atlantic Assembly as part of a delegation, the Overseas Office will advise on how to claim.

Spouse and child travel

7.6.1. Allowable journeys

Members' spouses, civil partners and children up to the age of 18[1] are each entitled to up to 30 single journeys each year between London and the constituency or the Member's main home.

7.6.2.

You will be asked for the names of your spouse, civil partner and/or children. Please note that spouse travel applies only to married partners and partnerships made under the Civil Partnership Act 2004. Please let us know of any relevant changes, for example any changes to your marital or partnership status.

7.6.3. Definition of child

For these purposes a child also includes a step child, an adoptive child, a foster child and any other child living with you as one of your family. Children over 18 and still in full-time education remain eligible until the end of the academic year in which they reach the age of 18.

7.6.4. How to claim

Your spouse, civil partner and/or children may travel by car, bicycle or motorbike, in which case you may claim mileage; or by air or sea or by any other means of public transport. You can either buy the ticket yourself and claim back the costs, pay for the tickets by means of your House of Commons corporate travel card.

Employee Travel

7.7.1. Allowable journeys

You are entitled to up to 12 return journeys each year shared between all your employees. These journeys must be between Westminster and the constituency. This entitlement can only be used for employees paid through the staffing allowance and for journeys necessary for your Parliamentary business.

7.7.2. How to claim

You can either pay for the ticket yourself and claim back the costs by informing the Department in writing or pay for the ticket by means of your House of Commons corporate travel card. You are encouraged to purchase your tickets via the Parliamentary Travel Office, so that the House can benefit from route deals.

7.7.3.

If your employees undertake other travel in the course of their duties for you, you may submit claims for this. We will normally pay such claims from your staffing allowance or IEP. Some journeys may be liable for tax and/or national insurance.

7.7.4. Class of travel

Members' employees are generally expected to travel via standard class.

7.7.5. Subsistence

If your employees have to spend more than 5 hours away from home and away from your normal workplace, we recommend that you pay subsistence out of your staffing allowance. Any arrangement for subsistence must be agreed between the Member and the employee before the journey.

7.7.6.

We recommend that staff claim at the rates specified by the Department of Finance and Administration[3]. These figures also apply to House staff. They are updated periodically.

7.7.7.

Staff may claim the actual cost of bed and breakfast, provided that the arrangement and the cost ceiling was agreed in advance with the Member. These costs must not exceed those of staying in a 3-star hotel in the locality. The employee must provide receipts.

7.7.8.

Members' staff may not claim for laundry, entertainment, or for meals which have been provided free.

7.7.9.

Staff based outside the Parliamentary estate are also entitled to two free return journeys (standard class) to undertake training if:

- Its purpose is to improve skills needed for the job, *and*
- The training is provided via the Parliamentary Learning and Development Initiative.

This entitlement applies both to training in London and elsewhere.

This travel is paid for on a reimbursement basis only. Apply using form TE2.

[1] *and, by individual arrangement with the Department of Finance and Administration, Members' children over 18 who have a disability.*

[2] *For child travel only, if your child's main home is not your own you can nominate one other destination or starting point instead of one of these three. The cost of the new journey must not exceed that of the journey it replaced. You must register the alternative destination with the Department of Finance and Administration in advance of any travel.*

[3] *These rates are available on the Department of Finance and Administration staff intranet pages*

FREQUENTLY ASKED QUESTIONS

What is Short Money?	Financial assistance paid to Opposition parties.
What is Representative Money?	Financial assistance paid to parties who have chosen not to take their seats.
How do I claim?	You do not have to claim, other than for travel.

8.1.1. Short Money

Each political party is responsible for the allocation of individual entitlements.

8.1.2.

The provision of financial assistance to Opposition parties or 'Short Money', as it is commonly known, is governed by a resolution of the House. It is only available to assist Opposition parties to carry out their Parliamentary business. It is automatically paid in arrears every month.

8.2.1. Conditions of eligibility

In order to qualify, Opposition parties must have:

a At least two Members of Parliament who were elected at the previous general election as members of that party;

or

b One Member elected with at least 150,000 votes.

8.3.1. Sums payable

The total payable to each qualifying Opposition party is linked to a formula based on the number of seats won and votes cast at the previous general election.

8.3.2.

Amounts are increased annually in April in line with the Retail Prices Index.

8.4.1. Leader of the Opposition

Financial assistance is also available for costs necessarily incurred for running the office of the Leader of the Opposition: this also increases every year in line with the RPI, and is payable in arrears at periods of not less than one month.

8.5.1. Travel claims

A separate budget is available for travel and associated expenses necessarily incurred by Opposition parties' spokesmen. Travel claims should be sent to the Department monthly.

8.6.1. Independent audit

Each party claiming Short Money must provide a certificate from an independent professional auditor, no later than nine months after 31st March each year, to the effect that all expenses relating to Short Money payments for the year were incurred exclusively in relation to the party's Parliamentary business.
Any sums remaining unspent at the end of the year (31st March) must be returned to the Department.
If an acceptable certificate has not been provided within nine months after the end of the financial year, payments will be suspended until an acceptable certificate has been received. The audit certificate should be in a standard form, as set out below.

Following the receipt of a valid audit certificate, any underspend of the monies already paid to an individual party will be reclaimed by the Department of Finance and Administration.

8.7.1. In a general election year

The periods before and after an election will be treated as separate periods. The sums payable will be apportioned according to the number of days in each period.

8.7.2.

Immediately after a general election, the Department will contact each Opposition party and agree a statement of the facts, as a basis for future claims.

8.8.1. Representative Money

Financial assistance is available to opposition parties represented by Members who have not chosen to take their seats, and thus do not qualify to participate in proceedings in Parliament, towards expenses wholly, exclusively and necessarily incurred for the employment of staff and related support to Members designated as that party's spokesmen in relation to the party's representative business. The rules are similar to those for Short Money. Please contact the DFA for guidance on claiming this money.

To
The Accounting Officer
Director of Operations
Finance & Administration Department
House of Commons
London SW1A 0AA

Certificate of an Independent Professional Auditor in Respect of Financial Assistance Received by an Opposition Party

Certificate of the Auditor to the Accounting Officer of the House of Commons

In accordance with the requirements of the Resolution of the House of Commons of 26 May 1999 - Section 5(1), I have audited the expenses for which the _____ party has received financial assistance.

Respective responsibilities of the _____ Party and the Auditor

The _____ party are responsible for ensuring that the expenses have been incurred exclusively in relation to the party's parliamentary business. It is my responsibility to form an independent opinion, based on my audit, on the expenses received and to report my opinion to you.

Basis of Opinion

I conducted my audit in accordance with auditing standards issued by the Auditing Practices Board. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the expenses for which the _____ party have received financial assistance have been applied to the purposes intended by Parliament.

Opinion

In my opinion, in all material respects, all expenses for which the _____ party received financial assistance amounting to £ _____ for the year ended _____ were incurred exclusively in relation to the party's parliamentary business in accordance with the requirements of Section 5 (1) of the Resolution of the House of Commons of 26 May 1999.

Signature	Name
Company	Position
Address	
Registered Professional Qualification	Date

FREQUENTLY ASKED QUESTIONS

What happens to my salary when I leave the House?	Your salary as a Member or office holder will be paid up to and including your leaving date.
How do I find out about the about the rules on resettlement grant?	The Department of Finance and Administration published "Pay and allowances for Members who leave the House at a General Election" before the 2005 General Election. This is available on request.
What else do I receive?	You will be entitled to the following: If you retire at a General Election, a resettlement grant calculated as explained below, or (if appropriate) If you leave on ill health grounds, an ill health retirement grant (subject to medical reports), and A winding up allowance (see section 10) to pay for staff and office costs while you wind up your affairs.

Calculation of resettlement grant

Please note that if you stand down or lose your seat at a General Election, your leaving date will be the date of the Election.

9.1.1.

If you leave the House a General Election, you will normally receive a **resettlement grant** of between 50% and 100% of salary, depending on your age and length of service at the date of Dissolution. This will not be paid until you have discharged your liabilities to the House and your responsibities to your employees.

9.1.2. We calculate this grant on the basis of

- Your salary at the highest rate payable to you immediately before the Dissolution; and
- Your age at the Dissolution; and
- The number of years for which you have served as a Member.

The table below shows the percentages of salary which apply

Percentages of Yearly Salary

	Number of completed years service						
Age	Under 10	10	11	12	13	14	15 or over
Under 50	50	50	50	50	50	50	50
50	50	50	52	54	56	58	60
51	50	52	55	58	62	65	68
52	50	54	58	63	67	72	76
53	50	56	62	67	73	78	84
54	50	58	65	72	78	85	92
55 to 64	50	60	68	76	84	92	100
65	50	58	65	72	78	85	92
66	50	56	62	67	73	78	84
67	50	54	58	63	67	72	76
68	50	52	55	58	62	65	68
69	50	50	52	54	56	58	60
70 or over	50	50	50	50	50	50	50

9.1.3. How to claim

Please claim using the resettlement grant claim form (GE4) when you have met any outstanding liabilities to the House, your suppliers and your staff. In particular, you must take steps to dismiss your staff in accordance with employment law.

9.1.4.

We reserve the right to make deductions from your resettlement grant if you do not meet your responsibilities as outlined above, or you have any outstanding liabilities to the House.

9.1.5. Tax

If your resettlement grant is £30,000 or less it will be tax free. If more, only the first £30,000 will be tax-exempt. The grant will be shown on your P11D as you are required to declare it on your tax return.

Ill health retirement grant

9.1.6.

If your health prevents your continued service as an MP you may be entitled to claim this grant. It will be calculated in the same way as the resettlement grant.

9.1.7. How to claim

Apply in writing to the Director of Operations in the Department of Finance and Administration.

FREQUENTLY ASKED QUESTIONS

After I have left the House it will take me some weeks to close down my office. Can I still use my usual allowances to pay for this?	No. You cannot use your incidental expenses provision, staffing or travel allowances for expenses incurred after your leaving date. Instead you can use the winding up allowance to reimburse you for certain costs. See below.
What about my employees?	Your staff will receive • Salary payments (and any bonuses due) as usual from the staffing allowance, up to and including your leaving date; • Salary payments (including notice pay) after that date from the winding up allowance, if you so wish. • Statutory redundancy payments from central funds if they meet the conditions for these; • If you so wish, certain additional redundancy payments or certain termination payments from your winding up allowance. • If you so wish, bonuses, subject to the usual rule that these must not exceed 15% of the salary paid during that year. You must use your staffing allowance to pay any bonuses for the period before your leaving date, and your winding up allowance to pay for any bonuses for work done after your leaving date. ***Please note that there are strict limitations on payments which you can make to staff when you leave the House. If in doubt please seek advice.***
What must I do to ensure my staff continue to get paid?	You must tell us which staff are to be paid from the winding up allowance. You must also give them notice of redundancy and tell us their last day of service.
Where can I obtain further advice?	The Department of Finance and Administration published "Pay and allowances for Members who leave the House at a General Election" before the 2005 General Election. This is available on request.

Scope of the allowance

10.1.1.

The winding up allowance is a wide ranging allowance which you can use to meet travel costs, office and staff costs necessarily incurred on your parliamentary duties after the General Election. For example, you are expected to use it to meet office rental and utility bills while you close down your office, and also for pay and notice for your staff after the General Election. It covers expenses which before your departure you could have charged to your staffing allowance or incidental expenses provision, plus certain other costs as set out below. You must make the payment yourself and then claim reimbursement.

10.1.2.

The maximum amount of the winding up allowance is calculated by summing the full staffing allowance and incidental expenses provision which you expected to receive in the year in question, and then dividing by three.

Allowable costs

10.1.3. The following costs are likely to be allowable:

- Salary and NI costs for any staff who continue to work for you. Although most offices are wound up quickly, we can provide payroll services for a maximum of four months from the date of the General Election provided your staff are still working for you.
- Other contractual liabilities for staff in respect of the period after the date of the General Election eg overtime if worked, notice pay or pay in lieu of notice if allowed by staff contracts;
- Employee pensions contributions in respect of service during the winding up period.
- Redundancy or termination payments to staff, subject to certain rules set out in the guidance for Members who leave the House;
- Contractual liabilities for offices and/or equipment, eg office rent and utility bills; rental payments for the notice period
- Travel costs where necessary for completion of Parliamentary business. Specifically this includes
  - for yourself, journeys between any two of the following three points: your main home, London and the constituency; and also travel within the constituency;
  - for your staff, travel within the constituency and between London and the constituency.
- Postage, stationery and telephone costs [Ex-Members must not use prepaid envelopes or official stationery bearing the portcullis].
- The costs of redecorating your office and making good dilapidations if *required by your rental agreement*;
- The costs of removing furniture etc from your office;
- Other costs such as the shredding of confidential waste or cleaning the hard disk of any IT equipment which you have bought from the allowances. NB: If you have IT equipment on loan from the Parliamentary Communications Directorate, this will be retrieved and professionally cleaned;
- The costs of leaving any home funded through the additional costs allowance. This may include removal costs, notice pay to your landlord, and redecoration if required by your agreement with your landlord.

Costs not allowable

10.1.4. The following are examples of costs which are not allowed:

- Costs of any building or refurbishment work in your home
- Any payments to your office landlord which are not required by your rental agreement
- Purchases of furniture or equipment
- Any costs which would formerly have been met from your additional costs allowance
- Costs relating to the period before the date of the General Election. NB: You must consult the Department before buying furniture or equipment after you know you are leaving the House
- Costs of or arising from party political activity
- Any ongoing costs associated with your second home eg mortgage interest, utility or telephone costs, rent (unless this is notice pay)
- The costs of selling a second home eg legal costs, estate agents fees.

For further guidance on what you can claim when you leave the House please see the booklet on pay and allowances for Members who leave the House, available from the DFA on request.

FREQUENTLY ASKED QUESTIONS

What happens to my pay and allowances during the Dissolution period?	All entitlements except your salary, IEP and staffing allowance cease during this period. Guidance is issued when required and you can find this on the Parliamentary Intranet under 'D' for Dissolution.
What should I do if I know I will be standing down at the next election?	Please tell us. If we are forewarned, we can provide you with information and claim forms to ensure you receive any entitlements (resettlement grant, winding-up allowance, pension etc.) due as swiftly as possible. We can offer an exit interview to help answer any queries you may have.
If I lose my seat at the election will I still be entitled to the same benefits as Members who stood down at the general election?	Yes, and we will contact you as soon as possible to arrange an exit interview or to send you any forms you need to complete to ensure you are able to claim your full benefits.
What about my employees during this period?	We will continue to pay them, if you instruct us to pay your employees, but they will only be entitled to one free return journey from the travel allowance.
What about redundancy packages for my staff?	A full explanation is provided in section 10. Employees paid from the staffing allowance may qualify for a statutory redundancy payment if you leave the service of the House. This is paid from central funds and not from your staffing allowance.

Computer Equipment, Help For Members With Disabilities & Security Measures

Section 12

Computers and other IT equipment for Members and their offices.

This equipment is free of charge, on loan to Members for Parliamentary use only. It is provided by the Parliamentary Information and Communications Technology service (PICT).

Members can also use their IEP to buy additional items, providing they are used solely for Parliamentary purposes.

Further details are on the Parliamentary Intranet or via the PICT Service Desk on 020 7219 2001.

Help for Members with disabilities

Subject to a report from a consultant occupational health doctor retained by the House, Members with disabilities can benefit from special equipment, extra staff or travel facilities etc to help them to carry out their Parliamentary duties.

Further information is available in a factsheet on the Parliamentary Intranet. See under 'A' for Allowances.

Security measures for Members' offices

Subject to a report from the local police, the central budget may contribute to the costs of certain measures taken in the constituency to safeguard Members' staff, their equipment and themselves. Members must apply in advance.

Further details are available in a factsheet on the Parliamentary Intranet. See under 'A' for Allowances.

Finance & Administration
House of Commons

Department of Finance and Administration - July 2006

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£4.50