

PARLIAMENTARY STANDARDS ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Sections 4-7: Salaries and allowances for MPs

78. *Section 4(1)* provides that MPs' salaries are to be paid by the IPSA, in accordance with the relevant resolutions of the House. *Section 4(2)* ensures that if the House should determine that an MP's salary should be withheld, the IPSA can give effect to that. The function in this section of paying salaries is to be exercised by the chief executive on behalf of the IPSA, see paragraph 17 of Schedule 1.
79. *Section 5* provides that the IPSA is to pay allowances according to an MPs' allowances scheme it prepares and keeps regularly under review. *Section 5(4)* provides that during preparation or revision of the scheme, the IPSA is required to consult the Speaker of the House of Commons, the CSPL, the Leader of the House of Commons, any committee of the House nominated by the Speaker, members of the House of Commons, the SSRB, Her Majesty's Revenue and Customs and the Treasury. The IPSA may also consult with any other person it considers appropriate. Once the scheme has been prepared or revised, the Speaker must lay it before the House of Commons, but the scheme does not require the formal agreement of the House.
80. *Section 5(7)* sets out matters which the scheme may include. These include for what types of expenditure and in what circumstances allowances may be payable; the conditions under which allowances may be paid (for example on the receipt of documentary evidence); and imposing limits on the amounts which can be paid. *Section 5(8)* makes it clear that the allowances which may be included in the allowances scheme and paid by the IPSA include resettlement grants payable to MPs. This is the allowance which is paid to an MP when he or she loses his or her seat or steps down from the House of Commons. It is intended to be the equivalent of redundancy pay for an employed person.
81. *Section 5(10)* is a consequential amendment. Section 3A of the European Parliament (Pay and Pensions) Act 1979 ("the 1979 Act") enables an order to be made bringing the provisions about resettlement grants for members of the European Parliament ("MEPs") into line with the equivalent provisions for MPs in resolutions of the House of Commons. If this power is to be available in future, where resettlement grants may be provided for in the MPs' allowances scheme rather than in resolutions, section 3A of the 1979 Act needs to be amended to refer to provision under the allowances scheme.
82. *Section 6* sets a formal framework for dealing with claims under the allowances scheme, and sets out that further provision for dealing with claims may be included within the allowances scheme prepared by the IPSA. These functions are to be exercised by the chief executive on behalf of the IPSA, see paragraph 17 of Schedule 1.
83. *Section 6(1)* requires a claim to be made to the IPSA before any allowance is paid to an MP. Those claims must usually be made by the MP, *section 6(2)*. *Section 6(3)* requires the IPSA to determine whether to allow or refuse the claim, and, if it is allowed, how much should be paid, and to pay it accordingly. *Section 6(4)* and *(5)* provide for a review

*These notes refer to the Parliamentary Standards Act 2009
(c.13) which received Royal Assent on 21st July 2009*

mechanism if the IPSA determines that a claim should be refused or paid only in part. If an MP asks for a review, the IPSA must review its determination and decide whether or not to alter its decision.

84. *Section 6(6)* provides that the scheme may make further provision as to how claims are to be dealt with. This could include such matters as the sort of evidence required, or the format in which a claim must be made. This subsection also provides that the scheme may contain a mechanism through which overpayments may be recovered by permitting the setting off of payments to which an MP is not entitled against payments to which the MP is entitled.
85. *Section 6(7)* provides that an allowance to which a member is entitled under the scheme may be paid to another person at the member's direction.
86. Under *section 7* the IPSA must provide to MPs details of any general information or guidance about taxation issues published by Her Majesty's Revenue and Customs that it considers MPs should be aware of. The IPSA must also provide MPs with any other general information or guidance about taxation issues that it considers appropriate.