

Reimbursement of Members' Expenses Scheme

Executive Summary

1. The Corporate Body is invited to consider a number of issues regarding the operation of the Reimbursement of Members' Expenses Scheme (the Scheme).

Issues and Options

2. Recent consideration of complaints associated with the use of resources has raised a number of issues regarding the operation of the Scheme, which the SPCB is invited to consider.
3. Some of the issues are directly within the SPCB's control: others would require a resolution of Parliament to amend existing provisions.
4. The issues, together with recommendations, are set out below.

Payment in advance of incurring expenditure

5. Payment to a supplier in advance of receiving the requested goods or services exposes the payer to the potential risk of default or non-performance. Once a payment has already been made, it is considerably more difficult to exert pressure on a supplier to meet the required performance standards or remedy any faults.
6. The majority of transactions are paid for after goods or services have been received, in line with best commercial practice. However, there are several types of expenditure, for which it is normal commercial practice to pay in advance. These include rental payments; telephony and other utility costs (generally split - part in advance, part in arrears); insurance; website costs; maintenance agreements and annual licences. There are also situations where the commitment of an advance payment may secure a value for money saving.
7. There is also a risk that an advance payment made at the end of a financial year may create a public perception that a member is using up an annual provision. However, it is important to note that timing differences between financial years will generally even out over the course of a parliamentary session.
8. In order to mitigate the risks associated with payments in advance, it is recommended that the SPCB sets a clear policy that:-

For any advance payment, confirmation is provided by the member in support of the claim either:-

- a) To support the contractual requirement of the supplier to be paid in advance or
 - b) To demonstrate that the advance payment represents value for money
9. This may be evidenced, as at present, by the supplier's invoice setting out the advance payment requirement (e.g. utility bills) or by a copy of the contract terms.
10. The SPCB may also wish to consider whether to set a maximum time limit for advance payments (e.g. 3 months) and/or introducing a requirement for the member to confirm that the services have subsequently been received. However, it should be noted that there are several categories of expenditure for which a 12 month advance payment is standard commercial practice. The administration to monitor such notifications of advance payments would also create additional record keeping requirements for members and for the Allowances Office.

Payment of delivery charges for publications

11. An associated issue arises where members use a delivery service to distribute their annual newsletters and other printed publications. The SPCB's central contract for 'Printed Headed and Customised Stationery and Fulfilment Service' allows members to use it on an individual basis for this purpose. The fulfilment element of the service is sub-contracted to one of several companies, which require payment in advance. The contractual terms, requiring payment in advance, are standard for this type of fulfilment service.
12. Although most deliveries are completed successfully, a number of non-deliveries have been experienced. In these instances, it is often difficult to establish the extent of the problem or to reach an agreement on adequate compensation for the non-delivery.
13. The SPCB is placed in a potentially difficult position of making a service available to members through its central contact, but for which it cannot guarantee a successful result. However, the service is greatly valued by members and we have recently revised the procedures for booking the fulfilment service to make the risks and remedies for non-delivery clear. The cash flow impact of paying the sub-contractor in advance is met by the SPCB's contractor.
14. It is therefore recommended that the SPCB continues to make its central contract available to members for printing and fulfilment.

Operation of separate provisions within the Scheme

15. The resources available to members to perform their parliamentary duties are partly available through the separate provisions specified within the Scheme and partly from a number of central budgets operated directly by the SPCB.
16. This can make the claims process complicated for members, particularly when expenditure may be charged to, or potentially split across, different provisions. It also adds to the complexity of the reports received by members on their expenditure.
17. A suggestion that we consolidate all expense provisions into a single allowance for each member could potentially simplify the Scheme and its administration. However, such a fundamental change to the Scheme would require a resolution of Parliament and a less rigorous expenses regime would potentially undermine public confidence in the arrangements for reimbursing members' expenses.
18. The current separate provisions within the Scheme provide an equitable and flexible package of resources, designed to meet the different ways in which individual members operate. The separate provisions also enhance the openness and transparency in our publication of members' expenses.
19. It is recommended that no changes be made at this time to the separate provisions within the Scheme. However, if the Scheme were to be reviewed at a future date, it is recommended that the different provisions be examined as part of that review to identify any opportunities for simplification.

Resource Implications

20. There are no resource implications.

Governance issues

21. The operation of the Reimbursement of Members' Expenses Scheme is governed by the terms of the scheme.

Publication Scheme

22. This paper will be published.

Next Steps

23. Subject to the SPCB endorsing the recommendations in this paper, we will advise members of the revised guidance.

Recommendation

24. SPCB is invited to consider the issues, set out in this paper, regarding the operation of the Scheme and to endorse the following recommendations:-

- 24.1 that the SPCB sets a clear policy in respect of advance payments.
- 24.2 that the SPCB continues to make its central contract available to members for printing and fulfilment.
- 24.3 that no changes be made at this time to the separate provisions within the Scheme.