

# Annual Report and Accounts for 2021-22





# **Annual Report and Accounts for 2021-22**

**Presented to Parliament pursuant to  
Schedule 1 of the Parliamentary Standards  
Act 2009.**

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## Introduction from IPSA's Chair

In late 2020, we created a three-year strategy, outlined in our Corporate Plan 2021-24, that will transform IPSA to become an innovative, intuitive, and lean regulator, providing an exemplary service that enables MPs to focus on what really matters.

During 2021-22, we have made incremental but impactful changes that have stabilised IPSA, improved relationships with our stakeholders and made a difference to how MPs go about their parliamentary and constituency business. We have been focused on improving the service we provide, in close consultation with MPs, their staff and the House of Commons, embedding our new organisation design to make it easier for MPs and their staff to contact us. We have also regularly updated our policy and the Scheme, aligned to the external environment and the needs of MPs and their staff.

We carried out our statutory responsibilities in full, setting, administering, and regulating MPs' staffing and business costs, pay and pensions and ensuring that public money was used properly and efficiently. This year, MPs' compliance with our rules remained very high at 99.85%. We again achieved extremely high accuracy in paying the salaries of more than 4,000 MPs and staff each month. In line with our commitment to act transparently, up until September

2021 we published MPs' business costs every two months, enabling the public to see how taxpayers' money was being used. The bi-monthly publication was paused following the shocking murder of Sir David Amess in October 2021, due to potential security risks. Based on advice, we were able to re-start routine publication in July 2022, making minor changes to the level of detail published on some claim types, in order to minimise risks.

We also met our statutory duty to resource MPs appropriately to enable them to represent and support the UK's 650 parliamentary constituencies, increasing staffing levels to enable MPs and their offices to better cope with the demand of increased caseloads driven by the lasting impacts of the Covid-19 pandemic.

I am pleased that MPs and their staff are increasingly satisfied with our services and that, despite the backdrop of change across IPSA, we have seen an increase in the engagement of IPSA's people.

Building on the improvements we have already made we will now embark on a fundamental review of our approach to regulation that is consistent with our ongoing commitments to improving customer service, simplifying our policy, delivering financial value, and growing our people. Whatever the result of this review we will continue to fulfil our regulatory responsibilities

and drive the same regulatory outcomes of very high compliance and value for public money.

The work of IPSA would not be possible without our dedicated, hard-working team. Among other new recruits I was delighted to welcome Lea Paterson, who joined the Board as our fifth member.

To all who have helped deliver year one of our 2021-24 Corporate Plan, thank you. We have made significant progress and while there is much more to do, I am proud of the vital part we play in supporting our democracy and promoting standards in public life.

Richard Lloyd  
*Chair*

December 2022

# Part I: Performance Report

## Overview

### A. Who we are, and what we do

This section provides information on the statutory framework under which the Independent Parliamentary Standards Authority (IPSA) operates, our strategic aims and statutory objectives covering the financial year ended 31 March 2022.

IPSA's accounts have been prepared to meet the Parliamentary Standards Act 2009 (PSA 2009) requirements and follow the Government Financial Reporting Manual (FRoM), as specified in the direction issued by HM Treasury.

#### *Statutory framework*

IPSA is a statutory body independent of Parliament, Government, and political parties. It was established by the PSA 2009.

Following a series of recommendations from the Committee on Standards in Public Life, the Government, with the support of the three largest parties at the time, agreed to make early revisions to the PSA 2009. Those revisions were made through the Constitutional Reform and Governance Act 2010 (CRAG 2010). The additional principal function passed to IPSA by CRAG 2010 was the responsibility to determine MPs' salaries and pension arrangements

IPSA's statutory remit is to provide independent regulation and administration of MPs' pay, pensions, business costs and staffing costs.

IPSA:

- sets and regulates the Scheme of MPs' Business Costs and Expenses (the Scheme)
- administers the Scheme
- determines the salaries and pensions of MPs, and
- pays the salaries of MPs and their staff

Our purpose is supporting democracy with great service, fair rules, and wise spending. Our vision in support of our purpose is enabling MPs to focus on what really matters by providing an exemplary, seamless regulatory service.

To achieve our purpose and vision:

- We regulate MPs proportionately and effectively by setting rules that support compliance and making independent, fair, and transparent decisions in line with our fundamental principles.
- We assure the public by consulting them on our rules, operating transparently and publishing accessible information about MPs' business costs.

- We support MPs by promptly making accurate payments, providing clear advice and guidance about MPs' responsibilities for public money in line with the Scheme, and continuously improving our systems and processes to make them more efficient and effective.
- We develop our staff by giving each person the tools, training, and support to perform professionally and achieve excellence in a strong team underpinned by respect and trust.

The way we achieve our purpose and vision is underpinned by our values of staying connected, seeing the bigger picture, being open, doing the right thing and making a difference.

## *Estimate subheads*

IPSA's budget for the financial year is scrutinised and approved by the Speaker's Committee for IPSA (SCIPSA), which gave parliamentary approval for IPSA's 2021-22 spending plans through its Main Estimate (HC 16).

The Estimate consisted of two subheads:

- Subhead A: MPs' pay, staffing and business costs
  - MPs' salaries.
  - MPs' staff salaries.
  - MPs' business costs.

- Subhead B: IPSA's core operational costs
  - Staff and non-staff costs.
  - Costs relating to the Compliance Officer for IPSA.

## **B. IPSA's strategic objectives**

In 2021, a three-year strategy was created to transform IPSA into an innovative, intuitive, and lean regulator, providing an exemplary service that enables MPs to focus on what matters.

This strategy will guide all our work until 2024, but each year we will develop detailed business plans setting out specific actions against our priorities.

Building on progress made in 2021-22, IPSA's strategic objectives for the next two years can be found in our Corporate Plan.

We know there have been inefficiencies in the way we process and validate MPs' pay and business costs and that aspects of our regulatory scheme are overly complex. As a result, MPs have spent a larger amount of time on administration than necessary.

We have worked hard over year one of our Corporate Plan to address these issues. We have delivered a series of changes aligned to our strategic objectives to improve our service, simplify the Scheme, deliver

better value for money for the taxpayer and develop our people.

## **C. Our work in 2021-2022**

During 2021-22, we focused on stabilising the organisation to address the concerns raised by the SCIPSA, MPs and their staff about our previous approach.

This is the start of a series of transformational activities with benefits that enable MPs to focus on their work.

### *Covid-19*

During 2021-22, we continued to feel the impact of Covid-19, with intermittent lockdowns and restrictions.

We also saw evidence of a significant increase in the volume of MP casework during the height of the pandemic. Based on the duration of the pandemic and its impacts, casework volumes are not expected to return to pre-Covid levels.

To deal with this increased casework, at our meeting with the SCIPSA in March 2022, it was agreed that the current staffing uplift (equivalent to nine months full-time employment of a caseworker) should be increased to a full 12 months equivalent and subsumed within the general staffing costs budget to

be used flexibly for staff capacity at the MP's discretion.

During 2021-22, we allocated a temporary budget uplift amount of £27,680 (2020-21: £18,270) for London Area MPs and £24,970 (2020-21: £16,480) for non-London Area MPs as funding for Covid-related staffing costs. During 2021-22 £6.4m (2020-21: £5.3m) of spend was incurred against these budgets.

We continued to pay £26 per month to MPs staff and IPSA staff to help them meet additional home working costs, in accordance with HMRC rules.

The 2022-23 staffing budget builds in the additional cost of making available permanently the additional staffing budget provided in 2021-22 for Covid-19 casework: the budget includes additional funding for a full-time caseworker for all MPs for 12 months. The additional cost of making the Covid-19 staffing budget funding uplift available permanently is £4.5m in addition to last year's budget and £18.0m on top of the pre-pandemic base budget.

### *EU exit*

There has been no significant impact on the goals, strategic objectives, and priority outcomes to the work of IPSA because of the EU exit.

## *Collaboration*

We listened to better understand the needs of MPs and their staff, regularly attending user groups and House forums. We collaborated with the House, MPs, and their staff, involving them in testing ahead of implementing changes.

## *Organisation design*

We embedded a new organisation design that offers regionalised, named account managers and payroll officers. The feedback tells us this localised, personalised approach to building relationships works well. Returning to inbound calls has been well received (with 80% of calls answered within 20 seconds).

## *Processes*

We have begun reviewing all our end-to-end processes, focusing first on processes required in a General Election.

We have concluded the proxy payment card pilot and with some further assurance around policy and process, we will make it available to all MP Proxies across 2022.

We will continue our work to provide proactive budget support to reduce overspends and budget issues, utilising our newly recruited Finance Business Partners to help our Account Managers drive

accurate, consistent advice to our MPs, ensuring issues are resolved quickly and accurately.

### *Customer Relationship Management (CRM)*

In March 2022 we introduced a new CRM system to improve the interactions with our customers.

The above activities have led to more consistent and accurate advice, speedier response times, improved support and efficiency, high levels of compliance with the Scheme, and greater capacity and capability – a stable and efficient service with a collaborative, supportive approach for MPs and their staff.

### *IPSA Online*

We have invested further to optimise IPSA Online, focused on developing:

- more automatic alerts
- a single workspace hub for Office Managers
- dynamic pre-populated forms where layout changes according to data input, and
- a Financial Planning and Analysis tool to support budget management and financial forecasting

This will deliver an easier to navigate and more intuitive system with more changes to come, making life easier for MPs and their staff.

We are also finishing the decommissioning of our legacy systems to reduce costs and increase cyber security, making IPSA and its data safer and more secure.

## *The Scheme*

We have made agile decisions to change our policy and the Scheme. These include aggregating health and wellbeing publication data. We have put in more support for MPs taking parental or medical leave.

We are making further changes to the Scheme and publication in light of recent security concerns, including how we fund security arrangements.

We started a strategic review of the Scheme, value for money, services, and publication, and will expedite these changes ahead of us reviewing our regulatory approach during 2022. This means some of our projects such as researching alternative card suppliers, increased automation and creating a multi-channel approach for contact have been put on hold until we have a clearer view on our future regulatory model. However, the changes made so far have created an ethos of positive support, rather than reactive sanction.

## *Our people*

We have invested in IPSA's people to improve the consistency of our advice by:

- addressing their training needs
- developing a knowledge management system
- improving finance fundamentals development through the Association of Accounting Technicians, and
- introducing a quality assurance framework that focuses on service improvement

Through this investment, we stabilised the retention and tenure of knowledgeable people, increased employee engagement and created better outcomes for MPs and their staff despite the backdrop of change.

### *Satisfaction and engagement*

Each year, we survey MPs and their staff about the service IPSA provides.

The results of the 2021 MP/Staff Survey received in January 2022 show an increase in satisfaction with IPSA to 52%, from 35% in 2020.

MPs and their staff tell us that most of our services have improved, with the gap between how important a service is and how satisfied users are with the service narrowing significantly.

The themes for further improvement to be addressed through our plans for 2022/23 are:

- the IPSA Online user experience

- the claims and evidence process
- ease of contact, and
- customer service and advice

We also surveyed IPSA's people to test their engagement and the Employee Engagement Index for 2021 has increased to 64%, up from 57% in 2020, with significant improvements seen in job enablement and satisfaction, strategy and leadership and managing change.

## *Cyber-security*

We have strengthened our cyber-security provision and created a positive cyber-security culture across IPSA focused on good technology, security educated people and the right processes for data access.

Information is held either in the Microsoft Azure Cloud in the UK or accredited private cloud environments.

Administration of access to systems is robust and well managed by the IT team. The IT team have separate administration accounts to their own work accounts and are the only personnel who have access to administration rights, and we use multi-factor authentication as an added layer of protection.

Data areas and users are segregated, and we allow only the lowest permissions for data access by default.

Password and device policies are in place, and we have a robust Information Governance and Assurance Framework as well as a strong IT Code of Conduct and Acceptable Use Policy. We use only approved software.

Our people are educated through mandatory learning, regular updates and testing and we have created an intranet site to host readily available advice, reporting links, and data protection guidance.

### *Data protection*

Secure and effective management of information in compliance with legal obligations is critical to IPSA, enabling us to deliver our services effectively and efficiently. Protecting personal data is a priority for us in meeting our legal responsibilities and duty to each individual.

During 2021-22 we undertook the following activities to strengthen and develop our data security and information governance framework, including to:

- Strengthen supplier due diligence as part of our procurement process.
- Recruit additional support for the Data Protection Officer.
- Continue developing staff awareness of information security and data protection.

## *Assuring the public*

In line with IPSA's commitment to transparency, we published information on MPs' staffing and business costs according to the bi-monthly schedule, in May, July and September 2021, as well as annual data on MPs' expenditure for the 2020-21 financial year in January 2022. Following new concerns about MP's security in late 2021, we paused further bi-monthly publication of detailed information about costs and removed some of the detail from historical data on IPSA's website, to allow us to seek fresh advice from security experts on ensuring that any risks arising from publication are removed. Based on advice, we were able to re-start routine publication in July 2022, making minor changes to the level of detail published on some claim types, in order to minimise risks.

In May 2021 we also published a report following a comprehensive assurance review of MPs' staffing and business costs relating to the 2019 General Election. The review concluded that IPSA could be confident of broad compliance with the Scheme in relation to the election, with no systematic breaches or major concerns identified. However, some areas for improvement were highlighted in relation to IPSA's approach to elections, and recommendations are being taken forward via our continuous improvement processes.

## *Sustainability reporting*

We are committed to operating in a sustainable way, making environmentally friendly choices, and reducing our carbon footprint where possible.

We are below the threshold for producing a sustainability report in accordance with the FReM and the annual Greening Government Commitments report by the Department of the Environment and Rural Affairs, but we have begun our own environmental review and will consider the findings carefully in due course.

We have an environmental staff network – known as Green IPSA – that strives to raise awareness, inform decision making and make positive environmental changes. A member of the Executive team attends each Green IPSA meeting to provide senior-level support and to ensure that the environment and sustainability are considered in wider discussions and decision making.

In 2021-22 we subscribed to the Ethical Consumer Association to ensure that we make better purchasing decisions. We have reduced energy waste in the London office and relaunched our waste management and recycling policy to coincide with Global Recycling Day 2022.

In January 2022 we closed our Greenwich data centre, saving approximately 25,600KWh of energy per year, the equivalent of running 450 laptops 24 hours a day for a year.

In our internal communications we featured articles on topics such as how to reduce waste at Christmas, promoting the use of reusable cups and tips for saving energy during the Big Energy Saving Week 2022.

Since 2019 we have operated a paperless system for MPs to claim business costs. In the past financial year, we have reduced the volume of paper forms available to MPs and staff. We aim to remove the remaining paper forms over time. Our guidance content is available digitally and this year we issued paper copies of the new Scheme of MPs' Staffing and Business Costs in paper form by request only.

We continue to operate a hybrid model of working which reduces commuting emission and the need to heat, cool and light the London office for a large number of people. We also continue to be part of the Cycle-to-Work scheme.

For our 2022 all people away day we have selected a sustainable social enterprise venue with sustainable caterers that use locally sourced produce.

In the next year we hope to arrange an environmental volunteering day for IPSA colleagues to make a positive social and environmental impact and promote our commitment to the environmental cause.

## **D. Key issues and risks facing IPSA**

IPSA faces a range of risks in its dual role in regulating and administering the staffing and business costs and being responsible for determining MPs' pay and setting the level of any increase in their salary and oversight of the MPs' pension scheme.

The risks are diverse in nature and severity and include those relating to:

- the quality of its regulation and engagement with stakeholders
- effective and correct payment of MPs' and staff salaries and business costs, and the way it manages itself and its people

Some risks are driven by external forces over which IPSA has little control, such as those posed by Covid-19.

Over the past year, the Executive Leadership Team (ELT) have actively considered such risks as part of IPSA's Risk Management Framework. Further detail is given in the Governance Statement on page 39.

## **E. Going concern basis**

The Statement of Financial Position in our accounts shows net liabilities. However, in common with other independent bodies funded by His Majesty's Treasury, the future financing of our liabilities will be met by Grants of Supply and the application of future income approved annually by Parliament. The SCIPSA has agreed to our Supply Estimate for 2022-23, and there is no reason to believe that future approvals will not be forthcoming.

Our financing arrangements and ability to meet our liabilities have proved to be resilient during the Covid-19 pandemic.

Accordingly, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## **F. Performance analysis**

We use Key Performance Indicators (KPIs) to give an overall assessment of our core functions – regulating MPs' business costs, resourcing, and supporting MPs and providing assurance to the public – and we use data to monitor the activities of each business area.

For 2022 and beyond, we have created a new KPI dashboard that is focused on our strategy, purpose, vision, and strategic objectives that has measurable

values to demonstrate how effectively IPSA is achieving its goals.

In 2021-22, our performance remained strong across many areas, notwithstanding the pandemic and remote working challenges.

We reimbursed MPs' claims for business costs within an average of under four days, against a target of eight days.

Our payroll payments were 99.91% accurate, and we published MPs' business costs with 100% accuracy.

We also found very high compliance by MPs, with only 0.15% of claims assessed as being outside the Scheme.

During the reporting period, all our seven key performance indicators were fully met or exceeded. The table below sets out our performance against each indicator.

Key Performance Indicator	Measure in 2021-22	Measure in 2020-21	Outcome
<b>Effective regulation of MPs' business costs</b>			
Fewer than 1% of MPs' claims are outside the Scheme.	0.15% of claims outside the Scheme.	0.30% of claims outside the Scheme.	<b>Achieved</b>
<b>Providing support to MPs</b>			
Claims are reimbursed in fewer than eight days on average.	Reimbursement in three and a half days on average.	Reimbursement in eight days on average.	<b>Achieved</b>
Payroll accuracy is over 99.75% each month.	Accuracy at 99.91%.	Accuracy at 99.93%.	<b>Achieved</b>
MPs and their staff show increased satisfaction with IPSA's support.	In the 2021 survey of MPs and MPs' staff, 52% of respondents were 'positive about their experience with IPSA', up from 2020.	In the 2020 survey of MPs and MPs' staff, 35% of respondents were 'positive about their experience with IPSA', up from 2019; this includes 17% of MP respondents and 30% of staff respondents.	<b>Achieved</b>

<b>Key Performance Indicator</b>	<b>Measure in 2021-22</b>	<b>Measure in 2020-21</b>	<b>Outcome</b>
<b>Assuring the public that MPs' business costs are well regulated</b>			
Our publication of MPs' claims is over 99.75% accurate.	100% accuracy achieved.	99.87% accuracy achieved.	<b>Achieved</b>
IPSA staff show increased engagement.	In the staff survey for 2021, 64% of IPSA staff reported feeling engaged.	In the staff survey for 2020, 57% of IPSA staff reported feeling engaged.	<b>Achieved</b>
IPSA demonstrates effective budget management.	Estimate vs Outturn Totals underspent, but some individual budgets were overspent.	Estimate vs Outturn Totals underspent, but some individual budgets were overspent.	<b>Achieved</b>

## G. Financial review

Following scrutiny by SCIPSA in the previous financial year, parliamentary approval for IPSA's 2021-22 budget was obtained.

IPSA's budget, also known as 'Voted Parliamentary control total,' consists of Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure and Net Cash Requirement. These items are explained below and provides summaries of the 2021-22 outturn (actual) figures against 2021-22 estimate (budget) figures, including an explanation on variances, both 2021-22 outturn vs 2021-22 estimate and 2021-22 outturn vs 2020-21 outturn.

This section also functions as an introduction to the Statements of Outturn against Parliamentary Supply (SoPS) contained in subsection 5A. The SoPS is the primary parliamentary accountability statement that reports IPSA's outturn against the final annual spending limits authorised through a vote by Parliament. These spending limits are often referred to as control totals or estimates. The financial tables below are a summary of the SoPS.

### *Departmental Expenditure Limits*

The budget that is allocated to and spent by IPSA is known as the Departmental Expenditure Limit (DEL). DEL budgets are used for the everyday cost of

resources such as staffing, referred to as 'Resource DEL' (RDeI) and for fixed assets and investment costs, referred to as 'Capital DEL' (CDeI). For IPSA RDeI consist of two Subheads, A and B, as detailed below:

**Subhead A: Programme funding for MPs' business and staffing costs comprising:**

- capped budgets (accommodation, staffing, and office costs)
- uncapped budgets (travel, subsistence, and security), and
- income from the House of Commons if any

Subhead A	Note	2021-22 £'000			2020-21 £'000	
		Estimate	Outturn	Variance	Outturn	Variance
MPs' Pay and staff costs	3	184,671	172,275	12,396	165,844	6,431
Capped Expenses	3	35,507	30,488	5,019	31,128	(640)
Uncapped Expenses	3	6,681	5,288	1,393	2,846	2,442
Income	5	0	(12)	12	(234)	222
<b>Subhead A Total</b>		<b>226,859</b>	<b>208,039</b>	<b>18,820</b>	<b>199,584</b>	<b>8,455</b>

A detailed breakdown of our Subhead A financial performance is shown in Note 3 to the accounts.

### **MPs' pay and staff costs**

2021-22 actual spend show an underspend against budget due to the impact of staff vacancies that have arisen this year plus some posts that were not recruited for. Staff spend is up on 2020-21 due to a small increase in staff numbers as vacancies start to level off.

### **Capped expenses**

Capped expenses include accommodation and office costs and was under budget in 2021-22. The budget allowed for an expected return to pre-Covid levels, however 2021-22 was still impacted by pandemic restrictions and staff working from home. Spend has decreased slightly on previous year mainly due to a lower spend on computer costs.

## **Uncapped expenses**

Uncapped expenses include travel and hotels and shows an underspend against budget. This reflects lower levels of travel over the year whilst the budget assumption was that it would return close to pre-pandemic levels. Spend is significantly higher than for the 2020-21 due to the impact of Covid-19 restrictions and lockdowns in 2020-21.

## **Income**

Income is received from the House of Commons primarily as a contribution to a scheme supporting placement opportunities within MPs offices. It was not possible to run this scheme fully over the course of the last two years because of the pandemic. The scheme was paused completely in 2021-22 which is the reason the income amount is much lower than for 2020-21.

## Subhead B: IPSA's operational costs comprising:

- staff and non-staff costs
- the cost of the Compliance Officer

Subhead B	Note	2021-22 £'000			2020-21 £'000	
		Estimate	Outturn	Variance	Outturn	Variance
IPSA staff costs	4	6,425	5,877	548	5,171	706
Other costs	4	5,306	3,822	1,484	3,734	88
Income	5	–	(5)	5	–	(5)
<b>Subhead B Total</b>		<b>11,731</b>	<b>9,694</b>	<b>2,037</b>	<b>8,905</b>	<b>789</b>

A detailed breakdown of our Subhead B financial performance is shown in Note 4 to the accounts.

### IPSA staff costs

The main factors contributing to the underspend in staffing costs was the high level of vacancies due to delayed recruitment and the difficulty to recruit for key roles within a strong and competitive UK employment market. Spend is higher than for 2020-21 as new roles were created in 2021-22 as a result of agreed changes to IPSA's resourcing to provide enhanced support to MPs and their staff and to enable stronger focus on strategic and transformational activities.

### Other costs

In addition to the impact of the pandemic reducing expenditure, consultancy and professional services spend was significantly under budget in 2021-22 as

the level of budgeted external resources were ultimately not required to undertake developments with much of the work being done inhouse. The contingency budget also did not need to be used. Although spend was under budget the actual level of spend in 2021-22 was similar to that in 2020-21.

## Income

A small amount of income was received for a staff secondment.

## Capital (CDeI): IPSA's capital costs comprising:

- fixed assets additions
- movement in MP deposit loans

Capital	Note	2021-22 £'000			2020-21 £'000	
		Estimate	Outturn	Variance	Outturn	Variance
Fixed assets additions	6 & 7	302	192	110	225	(33)
Deposit loans		150	(18)	168	(41)	23
<b>Capital Total</b>		<b>452</b>	<b>174</b>	<b>278</b>	<b>184</b>	<b>(10)</b>

## Fixed assets additions

The impact of the pandemic was also noticeable here with some projects being delayed as staff working from home resulted in less capital spend required for the office.

## Deposit loans

MP deposit loans were quite stable in 2021-22 with a small decrease reflecting in a reduction in deposit loans required by the MPs.

This shows a similar trend from 2020-21.

## *Annually Managed Expenditure*

The budget allocated to IPSA for Annually Managed Expenditure (AME) is for items that may be unpredictable or not easily controlled by IPSA. Provisions are IPSA's only AME item.

AME	Note	2021-22 £'000			2020-21 £'000	
		Estimate	Outturn	Variance	Outturn	Variance
Provisions	12	150	(48)	198	19	(67)
<b>Provisions Total</b>		<b>150</b>	<b>(48)</b>	<b>198</b>	<b>19</b>	<b>(67)</b>

The favourable result against budget and 2020-21 is due to the decrease in doubtful debts needed to be provided.

## *Net Cash Requirements*

Net Cash Requirements	Note	2021-22 £'000			2020-21 £'000	
		Estimate	Outturn	Variance	Outturn	Variance
	SOCF	238,194	215,815	22,379	208,527	7,288
<b>Total</b>		<b>238,194</b>	<b>215,815</b>	<b>22,379</b>	<b>208,527</b>	<b>7,288</b>

Net Cash Requirements (NCR) were below budget due to the underspend in DEL budgets as explained above. NCR was slightly higher than in 2020-21 due

to higher staffing costs as vacancies levelled off in 2021-22, as explained above.

### *2022-23 budgets*

IPSA's main estimates have been approved for 2022-23 where the NCR has increased slightly to £252.79m. The increase is primarily within Subhead A. This is due to the Covid-19 staffing uplift included in 2021-22 being uplifted, extended, and incorporated into the 2022-23 normal staffing budget.

Signed

Ian Todd

*Accounting Officer*

*1 December 2022*

# Part II: Accountability Report

# **1. Corporate Governance Report – Directors’ report**

## **A. IPSA’s Board**

IPSA’s Board is responsible for setting IPSA’s strategic direction and, as advised by the Executive Team, deciding the policies that form the Scheme.

Details of Board Members and the Executive Team are set out in the Governance Statement.

## **B. Company directorships and other significant interests held by Board Members**

IPSA’s Board Members hold no significant interests.

Details of all interests held [can be found on our website](#).

Please note, the Register of Interests is located within the individual Board Members profiles, in the section ‘Who we are.’

## **C. Staffing**

During 2021-22, IPSA employed an average of 99 full-time equivalent staff on both permanent and fixed-term contracts. This also includes agency staff employed to cover staff vacancies.

In addition, we had four Board Members and one Board vacancy which has now been filled and funded the costs of one Compliance Officer and a deputy and three Lay Members of the SCIPSA.

As of 31 March 2022, 44% of staff were male, and 56% of staff were female. We monitor the ethnic minority background of our starters and leavers by reference to each of 'the protected characteristics' set out in the Equality Act 2010 to improve representation and take action, as necessary.

IPSA has an equality and diversity policy, covering IPSA's commitment to equality and diversity and eliminating discrimination. We have asked our people to share their data with us and have seen an increase in equality and diversity data as a result.

Twenty-four per cent of our people identify as having an ethnic background and 13% of our people identify as LGBT+.

At leadership level, 21% identify as having an ethnic background and 21% identify as LGBT+.

All IPSA employees are offered access to an Employee Assistance Programme, which provides access to various resources, including confidential counselling and a phoneline available 24/7 to provide help on general, legal, financial, family guidance and information issues.

We have continued to recruit nationwide rather than London centric and now have employees located across all four UK countries.

We have also successfully piloted a name-blind recruitment approach to help ensure diversity and are looking for a permanent solution.

Our People Strategy includes a Belonging strand that will ensure IPSA maintains a strong focus on diversity, inclusion, and equity across the workplace.

IPSA adheres to the rules applying to government departments, whereby all individuals on contracts of more than six months' duration, where the annual cost is greater than £64,680 (equivalent to £245 per day), are required to provide IPSA with an assurance that tax due on contract payments will be paid. As of 31 March 2022, all such contractors engaged by us met these conditions.

## **D. Health and safety**

We are committed to providing a safe and healthy working environment. We have an up-to-date health and safety policy and a health and safety training module for new staff.

We continue to maintain a health screening-at-work programme. This includes regular workstation assessments and access to a confidential health service providing advice and counselling.

All new staff have a home working health and safety awareness talk. We continue to monitor their well-being and provide them with any equipment and aids necessary to ensure that they can work safely and comfortably.

We currently have four mental health first aiders who are available to council any member of staff who may need assistance coping with any aspect of their work or domestic mental health situation.

On 17 March 2020, IPSA moved to remote working because of the Covid-19 pandemic. This is a continuing process as IPSA has now moved to a full hybrid office.

To ensure a comfortable, healthy, and safe working environment, staff can request for the provision of any office related equipment for use at home.

Our central office is configured to the latest government advice according to the Health and Safety Executive guidance – reducing the spread of respiratory infections, including Covid-19, in the workplace (as of 1 April 2022). Workplace cleaning stations are situated around the office and workstations have been reconfigured to allow more space between members of staff working in the office.

We are continually monitoring the situation regarding the fallout from the pandemic and are committed to ensuring that all our staff are kept as safe as possible.

## **E. Pensions**

Our employees are covered by the provisions of the Civil Service pension arrangements. Information on pension entitlements is provided in the [Remuneration and staff report](#).

Please refer to page 92 of this report for details of IPSA's accounting treatment for pension liabilities.

## **F. Personal data related incidents**

During 2021-22, IPSA suffered no significant losses or thefts of personal or other protected data. Although there were no incidents meeting the threshold for reporting to the Information Commissioner's Officer (ICO), IPSA voluntarily reported one incident. The ICO did not require any further action by IPSA and the incident was closed.

We continue to provide training and support for IPSA staff on data security and governance to minimise future incidents.

## **G. Complaints and customer service**

We aim to acknowledge complaints within five working days and provide a final response within 10 working days.

During 2021-22 we handled 25 formal complaints from MPs, their staff, and other stakeholders covering various issues, down from 50 in 2020-21.

Nine complaints related to instances where MPs were asked to repay money to IPSA or to provide more information about claims. Three complaints related to the way IPSA publishes information about MPs costs and seven related to receipt of poor-quality service (slow responses or incorrect information provided).

Of the overall complaints, 15 were resolved within the agreed response times. Sixteen complaints were upheld.

## **H. The Compliance Officer for IPSA**

The Constitutional Reform and Governance Act 2010 created provision for a statutory officeholder, the Compliance Officer, whose principal functions are to investigate claims that an MP may have been paid an expense to which they were not entitled and, upon request, to review a determination by IPSA to refuse an MP's business costs claim.

The Compliance Officer reports to IPSA's Board but acts wholly independently of IPSA's executive.

Tracy Hawkings began her term as IPSA's Compliance Officer on 30 May 2018. Her separate report is in Part V.

During the reporting period, 27 complaints were handled. Most complaints (25) were made by members of the public. One complaint was made by a local councillor and one complaint was referred by IPSA following receipt of a letter from an MP.

Only one of the 27 complaints led to the initiation of a formal investigation, which is currently ongoing. The remainder were closed following assessments that concluded the relevant MPs had acted in accordance with the Scheme. In addition, a further seven complaints were made which fell outside the remit of the Compliance Officer.

During 2021-22, five MPs requested reviews of claims that IPSA had refused. The Compliance Officer upheld three cases in favour of IPSA, albeit in one case adjudicated that IPSA should pay a contribution towards costs and upheld two cases in favour of the MP.

## **I. Basis of accounts**

The accounts for the year ended 31 March 2022 have been prepared under a direction issued by HM Treasury in accordance with PSA 2009.

## **J. Risk management**

We continually assess our exposure to risks and seek to ensure that risks are appropriately mitigated.

As part of our formal risk management process, we maintain a risk register that includes those risks at a strategic level. The risk registers are reviewed regularly by IPSA's Executive.

Our Audit and Risk Assurance Committee, comprising Board Members also formally reviews risks and the associated mitigation actions at its regular meetings.

More information on our management of risk is set out on page 71 risk management.

At the end of 2021-22 IPSA introduced revised risk management arrangements, including the use of risk management software, which will embed risk management more securely in management decisions and processes.

## **K. Policy for payment of suppliers**

We adhere to the Late Payment of Commercial Debts (Interest) Act 1998 (LPCD(I)A 1998) and meet the standard terms of payment of invoices of 30 days from receipt, except where different terms have been agreed with suppliers.

Although independent, we are treated as a small department, and so the government's five-day target for small and medium enterprises (SMEs) to receive payment is not mandated. However, we aim to pay valid invoices from SMEs within 10 days.

Payment of trade and other payables is reported on a creditor-days basis. This is calculated as a proportion of the amount owed to trade creditors at the year-end compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days in the same proportion to the total number of days in the financial year.

We paid suppliers within an average of seven creditor days in 2021-22 (31 in 2020-21). The year-on-year decrease in creditor days was due to the late receipt of some invoices during the 2020-21 year. 88% of suppliers were paid within 10 days of receipt.

No interest was payable under the LPCD(I)A 1998 (£Nil in 2020-21).

## **L. Future priorities: plans for 2022-23**

Our business-as-usual activity – regulating MPs’ use of taxpayers’ money and administering the business costs and pay of the 650 elected UK MPs and their staff to ensure they are resourced effectively to carry out their parliamentary functions – will take priority.

This includes:

- reimbursing business cost claims
- administering pay and contract changes for MPs and their staff
- registering home and office leases

- publishing claims and responding to Freedom of Information requests
- responding to queries and funding requests via calls and emails from MPs and their staff
- supporting MPs to manage their budgets, and
- preparing the annual report and accounts

## *Security*

In late 2021, IPSA agreed with the House of Commons to transition security arrangements from IPSA to the House of Commons to optimise the provision of security by having the contract, expertise, and funding in one place. The decision was formally agreed by the Board in September 2022, and joint plans are in place to transition security funding to the Members' Security Support Service by the end of March 2023.

## *Pensions*

We are addressing a significant policy issue – the implementation of the *McCloud* ([2018] EWCA Civ 2844) correction to the MP pension scheme.

A joint governance model has been agreed between IPSA and the Trustees of the pension scheme. Considerable effort and resource will be required to successfully implement the changes and support those MPs effected.

## *Process, technology, and people*

We will continue the end-to-end review of all our processes. This includes:

- providing better and more integrated guidance using web pop-ups
- more collaboration with the House to better induct and train MPs and their staff on business and staffing costs
- further optimisation of IPSA Online v.7.7, including:
  - improved reporting for MPs/staff
  - a review of customisations
  - exploring Office Manager/Proxy administrator permissions
  - creating parallel financial years in our systems, and simplifying our chart of accounts

Internally, we will progress transforming our culture and ways of working, empowering people to make decisions, and refining job families and skills aligned to our operating manual.

We will also focus on our equity, diversity, and inclusion agenda to ensure we continue to recruit and retain a diverse workforce and ensure everyone has what they need to succeed.

## *Strategic review of our regulatory approach*

Alongside this activity, we will also change our approach to the way we regulate.

This includes reviewing our approach to how we validate and publish MP spend data, as well as understanding the value of creating centralised services to remove the burden on MPs' offices and improve value for money.

At their Strategy Day in September 2021, the Board explored alternative regulatory models that IPSA may adopt in the future and agreed to move towards a new regulatory approach by 2024, while making no changes to the Scheme ahead of the 2022/23 financial year.

These changes include addressing increased home working among MPs' staff and simplifying the Scheme.

There will be an exploratory phase of work to help develop our new regulatory approach up to September 2022. This will allow us to articulate perceived problems with the current model, increase awareness and understanding of alternative models and their potential relevance to IPSA, and set out our ambition for change.

We will undertake the following activities:

- Gather feedback from stakeholders about the current system – including the IPSA Board, IPSA people, MPs and their staff, and the public.
- Benchmark to learn lessons from other models used in comparable contexts including the Australian Independent Parliamentary Expenses Authority and the parliaments of New Zealand, the Senedd and Scotland and researching regulatory theory and case studies of other regulators from other sectors.
- Understand how academic research could inform our approach – including a review of relevant research on regulatory models, engagement with interested academics, and considering whether new research should be commissioned.
- Assess public opinion to analyse public sentiment.

To create space to focus on the fundamental review of our regulatory approach, changes to simplify the current Scheme have been limited to:

- Consultations on new guidance for home-based contracts for MP staff, updates to IPSA’s contract tool, and new travel rules for home-based staff.
- Co-producing new guidance with the House HR team to support MPs with changes to their staff working conditions.

- Consulting on changes to simplify the Scheme rules and processes.
- Changes to home working travel rules to allow home workers to claim for occasional travel to the office.

We are not currently proposing to make changes to staff pay bands for home workers who have moved out of London, but we will consider this issue again ahead of the 2023-24 financial year.

## **M. Events after the reporting period**

There are no events after 31 March 2022 that require an adjustment to the financial statements and no non-adjusting events for which additional disclosure in the financial statements is required.

The Accounting Officer authorised these financial statements for issue on 1 December 2022.

## **2. Corporate Governance Report – the Statement of Accounting Officer’s responsibilities**

Under PSA 2009, HM Treasury directed IPSA to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction at Part IV.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of IPSA and its net resource outturn, changes in taxpayers’ equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the FReM and, in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FReM have been followed and disclose and explain any material departures in the accounts, and
- prepare the accounts on a going-concern basis

In accordance with PSA 2009, as the Chief Executive, I am also the appointed Accounting Officer of IPSA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for keeping proper records and for safeguarding IPSA's assets, are set out in Managing Public Money, published by HM Treasury and with which IPSA broadly complies.

As far as I, the Accounting Officer, know, there is no relevant audit information of which IPSA's auditors are unaware. As Accounting Officer, I have taken all the necessary steps and have sought assurance from the IPSA's management team. I have received a letter of assurance from the relevant House authorities in respect of the commissioning of security provision to MPs and take this into account in my opinion. I have been informed of any relevant audit information and establish that IPSA's auditors are informed accordingly.

I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced, and understandable. I confirm that they meet these requirements.

### **3. Governance statement**

Under PSA 2009, IPSA is a body corporate, independent of Government and Parliament with the Chief Executive as its Accounting Officer.

Ian Todd was appointed as the Chief Executive and Accounting Officer by IPSA's Board from 19 October 2020.

Working with the IPSA Board and presenting IPSA's funding proposals to the SCIPSA, the Chief Executive has responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of IPSA's policies, aims and objectives, while safeguarding public funds and assets.

#### **A. SCIPSA**

SCIPSA is responsible for considering and then recommending candidates for the posts of Chair of IPSA and members of the Board. The candidates for these posts are then approved by the House of Commons and appointed by the Head of State.

The Committee also reviews the IPSA's annual estimate of the resources it needs, to ensure the estimate is consistent with the efficient and cost-effective discharge of the IPSA's functions before the estimate is laid before the House by the Speaker.

The Committee has a membership of 11. The Speaker, the Leader of the House of Commons and the chair of the Committee on Standards and Privileges are ex officio members, and five further members of the House of Commons are appointed by the House. In addition, three lay members are appointed by the House of Commons.

## **B. IPSA's Board**

Arrangements for appointing IPSA's Board Members are outlined in the SCIPSA section above.

The Board has overall responsibility for preparing and revising IPSA policy, including notably the Scheme, and setting MPs' pay and pensions.

## **C. Board membership changes**

Richard Lloyd acted as Interim Chair of the Board for 2020-21. Open, competitive recruitment for a permanent Chair was put on hold following the Covid-19 pandemic but resumed in the spring of 2021.

Following consideration by SCIPSA, Richard Lloyd was appointed as the permanent Chair from 1 September 2021 for a five-year term. This left a vacant ordinary member position on the IPSA Board.

After a competitive recruitment in which diversity was emphasised, the House approved the appointment of

Lea Paterson, former Executive Director, People and Culture, at the Bank of England for a five-year term effective 14 March 2022.

## **D. IPSA Board Members**

### *Richard Lloyd*

Richard Lloyd joined the IPSA Board in December 2018. He became Interim Chair in October 2019 and was confirmed as Chair in September 2021. He is a non-executive director of the Financial Conduct Authority and vice-chair of the Money and Mental Health Policy Institute. From 1 June 2022, he became Interim Chair of the Financial Conduct Authority.

Richard's previous positions include:

- Executive Director, Which?
- Chief Executive, Consumers International
- Head of Policy, Shelter, and
- Special Adviser to the Prime Minister

He was awarded an OBE in 2019 for services to the economy and consumer rights.

### *Will Lifford*

Will Lifford is a Yorkshire-based chartered accountant and a former Head of Audit at Grant Thornton.

Since retiring, he has held several non-executive and trustee roles in the public and not-for-profit sectors,

including as non-executive director of Entrust, the regulator of the Landfill Communities Fund, and chair of both Yorkshire Housing and Martin House Children's Hospice.

He is currently a board member of the Charity Commission for England & Wales and a trustee of St Gemma's Hospice.

## *Sir Robert Owen*

Sir Robert Owen was called to the bar at Inner Temple in 1968 and elected as an Inner Temple bencher in 1995. He was appointed a Recorder in 1987, Queen's Counsel in 1988 and a Deputy High Court Judge in 1994. He previously served as Chairman of the London Common Law and Commercial Bar Association and the General Council of the Bar.

He was named an associate fellow of the Institute of Advanced Legal Studies and a Fellow of the Royal Society of Arts in 1998. He served as a governor of the College of Law from 1998 until 2004. He was appointed a Justice of the High Court on 15 January 2001, received his knighthood and was assigned to the Queen's Bench Division.

From 2005 to 2008, he served as a presiding judge for the Western Circuit and was a member of the Judicial College Board since 2011 to 2014. As the

member of IPSA's board who has previously held high judicial office, Sir Robert is also IPSA's designated 'Qualified Person' for the purposes of Freedom of Information.

### *Helen Jones*

Helen Jones served as the MP for Warrington North from 1997 to 2019. She chaired the House of Commons Petitions Committee from 2015 to 2019 and had previously been an Opposition Spokesperson, senior Government Whip and Parliamentary Private Secretary.

Prior to entering the House, she worked as a solicitor, teacher and as a justice and peace officer in the Liverpool Archdiocese.

### *Lea Paterson*

Lea Paterson was until recently Executive Director, People and Culture, at the Bank of England. She is currently a Civil Service Commissioner and an Independent Member of the University of Warwick's Remuneration Committee.

Lea has previously held a number of senior management positions at the Bank of England, including Director of Independent Evaluation. She was also an Adviser to the Bank's Board in its review of ethnic diversity and inclusion.

Before working for the Bank, Lea worked as a journalist, as Economics Editor at *The Times* and previously at *The Independent*.

## **E. Board activity**

IPSA's Board has set out the strategic vision for IPSA and has approved the priorities and key performance indicators detailed within the Corporate Plan.

The Board monitors and reviews the organisation's performance regularly, based on the management information briefings and commentaries which the Executive provides.

The Board receives regular management information papers from IPSA's Executive. These include the Chief Executive's Report, which includes an analysis of activities and performance and an outline of planned activities, and a finance paper comprising the management accounts and a financial activity review.

The Board scrutinises the information with which it is provided and asks questions, not only about the activities to which the information relates but also regarding the reliability of the data itself.

Following the disbanding of the Change Oversight Committee, the Board also agreed to receive a monthly update on IPSA's Transformation Programme and progress towards its goals. At around quarterly intervals, the Board received information on latest

customer service performance, including feedback and complaints, as well as updates from the Compliance Officer on investigations and referrals.

At the close of 2021-22, the Board also received a revamped KPI dashboard designed to provide further detail and assurance as to IPSA's performance. This will be rolled out and developed for the 2022-23 financial year. On this basis, the Board is satisfied the quality of the data available to it is acceptable.

The Board's main focus in 2021-22 was on making significant progress in implementing year-one of IPSA's corporate plan, as well as to begin fundamental reviews of IPSA's operating model to date and to consider complex policy questions within its remit. This included adjusting the staffing, office, and accommodation budgets available to MPs for 2022-23, commencing a fundamental review of IPSA's regulatory model as it is currently reflected in its Scheme of Business Costs and progressing consultation and policy work arising from the *McCloud* judgment. This work was complemented by a Strategy Day it held in September 2021.

Other crucial work included a review of MPs' remuneration, decisions on MPs' security funding and publication following the murder of Sir David Amess, approving the 2022-23 business plan, consideration of the annual customer satisfaction survey in IPSA

performance, and review of the 2020-21 Annual Report & Accounts.

The Board met eight times in 2021-22, with a mixture of virtual, hybrid, and in-person meetings, owing to public health restrictions in place.

## **F. The Audit and Risk Assurance Committee (ARAC): scope of responsibility**

During 2021-22 the ARAC comprised all the members of the IPSA Board, and was chaired by Will Lifford, the member who is qualified to be a statutory auditor. This ensures the Committee has professional, qualified direction in matters relating to the consideration of IPSA's accounting, financial control, risk management and assurance arrangements.

The ARAC supports the Board's work and the Chief Executive's role as an Accounting Officer in maintaining an effective control system.

The ARAC assesses the executive's management of risk and the assurance framework in place and advises the Chief Executive on the framework's adequacy.

The ARAC met four times during the reporting period. In 2021-22 a key focus of the Committee has been on arrangements for managing the risk relating to cyber

security attacks, reviewing IPSA's risk appetite, supporting improvements in risk management, ensuring lessons are identified and learned and that the recommendations arising from internal audit reviews are implemented.

The Committee also reviews IPSA's top risks each quarter, reviews all internal audit reports and discusses the plans and outcomes of internal and external audits.

## **G. Changes to Board Subcommittees: The People Committee**

In 2020-21, the IPSA Board was also originally supported by the Remuneration Committee and the Nominations Committee, which met as required.

Following a decision of the Remuneration Committee, approved by the Board, on 8 December 2021, it was agreed that the Remuneration Committee and Nominations Committee be merged to form a People Committee, which held its inaugural meeting on 2 March 2022.

The Committee, chaired by Helen Jones, met three times during 2021-22 (including as a Remuneration Committee) and is responsible for agreeing IPSA's remuneration policy and setting the remuneration of the Chief Executive, Compliance Officer, and IPSA's

Directors. It also agrees the overall pay award for IPSA staff and wider strategy.

Following the merger into a People Committee, the Committee has expanded its focus to consider issues of diversity and inclusion, development, and culture and connectedness, particularly in the context of IPSA's permanent shift to hybrid working across all four nations of the UK and annual people survey results.

The Nominations Committee was responsible for the appointment of the CEO and the Compliance Officer and did not meet during the reporting period. It was merged with the Remuneration Committee to form the People Committee.

In March 2020, the Board established a Change Oversight Committee. Its remit was to review, comment upon, and oversee emergency and business continuity arrangements to deal with the Covid-19 pandemic, an immediate organisational improvement programme and change, and longer-term strategic planning. The Committee met as required and reported to the Board by a summary note of the meeting. It did so twice in 2021-22 before recommending its own disbandment on 24 November 2021. This was agreed by the Board on 8 December 2021, given the new assurance arrangements for reporting progress on the Transformation Programme,

the further embedding of organisational design and hybrid working changes, and agreement to escalate issues as appropriate to ARAC or the Board.

The attendance of each member at Board, ARAC, Remuneration Committee (known as the People Committee from 2 March 2022 and tallied with the Remuneration Committee for this purpose), Nomination Committee, and Change Oversight Committee meetings, can be seen in the following table.

## Committee attendance

Member	Board	ARAC	People Committee	Nominations Committee	Change Oversight Committee
<b>Richard Lloyd</b> <sup>[1]</sup> <i>Chair</i>	8 (8)	4 (4)	3 (3)	N/A	2 (2)
<b>Will Lifford</b> <i>Audit and Risk Assurance Committee Chair</i>	8 (8)	4 (4)	3 (3)	N/A	2 (2)
<b>Sir Robert Owen</b> Board member	7 (8)	3 (4)	3 (3)	N/A	2 (2)
<b>Lea Paterson</b> Board member (joined 14/03/2022)	1 (1)	1 (1)	Attended the meeting on 2 March 2022 as an observer (-)	N/A	N/A (-)
<b>Helen Jones</b> <i>Remuneration Committee Chair</i>	8 (8)	4 (4)	3 (3)	N/A	2 (2)

### Note:

[1] From June 2022, the Chair is no longer a member of ARAC. The figures in brackets are the number of meetings the member was eligible to attend.

Together with representatives of RSM our Internal auditors, the National Audit Office and the Director of Finance, the Chief Executive is invited to attend ARAC meetings.

Other Directors and members of the Executive Leadership Team (ELT) are also regularly present. The Chief Executive and Directors also attend Board and other Committee meetings unless an issue involving them is discussed.

## **H. IPSA's senior management**

IPSA's ELT is led by the Chief Executive, who is responsible for delivery in line with the policy direction set by the Board.

The Directors of IPSA during 2021-22 were as follows:

### *Ian Todd, Chief Executive*

Ian joined IPSA in October 2020. He was formerly Chief Executive of the Security Industry Authority and Deputy Director General at the Independent Office for Police Conduct.

He has also held several other board-level roles in professional regulation, including the health and legal sectors. Ian has also spent time in central government, including the Department for Education and the Cabinet Office.

He has extensive experience of dealing with the public in a frontline role as his first career was with the NHS ambulance services. During 15 years in the ambulance service, he was a qualified paramedic and held several roles to director level, including as part of the senior command team during the 7/7 London bombings.

## *Alastair Bridges, Director of Finance & Corporate Services (until 16 January 2022)*

Alastair was with IPSA between 2016 and early 2022, leading IPSA's Finance, Payroll, HR, IT and Data Protection teams, with responsibility for delivering high quality finance, payroll and other corporate enabling services to IPSA and its customers. Alastair also served as IPSA trustee on the Parliamentary Contributory Pension Fund.

Alastair left IPSA at the beginning of 2022 to take up a new role with another regulator.

## *Thomas Fitch, Director of Finance (from 21 February 2022)*

Thomas has led IPSA's finance team since February 2022. He is responsible for leading the finance, payroll, and procurement functions to deliver taxpayer value for money.

Thomas draws on his experience working as a finance professional across a variety of public and private sector roles, including Imperial College London and the Department for Health and Social Care. He has driven enhanced financial management across a variety of asset classes, including container ships and real estate.

Thomas trained as a chartered accountant at HM Treasury.

*Lee Bridges, Director of Policy & Engagement*

Lee's teams are responsible for IPSA's policy development, its communications and engagement with the public and stakeholders, the publication policy and information governance across the organisation.

Lee joined IPSA from the House of Commons where he worked in several roles including in communications, Members' Services, and finance. Lee was the Senior Responsible Owner for the development of Parliament's Independent Complaints and Grievance Scheme which is there to tackle workplace harassment and bullying.

Prior to joining the House of Commons, Lee was one of the first clerks appointed to the new Scottish Parliament in 1998 and played a role in establishing the policies and procedures for the new legislature.

*Karen Walker, Director of Strategy & Change*

Karen joined IPSA in August 2020. She spent 30 years in the customer services industry, gaining a wealth of experience spanning financial services, utilities, and telecoms at brands such as telephone and online bank First Direct, Centrica and Virgin Media.

She has a background in operational and change leadership, culture change, regulation, credit

management and customer service excellence and is renowned for developing purposeful customer-centric cultures to drive advocacy and great customer outcomes, breaking down barriers to service excellence and customer retention.

Yorkshire born and bred, Karen is also a Non-Executive Director at the Bradford Teaching Hospitals NHS Foundation Trust where she is translating her keen interest and experience in people and customers into helping the Trust achieve great patient outcomes and service excellence.

### *Georgia Wilson, Director of MP Services*

Georgia is our Director of MP Services and leads IPSA's customer-facing teams providing MPs with advice and support to facilitate high compliance, value for money and public confidence. She also leads the IPSA general election programme, which ensures all MPs are supported during elections, whether they are new, returned, or leave their seats. She works alongside colleagues at the House of Commons to provide seamless and joined-up support to MPs and their teams.

Before joining IPSA, Georgia worked in operational and strategic roles at the Independent Office for Police Conduct. As a senior investigator, she led the London team to investigate deaths in custody, police

shootings and other serious incidents. This involved complex regulatory decision-making and engagement with senior police and non-police stakeholders, under significant scrutiny and in a challenging and political environment. She later moved to a strategic role leading function delivering business planning, quality assurance, change, learning and development to support operational improvement across 700 staff in seven offices.

Early in her career, Georgia worked in a consultancy environment, working with various organisations to design and develop improved processes and IT solutions to support their business and customer service.

## **I. Risk management and assurance**

### *Risk management*

IPSA uses risk management to inform its business decisions, enable more effective use of resources, enhance strategic and business planning, and strengthen contingency arrangements.

During 2021-22 risk management arrangements were comprehensively reviewed with a new risk management framework and, from March 2022, the use of risk management software.

The main risks to achieving IPSA's corporate objectives are set out in a strategic risk register which was revised and simplified in 2021-22.

Over time, the number of risks included on the register had grown to 17 and were reduced to seven to enable a more strategic focus. These seven risks are set out in the table below.

The strategic risk register sets out the controls aimed at managing the risks and any additional measures required to bring risks down to a target level based on IPSA's risk appetite. Each risk has a designated owner who is a director and is accountable for implementing appropriate and proportionate control measures. The register is reviewed regularly by the Executive Leadership Team, Directors and as a standing item by the Audit and Risk Assurance Committee.

Effective risk management systems were in place for the year under review and up to the date of the approval of the Annual Report and Accounts.

## Main risks identified and action taken

Risk area	Key actions and issues in the year
<b>Cyber-attack</b>	<p>Managing the risk of a successful cyber-attack has been a priority focus of risk management in 2021-22, with actions being reviewed at each of the Audit and Risk Assurance Committees quarterly meetings.</p> <p>In the face of a threat that continues to evolve, IPSA continued to develop its technical defences against attack and to mitigate any vulnerable areas, for example, by removing legacy systems.</p> <p>IPSA also strengthened its cyber and data security awareness training, which all staff have, or will undertake.</p> <p>IPSA obtained Cyber Essentials Plus accreditation in July 2022.</p>
<b>Data loss</b>	<p>IPSA is acutely aware of its obligation to safeguard and use appropriately the information it holds about its stakeholders and staff.</p> <p>It has a range of controls in place including staff awareness training.</p> <p>Updated training was introduced from March 2022.</p>

Risk area	Key actions and issues in the year
<p><b>Reputation with stakeholders</b></p>	<p>Problems with the introduction of its IT system and workload issues from the December 2019 General Election damaged IPSA’s reputation with MPs and their staff.</p> <p>IPSA subsequently introduced a major transformation programme to improve the service it provides and to communicate better with MPs and their staff.</p> <p>IPSA is also considering how it can better engage with the public so that there is a wider understanding of how MPs are funded and IPSA’s role.</p>
<p><b>Delivery of transformation programme</b></p>	<p>As noted above, IPSA has a major transformation programme focused on improving the service it provides to MPs and how it regulates the funding it provides.</p> <p>IPSA is aware of the delivery risks associated with such programmes and has governance, control, and risk management arrangements in place.</p> <p>The programme’s progress and achievements are monitored by the ELT and regularly reviewed by the Board.</p>

<b>Risk area</b>	<b>Key actions and issues in the year</b>
<b>Delivery of business objectives</b>	<p>As part of a new organisation design, IPSA monitors the achievement of its corporate plan through four pillar groups each relating to one of the four strategic objectives.</p> <p>In the year, the pillar groups developed the performance information and risk management information they use.</p> <p>IPSA recognises that not all events are foreseeable so is also updating its business continuity arrangements.</p>
<b>Effective use of security funding</b>	<p>IPSA provides funding for security measures for MPs.</p> <p>In the year, the funding arrangements were strengthened to give greater assurance over value for money.</p> <p>IPSA worked with House of Commons authorities to let a new contract for the installation of security measures and revised the arrangements for IPSA oversight of payments.</p>
<b>Changes in the external environment</b>	<p>The Covid-19 pandemic illustrated how events external to IPSA can impact on the organisation.</p> <p>IPSA is strengthening the way that it monitors the external environment to enable it to be ready to take advantage of any opportunities changes outside IPSA present and to mitigate any foreseeable disadvantages.</p>

## *Internal audit*

Internal audit work, including the Head of Internal Audit role, is contracted out to RSM UK.

Eight internal audits, including audits following up previous reports, were carried out in 2021-22.

Areas covered included complaints handling, the improvement programme, contract management, MPs' staff costs, MPs' rent and property costs, a review of second line assurance arrangements, security funding and follow ups regarding previous recommendations.

Overall, the Head of Internal Audit's opinion as of June 2022, from the work carried out, was that IPSA has an adequate and effective framework for risk management, governance, and internal control. Internal Audit's work identified further enhancements to the framework to ensure that it remains adequate and effective.

## *IPSA's Assurance Team*

From April 2021, IPSA strengthened its assurance arrangements by forming a new team to support risk management and to carry out assurance work, integrating into the team assurance work previously carried out on the implementation of IPSA's policies on MPs' business costs.

During 2021-22 the team revised IPSA's risk management arrangements including introducing the use of risk management software. It also carried out nine assurance reviews including on IPSA's arrangements for funding MPs and their staff during the Covid-19 pandemic, funding MPs' websites, on IPSA validation of business expense claims and several individual case examinations. Two reports raised significant issues. The report on the validation of MPs' business costs looked at inconsistency in our processes and found enough evidence to support a recommendation for a wider review to address consistency in the validation process, which the team are taking forward this year. A report produced in 2022-23, but partly covering 2021-22, on direct suppliers (organisations that are paid directly by IPSA rather than through reimbursing MPs) found weaknesses in the way some suppliers had been procured as well as a lack of effective controls built around some of the supplier processes. The recommendations in both reports were accepted. Implementation of the recommendations is monitored by IPSA's Executive Leadership Team and by the ARAC.

### *Data and information security*

An IPSA director operates as the Senior Information Risk Owner and advises the Chief Executive on the

effectiveness with which IPSA manages the risks associated with the information it controls and processes.

Each senior manager involved in running key IPSA processes has responsibility for managing the risks associated with their information assets, as an Information Asset Owner (IAO).

The Data Protection Officer is updating IPSA's Register of Processing Activity and as part of this exercise will ensure that – following recent turnover at senior manager level – IAOs are aware of their responsibilities and receive appropriate training.

Further information on the work carried out during the past year is in the Data Protection paragraph on page 21.

## **J. Corporate Governance Code**

The Corporate Governance Code (the Code) issued by HM Treasury and the Cabinet Office is designed specifically for central government departments.

It is essential that IPSA upholds the highest standards in its operations.

IPSA is compliant with the material requirements of the Code where they are relevant to its statutory position, in most cases complying with both the letter and the spirit of the Code's provisions.

Where the requirements of the PSA 2009 differ from the Code, IPSA will always seek to comply with the Act, which reflects the wishes of Parliament.

## **K. Assessment of effectiveness**

By relying on the arrangements described above, the Chief Executive can assess the effectiveness of the control environment in place to ensure the resources for which I am responsible are subject to sound management and control.

My assessment of the governance, risk management and internal controls in place has also been informed by:

- the independent work completed by internal audit and the opinion provided by the Head of Internal Audit
- comments made by the Comptroller and Auditor General, Head of the National Audit Office, as our external auditor in their management letter and other reports, and
- IPSA's management assurance processes under the internal control framework, including regular reports from the Head Assurance and Risk

In addition, an assurance statement from each director confirming the adequacy of the controls within their areas of responsibility. No control issues have been raised in the directors' statements.

## J. Whistleblowing

IPSA adheres to the whistleblowing policy that is applicable to all Civil Servants, including adherence to the Civil Service Code. Information regarding this policy is available for all staff on IPSA's intranet site. The Audit and Risk Committee is informed at the start of every meeting if any whistleblowing cases have been raised. In 2021-22 there were no such cases, comparable to 2020-21.

Overall, evidence was considered that supports this Governance Statement, including from IPSA's governance structures and the independent advice provided by the Audit and Risk Committee.

**It is concluded that IPSA has satisfactory governance and risk management systems with effective plans to ensure continuous improvement.**

## 4. Remuneration and staff report

### A. Remuneration policy

The following information provides details of the remuneration and pension interests of IPSA's Board Members, IPSA's Directors and the Lay Members of SCIPSA.

IPSA's policy is to remunerate staff at a level that:

- allows the organisation to recruit, retain and motivate high-performing individuals with the appropriate skills and experience, taking account of the needs of the organisation as a whole and individual roles
- assess relevant benchmarks and market conditions
- measure performance (in the case of senior staff), and
- consider transparency, fairness, public acceptability, value for money and affordability

IPSA aims to pay staff within 5% of a benchmarked median pay rate in accordance with this policy.

#### *Chief Executive*

Ian Todd was originally appointed as Chief Executive on an interim basis from 19 October 2020 and was subsequently appointed to the role on a permanent basis from the 5 August 2021.

The IPSA Board and Remuneration Committee determine the Chief Executive's salary.

## *Chair and Board Members*

The Speaker determines the daily rate for the members of the IPSA Board, which was set in 2009 at £700 for the Chair and £400 for ordinary members. The daily rates have remained unchanged since 2009.

The remuneration for the Chair and Board Members is non-pensionable. Board Members are reimbursed on the presentation of timesheets setting out hours spent on IPSA business.

The anticipated time commitment from IPSA Chair is up to 10 days per month and from the ordinary Board Members two-to-three days per month, but greater commitment may be needed at certain times.

## *IPSA Staff*

The PSA 2009 provides that the remuneration and other terms and conditions of the Chief Executive and their staff should broadly be kept in line with those in the Civil Service.

IPSA directly employs IPSA's staff on either permanent or fixed-term contracts. IPSA awarded a 1% cost of living pay increase to all employees in 2021-22 excluding Directors and the Chief Executive.

The remuneration of all Executive Directors is determined by the Remuneration Committee of the Board, chaired by Helen Jones.

*Lay Members of the Speaker's Committee for IPSA (SCIPSA)*

IPSA is responsible for paying the Lay Members of SCIPSA.

The Lay Members appointed under the PSA 2009 are not employees of IPSA. The Lay Members are paid at a rate of £300 per day.

## B. Remuneration (including salary) and pension entitlements

The following table provides details of the remuneration and pension interests of IPSA's Chair, Board Members and Directors, and of the Lay Members of SCIPSA.

### Disclosure of IPSA Chair and Board Members' Remuneration (audited)

Name	Appointed	End-date	Remuneration £'000		Benefits in Kind <sup>[1]</sup> <sup>[2]</sup> (£)	
			2021-22	2020-21	2021-22	2020-21
Richard Lloyd: <b>Chair</b> <sup>[3],[5]</sup>	01/09/21	31/08/26	40–45	65–70	–	–
Helen Jones: <b>Board Member</b> <sup>[4]</sup>	01/03/21	31/12/25	5–10	0–5	1,900	–
William Lifford: <b>Board Member</b> <sup>[3]</sup>	11/01/18	10/01/23	5–10	10–15	1,200	500
Sir Robert Owen: <b>Board Member</b>	01/01/16	31/12/23	0–5	5–10	800	–
Lea Paterson: <b>Board Member</b>	14/03/22	14/03/27	0–5	–	–	–
Rt Hon Jennifer Willott: <b>Board Member</b>	07/08/16	31/12/20	–	10–15	–	200

### Notes:

[1] The benefits in kind are sums reimbursed for the costs (travel, accommodation, and telephone costs) incurred by the members in carrying out their board responsibilities. The figures have been grossed up to include the tax element covered by

IPSA as part of a PAYE Settlement Agreement it has in place with HMRC.

- [2] Both 2021-22 and 2020-21 figures have been rounded to the nearest £100.
- [3] The decrease in remuneration for Richard Lloyd and William Lifford is due to a reduction in the number of meetings required to attend during 2021-22.
- [4] The increase in Helen Jones' remuneration reflects the fact that she was in post for 12 months in 2021-22 (2020-21: one month).
- [5] Richard Lloyd became a board member from December 2018 and acted as Interim Chair from October 2019 until he was appointed as Chair in September 2021.

## Disclosure of IPSA CEO and Directors' Remuneration (audited)

Name	Salary £'000		Pension Benefits (£'000) <sup>[1]</sup>		Total (£'000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Ian Todd: <b>CEO</b> (from 19 October 2020)	145–150	65-70 (145-150 FYE)	46	35	190–195	100–105
Alastair Bridges: <b>Director of Finance &amp; Corporate Services</b> (up to 16 January 2022)	90-95 (110-115 FYE)	110–115	20	63	110–115	170–175
Thomas Fitch: <b>Director of Finance</b> (from 21 February 2022)	10-15 (110-115 FYE)	–	5	–	15–20	–
Georgia Wilson: <b>Director of MP Support</b>	100–105	100–105	33	57	130–135	160–165
Karen Walker: <b>Director of Strategy and Change</b> (from 24 August 2020)	110–115	65-70 (110-115 FYE)	43	26	150–155	90–95
Lee Bridges <sup>[2]</sup> : <b>Director of Policy and Engagement</b> (from 26 October 2020)	60-65 (110-115 FYE)	–	25	–	85–90	–
Marcial Boo: <b>CEO</b> (to 12 September 2020)	–	70-75 (130-135 FYE)	–	13	–	85–90
Victoria Fox: <b>Director of Regulation and Insight</b> (to 20 September 2020)	–	50-55 (110-115 FYE)	–	24	–	75–80

## Notes:

- [1] The Pension Benefits are actuarial figures provided by MyCSP, the Civil Service Pension provider and represent notional benefits earned in the last year. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. Pensions benefits movements are affected by the duration of membership and earnings during this time and contain an actuarial calculation.
- [2] Lee Bridges was on secondment from the House of Commons up until 31 August 2021 (2020-21: 26 October 2020 to 31 March 2021). The amount invoiced in respect of his services from 1 April 2021 to 31 August 2021 totalled £78,644.82 (2020-21: £81,693.37). Pension costs amounted to £13,887.50 (2020-21: £3,795.36). Lee became a permanent member of staff on 1 September 2021.

## *Salary*

Salary includes gross salary, overtime, reserved rights to London weighting or London allowances,

recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by IPSA and thus recorded in these accounts.

### *Benefits in kind*

The monetary value of benefits in kind covers any benefits provided by IPSA and is treated by HM Revenue and Customs as a taxable emolument.

During the year to 31 March 2022, benefits in kind totalling £3,900 (2020-21: £700) were given to the Chair and Board Members. There were no benefits in kind paid to the SCIPSA Lay Members, CEO or Directors (2020-21: £Nil)

### *Bonuses*

There is no bonus system in operation at IPSA. IPSA runs an individual and team reward and recognition scheme that recognises those who support IPSA's values, enhance its image, or deliver extra-ordinary service to its users or outstanding pieces of work with individual awards totalling no more than £250.

### *Senior staff members*

The full-time equivalent bandings of the senior staff members of IPSA are as follows.

## Senior staff salary bands (audited)

Remuneration banding	Number of individuals in banding	
	2021-22	2020-21
£95,000 – £100,000	–	–
£100,000 – £105,000	1	1
£105,000 – £110,000	–	–
£110,000 – £115,000	4	3
£115,000 – £120,000	–	–
£120,000 – £125,000	–	–
£125,000 – £130,000	–	–
£130,000 – £135,000	–	1
£135,000 – £140,000	–	–
£140,000 – £145,000	–	–
£145,000 – £150,000	1	1
<b>Total</b>	<b>6</b>	<b>6</b>

## Disclosure of SCIPSA Lay Members' Remuneration (audited)

Name	Appointed	End Date	Total Remuneration £'000	
			2021-22	2020-21
Shrinivas Honap <b>Lay Member</b>	27/01/17	26/01/22	0-5	0-5
Cindy Butts <b>Lay Member</b>	01/03/19	28/02/24	5-10	5-10
Peter Blausten <b>Lay Member</b>	27/01/20	26/01/25	-	-

Name	Appointed	End Date	Total Remuneration £'000	
			2021-22	2020-21
Theresa Middleton CBE <b>Lay Member</b>	27/01/22	26/01/27	0-5	-

## C. Fair pay disclosures

This section has been subject to audit.

Reporting bodies are required by the Government Financial Reporting Manual (FReM) to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

Total remuneration includes salary, non-consolidated performance-related pay, and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest-paid director in IPSA in the financial year 2021-22 was £145,000 – £150,000 (2020-21: £145,000 – £150,000), being a 0% change from 2020-21. This was 4.06 (2020-21: 4.61) times the median full-time equivalent remuneration of the workforce, which was £36,360 (2020-21: £31,986). The median full-time equivalent

remuneration of the workforce increased by 14% from 2020-21.

In 2021-22 (2020-21: 0), no employee received remuneration above the highest-paid director. Full-time equivalent remuneration ranged from £24,000 to £145,000 (2020-21: £20,000 to £145,000). The average percentage change in total remuneration from the previous financial year for all IPSA employees (excluding the highest-paid director) was an increase of 14% (2020-21: 4%).

This change in pay ratio and average remuneration is due to the inclusion of agency staff covering vacancies in the 2021-22 figures whereas in 20-21, we did not employ any agency staff. During the year, there were several contractors and as per the Corporate Plan, an increase in headcount of more specialist roles at higher cost to support delivery.

## Pay ratios against the highest-paid director

	Ratio		Total Pay & Benefits (£)		Salary Component (£)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
25 <sup>th</sup> Percentile <sup>(1)</sup>	5.12 <sup>(2)</sup>	5.17	28,820	28,535	28,820	28,535
Median <sup>(1)</sup>	4.06 <sup>(2)</sup>	4.61	36,360	31,986	36,360	31,986
75 <sup>th</sup> Percentile <sup>(1)</sup>	3.07 <sup>(2)</sup>	3.22	48,000	45,684	48,000	45,684
Band of the highest-paid director	–	–	145,000–150,000	145,000–150,000	145,000–150,000	145,000–150,000

## Notes:

- [1] The pay ratios relate to the employees who are on the 25th, 50th (median) and 75th percentile of pay and benefits.
- [2] The decrease in pay ratios from 2020-21 is due to the increase in pay and benefits of the employees as a whole. The remuneration for the highest-paid director was unchanged.

## D. Pension information for Directors

The figures given below have been supplied by My Civil Service Pension (MyCSP), the pension administrator for IPSA staff.

## PENSION BENEFITS OF SENIOR STAFF MEMBERS (audited)

Name	Accrued pension at pension age as at 31 March 2022 (and related lump sum)	Real increase in pension and related lump sum at pension age	CETV <sup>[1]</sup> at start date 1 April 2021	CETV at end date 31 March 2022	Real increase in CETV funded by employer
	£'000	£'000	£'000	£'000	£'000
Ian Todd	70–75	2.5–5	820	887	22
Alastair Bridges	50–55 plus lump sum of 125–130	0–2.5 plus lump sum of 0–2.5	1,051	1,113	8
Thomas Fitch <sup>[2]</sup>	0–5	0–2.5	–	2	1
Georgia Wilson	40–45	0–2.5	656	712	16
Karen Walker	0–5	2.5–5	19	52	24
Lee Bridges	15–20	0–2.5	234	252	14

### Notes:

- [1] CETV = Cash Equivalent Transfer Value (see page 98).
- [2] Two years of qualifying service must be built up for Thomas Fitch to become entitled to the preserved pension, which will be 20 February 2024. If departure occurs before this date, a refund or transfer of contributions can be taken.

## *Civil Service Pensions*

Pension benefits are provided through the Civil Service pension arrangements.

From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or *alpha* – which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher).

All newly appointed civil servants and the majority of those already in service joined *alpha* from that date. Before that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS).

The PCSPS has four sections: three providing benefits on a final salary basis (*classic*, *premium*, or *classic plus*) with an average pension age of 60; and one providing benefits on a whole career basis (*nuvos*) with an average pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year.

Pensions payable under *classic*, *premium*, *classic plus*, *nuvos* and *alpha* are increased annually in line with Pensions Increase legislation.

Existing members of the PCSPS who were within 10 years of their average pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their average pension age on 1 April 2012 will switch into *alpha* sometime between 1 June 2015 and 1 February 2022. All members who switch to *alpha* have their PCSPS benefits ‘banked,’ with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave *alpha*. (The pension figures quoted for officials show pension earned in PCSPS or *alpha* – as appropriate. Where the official has benefits in both the PCSPS and *alpha*, the figure quoted is the combined value of their benefits in the two schemes.)

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of *classic*, *premium*, *classic plus*, *nuvos* and *alpha*.

Benefits in *classic* accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement.

For *premium*, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum.

*Classic plus* is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per *classic*, and benefits for service from October 2002 worked out as in *premium*.

In *nuvos* a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation.

Benefits in an *alpha* build up similarly to *nuvos*, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the member's age) into a stakeholder pension product chosen by the employee from a provider panel. The employee does not have to contribute, but where they make contributions, the employer will

match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover centrally provided risk-benefit cover costs (death in service and ill-health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

Pension age is 60 for *classic*, *premium*, and *classic plus*, 65 for members of *nuvos*, and the higher of 65 or State Pension Age for members of *alpha*. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements [can be found on the Civil Service Pension Scheme website](#).

## *Cash Equivalent Transfer Values (CETV)*

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued due to their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member due to their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008, SI 2008/1050. They do not consider any actual or potential reduction to

benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### *Real increase in CETV*

This reflects the increase in CETV that the employer funds. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## E. Staff and other pay costs report

The following disclosures on staff costs, the average number of persons employed and exit packages have been subject to audit.

### Staff and other pay costs

	2021-22					2020-21
	Permanent Staff <sup>[1]</sup>	Agency Staff	Chair & IPSA Board	SCIPSA Lay Members	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	4,112	–	60	5	4,177	3,899
Social security costs	436	–	7	–	443	398
Other pension costs	1,016	–	–	–	1,016	874
Agency staff	–	241	–	–	241	–
<b>Sub total</b>	<b>5,564</b>	<b>241</b>	<b>67</b>	<b>5</b>	<b>5,877</b>	<b>5,171</b>
Secondment Income	(5)	–	–	–	(5)	–
<b>Total net costs*</b>	<b>5,559</b>	<b>241</b>	<b>67</b>	<b>5</b>	<b>5,872</b>	<b>5,171</b>

\*No staff costs have been capitalised (2020-21 £nil)

### Note:

[1] The permanent staff costs include the Compliance Officer's remuneration for the IPSA (annual salary range £25,000-30,000).

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS) – known as *alpha* – are unfunded multi-employer defined benefit schemes in which IPSA is

unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as of 31 March 2016.

Details can be found in the [Accounts of the Cabinet Office: Civil Superannuation](#).

For 2021-22, employer's contributions of £1,016,000 were payable to the civil service pension schemes (2020-21: £874,000) at one of four rates in the range 26.6 to 30.3% (2020-21: 26.6 to 30.3%) of pensionable pay, based on salary bands.

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. There are two employees with partnership pension schemes.

### *Average number of persons employed and staff composition*

The average number of full-time equivalent (FTE) persons employed at IPSA during the period was as

follows. The average was calculated as the average of people in the post by month over the 12 months to 31 March 2022. The gender analysis of the full-time equivalent persons (which has not been audited) was as follows.

## Gender analysis of the full-time equivalent persons

	Average 2021-22 FTE						
	Permanent Staff	Agency Staff	Fixed Term Staff	Total IPSA Staff	Chair & IPSA Board	Compliance Officer	SCIPSA Lay Members
Male	41	2	1	44	3	0	1
Female	48	2	5	55	2	1	2
<b>Total</b>	<b>89</b>	<b>4</b>	<b>6</b>	<b>99</b>	<b>5</b>	<b>1</b>	<b>3</b>

	Average 2020-21 FTE						
	Permanent Staff	Agency Staff	Fixed Term Staff	Total IPSA Staff	Chair & IPSA Board	Compliance Officer	SCIPSA Lay Members
Male	32	0	7	39	3	0	2
Female	39	0	6	45	1	1	1
<b>Total</b>	<b>71</b>	<b>0</b>	<b>13</b>	<b>84</b>	<b>4</b>	<b>1</b>	<b>3</b>

IPSA's staff turnover rate (calculated as the number of staff who left the organisation divided by the average number of staff for the year) was 25.6% (2020-21: 25.9%). The turnover rate is mostly due staff leaving to obtain career progression opportunities and the ending of several fixed-term contracts.

## *Reporting of Civil Service and other Compensation Schemes – Exit packages (audited)*

<b>Exit package cost band</b>	<b>Number of voluntary departures agreed</b>	
	<b>2021-22</b>	<b>2020-21</b>
<£10,000	1	1
£10,000 – £25,000	–	1
£25,001 – £50,000	1	–
£50,001 – £75,000	–	–
<b>Total number of exit packages</b>	<b>2</b>	<b>2</b>
<b>Total cost /£'000s</b>	<b>49</b>	<b>20</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972.

Exit costs are accounted for in the year that they are agreed. Where the organisation has agreed on early retirements, the additional costs are met by IPSA and not by the Civil Service pension scheme.

Ill-health retirement costs are met by the pension scheme and are not included in the table.

### *Reward and Recognition Scheme*

IPSA runs an individual and team Reward and Recognition Scheme (R&R), which gives recognition

to those who support IPSA's values, enhance its image, or deliver extraordinary service to its users or outstanding pieces of work.

There were no R&R awards during the reporting period (2020-21: 15 awards with a total cost of £3,750).

### *Sickness absence*

Over the 2021-22 financial year, the sickness absence rates within IPSA (monitored monthly) were on average 4.0%. (2020-21: 6.3%)

### *Staff policies*

All posts with IPSA must be advertised in internal and external media to ensure we comply with our Equality and Diversity policy. Certain exceptions may apply for internal recruitment, such as:

- temporary/fixed term posts of six months' duration or less
- when employees whose fixed-term contracts of employment are ending are offered a permanent post to avoid a redundancy situation
- where there is a risk of a redundancy situation

We are committed to equality of opportunity and fair treatment of current and potential employees, recruiting on merit through fair and open competition. Equal opportunities and anti-discrimination measures

are promoted throughout the recruitment and selection process to ensure no bias in assessing candidates. The selection process is objective, impartial, and applied consistently.

Learning and development help us to improve performance, develop skills and enable people to develop their careers. A regular learning needs analysis helps us assess organisation-wide development needs, and regular development conversations are held to understand individual needs.

Reasonable adjustments are made to accommodate those with disabilities, and all activity is based on the fair treatment of all IPSA employees.

### *Employee consultation*

During 2021-22 we consulted with one employee on a minor restructure within the finance team which supported organisational change and delivery of a more effective service, in addition to a cost saving. This resulted in a voluntary exit.

### *Trade union*

We collaborate with Trade Union representative (PCS Union) on relevant matters, as appropriate.

## *Consultancy expenditure*

In 2021-22 IPSA spent £263,000 on consultancy and advice services (2020-21: £530,000). This was made up of:

- organisational redesign work: £161,000
- business and technical support and general professional advice: £39,000
- system maintenance and continuous improvement programme: £56,000
- governance: £7,000

## *Agency and off-payroll engagements*

Between 1 April 2021 and 31 March 2022, IPSA engaged four staff on an interim basis via an agency. IPSA has received assurance that their Income Tax and National Insurance obligations were fully met.

There was one off-payroll engagement in 2021-22.

There were no off-payroll engagements of board members or senior officials with significant financial responsibility between 1 April 2021 and 31 March 2022.

## Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater

No. of existing engagements as of 31 March 2022	5
Of which:	
No. that have existed for less than one year.	4
No. that have existed for between one and two years.	1
No. that have existed for between two and three years.	–
No. that have existed for between three and four years.	–
No. that have existed for four or more years.	–

## All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater

No. of temporary off-payroll workers engaged during the year ended 31 March 2022.	5
Of which:	
Not subject to off-payroll legislation	–
Subject to off-payroll legislation and determined as in-scope of IR35	4
Subject to off-payroll legislation and determined as out-of-scope of IR35	1
No. of engagements reassessed for compliance or assurance purposes during the year	–
No. of engagements that saw a change to IR35 status following review.	–

## **5. Parliamentary Accountability and Audit Report**

### **A. Statement of Outturn against Parliamentary Supply**

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires IPSA to prepare a Statement of Outturn against Parliamentary Supply (SoPS) and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit.

The SoPS and related notes are subject to audit as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate.

Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise.

The Estimate details supply and is voted on by Parliament at the start of the financial year. Should an entity exceed the limits set by their Supply Estimate,

called control limits, their accounts will receive a qualified opinion.

The format of the SoPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SoPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn will not exactly tie to cash spent) and administration.

The SoPS and Estimates are compiled against the budgeting framework, which is similar but different to, IFRS.

An understanding of the budgeting framework and an explanation of key terms is provided on page 30, in the financial review section of the performance report.

Further information on the public spending framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The SoPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament.

The financial review, in the Performance Report, provides summarised tables and explanations of outturn (actual figures) against estimate (budget figures) and functions as an introduction to the SoPS disclosures.

The supporting notes detail the following:

- Outturn by Estimate line, providing a more detailed breakdown (note 1).
- A reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOPS to the financial statements (note 2)
- A reconciliation of outturn to net cash requirement (note 3).
- An analysis of income payable to the Consolidated Fund (note 4).

## Statement of Outturn against Parliamentary Supply

Type of Spend	SOPS Note	2021-22						2020-21	
		Outturn		Estimate		Outturn vs Estimate: saving/ (excess)		Total	Outturn total
		Voted	Total	Voted	Total	Voted	Total		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Departmental Expenditure Limit</b>									
Resource	1.1	217,733	217,733	238,591	238,591	20,858		208,489	
Capital	1.2	174	174	452	452	278		184	
<b>Annually Managed Expenditure</b>									
Resource	1.1	(48)	(48)	150	150	198		19	
Capital	1.2	-	-	-	-	-		-	
<b>Total Budget</b>		<b>217,859</b>	<b>217,859</b>	<b>239,193</b>	<b>239,193</b>	<b>21,334</b>		<b>208,692</b>	
<b>Total Resource</b>	1.1	217,685	217,685	238,741	238,741	21,056		208,508	
<b>Total Capital</b>	1.2	174	174	452	452	278		184	

## Net Cash Requirement

2021-22					2020-21
	SOPS Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Outturn total
		£'000	£'000	£'000	£'000
Net Cash Requirement	3	215,815	238,194	22,379	208,527

### Notes:

- Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control.
- Explanations of variances between Estimate (budget) and Outturn (actual spend) are on page 30.
- For Estimate purposes, all IPSA's income and expenditure are classified as Programme.
- IPSA has no Non-Voted Expenditure.
- The notes on pages 88 to 110 form part of this statement.

## SOPS1 *Outturn detail, by Estimate Line*

### SOPS1.1 **Analysis of resource outturn by Estimate line**

	2021-22 £'000					2020-21 £'000
	Outturn			Estimate		Outturn total
	Programme					
Spending in Departmental Limit (DEL) <i>Voted:</i>	Gross	Income	Net	Net Total	Outturn vs Estimate: saving/ (excess)	Total
A. MPs' Pay, staffing, business costs and expenses	208,051	(12)	208,039	226,859	18,820	199,584
B. IPSA operations (core costs)	9,699	(5)	9,694	11,732	2,038	8,905
<b>Voted Departmental Expenditure</b>	<b>217,750</b>	<b>(17)</b>	<b>217,733</b>	<b>238,591</b>	<b>20,858</b>	<b>208,489</b>
Spending in Annually Managed Expenditure <i>Voted:</i>						
C. Provisions and Impairments	(48)	-	(48)	150	198	19
<b>Voted Annually Managed Expenditure</b>	<b>(48)</b>	<b>-</b>	<b>(48)</b>	<b>150</b>	<b>198</b>	<b>19</b>
<b>Total</b>	<b>217,702</b>	<b>(17)</b>	<b>217,685</b>	<b>238,741</b>	<b>21,056</b>	<b>208,508</b>

## SOPS1.2 Analysis of capital outturn by Estimate line

2021-22 £'000						2020-21 £'000
	Outturn			Estimate		Outturn total
	Programme					
Spending in Departmental Expenditure Limit (DEL) <i>Voted:</i>	Gross	Income	Net	Net Total	Outturn vs Estimate: saving/ (excess)	Net
A. MPs' Pay, staffing, business costs and expenses	154	(172)	(18)	150	168	(41)
B. IPSA operations (core costs)	192	–	192	302	110	225
<b>Voted Departmental Expenditure</b>	<b>346</b>	<b>(172)</b>	<b>174</b>	<b>452</b>	<b>278</b>	<b>184</b>
Spending in Annually Managed Expenditure <i>Voted:</i>						
<b>Voted Annually Managed Expenditure</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>346</b>	<b>(172)</b>	<b>174</b>	<b>452</b>	<b>278</b>	<b>184</b>

Capital income relates to repayment of deposit loans by MPs that they are entitled to request under the Scheme.

## *SOPS2 Reconciliation of outturn to net operating expenditure*

There are no reconciling items between the net operating expenditure and the net resource outturn for 2021-22 and 2020-21.

## *SOPS3 Reconciliation of net resource outturn to net cash requirement*

	SOPS Note	Outturn £'000	Estimate £'000	Outturn vs Estimate: saving/ (excess) £'000
Resource Outturn	1.1	217,685	238,741	21,056
Capital Outturn	1.2	174	452	278
<b>Accruals to cash adjustments:</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation & Amortisation		(1,189)	(1,509)	(320)
New provisions and adjustments to previous provision <sup>[1]</sup>		48	(150)	(198)
Other non-cash items		(157)	(90)	67
<i>Adjustments to reflect movements in working balances</i>				

	<b>SOPS Note</b>	<b>Outturn</b>	<b>Estimate</b>	<b>Outturn vs Estimate: saving/ (excess)</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Increase/(decrease) in receivables		30	350	320
(Increase)/decrease in payables		(776)	400	1,176
<b>Total</b>		<b>(2,044)</b>	<b>(999)</b>	<b>1,045</b>
<b>Net cash requirement</b>		<b>215,815</b>	<b>238,194</b>	<b>22,379</b>

**Note:**

[1] Includes credit loss provision for the year.

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

*SOPS4 Amounts of income to the Consolidated Fund*

**SOPS4.1 Analysis of income payable to the Consolidated Fund**

There was no income payable to the Consolidated Fund during 31 March 2022 (2020-21: £nil).

## B. Parliamentary Accountability Disclosures

### B.1 Losses and special payments

The following sections are subject to audit.

#### B.1.1 Losses statement

Category of loss	2021-22		2020-21	
	Value of Cases £'000	Number of Cases	Value of Cases £'000	Number of Cases
Other write-offs <sup>[1]</sup>	45	52	9	9
<b>Total</b>	<b>45</b>	<b>52</b>	<b>9</b>	<b>9</b>

#### Note:

[1] Represents credit losses following a review of aged debt.

#### B.1.2 Special payments statement

Category of special payment	2021-22		2020-21	
	Value of Cases £'000	Number of Cases	Value of Cases £'000	Number of Cases
Settlement of pay <sup>[1]</sup>	49	2	25	1
<b>Total</b>	<b>49</b>	<b>2</b>	<b>25</b>	<b>1</b>

#### Note:

[1] Represents costs in relation to the ending of a contract of employment.

## **B.2 Remote contingent liabilities**

This section is subject to audit.

In addition to contingent liabilities reported within the meaning of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the organisation also reports liabilities for which the likelihood of a transfer of economic benefit in the settlement is too remote to meet the definition of contingent liability. There are no remote contingent liabilities in 2021-22 and 2020-21.

Signed

Ian Todd  
*Accounting Officer*

*1 December 2022*

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

### *Opinion on financial statements*

I certify that I have audited the financial statements of the Independent Parliamentary Standards Authority (IPSA) for the year ended 31 March 2022 under the Parliamentary Standards Act 2009. The financial statements comprise IPSA's:

- Statement of Financial Position as at 31 March 2022
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended, and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of IPSA's affairs as at 31 March 2022 and its net operating expenditure for the year then ended, and

- have been properly prepared in accordance with the Parliamentary Standards Act 2009 and HM Treasury directions issued thereunder.

### *Opinion on regularity*

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2022 and shows that those totals have not been exceeded, and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### *Basis for opinions*

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom’. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council’s Revised Ethical

Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of IPSA in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Conclusions relating to going concern*

In auditing the financial statements, I have concluded that IPSA's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on IPSA's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for IPSA is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### *Other information*

The other information comprises information included in the Annual Report but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine

whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### *Opinion on other matters*

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Parliamentary Standards Act 2009.

In my opinion, based on the work undertaken during the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Parliamentary Standards Act 2009,
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

### *Matters on which I report by exception*

In the light of the knowledge and understanding of IPSA and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit, or
- adequate accounting records have not been kept by IPSA or returns adequate for my audit have not been received from branches not visited by my staff, or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns, or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns, or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## *Responsibilities of the Accounting Officer for the financial statements*

As explained more fully in the Statement of Accounting Officer's responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records,
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view,
- ensuring that the Annual Report and accounts as a whole is fair, balanced, and understandable,
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error, and
- assessing IPSA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by IPSA will not continue to be provided in the future.

## *Auditor's responsibilities for the audit of the financial statements*

My responsibility is to audit, certify and report on the financial statements in accordance with the Parliamentary Standards Act 2009.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- The nature of the sector, control environment and operational performance including the design of IPSA's accounting policies and key performance indicators.
- Inquiring of management, IPSA's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to IPSA's policies and procedures relating to:
  - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance,
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud, and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including IPSA's controls relating to Parliamentary Standards Act 2009,

## the Supply and Appropriation (Main Estimates) Act 2021 and Managing Public Money.

- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within IPSA for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of IPSA's framework of authority as well as other legal and regulatory frameworks in which IPSA operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of IPSA. The key laws and regulations I considered in this context included the Parliamentary Standards Act 2009, Managing Public Money, the Supply and Appropriation (Main Estimates) Act 2021, employment law and tax legislation.

## **Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance,
- enquiring of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims,
- reading and reviewing of minutes of meetings of those charged with governance and the Board, and internal audit reports, and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to

any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the [Financial Reporting Council's website](#). This description forms part of my certificate.

### **Other auditor's responsibilities**

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

including any significant deficiencies in internal control that I identify during my audit.

## *Report*

I have no observations to make on these financial statements.

Gareth Davies

*Comptroller and Auditor General*

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

8 December 2022

# Part III: Financial Statements

## A. Statement of Comprehensive Net Expenditure

For the year ended 31 March 2022			
		2021-22	2020-21
	Note	£'000	£'000
<b>MPs' Business costs and expenses scheme</b>			
MP and MP Staff pay costs	3	172,275	165,844
MP and MP Staff expenses	3	35,776	33,974
Income	5	(12)	(234)
<b>IPSA operational costs</b>			
Staff costs	4	5,877	5,171
Other costs	4	3,774	3,753
Income	5	(5)	–
<b>Net operating expenditure</b>		<b>217,685</b>	<b>208,508</b>
Total operating expenditure		217,702	208,742
Total operating income		(17)	(234)
<b>Net operating expenditure</b>		<b>217,685</b>	<b>208,508</b>
<b>Comprehensive net expenditure for the year ended</b>		<b>217,685</b>	<b>208,508</b>

The notes on pages 138 to 176 form part of these accounts.

## B. Statement of Financial Position

As of 31 March 2022					
	Note	2021-22		2020-21	
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant, and equipment	6	381		614	
Intangible assets	7	4,116		4,901	
<b>Total non-current assets</b>			<b>4,497</b>		<b>5,515</b>
<b>Current assets</b>					
Trade and other receivables	9	2,954		2,921	
Cash and cash equivalents	10	52		1,327	
<b>Total current assets</b>			<b>3,006</b>		<b>4,248</b>
<b>Total assets</b>			<b>7,503</b>		<b>9,763</b>
<b>Current liabilities</b>					
Trade and other payables	11	(10,428)		(10,910)	
Provisions	12	–		–	
<b>Total current liabilities</b>			<b>(10,428)</b>		<b>(10,910)</b>
<b>Total assets less current liabilities</b>			<b>(2,925)</b>		<b>(1,147)</b>
<b>Non-current liabilities</b>					
Provisions	12	(140)		(140)	
<b>Total non-current liabilities</b>			<b>(140)</b>		<b>(140)</b>
<b>Total assets less total liabilities</b>			<b>(3,065)</b>		<b>(1,287)</b>
<b>Taxpayers' equity:</b>					
General fund		(3,065)		(1,287)	
<b>Total equity</b>			<b>(3,065)</b>		<b>(1,287)</b>

The notes on pages 138 to 176 form part of these accounts.

Ian Todd

*Accounting Officer*

*1 December 2022*

## C. Statement of Cash Flows

For the year ended 31 March 2022			
	Note	2021-22	2020-21
		£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(217,685)	(208,508)
<b>Adjustments for non-cash transactions</b>			
Depreciation and amortisation	4	1,189	824
Loss on disposal of non-current assets	4	–	25
Impairment of non-current assets	4	21	–
External audit	4	92	90
(Decrease)/Increase in provisions	4	(48)	19
Credit losses	4	45	9
(Increase)/Decrease in trade and other receivables	9	(30)	785
Less movement in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	10	1,327	(46)
(Decrease) in trade and other payables	11	(482)	(173)
Less movement in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	11	(52)	(1,327)
<b>Net cash outflow from operating activities</b>		<b>(215,623)</b>	<b>(208,302)</b>

<b>For the year ended 31 March 2022</b>			
	<b>Note</b>	<b>2021-22</b>	<b>2020-21</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, and equipment	6	(24)	(16)
Purchase of intangible assets	7	(168)	(209)
<b>Net cash outflow from investing activities</b>		<b>(192)</b>	<b>(225)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		214,540	209,900
<b>Net cash flow from financing activities</b>		<b>214,540</b>	<b>209,900</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>(1,275)</b>	<b>1,373</b>
Payments of amounts due to the Consolidated Fund		–	–
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(1,275)</b>	<b>1,373</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1,327</b>	<b>(46)</b>

<b>For the year ended 31 March 2022</b>			
	<b>Note</b>	<b>2021-22</b>	<b>2020-21</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>52</b>	<b>1,327</b>

The notes on pages 141 to 178 form part of these accounts.

## D. Statement of Changes in Equity

For the year ended 31 March 2022			
	Note	General Fund	Total Reserves
		£'000	£'000
<b>Balance at 1 April 2020</b>		<b>(1,396)</b>	<b>(1,396)</b>
Net Parliamentary Funding – drawn down		209,900	209,900
Net Parliamentary Funding – deemed supply		(46)	(46)
Supply receivable adjustment	9	(1,327)	(1,327)
Comprehensive Net Expenditure for the Year		(208,508)	(208,508)
<b>Non-Cash Adjustments</b>			
Non-cash charges – external audit remuneration	4	90	90
<b>Balance at 31 March 2021</b>		<b>(1,287)</b>	<b>(1,287)</b>
<b>Balance at 1 April 2021</b>		<b>(1,287)</b>	<b>(1,287)</b>
Net Parliamentary Funding – drawn down		214,540	214,540
Net Parliamentary Funding – deemed supply		1,327	1,327
Supply payable adjustment	11	(52)	(52)
Comprehensive Net Expenditure for the Year		(217,685)	(217,685)
<b>Non-Cash Adjustments</b>			
Non-cash charges – auditor's remuneration	4	92	92
<b>Balance at 31 March 2022</b>		<b>(3,065)</b>	<b>(3,065)</b>

The notes on pages 141 to 178 form part of these accounts.

## **E. Notes to Departmental Resource Accounts**

### **1. Statement of accounting policies**

These financial statements have been prepared in accordance with the 2021–22 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of IPSA to give a true and fair view has been selected.

The policies adopted by IPSA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### *1.1 Accounting convention*

These financial statements have been prepared under the historical cost convention. There has been no revaluation of property, plant and equipment, and intangibles considered short life and low-value assets.

#### *1.2 Financing and going concern*

IPSA is resourced by funds approved by the SCIPSA through the annual Supply and Appropriation Acts.

Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund. Any income that IPSA may use in support of its activities is also approved in the Appropriation Act. The Main Estimate for 2022-23 (HC 174) was approved on 12 May 2022. The net liability position as per the Statement of Financial Position as at 31 March 2022 was £3.0m.

There is no reason to believe that future funding will not be forthcoming. The financial statements have therefore been prepared on a going concern basis.

Although Covid-19 has caused disruption, this has had minimal impact on IPSA's operations.

### *1.3 Administration and programme expenditure*

The Statement of Outturn against Parliamentary Supply shows that all IPSA's expenditure is classified as programme. IPSA has no administration expenditure.

### *1.4 Pensions*

IPSA is admitted to Section 1 of the Civil Service pension scheme arrangements, and past and present staff are covered by the provisions of the Civil Service pension scheme arrangements.

IPSA recognises the expected cost of these schemes on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Civil Service pension scheme arrangements of amounts calculated on an accruing basis. Liability for future benefits is a charge on the Civil Service pension scheme arrangements.

In respect of defined contribution schemes, IPSA recognises the contributions payable for the year.

The Principal Civil Service Pension Scheme (PCSPS) are unfunded multi-employer defined benefit schemes in which IPSA is unable to identify its share of the underlying assets and liabilities. In accordance with IAS 19, the schemes are thus accounted for similar to a contribution scheme.

### *1.5 Property, plant, and equipment*

Expenditure on property, plant, and equipment of £5,000 or more is capitalised.

All assets of a similar nature and function (including the recognition on purchase of the component parts) whose value, when grouped in a singular purchase/contract, exceeds the £5,000 threshold are capitalised as a grouped asset.

Subsequent acquisitions of less than £5,000 value but of the exact nature of existing grouped assets will be appended.

On initial recognition, assets are measured at cost, including any costs such as installation directly attributable to bringing them into working condition.

All tangible assets are deemed to be short-life or low-value assets and are therefore valued based on depreciated historical cost as an approximation of fair value. Tangible assets are reviewed annually for impairment.

## *1.6 Intangible assets*

Expenditure on intangible assets, which are software and website development costs, is capitalised where the cost is £5,000 or more. Subsequent acquisitions of less than £5,000 value but of the exact nature as existing grouped assets will be appended.

Intangible assets are reviewed annually for impairment and are stated at the lower of carrying value and recoverable value.

IPSA applies IAS 38 as adapted by the FReM for both the initial recognition and subsequent measurement.

Where an active (homogeneous) market exists, intangible assets other than those that are held for sale are carried at current value in existing use at the reporting period date.

Where no active market exists, the FReM requires entities to revalue the asset, using indices or some

suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating.

Where there is no value in use, the asset will be valued using depreciated replacement cost.

No active market exists for IPSA Online due to the bespoke nature for IPSA, and the effect of the price indexation is not considered to be material given the nature and useful economic life of the asset.

Software licences are amortised on a straight-line basis over the shorter of the term of the licence and the useful economic life of the asset. Assets under construction are not amortised but are assessed for impairment annually.

### *1.7 Depreciation and amortisation*

Property, plant and equipment and intangible assets are depreciated or amortised at rates calculated to write them down to the estimated residual value on a straight-line basis over their estimated useful lives as described in the table below.

Asset lives are assigned as follows:

Type	Length
<b>Leasehold improvements</b>	Five years or remaining life of the lease
<b>IT and computers</b>	Five years
<b>Other equipment</b>	Five years
<b>Furniture, fixtures, and fittings</b>	Five years
<b>Intangible assets</b>	The shorter of the term of the software licence and the useful economic life of the related IT asset

Subsequent acquisitions of less than £5,000 value but of the exact nature as existing grouped assets will be appended. The residual values of assets are reviewed on an annual basis. The useful Economic life of IPSA Online is 10 years.

During 2021-22 the accounting policy for depreciation and amortisation has been revised. Prior to 1 April 2021, depreciation and amortisation were not charged in the year of acquisition of an asset and instead a full year of depreciation and amortisation was applied in the year of disposal. On review of accounting policies, it was considered that commencing charging of depreciation and amortisation in the month following acquisition would present a more accurate reflection of the utilisation of the asset. This change in accounting policy has taken effect on new

acquisitions from 1 April 2021. The impact of the change in accounting policy on assets in existence at 31 March 2021 is additional depreciation of £8k and additional amortisation charges of £433k, reducing the net book value of PPE and intangible assets. As the impact is immaterial, an adjustment has been made in-year with an increase in depreciation and amortisation charges through the 2021-22 Statement of Comprehensive Net Expenditure, rather than through a restatement of the prior year comparative. Impairment losses that arise from a consumption of economic benefit are taken to the Statement of Comprehensive Net Expenditure.

### *1.8 Trade receivables and other receivables*

Trade and other receivables are recognised in line with IFRS 9 initially at fair value and recoverable amount and subsequently measured at amortised cost.

Impairments of trade and other receivables arise from calculation of an expected credit loss provision. A credit loss is recognised in the Statement of Comprehensive Net Expenditure and a loss allowance is established against specific debts by reference to payment history against settlement terms and the expectancy of future payments.

IPSA expects to recover all debt unless it is not economical to do so.

A provision for impairment of all trade receivables and deposits and advances is established when there is evidence that IPSA will not collect all amounts outstanding and according to the original terms of the receivables.

Debts relating to MPs deemed not to be recoverable are provided for in the year they are identified by IPSA. If deemed unrecoverable, these balances are written off in the financial year. They are reported in the Annual Publication of MPs' Business Costs and Expenses on the IPSA website.

The figures disclosed in the Losses section of the Parliamentary Accountability Disclosures are the balances that have been written off.

Other receivables include budget overspends by MPs, salary-related advances, and payment card receivables. MPs are given the option of repaying amounts or offsetting the amounts overspent against future payments.

## *1.9 Operating leases*

The total cost of operating leases is expensed in equal instalments over the life of the lease.

### *1.10 Provisions*

IPSA provides for legal or constructive obligations of uncertain timing or amount at the balance sheet date based on the best estimate of the expenditure required to settle the obligation.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury discount rate.

### *1.11 Contingent liabilities*

Contingent liabilities are treated in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

IPSA discloses a contingent liability where there is a possible obligation on whether some uncertain future event occurs or there is a present obligation, but payment is not probable, or the amount cannot be reliably measured.

### *1.12 Value Added Tax*

IPSA is not registered for VAT, and, as such, all income excludes any VAT content, and all expenditure is stated inclusive of VAT.

### *1.13 Staff costs*

Under IAS19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obliged to pay them.

## *1.14 Significant accounting judgements and estimates*

For the year ended 31 March 2022, MPs may submit a claim up to 90 days after incurring the expenditure and resolve any queries as instructed. The outstanding balance of claims for MPs' business costs arising out of 2021-22 has been accrued for in these accounts.

A year-end process is in place to ensure that MPs' spend is allocated to the correct year. MPs must submit their 2021-22 business costs before the year-end cut-off date or populate a year-end form where it is not possible to submit the expense before this date.

## *1.15 Recognition of MPs' claims*

MPs' claims are treated as a resource expense against the IPSA Estimate and are recognised once payment has been approved, at which point a constructive obligation is established.

For determining the financial year in which MPs' business cost claims are recognised, individual claim lines are recognised according to the date the expense was incurred, not the date at which the claim is submitted.

Claims against invoices for which payment has not yet been made are recognised at the date incurred.

Items of expenditure made by both MPs and directly by IPSA on the MP's behalf that involve an element of prepayment have been accounted for in the relevant year.

IPSA is not responsible for managing MPs' expenditure once the claim has been paid and does not, for example, distinguish between expenditure on capital assets as opposed to consumable items. These are a matter for the MP concerned.

### *1.16 Income*

Receipts (or reimbursements) due where MPs or IPSA have decided that an item paid for is not claimable under the Scheme are not considered to be income. They are offset against the expenditure of the MP where agreed. Income from the House of Commons in respect of the Speaker's Internship Scheme.

### *1.17 IFRSs in issue but not yet effective*

To comply with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors IPSA must disclose where it has not applied a new IFRS that has been issued but is not yet effective. IPSA has reviewed the IFRSs in issue but not yet effective to assess their impact on its accounting policies and treatment, of which there are two:

- IFRS 16 (Leases)

- IFRS 17 (Insurance Contracts)

IFRS 16 has been adopted by the FReM and was planned to be effective from 1 April 2020. However, due to the Covid-19 pandemic, its implementation was delayed until 1 April 2022.

IFRS 16 (Leases) introduces changes to accounting for leases. The new standard will remove the distinction between operating and finance leases for lessees and will require right of use assets and lease liabilities to be recognised on the Statement of Financial Position for all leases with a term of more than 12 months unless the underlying asset is of low value. This will result in recognition of a right-to-use asset, measured at the present value of future lease payments, with a matching liability, on the Statement of Financial Position. The pattern of recognition of the expenditure will result in depreciation of the right-to-use asset and an associated finance cost being recognised.

HM Treasury has adapted IFRS 16 to expand the definition of a contract to include intra-UK government agreements where non-performance may not be enforceable by law. This is particularly relevant where government departments rent property from other departments.

HM Treasury has withdrawn the accounting policy choice to apply IFRS 16 retrospectively to each prior reporting period presented in accordance with IAS 8. At the date of initial application, therefore, IPSA will recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of taxpayers' equity.

HM Treasury has also withdrawn the option to reassess whether a contract is, or contains, a lease at the date of initial application. IPSA will therefore initially apply IFRS 16 to any contracts previously identified as a lease, or containing a lease, under IAS 17 and will not apply IFRS 16 to any contracts not previously identified as such. The following leased assets have been identified in this way:

- Buildings – IPSA leases office accommodation throughout its estate. Under IAS 17, these contracts are treated as operating leases. The minimum lease commitment at 31 March 2022 was £1.037m.

IFRS 16 does not require the recognition of assets or liabilities for leases where the underlying asset is of low value. HM Treasury has mandated the election of this option, and IPSA will therefore recognise lease payments for low value assets as an expense. IPSA has not set a specific threshold for identifying assets that are of low value and will apply the guidance in

IFRS 16 on a case-by-case basis. IPSA does not have any leased assets that are of low value.

IFRS 16 similarly does not require the recognition of assets or liabilities for leases of 12 months or less. Again, HM Treasury has mandated the election of this option, requiring short term leases to be recognised as an expense. IPSA has identified no such leases.

On transition, HM Treasury has mandated the option to recognise right of use assets at an amount equal to the initial lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application.

On initial application of IFRS 16, IPSA will recognise right-of-use assets and lease liabilities for each identified lease, based on the present value of future cash flows for each lease over the applicable lease term determined in accordance with the new standard.

IPSA has carried out an assessment of the new standard on leases to which IPSA is a party and have concluded that the only significant leases that will be affected by this new standard are those relating to the use of property.

IPSA has a lease for six-years and five-months for the use of office space in 85 The Strand, which commenced in 2018. This will require a right of use

asset and a liability for the future lease payment commitments to be recognised in the Statement of Financial Position. The amount to be recognised would only be applied to transactions relevant to the period after the date of the policy change.

The Strand lease is due to expire by June 2025, and as at 1 April 2022 we estimate the value of the asset and liability to be recognised to be approximately £844,000.

IFRS 17 (Insurance Contracts) was issued in May 2017, replacing IFRS 4 (Insurance Contracts). The effective date of IFRS 17 in the public sector is expected to be applied in 2025-26. IFRS 17 requires that insurance liabilities be measured at the present value of future insurance cash flows, resulting in more uniform measurements and presentation for all insurance contracts. Management has assessed the likely effect of the new standard and has concluded that there are no material assets or liabilities recognised as insurance contracts at IPSA, and therefore this standard will have no impact on IPSA's financial statements.

## 2. Statement of operating expenditure by operating segment

IPSA's operating segments correspond with the Subhead detail of the 2021-22 Estimate. The reportable segments are reported to the IPSA Board in its management accounts and are the entity's components that management uses to make decisions about operating matters.

	2021-22		
	Subhead A	Subhead B	Total
	MPs' pay, staffing, business costs and expenses	IPSA operations – core costs (including provisions)	
	£'000	£'000	£'000
Gross expenditure	208,051	9,651	217,702
Income	(12)	(5)	(17)
<b>Net expenditure</b>	<b>208,039</b>	<b>9,646</b>	<b>217,685</b>
Assets	–	7,503	7,503
Liabilities	–	(10,568)	(10,568)
<b>Net capital</b>	<b>–</b>	<b>(3,065)</b>	<b>(3,065)</b>

	2020-21		
	Subhead A	Subhead B	
	MPs' pay, staffing, business costs and expenses	IPSA operations – core costs (including provisions)	Total
	£'000	£'000	£'000
Gross expenditure	199,818	8,924	208,742
Income	(234)	–	(234)
<b>Net expenditure</b>	<b>199,584</b>	<b>8,924</b>	<b>208,508</b>
Assets	–	9,763	9,763
Liabilities	–	(11,050)	(11,050)
<b>Net capital</b>	<b>–</b>	<b>(1,287)</b>	<b>(1,287)</b>

### *Description of segments*

Scheme of MPs' Staffing and Business Costs – the costs of MPs' pay, staffing costs and expenses including income from the Creative Society.

IPSA Operations – the operating expenditure of IPSA, including income from subletting and provisions. This subhead also covers the expenditure of the IPSA Compliance Officer and IPSA Online project costs.

### 3. MPs' Business Costs

	2021-22	2020-21
	£'000	£'000
<b>Scheme of MPs' Staffing and Business Costs</b>		
MP Salary cost	54,196	54,302
MP Staff Salary cost	92,685	87,616
MP National Insurance	6,952	6,904
MP Staff National Insurance	9,030	8,510
MP Staff superannuation	8,979	8,492
MP Staff winding-up costs	126	134
MP Staff redundancy as a result of winding-up	298	155
MP Resettlement payments <sup>[1]</sup>	9	(269)
	<b>172,275</b>	<b>165,844</b>
<b>Capped Budgets</b>		
<b>Accommodation Expenses and Office Expenditure</b>		
Property rent	13,636	13,373
Utility costs	717	701
Council Tax	489	466
Service charges	229	228
Rates	140	166

	2021-22	2020-21
	£'000	£'000
Other premises costs (including security costs) <sup>[2]</sup>	6,283	5,845
Insurance	129	142
Professional services	1,680	1,874
Stationery and other office supplies	1,306	1,641
Telephone and internet	1,038	1,152
Pooled services	2,274	2,175
Computers	686	1,470
Office furniture	843	591
Photocopiers and televisions	181	303
Publicity, advertising, and communications	351	668
Website design and hosting	141	177
Other	365	156
<b>Total capped expenditure</b>	<b>30,488</b>	<b>31,128</b>
<b>Uncapped Budgets</b>		
Travel Car	977	793
Air	857	249
Rail	1,844	922
Taxi	103	41
Other	70	23
Hotels	1,101	442

	2021-22 £'000	2020-21 £'000
Food and drink	21	18
Training	191	290
Parking	124	68
<b>Total Uncapped<sup>[3]</sup></b>	<b>5,288</b>	<b>2,846</b>
<b>Total MPs' Business Costs and Expenses Scheme</b>	<b>208,051</b>	<b>199,818</b>

**Notes:**

- [1] The 2020-21 figure includes over accrued costs for the 2019 General Election.
- [2] Includes working from home allowance.
- [3] Increase in uncapped expenditure is mainly due to Covid-19 restrictions being lifted, resulting in increased travel and in-person meetings.

IPSA does not fund MPs' pension contributions; the House of Commons pays these. However, IPSA funds MP staff pension contributions. The pension provider is Legal and General, and the contribution rate is 10% of pensionable salary.

### 3.1 Reporting of MP Staff exit packages

2021-22 <sup>[1]</sup>						
Exit Package Summary	Number of MP Staff Departures			Value of Exit Package (£'000)		
	Relating to MPs who left Parliament	Relating to Sitting MPs	Total	Relating to MPs who left Parliament	Relating to Sitting MPs	Total
£0 – £4,999	16	15	31	45	38	83
£5,000 – £9,999	7	4	11	53	24	77
£10,000 – £14,999	5	1	6	62	15	77
£15,000 – £19,999	2	–	2	33	–	33
£20,000 – £24,999	–	–	–	–	–	–
£25,000 – £29,999	1	–	1	28	–	28
£30,000 – £34,999	–	–	–	–	–	–
<b>Total</b>	<b>31</b>	<b>20</b>	<b>51</b>	<b>221</b>	<b>77</b>	<b>298</b>

2020-21 <sup>[1]</sup>						
Exit Package Summary	Number of MP Staff Departures			Value of Exit Package (£'000)		
	Relating to MPs who left Parliament	Relating to Sitting MPs	Total	Relating to MPs who left Parliament	Relating to Sitting MPs	Total
£0 – £4,999	14	3	17	33	10	43
£5,000 – £9,999	5	–	5	34	–	34
£10,000 – £14,999	1	–	1	14	–	14
£15,000 – £19,999	1	–	1	16	–	16
£20,000 – £24,999	2	–	2	48	–	48
£25,000 – £29,999	–	–	–	–	–	–
£30,000 – £34,999	–	–	–	–	–	–
<b>Total</b>	<b>23</b>	<b>3</b>	<b>26</b>	<b>145</b>	<b>10</b>	<b>155</b>

## Note:

[1] The departures were regular departures from positions because of restructures and performance management.

MP Staff redundancy costs have been paid in accordance with the provisions of the Scheme for the staff of MPs no longer in post and redundancies arising from MP office restructuring.

### 3.2 MP Loss of Office Payments

MP Loss of Office payments summary	2021-22		2020-21	
	Number of Loss of Office payments	Value of Loss of Office payments (£'000)	Number of Loss of Office payments	Value of Loss of Office payments (£'000)
>£0 – £4,999	1	3	–	–
£5,000 – £9,999	1	6	–	–
£10,000 – £14,999	–	–	–	–
£15,000 – £19,999	–	–	–	–
£20,000 – £24,999	–	–	–	–
£25,000 – £29,999	–	–	–	–
£30,000 – £34,999	–	–	–	–
£35,000 – £39,999	–	–	–	–
£40,000 – £44,999	–	–	–	–
<b>Total</b>	<b>2</b>	<b>9</b>	<b>–</b>	<b>–</b>

## 4. IPSA operational costs

	2021-22	2020-21
	£'000	£'000
Staff costs <sup>[1]</sup>		
Wages and salaries	4,177	3,899
Social security costs	443	398
Other pension costs	1,016	874
Agency staff	241	–
<b>Total staff costs</b>	<b>5,877</b>	<b>5,171</b>
Rent, rates, and service charges	367	508
Other property costs	62	72
IT services and telephony	1,067	1,089
Legal	170	215
Pension advice and administration	165	48
Internal audit services	92	53
Recruitment and advertising	124	143
Printing, postage, and stationery	36	23
Professional services	263	531
Non-cash items:		
Depreciation <sup>[2]</sup>	234	246
Amortisation <sup>[2]</sup>	955	578
(Profit)/Loss on disposals	–	25
Impairment of non-current assets	22	–
External audit <sup>[3]</sup>	92	90
Credit losses <sup>[4]</sup>	45	9
New provisions & adjustments to previous provisions <sup>[5]</sup>	(48)	19
Other	128	104
<b>Total non-staff costs</b>	<b>3,774</b>	<b>3,753</b>
<b>Total IPSA Operational costs</b>	<b>9,651</b>	<b>8,924</b>

**Notes:**

- [1] Further analysis of staff costs is set out in the Staff Report on page 81.
- [2] Increased amortisation reflects the change in accounting policy to commence charging depreciation and amortisation in the month following asset capitalisation. This change is detailed under section 1.7 of Statement of Accounting Policies. Previously depreciation and amortisation were charged in the beginning of the financial year following asset capitalisation. The change has been retrospectively applied to all non-current and intangible assets and has effectively brought forward depreciation and amortisation costs into 2021-22. The overall impact is immaterial with depreciation increased by £8k and amortisation increased by £433k, and therefore the result of the change is reflected in the 2021-22 Statement of Comprehensive Net Expenditure. The impact of the increase is timing only and will result in assets being fully depreciated and amortised earlier.
- [3] IPSA's External Auditors (the National Audit Office) provided no non-audit services.
- [4] Following the bad debt policy application, £45,453 of debt was written off in the year (£8,828 in 2020-21).
- [5] Represents new provision for credit losses.

## 5. Income

	2021-22	2020-21
	£'000	£'000
Speaker's scheme (cost of some MPs' internships)	(12)	(234)
Secondment income	(5)	–
<b>Total</b>	<b>(17)</b>	<b>(234)</b>

## 6. Property, plant, and equipment

	Leasehold Refurbishment	Information Technology	Furniture & Fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2021	33	743	803	<b>1,579</b>
Adjustments <sup>[1]</sup>	–	4	(3)	<b>1</b>
Additions	–	24	–	<b>24</b>
Disposals	–	(316)	(39)	<b>(355)</b>
<b>At 31 March 2022</b>	<b>33</b>	<b>455</b>	<b>761</b>	<b>1,249</b>
<b>Depreciation</b>				
At 1 April 2021	14	563	388	<b>965</b>
Adjustments <sup>[1]</sup>	(1)	15	(12)	<b>2</b>
Charged in year	7	82	145	<b>234</b>
Disposal	–	(316)	(39)	<b>(355)</b>
Impairments	–	22	–	<b>22</b>
<b>At 31 March 2022</b>	<b>20</b>	<b>366</b>	<b>482</b>	<b>868</b>
<b>Carrying amount at 31 March 2021</b>	<b>19</b>	<b>180</b>	<b>415</b>	<b>614</b>
<b>Carrying amount at 31 March 2022</b>	<b>13</b>	<b>89</b>	<b>279</b>	<b>381</b>
<b>Cost or valuation</b>				
At 1 April 2020	33	796	803	<b>1,632</b>

	Leasehold Refurbishment	Information Technology	Furniture & Fittings	Total
	£'000	£'000	£'000	£'000
Additions	–	16	–	16
Disposals	–	(69)	–	(69)
<b>At 31 March 2021</b>	<b>33</b>	<b>743</b>	<b>803</b>	<b>1,579</b>
<b>Depreciation</b>				
At 1 April 2020	7	535	246	788
Charged in year	7	97	142	246
Disposals	–	(69)	–	(69)
<b>At 31 March 2021</b>	<b>14</b>	<b>563</b>	<b>388</b>	<b>965</b>
<b>Carrying amount at 31 March 2020</b>	<b>26</b>	<b>261</b>	<b>557</b>	<b>844</b>
<b>Carrying amount at 31 March 2021</b>	<b>19</b>	<b>180</b>	<b>415</b>	<b>614</b>

**Note:**

[1] Adjustments relate to a minor opening balance correction.

All assets are owned.

## 7. Intangible assets

Intangible assets comprise software and website development costs.

	Total	Total
	2021-22	2020-21
	£'000	£'000
<b>Cost or valuation</b>		
At 1 April	6,516	6,853
Adjustments <sup>[1]</sup>	(1)	–
Additions	168	209
Disposals	(613)	(546)
<b>At 31 March</b>	<b>6,070</b>	<b>6,516</b>
<b>Amortisation</b>		
At 1 April	1,615	1,559
Adjustments <sup>[1]</sup>	(3)	–
Charged in year	955	578
Disposals	(613)	(522)
<b>At 31 March</b>	<b>1,954</b>	<b>1,615</b>
<b>Carrying amount at 31 March</b>	<b>4,116</b>	<b>4,901</b>

### Notes:

- [1] Adjustments relate to a minor opening balance correction.
- [2] IPSA online was put in use on 1 April 2019, including the Business World Enterprise Resource Planning application. This consists of business processes including accounts payable,

account receivable, general ledger accounting, payroll, expenses, and customisations.

- [3] IPSA has entered into a contractual commitment for the upgrade to the current finance system (see note 13.1 for further details).

## 8. Financial instruments

IPSA's resources are met from Parliament through the Estimates process following scrutiny and approval by the Speaker's Committee.

Financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. IPSA has no power to borrow money or to invest surplus funds. Besides financial assets and liabilities generated by day-to-day operational activities, IPSA holds no financial instruments.

### *Liquidity risk*

This is the possibility that IPSA may be unable to meet short term financial demands. IPSA's net revenue resource requirements are financed by resources voted annually by Parliament, as is its capital expenditure. IPSA is not, therefore, exposed to material liquidity risks.

### *Credit Risk*

This is the possibility that debtors may fail to make required repayments to IPSA. Given the nature of IPSA's activities, the user base of MPs and their staff and the powers available to IPSA to recover any monies owing, IPSA believes that it is not exposed to any material credit risk.

## 9. Trade and other receivables

	2021-22	2020-21
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables <sup>[1]</sup>	996	1,034
Deposits and advances	–	6
Other receivables	1,329	1,246
Prepayments and accrued income	629	635
<b>Total</b>	<b>2,954</b>	<b>2,921</b>

### Note:

[1] Trade receivables comprises of deposit loans given to MPs for constituency office and accommodation property rentals.

## 10. Cash and cash equivalents

	2021-22	2020-21
	£'000	£'000
Balance at 1 April	1,327	(46)
Net change in cash and cash equivalent balances	(1,275)	1,373
<b>Balance at 31 March</b>	<b>52</b>	<b>1,327</b>
The following balances at 31 March were held at:		
Government Banking Service	52	1,327
<b>Total balance at 31 March</b>	<b>52</b>	<b>1,327</b>

There were no cash equivalents held by IPSA at 31 March 2022 or 31 March 2021.

## 11. Trade and other payables

	2021-22	2020-21
	£'000	£'000
<b>Amounts falling due within one year</b>		
Taxation and social security	5,940	5,795
Payables	754	281
Accrual for MP's and MPs' staff expenses	3,111	3,026
Other accruals and deferred income	571	481
	<b>10,376</b>	<b>9,583</b>
Amounts issued from the Consolidated Fund for Supply but not spent at year-end	52	1,327
<b>Total</b>	<b>10,428</b>	<b>10,910</b>

No amounts are falling due after more than one year.

## 12. Provisions for liabilities and charges

	2021-22	2020-21
	£'000	£'000
Balance at 1 April	140	140
Provided for in year	—	—
Provisions not required written back	—	—
Provisions used in year	—	—
<b>Balance at 31 March</b>	<b>140</b>	<b>140</b>

	Dilapidations	Total
	£'000	£'000
<b>Analysis of expected timing of cash flows</b>		
Not later than one year	—	—

	<b>Dilapidations</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
Later than one year and not later than five years	140	140
Later than five years	–	–
<b>Balance at 31 March 2021</b>	<b>140</b>	<b>140</b>

A dilapidation provision for £140k is provided for to restore IPSA's leasehold property at 85 Strand to its original state at the end of the lease in June 2025.

## 13. Capital and other commitments

### 13.1 Capital commitments

	<b>2021-22</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
Intangible Assets <sup>[1]</sup>	60	–
<b>Total</b>	<b>60</b>	<b>–</b>

#### Note:

[1] IPSA implemented the contract register in 2021-22, therefore no comparatives are available.

The commitments relate to an upgrade to the current finance system.

### 13.2 Commitments under leases

#### 13.2.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2021-22	2020-21
	£'000	£'000
Not later than one year	319	319
Later than one year and not later than five years	718	1,037
Later than five years	–	–
<b>Total</b>	<b>1,037</b>	<b>1,356</b>

## 13.2.2 Finance leases

IPSA does not hold any finance leases.

## 13.3 *Other financial commitments*

The department has entered into non-cancellable contracts which are not leases, PFI contracts or other service concession arrangements. The payments to which the department are committed, analysed by the period during which the commitments expire, are as follows.

	2021-22	2020-21
	£'000	£'000
Not later than one year	603	–
Later than one year and not later than five years	308	–
Later than five years	–	–
<b>Total<sup>[1]</sup></b>	<b>911</b>	<b>–</b>

**Note:**

[1] IPSA implemented the contract register in 2021-22, therefore no comparatives are available.

The commitments mainly relate to the licensing and running costs of the CRM tool, the finance system and other software applications. The remaining commitments relate to other general operational costs.

## **14. Contingent liabilities disclosed under IAS 37**

IPSA faces several legal claims brought by individuals who were employees of MPs at the time of a data breach in March 2017, and a small claim has been stayed. In the absence of sufficient supporting evidence from most claimants, the case cannot meaningfully be assessed.

There were no quantified contingent liabilities as at 31 March 2022.

## 15. Related-party transactions

IPSA has no direct or indirect sponsorship or agency relationships with any other public body, private body, or company, except for Parliament itself.

Alastair Bridges, Director of Finance and Corporate Services (until 16 January 2022), and subsequently Thomas Fitch, Director of Finance (from 21 February 2022) are both trustees of the Parliamentary Contribution Pension Fund, which is an unremunerated position.

IPSA has had a small number of transactions with other government departments for staff secondments.

No Board Member, key manager or other related parties have undertaken any material transaction with IPSA during the year.

All related party interests are [disclosed on the IPSA website](#).

Note: The Register of Interests are located within the individual Board Members profile's, in the section 'Who we are.'

Details of the Chair's remuneration, Board Members and Senior Managers are detailed in the Remuneration Report.

# Part IV: Accounts Direction

## **16. Events after the reporting period**

There are no events after 31 March 2022 that require an adjustment to the financial statements and no non-adjusting events for which additional disclosure in the financial statements is required.

The Accounting Officer authorised these financial statements for issue on the C&AG certification date.

Accounts directions given by the Treasury on 16 April 2011, in accordance with Paragraph 23(2), Part 2 of Schedule 1 to the Parliamentary Standards Act 2009.

1. The Independent Parliamentary Standards Authority shall prepare resource accounts for the financial year ended 31 March 2015 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) issued by HM Treasury which is in force for the financial year for which the accounts are being prepared.

2. The accounts shall be prepared so as to:

- give a true and fair view of the state of affairs of the Independent Parliamentary Standards Authority at 31 March 2015 and subsequent financial year ends, and of its net operating costs, changes in taxpayers' equity and cash flows for the financial year then ended, and
- provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

3. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be

**Part V:  
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necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Treasury.

4. This direction replaces the direction dated 29 October 2010.

Chris Wobschall

*Head, Assurance and Financial Reporting Policy, HM Treasury*

16 April 2011

## A. Introduction

The Compliance Officer for the IPSA is a statutory office holder who acts independently of IPSA's executive. The Compliance Officer reports to the Board of IPSA but is not directed by them.

The office was created by the Parliamentary Standards Act 2009 (PSA 2009), as amended by the Constitutional Reform and Governance Act 2010 (CRAG 2010). The legislation stipulates that the officeholder shall carry out the following functions:

The Compliance Officer:

- a) May investigate if they have reason to believe that a member of the House of Commons may have been paid an amount under the Scheme of MPs' Business Costs and Expenses (the Scheme) that should not have been allowed. This may be initiated as a result of a complaint, following a request by IPSA, an MP or by the Compliance Officer.
- b) May, upon request, review a determination by IPSA to refuse an MP's expense claim in whole or in part.

The full statutory powers of the Compliance Officer are established in PSA 2009 and CRAG 2010 and included the powers to:

- a) Compel an MP to provide any information required and to issue a penalty notice up to the value of £1,000 should an MP fail to do so, and
- b) Issue a repayment direction to an MP (including the charging of interest and costs) and to issue a penalty notice up to the value of £1,000 should an MP fail to comply with that notice.

The PSA 2009 stipulates that a Compliance Officer can only be appointed for a single fixed term not exceeding five years.

The term of office for the current Compliance Officer will conclude in May 2023.

## **B. Overview of 2021-22**

In 2021-22 there were a total of 27 complaints made to the Compliance Office by members of the public or those linked to party political associations. This is a decrease in the number of complaints made in 2020-21, which totalled 39.

There were a further seven complaints made which fell outside of the Compliance Officer's remit. One of the complaints was made against all MPs, with another one having 27 complainants all complaining about the same subject.

There were five reviews requested by MPs, a decrease of eight from the year before.

Further information on both complaints, IPSA referrals and reviews can be found below in [section H – Complaints and Investigations](#).

Within the relevant legislation, an MP can appeal a decision by the Compliance Officer to refuse an expense claim, pay only part of the claim or require repayment for expenses, interest, or costs to a first-tier tribunal court.

There have not been any tribunals in respect of investigations or review processes this year.

The current Compliance Officer has developed a professional working relationship with both IPSA and other regulatory bodies during their term of office. Regular contact has been maintained with the special enquiry section of the Metropolitan Police, who deal with most of the cases referred by the Compliance Office.

## **C. Budget for 2021-22**

Under the legislation, IPSA is required to provide the Compliance Officer with adequate resources to discharge the functions of the office. This includes the provision of office accommodation, IT, and telephony. These costs are included within IPSA's accounts and are not separately identifiable.

The total expenditure for the Compliance Office in 2021-22 was £75,000. This was broken down as follows:

	<b>Actual Cost (£000)</b>	<b>Budget (£000)</b>	<b>Variance (£000)</b>	<b>Variance (%)</b>
Pay	63	81	18	22.2%
Legal, audit and professional fees	12	55	43	78.2%
Other	–	5	5	100%
<b>Total</b>	<b>75</b>	<b>141</b>	<b>66</b>	<b>46.8%</b>

There is a large underspend on the compliance budget for 2021-22 which is mainly attributable to the lower spend on legal services. This is due to there not being any matters complex enough that had the potential to require legal proceedings.

## **D. Relationship with IPSA**

The Compliance Officer is not an employee or officer of IPSA but has an independent, statutory role.

The Compliance Officer seeks to demonstrate objectivity, impartiality, and neutrality in their relationships with MPs, IPSA, complainants, and other agencies.

The compliance function is reported to the IPSA Board on a quarterly basis.

Schedule 2 of PSA 2009 (as amended) requires IPSA to provide the Compliance Officer with adequate resources and staff to discharge the function of the office.

The Compliance Office staff act solely on the instruction of the Compliance Officer, and their functions are entirely separate from the executive branch of IPSA.

The Compliance Office is staffed by one full-time equivalent (FTE) post, comprising a Compliance Officer (generally two days per week) and an Investigations Officer (flexible three days per week).

The Investigations Officer is an IPSA employee and is afforded the same rights as other IPSA personnel.

## **E. Relationship with MPs**

When dealing with complaints there is invariably a requirement for the Compliance Officer to contact the relevant MP who is the subject of the complaint, initially to inform them that a complaint has been made, but also to request a written response to questions posed and/or the provision of supporting evidence.

A professional and formal approach is adopted by the Compliance Officer, who seeks to ensure that the office continues to act fairly and proportionately to all parties involved, inviting the full cooperation of MPs and their staff when conducting statutory functions.

To date, there has been no requirement to initiate formal measures compelling cooperation.

The Compliance Officer retains statutory powers to issue penalty notices to MPs who fail to cooperate with enquiries. It is commendable that these powers have not been enforced since 2010.

The role of the Compliance Officer is to assess all the relevant information and determine whether there has been a breach of the Scheme – the guidance document which sets out to MPs and their staff the rules and provisions around budgets and expense claims.

In all appropriate cases, the approach of the Compliance Officer when exercising their statutory function is proportionality. Above all else the Compliance Officer is aware that MPs and their staff are busy assisting constituents and attending to parliamentary duties – they are occasionally prone to oversights, mistakes, or misunderstanding of the rules.

Another important aspect of the role is to ensure complainants are kept up-to-date and provided with a detailed explanation of the rationale for the decisions made.

Where genuine mistakes are identified as the underlying cause of a complaint, MPs and their staff receive appropriate guidance to reduce the risk of similar errors being replicated in the future.

To date, and as noted previously, IPSA's Scheme has proven effective and robust in leaving minimal scope for abuse or wilful misinterpretation of the rules.

In exceptional cases, matters have been referred to the police.

## **F. Relationship with other regulatory bodies**

The IPSA and the Compliance Officer must prepare a joint statement setting out how the IPSA and the Compliance Officer will work with the following:

- The Parliamentary Commissioner for Standards.
- The Director of Public Prosecutions.
- The Commissioner of Police of the Metropolis (MPS).
- Any other person the IPSA and the Compliance Officer consider appropriate.

Copies of these agreements are [available on the Compliance Officer's website](#).

A Joint Statement also sets out how IPSA and the Compliance Officer will work with the Metropolitan Police Service and the Director of Public Prosecutions in circumstances where there is reason to suspect that a criminal offence may have been committed. Where IPSA has reason to suspect a deliberate breach of the Scheme, a referral will be made to the Compliance Officer.

If the Compliance Officer has reason to suspect a criminal offence may have been committed, they may suspend their enquiries and contact the MPS. Both IPSA and the Compliance Officer will assist the MPS

with their initial assessment of the evidence and any further enquiries they undertake after that.

Further, the MPS or other police force may receive complaints from third parties (such as members of the public) alleging criminal abuse of the Scheme.

In such instances, IPSA and the Compliance Officer may be contacted to assist with police enquiries.

During the year 2021-22, the Compliance Officer did not refer any cases to the police.

It is crucial to consider the following:

- In circumstances where a referral to the police is made (as they have been in previous years), this referral does not indicate a determination by the Compliance Officer of criminal wrongdoing. Such a determination is not the Compliance Officer's to make.
- Referrals are made to ensure the strict demarcation between an investigation by the Compliance Officer under civil law and investigations by the police under criminal law. It is not the role of the Compliance Officer to investigate allegations/concerns of a criminal nature. It is right, therefore, that any such allegation or concerns that criminal wrongdoing may have occurred are referred to the appropriate force for due consideration.

- The police have access to considerably more information and statutory powers than are available to the Compliance Officer. The police are in a considerably better position to prove – or disprove – an allegation than the Compliance Officer is, making them best placed to undertake any criminal enquiry.

Furthermore, the Compliance Office take its obligations under the Data Protection Act 2010 (DPA 2010) and other privacy provisions very seriously.

The DPA 2010 legally binds the Compliance Officer to ensure that personal data, including the names of individuals referred to the police, is protected from unlawful disclosure.

The police are responsible for assessing and investigating criminal complaints. After that, should the Crown Prosecution Service (CPS) decide to bring charges against an individual, the relevant information will be disclosed under their procedures at the appropriate time and in accordance with the law.

The public interest is not served by breaching my legal obligations under the DPA 2010 or by prejudicing the work of the police.

The disclosure of the names of individuals referred to the police before any charges had been brought (or indeed, after the police or CPS had decided there

was no case to answer) would constitute a serious breach of sensitive personal data. It would leave the Compliance Officer open to investigation by the Information Commissioner's Office (ICO) and subject to a possible monetary penalty.

## **G. Procedures for Investigations of the Compliance Officer**

IPSA is required by the PSA 2009 to determine the procedures which the Compliance Officer must follow when handling complaints and requests for investigation alleging that MPs may have been paid a sum to which they were not entitled under the Scheme.

IPSA published the First Edition of the Procedures for Investigations by the Compliance Officer for IPSA (the Procedures) in July 2010.

After having been in place for more than one year, a review was undertaken, including consultation with the public and Parliament.

On 1 February 2012, the Second Edition of the Procedures took effect, and the Third Edition became effective on 1 January 2015.

The Fourth and current edition was published and became effective in May 2021 and are [available on the Compliance Officer's website](#).

## **H. Complaints and investigations**

As noted above, one of the Compliance Officer's core functions is to investigate complaints that an MP has been paid an amount by IPSA in breach of the Scheme.

Complaints can originate from several sources. Most complaints are made by members of the public (including councillors, prospective parliamentary candidates, and MPs' staff).

Further, as part of its regular operations, IPSA conducts regular assurance reviews of MPs' expenditure, often taking a holistic look at areas of spending over set periods. Through this work, outliers may be identified, requiring further investigation.

These have in previous years been referred to the Compliance Officer for consideration.

No cases were referred to the Compliance Officer in 2021-22 because of the assurance review process.

One matter was referred to the Compliance Officer from IPSA following receipt of a letter of complaint from an MP. This has led to the initiation of a formal investigation which is still ongoing.

Finally, the Compliance Officer may decide to look at an issue on their initiative.

During the reporting period, 27 complaints were handled. These can be broken down as follows:

Type of Complaint	Number of Complaints
Office Costs	6
Office and Accommodation Costs	–
Staffing Costs	13
Travel Costs	–
Accommodation Costs	4
Professional service fees	4
Staffing and office costs	–

The overwhelming majority of complaints relating to MPs’ claims under the Scheme were resolved to the satisfaction of all parties involved by way of a formal ‘assessment,’ following the provision of additional information by the MP’s office.

In a small number of cases, complaints relate to a misunderstanding of the information published by IPSA. In such cases, no purpose is served by the opening of a formal investigation.

Nonetheless, the functions of the Compliance Officer must be conducted as transparently as possible. To this end, details of all complaints handled by the Compliance Officer each financial year, including the basis for the complaint, the assessment outcome, and

the rationale behind the outcome, are published on the Compliance Officer's website.

Full details of all investigations undertaken by the Compliance Officer can be found on the Compliance Officer's website.

Figures outlining complaints received and cases handled by the Compliance Office during 2021-22 are shown below.

## Summary of cases handled during 2021-22

Cases carried forward from 2020-21	Cases opened during 2021-22 by quarter				Total cases opened during 2021-22	Cases closed during 2020-21 <sup>[1]</sup>	Cases carried forward to 2022-23
	Q1	Q2	Q3	Q4			
4	14	5	6	2	27	26	5

### Note:

[1] Twenty-six cases were closed during 2021-22, which includes the four cases brought forward from 2021-21. Five complaints are still on-going which includes the formal investigation matter.

## Summary of IPSA referrals

Types of cases referred	Outcome
Staffing Costs	Ongoing

The table below outlines statistics for the past six years, including the number of complaints, reviews, and investigations conducted.

Year	No. complaints were received	No. reviews were requested and conducted	No. of Investigations conducted <sup>[1]</sup>	No. of cases referred to the police
2016/17	25	5	1(2)	2
2017/18	52	3	1(-)	–
2018/19	41	1	-(-)	2
2019/20	33	2	3(2)	3
2020/21	39	13	-(-)	1
2021/22	27	5	1(-)	–

**Note:**

[1] The numbers in brackets denote a referral from IPSA resulting in a formal investigation.

## I. Reviews

Upon the request of an MP, the other core function of the Compliance Officer is to review a determination by IPSA to refuse an MP's expense claim in whole or in part.

During the 2021-22 period, there were five requests for reviews. These can be broken down as follows:

Subject	Outcome
Overspend on accommodation budget	Upheld in favour IPSA
Failure to provide receipt for item purchased on procurement card.	Upheld in favour of MP
Overspend on office budget, buying items of IT for new starters.	Upheld in favour of MP
Disability Assistance	Upheld in favour of IPSA but they were to make contribution towards costs.
Start-up costs for private accommodation	Upheld in favour of IPSA

Details of reviews conducted by the Compliance Officer are published on the Compliance Officer's website.

## J. Freedom of Information (FOI)

During this reporting period, four FOI requests were submitted to the Compliance Office and information were provided to the applicant.

## **K. Accommodation**

As previously referred to, the PSA 2009 requires IPSA to provide the Compliance Officer with adequate resources to discharge their functions. This includes the provision of office accommodation, IT, and telephony. Since the formation of IPSA, the accommodation provided has been adjacent but separate from that occupied by IPSA.

In 2019, IPSA moved to new premises at 85 Strand. Once again, the Compliance Officer and staff took up occupancy of an office adjacent to those utilised by the IPSA executive and their staff, ensuring efficient and effective access to information and data.

Since the Covid-19 outbreak and the restriction imposed by the Government, the Compliance Team have been working remotely from home. IPSA provided additional equipment to make this possible, and business has been conducted as usual.

## **L. Looking ahead**

The 2021-22 term was Tracey Hawkins' fourth year as Compliance Officer. This year differed from the previous year from the point of view of the profile of the work. There was a decrease in both the numbers of complaints received which were within the remit of the Compliance Officer as well as requests for reviews from MPs.

As with recent years, the staffing continued to constitute the equivalent of one full-time post (Compliance Officer for two days a week and an Investigations Officer, three days per week). As such, any changes to the Compliance Office function and approach must be realistic, if they are to be achievable and unlikely to interfere with the core role of the office.

Both the Compliance Officer and Investigation Officer are routinely needed to work flexible hours to accommodate meetings and administration with various stakeholders.

The amended guidance for investigations was implemented this year. The new guidance introduces a streamlined process that should reduce the timescales for the completion of investigations.

The Compliance Officer will continue with the following functions going forwards:

### *Efficiency*

Continue to pursue efficiency improvements within office systems and procedures and ensure actions taken are cost-effective and provide value for money to the public purse.

## *Assessments*

Ensure that all complaints and enquiries made under the Scheme's provisions are acknowledged and recorded, with resultant assessment findings communicated to the referrer.

## *Reviews*

Initiate appropriate reviews under the Scheme where IPSA has refused to pay a claim either in whole or in part, following a formal request from an MP. Ensure that review outcomes are documented and published on the Compliance Officer's website.

## *Investigations*

Review and develop processes to manage the transition of referrals to investigations. Update the referrers and the subjects of complaints regarding progress. Ensure those investigation outcomes are documented and published on the Compliance Officer's website.

## *Communication*

Consolidate, review, and improve channels of communication between the Compliance Officer and key stakeholders.

Emphasis is given to open and formal dialogue with MPs during assessment, review or investigations, and routine dialogue with IPSA staff from all teams to better understand respective roles.

Ensure regular, formal reports to IPSA Board as required regarding outcomes and issues raised as part of the Compliance Officer's role.

Ensure that appropriate 'sharing protocols' are in place, particularly with police services and other public authorities.

### *Leadership*

Develop and manage the work of staff undertaking or interfacing with the 'Investigations Officer' role.

Ensure that appropriate training is in place to understand and effectively deliver the key elements of their job description.

### *Budget*

Negotiate, establish, and manage budgets regarding staffing, expenses, and legal costs to the role of the Compliance Officer. Report and highlight future issues.

Tracy Hawkings

*Compliance Officer for IPSA*

<http://www.ipsacompliance.org>



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