



Minute

Minutes of a meeting of the Board of IPSA Wednesday 19 December 2012

Present	Sir Ian Kennedy, Chair Jackie Ballard Ken Olisa Isobel Sharp (by 'phone)	Mark Anderson, Head of Communications Alex Jary, Head of Validation and MP Support [items 7 and 8] Philip Mabe, Acting Director of Finance and Corporate Services John Sills, Director of Policy Jane Hoskins, HR Manager [items items 7 and 8] Tony Lord, Head of Policy
Apologies	Sir Scott Baker	
Status	Final for publication.	
Publication	As approved for publication at the meeting of the Board on 8 January 2013.	

1. Welcome

1.1. The Chair welcomed the Board to the meeting.

Declarations of interest

1.2. The Board noted that Jackie Ballard was an inactive member of the Parliamentary Contributory Pension Fund (PCPF).

1.3. There were no new declarations of interests.

2. Minutes of previous meetings and matters arising

IPSA/191212/1A – Minutes of a meeting of the Board, 20 November 2012 (amended);

IPSA/191212/1B – Minutes of a meeting of the Board, 11 December 2012

2.1. The Board noted that:

- two sets of minutes had been circulated – those relating to the meeting of the Board on 20 November (which had been amended following the discussion at the meeting of the Board on 11 December 2012) and those relating to the meeting of the Board on 11 December 2012; and
- these would be brought forward for approval by the Board at its meeting on 8 January 2013.

3. Review of MPs' pay and pensions

IPSA/191212/2A – Pay and pensions consultation: Summary of responses received;

IPSA/191212/2B – Pay and pensions consultation: Draft outline report;

IPSA/191212/2C – Pay and pensions consultation: Results of online survey;

IPSA/191212/2D–2N – Pay and pensions consultation: Submissions.

3.1. The Head of Policy reported that around 100 written responses had been received to the consultation on MPs' pay and pensions, although not all of those responses had been directly relevant to the particular issues raised by the consultation.

3.2. The Board agreed:

- to approve the outline structure of the consultation document as a basis for drawing up a fuller draft;

- that its approach to the consultation would be, as previously agreed, a framework of analysis including some options which the new Board in 2013 may wish to rule out; and
- that the report on the consultation would need to strike an appropriate balance between setting out firm positions in some cases (reflecting the Board's agreed position) and being sufficiently open on the other.

Pay

3.3. The Board noted that:

- with respect to differential pay, there was no consensus among respondents, although there was significant opposition to such an approach from within Parliament itself and questions had been raised about its practicality;
- with respect to comparators, many respondents felt that this would provide useful context but could not in itself determine an exact pay level; and
- MPs were strongly opposed to the proposal that their pay be fixed as a set multiple of national average salaries.

3.4. The Board agreed that:

- tying MPs' pay to that of particular professions was potentially problematic, not least given the differences between career trajectories in the professions and those of MPs and the unusual nature of an MP's role;
- the report on the consultation would, while recommending that differential pay for MPs should not be considered further for reasons of practicality, at the same time explore the counter-arguments for offering two levels of pay ("full-time" and "part-time") between which MPs could elect to choose;
- the report on the consultation would recognise that, while direct comparators were of limited value in setting pay, it was important to take account of MPs' standing (as distinct from job content and responsibilities), albeit acknowledging that the link between this and pay was not straightforward; and
- the consultation report should include an analysis of MPs' remuneration as a whole, including the total reward package available.

Indexation of pay

3.5. The Board noted that, while there was support for the indexation of MPs' pay between reviews from some respondents, there appeared to be some public scepticism about such an approach.

Pay for Committee Chairs

3.6. The Board noted that there had been relatively little interest in pay for committee chairs among respondents.

Pensions

3.7. The Board noted that:

- there was strong in-principle support among respondents for a career-average (CARE) scheme; and
- many respondents – particularly among MPs – had also advocated flexibility as regards contribution rates.

Resettlement payments

3.8. The Board noted that:

- the existing system provided for resettlement payments equivalent to up to six months' salary to be made to MPs when they lost their seat as a result of having been defeated at an election;
- the issue of resettlement payments had initially been identified as a point upon which the Board would need to take an early view, not least given the anticipated changes to the boundaries of parliamentary constituencies. These changes now seemed less likely, so there was less pressure for changes in the short term; and
- a majority of the public were opposed to resettlement being available on a universal basis to all those leaving Parliament, while some respondents (particularly those within Westminster) had suggested that a more generous resettlement scheme might encourage a higher turnover of MPs.

3.9. The Board agreed that:

- the report on the consultation should address the differences of perception which informed different views on resettlement – with some members of the public perceiving an election as being the equivalent to the end of a fixed-term contract, while some MPs saw defeat following an election or standing down to be more consistent with redundancy; and

- the question of resettlement payments was rather more complex than at first might be supposed and, in the light of this, it would be important for the Board to reach a view on resettlement as part of their work on MPs' remuneration.

MPs' pay in 2013/14 and 2014/15

3.10. The Board noted that:

- any change in MPs' pay in 2013/14 would be the first-ever exercise of these powers by IPSA; and
- there was substantial support for the proposal that MPs should receive a 1% increase in their pay in 2013/14 and 2014/15, on a similar basis to those working in the public sector.

3.11. The Board agreed that:

- MPs' pay in 2013/14 should increase by 1%, increasing their base pay from £65,738 to £66,396;¹ and
- this would be formally signed off by the Board at its meeting on 8 January 2013.

4. MPs' pension contributions

IPSA/191211/3 – MPs' pension contributions

4.1. The Board noted that:

- a decision was needed as to whether IPSA should consult on increases in MPs' pension contributions in 2013/14. If a consultation were to be launched, a final decision would be a matter for the Board in February 2013;
- although IPSA had previously confirmed that it intended to announce in 2013 a new pension scheme for MPs, for implementation from 2015, it had not made any commitments as regards interim changes in 2013/14. Nevertheless, it had been assumed by many that IPSA was not intending to change contribution rates as it had done in 2012/13;
- many public-sector pension schemes, some of which might be compared to that available to MPs, were subject to interim increases in contributions in 2013/14;

¹ One Board member wished to record their dissent.

- a decision to consult on changes to contribution rates would have an adverse impact on the timetable for IPSA's longer-term work on MPs' pay and pensions;

4.2. The Board agreed not to consult on increases in MPs' pension contributions given the practical impact this would have on IPSA's long-term work and its intention to announce a new pension scheme for MPs before the end of 2013.²

5. Supplementary estimate 2012/13

IPSA/191212/4 + annexes A and B – Supplementary estimate 2012/13

5.1. The Director of Finance and Corporate Services reported that:

- following the discussion at the meeting of the Board on 11 December 2012, he had prepared a draft supplementary estimate, taking account of some £70,000 in additional costs that had been identified as a result of scoping work and also taking account of initial advice as to the preparation of the supplementary estimate received from HM Treasury and the Scrutiny Unit of the House of Commons; and
- the wording in the supplementary estimate would also be amended properly to reflect IPSA's status as an independent body.

5.2. The Board noted that:

- the supplementary estimate, reflecting the costs identified relating to Freedom of Information and the appeal to the information tribunal, would transfer funds from subhead A (relating to the MPs' pay, pensions, costs and expenses) to a new subhead D. This approach was preferable to IPSA's seeking unnecessarily to increase the overall size of its estimate, given that it was now able to more accurately forecast MPs' expenditure in subhead A; and
- an explanatory memorandum, which would accompany the estimate itself, would set out the background for and reasoning behind IPSA's seeking a supplementary estimate.

² One Board member wished to record their dissent.

6. Finance report

IPSA/191212/5 + annex A – Finance report

6.1. The Board noted the finance report.

7. Operational performance report

IPSA/191212/6 – Operational performance report, November 2012

7.1. The Chief Executive reported that:

- IPSA's had achieved all of its green operational key performance indicators in November 2012; and
- as previously reported, IPSA would now miss its KPI with respect to Freedom of Information requests in 2012/13.