

Minutes of a meeting of IPSA's Board

Wednesday 29 March 2017

Present: Ruth Evans, Chairman
Sir Robert Owen
Liz Padmore
Anne Whitaker
Rt. Hon Jenny Willott

In attendance: Marcial Boo, Chief Executive
Naomi Stauber, Chief of Staff
John Sills, Director of Regulation
Alastair Bridges, Director of Corporate Services
Vicky Fox, Director of MP Support Services
Head of Communications
Head of Policy and Assurance (Item 4)
Publication and Validation Manager (Item 4)

Apologies: None

Status: Submitted for approval at the meeting of the Board on 27 April 2017.

Publication: Approved for Publication.

1. Welcome and Declarations of Interest

- 1.1 The Chairman opened the meeting and welcomed those attending.
- 1.2 No apologies were received.
- 1.3 The Chairman invited the Board and members of staff to declare any interests not previously recorded. No new interests were declared.

2. Minutes of previous meetings and matters arising

Minutes

- 2.1 The minutes of the meeting of the Board held on 22 February were approved, subject to some minor amendments.

Actions arising from the previous meeting

- 2.2 The Board noted the actions that had been completed since the last meeting.

3. IPSA and Value for Money

- 3.1 IPSA's Chief Executive presented the report on improving value for money as part of IPSA's wider work on its future strategy. The paper described how IPSA might take steps to work with MPs to improve value for money in terms of their expenditure, as well as its own, reflecting the organisation's intention to be economical and efficient in all the work that it undertakes on behalf of the taxpayer.
- 3.2 The Board noted that value for money is already part of IPSA's strategy, in two ways. First, the strategy states that, in order to achieve its aim, IPSA will always seek to ensure the best value for money in its own processes. Second, our strategy makes a commitment to encourage MPs to demonstrate value for money in their own expenditure. Value for money has also been stated explicitly as one of IPSA's own organisational principles in the new Scheme.
- 3.3 In terms of its own costs (subhead B of IPSA's budget), the IPSA 2017 improvement programme has an explicit goal to reduce IPSA's costs over the medium term. The January 2017 revalidated business case showed a positive net present value of the programme of £2 million over 10 years. This includes a headcount reduction of between 15 and 20 per cent.
- 3.4 IPSA must continue to be clear about the benefits of the improvement programme, and plan for the future shape of an organisation with fewer people. The Executive has considered options for the future design of the organisation, after the implementation of its new systems, processes and ways of working. This has

incorporated the views of staff at all levels. The Board will receive a paper on our proposed organisational redesign in June and a further assessment of the IPSA 2017 business case early in 2018. In addition, the Chief Executive will present a medium-term continuous improvement strategy to the Board later this year.

- 3.5 Subhead A of IPSA's budget are the funds that it gives to MPs for their staffing, office costs and travel budgets, and it is for them rather than for IPSA to determine how they spend the money, as long as it is in line with the *Scheme of MP's Business Costs and Expenses*. Many MPs actively seek the best value when making purchases – whether train tickets or office leases – but some do not. IPSA has hitherto taken the view that it is for MPs to manage their own budgets. But equally, IPSA needs to ensure that the rules of the Scheme help MPs to make value for money decisions and that IPSA considers other ways in which it can promote value for money in a way which is consistent with its regulatory remit. But defining 'value' is not straightforward. It should not be considered purely in monetary terms, as value can be achieved in a number of ways.
- 3.6 One of IPSA's objectives for 2017-18 is to encourage MPs to demonstrate and achieve good value for money. To this end, IPSA will draw on the existing good practices of MPs to produce guidance that it will share with all MPs to both assist and encourage them to spend public money well and to demonstrate value for money in their own expenditure. IPSA should consider, as part of this work, what else it can do to support and assist MPs in this way.
- 3.7 The Board noted the report.

4. IPSA's Publication Policy and Security Issues

- 4.1 IPSA's Director of Regulation introduced the report which considered whether IPSA should change its approach to the publication of landlords' names and MPs' travel claims, in light of increased security concerns.
- 4.2 The Board noted that IPSA's publication policy was revised and re-published on 16 March following a comprehensive review and public consultation. IPSA's approach to publication has always taken account of security concerns, and the policy clearly states that IPSA will not publish information that the police advise poses a risk to MPs' security, or that of their staff or family. Recent police advice (received prior to the terrorist attack on Parliament on 22 March) confirmed that IPSA's publication policy safeguards MPs' security.
- 4.3 IPSA has published detailed information about MPs' travel claims (with the exception of Northern Ireland MPs) since 2010. This was, and is, based on IPSA's commitment to transparency and the view that the public should be able to see how taxpayers' money is being spent. For assurance purposes, IPSA has always sought information from MPs about the origin and destination of their journeys, in addition to the distance they travelled. But all MPs' personal information, including their addresses,

as well as details relating to security and disability budgets, are redacted. If there are specific security threats to particular MPs, IPSA redacts more information in order to protect them.

- 4.4 However, in the light of the recent attack on Parliament, and other strong concerns raised by MPs, IPSA's Board reviewed its publication policy. After careful consideration, it decided that IPSA would continue to publish individual travel claims. However, it will remove some detailed information that could potentially represent a security risk to MPs, including the 'Details', 'Origin' and 'Destination' of the travel claims. In addition, IPSA will no longer publish MPs' landlords' names. IPSA will nonetheless still collect all this information from MPs in order to validate their claims in line with the Scheme.
- 4.5 The Board remained committed to the principle of transparency. As such, IPSA will continue to publish enough information to assure taxpayers that MPs' travel claims are compliant with IPSA's rules. But this must be balanced against the need to safeguard MPs' safety and security. The Board were of the view that the amendments achieve this balance.

ACTION: IPSA's Chief Executive to write both to the police and the Information Commissioner's Office to inform them of the changes to IPSA's approach to the publication of MPs' travel claims and landlords' names.

5. Results of the Annual Staff Survey for 2016

- 5.1 IPSA's Director of Corporate Services presented the results of IPSA's staff survey for 2016 and the actions that IPSA is taking in response. The Board noted the following, in particular:
- The response rate to the survey was 82 percent. This compares well with other organisations and with IPSA's own response rate last year, and provides good information from which to draw conclusions.
 - The survey paints a picture of an organisation undergoing changes, with some improvements on the results of the survey last year and some areas that are not as positive. The IPSA employee engagement index score remains just above the average for the Civil Service.
 - One concern in last year's survey was that staff felt unduly stressed at work. This has now dropped from 25 per cent to 14 per cent which is an important improvement. There is also an increase in the number of staff who report that they find their work appropriately challenging. However, IPSA received a lower response compared to the Civil Service on questions relating to knowledge of its future strategy and how individuals contribute to the corporate plan.

- Staff have been informed of the results and more detailed discussions in teams have been held too, with feedback discussed at the Senior Management Team. A number of key areas have been identified where action will be taken, including the management of under-performance, pay and progression, IPSA's future strategy and change management.

5.2. The Board noted the results of the survey and the actions being taken in response.

ACTION: IPSA's Chief of Staff to arrange for the Board to meet and engage with staff, as part of the work being undertaken on the IPSA 2017 improvement programme.

6. Results of the Annual Survey of MPs and their Staff for 2016

6.1 IPSA's Head of Communications introduced the report which presented the preliminary findings from IPSA's annual online survey of MPs and their staff. As in previous years, the survey was conducted to gain feedback from MPs and their staff on IPSA's systems, processes and wider performance. IPSA will use those results and feedback to improve its business processes, systems, services and support to MPs in future, as part of its continuous improvement.

6.2 This year, 366 people responded to the survey, which is slightly more than last year's 312 responses. This number included 35 MPs, 153 MP proxies and 178 non-proxy members of staff. The low response rate from MPs, at just 5 per cent, means that limited reliance can be given to the overall results from that group. But the survey still provides a useful insight into the way IPSA can improve, from the perspective of those whom it supports.

6.3 IPSA has already implemented measures to improve the support that it offers MPs and their offices based on the feedback received in previous annual user surveys, and IPSA will do so again. The findings will be particularly useful as IPSA implements the latter stages of its improvement programme.

6.4 The Board noted that the full report will be published in April on the IPSA website, subject to its final approval. MPs and their staff will be notified of the publication of the results in advance through the regular IPSA bulletin.

7. Review of the Board's Standing Orders

7.1 IPSA's Chief of Staff introduced the report which reviewed the standing orders governing the Board, which set out its role, the principles under which it operates, how it works and the role of its sub-committees. The report put forward some proposed amendments relating specifically to the terms of reference of the Remuneration Committee and the Audit and Risk Assurance Committee, for the Board's agreement. It also asked the Board to consider more generally whether any further changes to its standing orders are required.

7.2 The Board reviewed the standing orders and noted the following, in particular:

- The current version of the standing orders is detailed and comprehensive and has worked well to date. The orders detail the Board's functions and operation, in addition to other good practice governance requirements such as its quorum. However, an important function of the Board is to agree IPSA's Estimate for submission to the Speaker's Committee for IPSA. This was not detailed in the existing standing orders and was therefore recommend for inclusion.
- At its meeting on 30 November 2016, the Remuneration Committee agreed a policy and process for reviewing on an annual basis the remuneration of IPSA's Executive and the Compliance Officer for IPSA. It recommended the inclusion of that policy in its standing orders, which the Board was invited to agree.
- The Audit and Risk Assurance Committee conducted a review of its terms of reference at its meeting of 14 December 2016. It was broadly content and suggested a few minor amendments, which the Board was invited to agree.
- The existing principles of the Board state that its decisions are based on consensus. However, this is not always the case. There are occasions when the Board do not unanimously agree on a decision. But as a statutory decision-making body, it is collectively responsible for the decisions about the regulation of MPs' pay, pensions, business costs and expenses. The Board agreed that it aims to take decisions based on consensus and, where that is not possible, it will nevertheless take collective responsibility for the decision that is taken. This should be reflected in the standing orders.

7.3 The Board agreed the recommended changes to the standing orders, subject to some minor amendments.

8. Financial Position and Management Accounts

8.1 IPSA's Director of Corporate Services introduced the report which provided an update on IPSA's financial position as at the end of February 2017. The Board reviewed the report and noted the following key messages:

- Overall, IPSA is continuing to forecast a 6 per cent Resource DEL underspend for the full year, which is 76k higher with the position reported to the Board last month. Within Subhead A the underspend arises mainly on pay for MPs' staff and capped expenses including security. The Subhead B underspend arises on IPSA pay costs, unused contingency and depreciation.
- On capital, there have been changes to the year-end forecast. IPSA is now forecasting an underspend of 39 per cent. The underspend has increased from last month by £274k, arising from a reduction in the recovery of MP deposit loans (£26k), reductions in IT capital expenditure (£140k) and the IPSA 2017 programme (£108k).

This reflects the crystallisation of underspend risks flagged up in previous months' reports.

- It is possible that the full-year outturn will reveal greater underspends on security costs in Subhead A and capital in Subhead B. There may also be some year-end adjustments arising from the audit.

8.2 The Board noted IPSA's financial position and management accounts for February 2017.

9. Chief Executive's Report and IPSA 2017 Highlight Report

9.1 The Chief Executive introduced a paper setting out the organisation's activities since he last reported to the Board in February. He noted, in particular, that the new Scheme of MPs' Business Costs and Expenses was launched successfully on 16 March. This was a major achievement at least 18 months in the making. It involved detailed analysis, research, and handling. Press coverage on the day was broadly positive, and focussed almost exclusively on the ending of funding for new connected parties from the next Parliament.

9.2 In mid-March, IPSA completed the design phase of the new ERP system. The build has begun and is set for completion by the end of April, followed by various phases of testing, including with MPs and their staff. IPSA's plans for training and engaging with MPs and their staff is in place and it will begin those activities next month.

9.3 The Board reviewed the organisational performance report for February and noted that IPSA's performance had improved on an already strong January. It was above its target performance in six out of eleven business areas. There were no data breaches in February and IPSA continues to work with staff to raise awareness and to build good data management into daily work routines.

9.4 The Board noted that a concern had been raised with IPSA relating to the MPs' pension scheme. IPSA is responsible for setting the rules of the MPs' pension scheme, as set out in legislation. The reforms to the MPs' pension scheme that came into force in 2015 were intended to bring it generally in line with the civil service and ministerial schemes. The current pension arrangements do not include an injury benefits scheme or any other special additional provision, such as enhanced benefits, for dependants of MPs killed into the line of duty. It is within IPSA's powers to change the scheme to include an injury benefits scheme if the Board considers it to be an appropriate change. The Board asked that IPSA conduct a review of the pension scheme to examine how it has operated over the past two years, comparing it against the civil service scheme and other comparable schemes.

9.5 The Board noted IPSA's performance in February 2017, the progress that had been made on the IPSA 2017 improvement programme and the list of the Chief Executive's and Chairman's meetings with MPs and officials since the last report.

ACTION: IPSA's Head of Policy to conduct a review of the pension scheme to examine how it has operated over the past two years, comparing it against the civil service scheme and other comparable schemes.

10. The Board's Programme of Work for 2017-18

10.1 The Board reviewed and noted its programme of work for the 2017-18 financial year.

11. Any other business

11.1 The Chairman asked if there was any other business for report by the Board or the Executive. No further business was raised.

Meeting closed.