

**Minutes of a meeting of IPSA's Board**

**Wednesday 8 December 2021**

**Board Members:** Richard Lloyd (Chair)

Sir Robert Owen

Helen Jones

Will Lifford

**In attendance:** Ian Todd, Chief Executive

Alastair Bridges, Director of Corporate Services

Lee Bridges, Director of Policy and Engagement

Karen Walker, Director of Strategy and Change

Georgia Wilson, Director of MP Services

Head of Communications

Head of Policy

Chief of Staff

Compliance Officer (Item 3)

Policy Manager (Item 5)

Policy and Research Officer (Item 5)

**Apologies:** N/A

**Status:** Submitted for approval at the meeting of the Board on 26 January 2022

## **1. Welcome and Declarations of Interest**

- 1.1 The Chair invited attendees to declare any interests not previously recorded. The standing declaration of interest of the Director of Corporate Services, as Trustee of the Parliamentary Contributory Pensions Fund (PCPF), was restated in light of item 6 on McCloud. No other declarations were forthcoming.

## **2. Minutes and Actions List**

- 2.1 The Board meeting minutes of 27 October were approved, and actions update noted. The Head of Communications provided an update on recent media coverage relating to the wider standards landscape and IPSA's response to date and in future.

## **3. Compliance Officer's Lessons Learnt Report**

- 3.1 The Compliance Officer introduced her second annual Lessons Learnt Report designed to identify common themes and root causes in compliance referrals and investigations. In the previous year's report, the Compliance Officer highlighted that no formal process was in place for the systematic consideration of recommendations and for monitoring follow-up implementation. The report also noted that the contingency panel could have, in some cases, taken a wider view and exercised greater discretion. She was pleased to confirm that a process was now in place for the formal acceptance or rejection of Compliance Officer recommendations, managed by the Audit and Risk Assurance team, and that complaints and referrals relating to contingency panel decisions have fallen significantly.
- 3.2 In this annual report, the Compliance Officer made two recommendations. The first related to a potential Scheme clarification regarding rules on the eligibility of and process for MPs claiming business costs for short-term accommodation, such as shortly after being elected. The second concerned further clarification of Scheme provisions as they relate to incidental expenses incurred by volunteers in MP offices.
- 3.3 On common themes of complaints, the Compliance Officer highlighted the following issues which IPSA may wish to consider including a) the use of parliamentary staff for party-political activity (and the associated distinction between parliamentary versus non-parliamentary), b) the use of the dependant uplift and travel claims associated with such dependants, c) the use of bought-in services, and d) MPs' accommodation.
- 3.4 The Compliance Officer provided an update on ongoing investigations and noted that new procedures governing the Compliance Officer and processes relating to the office had been implemented. Regular dialogue with the Director of MP Services had also proved valuable.
- 3.5 The Board noted the report with thanks. It discussed the proportionality involved in making the distinction between parliamentary and non-parliamentary activity.

Notwithstanding the guidance that IPSA had introduced, for example on pooled services, the Director of Policy and Engagement added that there may be an opportunity to further work with the House of Commons and Parliamentary Commissioner for Standards who also deal with this distinction.

#### **4. Chief Executive's Report**

- 4.1 The Chief Executive introduced the report and noted the Change Oversight Committee (ChOC)'s recommendation that it be formally disbanded with immediate effect, which the Board approved in full.
- 4.2 The Board noted the report and thanked IPSA's people for further progress in delivering its strategy, particularly against a fast-moving external environment. It further noted the November KPI dashboard and Transformation Programme status update, with the latter to reflect delivery confidence levels in its next iteration.
- 4.3 The Chair invited the Executive to offer more informal briefing and information-sharing sessions designed to test Board members' appetite and instincts on high-level strategic questions. The Executive welcomed the opportunity to engage with the Board in more informal and less structured brainstorming and/or development forums.

#### **5. Scheme Review**

- 5.1 The Policy Manager introduced a paper following Board steers in October on next phases in the Scheme review. This included a proposed exploratory phase to inform the longer-term review of IPSA's regulatory approach (December 2021-September 2022) to, amongst other things, invite internal and external customer feedback, conduct benchmarking and consult academics, as well as assess public opinion alongside ongoing public sentiment research. The product of this exploratory phase would then return to the Board for further development and decisions.
- 5.2 The Board approved the scoping plan for the regulatory review. It underlined the importance of engaging with a wide range of stakeholders and ensuring appropriate steps were taken to facilitate informed public engagement. It also emphasised the need for a one-IPSA approach to conducting the Scheme review in parallel with exploring a refreshed operating model and approach to publication and validation. It felt that it would also benefit from a firmer view of what the activity post-exploratory phase would entail.
- 5.3 The Policy Manager outlined a series of potential Scheme simplifications identified for April 2022 and invited the Board to highlight priorities for implementation. It was intended that this would be the final set of Scheme amendments so as to not divert capacity and resource from the work required to conduct a more comprehensive review.

- 5.4 The Board endorsed the proposal for April 2022 to be the end date for amendments to the Scheme for 2022/23 and, unless urgent priorities or environmental change necessitated formal Scheme amendment in 2023/24, encouraged the Executive to make enhanced use of guidance until completion of the comprehensive Scheme review. The use of guidance was also particularly helpful in the case of evolving areas in which advice may need to be dynamically updated and which offered flexibility to respond to unforeseen issues, compared to consultation and addendum/amendment requirements of formal Scheme change. To this end, it encouraged the Executive to consider the inclusion of an enabling provision within the Scheme to enable agile changes to the Scheme through guidance.
- 5.5 The Board agreed with the priorities annexed to the paper and supported proceeding at pace with a consultation proposal, particularly on homeworking conditions and responsibilities, based on what the Executive believe could realistically be tabled for Board consideration in January and in advance of the new financial year. It further agreed that IPSA should update its contract tool to include a home-working option and work with Members' HR on relevant guidance for MPs, and to consult on new travel rules for home-based staff in February 2022 with a view to notifying MPs and staff in good time before any changes are adopted. It also approved the proposal not to consider changes for staff on London pay bands now working remotely outside of London until 2023/24 at the earliest.

## **6. McCloud**

- 6.1 The Head of Policy updated the Board on developments and legal advice relating to McCloud, as well as on a constructive meeting held between the PCPF Trustees, IPSA's Chair, and IPSA representatives where all agreed on the importance of collaborative working. This would be especially critical on issues such as realistic timelines for implementation given practical implications in administering the scheme; issues which will also benefit from the recruitment of project support specialists.
- 6.2 The Head of Policy also commented on discussions with HM Treasury regarding opportunities within future Finance Bills to include simplifying provisions necessitated by the changes.
- 6.3 The Head of Policy raised the question as to whether the Board would like to revisit its decision not to allow fully protected members a choice of benefits and summarised the legal background. The Board noted the points made but deferred its decision until January when specialists had been recruited. In the meantime, it asked the team to produce an explanatory note on the potential financial and practical implications of granting such choice to fully protected members.
- 6.4 In addition to effective joint governance, the Board noted the importance of the PCPF committing to implementing the project, as reflected in its budget and business plan. It therefore endorsed all other recommendations, namely for IPSA staff to work with

incoming consultants to establish a joint implementation project with PCPF, to realistically analyse timeline options and practical implications with the PCPF, administrators, and consultants so that a firm proposal could be made in the second consultation, and to ask the GAD to proceed with the 2017 and 2020 cost cap valuations according to existing scheme rules. It additionally tasked the Head of Communications to prepare a plan for engaging key stakeholders.

- 6.5 As such, the Board agreed to proceed with the second consultation relating to McCloud in early 2022, mindful of the innate complexity and risk of the project and subject to continued assurance that collaboration with the Trustees and administrators would lead to successful delivery. The Board also requested a special briefing session with incoming pension specialists as soon as practicable.

## **7. Draft Business Plan 2022/23**

- 7.1 The Director of Strategy and Change introduced a draft 2022/23 business plan designed to show how IPSA plans to move further towards meeting its three-year corporate plan objectives.
- 7.2 The Board sought clarification on elements of the draft budget, including on in-year and cross-year variances and whether there was sufficient allowance in the legal, audit, and professional fees expenditure. The Director of Corporate Services noted that figures may be revised following Subhead B review and challenge process before the formal SCIPSA meeting of February 2022, as well as operational developments with decommissioning of legacy systems and built-in transformation priorities. The Board welcomed the clarification, recommended that McCloud-related expenditure be listed separately, and that budgets be presented in a multi-year chart to show change over time.
- 7.3 The Board welcomed the plan pending its second iteration in January and subject to drafting amendments designed to emphasise the duality and compatibility of its regulatory and support functions, consistently high compliance rates of MPs, and the benefits to be realised from IPSA's transformation.

## **8. Financial Position and Management Accounts**

- 8.1 The Director of Corporate Services outlined the latest financial position, which was broadly stable with a slightly higher forecasted Subhead A underspend and slight adjustment to Subhead B. Potential upward pressure could arise following the new contract for security measures and legal costs. Some progress was outlined in recovering aged staff debts with case-by-case review.
- 8.2 The Board noted the report and modest improvement in debt recovery, but suggested that the Executive may wish to set a deadline by which it intends to recover monies owed by former MP staff and redouble its efforts to stress the importance of prompt and accurate leaver notification by MPs. The Director of Policy and Engagement

confirmed that IPSA worked closely with Members' HR to reiterate the leaver process, was exploring opportunities to connect with wider House datasets which may capture such departures, and repeated this message in IPSA's monthly meeting with Office Managers.

## **9. MP Budgets 2022/23**

- 9.1 The Head of Policy outlined a series of recommendations regarding MPs' budgets for 2022-23. Clarifications were sought by the Board on the rationale behind proposals on associated costs, utilities, hotels, and the typical nature, length, and geography of MPs' rental agreements and renewals. It was noted by the Executive that the proposals sought to recognise the importance of effectively resourcing MPs and enabling them to cover the business costs needed to support constituents.
- 9.2 For measures pegged to the October CPI inflation rate, the Board endorsed the following proposals subject to sense-checking CPI rates in January in case of any significant inflationary changes and in good time before finalising budget submissions to SCIPSA:
- Deferring decisions on the homeworking allowance and the staffing budget until more data is available.
  - Increasing the Office Costs budget in line with inflation.
  - Uplifting the London Accommodation budget.
  - Raising the Dependant Uplift in line with inflation.
  - Increasing the Associated Costs only budget in line with the proposed increase applied to the London area rental budget.
  - Uplifting the London Area Living Payment in line with inflation.
  - Making no change to the Winding-up Budget.
  - Raising the London hotel limit cap, with the Executive tasked with proposing a final figure for approval in January.
- 9.3 The Board thanked the team for its proposals pending the Board's final determinations in January and in advance of SCIPSA, alongside the creation of an effective, comprehensive communications plan in the meantime.

## **10. Board Programme of Work and Any Other Business**

- 10.1 The Board noted its Programme of Work for the next meeting and approved the final minutes of the Change Oversight Committee of 24 November.
- 10.2 The Board thanked the Director of Corporate Services, who was attending his final Board meeting before taking a new role elsewhere, for his contribution to IPSA over the years and wished him well for the future. It similarly noted that Shrinivas Honap, a Lay Member of SCIPSA, would be leaving the Committee in late January and thanked him for his constructive engagement and scrutiny over the course of his term.