

## IPSA BOARD: STANDING ORDERS

### A: The role of the Board

1. The Board sets out the strategic vision for IPSA and approves its corporate plan and annual report and accounts, reviews the performance of the organisation, holds the executive to account and is responsible for determining schemes of MPs' pay, pensions, business costs and expenses.
2. IPSA's administration functions (including the payment of salaries, business costs and expenses and the delivery of its corporate plan) are carried out by the Chief Executive.
3. The Board's Scheme of Delegation, updated in September 2020, can be found [here](#).

	Board	Chief Executive
<b>Estimate, corporate plan and strategy</b>	<ul style="list-style-type: none"> <li>Review and agree IPSA's Estimate prior to submission to SCIPSA</li> <li>Determine IPSA's strategic direction (with the Chief Executive) – including a statement of values, a strategy and corporate plan</li> <li>Approve IPSA's Key Performance Indicators</li> </ul>	<ul style="list-style-type: none"> <li>Act as Accounting Officer (manage IPSA's resources, safeguard public funds and render an account for expenditure)</li> <li>As Accounting Officer, approves the voted budget limits and the associated Estimates Memorandum</li> <li>Implement IPSA's strategic direction and deliver its corporate plan</li> <li>Advise the Board on Key Performance Indicators</li> </ul>
<b>Policy and regulation</b>	<ul style="list-style-type: none"> <li>Determine and review a scheme of MPs' business costs and expenses</li> <li>Determine the salaries to be paid and pensions available to MPs</li> <li>Determine and review the procedures to be followed by the Compliance Officer</li> </ul>	<ul style="list-style-type: none"> <li>Provide advice on IPSA's policy and regulatory functions</li> <li>Communicate and implement policy decisions</li> </ul>

	<b>Board</b>	<b>Chief Executive</b>
<b>Risk</b>	<ul style="list-style-type: none"> <li>With the support of the Audit and Risk Assurance Committee, ensure effective arrangements for governance, risk management and internal control are in place.</li> </ul>	<ul style="list-style-type: none"> <li>Implement policies which reflect the agreed approach to risk.</li> </ul>
<b>Governance and personnel</b>	<ul style="list-style-type: none"> <li>Appoint a Chief Executive and determine his/her terms and conditions</li> <li>Appoint a Compliance Officer and determine his/her terms and conditions</li> <li>Agree the salary for senior appointments<sup>1</sup></li> <li>Approve the reward strategy for IPSA staff</li> </ul>	<ul style="list-style-type: none"> <li>Appoint senior and other staff</li> <li>Recommend the salary for senior appointments</li> </ul>
<b>Administration</b>	<ul style="list-style-type: none"> <li>Monitor IPSA's performance</li> </ul>	<ul style="list-style-type: none"> <li>Monitor and report on IPSA's performance</li> <li>Report to the Board on the impact of decisions with respect to the administrative functions of IPSA</li> </ul>

## **B: Principles of the Board**

4. The Board aims to take decisions based on consensus. The Board is a statutory decision-making body. It is statutorily responsible for the decisions about the regulation of MPs' pay, pensions, business costs and expenses and therefore has collective responsibility or those decisions.
5. The Board's discussions are constructive, free and frank, encouraging debate, making clear decisions and providing scope for appropriate challenge.
6. The Board is transparent about the decisions it makes.

<sup>1</sup> The Board are only required to agree the salary for senior appointments where this cannot be agreed, in the first instance, between the Chief Executive and the chair of the Remuneration Committee. See annex C for more details.

7. The Board will, in all interactions, act pursuant to its code of conduct updated in June 2020. All senior staff attending Board meetings will also abide by such standards, in addition to adhering to IPSA's code of conduct. In addition to its code of conduct, the Board is bound by the appropriate wider IPSA policies and procedures.

## **C: How the Board works**

### Meetings of the Board

8. The Board will normally meet no less frequently than every two months, according to a schedule agreed in advance.
9. Board meetings will be quorate if three Board members are in attendance. For the period from March 2020 until a new Chair is appointed and in post, Board meetings will be quorate if two Board members are in attendance, owing to the risks of illness due to the global coronavirus pandemic.
10. Attendance at Board meetings under paragraph 8 is defined as either being physically present at a meeting or participating in that meeting by means of telephone, video or internet virtual meeting software applications.
11. Board meetings will only be postponed or cancelled if:
  - a meeting would not otherwise be quorate; or
  - the Board agrees to postpone or cancel a meeting.
12. If the Chair is unable to attend a meeting, s/he will appoint a Board member to act in his/her place for that meeting.

### Agendas and papers

13. Agendas and papers will normally be circulated to the Board five working days before a Board meeting.
14. The secretary, in consultation with the Chief Executive, is responsible for drawing up the agenda of meetings for approval by the Chair. A Board member wishing for a matter to be included on an agenda shall make his/her request to the Chair at least ten working days in advance of the meeting.
15. Board members wishing to propose an item under any other business shall inform the Chair at least 48 hours before a meeting. Board members may, subject to the Chair's agreement, raise other items at a meeting.

### Reaching decisions

16. The Board will always seek to deliberate and reach agreement in a consensual manner and will take collective responsibility for its decisions. Board members will be expected, if questioned about any matter on which the Board has taken a view, to support the position adopted by the Board.

17. If a consensus is not possible, the Board may vote on a particular decision. The Chair has the casting vote.
18. Board members are free to express their own personal views on matters on which the Board has not expressed a view, but should make it clear that this does not represent the view of the Board.

### Minutes

19. Formal minutes of Board meetings will record attendance, decisions made and any key points made in discussion. Where personnel, finance or other sensitive matters are discussed, a separate restricted minute may be produced, or the minutes may simply record attendance and decisions taken. The minutes will record any declarations of interest made at the meeting.
20. Minutes will be agreed by the Board at the following Board meeting.
21. Once approved, Board minutes for each Board meeting (leaving aside any sections marked restricted) will normally be posted on IPSA's website before the date of the next Board meeting.

### Declarations of interest

22. In addition to maintaining a Register of Interests, the Chair and Board members will declare any specific relevant interests in issues to be discussed at formal meetings of the Board and of Board Committees either in advance of the meeting or prior to the relevant agenda item. All agendas will begin with an item on declaration of interests.
23. Board members will fully explain the nature of any interest to the Chair who will then decide whether and to what extent the Board Member may participate in the discussion and determination of the issue.
24. The Chair will declare any personal relevant interests to the Chief Executive in advance of the meeting who will provide advice. Where the Chair has a relevant interest and leaves the meeting, a Board member will be invited to act as Chair for the agenda item in question.

### Role of the Chair

25. The Board authorises the Chair to discharge such powers of the Board as he or she considers necessary in order to deal with the business of IPSA between meetings. Actions taken in this context will be reported to the Board at the next meeting which will then consider whether further action is required.
26. Where in the opinion of the Chair, and taking advice from the Chief Executive, there are significant matters that require approval by the Board between meetings, papers will be circulated for approval by correspondence (including e-mail).

27. The Board will designate one Board member (not the Chair) to act as a Senior Independent Director for a term of three years.

#### Board committees

28. There will be four committees of the Board: the Audit and Risk Assurance Committee, the Remuneration Committee, the Nominations Committee, and the Change Oversight Committee.

#### Audit and Risk Assurance Committee

29. There will be an Audit and Risk Assurance Committee of the IPSA (ARAC). The terms of reference of the ARAC are set out at annex A.

#### Remuneration Committee

30. There will be a Remuneration Committee of the IPSA. The terms of reference of the Remuneration Committee are set out at annex B. Separately, the procedures governing senior appointments are set out at annex C.

#### Nominations Committee

31. There will be a Nominations Committee of the IPSA. The terms of reference of the Nominations Committee are set out at annex D.

#### Change Oversight Committee

32. There will be a Change Oversight Committee of the IPSA. The terms of reference of the Change Oversight Committee, which includes non-voting external observers, are set out at Annex E.

#### Confidentiality

33. The Board will observe IPSA's policies on data security and on the handling of protectively-marked documents.
34. Board members should take care to treat all papers marked restricted or confidential appropriately and should discuss with the secretary their own arrangements for the receipt of papers to ensure that appropriate security is maintained.

Meetings and Engagement with stakeholders

35. The Executive will provide briefings, advice and other material that the Board may need when meeting individuals or groups in their capacity as members of the Board, as well as keeping track of such meetings and their outcomes. Board members involved with such meetings shall promptly inform the Executive (normally through the Board Secretariat) of the outcomes of such meetings.
36. The Board shall take an expanded annual report from the Compliance Officer for the IPSA on lessons learned in the previous 12-month period effective from November 2020. This will complement the regular review of lessons learned from the Compliance Officer in their quarterly case reports of referrals made by MPs, IPSA, or the public.

**D: Evaluating the Board's performance**

Individual appraisals

37. The Chair will carry out appraisals of individual Board members' performance once annually and in the event that an individual Board member decides to seek reappointment to the Board.

Collective appraisals

38. The Board will carry out a self-appraisal of its performance every year. External appraisal will be sought every three years, including the impact of decisions to improve assurance arrangements. This external appraisal should consider the need for changes to the structure of governance, for example by the creation of sub-committees to oversee strategically important programmes of work, performance, or diversity and inclusion.

**E: Board standing orders and Remuneration**

39. The Board will review its standing orders on a regular basis. Once approved, these standing orders will be published on IPSA's website before the date of the Board meeting following that on which they were approved.
40. Board members' remuneration is based upon the activities outlined in their job descriptions. Claims for remuneration for any other activities should be approved in advance by the Chief Executive, as Accounting Officer, and/or the Remuneration Committee.

## Annex A: Audit and Risk Assurance Committee

41. The Audit and Risk Assurance Committee (ARAC) will comprise all members of the Board. The Board will agree who should chair the ARAC, but it must not be the Board Chair. The following should regularly attend meetings, although are not members of the ARAC:

- the Chief Executive, as Accounting Officer;
- the Head of Internal Audit (who reports both to the Chair of the ARAC and to the Chief Executive). The partner of any firm that carries out audit assignments may also be invited;
- the Director of Finance;
- the Risk Co-ordinator;
- representatives of IPSA's external auditors (the National Audit Office): and
- others may be invited to attend at the discretion of the Chair.

42. The ARAC will meet at least four times annually and more frequently if required. At least one meeting in each 12-month period will include a private session between the Committee and the external auditors, the Head of Internal Audit and a representative from any co-sourced internal audit provider.

### Decision-making

43. The approach of the ARAC to decision making will be as set out in paragraphs 16-18 of the standing orders of the Board.

### Quorum

44. The ARAC will be quorate if three members of the Committee are in attendance. The temporary reduction in the quorum, owing to the coronavirus pandemic and referenced in paragraph 9, will also apply to this committee.

### Minutes of meetings

45. Formal minutes of the ARAC will record attendance, decisions made and any key points made in discussion. Minutes of the ARAC will not be published.

46. Minutes of the ARAC will be formally noted at the meeting of the Board following their approval.

Remit

47. The ARAC will offer advice to the Chief Executive, in his/her role as Accounting Officer, and also to the Board, in the following areas:

- the strategic processes for risk, control and governance, and the Governance Statement;
- the accounting policies, the Annual Report and Accounts, including the process for review of the accounts prior to submission for audit, levels of error identified and the Accounting Officer's Letter of Representation to the Comptroller and Auditor General;
- the planned activity and the results of both internal and external audits;
- the adequacy and promptness of the management response to issues identified by audit activity, including the NAO's management letter;
- assurances relating to the management of risk and corporate governance required for the organisation;
- IPSA's anti-fraud policies, whistle-blowing processes and arrangements for special investigations; and
- the arrangements for internal and external audit.

48. The ARAC will also review and communicate to the Board on:

- the Accounting Officer's governance statement in the annual report, ensuring it appropriately discloses issues relating to IPSA's governance, the management of risk and internal controls;
- significant matters raised by and /or discussed with the National Audit Office;
- The annual report of the Head of Internal Audit
- The annual report of the Senior Information Risk Owner (SIRO)
- the adequacy and promptness of management's responses to issues identified by internal or external audits;
- the effectiveness of assurances relating to the requirements for governance and risk management of IPSA;
- IPSA's risk management policy, risk appetite and the quarterly risks register, including any changes to the register;
- (at the Chair's discretion) any risk registers that underpin the main register: and
- proposals for the provision of internal audit services, including any tendering arrangements.

## Annex B: Remuneration Committee

49. The Remuneration Committee will comprise all members of the Board and will meet as required and at least once annually. The Remuneration Committee will be chaired by a member of the Board.

### Remit and decision-making

50. The remit of the Remuneration Committee will be as follows:

- determining the remuneration of the Chief Executive (who is appointed by the Board);
- determining the remuneration of the Compliance Officer (who is appointed by the Board);
- approving the reward strategy and reward policies for IPSA staff (including the pay framework and benefits such as pensions and season-ticket loans);
- periodically reviewing the pay levels of IPSA staff;
- determining the pay of the most senior staff in IPSA in consultation with the Chief Executive (see annex C);
- periodically reviewing and recommending to the Speaker's Committee for the IPSA levels of remuneration for the Board Chair and other Board members
- approving policies relating to expenses for members of the Board and IPSA's staff.

51. The Remuneration Committee shall nominate a member of the Board, who shall be chair of the Remuneration Committee, to work with the Chief Executive on questions of remuneration as they bear on senior staff. The arrangements for the remuneration for senior staff are set out in annex C.

52. The approach of the Remuneration Committee to decision making will be as set out in paragraphs 16-18 of the standing orders of the Board.

53. The Committee will be supported by the Head of Human Resources.

Quorum

54. The Remuneration Committee will be quorate if three members of the Board are in attendance. The temporary reduction in the quorum, owing to the coronavirus pandemic and referenced in paragraph 9, will also apply to this committee.

Minutes of meetings

55. Formal minutes of the Remuneration Committee will record attendance, decisions made and any key points made in discussion. Minutes of the Remuneration Committee will not be actively published.

**Annex C: Remuneration of senior members of the IPSA Executive**

56. IPSA's policy is to remunerate senior staff at levels which allow the organisation to recruit, retain and motivate high performing individuals with the appropriate skills and experience, taking account of the requirements of the organisation as a whole and of individual roles; relevant benchmarks and market conditions; performance; and considerations of transparency, fairness, public acceptability, value for money and affordability.
57. The IPSA Board has control over remuneration of the IPSA Executive (here defined as IPSA's Chief Executive and Directors) and the Compliance Officer. This annex sets a policy defining the Board's role in respect specifically of the IPSA Executive.
58. The appointment of a Chief Executive is a matter for the Board and his/her salary is to be determined by the Board, sitting as the Remuneration Committee. (This is also the case as regards the Compliance Officer.)
59. The Board's standing orders state if a Director were to be appointed, at least one Board member should be on the panel (the Chief Executive chairs the panel and has the final say in the event of any dispute). The offer to a successful candidate should be agreed with the Board members on the appointing panel. Should there be any difference of view between the Chief Executive and Board members, the question should be referred to Board (sitting as the Remuneration Committee) as a whole.
60. This leaves the question of any adjustments to the salary of individual members of the IPSA Executive. Such adjustments might be appropriate, for example, if a change in the job description of an individual prompts the question as to whether he/she should be moved up within a pay band or moved to a new pay band. Any such instances should be addressed by the chair of the Remuneration Committee sitting with the Chief Executive, advised by the Head of Human Resources (with the nominated Board member as chair). Again, any difference of view should be referred to the Board, sitting as Remuneration Committee, for resolution.
61. In the case of new appointments of Executive members of IPSA or the Compliance Officer for IPSA, the Remuneration Committee will agree a salary range. Agreement of the final

salary will be delegated within this range to the Chief Executive and Remuneration Committee Chairman.

Annual Review of the Remuneration of Senior Staff

62. The Remuneration Committee will consider annually the remuneration of the existing Executive and the Compliance Officer, usually in advance of the beginning of the financial year. It will focus, in particular, on:

- individual, team and organisation-wide performance in delivering business objectives over the short and longer term, including how far those objectives have been delivered in accordance with IPSA's values;
- the scale of challenge inherent in the objectives;
- relevant benchmarks, incorporating an analysis by quartile;
- pay awards for IPSA staff in more junior grades;
- wider public sector pay policy;
- considerations of transparency, fairness, public acceptability, value for money and affordability.

63. The Committee will be provided with appropriate benchmarking data and other relevant information to support its deliberations.

**Annex D: Nominations Committee**

64. The Nominations Committee will comprise all members of the Board and will meet as required. The Nominations Committee will be chaired by the chair of the Board.

Remit and decision-making

65. The remit of the Nominations Committee will be as follows:

- appointment of the Chief Executive;
- appointment of the Compliance Officer;
- approval of Board members' terms of appointment, including succession planning and termination arrangements, and
- performance appraisal for the Chief Executive and the Compliance Officer.

66. The approach of the Nominations Committee to decision making will be as set out in paragraphs 16-18 of the standing orders of the Board.

Quorum

67. The Nominations Committee will be quorate if three members of the Board are in attendance. The temporary reduction in the quorum, owing to the coronavirus pandemic and referenced in paragraph 9, will also apply to this committee.

Minutes of meetings

68. Formal minutes of the Nominations Committee will record attendance, decisions made and any key points made in discussion. Minutes of the Nominations Committee will not be actively published.

## **Annex E: Change Oversight Committee**

69. At its meeting on 18 March 2020, IPSA's Board agreed to establish a sub-committee to review, comment upon and have oversight of:

- emergency and business continuity arrangements to deal with the COVID-19 pandemic
- an immediate programme of organisational improvement and change
- longer-term strategic planning

70. The committee will meet monthly and report to the main Board by a summary note of the meeting. Proposals for policy change or significant operational change will be referred to the Board and may be agreed by correspondence if necessary.

### Membership and attendance

71. The committee's membership will be three non-executive directors of IPSA. It will be chaired by the Senior Independent Director. The CEO will attend and other executives or consultants by invitation according to the agenda.

72. At the 19 May 2020 Board meeting, it was agreed to invite two additional persons to attend the committee (but not as formal members) in order to broaden the experience and expertise of its membership: a lay member of SCIPSA; and a senior expert with customer service experience, particularly in digital delivery. The lay member of SCIPSA will be invited to contribute the views of the wider group of lay members or MPs, and may be substituted by another lay member if necessary,

73. Formal decisions, where these are required, will continue to be made solely by IPSA Board members of the committee in line with the Parliamentary Standards Act and standing orders of IPSA. The committee will be quorate if two Board members are present.

### Programme of work

74. The interim chair and CEO will plan the efficient use of the committee's time including the content and format of regular reports on operational performance indicators, the response to COVID-19 and discussion or reporting against two main workstreams: immediate change and longer-term strategic change planning.