

## Minutes of a meeting of IPSA's Board

Wednesday 24 February 2016

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**Present:** Sir Ian Kennedy, Chairman  
Liz Padmore  
Rt. Hon John Thurso  
Anne Whitaker

**In attendance:** Marcial Boo, Chief Executive  
John Sills, Director of Regulation  
Naomi Stauber, Head of Board and Chief Executive Office  
Head of Operations  
Head of Communications  
Compliance Officer (Item 10 - AOB)  
Head of HR (Item 7)  
Head of Policy (Item 4, 5 and 6)  
Policy Manager (Item 5)  
Policy Officer (Item 6)

**Apologies:** Sir Robert Owen  
Judith Toland, Director of Operations and Change

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**Status:** Submitted for approval at the meeting of the Board on 23 March 2016.

**Publication:** Approved for publication.

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

- 1.1 The Chairman opened the meeting and welcomed those attending.
- 1.2 The Chairman noted that apologies had been received from Sir Robert Owen and Judith Toland, Director of Operations and Change.
- 1.3 The Chairman invited the Board and members of staff to declare any interests not previously recorded. No interests were declared.
- 1.4 The Chief Executive noted that IPSA's Director of Operations and Change would be leaving the organisation at the end of the week. The Board meeting would therefore have been her last. In her absence, the Chief Executive, Chairman and the Board recorded their gratitude and appreciation for her exceptional work over the last two years and, in particular, the way in which she had planned and successfully delivered IPSA's responsibilities relating to the General Election in 2015 and had prepared the organisation for the implementation of the IPSA 2017 improvement programme.

## **2. Minutes of previous meetings and matters arising**

### Minutes

- 2.1 The Minutes of the meeting of the Board held on 3 February 2016 were approved.

### Actions arising from the previous meeting

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

## **3. Financial Position and Management Accounts for January 2016**

- 3.1 IPSA's Head of Finance introduced the report which provided an update on IPSA's financial position as at the end of January 2016. The Board reviewed the report and noted the following key messages under each subhead:

### Subhead A

- 3.2 The year-to-date position at the end of January shows an underspend on both MPs' costs and MPs' staff salaries. IPSA is forecasting a £32.7 million underspend at the year-end as a result of prudent financial assumptions made as part of its planning for the General Election.
- 3.3 The underspend has increased this month by £2.1 million, largely due to the numbers of MPs' staff being lower than this time last year, and therefore requiring less funding than the predicted budget. As a consequence there is a £827k monthly underspend on staff salaries, and lower travel and other costs.

### Subhead B

- 3.4 IPSA is currently projecting a year-end underspend of £344k, or 7 per cent. This is £28k higher than December's forecast underspend.

### Subhead C

- 3.5 This budget of £1.5 million is projected to have a £149k underspend at year-end. IPSA has largely closed all expenditure on the General Election. The Board noted that IPSA is not proposing to retain this subhead in the 2016-17 financial year, in order further to improve the transparency of its running costs and how it is reported.

### Subhead D

- 3.6 IPSA is projecting to spend £232k of the Subhead D budget this year. These costs have arisen from staff costs associated with the time spent reviewing and redacting receipts in response to FOI requests, and the process of contacting MPs to ensure that the information on the receipt is accurate and appropriately redacted prior to release.
- 3.7 The Board noted IPSA's financial position and management accounts for January 2016 and endorsed the alternative way of presenting this information at a glance, as proposed by the Chief Executive at Appendix B to the report.

## **4. Review of the MPs' Scheme of Business Costs and Expenses for 2016-17**

- 4.1 IPSA's Director of Regulation introduced the report which sought decisions from the Board on the levels for MPs' budgets in 2016-17, and asked the Board to consider possible amendments to the *MPs' Scheme of Business Costs and Expenses* (the Scheme) for 2016-17. The report drew upon inflation rates and analysed the relevant data to set out some initial findings and possible scenarios for the budget levels for 2016-17. It also provided the Board with an indication of the overall cost of any possible increases to the budgets.
- 4.2 The Board agreed:

### Staffing Expenditure budget

- a. To increase the budget by 1% in line with public sector pay policy, and to increase the maxima of the staffing pay bands by 1.3%. This will allow those MPs who are close to their staffing budget limits to give their staff a pay increase of up to 1% (or more, should they wish, within their overall budget).

### Office Costs Expenditure (OCE) budget

- b. To increase the budget in line with inflation.

#### Accommodation Expenditure budget

- c. To increase the budget only for associated expenditure by an amount in line with the current rate of inflation of 0.2%. Any further changes to the arrangements for MPs' accommodation will be reviewed in the light of the consultation on the Scheme later this year.

#### Hotels, London Area Living Payment (LALP), Winding-up and Start-up budgets

- d. No changes. These budgets will also be evaluated as part of the comprehensive review of the Scheme.

#### Amendments to the Scheme

- e. To agree the proposed amendments to the Scheme, as detailed in the report, in addition to any minor updates required to IPSA's guidance in order to reflect changes to processes and the lessons learnt from the previous year. The Board noted that changes to guidance do not require consultation.

### **5. Adjustment to MPs' Pay for 2016-17**

- 5.1 IPSA's Director of Regulation introduced the paper which set out the proposed increase in MPs' pay for 2016-17, for agreement by the Board.
- 5.2 The Board agreed that, in line with the revised Office of National Statistics (ONS) figure for October 2015, MPs' pay will increase by 1.3 per cent, raising their salaries from £74,000 to £74,962 from 1 April 2016.

### **6. Pay for Chairs of Specified Committees**

- 6.1 IPSA's Director of Regulation introduced the report which sought the Board's approval of the draft of the consultation document on Pay for Chairs of Specified Committees. It also provided evidence and findings on the role of Members of the Panel of Chairs.
- 6.2 In the light of the information and the data presented, the Board noted the following:
- The current level of pay for Chairs of Select Committees seems broadly correct. Should IPSA decide in due course, after the findings of the public consultation are analysed, to implement an uplift to the current salary, it could consider doing so for the duration of the Parliament rather than on an annual basis. This option should be included in the consultation document.

- In the light of those considerations, the Board agreed to ask, amongst the questions included in the consultation document, whether others agree that IPSA should retain the current flat rate of pay for Chairs of Select Committees and what, if any, mechanism there should be for adjusting the pay of Committee Chairs after the first year of any Parliament?
- The Board took the provisional view that, in the light of the evidence presented on the work undertaken by members of the Panel of Chairs, there may be grounds to set their pay at a lower rate than that of the Chairs of Select Committees.
- The Board noted that, according to the data presented, there was no correlation between the workload of the members of the Panel of Chairs and the time dedicated over the course of the Parliamentary year to those functions on the one hand, and the time that the respective Chair had served on the panel on the other. In some cases, those who had served for less than a year undertook the greatest workload. These findings call into question the rationale for the current structure of increasing the rate of pay in line with longevity on the panel, as opposed to a flat rate of pay for all members of the Panel.
- In the light of those findings, the Board agreed to ask, amongst the questions included in the consultation document, whether others agree that Members of the Panel of Chairs should not be required to complete a probationary period of assessment, during which they would receive a lower rate of pay, and secondly which of the options IPSA should adopt for establishing the level of pay for members of the Panel of Chairs.
- The Board also noted that it is difficult for IPSA to regulate the funding that it provides for the pay for Chairs of specified committees. It therefore suggested that IPSA works with the House of Commons to explore its regulatory role in this context, to ensure that taxpayers' money is being spent in accordance with the principle of Value for Money, and to assure the public that IPSA is discharging its functions effectively in this respect.

6.3 The Board agreed the draft consultation document, subject to receiving the final version for comment prior to publication.

## **7. Results of the Annual Staff Survey**

7.1 IPSA's Head of HR introduced the report which set out the results of IPSA's staff survey for 2015, and the management's response. The Board noted, in particular, that:

- The response rate to the survey was 83 per cent. This compares well with other organisations and with IPSA’s own response rate last year, and provides IPSA with a good level of information from which to draw conclusions.
- Overall, the results are less positive than in 2014, which can largely be explained by the inevitable loss of the focus and collective buoyancy that IPSA had prior to the delivery of the programme relating to the General Election and the subsequent departure of temporary staff and the reorganisation of teams after the election period.
- The strongest area of improvement is in the relationships with employees’ line managers and in feeling respected, valued and informed.
- This year’s survey allowed IPSA to compare itself directly with organisations in the Civil Service. The Board noted that IPSA scored significantly higher than the Civil Service benchmarks in response to many statements, including:
  - a. I have a choice in deciding how I do my work (78 per cent compared to 73 per cent in the Civil Service).
  - b. I could explain to someone who didn’t work here what IPSA is trying to achieve (89 per cent compared to 85 per cent).
  - c. I am involved in the decisions that affect my work (67 per cent compared to 56 per cent).
  - d. I feel I have a good work-life balance (72 per cent compared to 67 per cent).
  - e. The IPSA leadership (Board, CEO and Directors) set out a clear vision of where IPSA is heading (58 per cent compared to 42 per cent).
  - f. I feel a strong personal attachment to IPSA (63 per cent compared to 47 per cent).
- There are areas where the senior management team must take action. In some areas, plans are already in place. But in other areas, IPSA’s senior management must take action to tackle the issues raised, ensuring that staff are able to contribute to the process and keeping them informed of progress.

7.3 The Board noted the results of IPSA’s staff survey for 2015.

## **8. Chief Executive’s Report**

8.1 The Chief Executive introduced a paper setting out the organisation’s activities since he last reported to the Board in January. He noted, in particular, that he and IPSA’s Chairman would be attending a public evidence session with the Speaker’s Committee

for IPSA on 2 March, for the approval of IPSA's Estimate for 2016-17. The Chief Executive also provided the Board with an update on the recruitment for IPSA's new Change Leader and the two new posts of Director.

- 8.2 The Board noted IPSA's performance in January 2016, and the list of the Chief Executive's and Chairman's meetings with MPs and officials since the last report, including those that the Chief Executive had undertaken since the publication of the agenda.

## **9. The Board's Programme of Work for March 2016**

- 9.1 The Board noted its programme of work for the remainder of the financial year.

## **10. Any other business**

- 10.1 The Chairman enquired if there was any other business for report by the Board or the Executive. There were three items of additional business which the Board agreed to consider.

### Boundary Changes

- 10.2 First, the Chairman informed the Board of the work that IPSA's Policy team had undertaken to assess the implications for IPSA of the forthcoming boundary changes, which will both reduce the number of MPs from 650 to 600, and increase the population of MPs' constituencies to around 75,000. The Board noted that the team will continue to monitor the progression of the changes and IPSA's response.

### Northern Ireland Assembly: Second Peer Review

- 10.3 Second, the Chairman noted that he had received correspondence from Trevor Reaney, the Clerk and Chief Executive of the Northern Ireland Assembly, to invite IPSA to conduct another peer review following that which it undertook last year. The Chairman noted that he was content with the proposal in principle, and that detailed Terms of Reference were in the process of being agreed.

### Resource for the Compliance Office in 2016-17

- 10.4 Third, IPSA's Compliance Officer tabled a report regarding the resource required for the Compliance Office in 2016-17. The Board noted that, at its meeting on 20 January 2016, a discussion took place regarding the caseload and capacity within the Compliance Office. In the light of that discussion the Board recommended that the Compliance Officer liaise with IPSA's Chief Executive with a view to increasing the Compliance Office's budget for 2016-17, to be included in IPSA's overall Estimate to be presented to the Speaker's Committee for IPSA. An additional figure of £10,000 was subsequently agreed and the necessary amendments were made to the Estimate.

10.5 The Board approved an increase to the Compliance Office Salary Budget for 2016-17 from £80,000, as previously agreed in December 2015, to £90,000.

Meeting closed.