

## Minutes of a meeting of the IPSA Board

Wednesday 18 February 2015

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**Present:** Sir Ian Kennedy, Chairman  
Sir Neil Butterfield  
Liz Padmore  
Anne Whitaker  
Professor Tony Wright

**In attendance:** Marcial Boo, Chief Executive  
John Sills, Director of Policy and Communications  
Naomi Stauber, Head of Board and Chief Executive Office  
Mark Anderson, Head of Communications (Item 3)  
Head of HR (Item 8)  
Policy Manager (Items 3 and 5)  
HR Advisor (Item 8)

**Apologies:** Judith Toland, Director of Operations

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**Status:** Submitted for approval at the meeting of the Board on 24 March 2015

**Publication:** Section 6 is not for publication.

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

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

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

### Minutes

- 2.1 The minutes of the meetings held on 21 January and 28 January 2015 were approved as a correct record, subject to a number of minor amendments.

### Actions arising from the previous meeting

- 2.2 The Head of Board and Chief Executive Office noted that a number of outstanding actions had been completed since the publication of the agenda and updated the Board accordingly.
- 2.3 The Board suggested that the forthcoming presentation by the Head of Finance on the improvements to IPSA's systems and processes in the areas of Finance and Payroll should include information relating to ICT.
- 2.4 The Board noted the information that had been provided by the Head of Operations in respect of why the Compliance Review of Pooled Services had not been reported to IPSA's Audit and Risk Assurance Committee. It asked the Chairman of the Committee to consider, in consultation with the Chief Executive, how the organisation's internal assurance reviews could be reported to the Committee in the future.

## **3. Review of the MPs' Scheme of Business Costs and Expenses 2015-16: new edition of the Scheme and report on the consultation (final drafts)**

- 3.1 IPSA's Policy Manager introduced the report and presented the Seventh Edition of the MPs' Scheme of Business Costs and Expenses (the "Scheme") for the Board's agreement. The Board were also invited to review and comment upon the 'Foreword by the Board of IPSA' (to the Scheme) and the consultation report.
- 3.2 The Board reviewed the proposed Seventh Edition of the Scheme and noted, in particular, that:
  - The guidance relating to air miles should be reviewed as part of a wider fundamental review of the Scheme.
  - Paragraph 4.13 and subsequent references to annual budgets, where relevant, should explain why new MPs will be receiving less than the annual budget in their first year.

- The precise definition of “routinely resident” in the context of accommodation and MPs’ dependents is very difficult to determine. This term should therefore be reconsidered as part of any future review of the accommodation rules.
- The terminology and messages contained in the Scheme must be consistent with the content of the Corporate Plan 2015-16 and IPSA’s Strategy and this should be carefully reviewed prior to publication.
- Within Chapter 8 (Section C), there must be a clear distinction between resettlement arrangements for 7 May and payments for subsequent elections, for the avoidance of doubt.

### 3.3 The Board agreed:

- to the content and publication of the Seventh Edition of the Scheme, subject to the final drafting changes;
- to the content and publication of the report on the consultation; and
- to the wording of the ‘Foreword by the Board of IPSA’ to the Scheme.

## 4. Contingency Policy

- 4.1 The Director of Policy and Communications introduced the report which proposed improvements to the processes for the consideration of contingency applications and which sought the Board’s agreement to the policy on MPs’ staffing budget uplifts for casework for 2015-16.
- 4.2 In respect of the revised processes for the consideration of contingency applications, the Director explained that some MPs had questioned why there is no appeal if a request for contingency funding is turned down. The Board noted the importance of ensuring that the process must be defensible if challenged and that legal advice had accordingly been sought, to provide the organisation with assurance on that point. In light of this advice, the Executive recommended revisions to IPSA’s contingency process, to formalise some existing processes and to add a more explicit possibility for the review of contingency decisions by the Chief Executive, and the Compliance Officer where appropriate.
- 4.3 The Board reviewed the detail of the proposals and recommended that, on the basis that the process involves the exercise of discretion, there should only be one review process. The Board further recommended that any review should at least involve, or preferably be undertaken by, the judicial member of the Board. It further

recommended that the judicial member's review should be limited to the process undertaken to determine the respective application and not the judgement itself.

- 4.4 The Board discussed the overarching principle of the contingency process. It noted that, whilst there is no statutory requirement to have a contingency process, IPSA has provided one to allow it to be flexible in its application of the Scheme where necessary, and to address exceptional cases. If IPSA was to continue to provide this mechanism it should focus on its being exceptional and involve a simple process that is not open to prolonged challenge.
- 4.5 The Director noted that since April 2013, IPSA has not allowed staffing budget uplifts for increased casework. He reminded the Board that it took its decision on the basis of the significant increase in the staffing budget in 2012-13 and the wider economic climate, and sought the Board's views on whether it was timely to review the contingency policy in this respect for the new Parliament.
- 4.6 The Board noted the financial, strategic and operational risks associated with allowing staffing budget uplifts on the basis of increased casework, and recommended that the current policy be maintained.
- 4.7 The Board agreed:
- That the principle of the Contingency Policy and its processes will be considered at a forthcoming meeting of the Board, prior to the General Election; and
  - That it is important that the Contingency Policy is robust, fair and defensible if challenged. In the light of this, if the decision is taken to maintain a Contingency Policy after the General Election, it will include a review process that is undertaken by the judicial member of IPSA's Board.

**ACTION: That the Director of Policy and Communications presents a paper on the principle of the Contingency Policy, at a forthcoming meeting prior to the General Election.**

## **5. Paybands for MPs' staff 2015-16**

- 5.1 IPSA's Policy Manager introduced the report which sought the Board's agreement to increase the maxima of the paybands for MPs' staff for 2015-16 and to increase the minimum salary for one of the paybands.
- 5.2 The Board noted that the proposal would ensure that all staff employed by MPs could receive a 1% pay increase in line with the wider public sector pay policy, including those staff members who are currently paid at the top of a payband.

5.3 The Board further noted that the proposals involve an increase in the minimum salary for one role, as it falls below the London Living Wage.

5.4 The Board agreed:

- to increase the maxima of the paybands for MPs' staff by 1%;
- to increase the minimum for one of the paybands ('Administration 1' for London Area) by 1% to ensure that it exceeds the London Living Wage; and
- to note that IPSA is not proposing to increase the minima of the other paybands at this time.

## **6. Conditional Plan for Publication of Receipts: *Not for Publication***

6.1 The Board considered the report.

## **7. MPs' Debt and Financial Management**

7.1 IPSA's Head of Finance presented a paper which reported on IPSA's current position with regard to MPs' debt as of 29 January 2015. The Board received the updated figures as of 17 February 2015.

7.2 The Board noted, in particular, the following points:

- A new approach had been implemented to capture and monitor MPs' debt with a view to developing a full understanding of the position prior to the end of the financial year, and to enable the organisation to continue monitoring outstanding debt and recovery through to the General Election.
- MPs' loans were not yet due, but would become debts on 1 April. It was therefore important to ensure that MPs were firstly, aware of their projected debt and that secondly, a schedule of repayment is agreed in advance in each case.
- The organisation has been taking active steps both to notify MPs of their debts and confirm agreements to pay back the sums since October 2014.
- The organisation will have to consider the actions it will take in the event that some MPs' debts remain outstanding and legal advice will be sought accordingly. Although there is a risk that legal actions will be taken against certain MPs, it is unlikely to be pursued until after the General Election.
- Most MPs are not in debt and there are different categories of risk. MPs who are standing down at the Election pose the highest risk to the organisation on the basis that we will have no mechanism by which to recover money owed, other than by mutual agreement or, failing this, legal action.

- There are currently 12 MPs in this high risk category who have debts but have not contacted IPSA to confirm a schedule of repayment.
- Failure to recover the money owed poses a risk to both the taxpayer and IPSA's reputation and this must be mitigated. In order to do so, the Chief Executive has firstly, ensured that debt has been monitored and that MPs have been notified, as early as October 2014, of the amounts outstanding. Secondly, the team have actively and repeatedly attempted to contact and engage with MPs to ensure that repayment plans (or 'promises to pay') are agreed at the earliest opportunity.
- In some cases, the Chief Executive has authorised an escalation of the process whereby proportionate actions have been taken to begin to recover the outstanding sums owed. Such actions will be pursued prior to any consideration of legal action.

7.3 The Board noted the risks highlighted by the Chief Executive and the Head of Finance and the extensive actions being taken to mitigate those risks. The Board further noted the action being taken to recover the money owed by MPs by 31 March 2015, and the further action that would be taken thereafter.

**ACTION: That the Head of Finance provides the Board with an updated debt position at Year End, for its information.**

## **8. Staff Survey Results**

8.1 IPSA's Head of HR presented the results of the staff survey for 2014, for the Board's review. The Board noted the following key points:

- The Executive believe that an engaged, productive and motivated workforce will enable IPSA to perform to an even higher standard and deliver a better service. Conducting a staff survey helps to inform IPSA's management of the areas where it can take action make improvements or to address problems, to ensure that staff are engaged, productive and motivated.
- This year the staff survey was run by an external company (Capita) who had been appointed on a three-year contact. This arrangement will bring greater professionalism to the survey, both in its design and analysis, and enable the organisation to benchmark the results against other organisations as well as against its own results from previous years.
- There had been a significant improvement in the responses since the last survey. Notably, staff consistently report feeling respected and no employees said that they had been subjected to bullying or harassment. Staff also reported feeling challenged and interested in their work, and broadly happy with the leadership provided by the Board, Chief Executive and Directors.

- There are areas for improvement and actions have been planned to address each of those. Notably, the Executive will actively promote opportunities for training and development; continue to improve internal communications; improve performance management; and ensure that staff are not over-worked, even during the busy period of the General Election.

8.2 The Board noted the results, endorsed the actions planned to address areas for development and thanked the Head of HR and her team for their work on the staff survey.

**ACTION: That the Chief Executive includes, as part of his next report to the Board, a brief overview of any areas where satisfaction has declined since the last staff survey.**

## 9. Chief Executive's Report

9.1 The Chief Executive introduced a paper setting out his work since he last reported to the Board in January and highlighted the key messages.

### Recruitment

9.2 In his capacity as Accounting Officer the Chief Executive noted that he was reassured by the high calibre of senior staff who had been recruited across the organisation, in areas such as Finance, Payroll and Internal Audit.

### Financial Position

9.3 He reported that the organisation's financial position remains strong. The only significant change related to Subhead A where an additional £2.1m was forecast to account for redundancy payments for the staff of standing down MPs.

9.4 The Board noted that a risk had emerged on Subhead A that, whilst not financially material, could potentially have a reputational impact. The Chief Executive reported that the invoices issued to the Social Mobility Foundation had not been paid by the charity for nearly 18 months, due to a dispute over the invoices. He provided reassurance that the team were working with the Foundation to resolve the issue. Any risk posed to MPs' budgets will be addressed through contingency, to ensure that MPs are not adversely affected by what is essentially an administrative oversight on IPSA's part. The Board noted that the team are planning more regular and rigorous reporting on debtors to ensure that this does not happen again in future.

9.5 The Board noted that work towards the approval of IPSA's Estimate 2015-16 was going well, with preparation taking place ahead of the public evidence session with the Speaker's Committee for IPSA (SCIPSA) on 26 February. The Chief Executive reported in particular that, following a private briefing with the Committee on 28 January, some presentational changes to Subhead A of the Explanatory Memorandum had been

made. As a result, the headline figure for the cost of General Election had been revised. He also reported that the organisation was submitting a zero bid for Subhead B, on the basis that the NAO and other comparator bodies were no longer submitting an inflation-based Estimate.

- 9.6 The Board noted the Financial Position for 2014-15 and Management Accounts for December 2014; the KPIs for December 2014 and the list of the Chief Executive's meetings with MPs and officials since his last report.

**ACTION: That the Chief Executive provides the Board with clarification in respect of the queries raised about the figures appended to the monthly financial report.**

## **10. Board's Programme of Work 2014-15**

- 10.1 The Head of Board and Chief Executive Office presented the Board's programme of work for the remainder of the financial year.
- 10.2 The Board noted that its draft Programme of Work for 2015-16 would be submitted for its review and approval at its next meeting in March.

## **11. Any other business**

- 11.1 The Chairman noted that IPSA's Head of Communications, Mark Anderson, was leaving the organisation in March for the British Chamber of Commerce. He noted that he was extremely grateful for Mr Anderson's support and for the excellent service he had provided to the organisation. The Board expressed its thanks and wished Mr Anderson well for his new role.

Meeting closed.