



Minute

Minutes of a meeting of the Board of IPSA Thursday 20 February 2014

Present	Sir Ian Kennedy, Chair Sir Neil Butterfield Liz Padmore Anne Whitaker Tony Wright [items 1 – 8] Andrew McDonald, Chief Executive Nick Lee, Head of Board and Chief Executive Office	Mark Anderson, Head of Communications [items 4 – 5] Belinda Brown, Director of People, Performance and Pay Karen Hennessy, HR Manager [item 4] Kelvin Launchbury, Head of Validation and MP Support [item 4] Philip Lloyd, Director of Finance and Operations Judith Toland, Director of Change Policy Manager [items 4 – 5] Senior Management Accountant [items 1 – 3] Head of Policy [items 4 – 5]
Apologies	Peter Davis, Compliance Officer John Sills, Director of Policy and Communications	
Status	As approved for publication at the meeting of the Board of 4 March 2014.	
Publication	Final for publication no later than 19 March 2014.	

1. Welcome

- 1.1. The Chair welcomed the Board to the meeting. He welcomed, in particular, the new Director of Change to her first meeting of the Board.

Declarations of interests

- 1.2. There were no new declarations of interest.

2. Minutes of previous meetings and matters arising

IPSA/140220/1A – Minutes of a meeting of the Board of IPSA, 6 February 2014;

IPSA/140220/1B – Minutes of a meeting of the Board of IPSA, 17 October 2013;

IPSA/140220/1C – Minutes of a meeting of the Board of IPSA, 5 December 2013;

IPSA/140220/X1 – Minutes of a meeting of the Board of IPSA, 24 October 2013;

IPSA/140220/X2 – Minutes of a meeting of the Board of IPSA, 11 November 2013;

IPSA/140220/X3 – Minutes of a meeting of the Board of IPSA, 17 December 2013

Minutes of a meeting of the Board of IPSA, 6 February 2014

- 2.1. The Board agreed to approve for publication the minutes of a meeting of the Board of 6 February 2014, subject to a small number of minor amendments.

Nick Lee to arrange for the publication of the minutes of the meeting of the Board of 6 February 2014.

Minutes of a meeting of the Board of IPSA, 17 October 2013

- 2.2. The Board agreed to approve for publication the minutes of a meeting of the Board of 17 October 2013.

Nick Lee to arrange for the publication of the minutes of the meeting of the Board of 17 October 201.

Minutes of a meeting of the Board of IPSA, 5 December 2013

- 2.3. The Board agreed to approve for publication the minutes of a meeting of the Board of 5 December 2013.

Nick Lee to arrange for the publication of the minutes of the meeting of the Board of 5 December 2013.

Minutes of a meeting of the Board of IPSA, 24 October 2013

- 2.4. The Board agreed to approve for publication the minutes of a meeting of the Board of 24 October 2013 by correspondence.

Nick Lee to arrange for the publication, once approved, of the minutes of the meeting of the Board of 24 October 2013.

Minutes of a meeting of the Board of IPSA, 11 November 2013

- 2.5. The Board agreed to approve for publication the minutes of a meeting of the Board of 11 November 2013 by correspondence.

Nick Lee to arrange for the publication, once approved, of the minutes of the meeting of the Board of 11 November 2013.

Minutes of a meeting of the Board of IPSA, 17 December 2013

- 2.6. The Board agreed to approve for publication the minutes of a meeting of the Board of 17 December 2013 by correspondence.

Nick Lee to arrange for the publication, once approved, of the minutes of the meeting of the Board of 17 December 2013.

Action list

- 2.7. The Board noted that:

- by the end of February 2014, all minutes of Board meetings that had taken place in 2013 and which were due for publication would have been published; and
- the Chair would, on behalf of the Board, sign off before the end of February the consultation paper setting out proposed changes to IPSA's publication policy.

John Sills to arrange for sign-off by the Chair of the consultation on proposed changes to IPSA's publication policy.

Nick Lee to confirm timetable for the review of publication policy.

Review of Board effectiveness

- 2.8. The Board agreed that the review of Board effectiveness scheduled to take place on 4 March 2014 should take account of feedback from the Board, the Senior Leadership Team and IPSA staff more generally.

Nick Lee to arrange for questionnaires to be issued to Board, senior leadership team and staff as part of review of Board effectiveness.

Board members to return completed Board evaluation questionnaires.

Matters arising

- 2.9. There were no other matters arising.

3. Corporate Plan 2014–18 and Estimate 2014/15

IPSA/140220/3 + annex A – Draft Corporate Plan 2014–18; IPSA/140220/4 + IPSA/140220/3A + annex A – Estimate 2014/15

Corporate Plan 2014–18

- 3.1. The Director of People, Performance and Pay introduced a paper setting out changes to the draft Corporate Plan for 2014-18. She reported, in particular, that:

- following the discussion at the meeting of the Board on 20 January, she had revised the corporate plan to include new sections setting out, among other things, the dominant themes for IPSA's work in 2014/15 and the cost of delivering the plan;
- the paper also set out some minor proposed amendments to the key performance indicators (KPIs) for 2014/15. There would be a fundamental review of IPSA's KPIs later in the calendar year; and
- the Board would be asked finally to sign off the Corporate Plan at its meeting on 19 March 2014.

- 3.2. The Board noted that:

- with respect to the recent decision of the Upper Tier Tribunal, it was important to make clear the high level of transparency IPSA already provided with respect to MPs' claims and its doubts about the way the Freedom of Information Act had been interpreted in that judgement; and

- the measures underlying the two KPI targets relating to the validation of MPs' claims would be reviewed in the light of recent changes to IPSA's internal processes.

3.3. The Board agreed that the KPI target with respect to the processing of MPs' claims (that they be reimbursed within 12 working days) already represented a demanding target and no further adjustments to this were necessary for 2014/15.

Estimate 2014/15

3.4. The Chief Executive introduced a presentation setting out the context, structure and assumptions underpinning the Estimate for 2014/15. He noted, in particular, that:

- IPSA had made a commitment, at the beginning of the comprehensive spending review period, to save 5% in each year through to the end of 2014/15. This target applied specifically to subhead B of the Estimate, which related to IPSA's own operations;
- funding for preparation for, and delivery of, the programme relating to the General Election was included as a separate project. Work was under way to ensure that the resource requirements set out in this project represented a prudent estimate of the likely cost of this project;
- the Estimate would take account (as a worst-case scenario) of the possibility of IPSA's being required to publish images of receipts relating to MPs' claims, in the event that it failed to obtain leave to appeal or its appeal against the decision of the Upper Tier Tribunal was unsuccessful; and
- the Estimate also reflected the cost of the planned move to new accommodation in April 2014.

3.5. Considering the construction of the Estimate, the Board noted that:

- the Estimate, as proposed, would: (i) enable IPSA to achieve a 5% saving on subhead B on a like-for-like basis, (ii) allow for the delivery of the programme relating to the General Election with only a modest increase in costs (while at the same time reducing risks during this period by moving early to new accommodation and deferring the renewal of key contracts) and, (iii) ,subject to further work, allow for the possible extension of the opening hours of IPSA 'phone lines; and
- the proposed budgets also envisaged the charging of some costs which might otherwise be incurred under subhead B (IPSA's operations) to the project concerned with preparations for the General Election. This could be justified by the significant amount of work needed for these preparations. The business case that would be submitted to the Speaker's Committee for the IPSA alongside the Estimate would set out the rationale for doing so.

3.6. The Board agreed:

- that with respect to the forthcoming accommodation move, it would be important to avoid false economies on the fitout;
- to approve the Corporate Plan subject to minor comments;
- to approve the approach to and structure of the Estimate for 2014/15;
- to note the implications of the approach to be taken in 2014/15 for IPSA's Estimate in subsequent years; and
- that it would be important, when presenting the Estimate to the Speaker's Committee for the IPSA, to articulate its approach to budgeting and to savings after the General Election expected to take place in May 2015.

Philip Lloyd to provide, ahead of the strategy discussions in summer 2014, an analysis of IPSA's costs, broken down insofar as they could be between those costs arising from the regulation of MPs' costs and expenses, and their administration.

4. Review of MPs' Scheme of Business Costs and Expenses

IPSA/140220/4 + annexes A – E – Review of MPs' Scheme of Business Costs and Expenses

4.1. The Head of Policy introduced a paper setting out recommendations for changes to the *MPs' Scheme of Business Costs and Expenses* arising from the recent consultation exercise.

MPs' caring responsibilities

4.2. The Board agreed to update the definition of MPs' caring responsibilities to include those in receipt of the Personal Independence Payment.

Staff training and employment practice liability insurance

4.3. The Board agreed that:

- MPs should, in future, have the flexibility to claim the costs of staff training and employment practice liability insurance from the Staffing Expenditure budget instead of the Office Costs Expenditure budget, if they expected the latter to be exhausted; however,

- this additional flexibility should not be interpreted as a move towards allowing virement between budgets but instead reflected the fact that these costs could reasonably be ascribed to either of these budget headings.

Engagement of volunteers

4.4. The Board noted that the term 'intern' was not well defined and was used interchangeably by many both to describe individuals engaged on a voluntary basis and those carrying out paid work. The distinction in law was between employees and volunteers.

4.5. The Board agreed that:

Volunteers

- it was important to maintain the distinction between volunteers on the one hand and employees on the other. While it was for MPs (as the employer of their staff) to judge which definition applied to individuals working in their offices, the rules governing the engagement of volunteers and guidance provided to MPs should make clear that, under such arrangements, there was no obligation on the part of the MP, or the volunteer, to provide or deliver specified work;
- where MPs chose to engage volunteers, they should not be described as interns and any such arrangements with volunteers should have a time limit, agreed at the outset. It would, in any case, be a matter for MPs themselves (as the employer of their staff) to satisfy themselves that individuals volunteering in their offices would not actually be described as employees;
- IPSA should work with HM Revenue and Customs, the Department for Business, Innovation and Skills and the campaign group Intern Aware in order to ensure that appropriate guidance about the engagement of volunteers and the employment of staff was provided to MPs;

Employed interns

- it was important to distinguish between volunteers and those who, although not paid according to IPSA's paycales, were paid at least the national minimum wage and should be regarded as 'employed interns';
- any individual engaged as an employed intern should have a short job description that included opportunities for training and development. It would be for MPs to draw up a job description before individuals were added to the payroll; and

- it would be important to communicate clearly to MPs, their staff and those volunteering in their offices the approach taken and the distinction between volunteers and employed interns.

Head of Policy and Mark Anderson to make arrangements for the communication of the revised arrangements relating to the engagement of volunteers and employed interns.

Reward and recognition payments

4.6. The Board noted that:

- under the system operated by the House of Commons before May 2010, it was not unusual for individual MPs to make bonus payments towards the end of a financial year that reflected the amount unspent in their staffing allowance;
- by contrast, the approach taken by IPSA had been to set a staffing budget (rather than an allowance) and to proscribe the payment of any bonuses to MPs' staff, but instead to permit modest reward and recognition payments; and
- the Scheme did not define 'modest'. This was left to the discretion of individual MPs. IPSA's own scheme of reward and recognition provided for gift vouchers worth up to £20 to be presented to individual staff members and half a day's leave, and there were four such awards each year.

4.7. The Board agreed:

- further to consider, as part of its review of its publication policy, whether to publish the level of individual reward and recognition payments made by MPs to their staff;
- not to amend the rules governing reward and recognition payments for MPs' staff, and to continue, while making clear that such payments should be modest, to leave to the discretion of MPs the precise level of those payments; and
- to keep under review the level and nature of payments made under these provisions.

Management of staffing expenditure budgets

4.8. The Board noted that:

- the rules already in place allowed IPSA to take action if a particular change to an MP's staffing budget would leave to an overspend. The changes proposed in the consultation represented a clarification of those powers;
- despite the fact that what was proposed was a clarification of an existing power, this proposal had not been well-received during the consultation;
- it was important that the Scheme provided IPSA with the tools necessary to reduce the risk of an individual MP's expenditure exceeding the budgets allowed; and
- this clarification did not change the fact that IPSA would meet the cost of any necessary expenditure on replacement staff to cover staff on maternity, paternity or adoptive leave, as well as the cost of any necessary expenditure to cover staff on long-term sick leave.

4.9. The Board agreed to introduce a rule in the Scheme clarify that MPs should not engage new staff members, change existing staff members' hours or pay or make a commitment to pay overtime where such changes would exhaust their budget before year end.

Auto-enrolment for MPs' staff

4.10. The Board agreed to limit the range of pension providers administered by IPSA for MPs' staff ahead of the introduction of auto-enrolment for MPs' staff in 2016.

Resettlement payments for MPs defeated at the 2015 General Election

4.11. The Board noted that:

- the interim policy on resettlement stated that MPs who lost their seats following an election and were entitled to a resettlement payment would only receive such a payment upon completion of the winding up of their office arrangements. This approach had been adopted so as to provide encouragement to individuals to do so timeously; and
- during the consultation, some had proposed that, instead, those entitled to such payments should receive a proportion of them *before* winding up had been completed.

4.12. The Board agreed:

- not to change the requirement that resettlement payments would only be paid upon completion by individual MPs of the winding up of their office arrangements; and
- to confirm that its interim policy on resettlement (of up to six months' pay for MPs losing their seats following the election) would apply at the General Election expected to take place in May 2015.

Resettlement payments for Members of the European Parliament

4.13. The Board noted that:

- under the European Parliament (Pay and Pensions) Act 1979, as amended, IPSA was responsible for setting the remuneration of the six Members of the European Parliament (MEPs) who declined to move onto the centralised system in the European Parliament introduced after 2009; and
- IPSA's powers in this area, unlike those with respect of MPs, did not allow it to apply eligibility criteria with respect of such payments (by, for example, restricting them only to those losing their seat after having contested an election).

4.14. The Board agreed to introduce a new resettlement scheme for the six MEPs in question in line with that for UK MPs, meaning that they would receive, at most, six months' salary when they left the European Parliament at or following the next European Parliament election.

Winding up period

4.15. The Board agreed to change the Scheme in order to clarify that the period available for MPs to wind up their parliamentary functions is up to a maximum of two months.

Accommodation for MPs' staff

4.16. The Board agreed to amend the rules to clarify that overnight hotel accommodation claims could only be made for MPs' staff when they related to a journey that was allowed under the Scheme.

Overnight hotel accommodation

- 4.17. The Board agreed to amend the rules to clarify that hotel stays costing over £150 per night may only be claimed under the Scheme when Parliament worked late and not otherwise.

Travel by MPs standing down

- 4.18. The Board agreed to allow MPs standing down to claim for one additional return journey to Westminster during the election period, so as to enable them to wind up their affairs.

Purchase and disposal of capital items

- 4.19. The Board agreed to amend the rules to prevent claims for purchases of capital items under the Office Costs Expenditure budget in the period from the day of dissolution until polling day in the event of an early General Election.
- 4.20. The Board agreed to include guidance in the Scheme for departing MPs on the disposal of capital items purchased with public funds, but not specifically to stipulate how to dispose of them.

Advance loans for MPs

- 4.21. The Board agreed in the new Parliament to continue to make available to all MPs advance loans of up to £4,000, to be repaid no later than 31 March 2016.

Travel arising from recalls of Parliament

- 4.22. The Board agreed:
- to amend the rules to make clear that MPs may claim any reasonable travel for themselves, their spouse/partner and their dependents to return with them in the event of a recall of Parliament;
 - to clarify the rules so as to make clear that, in the event of a recall of Parliament, MPs will be expected to travel standard class or equivalent unless they have no alternative or there is a more cost-effective option available; and
 - to remove the notional cap on travel costs in the event of a recall.

Expenditure relating to the referendum on Scottish independence

- 4.23. The Board agreed to permit MPs to include on IPSA-funded websites non-party political statements relating to the referendum on Scottish independence.

Equality Impact Assessment

4.24. The Board noted that the proposed changes to the Scheme did not appear to have an impact either on individuals with protected characteristics under the Equality Act, or on the wider equality and diversity of the House of Commons.

Budgets

4.25. The Board noted that:

- the budget for accommodation in the London area had not kept pace with changes in rental costs although it remained sufficient to meet the entire cost of a suitable property in many London boroughs;
- it had previously agreed not at this point to review the budget for associated expenditure with respect to a property that an individual owned and used for their parliamentary functions, but instead to review this budget as part of the review of MPs' accommodation due to take place after the General Election; and
- it would be important, in drawing up a budget for the subhead of IPSA's Estimate relating to MPs' costs and expenses, to allow a contingency of £4m so as to mitigate the risk of expenditure by MPs exceeding that forecast by IPSA.

4.26. The Board agreed:

- to increase the Office Costs Expenditure budget by 2.0%;
- to increase the budget for uncapped expenditure by 2.0%;
- to increase staffing budgets by 1% for non-London Area MPs and to increase the staffing budget for London Area MPs so as to maintain the 5% differential between the two budgets;
- to increase the budget for MPs' pay (in line with its earlier determination) by 1%;
- to consider further, at its meeting on 4 March, what level of increase, if any, with respect to MPs' accommodation would be appropriate; and
- following the completion of the review of the Scheme, to consider whether (in the new Parliament) an overarching rationale might be adopted for adjustments to budgets so as to ensure consistency each year.

Next steps

4.27. The Board noted that the final draft report on the Scheme would be brought to its Board for approval at its meeting on 4 March 2014.

5. MPs' and MEPs' pensions: Same Sex Married Couples consultation report

IPSA/140220/5 + annexes A – D – MPs' and MEPs' pensions: Same Sex Married Couples consultation report

5.1. The Head of Policy introduced a paper setting out the findings of the recent consultation on MPs' and MEPs' pensions, and a draft report on that consultation.

5.2. The Board agreed:

- to make changes to the MPs' and MEPs' pension scheme to provide benefits for same-sex married couples, effective immediately; and
- to make further changes, later that year, in advance of the commencement of the gender recognition element of the Marriage (Same Sex Couples) Act.

Head of Policy to publish the report on changes to MPs' and MEPs' pensions and, in doing so, change the relevant pension schemes to provide benefits for same-sex married couples.

Head of Policy to implement the necessary changes to MPs' and MEPs' pensions in advance of the commencement of the gender recognition element of the Marriage (Same Sex Couples) Act.

6. Review of the Board standing orders

IPSA/140220/6 + annexes A – D – Review of the Board standing orders

6.1. The Head of Board and Chief Executive Office introduced a paper setting out proposed changes to the standing orders of, and the policy on claims for expenses by, the Board. He noted, in particular, that:

- the Board was expected, as a matter of best practice, to review its standing orders at least once a year;
- having reviewed the standing orders, he was not proposing any substantial changes; and
- at the same time, some minor revisions to the policy on claims for expenses made by members of the Board had become necessary.

Standing orders

6.2. The Board agreed:

- to approve minor amendments to the standing orders set out in the paper, including changes so as to confirm the Board's role in setting IPSA's appetite for risk and to clarify the processes for the preparation of agendas and approval of minutes;
- to remove the provision within the standing orders that individual expressions of dissent by members of the Board could be recorded, on a non-attributable basis, in the minutes;
- to approve the proposed terms of reference for the Nominations Committee;
- to amend the standing orders such that a meeting was quorate only if three or more members of the Board were in attendance; and
- subject to these amendments, to approve the revised standing orders for the Board, the Remuneration Committee and the Nominations Committee.

Nick Lee to arrange for the publication of the revised Board standing orders.

6.3. The Board agreed to approve the revised terms of reference for the Audit and Risk Assurance Committee by correspondence, subject to further consideration by the Chair of the Audit and Risk Assurance Committee.

Anne Whitaker to provide feedback on the draft terms of reference for the Audit and Risk Assurance Committee.

Nick Lee to circulate the revised terms of reference for the Audit and Risk Assurance Committee for sign-off by correspondence.

Rules for expenses claims by members of the Board

6.4. The Board noted that proposed revisions to the rules would ensure that they were consistent with those for MPs.

6.5. The Board agreed proposed revisions to the rules on expenses claims by members of the Board.

Nick Lee to arrange for the circulation and publication of the revised rules on claims for expenses by members of the Board.

7. Compliance Officer's report

IPSA/140220/7 + annex A – Report to IPSA Board by the Compliance Officer

7.1. The Board noted that:

- following the departure of the current Investigations Officer, a new postholder had been appointed and would begin work later that month;
- work with respect to the review of the Compliance Officer's procedures was well under way, and a consultation on the proposed changes would be launched, subject to Board approval, in June; and
- a new website for the Compliance Officer was being developed, and a demonstration would be provided at the meeting of the Board on 19 March.

7.2. The Board agreed to note the report of the Compliance Officer.

8. Finance report

IPSA/140220/8 + annex A – Finance report to the end of January 2014

8.1. The Director of Finance and Operations introduced a report setting out the financial position as at 31 January 2014. He reported, in particular, that:

- a small underspend of about 3% was forecast with respect of subhead A (MPs' pay, staffing, business costs and expenses);
- he expected expenditure on IPSA's own operations (subhead B) to come in on budget; and
- expenditure under other subheads was consistent with the forecasts provided to the Board in previous months.

8.2. The Board agreed to note the report of the Director of Finance and Operations.

9. Chief Executive's report

IPSA/140220/9 + annexes A – C – Chief Executive's report

9.1. The Chief Executive introduced a report setting out developments over the preceding month.

Staff survey

9.2. The Chief Executive reported that:

- the initial results of the 2013 survey of IPSA staff showed significant improvements against previous years. Nevertheless, there were some areas of concern; and
- a full report would be brought to the meeting of the Board on 4 March.

General Election, 2015

9.3. The Director of Change reported that:

- work was under way to finalise the forecast cost of the work arising from planning and preparation for a General Election; and
- a business case, setting out these costs, would be prepared in support of the Estimate for 2014/15 and brought to the Board for discussion at its meeting on 19 March.

Management of overpayments

9.4. The Board noted that:

- following the contact with an initial tranche of MPs before Christmas, work was under way to put in place repayment arrangements for those MPs who had not yet agreed such an arrangement. Deductions from salary or other sanctions would be necessary if an appropriate arrangement could not be agreed; and
- if legal action became necessary to recover sums owed by individual MPs, proposals would be brought to the Board for agreement before any such action was instigated.

Stewart Jackson MP

9.5. The Chief Executive reported that an independent revaluation of Stewart Jackson MP's home had concluded that he had not made a capital gain on the property in the period during which he was claiming the transitional mortgage interest subsidy on this property, and so no repayment of a notional capital gain was required.

Public Accounts Committee recommendations

9.6. The Chief Executive reported that:

- following discussions with the National Audit Office (NAO), he expected shortly to be able to close both of the two outstanding recommendations arising from the Public Accounts Committee (PAC) report of 2011;
- the first of these recommendations, relating to the introduction of risk-based validation, could be closed because IPSA had provided the NAO with details of its approach to assessing the risk of non-compliance with respect to different types of claim; and
- the second of these recommendations related to measures of IPSA's efficiency. An approach to measure this, based on the ratio between the resources IPSA administered and the cost of administering those resources, had been agreed.

9.7. The Board agreed to note the report of the Chief Executive.

10. Any other business

10.1. There was no other business.

Meeting closed.