

Minutes of a meeting of IPSA's Board

Thursday 20 October 2016

Present: Ruth Evans, Chairman
Sir Robert Owen
Liz Padmore
Anne Whitaker
Rt. Hon Jenny Willott

In attendance: Marcial Boo, Chief Executive
Naomi Stauber, Chief of Staff
John Sills, Director of Regulation
Alastair Bridges, Director of Corporate Services
Head of Communications
Head of Policy and Assurance (Items 5 and 6)
Leader of the Change Programme (Items 5 and 6)
Payroll Manager (Items 4 and 5)
External Relations Manager (Item 8)

Also present: Chris Bryant MP (Items 5 and 6)
Graham Evans MP (Items 5 and 6)
Gareth Johnson MP (Item 6)
Dr Philippa Whitford MP (Items 5 and 6)

Apologies: Vicky Fox, Director of MP Support Services

Status: Submitted for approval at the meeting of the Board on 30 November 2016.

Publication: Approved for Publication.

1. Welcome and Declarations of Interest

- 1.1 The Chairman opened the meeting and welcomed those attending.
- 1.2 Apologies were received from IPSA's Director of MP Support Services.
- 1.3 The Chairman invited the Board and members of staff to declare any interests not previously recorded. No new interests were declared.

2. Minutes of previous meetings and matters arising

Minutes

- 2.1 The Minutes of the meeting of the Board held on 22 September 2016 were approved, subject to a minor amendment.

Actions arising from the previous meeting

- 2.2 The Board noted the actions that had been completed since the last meeting. There were no matters arising.

3. Financial Position and Management Accounts for September 2016

- 3.1 IPSA's Director of Corporate Services introduced the report which provided an update on IPSA's financial position as at the end of September 2016. The Board reviewed the report and noted the following key messages:

- Overall, IPSA is forecasting a 4 per cent underspend as at the end of September - a 1 per cent increase on the forecast last month. This has arisen mainly from underspends on MPs' staff pay, capped expenses, IPSA's own pay costs and unused contingency and depreciation, with month-on-month increases in forecast underspends on MPs' staff pay and IPSA's pay costs.
- On capital, IPSA is forecasting a 27 per cent underspend, which is an increase on last month's position, and is mainly driven by a reassessment of the forecast for the work associated with the IPSA 2017 improvement programme spend, following a thorough mid-year review.
- The forecast for the IPSA 2017 programme's capital spend takes into account the scope that IPSA has identified to capitalise on the implementation of the new ERP

system (subject to sign-off by the NAO). Over the past month, IPSA has carried out a thorough review of expenditure plans for the remainder of the financial year, taking account of the effect of revising the go-live date to October 2017. This has resulted in a revised forecast which builds in further expenditure on the next phase of the programme, including issues such as data migration. Around £0.35m of capital is projected to move into the 2017-18 financial year as a result of the revised go-live date.

- The risk of any breach of IPSA's budget control totals is low. IPSA is continuing to manage a number of risks and opportunities, including on security costs, staff vacancies and the phasing of capital expenditure. It is possible that further underspends will emerge in subhead A, potentially offset by an increased rate of spend on security costs towards the end of the financial year.

3.2 The Board noted IPSA's financial position and management accounts for September 2016.

4. Update on the Regulation of MPs' Staffing

4.1 IPSA's Director of Regulation introduced the report which provided an update on three strands of work on MPs' staffing that had been undertaken as part of the comprehensive review of the MPs' Scheme of Business Costs and Expenses: that of the working group with the House of Commons and staff representatives; options for addressing concerns over redundancy, pay in lieu of notice (PILON) and untaken leave; and the pay ranges for MPs' staff.

4.2 The Board noted that MPs are the formal employers of their staff members, and have responsibility for recruitment, performance management, disciplinary matters, and dismissal. IPSA has responsibility for setting the limit of the Staffing Expenditure budget for the London and Non-London Areas, and for administering the payroll for MPs' staff. Since 2010, IPSA has also required MPs to ensure that all of their staff members have an employment contract and job description that complies with the models that IPSA provides, and a salary that falls within specified ranges.

4.3 The General Election in 2015 highlighted some of the difficulties that IPSA has experienced relating to the regulation of staffing expenditure – in particular, the distinction between financial matters and employment matters, which is sometimes difficult to draw. In response to the experiences of the General Election, the working group (led by IPSA's Director of Regulation) was formed between IPSA and representatives from the House of Commons and MPs' staffing groups, to consider whether changes need to be made to IPSA's role and responsibilities. The group's findings will inform the results of the consultation.

4.4 The Board reviewed the information and discussed the emerging views on possible solutions for a range of MPs' staffing issues, prior to its substantive discussion on MPs' staffing and all other areas of the consultation over the coming months. In

particular, the Board discussed the policies relating to redundancy payments and continuity of service that apply to staff in other areas of the public sector, such as the NHS, and requested further detailed information about those arrangements in preparation for its consideration of those matters in the near future.

4.5 The Board noted the report.

5. Review of the MPs' Scheme of Business Costs and Expenses: Representations from MPs on the Regulation of MPs' Staffing

5.1 IPSA's Board invited MPs from all parties to volunteer to take part in a roundtable discussion on the issue of the regulation of MPs' staffing and to provide the Board with first-hand evidence. The Board welcomed Chris Bryant MP, Graham Evans MP and Dr Philippa Whitford MP to its meeting and invited contributions from all those present. It noted the views put forward, in particular, that:

- The staffing expenditure budget should be more flexible to take account of the staffing needs of different MPs, which varies according to the location of their constituency and how they perform their role. For example, some MPs have a higher workload than others by virtue of their constituency and the demography of their seat. These MPs need more staff to cope with the high levels of constituency casework and this should be recognised.
- IPSA's current salary ranges are considered to be broadly adequate for staff in the regions, but are too low to employ high quality staff, and to retain them, in London. MPs generally have a high turnover of staff and this is partly attributable to the salaries that they can offer them. IPSA should review the entire remuneration package for MPs' staff.
- The vast majority of MPs have no experience of directly employing staff prior to entering parliament, and do not necessarily have knowledge of employment best practice or how to run what is in effect a small business. This also needs to be recognised, and more support should be provided to MPs to assist them in the discharge of their duties as employers. This support should not necessarily come from IPSA, but it is a need that must be addressed, potentially by the House of Commons.
- MPs work in two locations – their constituency and Westminster, and often have staff located in both places. MPs have a number of commitments to fulfil - attending meetings and events and taking part in parliamentary business such as debates and committee hearings, all of which limits the amount of time they can spend in either office. This creates a further layer of complexity and adds to the already difficult task of managing a team of staff in two different parts of the country.

5.2 The Board noted all the evidence presented on the subject of MPs' staffing.

6. Review of the MPs' Scheme of Business Costs and Expenses: Representations from MPs on Accommodation

6.1 The rules for accommodation expenditure are set out in chapter four of the current MPs' Scheme of Business Costs and Expenses. With the exception of those with London area constituencies, MPs may claim for accommodation expenditure in relation to a property at one location, either in the London area or within the MP's constituency (or within 20 miles of the constituency boundary). This reflects the fact that they have two permanent places of work, unlike most other citizens.

6.2 It has been IPSA's view that it is reasonable for the taxpayer to fund accommodation in one of the two locations where MPs work – Westminster or their constituency – so that they can do their jobs. However, the current consultation acknowledges that the public funding of accommodation for MPs has historically been controversial, particularly where it may be viewed as rendering a financial benefit to some MPs who own their home. The consultation asks questions about three areas in particular:

- Whether there is a viable alternative to the current arrangements for funding MPs' accommodation, which would provide value for money, security, transparency and support them in carrying out their parliamentary functions;
- Whether IPSA should continue to allow MPs to claim for associated costs on properties that they own, and if so what the budget should be; and
- Whether MPs who own property in London should also be allowed to claim for rent on a property from IPSA.

6.3 Gareth Johnson MP joined the meeting to provide the Board with first-hand evidence in response to those questions detailed above, and the way that IPSA funds MPs' accommodation costs more generally. The Board invited contributions from all the MPs present and noted, in particular, that:

- Under IPSA's current rules, an MP may claim for the cost of an overnight stay in a hotel if the House of Commons sits beyond 1:00am. However, there are numerous parliamentary commitments that MPs have, other than the House sitting for formal business, which may require them to work late into the night. IPSA's rules on accommodation should be more flexible to take account of these circumstances.
- On the subject of hotels, it was suggested that the upper limit of £150 that IPSA has set for hotel stays per night was not high enough to stay close to Parliament. For this reason, it should be increased.
- Some MPs have very long commutes between their constituency and Westminster on a weekly basis – those from Scotland, Northern Ireland, and the north of England, for example. It would not be a good use of MPs' time (or

taxpayers' money) to make another long journey within London to reach their accommodation. That time could be better spent undertaking their parliamentary duties. For that reason, and in recognition of the journeys that MPs already undertake to reach London in the first instance, they should be provided with an accommodation budget that enables them to rent appropriate accommodation within close proximity to Westminster.

- The London Area Living Payment (LALP) is intended to contribute towards the additional expenses of living in the London Area or of commuting regularly to the London Area. However, the travel rules which cover LALP are not straightforward. Under the current rules, the payment may also be claimed by non-London Area MPs who have informed IPSA of their intention not to claim for Accommodation Expenditure. This creates further complications which could, in part, be solved by restricting the payment to London MPs only.

6.4 The Board noted all the comments made during the discussion and thanked those present for their time and contributions to the consultation on the MPs' Scheme of Business Costs and Expenses.

7. Chief Executive's Report

7.1 The Chief Executive introduced a paper setting out the organisation's activities since he last reported to the Board in September. He noted, in particular, that progress continues to be made across the organisation. The IPSA 2017 improvement programme remains on track and on budget and, as part of that work, the team have begun to engage with MPs about the improvement plans. Positive feedback has been received so far on the changes that IPSA is proposing to make. MPs are particularly keen to be able to access near-real time budgetary information, and to use a more modern method of submitting their claims by scanning the evidence and uploading it electronically.

7.2 IPSA is continuing to improve its financial systems, processes and controls, following the comprehensive review that it conducted last year that identified a number of issues to be addressed. Many of these could not wait until the launch of the new integrated ERP system to ensure that our processes are compliant with Treasury and NAO guidelines. This work has continued in September such that we have fully addressed the majority of the issues first identified. Of those remaining, a small number have been deferred to the launch of the new system, and the others are either in the process of being addressed or, in a few cases, no longer need to be resolved.

7.3 It was noted that at the Board's last meeting in September, it considered some of the findings of an assurance report on MPs' travel and subsistence expenditure, such as those relating to the London Area Living Payment. It requested external advice on some aspects of the report and, in the light of the advice received, the Board

requested that IPSA's policy on the recovery of debt and monies owed be reviewed at a forthcoming meeting.

- 7.4 The Board noted IPSA's performance in September 2016, and the list of the Chief Executive's and Chairman's meetings with MPs and officials since the last report.

ACTION: Director of Corporate Services to brief the Board on the few remaining financial systems issues to be addressed as part of the IPSA 2017 improvement programme.

ACTION: Director of Corporate Services to submit a report to the Board which reviews IPSA's policy on the recovery of debt and monies owed.

8. IPSA's Communication and Engagement Plans

- 8.1 IPSA's Head of Communications introduced the report which set out IPSA's strategy and plans for engagement and training for the IPSA 2017 improvement programme for internal and external stakeholders. The Board noted that a critical contributor to the successful delivery of the programme will be the engagement of two key audiences: MPs and their staff, and IPSA's staff.

- 8.2 IPSA's key objectives will be to ensure that:

- MPs, their staff and other key stakeholders are aware of the new IT system being introduced through the IPSA 2017 improvement programme;
- MPs and their staff are able to feed into the design of the new IT system, in areas where there are choices to be made;
- MPs and their staff are familiar with and are able to use the new system and process, with IPSA's support, when the system goes live;
- IPSA's staff and the IPSA's Board understand the changes the programme will deliver and have opportunities to shape the new system and processes; and
- IPSA's staff are able to explain the changes and to train MPs and their staff in the use of the new system.

- 8.3 As part of the strategy, IPSA will use a mixture of channels to engage MPs and their staff, and to provide training and guidance on the new system. This will include travelling to the regions to train MPs and their staff in person, ensuring that all stakeholders – and users of the new system, in particular – are supported so that they are prepared for the launch of the new system in October 2017.

- 8.4 The Board noted and approved IPSA's stakeholder engagement strategy for the IPSA 2017 improvement programme.

9. The Board's Programme of Work for 2016-17

- 9.1 The Board reviewed its programme of work for the remainder of the 2017-18 and noted, in particular, that it must have sufficient time to thoroughly consider the responses that IPSA has received to the consultation on the MPs' Scheme on Business Costs and Expenses, and what changes it may wish to make to IPSA's policies. As such, it asked that a workshop be scheduled for November to enable the Board to begin consider in detail some of those issues.

10. Any other business

- 10.1 The Chairman enquired if there was any other business for report by the Board or the Executive. No further business was raised.

Meeting closed.