

Minutes of a meeting of IPSA's Board

Tuesday 21 April 2020

By conference call

Board Members: Richard Lloyd (Interim Chair)

Sir Robert Owen

Rt. Hon Jenny Willott

Will Lifford

In attendance: Marcial Boo, Chief Executive

Alastair Bridges, Director of Finance and Corporate Services

Georgia Wilson, Director of Improvement and MP Support

Head of Communications

Head of Policy and Assurance (Items 1-9 and Item 14)

Tracy Hawkings, Compliance Officer (Item 3)

Senior Policy Adviser (Items 5-6)

Assurance Analyst (Item 7)

External Consultant (Item 9)

Improvement Portfolio Manager (Items 10-11)

Executive Assistant and Board Secretary (Minutes)

Apologies: Vicky Fox, Director of Regulation and Insight

Status: Submitted for approval at the meeting of the Board on 19 May 2020

1. Welcome and Declarations of Interest

- 1.1 The Interim Chair opened the meeting and invited all to declare any interests not previously recorded. The Interim Chair informed the Board that, effective 24 April 2020, he would be joining the Board of the Advertising Standards Authority for a three year term of appointment.
- 1.2 The Interim Chair declared a personal interest relating to the discussion on the House of Commons Members' Fund covered under *Any Other Business*. The Director of Finance and Corporate Services, as trustee of the Parliamentary Contributory Pensions Fund, similarly declared an interest.
- 1.3 The apologies of the Director of Regulation and Insight were recorded.

2. Minutes and Actions List

- 2.1 The minutes of Board meeting of 18 March were approved, with one amendment.
- 2.2. The Director of Improvement and MP Support updated the Board on the implementation of advance loss-of-office payments to former MPs. Case-by-case decisions would be made according to the criteria set out. The process aimed to be proportionate and reasonable, whilst minimising risk to the recovery of public money. The Board endorsed the approach.
- 2.3 The Director of Finance and Corporate Services updated the Board on internal audit issues, notably the monetary value and duration of the coding error identified by the NAO. Immediate action, with the functionality in question disabled, had been taken to rectify the issue. A further validation step was being considered with the system supplier to reduce future risk. The Board asked for further detail on particular points, which was duly provided.

3. Compliance Officer's Report

- 3.1 The Compliance Officer introduced her report covering ongoing investigations, internal referrals, and decision review requests.
- 3.2 She noted that some cases concerned appeals against IPSA's decisions on rental break clauses where she had upheld the appeals and IPSA has subsequently changed its position in similar cases. The Board noted that its review of Board governance had recommended making better use of the Compliance Officer's understanding of IPSA's regulatory decisions, so that they could be proportionate and pragmatic, particularly when disputed sums are small and the corrective work needed is large. It also recommended seeking her views on root causes and other relevant

organisational effectiveness matters. The Compliance Officer was happy to support this recommendation. Her approach to adjudication was to consider what was reasonable and proportionate in the eyes of the public.

3.3 The Board asked the Compliance Officer if MPs are notified of complaints made against them. She confirmed that this happens in the vast majority of cases, except where the complaint is clearly minor and has no basis.

3.4 The Board thanked the Compliance Officer for her report and asked her to share feedback on wider learning to ensure consistent and proportionate compliance activity at IPSA.

4. Chief Executive's Report

4.1 The Chief Executive informed the Board that IPSA staff had adjusted well to new ways of remote working, with payments and salaries made successfully. 250 calls were made weekly to MPs' offices and the number of open cases had halved. A phone-booking system was also being introduced.

4.2 Demands on IPSA remained high, with the Board's Change Oversight Committee receiving weekly operational briefings. The performance data showed a mixed picture, with significant improvement to these measures a key focus.

4.3 The Change Oversight Committee had recommended that the Board be considered quorate with two members present, in light of the coronavirus pandemic and the pending appointment of a new Chair. The Board approved this recommendation and would amend its standing orders, under paragraph 34, accordingly.

4.4 The Board sought further detail on the staff survey action plan, highlighting the importance of leadership by example, and staff wellbeing. The Director of Improvement and MP Support noted that she was leading cross-team work to document a proportionate response to abusive external communications. The Board welcomed this.

4.5 The Chief Executive agreed with the Board on the importance of communications in engaging staff, supporting wellbeing, and that the action plan must be aligned with the corporate plan. The autumn all-staff away day had been cancelled due to the election, and the spring away day, scheduled for 3 April, has been postponed to May due to the coronavirus lockdown. Virtual all-staff meetings are, however, receiving positive feedback where we are engaging staff on wellbeing and on IPSA's corporate plan.

- 4.6 The Director of Finance and Corporate Services informed the Board that IPSA had established a fortnightly rota to retrieve post as safely as possible from IPSA's Strand office. All retrieved post, including payroll forms, had been processed before the pay cut-off. IPSA's communications consistently requested that forms be sent electronically due to the coronavirus outbreak.
- 4.7 The Board asked the Executive to implement 2020-21 pay awards to MPs' staff as soon as practicable. The Chief Executive said that IPSA would implement all pay awards in May and to communicate this in the bulletin to MPs and staff before the end of April.
- 4.8 The Board thanked teams for progress made, but restated its concern at the level of unmet demand and its desire to implement improvements which would make tangible, positive differences to MPs' offices as soon as possible.

5. Business Continuity Planning and Coronavirus

- 5.1 The Director of Finance and Corporate Services updated the Board on IPSA's daily coronavirus meetings which discussed, inter alia, finance risks, suppliers and stakeholder engagement. Specific items of business were also considered, such as un evidenced transactions, HMRC's home-working allowance, and responding to the death of any IPSA employee. We had also made system changes in the event that an MP or proxy was unable to authorise IPSA Online tasks due to illness. The Board sought and received assurance that staffing matters were discussed daily.
- 5.2 The Senior Policy Adviser recommended that IPSA does not facilitate the rehiring of former staff of former MPs so that they can benefit from the Government's Coronavirus Job Retention Scheme. Owing to the legal risks, the Board agreed.
- 5.3 The Director of Finance and Corporate Services noted that IPSA and the House were working closely on its response to the death in service of an MP. It was advised and accepted that IPSA should not act independently of the House in that eventuality.

6. MPs' Staffing Budgets

- 6.1 The Chief Executive introduced the paper which sought the Board's formal approval to measures agreed by the Change Oversight Committee and to clarifications to the year-end guidance. The paper also proposed recognising the increased demand on MPs' offices through a temporary uplift to the staffing budget.

- 6.2 The Board approved the recommendation to set a deadline of 30 June 2020 for submission of claims and accruals relating to the 2019-20 financial year. It also supported a 30-day grace period thereafter for supporting evidence to be submitted for these accruals.
- 6.3 The Board additionally approved the recommendation to extend, until further notice, the 90-day deadline to 120-days for costs incurred from 1 April 2020.
- 6.4 The Board reiterated its policy decision to uplift MPs' office cost budgets by £10,000. This sum could be rolled over from the 2019-20 to 2020-21 financial year, but should not lead to any MP spending more than £10,000 each on measures to respond to the coronavirus. The Board asked the Executive to determine how best to inform individual MPs of their spending against the 2019-20 budget, so that they could have a definitive starting financial position for 2020-21.
- 6.5 Since the coronavirus outbreak, evidence had been received that constituency casework levels have risen significantly. The Head of Policy and Assurance recommended that, whilst this was based on a small sample, an uplift to the staffing budget might be authorised to enable MPs to employ one additional full-time equivalent caseworker to support distressed constituents. The alternative of handling such issues by asking each MP to make applications for contingency funding risked inconsistent and delayed decisions by IPSA. The Director of Finance and Corporate Services noted that the recommendation had significant financial implications, requiring sign-off by the Speaker's Committee for the IPSA and Treasury.
- 6.6 The Board noted the risk of taking decisions, which have significant financial implications, without sufficient evidence during fast-moving situations. The Board did not feel that it had a sufficiently robust evidence base to make an immediate commitment to increase MPs' staffing budgets to the extent proposed. It requested further data and alternative options for flexibility, including communications considerations. In the meantime, MPs should be asked to submit contingency fund applications for any urgent staffing overtime required as a result of the coronavirus.
- 6.7 The Head of Policy and Assurance introduced a draft addendum to the Scheme, reflecting the coronavirus-related flexibilities agreed by the Board, and a letter to stakeholders. She outlined the process of laying the addendum before Parliament and the requirements of the Parliamentary Standards Act 2009.

6.8 The Board noted the legislative background. It agreed that, as a result of exceptional circumstances, it had taken time-limited decisions within its remit. It asked the Executive to amend the letter to inform statutory consultees of these decisions. Legal advice should be sought if necessary on the correct wording, with the redrafted addendum to be cleared by the Board via correspondence.

6.9 The Chief Executive noted HMRC's home-working allowance of £6 a week and recommended that IPSA provide this for MPs' staff on an opt-out basis, paid out of MPs' existing staffing budgets. Subject to resolving questions about tax and how to operationalise and communicate the measure, the Board agreed to the recommendation.

7. Assurance Review: Changes to Scheme rules in the 2017-18 financial year

7.1 The Assurance Analyst introduced her review which covered changes to the Scheme in 2017 relating to hospitality claims, connected parties, dependant travel, and late-night taxis and accommodation. The review found high compliance with the new rules by MPs, but highlighted a few issues relating to the quality of evidence and data. The paper sought the Board's approval to publish the report and implement its recommendations.

7.2 The Board sought further detail on aspects of the review, including on spousal travel and late-night accommodation during the Brexit debates in the House, and made editing suggestions. The Board also noted a significant decrease in the number of connected parties registered as working for MPs.

7.3 Subject to the changes requested, the Board approved the report and its recommendations.

8. MPs' Pay Review

8.1 The Head of Policy and Assurance introduced a paper relating to the scope of the review of MPs' pay which IPSA is required to conduct in the first year of each Parliament. She recommended a short review of MPs' pay and loss-of-office payments within the current financial year, with more detailed consideration in 2021 of the impact of MPs' pay on the diversity of Parliament.

8.2 The Board approved the proposed objectives for the review, noting that the issue is contentious and of public interest. The Board approved the scope of the review, with a focused review of MPs' pay and loss-of-office payments, and a more thorough review of additional payments to MPs and issues relating to diversity. It asked that

consideration be given to reviewing MPs' pensions too. The Board emphasised the importance of a clear communications strategy and timetable to accompany the reviews.

9. Governance Review

- 9.1 The Board welcomed the external consultant who conducted the governance review. The consultant thanked members of the Board and Executive for the spirit of openness in which they engaged with the review.
- 9.2 Due to IPSA's uniqueness as a statutory body, the consultant had benchmarked IPSA against three codes of conduct which set high standards: the Cabinet Office in relation to Non-Departmental Public Bodies, the Charity Commission in respect of bodies that dispense large sums of money, and the Financial Reporting Council, with its high standards of governance for listed companies.
- 9.3 The consultant emphasised the recommendations on the standing orders, codes of conduct, and policies, particularly on grievance and whistleblowing, and how it would be advisable to implement them before the appointment and induction of the new Chair to IPSA. Improved governance arrangements on large projects and procuring access to external expertise should also be a priority.
- 9.4 The Board were strongly supportive of the suggestions and agreed to all recommendations contained within the review. The Interim Chair would communicate the Board's conclusions to the Speaker of the House of Commons and other stakeholders as appropriate.

10. IPSA Online Closure Report

- 10.1 Following Board discussion in January on the benefits of IPSA Online, the Improvement Portfolio Manager submitted a paper to the Board to formally close the IPSA Online Programme. The paper underlined IPSA's commitment to learn lessons from the programme for further work. The Improvement Programme would immediately assume responsibility for realising IPSA Online benefits as yet unrealised, and these would be included in the business case for the Programme to be brought to the Board.
- 10.2 The Board noted the importance of monitoring time spent by MPs' offices on IPSA Online, as significant time spent on IPSA business drove dissatisfaction among MPs,

as reported in the Annual User Survey. The Board approved the report to close the IPSA Online programme.

11. Improvement Programme

- 11.1 The Chief Executive noted that it had been vital to move from IPSA's previous IT systems to the new ERP system, IPSA Online, not least because effective remote-working would not have been possible with IPSA's legacy systems. But many improvements were needed, due to widespread dissatisfaction among users with IPSA as an organisation. The improvement programme focused on improving processes and investing in people so that we could improve the user experience among MPs and their staff. Central to this was improving the use of data, including to assess performance.
- 11.2 The Chief Executive noted that the corporate plan and the Board's discussions at previous meetings provided a clear direction of travel for IPSA. Work is continuing more formally to define what excellence looks like, with substantive papers coming to future Board meetings on IPSA's data strategy and implementing a digital-first approach. The Board welcomed this, but added that the need to refresh IPSA's strategy should not prevent immediate steps to undertake improvement that would align with the broad strategic steer already provided in February.
- 11.3 The Board agreed that the following goal, as stated in IPSA's Corporate Plan 2020-21, should guide IPSA's improvement work: *"Our goal is for MPs to have high-quality, responsive support, within a strong and user-friendly regulatory framework, so that they can quickly access the funds they need for their parliamentary work and we can give assurance that public money is spent in line with the rules"*.
- 11.4 The Board wanted IPSA to be both an excellent regulator and an excellent service-provider. Dialogue and engagement with internal and external stakeholders were paramount to informing process improvement work.
- 11.5 The Board emphasised the need to improve cross-team working and organisational culture. Leadership and effective internal communications were crucial.
- 11.6 The Board accepted their need for advice from external experts to support decision-making. The details would be further considered by the Board's Change Oversight Committee, whilst the Board would continue to set the overall strategic direction.
- 11.7 The Board endorsed the Chief Executive's paper and asked that the improvement programme start immediately.

12. Report from the Change Oversight Committee

- 12.1 The Board formally noted the minutes of the Change Oversight Committee, which had considered urgent business continuity issues relating to the coronavirus outbreak and IPSA's home-working, as well as ongoing plans for IPSA's improvement.

13. Financial Position and Management Accounts

- 13.1 The Director of Finance and Corporate Services summarised the financial position which reflected recent General Election costs. The position did not include the impact of coronavirus-related measures. He provided further detail on MPs' staffing costs, invoicing of security expenditure, and depreciation.
- 13.2 The Board noted and approved the report.

14. Board Programme of Work

- 14.1 Following the discussion in both items 11 and 12 of the agenda, this item would be discussed by the Interim Chair and Chief Executive, including the frequency and sequencing of meetings by both the Board and Change Oversight Committee.

15. Any Other Business

- 15.1 The Director of Finance and Corporate Services confirmed that MPs awarding pay rises of more than two per cent to their staff were advised, but not mandated, to complete a new job description. For staff whose salaries fell below the new minimum of their salary range, pay was automatically uprated to the new applicable minimum. This was also the case in relation to the National Minimum Wage. The Board agreed that this should be communicated to MPs and their staff.
- 15.2 The Board asked that consideration be given in the autumn of 2020 to automatically implementing cost-of-living pay rises for MPs' staff in 2021-22, although this would need to be subject to consultation.
- 15.3 The Head of Policy and Assurance referred to correspondence between IPSA and the House of Commons Members' Fund relating to death in the line of duty provisions.

The Interim Chair and the Director of Finance and Corporate Services declared interests.

- 15.4 Following an outline of the substance of the issue, the Board requested further information relating to the financial consequences and the legal implications of IPSA retrospectively assuming liabilities in this regard. The Executive were asked to send a holding response to the HCMF, pending further consideration.

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