

Minutes of a meeting of IPSA's Board

Wednesday 13 December 2017

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

In attendance: Marcial Boo, Chief Executive
Alastair Bridges, Director of Corporate Services
Vicky Fox, Director of MP Support Services
Chief of Staff
Head of Policy and Assurance

Also in attendance: Will Lifford (Observer)

Apologies: John Sills, Director of Regulation
Head of Communications

Status: Submitted for approval at the meeting of the Board on 31 January 2018

Publication: Approved for publication.

1. Welcome and Declarations of Interest

- 1.1 The Chairman opened the meeting and welcomed those attending, including Will Lifford who had been recommended for appointment as one of IPSA's new Board members by the Speaker's Committee for IPSA. Mr Lifford was in attendance to observe the meeting before his term of office begins on 11 January 2018, and in advance of his first formal Board meeting on 31 January.
- 1.2 Apologies were received from IPSA's Director of Regulation and Head of Communications.
- 1.3 The Chairman invited the Board and members of staff to declare any interests not previously recorded. Jenny Willott noted that she had been appointed as Chairman of the Civil Aviation Authority Consumer Panel.

2. Minutes of previous meetings and matters arising

Minutes

- 2.1 The minutes of the meeting of the Board held on 29 November 2017 were approved as a correct record.

Actions arising from the previous meeting

- 2.2 The Chief Executive noted that IPSA had not yet received confirmation from HMRC on whether it will grant an extension to the dispensation that it had already given to IPSA to allow it to pay the tax on MPs' taxable expenses on their behalf for a further financial year. The Board noted that HMRC had recognised that IPSA will only be able to comply with recent changes to the way in which HMRC requires organisations to deduct tax at source when its new integrated finance, payroll and expenses system had been implemented. This was not due to take place until the summer of 2018.

3. Review of MPs' Pay and Pensions: Injury Benefit Schemes

- 3.1 IPSA's Head of Policy and Assurance presented the paper which provided background information to the Board on injury benefit schemes, for its consideration as part of the forthcoming statutory review of MPs' pay and pensions.
- 3.2 The Board noted that there is often confusion between death-in-service benefits, which are part of a pension scheme, and injury benefits. The former is a tax-free lump sum and annual allowance made to nominated beneficiaries (usually surviving spouses/partners and children), in the event that a person dies while being a contributing member of a pension scheme. Injury benefits (which are normally separate from pension provisions) are designed to enhance or 'top up' death-in-service payments, to ensure a minimum level of income for those who are unable to

work because of an injury attributable to their employment; or for their dependants, in cases where the employee has been killed. These additional benefits are available to employees in a number of public sector jobs that carry an increased level of risk of injury or death, such as the police and military. Some employees of the Civil Service, including ministers, also have this benefit.

- 3.3 Before 2015, when the MPs' pension scheme was revised, the death-in-service lump sum payments for MPs were relatively generous, set at four times MPs' annual salary. At the time, these negated the need for additional injury benefits, which would have provided no additional financial support over and above the amount they would have received. However, the reforms to MPs' pensions that were introduced in 2015 included a number of changes which brought the MPs' scheme more in line with other reformed schemes across the public sector, including the civil service. In the reformed career average re-valued earnings (CARE) scheme, the death-in-service lump sum payments were reduced to twice MPs' annual salary in line with those of comparator schemes, but with no injury benefit scheme to complement it.
- 3.4 The Board noted that there was evidence to suggest a gap in the provisions for MPs in respect of injury benefit payments when compared to the provisions already in place for individuals in other related professions, most notably MPs who are government ministers. On this basis, the Board agreed to explore further the provision of a scheme for MPs, or a form of insurance for the same purpose, which would provide enhanced benefits for those who have been injured, or the dependents of those who had been killed, 'in the line of duty'. The Board will consider the matter further as part of its review of MPs' pay and pensions.

4. MPs' Budgets for 2018-19

- 4.1 IPSA's Head of Policy and Assurance presented evidence, data and recommendations to the Board to enable it to make decisions on the appropriate levels for MPs' budgets in 2018-19. The Board noted that as part of the comprehensive review of the *Scheme of MPs' Business Costs and Expenses* (the Scheme) that was undertaken in 2016, IPSA looked extensively at MPs' budgets and made a number of significant changes to the 2017-18 Scheme as a result. IPSA had not yet had the opportunity to assess the financial impact of last year's changes across a full financial year. Only minor adjustments to most budget levels for 2018-19 were therefore recommended to the Board.

Staffing budget

- 4.2 IPSA sought last year to ensure that staff are paid at least the voluntary living wage. The voluntary living wage has this year increased from £9.75 per hour in London to £10.20 per hour, and from £8.45 to £8.75 outside of London. This affects only the Level 1 Administrative (Secretary) job role, where the minimums currently fall below the voluntary living wage (assuming a 37.5-hour work week).

- 4.3 The Board agreed to change the minimums of the London and Non-London salary ranges to £19,890 and £17,062.50, respectively.
- 4.4 In respect of paid interns, the current salary range aims to ensure that they are paid at least the National Minimum Wage for 21-24 year olds. The National Minimum Wage increased in April 2017 to £7.05 per hour. The Board therefore agreed to increase the minimum salary for paid interns to £13,747.50.
- 4.5 The Board agreed to increase the maximum of each salary band for MPs' staff by 1 per cent, in line with public sector pay policy.
- 4.6 The Board considered whether to increase the overall staffing budget by 1 per cent. It agreed to defer the decision to its next meeting on 31 January to enable it to consider the impact of the increase in the context of IPSA's Estimate for 2018-19.

Office costs budget

- 4.7 The Board agreed to increase the Office Costs Budget for London and Non-London MPs in line with CPI inflation (currently 3.1 per cent).
- 4.8 The Board agreed that no change to the £6,000 start-up supplement for new MPs was required.

Accommodation Costs (rental) budget

- 4.9 The Board agreed that the rental portion of both the London and Non-London area accommodation budgets should remain the same as last year, given that the cost of renting a one-bedroom flat in Westminster and Lambeth had actually declined in the last twelve months. However, in the light of higher inflation figures, the Board agreed that the associated costs portion of both budgets should be uplifted by CPI inflation (3.1 per cent).

Rental accommodation uplift for dependants

- 4.10 Given the large one-off increase to the rental accommodation uplift for dependants that was applied last year, and the fact that the current dependant uplift is still sufficient based on average rents, the Board agreed that level should remain the same for 2018-19.

Associated costs only

- 4.11 The Board noted that non-London MPs who do not need to rent accommodation in have the option of claiming for the associated costs of a property. These cover items like utility bills; council tax; ground rent and service charges; and the installation and usage of a landline telephone and/or broadband connection. In 2016-17, the maximum that could be claimed for associated costs only was £8,850. This was reduced to £5,000 and came into effect following the June 2017 General Election.

- 4.12 The Board agreed to increase the associated costs budget by CPI inflation (3.1 per cent) for 2018-19.

Hotel limits

- 4.13 The Board noted that hotel rates per night for MPs are currently set at £120 per night in parts of the UK that are outside of London, rising to £150 per night in London and in Europe. These limits have not been increased in six years.
- 4.14 The Board agreed to increase the non-London hotel limit per night to £150 on the basis that there was sufficient evidence to suggest that an uplift was required to enable MPs to secure hotel accommodation.
- 4.15 In respect of the hotel limits in London and Europe, the Board requested further information on the overall cost of increasing the limit from £150 per night to either £175 or £200, and whether all MPs generally claim the maximum rate.

London Area Living Payment (LALP)

- 4.16 The Board agreed to increase the London Area Living payment by CPI (3.1 per cent) for 2018-19.

Winding-up budget

- 4.17 The Board made no changes to the level of the winding-up budget.

MP training budget

- 4.18 The Board considered whether a separate budget for training costs for MPs should be introduced. It noted that there is already a dedicated expense type in the Office Costs Budget category for training for MPs. Only eight claims had been made in this expense type so far in 2017-18 with a total value of £3,626. Eight claims were made during all of 2016-17, with a value of £3,062.
- 4.19 The Board agreed that, on the basis of the information presented to it, there was no case for creating a separate budget for MPs' training needs, which can already be claimed from the existing Office Costs Budget.

ACTION: IPSA's Head of Policy and Assurance to provide the Board with the following supplementary information to enable it to take remaining decisions on MPs' budgets for 2018-19 at its next meeting 31 January 2018:

- The costs associated with increasing the overall MPs' staffing budget by 1 per cent;
- The overall cost of increasing the London and European hotel limit from £150 per night to either £175 or £200; and

- Information on the number of MPs who claim the maximum hotel rate in London and Europe.

5. IPSA's Corporate Plan for 2018–22

- 5.1 The Chief Executive presented IPSA's draft Corporate Plan for 2018-22 for the Board's initial views and comments. The Board noted that it had reviewed IPSA's draft strategy for this Parliament at its meeting of 29 November 2017 and, in line with that overarching strategy, the proposed corporate plan will guide IPSA's activities and bring it closer to achieving its strategic objectives for this Parliament.
- 5.2 The Board reviewed the draft Corporate Plan and provided its feedback on the priorities that had been identified for the next financial year, and how those priorities had been expressed. The Board will receive the revised document, which will be amended in the light of the Board's comments, for approval at its next meeting on 31 January 2018.

6. Chief Executive's Report

- 6.1 The Chief Executive presented his monthly update report to the Board. He noted that 2017 had been a busy and successful year for the organisation. IPSA completed the comprehensive review of the *Scheme of MPs' Business Costs and Expenses* and launched a new, simpler Scheme in April. IPSA also published its first Annual Assurance Report, which marked a major step towards its goal to increase public assurance about the independent regulation of MPs' business costs.
- 6.2 In addition, IPSA successfully supported new and departing MPs through the unexpected General Election in June, and made significant progress with the IPSA Online improvement programme too. The new integrated system had been built and is now in the process of being tested in advance of its launch in the summer of 2018. The new IPSA Homepage for MPs and their staff had also been launched in December 2017. At the same time, IPSA continued to provide ongoing high-quality support to MPs and their staff.
- 6.3 The Chairman noted that it was the last meeting for two of IPSA's Board members, Liz Padmore and Anne Whitaker. On behalf of the Board, the Executive and IPSA's staff, the Chairman thanked Liz and Anne for their enormous contribution to IPSA's success and ongoing improvement over the last five years. In the New Year, the Board will formally welcome its two new Board members, Will Lifford and Jackie Smith.

7. Any other business

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

Meeting closed.