

Minutes of the IPSA Board Meeting – Tuesday 19 April 2011: 3.00 – 6.00pm

Present: Sir Ian Kennedy Scott Woolveridge (Acting Chief Executive)
Sir Scott Baker Bob Evans (Director of Finance)
Isobel Sharp John Sills (Director of Policy)
Jackie Ballard Anne Power (Director of Communications)
Ken Olisa Martyn Taylor (Head of Governance)

Nick Lee (Board and Chief Executive Office)
Kiran Virdee (Board and Chief Executive Office)

Apologies: Andrew McDonald (Chief Executive)

1. Welcome

- 1.1. The Chair welcomed the Board and members of the Executive. He reminded the Board that there would be no meeting in August.
- 1.2. The Chair noted that examples of Board papers to be disclosed under the IPSA transparency arrangements agreed at the last meeting would be circulated via correspondence.

2. Minutes and matters arising

Papers: IPSA/190411/1A, 1B: Minutes; Ongoing Actions

- 2.1. The minutes of the 22 March Board meeting were approved for publication, subject to minor amendments.
- 2.2. The Board agreed it should discuss MPs' staffing requirements at a scoping meeting on 11 May and that a note would be produced after this meeting for the 17 May Board meeting. It also agreed to arrange a strategy away day which would consider future approaches in June, followed by a note which would go to the Board for the 21 June meeting.
- 2.3. The Board welcomed the new IPSA website, which was now live.
- 2.4. The Board noted that the National Audit Office would be undertaking a value for money audit on IPSA over the summer.

- 2.5. The Acting Chief Executive's gave the Board an oral update on the recent IT ideas meeting.

3. IPSA Estimate – final submission to the SCIPSA

Papers: IPSA/190411/2 – Budget increase in mileage allowance payments; IPSA/190411/3 and annexes A-C – Use of outturn forecasts; IPSA/190411/4 – Briefing note: costs

- 3.1. The Director of Finance introduced three papers relating to IPSA's final estimate for 2011/12, which would be submitted to the Speaker's Committee for the IPSA shortly.

A. Mileage

- 3.2. The Board considered a proposal to increase the mileage rate paid to MPs and their staff from 40p to 45p for the first 10,000 miles travelled, in line with recent changes to taxation rules by HMRC. It was noted that this would add around £131,000 to IPSA's estimate for 2011/12.
- 3.3. The Board agreed that IPSA should observe the changes made by HMRC and to pay mileage costs at this higher rate as of 1 May 2011.

B. IPSA's estimate

- 3.4. The Board considered whether IPSA's Estimate for 2011/12 should be based on budget maxima within the *MPs' Expenses Scheme* or on the estimated likely outturn. It noted an anticipated underspend of around £30m in 2010/11 and that the use of maxima could give a misleading impression of the cost to the public purse of MPs' expenses.
- 3.5. The Board agreed that it was an important principle that IPSA should not limit what MPs could claim in order to carry out their duties beyond those limits already set out in the Scheme. It was noted that an outturn-based budget could increase the risk of IPSA having to refuse legitimate business costs because IPSA's budget had been prematurely exhausted.
- 3.6. The Board further noted that the expenses system was not yet in a steady state, and that it was therefore difficult to predict claim rates in 2011/12.
- 3.7. The Board agreed, therefore, that the Estimate for 2011/12 should be based on budget maxima within the *MPs' Expenses Scheme*. It further agreed that it was important to articulate this principle clearly, and asked that the Director of Finance set it out in a note when submitting the estimate to the Speaker's Committee.
- 3.8. The Board also reiterated that the budgets established limits and were not entitlements.

C. Briefing note: costs

- 3.9. The Board considered a short briefing note showing the division between IPSA's costs, and agreed that this should be submitted, with some revisions, to the Speaker's Committee in order to show how these costs are broken down.

- 3.10. The Board also considered a proposal for the provision of a “fully-loaded cost” of the *MPs’ Expenses Scheme*, taking into account the time it takes service users to use the system. The Board agreed that it would not be feasible to produce such a costing, not least because of a risk that some costs may be double-counted.

4. Publication frequency

Paper: IPSA/190411/5 + Annex A – Publication frequency

- 4.1. The Director of Communications introduced a paper setting out the costs and benefits of switching to a more frequent cycle of publication.
- 4.2. The Board noted that there was insufficient data based on the experience of only three cycles of publication to make a judgement as to long-term costs and benefits of changing the frequency of publication. They further noted that interest in the most recent bi-monthly publication cycle had subsided considerably since IPSA first published MPs’ expenses.
- 4.3. The Board agreed that it was desirable for the publication of claims to be as frequent as possible, but that this needed to be balanced against the costs of more frequent publication.
- 4.4. The Board agreed that IPSA’s approach to publication should be kept under review and that a further paper on the future development of its approach to publication should be considered at the September Board meeting.

5. FOI report

Paper: IPSA/190411/6 – Review of Freedom of Information requests

- 5.1. The Board noted an independent report on the performance of its duties under the Freedom of Information Act during 2010, and further noted IPSA’s recent strong performance on handling requests made under the Freedom of Information Act.
- 5.2. The Board agreed that a record of external meetings held by members of IPSA’s Board and the Chief Executive should routinely be published on IPSA’s website as an appendix to the published minutes of IPSA’s Board meetings, although this record may exclude meetings which might be regarded as confidential.

6. Assurance and Review activity update

Paper: IPSA/220311/7 -- Assurance and Review team activity update

- 6.1. The Board noted a report of progress on the assurance of MPs’ claims. It welcomed the progress that had been made so far and agreed that IPSA’s approach to assurance should be proportionate to the issues at stake.

7. Appraisal of the review of the MPs’ Expenses Scheme and look ahead

Paper: IPSA/190411/8 – Appraisal of the review and look ahead

- 7.1. The Director of Policy introduced a short paper setting out where he expected there to be pressure on IPSA to provide an interpretation of particular parts of the *MPs' Expenses Scheme*.
- 7.2. The Board agreed that, in respect of the "modest reward and recognition payments" allowed under the Scheme, MPs should be pointed to IPSA's own approach to reward and recognition (typically a £15 voucher) in guidance. It agreed that if MPs sought to claim for large amounts for reward and recognition payments, these should be resisted.
- 7.3. The Board also confirmed that IPSA would not fund travel costs for MPs travelling on government business.
- 7.4. The Board agreed that the Executive should continue to consult the Board on areas of contention where advice would be appropriate.

8. Finance Report

Paper: IPSA/190411/9 – Finance Report [tabled]

- 8.1. The Board noted the provisional report showing IPSA's outturn for 2010/11, and that this indicated an underspend of around £32m on MPs' pay and expenses.
- 8.2. The Board noted an increase in the volume of claims during March, and it was agreed that the Executive should in due course bring forward proposals for spot checks of MPs' spending in their constituencies for 2011/12, and particularly during the period in the run up to the May 2011 elections.

9. Chief Executive's report and Board Update

Papers: IPSA/190411/10 – Chief Executive's Report; IPSA/190411/11 + annexes A – H – Board update

- 9.1. The Board noted the Chief Executive's report and the update for the Board. A summary of this report is provided in the minutes below.
- 9.2. *Operational effectiveness*
 - Since January, we have been receiving, validating and processing around 15,000 claims per month.
 - In March we validated almost 98% of reimbursable claims within twelve working days, the majority of which are processed within seven working days. As of 11 April, the year-to-date figure since October stands at almost 96% (previously 95%). We are therefore now meeting our KPI target.
 - Taking all claims into account (including payment card claims which do not require reimbursements to be made to MPs), we are validating over 90% within twelve working days.
 - In the past four weeks we have received around 680 calls a week from MPs and have answered 58% of these within 20 seconds. This reflects higher call volumes as we approached the end of the financial year.

- We continue to receive around 400 emails a week, more than 83% of which are now routinely handled within five working days.
- Payroll accuracy in February stood at 99.85% - in line with previous months.
- All but 9 MPs now use the expense system, and accuracy of claims submitted by MPs is high, with around 1% of claims not receiving reimbursement, down from around 6% in the first three months.
- We have to date published details of over 72,000 claims. In doing so we have made errors in respect of seven claims. Two of these appeared in cycle 3. After two rounds of publication, our accuracy rate stands at 99.99%.
- Performance in validation remains high. One-step validation has reduced the amount of time spent per case.
- Similarly, the performance in call handling and email responses remains substantially higher in the period since the service changes were introduced in January, resulting in the performance target for the team being changed from answering 80% of telephone calls within 60 seconds to answering 80% of calls within 20 seconds when 'phone call levels are within normal ranges.

9.3. *Un-evidenced claims*

- Following our earlier exercise, a procedure has been agreed for the return of unevidenced claims to MPs in the future.

9.4. *Publication*

- The third cycle of MPs' expenses claims was published on 7 April. Following the Board's decision in 22 March, claims that were not paid initially but subsequently paid after a later submission were not published.
- In the last two publication cycles, there were three repayments made as a result of IPSA errors - these have been marked accordingly.
- One redaction error has come to light, originating from the previous cycle of publication. As far as we are aware, this is our only redaction error out of more than 72,000 lines – giving us a redaction accuracy rate of rate of 99.999%.

9.5. The Board agreed that the Executive should continue its work to revise IPSA's Key Performance Indicators, in order to make them more relevant and useful tools with which to measure IPSA's effectiveness.

10. Any other business

A. Compliance Officer

10.1. The Board noted that the Compliance Officer had launched a number of investigations relating to claims made under the *MPs' Expenses Scheme*.

- 10.2. The Board agreed the importance of there being an agreed protocol in place regarding Compliance, and that this protocol should make clear the demarcation between Compliance and IPSA, the process for scoping prior to the launch of any Preliminary Investigation and explicit reporting arrangements for the management of the Compliance Office.
- 10.3. The Board reiterated its earlier position that the findings of preliminary investigations should not be published if no breach of the rules was identified in such cases.

The meeting was closed.