

Minutes of a meeting of IPSA's Board

13 December 2023

Board Members:	Richard Lloyd OBE (Chair) Will Lifford Lea Paterson CBE Helen Jones (absent for Item 5) Dame Laura Cox (absent for Items 8-12)
In attendance:	Ian Todd, Chief Executive Karen Walker, Director, MP Services, Strategy and Change Lee Bridges, Director, Policy and Engagement Thomas Fitch, Director, Finance Jonathon Blair-Tidewell, Compliance Officer (Item 2) Acting Chief of Staff Head of Policy Head of MP Services (Item 5) Policy Manager (Item 4) Remuneration Policy Specialist (Item 4)
Apologies:	N/A
Status:	Submitted for approval at the meeting of the Board on 24 January 2024

1. Welcome and Declarations of Interest

- 1.1 The Chair opened the meeting and invited attendees to declare any interests not previously recorded. Helen Jones acknowledged an interest in the McCloud consultation given that she will be personally affected and recused herself for the discussion on this.

2. Minutes and Actions

- 2.1 The minutes of the Board meeting of 18 October were approved.
- 2.2 The Board noted the actions update and discussed two actions completed since the last meeting. First, the Director, Policy and Engagement provided context to the completed action concerning changes to 2022-23 annual publication and the release of the Supporting Democracy Report. Stakeholder reaction to the report had been positive, with indication that MPs had been able to use it in responding to publication queries. The Director, Policy and Engagement was interviewed by Politico on the subject of the report and the effects of financial disinformation in the run-up to a General Election.
- 2.4 A further change was made to annual publication 2022-23 following formal Parliamentary Security Department (PSD) advice to redact detailed travel claim information for all MPs. These changes were also applied to previously published data. IPSA will instead publish aggregated travel costs for each MP annually. Alongside this, rules around taxi travel have temporarily been relaxed to allow MPs to take taxis for their commutes to Westminster or the constituency office, with the PSD to provide an update on the security situation later this month. There was a recognition that performance against the FOI response KPI had dropped slightly due to detailed travel information being withheld ahead of receipt of security advice.
- 2.5 Secondly, the Chief Executive clarified that, in relation to the action from the October meeting to work towards introducing a ring-fenced communications budget, the proposal will centre around setting a maximum amount of money within the existing Office Costs Budget that an MP can spend on communications. The Board agreed that this was a sensible approach.

3. Compliance Officer's Quarterly Report and Annual Report on Lessons Learned

- 3.1 The Compliance Officer presented a summary of his Quarterly Report, noting that there had been nineteen complaints, one FOI request, and two reviews during the period covered. The

number of complaints is comparable to previous reports and given that twelve MPs were subject to the same complaint, the number of individual complaints is in fact lower. The Chair noted that it would be a useful exercise to look at how the volume of complaints and reviews has changed over a longer period of time.

- 3.2 The Compliance Officer outlined how the complaint affecting twelve MPs led to lessons learned regarding a clarification of the policy concerning accountancy costs.
- 3.3 In light of this, the Board requested clarity on the treatment of taxable expenses and assurance that HMRC guidelines were being enforced. The Chief Executive confirmed that rules around benefits in kind were routinely applied and that MPs were asked to declare if claims were taxable under HMRC rules. In taking the information provided by MPs at face value, IPSA conforms with HMRC guidelines. The Chair noted that the subject of taxable expenditure could be an area that the ARAC could look more closely at.
- 3.4 The Compliance Officer presented a proposal for a Compliance Dashboard to improve upon the way in which data and trends are presented to the Board. The Board agreed that this change to the presentation of the Compliance Officer's Quarterly Report would be useful, provided that this was accompanied by a narrative summary of complaints upheld and not upheld.
- 3.4 The Compliance Officer also presented his Annual Report on Lessons Learned, noting that he was finding the same lessons were often being proffered each year. The Board approved the suggestion of moving to an approach centred upon recommendations, followed by a management response, and tracking. The Compliance Officer was asked to engage with the Board in determining risk tolerances and to help ensure that where lessons were identified Directors are supported in responding to these within the context of our new model of principles-based regulation.

4. MP Budgets and MP Pay & Staff Pay

- 4.2 The Board first considered recommendations concerning the Office Costs Budget. Relevant factors included rising costs in certain areas, the impact on staff and constituents of poor standard offices, and the consequences of boundary changes. Given the clear pressures faced by a significant number of MPs in this area of spending, the Board agreed to the proposal to increase budgets by 8%.
- 4.3 Next, the Board considered recommendations concerning the Accommodation Budget. The Board agreed to the recommended 9.1% increase to the London Accommodation Budget and dependant uplift, recognising that data showed London rents to have risen considerably. The Board also agreed to proposals for the non-London Accommodation Budget and associated costs budget to increase by 4.6% in line with CPI inflation.

- 4.4 The Board agreed that no change would be made to hotel nightly limits for both London and non-London hotel stays.
- 4.5 The Remuneration Policy Specialist presented the recommendations for changes to the Staffing Budget, applying the market rates from the benchmarking exercise subject to a 5 per cent cap and uplifting the maximum of the pay scales and budgets by 6.2% in line with the ASHE mean figure. These were agreed, with an action to carry out further research to determine the approach in future years.
- 4.6 There was agreement from the Board that whilst it was not possible to make a decision on MP pay at this meeting, a decision should be made ahead of the estimate being submitted to HMT. The Policy team were, therefore, asked to return to the Board in early January for a virtual session with further evidence.

5. McCloud Consultation

- 5.1 The Head of Policy presented the outcomes of the recent McCloud consultation on proposals for the introduction of a 'redress payments process', recommending that such a process be introduced to mitigate members' adverse tax consequences in line with the proposal set out in the consultation.
- 5.2 The Board agreed to four recommendations concerning redress payments as set out in the consultation paper and noted that administration costs for the PCPF were a matter for the House. On the subject of DIS provision, the Board recognised that ameliorative options such as offering a life-insurance-only model or an additional contributions system may be complicated and have negative tax implications, but agreed that further research should be done to ensure that these options were properly considered. With respect to 'immediate' vs 'deferred' choice, the Board agreed that work should be done in collaboration with the PCPF to identify where any meaningful unfairnesses might emanate from the McCloud changes to help Trustees to deal with cases that arise through the provision of additional discretion.
- 5.3 The Board discussed a recommendation to undertake a consultation on the introduction of an economic check to the cost cap mechanism, meaning this could be benchmarked against wider economic circumstances and bringing the MP pension scheme in line with other public sector schemes. Additionally, the Government Actuary's Department (GAD) had advised that IPSA cost cap rules do not include a definition of the implementation period and are unclear as to when a change to member contributions would need to be implemented following a cost cap breach. It was suggested that the implementation period be set at three years in line with previous practice and that changes resultant from a cost cap breach align with this. The Board agreed to a consultation but asked that further consideration be given as to the timing of this.

6. General Election Planning Update

- 6.1 The Head of MP Services delivered an update on IPSA's General Election Project, confirming for the Board that the main elements were now in place and good progress made in the development of a training and resource plan, the introduction of asset registers to MP IPSA Online dashboards, changes to CRM to enable tracking of winding-up cases, the development of stronger relationships with the House, and frequent engagement with MP staff. The Board passed on its thanks to staff for the great progress made in this area.
- 6.2 The Board agreed to consider a proposal concerning additional funding for returned MPs affected by boundary changes, with clarity on what would be considered to be significant change.

7. Main Estimate and Business Plan 2024/25

- 7.1 The Director, Finance reported that neither McCloud rectification payments through AME nor General Election costs would be included in the main estimate, but that these would feature in a supplementary estimate next year.
- 7.2 The Board discussed the plan and strategy. It was agreed that a revised version of the Business Plan would be circulated via email with any detailed comments to be raised via the Chair. The Board also agreed that costings related to the Improving IPSA Programme should be further reviewed by the Improving IPSA Assurance Group (IIAG).
- 7.3 Board members agreed to review the three-year Corporate Plan for approval either by correspondence or at the early January Board meeting.
- 7.4 The Board approved the main estimate and Business Plan subject to minor amendments being made and assumptions to be updated in line with pay decisions.

8. Improving IPSA Assurance Group Quarterly Report

- 8.1 The IIAG Chair delivered an overview of the IIAG Quarterly Report, stating that the main item of consideration for the committee had been project baselining so that benefits and costs can be tracked over time.
- 8.2 IIAG had also received an update on the property management proof of concept and IPSA Online front-end development, and discussed the culture change required in the transition to principles-based regulation.

8.3 The Board agreed to the Director, MP Services, Strategy and Change returning to the meeting of 24 January 2024 to present an update on project baselining.

9. Report from the Audit and Risk Assurance Committee (ARAC)

9.1 The ARAC Chair updated the Board on the discussions that had taken place at the previous day's ARAC meeting.

9.2 The ARAC Chair reported on a wide-ranging discussion of artificial intelligence (AI), considering how IPSA currently uses AI, the governance surrounding it, and that AI be channelled through existing project management procedures. The Board agreed that ARAC should continue to look at AI from a risk perspective, but that IAG should also focus on AI in terms of opportunity.

9.3 The ARAC Chair confirmed that the committee had received an update on the proposed model for internal audit and were satisfied that a new process would be in place for the new financial year.

9.4 The ARAC Chair reported that the committee had received a well-written assurance report on bought-in services, identifying significant issues requiring remedial action. The committee had asked ELT to put together a paper for the Board outlining how the report's recommendations would be dealt with and over what timescale.

10. Chief Executive's Report

10.2 The Board asked for clarity on the process of evaluating options to move to the Cloud in light of UNIT4's recent announcement that they will stop supporting 'on premise' ERP customers by the end of 2024. The Director, MP Services, Strategy and Change reassured the Board research is being conducted into all possible options, that a decision does not need to be made until December 2024, and that the timing and nature of any change will be considered in light of the upcoming General Election.

10.3 The Board were pleased to see improvements to the validation process taking shape and it was confirmed that the transition to a new validation approach was possible from January 2024.

10.4 The Board welcomed the good progress outlined in the report and gave particular mention to improvements recorded in customer service metrics.

10.5 The Director, MP Services, Strategy and Change presented highlights from the Improving IPSA Programme Summary. The property management proof of concept was now scheduled to begin in January 2024; significant progress had been made in collaboration with the

supplier working on the IPSA Online front-end with feedback from in-depth interviews with MPs and MP staff identifying a significant number of pain points; a project team has been created for the roll-out of principles-based regulation; and alternative reimbursement had been presented to the IPSA Design Authority alongside results from the mileage pilot, from which there had been positive feedback.

11. Financial Report, Management Accounts and Scheme of Delegation

11.1 The Director, Finance presented the Scheme of Delegation for approval and confirmed that this had been refined slightly since the previous edition. The Board formally agreed to the implementation of the Scheme.

11.2 The Director, Finance presented the November Financial Report and Management Accounts. A supplementary estimate had dealt with a movement of £273,000 from revenue to capital budgets. A minor overspend was being forecast on revenue, more than offset by an underspend within subhead A expenditure. The Chief Executive emphasised the improvements made to the accuracy of forecasting as compared with previous years where significant underspends were recorded against both subheads A and B.

11.3 The Board noted the report and supplementary estimate, with all future estimates to be approved by the Board.

12. Board Programme of Work, Reflections, & Any Other Business

12.1 The Board reviewed its Programme of Work. The Board requested that an update on project baselining be included for discussion.