

Minutes of a meeting of IPSA's Board

30 March 2022

Board Members: Richard Lloyd (Chair)

Helen Jones

Will Lifford

Lea Paterson

In attendance: Ian Todd, Chief Executive

Georgia Wilson, Director of MP Services

Thomas Fitch, Director of Finance

Lee Bridges, Director of Policy and Engagement

Karen Walker, Director of Strategy and Change

Chief of Staff

Head of Communications

Head of Finance

Head of Policy

Data and Insight Manager (Item 3)

Remuneration Policy Specialist (Item 4)

Apologies: Sir Robert Owen

Status: Submitted for approval at the meeting of the Board on 15 June 2022

1. Welcome and Declarations of Interest

- 1.1 The Chair invited attendees to declare any interests not previously recorded. No such declarations were forthcoming.
- 1.2 After attending the Board meeting of 2 March in an observer capacity, the Chair noted that Lea Paterson had formally assumed all rights and responsibilities of a Board member with a term commencing 14 March 2022 through to 13 March 2027. The Royal Warrant had been delivered and the Board warmly welcomed her to the role.

2. Minutes and Actions List

- 2.1 The Board meeting minutes of 2 March were approved, and actions update was noted.
- 2.2 An additional explanatory note had been provided to the Board to outline a broad timetable for the regulatory review beyond its exploratory phase. Given that much of this was dependent on future Board decisions, the note also served to scope the exploratory policy phase of the project, which focused on highlighting drawbacks with the current model and potential benefits and demerits of alternative regulatory approaches.
- 2.3 It was further noted by the Chief Executive that the Scheme, under the existing operating model, included certain regulatory principles and contained some inbuilt discretion. As such, deeper thought would be made as to how to employ this discretion sensibly and proportionately under current provisions in parallel and without prejudice to the regulatory review. It was noted that the 2022/23 Scheme enables policy changes to be made through guidance rather than formal Scheme amendment in certain circumstances.
- 2.4 The Board welcomed the update and received clarification that IPSA's approach to validation would also feature within this fundamental review. Further to paragraph 2.3, it tasked the Executive with considering areas in which high impact, no regrets changes could be made via guidance in the short-term.

3. New KPI Dashboard & Transformation Programme Update

- 3.1 Using data for February, the Director of Strategy and Change presented a paper on the KPI dashboard proposed for implementation for the 2022/23 financial year. The metrics included were designed to be measurable values demonstrating how IPSA was meeting its strategic objectives, including what mattered most to customers and the public. This included outputs, as well as outcomes, to enable real time analysis to be undertaken of what could be done to drive actions (the outputs) which contribute to meeting our objectives (the outcomes). Whilst much of this work had accelerated since the recruitment of the Data and Insight Manager in autumn, some historical trend data would be added in due course and some metrics remained in development.
- 3.2 The Data and Insight Manager presented a live demonstration of the dashboard to the Board, including new functionalities such as more automation, dynamic rolling averages,

and more detailed breakdown of data. It was proposed that the Board be presented with data at the relevant point in time for Board paper circulation.

- 3.3 The Board strongly welcomed the new design and approach to monitoring and reporting IPSA's KPIs. Accepting that the dashboard would be developed as the months progressed, it offered feedback on particular measures, including the frequency of reporting budget variance figures, and the forum for and nature of reporting on diversity and inclusion.
- 3.4 The Director of Strategy and Change updated the Board on the Transformation Programme status for March 2022, which was amber/green. No high risks were reported, and one milestone had been reached in commencing the exploratory phase of the regulatory review. The minimum viable product of the new customer relationship management system had been implemented with support from the supplier moving from hypercare to BAU, and a proposal to expand the conditional provision of payment cards to MPs' proxies had been approved for rollout following successful pilot. The control of the directory for MP and staff sign-on to IPSA Online would also move wholly to IPSA by 19 April.
- 3.5 The Board thanked the Director of Strategy and Change and wider team for the update and for the significant progress made in year-one of the corporate plan. It sought further information on readiness, planning, and process improvement work for the next prospective General Election. The Board took assurance from the Director of Strategy and Change, who confirmed that such work had been factored into business planning.

4. Pensions: McCloud & AVC Scheme Closure

- 4.1 The Head of Policy welcomed the recently recruited Remuneration Policy Specialist to the Board meeting and introduced a summary of responses to the McCloud consultation, including a helpful and constructive submission from the Parliamentary Contributory Pension Fund (PCPF) trustees. General themes flowing from the consultation indicated the complexity of the issues at hand, the desire for impacted members to have clarity of options and sufficient time to choose, and a preference to align this choice exercise more closely with the next General Election.
- 4.2 After considering the consultation response, it was recommended that the Board approve the following high-level aspects of the proposal:
- IPSA continue to proceed with an immediate choice approach, and the overall approach as consulted,
 - The date of the closure of the Final Salary section remains 31 March 2023 given the impracticalities of aligning with an unconfirmed General Election date and the impact of such uncertainty on providing actuarial calculations,
 - Discretion rest with the PCPF trustees to determine the timing of the choice exercise (with a backstop date set by IPSA) and to handle edge cases requiring more time,
 - Fully protected members be offered a choice in line with other impacted members,

- Partially protected members to be offered a 'no change' option mixing final salary and CARE accrual,
- Defaults should be 'no change' based on the individual member's accrued benefits, and
- The cost cap corridor be widened to 3%.

- 4.3 It was further proposed that the Board agree to provide discretion to the PCPF trustees for cases where an impacted member dies following the start of the relevant period or where members have transferred out during the relevant period. Both proposals, if approved, would be implemented and managed flexibly by working closely with PCPF and liaising carefully with both IPSA and PCPF legal advisors to ensure any flexibility within the rules was workable in practice.
- 4.4 On two further issues raised by consultees, the Board discussed CARE benefit design and regulated financial advice for individual members. With the latter, it was recommended that IPSA could work with the PCPF on a robust package of practical support including individualised calculations showing the impact of various options for members, as well as access to advisors familiar with the scheme. Further work would be undertaken with the PCPF to understand in discussion with HMT what the latter may consider appropriate in terms of removing unfair subsequent tax impacts on members, in line with provision for other public service schemes.
- 4.5 The Head of Policy updated the Board on the constructive and collaborative working relationship which had continued within the Joint IPSA/PCPF Working Group on McCloud implementation. This included agreement on a fair allocation of costs for the work involved. Pending Board decisions and subsequent legal review of any changes made, the group was working to a provisional date of late May for laying the revised pension scheme rules.
- 4.6 The Board thanked the Head of Policy for so thoroughly outlining the issues and responses on an intrinsically complex issue. Following clarifications, it endorsed the recommendations as proposed, underlining the importance of clearly communicating the central reason (as noted above) for decoupling the final salary closure date from the next election. It also agreed not to fund regulated, personal financial advice to impacted members, but instead to facilitate access to advisors who are familiar with the scheme.
- 4.7 The Board further considered a separate request from the PCPF trustees to close the MPs' pension scheme 'additional voluntary contributions' option to future contributions.
- 4.8 The Board approved the proposal, with the Chair to respond accordingly to the PCPF.

5. Bimonthly Publication & Revisions to the Publication Policy for 2022/23

- 5.1 The Director of Policy and Engagement outlined an options paper to the Board following the discussion of 2 March as to the treatment and publication of bimonthly claims data,

pending a review of MPs' security by Members' Security Support Services (MSSS). IPSA had suspended the bimonthly publication of claims until MSSS, as security experts, had reviewed publication arrangements, issued its report, and IPSA was able to assess, operationalise, and communicate any implications arising.

- 5.2 At the time of the meeting, this review was ongoing and, as such, some months of data, which would usually have been processed by IPSA, verified for accuracy by MPs' offices, and published in the ordinary course of business, had accumulated. Given the volume of information, it was recommended that IPSA provide the claims data to customers as soon as possible to enable timely verification and review by MPs' offices before any review by MSSS and subsequent policy decisions on publication were made. This was intended to provide MPs and staff with as much time to work through the backlog as possible, whilst noting that the outcome of the MSSS review may impact what data, including those which customers will be asked to verify under the proposal, may not be published or published in a different form in line with expert recommendation.
- 5.3 The Board sought clarifications on the nature of the claims data before approving the proposal as prudent preparation pending advice from MSSS. It noted that the Board may need to reconvene before its next scheduled meeting of 15 June or take decision by written procedure once the report of MSSS is finalised and its policy implications and recommendations are digested.
- 5.4 The Board also noted the revised publication policy for 2022/23, which reflected decisions it had made at previous meetings.

6. Financial Position and Management Accounts

- 6.1 The Director of Finance updated the Board on the Financial Position, which largely reflected the assessment reported on 2 March of continued forecast underspend. On both Subhead A and B, a majority of the underspend related to staffing and slower pace of recruitment, though changes to the IFRS16 leasing standard and subsequent HMT guidance also factored into the Subhead B accounts. This lent further support to revisiting the timing of budget preparation and seeking to bring forward such planning.
- 6.2 The Chief Executive added that improved forecasting and management accounting had already been established for 2022/23, alongside weaving tighter management of Subhead B into the objectives of the Executive.
- 6.3 The Director of Finance noted further effort undertaken to reduce historic debt, alongside plans to recruit a Credit Controller to assist this work in the first instance.
- 6.4 The Board noted the report with thanks.

7. Board Programme of Work and Any Other Business

- 7.1 The Chair noted the agenda for the Board meeting of 15 June and invited Board members to contact him or the Chief of Staff with any requests for items. An action point on the Environmental, Social, and Governance agenda was due by 15 June and may therefore form part of the formal meeting. Further issues suggested for consideration included year-end preparation and customer service, as well as how the Board could further understand risks and prioritisation in year two of the corporate plan.
- 7.2 The Chair thanked all for their contributions to the meeting and all IPSA staff for further progress made in delivering the corporate strategy.