

# Annual Report and Accounts for 2019-20

Presented to Parliament pursuant to Schedule 1 of  
the Parliamentary Standards Act 2009.

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IPSA

Independent Parliamentary  
Standards Authority

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# Introduction from IPSA's Interim Chair



The events of 2019-20 had a significant impact on Parliament and the work of IPSA.

In December 2019 IPSA was closely involved in the General Election which led to 159 new Members of Parliament. And in March 2020, IPSA was faced, like the rest of the world, with the unprecedented impact of the global coronavirus pandemic.

Preparations for a possible General Election began in summer 2019 and IPSA played a key role in welcoming new MPs to Parliament following the election on 12 December. We also worked closely to help those MPs who stood down or lost their seats to wind up their Parliamentary business. The volume of activity during the early part of 2020 was considerable, our resources were stretched and IPSA's service levels fell below what we would want. I'm pleased that service levels have now improved considerably.

Coronavirus has had a huge impact on all of us, and IPSA was no exception. In March we moved to full working from home for all our staff, and put in place a package of support for MPs and their staff to help them continue to serve their constituents during the lockdown period that followed. We later increased funding to enable additional staff to be recruited in response to the extraordinary demands placed on MPs' offices by the need to support constituents in distress due to the virus.

We were helped in supporting MPs remotely by a new online finance, payroll and business costs system that

we implemented in April 2019. The new system works securely but is not without its challenges. Every month over 4,000 MPs and staff get their salaries paid and business costs reimbursed. However, the customer experience has been poor on occasions and we have been making incremental changes since April 2019 to improve it. These, and improvements to many other aspects of IPSA's customer service, have accelerated in the current financial year.

For the longer term, we are more fundamentally changing our approach to the way we regulate and administer MPs' business costs, pay and pensions. Compliance with the Scheme must remain high but we will be overhauling the way we regulate and support MPs and their staff to get things right first time. This will reduce costs, remove the propensity for error and free up time for MPs to support democracy and their constituents.

To do this we have created a three year strategy that will transform IPSA to become an innovative, intuitive and lean regulator, that enables MPs to focus on what really matters by providing an exemplary, seamless regulatory service. This strategy will guide all of our work until 2023, but each year we will develop and publish detailed business plans setting out specific actions against our priorities.

In October 2019, Ruth Evans resigned as IPSA's Chair to pursue other non-executive roles. We are grateful for her contribution to IPSA's work. Recruitment for her successor was delayed by the General Election and is led by Parliament through the Speaker's Committee for the IPSA. A new, permanent Chair should be appointed in the first half of 2021.

Following the end of the 2019-20 financial year, we also said goodbye to Marcial Boo, IPSA's Chief Executive since 2014. We thanked him for his work during those years and welcomed Ian Todd as Marcial's replacement in October 2020.

Finally, along with the entire Board, I am extremely grateful to IPSA's staff who have worked exceptionally hard this year. Through their efforts, taxpayers can be assured that public money has been spent appropriately by Members of Parliament, and that we have helped them to serve their constituents during the most difficult of times.

**Richard Lloyd**  
Interim Chair, IPSA

January 2021



# Part I: Performance Report

# Overview

## A. Who we are and what we do

1. This section provides information on the statutory framework under which IPSA operates, our strategic aims and statutory objectives covering the financial year ended 31 March 2020. IPSA's accounts have been prepared to meet the requirements of the *Parliamentary Standards Act 2009* (PSA) and in accordance with the *Government Financial Reporting Manual* (FReM), as specified in the direction issued by HM Treasury.

### Statutory framework

2. The Independent Parliamentary Standards Authority (IPSA) is a statutory body, independent from Parliament, Government and political parties. It was established by the PSA.
3. IPSA's statutory remit is to provide independent regulation and administration of MPs' pay, pensions, business costs and staffing costs. IPSA sets and regulates the *Scheme of MPs' Business Costs and Expenses* (the Scheme); administers the Scheme; determines the salaries and pensions of MPs and pays the salaries of MPs and their staff.
4. Following a series of recommendations from the Committee on Standards in Public Life, the Government, with the support of the three largest parties at the time, agreed to make early revisions to the PSA. Those revisions were made through the *Constitutional Reform and Governance Act 2010* (CRAG). The principal additional function passed to IPSA by that Act was the responsibility to determine MPs' salaries and pension arrangements.

5. We have three aims: to assure the public that MPs' use of taxpayers' money is well regulated; to resource MPs appropriately to carry out their parliamentary functions; and to enable our staff to be a high-performing, professional team.
6. To achieve these aims, we do the following:
  - We regulate MPs proportionately and effectively by setting rules that support compliance, and by making independent, fair and transparent decisions in line with our fundamental principles.
  - We provide assurance to the public by consulting them on our rules, operating transparently and publishing accessible information about MPs' business costs.
  - We support MPs by making accurate payments promptly, providing clear advice and guidance about MPs' responsibilities for public money in line with the Scheme, and by continuously working to improve our systems and processes to make them more efficient and effective.
  - We develop our staff by giving each person the tools, training and support to perform professionally and achieve excellence in a strong team that is underpinned by respect and trust.
7. The way we achieve our aims is underpinned by our values of professionalism, respect, integrity, collaboration and continuous improvement.

## Estimate Subheads

8. IPSA's budget for the financial year is scrutinised and approved by the Speaker's Committee for IPSA (SCIPSA), which gave parliamentary approval for IPSA's 2019-20 spending plans through its Supply Estimate (HC 2182). The Estimate consisted of two subheads:
- Subhead A: MPs' pay, staffing and business costs
    - MPs' salaries
    - MPs' staff salaries
    - MPs' business costs
  - Subhead B: IPSA's core operational costs
    - Staff and non-staff costs
    - Costs relating to the Compliance Officer for IPSA
9. Following the announcement of the 2019 General Election IPSA submitted a Supplementary Estimate (HC 82) to seek additional funding to cover the costs associated with this.

## B. IPSA's Strategic Objectives

10. For the financial year 2019-20, IPSA's strategic objectives can be found in full in its Corporate Plan which is on our website at the following address: <https://www.theipsa.org.uk/media/185455/ipsa-corporate-plan-2019-20.pdf>
11. Our longer-term strategy which set our direction for the period 2018-2022 can be found on our website at the following address: <http://www.theipsa.org.uk/media/184729/ipsa-strategy-2018-2022.pdf>

## C. Our work in 2019-20

12. This report covers the key activities undertaken by IPSA in the 2019-20 financial year. Two highly significant activities in the year were the implementation of IPSA's new online system which went live on 2 April 2019, and the support for MPs leaving and joining Parliament following the General Election of 12 December 2019.
13. Alongside this demanding work, we progressed our five priorities for the year: to maintain a strong and supportive regulatory environment for MPs; to implement a programme of continuous improvement; to provide assurance to the public; to strengthen our data security and information governance; and to invest in our staff team. We also continued to perform our core functions of regulating and providing financial support for MPs' parliamentary functions, through the Scheme of MPs' Business Costs and Expenses.
14. **IPSA Online:** On 1 April 2019 we launched a new system that integrated our payroll, finance and business costs functions. This provided IPSA and MPs with greater data quality and data security, and improved financial controls. It also implemented a paperless online system for MPs business costs claims that was critical in enabling us to move to remote working in March 2020 and continue to make accurate, timely payments to MPs and their staff for their salaries and business costs. Salaries to MPs and their staff were paid accurately and on time from the start.
15. However, it takes time for users to become familiar with new IT systems and for technical issues identified following implementation to be resolved. These challenges led to an increase in demand on IPSA in the first half of 2019-20,

with MPs and their staff frustrated at call wait times and online problems, which damaged the organisation's reputation with our stakeholders. Many MPs welcomed the new online approach, with its faster payments, and we conducted and published quantitative and qualitative surveys of MPs' feedback. But, as with many new digital platforms, users experienced frustrations and as such the system required post-launch refining and optimising, so that it could be a user-friendly tool that works for MPs as well as providing better financial control. Some of these issues contributed to a decline in user satisfaction with IPSA, as measured in the annual survey of MPs and their staff. By 31 March 2020, we had made over 100 technical improvements to the system, recruited additional staff and agreed an organisation-wide programme to improve the user experience of IPSA's systems and processes. We also provided training, increased online advice and implemented more responsive telephone and email support.

16. **General Election:** From July 2019, we planned for a possible election, by preparing to meet new MPs and publishing revised dissolution guidance. We recruited additional staff and trained them in readiness. We brought forward policy work, including guidance to new MPs on choosing constituency offices. IPSA then supported the 76 MPs who stood down, and the 79 MPs who were defeated in the December election, to wind up their financial affairs, return any money owed to the taxpayer and made loss-of-office payments to MPs and redundancy payments to their staff. We also supported 155 new MPs by ensuring they were paid, and providing them with budgets enabling them to claim parliamentary business costs and recruitment of staff.

17. **Assuring the public:** In line with IPSA's commitment to transparency, we published information on MPs' 2018-19 business and staffing costs in July and December 2019 and in January and March 2020, as well as annual data on MPs' expenditure in December 2019. We also published a third annual assurance report which covered all the activity undertaken during the 2018-19 year to check that MPs' claims are in line with the Scheme rules. This included detailed reviews on subletting of constituency offices and on claims for professional services. We are publishing alongside this annual report the annual review of our assurance work in 2019-20, which provides a summary of the three-tiered process of pre-payment validation, post-payment validation and assurance. In February (and June 2020) we also published thematic reviews on specific aspects of the Scheme.
18. **Data protection:** Secure and effective management of information in compliance with legal obligations is critical to IPSA, by enabling us to deliver our services effectively and efficiently. Protecting personal data is a priority for us in meeting our legal responsibilities and duty to each individual. During 2019-20 we put in place further measures to strengthen our data security and information governance framework, including to:
- ensure timely and secure data sharing with Parliament during and after the 2019 General Election;
  - strengthen pre-contract supplier due diligence for data processing arrangements;
  - recruit additional support for the Data Protection Officer; and

- support the move to secure home working by providing guidance and advice to our staff.
19. **Investing in staff:** We took forward measures to invest in our team, including developing our learning and development strategy. Following a skills audit we ran further training courses and development sessions including excel training and report writing. We also ran a team building session for all IPSA employees in September focusing on communications. We ran our employee engagement survey again this year and all staff were invited to participate in the survey, to hear the results and input to an action plan. We participated in Mind's third annual Workplace Wellbeing Index, a benchmark of best policy and practice in promoting and supporting positive mental health, and IPSA has since been awarded a 'Bronze', meaning that we are achieving change within the workplace.
20. At the end of the financial year, with the support of the Speaker's Committee on IPSA, we established an organisation-wide improvement programme to focus on the key priorities for 2020-21, including to:
- **Improve customer service** within our current model, with the necessary level of resources, providing particular help for MPs and their staff following the General Election.
  - **Help MPs to recruit and retain talented staff** by implementing the findings of the independent review of job descriptions and staff salaries, and of the Gemma White report on bullying and harassment of MP parliamentary staff, and by increasing funding for staff training.
  - **Fund improved security measures** to keep MPs, their families and their staff safe, working closely with other parliamentary authorities and the police.
21. In March 2020 IPSA made available a range of support for MPs and their staff to help them respond to the pressures of extra casework and the move to remote working caused by the coronavirus pandemic. IPSA increased the office costs budget for each MP by £10,000 to cover the exceptional costs of moving, at short notice, to remote working. Amounts remaining from this additional funding were added into the 2020-21 budget with the extra budget available until March 2021.
- Improve our help to MPs so that they can **secure appropriate quality office accommodation**.
  - Begin immediate work to **make IPSA's core processes customer-focused, leaner and more effective**, including investing in our people to ensure our staff are equipped to provide consistently high-quality, professional support.
  - **Improve the user experience of IPSA Online** based on continuous feedback from MPs and their staff.
  - Begin to identify ways to **make the regulatory rules more user-friendly, but not weaker**, so we can develop a data-driven, risk-based model for future validation and compliance.
  - Work with our stakeholders to **define what excellence at IPSA looks like in the future**, how we will get there and how we will know when we have achieved it.
  - **Implement the findings of internal governance and assurance reviews** carried out in 2019.

22. IPSA extended the year-end deadlines for MPs from April 2020 until the end of June 2020. IPSA also extended the normal deadline for submission of claims to 120 days after the cost was incurred. A streamlined contingency arrangement was introduced for costs related to coronavirus.

#### **D. Key issues and risks facing IPSA**

23. The launch of IPSA Online was the culmination of a three-year improvement programme. The core system works well. However its implementation caused some damage to IPSA's reputation, as MPs were required to adapt their approach to budgeting, submitting claims and managing their financial affairs, while IPSA faced difficulty in responding quickly and effectively enough to the increased demand, including through the election period. We are addressing these concerns through a whole-organisation improvement programme, to improve user satisfaction while continuing our regulatory and assurance work. These are our priorities for 2020-21 and beyond.
24. A summary of the organisational risks identified as at 31 March 2020 and the actions taken is at paragraph 93.

#### **E. Going concern basis**

25. The Statement of Financial Position in our accounts shows net liabilities. However, in common with other independent bodies funded by Her Majesty's Treasury, the future financing of our liabilities will be met by Grants of Supply and the application of future income approved annually by Parliament. Our Supply Estimate for 2020-21 has been agreed by the SCIPSA and there is no reason to believe that future approvals will not be forthcoming. Our financing arrangements and ability to meet our

liabilities have proved to be resilient during the Covid-19 pandemic.

26. Accordingly, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

#### **F. Performance analysis**

27. In order to monitor IPSA's performance, we have put in place key performance indicators to give an overall assessment of our core functions – regulating MPs' business costs, resourcing and supporting MPs and providing assurance to the public – and we use data to monitor the activities of each business area.
28. In 2019-20, our performance remained strong across many areas, notwithstanding the challenging period after we implemented IPSA Online. We reimbursed MPs' claims for business costs within an average of five working days, against a target of eight days. Our payroll payments were 99.83 per cent accurate, and we published MPs' business costs with 99.99 per cent accuracy. And we found very high compliance by MPs, with only 0.03 per cent of claims assessed as being outside the Scheme.



29. During the reporting period five of our seven key performance indicators were fully met or exceeded. We did not achieve our target indicators in MPs' satisfaction

and IPSA staff engagement. The table below sets out our performance against each indicator.

Key Performance Indicator	Measure in 2019-20	Measure in 2018-19	Outcome
<b>Effective Regulation of MPs' Business Costs</b>			
<b>Fewer than 1 per cent of MPs' claims are outside the Scheme.</b>	0.03 per cent of claims outside the Scheme.	0.2 per cent of claims outside the Scheme.	Achieved
<b>Providing Support to MPs</b>			
<b>Claims are reimbursed in fewer than 12 days on average.</b>	Reimbursement in 5.00 days on average.	Reimbursement in 5.85 days on average.	Achieved
<b>Payroll accuracy is over 99.75 per cent each month.</b>	Accuracy at 99.83 per cent.	Accuracy at 99.91 per cent.	Achieved
<b>MPs and their staff show increased satisfaction with IPSA's support.</b>	In the 2019 survey of MPs and MPs' staff, only 25 percent of respondents were 'positive about their experience with IPSA'; this includes 10 percent of MP respondents and 29 per cent of staff respondents.	In the 2018 survey of MPs and MPs' staff, 68 percent of respondents were 'completely satisfied'; this includes 33 percent of MP respondents and 72 per cent of staff respondents.	Not Achieved
<b>Assuring the Public that MPs' Business Costs are Well Regulated</b>			
<b>Our publication of MPs' claims are over 99.75 per cent accurate.</b>	99.99 per cent accuracy achieved.	100 per cent accuracy achieved.	Achieved
<b>IPSA staff show increased engagement.</b>	In the staff survey for 2019, 51 percent of IPSA staff reported feeling engaged.	In the staff survey for 2018, 65 percent of IPSA staff reported feeling engaged.	Not Achieved
<b>IPSA demonstrates effective budget management.</b>	Estimate vs Outturn Totals underspent but some individual budgets were overspent.	Year End control totals underspent, but some individual budgets were overspent.	Achieved

- 1 In previous years this section included a KPI measuring if over 90 per cent of correspondence resolved within 5 working days. We are unable to collect this data for 2019-20. From next year this KPI will be updated.
- 2 This indicator is based on a sample of data collected in January 2020 and records the amount of time it takes IPSA to validate and pay claims and for the money to be received in the payee's account.
- 3 In previous years this section included a KPI measuring if fewer than 1 per cent of processed claims have errors identified on review. We are unable to collect this data for 2019-20. From next year this KPI will be updated.

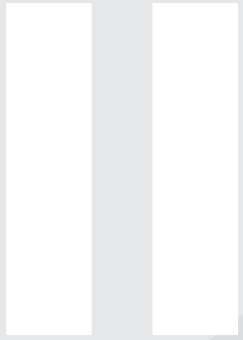
30. We have put in place stretching performance targets for 2020-21. Our staff survey action plan sets out a range of measures to improve staff engagement. We will undertake a review of our performance indicators in 2020-21 to enable us to consider any organisational implications of the changed ways of working and how these might impact on the best indicators to use.
31. During the year IPSA underspent against budget in both Subhead A (MP staff and business costs) and Subhead B (IPSA's operational costs). A more detailed breakdown of spend against budget can be found on page 43 of the Parliamentary Accountability and Audit Report. Subhead A had expenditure of £192.9 million against a budget of £219.3 million; the majority of this underspend was against MPs' staffing cost and MPs' business costs. Subhead B had a £7.8 million spend against a budget of £9.5 million. The main factors contributing to this were underspends on depreciation in relation to the new system, staffing and premises costs.

Signed

Date: 18th January 2021

**Ian Todd**  
Accounting Officer





# Part II: Accountability Report

# 1. Corporate Governance Report

## Directors' report

### A. IPSA's Board

32. IPSA's Board is responsible for deciding the policies that form 'the Scheme' and setting the remuneration of MPs. The Board is also responsible for setting IPSA's strategic direction. The Board meets about every six weeks on average. Attendance records for individual Board members are included in the Governance Statement, and minutes of Board meetings are published on IPSA's website: <http://www.theipsa.org.uk/about-us/board-and-chief-executive/minutes-of-board-meetings/>.

33. In line with requirements of the Parliamentary Standards Act 2009, the Chair and Members of IPSA during 2019-20 were as follows.

**Ruth Evans**, Chair (until 10 October 2019)

**Richard Lloyd**, Board member (Interim Chair from 11 October 2019)

**Sir Robert Owen**, former holder of high judicial office

**Rt. Hon Jennifer Willott**, former Member of Parliament

**Will Lifford**, statutory auditor

### B. Company Directorships and Other Significant Interests Held by Board Members

34. No significant interests are held by IPSA's Board Members. Details of all interests held can be found on our website, at the following address: <http://www.theipsa.org.uk/about-us/board-and-chief-executive>

### C. IPSA's Senior Management

35. IPSA's Senior Leadership Team is led by the Chief Executive who is responsible for delivery in line with the policy direction set by the Board. The Directors of IPSA during 2019-20 were as follows:

**Marcial Boo**, Chief Executive

**Alastair Bridges**, Director of Finance and Corporate Services

**Victoria Fox**, Director of Regulation and Insight

**Georgia Wilson**, Director of Improvement and MP Support

Changes in senior management in 2020/21 are described in paragraph 105 below.

### D. Staffing

36. During 2019-20, IPSA employed an average of 83 full-time equivalent staff, including permanent and fixed-term staff. This figure also includes agency staff. In addition we have up to five Board Members, and fund the costs of one Compliance Officer and her deputy as well as four Lay Members of the Speaker's Committee for IPSA (SCIPSA). As at 31 March 2020, 45 per cent of staff were male and 55 per cent of staff female. We monitor ethnic minority background of our starters and leavers by reference to each of 'the protected characteristics' set out in the Equality Act 2010 to improve representation and take action as necessary.

37. All IPSA employees are offered access to an Employee Assistance Programme which provides access to a range of

resources including counselling and a phonenumber available 24/7.

38. IPSA has an equality and diversity policy, which covers IPSA's commitment to encouraging equality and diversity, as well as eliminating discrimination.
39. We adhere to the principle that all government departments are required to obtain assurances from individuals on contracts of more than six months' duration, where the annual cost is greater than £58,200 (equivalent to £220 per day), that tax due on contract payments will be paid. As at 31 March 2020 all such contractors engaged by us met these conditions.

## **E. Health and Safety**

40. We are committed to providing a safe and healthy working environment. We have an up-to-date health and safety policy, and a health and safety training module for new staff. We continue to maintain a health-screening-at-work programme. This includes regular work station assessments and access to a confidential health service providing advice and counselling.
41. On 17 March 2020, IPSA moved to remote working as a result of the coronavirus pandemic. Since that time the IPSA office has been closed with staff working from home. Staff have been provided with equipment including desks and chairs to help them work in a safe environment. The IPSA office has also been reconfigured for the eventual return of some staff with social distance measures in place.

## **F. Pensions**

42. Our employees are covered by the provisions of the Civil Service pension arrangements. Information on pension

entitlements is provided in the *Remuneration Report*. For details of IPSA's accounting treatment for pension liabilities please refer to page 55 of the Accounts.

## **G. Personal Data Related Incidents**

43. During 2019-20, 17 minor data incidents were recorded. None was serious enough to be reported to the Information Commissioner's Office (ICO). We continue to provide training and support for IPSA staff on data security and governance to minimise future incidents.

## **H. Complaints and Customer Service**

44. We aim to acknowledge complaints within two working days and provide a final response within 10 working days. During 2019-20 we handled 54 formal complaints from MPs covering a variety of issues, up from 28 in 2018-19. 44 of these related to the launch of the new expenses system. The other 10 complaints related to the wider organisation, including on publication, IPSA's deadlines and processes and monies due for repayment to IPSA. Of the overall complaints, 25 were resolved within 10 working days. 38 complaints were upheld.

## **I. The Compliance Officer for IPSA**

45. The Constitutional Reform and Governance Act 2010 created provision for a statutory office-holder, the Compliance Officer, whose principal functions are to investigate claims that an MP may have been paid an expense to which he or she was not entitled and, upon request, to review a determination by IPSA to refuse an MP's business costs claim. The Compliance Officer reports to IPSA's Board but acts wholly independently of IPSA's executive.

46. Tracy Hawkings began her term as IPSA's Compliance Officer on 30 May 2018. Her separate report is at Part V.
47. During the reporting period, 33 complaints were handled. Four of these fell outside the remit of the Compliance Officer. The majority of complaints (26) were made by members of the public. Two complaints were made by political party associations and one complaint was made by an MP's staff member.
48. During 2019-20, Five MPs requested reviews of claims that had been refused by IPSA. In two cases the review was conducted and part of it upheld in favour of the MP, with IPSA then reversing its decision on three other similar cases. In two cases, the review found in favour of IPSA.

## **J. Basis of Accounts**

49. The accounts for the year ended 31 March 2020 have been prepared under a direction issued by HM Treasury in accordance with the Parliamentary Standards Act 2009.

## **K. Risk Management**

50. We continually assess our exposure to risks and seek to ensure that risks are appropriately mitigated. As part of our formal risk management process, we maintain two risk registers. The Top Risks Register includes those risks that impact at an organisational or strategic level. In addition, all of our business areas contribute to a separate, but linked, register with more detailed business risks and planned mitigation actions.
51. The risk registers are reviewed regularly by IPSA's Executive and the Senior Management Team. Our Audit and Risk Assurance Committee, attended by all

Board members, also formally reviews risks and the associated mitigation actions at its regular meetings. More information on our management of risk is set out in paragraph 93.

52. In December 2019, IPSA's Audit and Risk Assurance Committee considered an audit report on IPSA's sources of assurance. This led to a review of the risk management process and the design of a new risk management template which was implemented in the first part of 2020-21.

## **L. Policy for Payment of Suppliers**

53. We adhere to the Late Payment of Commercial Debts (Interest) Act 1998 and meet the normal terms of payment of invoices of 30 days from receipt, except where different terms have been agreed with suppliers. Although independent, we are treated as a small department and so the government's five-day target for small and medium enterprises (SMEs) to receive payment is not mandated. However, we aim to pay valid invoices from SMEs within 10 days.
54. Payment of trade and other payables is reported on a creditor-days basis. This is calculated as a proportion of the amount owed to trade creditors at the year-end compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days in the same proportion to the total number of days in the financial year. We paid suppliers within an average of 18.40 creditor days in 2019-20. This includes SMEs as well as larger enterprises. No interest was payable under the Late Payment of Commercial Debts (Interest) Act 1998 (2018-19: £0).

## **M. Future priorities: plans for 2020-21**

55. In 2020-21 IPSA will continue with our present regulatory approach to resourcing MPs and ensuring high compliance with the rules, while we put in place foundations for the future. We will conduct thorough validation checks, publish all MPs' claims for business costs, further strengthen financial controls, and produce our annual assurance report for the public on MPs' spending.
56. We will improve our support to MPs with stable rules and a modern IT system. We protect MPs' data and provide funds to keep MPs safe and to support those with caring responsibilities or disabilities.
57. Our focus will be to achieve higher levels of user satisfaction. In 2020-21 we will improve IPSA by refining business processes, producing better and more accessible training and guidance and improving IPSA's own professionalism and effectiveness. Our goal is for MPs to have high-quality, responsive support, within a simple, strong and user-friendly regulatory framework.
58. The consequences of the 2019 General Election also require further work in 2020-21: inducting new MPs and their staff in managing public money; helping former MPs to wind up their financial affairs; conducting an assurance review of MPs' expenditure during the election period; and reviewing MPs' pay as required by statute every new Parliament.
59. We will continue to invest in our people, focusing on attracting and retaining talented individuals and further developing our skills, expertise and professionalism. We will also build engagement including through our

well-being strategy, further invest in our culture and continue to build a diverse and inclusive organisation.

## **N. Financial Performance**

60. Following scrutiny by the Speaker's Committee for the IPSA in the previous financial year, parliamentary approval for IPSA's 2019-20 budget was agreed. This consisted of two subheads, as outlined below.

### **Subhead A: Programme funding for MPs' business and staffing costs comprising:**

- capped budgets (accommodation, staffing and office costs);
  - uncapped budgets (travel, subsistence and security); and
  - Income from the Creative Society.
61. A detailed breakdown of our financial performance is shown in Note 3 to the accounts. The main factors behind the Subhead A variance against Estimate were due to MPs not claiming for the full range of allowable Parliamentary expenditure within their annual budgets, with underspends on security costs and the lower than budgeted spend on MPs' staff costs for the year as a whole and the lower than budgeted turnover of MPs at the 2019 Election.

### **Subhead B: IPSA's operational costs comprising:**

- staff and non-staff costs set out in detail in Note 4 to the accounts;
  - the cost of the Compliance Officer; and
  - Income relating to the sub-letting of IPSA's accommodation.
62. Total resource expenditure against Subhead B showed a variance against Estimate with small underspends

recorded in a variety of areas including staff salary costs, IT, HR and accommodation.

## **0. Events after the reporting period**

63. Richard Lloyd was elected by Board members to act as interim chair from 11 October 2019, following the resignation of Ruth Evans. Recruitment for a new chair by the Speaker's Committee for IPSA (SCIPSA) started at the end of 2019-20, but was put on hold in July 2020 due to the coronavirus pandemic. Recruitment is expected to recommence in the first half of 2021.

In 2020/21 there was significant turnover in senior staff, with Marcial Boo being replaced in October as Chief Executive by Ian Todd; Karen Walker starting in August as Director of Strategy and Improvement and Lee Bridges replacing Vicky Fox in October as Director of Regulation and Insight.

64. Due to a large increase in constituency office workloads, as a result of the pandemic, IPSA allowed MPs to request an increase to their staffing budget for 2020-21 up to a maximum amount of £18,270 for London Area MPs and £16,480 for non-London Area MPs. MPs can choose how best to meet the increased demand, whether by hiring a new fixed-term caseworker or other member of staff, by increasing the contracted hours of existing staff members, or by allowing existing staff to carry out overtime. An MP can make multiple requests during this financial year, to respond to evolving needs, so long as the total amount requested does not exceed the maximum.
65. IPSA introduced an allowance of £26 per month for MPs' staff members who are working from home, to cover additional costs such as utilities and

telephone costs. This is an alternative to making individual claims for the costs. The homeworking allowance will be administered on an 'opt-out' basis, meaning that all staff members will receive the allowance by default. This follows the normal HMRC rules on homeworking.

## 2. The Statement of Accounting Officer's responsibilities

66. Under the *Parliamentary Standards Act 2009*, HM Treasury directed IPSA to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction at Part IV. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of IPSA and of its net resource outturn, changes in taxpayers' equity and cash flows for the financial year.
67. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government *Financial Reporting Manual* (FReM) and in particular to:
- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards as set out in the FReM have been followed and disclose and explain any material departures in the accounts; and
  - Prepare the accounts on a going-concern basis.
68. In accordance with the *Parliamentary Standards Act 2009*, as the Chief Executive I am also the appointed the Accounting Officer of IPSA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for keeping proper records and for safeguarding IPSA's assets, are set out in *Managing Public Money*, published by HM Treasury and with which IPSA broadly complies.
69. As far as I, the Accounting Officer, know, there is no relevant audit information of which IPSA's auditors are unaware. As Accounting Officer, I have taken all the necessary steps to make myself aware of any relevant audit information and to establish that IPSA's auditors are informed accordingly. As I was appointed after the 2019-20 financial year, I relied on the handover process for assurances.
70. I take personal responsibility for the annual report and accounts and the judgements required for determining that as a whole they are fair, balanced and understandable. I confirm that they meet these requirements.



## 3. Governance Statement

### A. Introduction

71. The Parliamentary Standards Act 2009 (the PSA) provides that IPSA is a body corporate, independent of Government and Parliament and that the Chief Executive is its Accounting Officer.
72. I was appointed as the interim Chief Executive and Accounting Officer by IPSA's Board effective from 19 October 2020. Marcial Boo was Accounting Officer during 2019-20 and until he resigned on 11 September 2020. Alastair Bridges, Director of Finance and Corporate Services acted as Accounting Officer from 11 September to 19 October.
73. The Accounting Officer is required to maintain a sound system to manage and control the resources used to support the achievement of IPSA's policies, aims and objectives and to safeguard public funds and assets in accordance with the responsibilities assigned to me under the PSA and by IPSA's Board. In doing so, the Accounting Officer broadly follows the standards set out in *Managing Public Money* and relies on a governance structure in line with HM Treasury and Cabinet Office guidelines. I am satisfied that the handover process from my predecessor I received sufficient confirmation that sound financial control during 2020-21 was maintained: the Chair of the Audit and Risk and Assurance Committee, acting with the authority of the Board, received assurance from the Director of Finance and Corporate Services that the interim arrangements described in paragraph 72 above ensured that a sound system of financial control and appropriate delegated authority continued to be in

place, for the period of these statements and up to the point of my signature of these accounts. The Director of Finance and Corporate Services, in his capacity as temporary accounting officer from the 11 September to 19 October, highlighted those adverse incidents or control weaknesses which occurred during the accounting period covered by these accounts which he felt needed specific disclosure and I have confirmed this with the Head of Internal Audit to provide me with sufficient assurance to underpin this statement.

### B. Governance

74. The PSA provides that IPSA's funding is subject to scrutiny by the Speaker's Committee for the IPSA (SCIPSA), whose role includes ensuring that the Estimate is consistent with the efficient and cost-effective discharge by IPSA of its functions. Chaired by the Speaker of the House, SCIPSA comprises seven MP Members and three Lay Members.
75. The PSA appointed the Comptroller and Auditor General, Head of the National Audit Office, as the external auditor for IPSA.
76. Internal audit services are provided under a co-sourced arrangement. IPSA's Head of Internal Audit is supported by the services of an audit services firm, RSM, in the delivery of the agreed programme of Internal Audit reviews. The co-sourced arrangement enables the Internal Audit plan to be more closely aligned to IPSA's objectives and allows for a comprehensive framework of assurance. The Internal Audit service



reports to the Audit and Risk Assurance Committee (ARAC).

### **IPSA's Board: scope of responsibility**

77. As set out above, IPSA's Board comprises the members of IPSA as appointed under the Parliamentary Standards Act. As Chief Executive, I am responsible for carrying out the administration functions on behalf of the Board in accordance with its general directions.
78. The Board has overall responsibility for the preparation and revision of IPSA policy, including notably the Scheme, and setting MPs' pay and pensions.

### **The Board: Membership Changes**

79. In October 2019, Ruth Evans resigned as IPSA's Chair to pursue other non-executive roles. Richard Lloyd acted as Interim Chair for the remainder of the year. Recruitment for a permanent Chair will be conducted in 2020-21 and will be led by Parliament through the SCIPSA. Recruitment for a permanent Chair, and two other members of the Board (former MP and former judge) to replace those whose terms soon expire, will be concluded in the first half of 2021.

### **Board activity**

80. IPSA's Board has set out the strategic vision for IPSA and has approved the priorities and key performance indicators as detailed within the Corporate Plan. The Board monitors and reviews the performance of the organisation monthly, on the basis of the management information briefings and commentaries which the Executive provides. The Board receives two regular management information papers from IPSA's Executive. These are the Chief Executive's Report which includes

a monthly analysis of activities and performance including an outline of what is planned for the forthcoming month, and a monthly finance paper comprising the management accounts and a review of financial activity. The Board scrutinises the information it is provided and asks questions based on it, not only about the activities to which the information relates but also regarding the reliability of the data itself. On this basis the Board is satisfied that the quality of the data available to it is acceptable.

81. The main focus of the Board in 2019-20 was on effectively responding to MPs' demands following the implementation of IPSA online, and with preparations for and managing the consequences of the December 2019 General Election. The Board also reviewed the levels for MPs' staffing, accommodation and office costs budgets.
82. Towards the end of the year, the Board also oversaw the production of an organisation wide improvement programme in order to address the poor results of the annual survey of MPs and improve their experience of IPSA's systems and processes. In the last weeks of the year, in line with government guidance, IPSA moved wholly to remote working. The Board also spent significant time on Board governance and, following the resignation of the previous Chair and the election of an Interim Chair, pending a permanent appointment, the Board and Executive conducted a thorough review of Board governance. The 2018/19 governance report noted that this review would make recommendations to establish more clearly the basis on which future payments can be made to Board Members, including Board members' remuneration for activities that are not part of their core responsibilities. This review was concluded in April 2020, and

discussed with the Speaker's Committee for the IPSA.

83. The review produced nine recommendations, including updating the Board's standing orders, code of conduct and terms and conditions of appointment; an annual review of Board effectiveness; use of external experts to broaden the skills and experience brought to bear in decision making; and improving assurance arrangements. All nine recommendations have been accepted by the Board and are being implemented; a number are already complete, including revisions to the Board's standing orders and scheme of delegations, and progress is being made on the others, including strengthening assurance through the Audit and Risk Assurance Committee reviewing a new risk register that incorporates sources of assurance. The revised standing orders specify that Board members' remuneration is based upon the activities outlined in their job descriptions and that claims for remuneration for any other activities should be approved in advance by the Chief Executive, as Accounting Officer, and/or the Remuneration Committee. The Board is confident that it and the new senior executive team are now effectively focused on the strategic and operational demands of the organisation.

#### **The Audit and Risk Assurance Committee: scope of responsibility**

84. The ARAC comprises all the members of the IPSA Board and is chaired by Will Lifford, the member who is qualified to be a statutory auditor. This ensures that the Committee has professional, qualified direction in matters relating to the consideration of IPSA's accounting, financial control, risk management and assurance arrangements.

85. The ARAC supports the work of the Board and my role as Accounting Officer in maintaining an effective system of control. The ARAC assesses the executive's management of risk and the assurance framework in place, and advises me of its adequacy.
86. The ARAC met five times during the reporting period. In 2019-20 a key focus of the Committee has been on reviewing IPSA's risk appetite, supporting improvements in risk management, ensuring lessons are identified and learned and that the recommendations of Internal audit are implemented. The Committee also reviews IPSA's top risks each quarter, conducts 'deep dives' into particular risks, reviews every report by Internal Audit and discusses the plans and outcomes of both internal and external audit.

#### **The Remuneration, Nominations, and Change Oversight Committees**

87. IPSA's Board is also supported by the Remuneration Committee and the Nominations Committee, which meet as required. The Remuneration Committee, chaired by the Rt. Hon. Jennifer Willott, met three times during 2019-20, and is responsible for agreeing IPSA's remuneration policy and for setting the remuneration of the Chief Executive, Compliance Officer and IPSA's Directors.
88. The Nominations Committee is responsible for the appointment of the Chief Executive and the Compliance Officer. The Nominations Committee did not meet during the reporting period.
89. In March 2020, the Board established a Change Oversight Committee. Its remit is to review, comment upon and have oversight of emergency and business continuity arrangements to

deal with the COVID-19 pandemic, an immediate programme of organisational improvement and change, and longer-term strategic planning. The committee meets monthly and reports to the main Board by a summary note of the meeting. Proposals for policy change or significant operational change will be referred to the Board and may be agreed by correspondence if necessary.

90. The table below shows the attendance of each member at Board, ARAC, Remuneration Committee, Nominations Committee, and Change Oversight Committee meetings. The figures in brackets are the number of meetings that the member was eligible to attend.

	Board	ARAC	Remuneration Committee	Nominations Committee	Change Oversight Committee
<b>Member</b>	<b>1 April 2019 – 31 March 2020</b>				
<b>Ruth Evans</b> Board Chair (to 10/10/19)	3(5)	1(5)	0(3)	0(0)	N/A
<b>Richard Lloyd</b> Board member Interim Chair (from 11/10/19)	8(10)	4(5)	3(3)	0(0)	1(1)
<b>Will Lifford</b> Audit and Risk Assurance Committee Chair	10(10)	5(5)	3(3)	0(0)	1(1)
<b>Sir Robert Owen</b>	9(10)	5(5)	3(3)	0(0)	N/A
<b>Rt. Hon Jennifer Willott</b> Remuneration Committee Chair	10(10)	5(5)	3(3)	0(0)	1(1)

91. Together with internal audit, external audit, and the Director of Finance and Corporate Services, I am invited to attend ARAC meetings. Other Directors and members of the Senior Management Team (SMT) are also regularly present. Additionally, I attend the Board and Remuneration Committee meetings, unless an issue involving me is to be discussed.

### Directors and Leadership Team

92. The CEO was supported by three directors and a Leadership Team which comprises the directors and IPSA's senior managers. In addition to ad hoc meetings, the CEO meets with the directors weekly to discuss emerging and current management issues. The Leadership Team meets monthly to discuss more formally IPSA's

strategy, policy, risk management and performance.

## C. Risk and Control

### Risk Management

93. IPSA uses risk management to inform its business decisions, enable a more effective use of resources, enhance strategic and business planning and strengthen contingency arrangements. In 2019-20 IPSA reviewed its risk management arrangements to enable a greater focus on strategic risks and to have a clearer link between mitigations and sources of assurance. The main risks to the achievement of IPSA's corporate objectives are set out in a strategic risk register which is subdivided into operational risks. The register also sets out IPSA's risk appetite and the

measures proposed to mitigate the risks. Each risk has a designated owner who is a Director and is accountable for implementing appropriate and proportionate control measures. The register is reviewed regularly by the Senior Management Team, Directors and as a standing item by the Audit and Risk Assurance Committee. The table below sets out the strategic risks as at 31 March and the actions taken to address them.

During 2019-20, IPSA identified three instances where overpayments were

made to suppliers. Efforts are ongoing to recover these overpayments; of which two of these amounting to £7,050 are paid leaving £239 to recover. In addition one case of fraud to the value of £5,044 was identified. In both cases controls have now been put in place to address the identified risks. In respect of security costs, IPSA has put in place strengthened contract monitoring arrangements with the House of Commons and takes assurance on financial control from the House.

*Main risks identified as at 31 March 2020 and action taken*

Risk area	Key actions and issues in year
<p><b>Reputation and Trust</b></p> <p>The risk that IPSA does not have a sufficiently robust reputation with its stakeholders, particularly MPs and their staff, the public and the Press to be able to carry out its role with the level of trust and effectiveness required.</p>	<p>IPSA's reputation with MPs and their staff was adversely impacted when the introduction of IPSA Online, followed by the General Election and then COVID-19 increased staff workloads, which led to lower levels of support for some users. In response IPSA's Board and Senior Management increased contact with stakeholders, introduced immediate measures to address issues with IPSA Online, increased staffing and agreed a Corporate Plan that included a number of initiatives to improve user support and experience.</p>
<p><b>External Environment</b></p> <p>The risk that IPSA is not well prepared to deal with risks or opportunities generated outside of it including:</p> <ul style="list-style-type: none"> <li>• changes in legislation;</li> <li>• Parliamentary requirements;</li> <li>• changes in HMRC requirement;</li> <li>• changes in demand; and</li> <li>• environmental threats such as COVID-19.</li> </ul>	<p>IPSA has Policy and Communications teams that keep up to date with risks and opportunities. It also has business continuity plans, that are rehearsed and practiced so that it can continue to operate if there is an incident that restricts its operation. It therefore had arrangements in place to maintain its business when staff needed to work from home during the COVID-19 pandemic. The scale and duration of the pandemic, however, meant that additional measures were taken.</p> <p>These are summarised at paragraphs 100-104 of this report.</p>

Risk area	Key actions and issues in year
<p><b>Quality of Regulation</b></p> <p>The risk that IPSA's regulatory regime is, or is seen as, not fit for purpose including:</p> <ul style="list-style-type: none"> <li>• that the regime is unnecessarily complicated and burdensome; and</li> <li>• the regime is out of date and does not meet current circumstances or best practice.</li> </ul>	<p>The regulatory regime enshrined in the 'Scheme' is regularly reviewed by IPSA management and the Board. There is formal public consultation on any significant changes. The main challenges in this period were the need for urgent enhancements to address COVID-19 related changes in working practices, the funding of security measures and challenges incorporated in IPSA's corporate plan to support MPs' accommodation needs and to recruit and retain staff with the necessary capability. Paragraph 100 sets out some of the aspects of IPSA's response to COVID-19. As regards security measures, IPSA remains committed to funding measures considered necessary by the police but is supporting the relevant authorities in seeking greater assurance about value for money and strengthening processes. IPSA will undertake additional monthly reviews, sampling a selection of work schedules to ensure that the work paid for has been completed in accordance with the original specification. The policy challenges in the Corporate Plan are being taken forward in a staged way in 2020-21.</p>
<p><b>Quality of Delivery</b></p> <p>The risk that IPSA's service levels in helping MPs meet regulatory requirements and making payments to them, their staff and suppliers fall below best practice levels including:</p> <ul style="list-style-type: none"> <li>• having systems and procedures that are easy to navigate and use</li> <li>• responding quickly and accurately to queries and requests for support</li> <li>• meeting best practice standards for making payments.</li> </ul>	<p>Workload pressures, the COVID-19 pandemic and IPSA Online issues increased the risk that IPSA's processes, culture and controls may not be sufficient to prevent poor quality decisions and advice, prevent mistakes and prevent poor or inconsistent service. As noted in this report, as a result of workload pressures IPSA's support to some MPs and their staff was reduced. Although key delivery levels were maintained, including the timely payment of MPs' and their staff's salaries and business costs, IPSA took action to increase staff capacity by bringing in temporary staff. It also implemented improvements to IPSA Online. In the medium and longer term it has an Improvement programme and an organisation design review that focus on improving user experience and the quality of delivery.</p>
<p><b>People</b></p> <p>The risk that IPSA does not have people with the right skills and does not use them well including:</p> <ul style="list-style-type: none"> <li>• structuring the organisation in a way that gets the best out of people;</li> <li>• matching people with the necessary skills and experience to workload; and</li> <li>• recruiting, leading, managing, retaining and motivating skilled people.</li> </ul>	<p>During the year the IPSA Board has completely reviewed its governance arrangements and made changes referenced in this report. In addition, IPSA has recognised the challenges presented by a higher than an expected workload and by COVID-19 by introducing a range of measures that are reflected in this report and at paragraphs 100-104. For the future, IPSA is undertaking an organisational design review to look fundamentally at how improvements can be made.</p>

Risk area	Key actions and issues in year
<b>Compliance with standards</b>	<p>IPSA has a range of procedures and processes in place to ensure compliance with financial and data management good practice. These are constantly under review as circumstances change, for example as work practices change and the cyber security threat evolves. Assurance about these areas is provided by Internal Audit each year and recommendations about improvements, for example on the management of debt, are implemented. IPSA, in accordance with the regulations, also actively engages with those impacted if data breaches occur. With the support of legal advisers, IPSA continues to respond to claims arising from a data breach in 2017.</p>

## Internal Audit

94. Six internal audits, including audits following up previous reports, were carried out in 2019-20. The programme of audits was based on the audit strategy for 2019-20. Areas covered included financial controls, the validation of payments made to MP, MP support, sources of assurance and lessons from the IPSA Online programme.
95. Overall, the Head of Internal Audit's opinion was that IPSA can have moderate assurance that its governance, risk management and controls framework is effective. IPSA should continue to make improvements where the introduction of IPSA Online has indicated the need for strengthened procedures, in particular in financial controls that operate across areas, such as on leases and property, security funding, the reconciliation of payment cards and the management and reporting of debt. It will also be important for IPSA to apply the lessons of the IPSA Online Programme to the Improvement programme that it has embarked on if it is to deliver the planned benefits of the programme on time and to budget.

## Data and Information Security

96. The Director of Finance and Corporate Services is the Senior Information

Risk Owner and advises me on the effectiveness with which IPSA manages the risks associated with the information that IPSA handles. Each senior manager involved in the running of key IPSA processes acts as an Information Asset Owner, responsible for managing the risks associated with his or her information assets. This accountability helps to ensure that appropriate data protection is maintained. Further information on the work carried out during the past year is at paragraph 18.

## D. Corporate Governance Code

97. The Corporate Governance Code ("the Code") issued by HM Treasury and the Cabinet Office is designed specifically for central government departments. It is essential that IPSA upholds the highest standards in its own operations, and I am satisfied that IPSA is compliant with the material requirements of the Code where they are relevant to its statutory position, in most cases complying with both the letter and the spirit of the Code's provisions. Where the requirements of the PSA differ from the Code, IPSA will always seek to comply with the Act, which reflects the wishes of Parliament. No such cases arose in 2019-20.

## E. Assessment of Effectiveness

98. By relying on the arrangements described above, I am able to assess the



effectiveness of the control environment in place to ensure that the resources for which I am responsible are subject to sound management and control.

99. We are committed to identifying weaknesses and addressing them and are committed to delivering improvements in our systems and the service support we provide to MPs.

## Significant Issues

### Covid-19 and IPSA's response

100. Following the outbreak of the COVID-19 pandemic in the United Kingdom IPSA implemented a number of measures in spring 2020 and beyond to provide support to MPs and their staff and to protect IPSA's own staff. In particular, IPSA immediately increased MPs' office costs budget to enable MPs to meet additional costs where they and their staff were working from home. IPSA also introduced administrative arrangements to support MPs' cash flow and to recognise that administration and providing supporting documentation might take longer than previously.
101. All IPSA's staff operated from home. IPSA already had business continuity plans in place and these had been tested, but the extent of the measures to address the pandemic, particularly the length of time that staff would have to work away from the office, was beyond the expected scenarios and additional support measures, such as IT and office equipment and advice and guidance were quickly put in place. Although IPSA was not initially able to keep open its advice phone lines, MPs and their staff were able to contact staff via email and subsequently IPSA instigated a call booking arrangement which has been well received by many, but not all, customers.

102. As a result of these measures, in spite of the challenges, IPSA was able to continue with its main business, including ensuring that MPs and their staff were paid on time.
103. In the second half of 2019-20 and into 2020-21 IPSA experienced significant workload and capacity issues. The introduction of the IPSA Online IT system represented an improvement in controls but generated a significant amount of work as IPSA staff became familiar with the system and responded to a large number of queries from MPs and their staff. Additionally the General Election in December 2019 meant that IPSA needed to support a number of new and returning MPs and their staff as well as those former MPs and staff who were not returning. The workload position was made even more complex by COVID-19 pandemic and required new working arrangements.
104. IPSA responded to the increased workload by recruiting temporary support and by prioritising essential work. It did mean, however, that the support to some MPs and their staff was not at the level IPSA would have wished. IPSA has initiated an improvement programme to improve the support it gives to users.

### Board, Senior Management and Staff vacancies.

105. At different points in the second half of 2019-20 and then into 2020-21 IPSA has operated with a reduced governance and management capacity. Ruth Evans, who resigned in October 2019 has not yet been replaced as a Board member although Richard Lloyd has stepped up to act as Interim Chair. After the end of 2019-20 both the CEO and the Director of Regulation and Insight left.

A new CEO, a Director of Strategy and Change and a Director of Regulation and Insight have been recruited so the risk that IPSA's senior team has reduced corporate history and continuity has been mitigated to some extent. IPSA has also experienced a significant turnover of junior staff. IPSA has responded to these challenges in a number of ways. The remaining Board members, particularly the Interim Chair and the Chair of the Audit and Risk Assurance Committee, have provided extra support to IPSA. Junior posts have also been filled. For the longer term, IPSA has carried out an organisation design review to ensure that it has the right staff and organisation to meet the challenges of the future.

106. I am satisfied that IPSA's response to the issues highlighted is appropriate and proportionate with directors and senior managers held to account for the progress of agreed action.

107. As noted at paragraphs 72 and 73 I was appointed as Accounting Officer on 19 October 2020. As part of the handover process I received a written note from my predecessor and I have had a number of briefings from the Director of Finance and Corporate Services who has been in post for the period covered by this report and was the Interim Accounting Officer before October 2020.

108. My assessment of the internal controls in place has also been informed by the independent work completed by internal audit and the opinion provided by the Head of Internal Audit, comments made by the Comptroller and Auditor General, Head of the National Audit Office, as our external auditor in their management letter and other reports, and IPSA's management assurance processes under the internal control framework, including

regular reports from the Head of Internal Audit. In addition, my predecessor received an assurance statement from each director confirming the adequacy of the controls within their areas of responsibility. No control issues have been raised in the directors' statements.

109. Overall, taking this into account, I am confident that IPSA has satisfactory governance, controls and risk management systems in place but there remains room for improvement.



## 4. Remuneration and staff report

### A. Remuneration policy

110. The following information provides details of the remuneration and pension interests of IPSA's Board Members, IPSA's Directors and the Lay Members of SCIPSA. The information in the sections B, C and D has been audited.
111. IPSA's policy is to remunerate staff at a level which allows the organisation to recruit, retain and motivate high-performing individuals with the appropriate skills and experience, taking account of the needs of the organisation as a whole and of individual roles; relevant benchmarks and market conditions; performance (in the case of senior staff); and considerations of transparency, fairness, public acceptability, value for money and affordability. In accordance with this policy IPSA aims to pay staff within 5% of a benchmarked median rate of pay.

#### Chief Executive

112. Marcial Boo was appointed as the permanent Chief Executive from 3 June 2014. He was in post throughout the reporting period. He left IPSA beyond the reporting period and was replaced by Ian Todd as interim Chief Executive, pending a permanent appointment by the incoming IPSA Chair.
113. The IPSA Board and Remuneration Committee determine the Chief Executive's salary.

#### Chair and Board Members

114. The Speaker determines the daily rate for the members of IPSA Board which was set in 2009 at £700 for the Chair

and £400 for ordinary members. The daily rates have remained unchanged since 2009.

115. The remuneration for the Chair and Board Members is non-pensionable. Board members are reimbursed on presentation of timesheets setting out hours spent on IPSA business.
116. The anticipated time commitment from IPSA Chair is up to ten days per month and from the ordinary Board members two to three days per month, but greater commitment may be needed at certain times.

#### IPSA Staff

117. The Parliamentary Standards Act 2009 (PSA) provides that the remuneration and other terms and conditions of the Chief Executive and his or her staff should broadly be kept in line with those in the Civil Service.
118. IPSA's staff are directly employed by IPSA on either permanent or fixed-term contracts. IPSA awarded a 1.5% pay increase to employees in 2019-20.
119. The remuneration of all Executive Directors is determined by the Remuneration Committee of the Board, chaired by the Rt Hon Jennifer Willott.

#### Lay Members of SCIPSA

120. In addition to being responsible for paying its executive and non-executive members, IPSA is also responsible for paying the Lay Members of SCIPSA. The Lay Members appointed under the PSA are not employees of IPSA. The Lay Members are paid at a rate of £300 per day.

## B. Remuneration (including salary) and pension entitlements

121. The following tables provide details of the remuneration and pension interests of IPSA's Chair, Board Members and Directors, and of the Lay Members of SCIPSA.

### Disclosure of IPSA Chair and Board Members' Remuneration

Name	Appointed	End Date	Remuneration 2019-20 [1] £'000	Remuneration 2018-19 [1] £'000	Benefits in kind in 2019-20 [2],[3] £	Benefits in kind in 2018-19 [2],[3] £
Ruth Evans <b>Chair</b>	02/06/16	10/10/19	15-20	55-60	Nil	100
William Lifford <b>Board Member</b>	11/01/18	10/01/23	10-15	5-10	2,400	4,400
Richard Lloyd <b>Board Member</b>	01/12/18	30/11/23	40-45	Nil	Nil	Nil
Sir Robert Owen <b>Board Member</b>	01/01/16	31/12/20	5-10	5-10	800	3,200
Jackie Smith <b>Board Member</b>	19/02/18	24/05/18	Nil	0-5	Nil	Nil
Rt Hon Jennifer Willott <b>Board Member</b>	07/08/16	31/12/20	5-10	5-10	Nil	Nil

#### Notes:

[1] The Board remuneration figures for 2018-19 and 2019-20 include costs that were disclosed in the 2018-19 remuneration report and governance statement, relating to a governance issue. These costs amount to 2019-20 £4,933 (2018-19 £25,427).

[2] The benefits in kind are costs reimbursed for the costs (travel and accommodation) incurred by the members in attending meetings at IPSA. The figures have been grossed up to include the tax element covered by IPSA as part of a PAYE Settlement Agreement it has in place with HMRC.

[3] Both 2019-20 and 2018-19 figures have been rounded to the nearest £100.

## Disclosure of IPSA CEO and Directors' Remuneration for 2019-20

Name	Appointed	End Date (when not ongoing)	Salary 2019-20 £'000	Bonuses paid 2019-20 £'000	Benefits in kind 2019-20 £'000	Pension Benefits 2019-20 [1],[2] £'000	Total 2019-20 £'000
<b>Marcial Boo CEO</b>	03/06/14	12/09/20	130-135	Nil	Nil	51	180-185
<b>Alastair Bridges Director of Corporate Services</b>	01/08/16	N/A	105-110	Nil	Nil	41	150-155
<b>Victoria Fox Director of Regulation &amp; Insight</b>	18/07/16	18/09/20	100-105 (110-115 full time equivalent)	Nil	Nil	84	185-190
<b>Georgia Wilson Director of Improvement &amp; MP Support</b>	03/01/19	N/A	100-105	Nil	Nil	150	250-255

## Disclosure of IPSA CEO and Directors' Remuneration for 2018-19

Name	Appointed	End Date (when not ongoing)	Salary 2018-19 £'000	Bonuses paid 2018-19 £'000	Benefits in kind 2018-19 £'000	Pension Benefits 2018-19 [1],[2] £'000	Total 2018-19 £'000
<b>Marcial Boo CEO</b>	03/06/14	N/A	125-130	Nil	Nil	51	180-185
<b>Alastair Bridges Director of Corporate Services</b>	01/08/16	N/A	105-110	Nil	Nil	37	140-145
<b>Victoria Fox Director of Regulation &amp; Insight</b>	18/07/16	N/A	95-110 (105-110 full time equivalent)	Nil	Nil	52	145-150
<b>John Sills Director of Regulation</b>	01/02/10	14/09/18	50-55 (105-110 full time equivalent)	Nil	Nil	34	80-85
<b>Georgia Wilson Director of Improvement &amp; MP Support</b>	03/01/19	N/A	20-25 (100-105 full time equivalent)	Nil	Nil	43	60-65

**Notes:**

[1] The Pension Benefits are actuarial figures provided by MyCSP the Civil Service Pension provider and represent notional benefits earned in the last year. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. Pensions benefits movements are affected by duration of membership and earnings during this time and contain an actuarial calculation.

[2] The 2018-19 pension contributions for Georgia Wilson include those made to MyCSP from her previous employment.

## Salary

122. 'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by IPSA and thus recorded in these accounts.

## Benefits in kind

123. The monetary value of benefits in kind covers any benefits provided by IPSA and treated by HM Revenue and Customs as a taxable emolument.

124. During the period to 31 March 2020, benefits in kind totalling £3,200 (2018-19: £7,700) were given to the Chair, Board Members, SCIPSA Lay Members, CEO or Directors.

## Bonuses

125. There is no bonus system in operation at IPSA. IPSA runs an individual and team reward and recognition scheme which gives recognition to those who support IPSA's values, enhance its image, or deliver extra-ordinary service to its users or outstanding pieces of work with individual awards totalling no more than £250.

## Senior staff members

126. The full time equivalent bandings of the senior staff members of IPSA are as follows:

Remuneration banding	Number of individuals in banding	
	2019-20	2018-19
£95,000 – £100,000	0	0
£100,000 – £105,000	1	1
£105,000 – £110,000	2	3
£110,000 – £115,000	0	0
£115,000 – £120,000	0	0
£120,000 – £125,000	0	0
£125,000 – £130,000	0	1
£130,000 – £135,000	1	0
<b>Total</b>	<b>4</b>	<b>5</b>

## Disclosure of SCIPSA Lay Members' Remuneration

Name	Appointed	End Date	Total Remuneration in 2019-20 £'000	Total Remuneration in 2018-19 £'000
Ken Batty <b>Lay Member</b>	28/01/15	27/01/19	Nil	0-5
Bronwen Curtis <b>Lay Member</b>	26/01/16	25/01/20	0-5	0-5
Shrinivas Honap <b>Lay Member</b>	27/01/17	26/01/22	0-5	0-5
Cindy Butts <b>Lay Member</b>	01/03/19	28/02/24	0-5	Nil
Peter Blausten <b>Lay Member</b>	27/01/17	26/01/25	Nil	Nil

## C. Fair Pay Disclosures

127. Reporting bodies are required by the Government Financial Reporting Manual (FReM) to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

128. The banded remuneration of the highest paid director in IPSA in the financial year 2019-20 was £130,000-£135,000 (2018-19: £125,000 - £130,000). This was calculated as the highest full-time equivalent annual salary. As at 31 March 2020, this was 4.20 times (31 March 2019: 4.07) the median full-time equivalent remuneration of the workforce, which was £31,359 (2018-19: £31,359). The median full-time equivalent remuneration ratio calculation excludes agency employees.

129. In 2019-20, no (2018-19: 0) employee received remuneration in excess of the

highest paid director. Full time equivalent remuneration ranged from £20,000 to £135,000 (2018-19: £20,000 to £130,000).

130. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	As at 31 March 2020	As at 31 March 2019
Remuneration Ratio		
Band of Highest Paid Director's Remuneration (£'000)	130-135	125-130
Median Remuneration (£'000)	31.4	31.4
Ratio	4.20	4.07

## D. Pension Information for Directors

131. The figures given below have been supplied by My Civil Service Pension (MyCSP), the pension administrator for IPSA staff.

Name	Accrued pension at pension age as at 31 March 2020 (and related lump sum) £'000	Real increase in pension and related lump sum at pension age £'000	CETV at start date 1 April 2019 £'000	CETV at end date 31 March 2020 £'000	Real increase in CETV funded by employer £'000
Marcial Boo <b>CEO</b>	15-20	2.5-5	189	236	29
Alastair Bridges <b>Director of Corporate Services</b>	45-50 plus lump sum of 120-125	2.5-5 plus lump sum of 0	894	969	24
Victoria Fox <b>Director of MP Support Services</b>	25-30 plus lump sum of 55-60	2.5-5 plus lump sum of 5-7.5	431	515	59
Georgia Wilson <b>Director of Improvement &amp; MP Support</b>	35-40	7.5-10	449	594	116

• Cash Equivalent Transfer Value (see paragraph 139)

## Civil Service Pensions

132. Pension benefits are provided through the Civil Service pension arrangements.
133. Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.
134. These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).
135. Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.
136. The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution

of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

137. The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

138. Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### Cash Equivalent Transfer Values

139. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits

and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

140. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

141. This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Agency engagements

142. Between 1 April 2019 and 31 March 2020, IPSA engaged four staff on an



interim basis, via an agency. IPSA has received assurance that their Income Tax and National Insurance obligations were fully met. There were no off payroll engagements in 2019-20.

## E. Staff and other pay costs report

143. The following disclosures on staff costs (including pension costs, average number of persons employed and exit packages) have been audited. Staff and other pay costs comprise:

	2019-20				2018-19	
	Permanent staff [1]	Agency Staff	Chairman & IPSA Board	SCIPSA Lay Members	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	2,897	0	88	5	2,990	3,168
Social security costs	321	0	9	0	330	313
Other pension costs	741	0	0	0	741	575
<b>Sub Total</b>	<b>3,959</b>	<b>0</b>	<b>97</b>	<b>5</b>	<b>4,061</b>	<b>4,056</b>
Agency staff	0	529	0	0	529	308
Less recoveries in respect of outwards secondments	0	0	0	0	0	0
<b>Total net costs*</b>	<b>3,959</b>	<b>529</b>	<b>97</b>	<b>5</b>	<b>4,590</b>	<b>4,364</b>

\* No staff costs have been capitalised (2018-19 £nil)

### Notes:

[1] The permanent staff costs includes the remuneration of the Compliance Officer for the IPSA (annual salary range £25,000-30,000).

144. The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS), known as "alpha", are unfunded multi-employer defined benefit schemes in which IPSA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2012. Details can be found in the Accounts of the Cabinet Office: Civil Superannuation. ([www.civilservicepensionscheme.org.uk/about-us/resource-accounts/](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/)).

The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

146. Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. There are no employees with partnership pension schemes.

145. For 2019-20, employer's contributions of £741,000 were payable to the civil service pension schemes (2018-19: £575,000) at one of four rates in the range 26.6 to 30.3 per cent (2018-19: 20.0 to 24.5 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation.

## Average number of persons employed and staff composition

147. The average number of full-time equivalent (FTE) persons employed at IPSA during the period was as follows.

The average was calculated as the average of people in post by month over the 12 months to 31 March 2020. The gender analysis of the full time equivalent persons (which has not been audited) was as follows.

	Average 2019-20 FTE							
	Permanent Staff	Agency Staff	Fixed Term Staff	Total IPSA staff	Chairman & IPSA Board	Compliance Officer	SCIPSA Lay Members	
Male	24	2	12	38	3	0	2	
Female	36	2	7	45	1	1	2	
<b>Total</b>	<b>60</b>	<b>4</b>	<b>19</b>	<b>83</b>	<b>4</b>	<b>1</b>	<b>4</b>	

	Average 2018-19 FTE							
	Permanent Staff	Agency Staff	Fixed Term Staff	Total IPSA staff	Chairman & IPSA Board	Compliance Officer	SCIPSA Lay Members	
Male	22	1	6	29	2	0	2	
Female	36	2	4	42	2	1	1	
<b>Total</b>	<b>58</b>	<b>3</b>	<b>10</b>	<b>71</b>	<b>4</b>	<b>1</b>	<b>3</b>	

148. IPSA's permanent staff turnover rate (calculated as the number of staff who left the organisation divided by the average number of staff for the year) was 23.5% (2018-19: 25%). High staff turnover is due to our strategy of recruiting fixed term contractors to cover additional demands and general turnover.

149. Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the organisation has agreed early retirements, the additional costs are met by IPSA and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## Reporting of Civil Service and Other Compensation Schemes – Exit Packages

Exit package cost band	Number of voluntary departures agreed	
	2019-20	2018-19
<£10,000	1	3
£10,000 – £25,000	0	2
£25,001 – £50,000	0	2
£50,001 – £75,000	0	2
<b>Total number of exit packages</b>	<b>1</b>	<b>9</b>
<b>Total cost /£'000s[1]</b>	<b>5</b>	<b>229</b>

### Notes:

[1] One exit package in 2019-20 for £5k as a PILON (Pay In Lieu Of Notice)

## Reward and Recognition Scheme

150. IPSA runs an individual and team reward and recognition (R&R) scheme which gives recognition to those who support IPSA's values, enhance its image, or deliver extraordinary service to its users or outstanding pieces of work.

151. In total, £6,100 was paid out in R&R awards during the reporting period (2018-19: £1,550).

Total value of rewards received	Number of people in band	
	2019-20	2018-19
£101 to £150	1	3
£151 to £200	0	0
£201 to £250	24	5
£251 to £500	0	0
<b>Total number of recipients</b>	<b>25</b>	<b>8</b>

### Sickness absence

152. Over the 2019-20 financial year, sickness absence rates within IPSA (monitored monthly) was on average 2.9%. (2018-19: 1.8%)

### Staff policies

153. IPSA is a small organisation and many of its roles require specialised experience and skills. Whilst this necessarily limits opportunities for promotion and career development, those opportunities that arise will be made available to as wide an internal group as possible, taking account of the need to ring-fence access to jobs in specific circumstances, e.g. short-term promotions where particular skills are required, or where staff might otherwise be at risk of redundancy due to organisational change. In all cases, we make it clear to all staff that a vacancy exists and how it will be filled. We make decisions on promotions and career development based on assessment of talent and experience.

154. The role of learning and development is to improve performance in the job, to develop skills, and to prepare individuals for other roles and responsibilities where appropriate. We focus on the development needs of each individual

to help them to fulfil their full potential in their role. No assumptions will be made based on protected characteristics or discriminatory grounds. We make reasonable adjustments where necessary to accommodate the specific needs of employees with a disability to enable them to participate fully in learning and development events.

### Consultancy expenditure

155. In 2019-20 IPSA spent £300,000 on consultancy and advice services (2018-19: £315,000). This was made up of:

- Organisational improvements for the Chief Executive's Office: £43,000
- System maintenance and continuous improvement programme: £182,000
- Organisational redesign by the HR department: £60,000
- Business Support to MP Support and general professional advice: £15,000

Signed

Date: 18th January 2021

**Ian Todd**

Accounting Officer

# 5. Parliamentary Accountability and Audit Report

## A. Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires IPSA to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit. The SoPS and related notes are subject to audit.

Type of Spend	SOPS Note	2019-20					2018-19
		Estimate		Outturn			Outturn
		Voted	Total	Voted	Total	Voted outturn compared with Estimate: saving/ (excess)	Total
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Departmental Expenditure Limit</b>							
-Resource	1.1	228,871	<b>228,871</b>	200,694	<b>200,694</b>	28,177	190,548
-Capital	1.2	894	<b>894</b>	140	<b>140</b>	754	2,649
<b>Annually Managed Expenditure</b>							
-Resource	1.1	100	<b>100</b>	(170)	<b>(170)</b>	270	225
-Capital	1.2	0	<b>0</b>	0	<b>0</b>	0	0
<b>Total Budget</b>		<b>229,865</b>	<b>229,865</b>	<b>200,664</b>	<b>200,664</b>	<b>29,201</b>	<b>193,422</b>
<b>Total</b>		<b>229,865</b>	<b>229,865</b>	<b>200,664</b>	<b>200,664</b>	<b>29,201</b>	<b>193,422</b>
Total Resource	1.1	228,971	<b>228,971</b>	200,524	<b>200,524</b>	28,447	190,773
Total Capital	1.2	894	<b>894</b>	140	<b>140</b>	754	2,649
<b>Total</b>		<b>229,865</b>	<b>229,865</b>	<b>200,664</b>	<b>200,664</b>	<b>29,201</b>	<b>193,422</b>

NET CASH REQUIREMENT		2019-20			2018-19
	SOPS Note	Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
				£'000	
Net cash requirement	3	228,477	198,560	29,917	192,473

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control.

Explanations of variances between Estimate and outturn are given at paragraphs 27-31.

For Estimate purposes all IPSA's income and expenditure is classified as Programme.

IPSA has no Non-Voted Expenditure.

The notes on pages 44 to 46 form part of this statement.

## Notes to the Statement of Parliamentary Supply

### SOPS1. Outturn detail, by Estimate Line

#### SOPS1.1 Analysis of Net Resource Outturn by Estimate line

	2019-20					2018-19
	Outturn			Estimate		Outturn
	Programme			Net Total £'000	Outturn vs Estimate, saving/ (excess) £'000	Total £'000
Gross £'000	Income £'000	Net £'000				
<b>Spending in Departmental Expenditure Limit</b>						
<i>Voted:</i>						
A. MPs' Pay, staffing, business costs and expenses	193,084	(231)	192,853	219,328	26,475	182,890
B. IPSA operations (core costs)	7,846	(5)	7,841	9,543	1,702	7,658
<b>Voted Departmental Expenditure</b>	<b>200,930</b>	<b>(236)</b>	<b>200,694</b>	<b>228,871</b>	<b>28,177</b>	<b>190,548</b>
<b>Spending in Annually Managed Expenditure</b>						
<i>Voted:</i>						
C. Provisions and Impairments	(170)	0	(170)	100	270	225
<b>Voted Annually Managed Expenditure</b>	<b>(170)</b>	<b>0</b>	<b>(170)</b>	<b>100</b>	<b>270</b>	<b>225</b>
<b>Total</b>	<b>200,760</b>	<b>(236)</b>	<b>200,524</b>	<b>228,971</b>	<b>28,447</b>	<b>190,773</b>

#### SOPS1.2 Analysis of net capital outturn by Estimate line

	2019-20					2018-19
	Outturn			Estimate		Outturn
	Programme			Net Total £'000	Outturn vs Estimate, saving/ (excess) £'000	Net £'000
Gross £'000	Income £'000	Net £'000				
<b>Spending in Departmental Expenditure Limit</b>						
<i>Voted:</i>						
A. MPs' pay, staffing, business costs and expenses	309	(180)	129	700	571	31
B. IPSA Operations (core costs)	11	0	11	194	183	2,618
<b>Voted Departmental Expenditure</b>	<b>320</b>	<b>(180)</b>	<b>140</b>	<b>894</b>	<b>754</b>	<b>2,649</b>
<b>Spending in Annually Managed Expenditure</b>						
<i>Voted:</i>						
<b>Voted Annually Managed Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>320</b>	<b>(180)</b>	<b>140</b>	<b>894</b>	<b>754</b>	<b>2,649</b>

Capital income relates to repayment of deposit loans by MPs that they are entitled to request under the *MPs' Scheme of Business Costs and Expenses* ('the Scheme').

### SOPS2. Reconciliation of net resource outturn to net operating expenditure

There are no reconciling items between the net operating expenditure and the net resource outturn for both 2019-20 and 2018-19.

## SOPS3. Reconciliation of Net Resource Outturn to Net Cash Requirement

	SOPS Note	Estimate £'000	Outturn £'000	Net total outturn compared with Estimate: saving/ (excess) £'000
<b>Resource Outturn</b>	1.1	228,971	200,524	28,447
<b>Capital Outturn</b>	1.2	894	140	754
<b>Accruals to cash adjustments:</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(1,608)	(381)	(1,227)
New provisions and adjustments to previous provision [1]		(100)	(65)	(35)
Other non-cash items		(80)	(101)	21
<i>Adjustments to reflect movements in working balances</i>				
<i>Increase/(decrease) in receivables</i>		(50)	(173)	123
<i>(Increase)/decrease in payables</i>		450	(1,619)	2,069
Use of provisions		0	235	(235)
		<b>(1,388)</b>	<b>(2,104)</b>	<b>716</b>
<b>Net cash requirement</b>		<b>228,477</b>	<b>198,560</b>	<b>29,917</b>

[1] Includes bad debt provision for the year

## SOPS4. Income payable to the Consolidated Fund

### SOPS4.1 Analysis of Income Payable to the Consolidated Fund

There was no income payable to the Consolidated Fund during the period ending 31 March 2020 (2018-19: £nil).

## B. Parliamentary Accountability Disclosures

### B.1 Losses and special payments

#### B.1.1 Losses statement

Category of loss	2019-20		2018-19	
	Value of Cases £'000	Number of Cases	Value of Cases £'000	Number of Cases
Other write-offs	9	3	3	5
<b>Total</b>	<b>9</b>	<b>3</b>	<b>3</b>	<b>5</b>

[1] Represents bad debt write offs for unrecoverable debt

#### B.1.2 Special payments statement

Category of special payment	2019-20		2018-19	
	Value of Cases £'000	Number of Cases	Value of Cases £'000	Number of Cases
Settlement of data breach claims	0	0	73	7
<b>Total</b>	<b>0</b>	<b>0</b>	<b>73</b>	<b>7</b>

### B.2 Remote Contingent Liabilities

In addition to contingent liabilities reported within the meaning of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the organisation also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There are no such liabilities at IPSA.

The Parliamentary accountability and audit report is covered by the Comptroller and Auditor General's audit opinion.

Signed

Date: 18th January 2021

**Ian Todd**

Accounting Officer

## C. The Certificate and Report of the Comptroller and Auditor General to the Houses Of Parliament

### Opinion on financial statements

I certify that I have audited the financial statements of the Independent Parliamentary Standards Authority (IPSA) for the year ended 31 March 2020 under the Parliamentary Standards Act 2009. The financial statements comprise: IPSA's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of IPSA's affairs as at 31 March 2020 and of IPSA's net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Parliamentary Standards Act 2009 and HM Treasury directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2020 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in

the financial statements conform to the authorities which govern them.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of IPSA in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- IPSA's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- IPSA have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about IPSA's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the



preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Parliamentary Standards Act 2009.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IPSA's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of IPSA's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on IPSA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause IPSA to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually

Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Parliamentary Standards Act 2009;
- in the light of the knowledge and understanding of IPSA and its environment obtained in the course of the audit, I have not identified any material misstatements

in the Performance Report or the Accountability Report; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### Report

I have no observations to make on these financial statements.

#### Gareth Davies

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Date: 18 January 2021



# Part III: Financial Statements

## A. Statement of Comprehensive Net Expenditure

FOR THE YEAR ENDED 31 MARCH 2020					
		2019-20		2018-19	
	Note	£'000	£'000	£'000	£'000
		IPSA		IPSA	
<b>MPs' Business costs and expenses scheme</b>					
MP and MP Staff pay costs	3	159,437		149,025	
MP and MP Staff expenses	3	33,647		34,066	
Income	5	(231)		(201)	
<b>IPSA operational costs</b>					
Staff costs	4	4,590		4,364	
Other costs	4	3,086		3,728	
Income	5	(5)		(209)	
<b>Net operating expenditure</b>			<b>200,524</b>		<b>190,773</b>
Total operating expenditure		200,760		191,183	
Total operating income		(236)		(410)	
<b>Net operating expenditure</b>			<b>200,524</b>		<b>190,773</b>
<b>Comprehensive net expenditure for the year ended</b>			<b>200,524</b>		<b>190,773</b>

The notes on pages 55 to 70 form part of these accounts.

## B. Statement of Financial Position

AS AT 31 MARCH 2020					
		2019-20		2018-19	
	Note	£'000	£'000	£'000	£'000
<b>Non-current assets:</b>					
Property, plant and equipment	6	844		1,125	
Intangible assets	7	5,294		5,385	
<b>Total non-current assets</b>			<b>6,138</b>		<b>6,510</b>
<b>Current assets</b>					
Trade and other receivables	9	3,689		3,411	
Cash and cash equivalents	10	(46)		(396)	
Other assets	9	46		396	
<b>Total current assets</b>			<b>3,689</b>		<b>3,411</b>
<b>Total assets</b>			<b>9,827</b>		<b>9,921</b>
<b>Current liabilities</b>					
Trade and other payables	11	(11,083)		(9,464)	
Provisions	12	(30)		(265)	
Other liabilities	11	0		0	
<b>Total current liabilities</b>			<b>(11,113)</b>		<b>(9,729)</b>
<b>Total assets less current liabilities</b>			<b>(1,286)</b>		<b>192</b>
<b>Non-current liabilities</b>					
Provisions	12	(110)		(110)	
<b>Total non-current liabilities</b>			<b>(110)</b>		<b>(110)</b>
<b>Total assets less total liabilities</b>			<b>(1,396)</b>		<b>82</b>
<b>Taxpayers' equity:</b>					
General fund		(1,396)		82	
<b>Total equity</b>			<b>(1,396)</b>		<b>82</b>

Signed

Date: 18th January 2021

**Ian Todd**  
Accounting Officer

## C. Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2020			
		2019-20	2018-19
	Note	£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(200,524)	(190,773)
<b>Adjustments for non-cash transactions</b>			
Depreciation and amortisation	4	381	420
Loss on disposal of non-current assets	4	1	84
External Audit	4	90	82
Increases in provisions		65	225
Bad debts written off	4	9	3
(Increase)/Decrease in trade and other receivables	9	(352)	(825)
Less movement in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		396	393
Increase/(Decrease) in trade and other payables	11	1,619	309
Less movement in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	11	0	227
Provision used	12	(235)	0
<b>Net cash outflow from operating activities</b>		<b>(198,550)</b>	<b>(189,855)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(10)	(841)
Purchase of intangible assets	7	0	(1,777)
<b>Net cash outflow from investing activities</b>		<b>(10)</b>	<b>(2,618)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		198,910	191,850
<b>Net financing</b>		<b>198,910</b>	<b>191,850</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>			
		<b>350</b>	<b>(623)</b>
Payments of amounts due to the Consolidated Fund		0	0
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>			
		<b>350</b>	<b>(623)</b>
Cash and cash equivalents at the beginning of the period		(396)	227
Cash and cash equivalents at the end of the period	10	(46)	(396)

## D. Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2020			
		General Fund	Total Reserves
	Note	£'000	£'000
<b>Balance at 1 April 2018</b>		<b>(1,700)</b>	<b>(1,700)</b>
Net Parliamentary Funding – drawn down		191,850	191,850
Net Parliamentary Funding – deemed supply		227	227
Supply receivable adjustment	9	396	396
Comprehensive Net Expenditure for the Year		(190,773)	(190,773)
<b>Non-Cash Adjustments</b>			
Non-cash charges – auditor's remuneration	4	82	82
<b>Balance at 31 March 2019</b>		<b>82</b>	<b>82</b>
<b>Balance at 1 April 2019</b>		<b>82</b>	<b>82</b>
Net Parliamentary Funding – drawn down		198,910	198,910
Net Parliamentary Funding – deemed supply		0	0
Supply receivable adjustment	9	46	46
Comprehensive Net Expenditure for the Year		(200,524)	(200,524)
<b>Non-Cash Adjustments</b>			
Non-cash charges – auditor's remuneration	4	90	90
<b>Balance at 31 March 2020</b>		<b>(1,396)</b>	<b>(1,396)</b>

## E. Notes to Departmental Resource Accounts

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019–20 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of IPSA for the purpose of giving a true and fair view has been selected. The particular policies adopted by IPSA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting convention

These financial statements have been prepared under the historical cost convention. There has been no revaluation of property, plant and equipment and intangibles which are considered short life and low value assets.

#### 1.2 Financing and Going Concern

IPSA is resourced by funds approved by the Speaker's Committee for IPSA through the annual Supply and Appropriation Acts. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund. Any income that IPSA may use in support of its activities is also approved in the Appropriation Act. The Main Estimate for 2020-21 (HC 328) was approved on 4 May 2020. There is no reason to believe that future funding will not be forthcoming. The financial statements have therefore been prepared on a going concern basis.

Although there has been disruption caused by Covid 19, this has had minimal impact on IPSA's operations. We received the approval for the resources we required in 2020-21 to manage our pressures in this area, and there is no reason to believe that future approvals will not be forthcoming.

#### 1.3 Administration and programme expenditure

The Statement of Parliamentary Supply shows all IPSA's expenditure is classified as programme. IPSA has no administration expenditure.

#### 1.4 Pensions

IPSA is admitted to Section 1 of the Civil Service pension scheme arrangements and past and present staff are covered by the provisions of the Civil Service pension scheme arrangements. IPSA recognises the expected cost of these schemes on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Civil Service pension scheme arrangements of amounts calculated on an accruing basis. Liability for future benefits is a charge on the Civil Service pension scheme arrangements. In respect of defined contribution schemes, IPSA recognises the contributions payable for the year.

#### 1.5 Property, plant and equipment

Expenditure on property, plant and equipment of £5,000 or more is capitalised. All assets which are of a similar nature and function (including the recognition on purchase of the component parts) whose value, when grouped together in a singular purchase/contract, exceeds the £5,000 threshold are capitalised as a grouped asset. Subsequent acquisitions of less than £5,000 value which are of the same nature as existing grouped assets will be appended.



On initial recognition, assets are measured at cost, including any costs such as installation directly attributable to bringing them into working condition. All tangible assets are deemed to be short-life or low value assets and are therefore valued on the basis of depreciated historical cost as an approximation of fair value. Tangible assets are reviewed annually for impairment.

### 1.6 Intangible assets

Expenditure on intangible assets, which are software and website development costs is capitalised where the cost is £5,000 or more. Subsequent acquisitions of less than £5,000 value which are of the same nature as existing grouped assets will be appended. Intangible assets are reviewed annually for impairment and are stated at the lower of carrying value and recoverable value. Software licences are amortised on a straight line basis over the shorter of the term of the licence and the useful economic life of the asset. Assets under construction are not amortised but are assessed for impairment annually.

### 1.7 Depreciation/Amortisation

Property, plant and equipment and intangible assets are depreciated/amortised at rates calculated to write them down to the estimated residual value on a straight-line basis over their estimated useful lives as described in the table below. No depreciation/amortisation is charged in the year of acquisition but full year of depreciation/amortisation is applied in the year of disposal. Subsequent acquisitions of less than £5,000 value which are of the same nature as existing grouped assets will be appended. The residual values of assets are reviewed on an annual basis. Useful Economic life of IPSA Online is 10 years.

Asset lives are assigned as follows:

Leasehold improvements	5 years or remaining life of lease
IT and computers	5 years
Other equipment	5 years
Furniture, fixtures and fittings	5 years
Intangible assets	the shorter of the term of the software licence and the useful economic life of the related IT asset

### 1.8 Trade receivables and other receivables

Trade receivables and deposits and advances are recognised initially at fair value, less provision for impairment. IPSA expects to recover all debt unless it's not value for money to try and recover the debt. A provision for impairment of all trade receivables and deposits and advances is established when there is evidence that IPSA will not be able to collect all amounts due according to the original terms of the receivables. Debts relating to MPs which are deemed to not be recoverable are provided for in the year they are identified by IPSA. If deemed unrecoverable, these balances are written off in the financial year they are reported as such in the Annual Publication of MPs' Business Costs and Expenses on the IPSA website. The figures disclosed in the Losses section of the Parliamentary Accountability Disclosures are the balances that have been written off.

Other receivables include budget overspends by MPs, salary related advances and payment card receivables. MPs are given the option of repaying amounts or offsetting the amounts overspent against their budgets for the following year.

### 1.9 Operating leases

The total cost of operating leases is expensed in equal instalments over the life of the lease.

### 1.10 Provisions

IPSA provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury discount rate.

### 1.11 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IPSA discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

### 1.12 Value Added Tax

IPSA is not registered for VAT and, as such, all income excludes any VAT content and all expenditure is stated inclusive of VAT.

### 1.13 Staff Costs

Under IAS19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obliged to pay them.

### 1.14 Significant Accounting Judgements and Estimates

For the year ended 31 March 2020, MPs may submit a claim up to 120 days after incurring

the expenditure and resolve any queries up to 14 of August 2020. The outstanding balance of claims for MPs' business costs arising out of 2019-20 has been accrued for in these accounts. A year-end process is in place to ensure that MPs' spend is allocated to the correct year. MPs must submit their 2019-20 business costs before the year end cut-off date or populate a year-end form where it is not possible to submit the expense before this date.

### 1.15 Recognition of MPs' claims

For the purpose of determining the financial year in which MPs' business cost claims are recognised, individual claim lines are recognised according to transaction date, not the date at which the claim is submitted. Claims against invoices for which payment has not yet been made are recognised at the invoice date. Advance rental payments and other large items of expenditure made by MPs that involve an element of prepayment have been accrued for the period in question.

Rental and other payments which are made direct by IPSA on the MP's behalf and which are for longer than one month in advance are accrued over the requisite period. MPs' claims are treated as a resource expense against the IPSA Estimate and are recognised once payment has been approved, at which point a constructive obligation is established.

IPSA is not responsible for the management of MPs' expenditure once the claim has been paid and does not, for example, distinguish between expenditure on capital assets as opposed to consumable items. These are a matter for the MP concerned.

### 1.16 Income

IPSA receives income from the Creative Society for the cost of some MPs' internships.

Receipts (or reimbursements) due where MPs or IPSA have decided that an item paid for is not claimable under the MPs' Scheme

of Business Costs and Expenses ('the Scheme') are not considered to be income and are offset against the expenditure of the MP.

### 1.17 IFRSs in issue but not yet effective

In order to comply with the requirements of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* IPSA must disclose where it has not applied a new IFRS that has been issued but is not yet effective. IPSA has carried out a review of the IFRSs in issue but not yet effective, to assess their impact on its accounting policies and treatment. The full impact of the IFRSs in issue but not yet effective is not expected to be material to the accounts. IPSA has therefore chosen not to adopt early requirements of the following accounting standards and interpretations, which have an effective date after the start of these accounts:

Standard	Effective	FReM Application	Change & Impact
IFRS 16 Leases	1 January 2022	2022-23 (Subject to EU adoption and consultation)	<p><b>Change:</b> The proposed changes simplify the classification and measurement of leases by introducing a single lessee accounting model, removing the distinction between recognising an operating lease (off-balance sheet financing) and a finance lease (on-balance sheet financing). The new standard requires recognition of all leases which last over 12 months to be recognised as a finance lease (on-balance sheet). This will result in the recognition of a right-to-use asset, measured at the present value of future lease payments, with a matching liability. The pattern of recognition of the expenditure will result in depreciation of the right-to-use asset and an associated finance cost being recognised.</p> <p><b>Impact on the Organisation:</b> IPSA holds operating leases for our office and photocopiers. Consequently, IPSA expects an asset and liability of £1.4m as a result of bringing on-balance sheet former operating leases through applying the new standard.</p>
IFRS 17 – Insurance Contracts	1 January 2023	2023-24	<p><b>Change:</b> This standard will apply to all types of insurance contract and proposes a building blocks approach based on the expected present value of future cash flows to measuring insurance contract liabilities. IFRS 17 is effective for annual periods beginning on or after 1 January 2023.</p> <p><b>Impact on the Organisation:</b> IPSA does not hold any insurance contracts so no impact expected.</p>

## 2. Statement of Operating Expenditure By Operating Segment

IPSA's operating segments correspond with the Subhead detail of the 2019-20 Estimate. The reportable segments are reported to the IPSA Board in its management accounts

and are the components of the entity that management uses to make decisions about operating matters.

2019-20			
	Subhead A	Subhead B	
	<b>MPs' Pay, staffing, business costs and expenses</b>	<b>IPSA operations – core costs (including provisions)</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Gross Expenditure	193,084	7,676	200,760
Income	(231)	(5)	(236)
<b>Net Expenditure</b>	<b>192,853</b>	<b>7,671</b>	<b>200,524</b>
Assets	0	9,827	9,827
Liabilities	0	(11,223)	(11,223)
<b>Net capital</b>	<b>0</b>	<b>(1,396)</b>	<b>(1,396)</b>

2018-19			
	Subhead A	Subhead B	
	<b>MPs' Pay, staffing, business costs and expenses</b>	<b>IPSA operations – core costs (including provisions)</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Gross Expenditure	183,091	8,092	191,183
Income	(201)	(209)	(410)
<b>Net Expenditure</b>	<b>182,890</b>	<b>7,883</b>	<b>190,773</b>
Assets	0	9,921	9,921
Liabilities	0	(9,839)	(9,839)
<b>Net capital</b>	<b>0</b>	<b>82</b>	<b>82</b>

### Description of segments

Subhead A: MPs' Pay, business costs and expenses scheme – the costs of MPs' pay, staffing costs and expenses including income from the Creative Society.

Subhead B: IPSA Operations – the operating expenditure of IPSA including income from subletting and provisions. This subhead also covers the expenditure of the IPSA Compliance Officer and IPSA Online project costs.

### 3. MPs' Business Costs

	2019-20	2018-19
	£'000	£'000
<b>MPs' Business Costs and Expenses Scheme</b>		
MP Salary cost	53,582	51,282
MP Staff Salary cost	75,661	76,269
MP National Insurance	6,787	6,551
MP Staff National Insurance	7,278	7,223
MP Staff Superannuation	7,549	7,481
MP Staff Winding Up Costs [1]	4,435	64
MP Staff redundancy as a result of Winding up	3,058	143
MP Resettlement payments	1,087	12
	<b>159,437</b>	<b>149,025</b>
<b>Capped Budgets</b>		
<b>Accommodation Expenses and Office Expenditure</b>		
Property rent	12,479	12,025
Utility costs	765	742
Council Tax	378	573
Service charges	174	134
Rates	150	119
Other premises costs (including security costs)	3,600	4,529
Insurance	95	207
Professional services	1,335	2,118
Stationery and other office supplies	1,931	1,730
Telephone and internet	1,134	1,152
Pooled services	1,873	1,303
Computers	1,268	830
Office furniture [2]	304	75
Photocopiers and televisions	350	215
Publicity, advertising and communications	376	218
Website design and hosting	169	159
Other	373	731
<b>Total capped expenditure</b>	<b>26,754</b>	<b>26,860</b>
<b>Uncapped Budgets</b>		
Travel Car	958	1,147
Air	1,261	1,395
Rail	2,588	2,866
Taxi	124	126
Other	106	76
Hotels	1,474	1,211
Food and drink	54	130
Training	149	50
Parking	179	183
Other	0	22
<b>Total Uncapped</b>	<b>6,893</b>	<b>7,206</b>
<b>Total MPs' Business Costs and Expenses Scheme</b>	<b>193,084</b>	<b>183,091</b>

[1] The higher Winding up costs in 2019-20 was due to the 2019 General Election.

[2] Higher cost in 2019-20 in office equipment due to the 2019 General Election.

IPSA does not fund MPs' pension contributions; these are paid by the House of Commons. However, IPSA fund MP staff pension contributions. The pension provider is Legal and General and the contribution rate is 10% of pensionable salary.

### 3.2 Reporting of MP Staff Exit Packages

2019-20 [1]						
Exit Package Summary	Number of MP Staff Departures			Value of Exit Package £'000		
	MPs who left Parliament	Sitting MPs	Total	MPs who left Parliament	Sitting MPs	Total
£0 – £4,999	283	7	290	682	25	707
£5,000 – £9,999	83	3	86	599	21	620
£10,000 – £14,999	58	2	60	740	25	765
£15,000 – £19,999	17	0	17	288	0	288
£20,000 – £24,999	11	0	11	245	0	245
£25,000 – £29,999	9	0	9	247	0	247
£30,000 – £34,999	6	0	6	186	0	186
<b>Total</b>	<b>467</b>	<b>12</b>	<b>479</b>	<b>2,987</b>	<b>71</b>	<b>3,058</b>

2018-19						
Exit Package Summary	Number of MP Staff Departures			Value of Exit Package £'000		
	MPs who left Parliament	Sitting MPs	Total	MPs who left Parliament	Sitting MPs	Total
£0 – £4,999	1	17	18	1	31	32
£5,000 – £9,999	2	4	6	16	31	47
£10,000 – £14,999	0	3	3	0	40	40
£15,000 – £19,999	0	1	1	0	19	19
£20,000 – £24,999	0	1	1	0	21	21
<b>Total</b>	<b>3</b>	<b>26</b>	<b>29</b>	<b>17</b>	<b>142</b>	<b>159</b>

MP Staff redundancy costs have been paid in accordance with the provisions of the Scheme for the staff of MPs no longer in post and redundancies arising from MP office restructuring.

[1] The 2019/20 figures include departures due to the 2019 General Election.

### 3.3 MP Loss of Office payments

2019-20 [1]		
MP Loss of Office payments summary	Number of Loss of Office payments	Value of Loss of Office payments £'000
£0 – £4,999	18	54
£5,000 – £9,999	3	24
£10,000 – £14,999	31	434
£15,000 – £19,999	3	53
£20,000 – £24,999	5	109
£25,000 – £29,999	3	89
£30,000 – £34,999	9	284
£35,000 – £39,999	0	0
£40,000 – £44,999	1	40
<b>Total</b>	<b>73</b>	<b>1,087</b>

2018-19		
MP Loss of Office payments summary	Number of Loss of Office payments	Value of Loss of Office payments £'000
£0 – £4,999	7	12
£5,000 – £9,999	0	0
£10,000 – £14,999	0	0
£15,000 – £19,999	0	0
£20,000 – £24,999	0	0
£25,000 – £29,999	0	0
<b>Total</b>	<b>7</b>	<b>12</b>

[1] The 2019/20 figures include departures due to the 2019 General Election.

## 4. IPSA Operational Costs

	2019-20	2018-19
	£'000	£'000
Staff costs [1]		
Wages and salaries	2,990	3,168
Social security costs	330	313
Other pension costs	741	575
Agency staff	529	308
<b>Total staff costs</b>	<b>4,590</b>	<b>4,364</b>
Rent, rates and service charges	524	792
Other property costs	283	119
IT services and telephony	1,203	870
Legal [3]	140	157
Pension advice and administration	23	41
Internal Audit services	54	71
Recruitment and advertising	88	151
Printing, postage and stationery	24	78
Professional services [3]	311	314
Non-cash items:		
Depreciation	290	293
Amortisation	91	127
(Profit)/Loss on Disposals	1	84
External Audit [2]	90	82
Bad Debts Written Off [4]	9	3
New provisions & adjustments to previous provisions [5]	(170)	225
Other	125	321
<b>Total non-staff costs</b>	<b>3,086</b>	<b>3,728</b>
<b>Total IPSA Operational costs</b>	<b>7,676</b>	<b>8,092</b>

### Notes

[1] Further analysis of staff costs is set out in the Staff Report on page 32.

[2] IPSA's External Auditors (the National Audit Office) provided no non-audit services.

[3] The figures in the table above include the following amounts in respect of the governance issue described in paragraph 94 to 95 of the governance statement in the Annual Report and Accounts 2018-19.

	2019-20	2019-20
	£	£
Professional services	10,500	33,071
Legal costs	1,563	6,894
Total	12,063	39,965

[4] Following on the application of the bad debt policy, £ 9,450 of debt was written off in the year.

[5] Represents a reversal of dilapidation provision for Millbank and new provision for bad debts.



## 5. Income

	2019-20	2018-19
	£'000	£'000
Speaker's scheme (cost of some MPs' internships)	(231)	(201)
Sublet Rental Income	(5)	(209)
<b>Total</b>	<b>(236)</b>	<b>(410)</b>

## 6. Property, Plant and Equipment

	Leasehold Refurbishment	Information Technology	Furniture & Fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2019	33	987	811	1,831
Additions	0	10	0	10
Disposals	0	(201)	(8)	(209)
<b>At 31 March 2020</b>	<b>33</b>	<b>796</b>	<b>803</b>	<b>1,632</b>
<b>Depreciation</b>				
At 1 April 2019	0	603	103	706
Charged in year	7	133	150	290
Disposals	0	(201)	(7)	(208)
<b>At 31 March 2020</b>	<b>7</b>	<b>535</b>	<b>246</b>	<b>788</b>
<b>Carrying amount at 31 March 2019</b>	<b>33</b>	<b>384</b>	<b>708</b>	<b>1,125</b>
<b>Carrying amount at 31 March 2020</b>	<b>26</b>	<b>261</b>	<b>557</b>	<b>844</b>
<b>Cost or valuation</b>				
At 1 April 2018	656	1,593	155	2,404
Additions	33	114	694	841
Disposals	(656)	(720)	(38)	(1,414)
<b>At 31 March 2019</b>	<b>33</b>	<b>987</b>	<b>811</b>	<b>1,831</b>
<b>Depreciation</b>				
At 1 April 2018	435	1,198	110	1,743
Charged in year	156	113	24	293
Disposals	(591)	(708)	(31)	(1,330)
<b>At 31 March 2019</b>	<b>0</b>	<b>603</b>	<b>103</b>	<b>706</b>
<b>Carrying amount at 31 March 2018</b>	<b>221</b>	<b>395</b>	<b>45</b>	<b>661</b>
<b>Carrying amount at 31 March 2019</b>	<b>33</b>	<b>384</b>	<b>708</b>	<b>1,125</b>

All assets are owned.

## 7. Intangible Assets

Intangible assets comprise software and website development costs.

	Software and website costs	Assets under construction	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 April 2019 [1]	1,771	5,215	6,986
Additions	0	0	0
Transfers	5,215	(5,215)	0
Disposals	(133)	0	(133)
<b>At 31 March 2020</b>	<b>6,853</b>	<b>0</b>	<b>6,853</b>
<b>Amortisation</b>			
At 1 April 2019	1,601	0	1,601
Charged in year	91	0	91
Disposals	(133)	0	(133)
<b>At 31 March 2020</b>	<b>1,559</b>	<b>0</b>	<b>1,559</b>
<b>Carrying amount at 31 March 2019</b>	<b>170</b>	<b>5,215</b>	<b>5,385</b>
<b>Carrying amount at 31 March 2020</b>	<b>5,294</b>	<b>0</b>	<b>5,294</b>
<b>Cost or valuation</b>			
At 1 April 2018	2,567	3,438	6,005
Additions	0	1,777	1,777
Disposals	(796)	0	(796)
<b>At 31 March 2019</b>	<b>1,771</b>	<b>5,215</b>	<b>6,986</b>
<b>Amortisation</b>			
At 1 April 2018	2,270	0	2,270
Charged in year	127	0	127
Disposals	(796)	0	(796)
<b>At 31 March 2019</b>	<b>1,601</b>	<b>0</b>	<b>1,601</b>
<b>Carrying amount at 31 March 2018</b>	<b>297</b>	<b>3,438</b>	<b>3,735</b>
<b>Carrying amount at 31 March 2019</b>	<b>170</b>	<b>5,215</b>	<b>5,385</b>

[1] IPSA online was put in use on 1 April 2019, which includes Business World Enterprise Resource Planning application. This consists of business processes including accounts payable, account receivable, general ledger accounting, payroll, expenses and customisations.

## 8. Financial Instruments

IPSA's resources are met from Parliament through the Estimates process following scrutiny and approval by the Speaker's Committee.

Financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. IPSA has no powers to borrow money or to invest surplus funds. Other than financial assets and liabilities which are generated by day-to-day operational activities, IPSA holds no financial instruments.

### Liquidity Risk

This is the possibility that IPSA may be unable to meet short term financial demands. IPSA's net revenue resource requirements are financed by resources voted annually by Parliament, as is its capital expenditure. IPSA is not, therefore, exposed to material liquidity risks.

### Credit Risk

This is the possibility that debtors may fail to make required repayments to IPSA. Given the nature of IPSA's activities, the user base of MPs and their staff and the powers available to IPSA to recover any monies owing, IPSA believes that it is not exposed to any material credit risk.

## 9. Trade Receivables and Other Current Assets

	2019-20	2018-19
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables	1,255	288
Deposits and advances	13	863
Other receivables	1,773	127
Prepayments and accrued income	648	2,133
	<b>3,689</b>	<b>3,411</b>
Amounts due from the Consolidated Fund in respect of Supply at year end	46	396
<b>Total</b>	<b>3,735</b>	<b>3,807</b>

## 10. Cash and Cash Equivalents

	2019-20	2018-19
	£'000	£'000
Balance at 1 April	(396)	227
Net change in cash and cash equivalent balances	350	(623)
<b>Balance at 31 March</b>	<b>(46)</b>	<b>(396)</b>
The following balances at 31 March were held at:		
Government Banking Service	(46)	(396)
<b>Total balance at 31 March</b>	<b>(46)</b>	<b>(396)</b>

There were no cash equivalents held by IPSA at 31 March 2020 or 31 March 2019.

## 11. Trade Payables and Other Current Liabilities

	2019-20	2018-19
	£'000	£'000
<b>Amounts falling due within one year</b>		
Taxation and social security	5,073	3,728
Payables	98	1,186
Accrual for Member and Member staff expenses	5,059	3,200
Other accruals and deferred income	853	1,350
	<b>11,083</b>	<b>9,464</b>
Amounts issued from the Consolidated Fund for Supply but not spent at year end	0	0
Consolidated Fund Extra Receipts received due to be paid to the Consolidated Fund	0	0
<b>Total</b>	<b>11,083</b>	<b>9,464</b>

There are no amounts falling due after more than one year.

## 12. Provisions for Liabilities and Charges

	2019-20	2018-19
	£'000	£'000
Balance at 1 April	375	150
Provided for in year	0	225
Provisions not required written back	0	0
Provisions used in year	(235)	0
<b>Balance at 31 March</b>	<b>140</b>	<b>375</b>

	Dilapidations	Total
<b>Analysis of expected timing of cash flows</b>		
Not later than one year	30	30
Later than one year and not later than five years	0	0
Later than five years	110	110
<b>Balance at 31 March 2020</b>	<b>140</b>	<b>140</b>

A dilapidation provision for £140k was made in the prior year to restore IPSA's leasehold property at 85 Strand to its original state at the end of the lease in June 2025. Provision used in Millbank dilapidations was £235k.

## 13. Capital and other commitments

### 13.1 Capital commitments

	2019-20	2018-19
	£'000	£'000
Contracted capital commitments at 31 March 2020 not otherwise included in these financial statements:		
Property, plant and equipment	0	0
Intangible assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

There were no capital commitments in 2019-20 (2018-19: Nil).

## 13.2 Commitments under leases

### 13.2.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2019-20	2018-19
	£'000	£'000
Not later than one year	319	320
Later than one year and not later than five years	1,356	1,594
Later than five years	0	80
<b>Total</b>	<b>1,675</b>	<b>1,994</b>

### 13.2.2 Finance leases

IPSA does not hold any finance leases.

## 13.3 Other financial commitments

IPSA has not entered into any non-cancellable contracts or entered into any quantifiable guarantees, indemnities or provided any letters of comfort.

## 14. Contingent liabilities disclosed under IAS 37

IPSA faces a number of legal claims brought by individuals who were employees of MPs at the time of a data breach in March 2017. In the absence of sufficient supporting evidence from the majority of claimants the case cannot meaningfully be assessed.

There were no quantified contingent liabilities as at 31 March 2020.

## 15. Related-party transactions

IPSA has no direct or indirect sponsorship or agency relationships with any other public body, private body or company, with the exception of Parliament itself.

Alastair Bridges, Director of Finance and Corporate Services, is a trustee of the Parliamentary Contribution Pension Fund, which is an unremunerated position. Payments totalling to £5,525,000 in 2019-20 (2018-19: £5,420,000) were made to RPMI who are the administrator for the scheme. Throughout 2019-20 the administration of the pension fund was changed to BUCK to which payments totalled £2,761,000.

IPSA has had a small number of transactions with other government departments for staff secondments.

No Board member, key manager or other related parties have undertaken any material transaction with IPSA during the year.

Details of the remuneration of the Chair, Board Members and Senior Managers are detailed in the Remuneration Report.

## 16. Third-party assets

IPSA currently holds no third party assets as defined in the 2019-20 FReM (2018-19: £nil).

## 17. Events after the reporting period

Marcial Boo resigned as the Chief Executive of IPSA, effective 11 September 2020. Ian Todd was appointed on 19 October 2020 as interim Chief Executive.

Victoria Fox resigned as the Director of Regulation and Insight, effective from 18 September 2020, and Karen Walker was appointed as the Director of Strategy and Change, effective from 24 August 2020.

Richard Lloyd was elected by Board members to act as interim chair from 11 October 2019, following the resignation of Ruth Evans. Recruitment for a new chair by the Speaker's Committee for IPSA (SCIPSA) started at the end of 2019-20, but was put on hold in July 2020 due to the coronavirus pandemic. Recruitment is expected to re-commence in the first half of 2021.

IPSA staff continue to work remotely as a result of the coronavirus, and the measures introduced to support MPs and their staff as a result of the pandemic are due to remain in place until the end of March 2021. The Accounting Officer authorised these financial statements for issue on the C&G certification date.





# IV

## Part IV: Accounts Direction

Accounts directions given by the Treasury on 16 April 2011, in accordance with Paragraph 23(2), Part 2 of Schedule 1 to the Parliamentary Standards Act 2009.

1. The Independent Parliamentary Standards Authority shall prepare resource accounts for the financial year ended 31 March 2015 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual ('the FReM') issued by HM Treasury which is in force for the financial year for which the accounts are being prepared.
2. The accounts shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs of the Independent Parliamentary Standards Authority at 31 March 2015 and subsequent financial year ends, and of its net operating costs, changes in taxpayers' equity and cash flows for the financial year then ended; and
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
3. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Treasury.
4. This direction replaces the direction dated 29 October 2010.

**Chris Wobschall**

Head, Assurance and Financial Reporting Policy, HM Treasury

16 April 2011

# V

## Part V: Annual Report by the Compliance Officer for IPSA

## A. Introduction

1. The Compliance Officer for the Independent Parliamentary Standards Authority (IPSA) is a statutory office holder who acts independently of IPSA's executive. The Compliance Officer reports to the Board of IPSA, but is not directed by them.
2. The office was created by the *Parliamentary Standards Act 2009* ('the Act'), as amended by the Constitutional Reform and Governance Act 2010. The legislation stipulates that the office holder shall carry out the following functions:

The Compliance Officer:

- a. may investigate if he/she has reason to believe that a member of the House of Commons may have been paid an amount under the *Scheme of MPs' Business Costs and Expenses* ('the Scheme') that should not have been allowed. This may be initiated as a result of a complaint, following a request by IPSA an MP or by the Compliance Officer.
  - b. may, upon request, review a determination by IPSA to refuse an MP's expense claim in whole or in part.
3. The full statutory powers of the Compliance Officer are established in the Acts noted above, and include the powers to:
    - a. compel an MP to provide any information required and to issue a penalty notice up to the value of £1,000 should an MP fail to do so, and
    - b. issue a repayment direction to an MP (including the charging of interest and costs) and to issue a penalty notice up to the value of £1,000 should an MP fail to comply with that notice.

## B. Overview of 2019-20

4. In 2019-20 there were a total of 33 complaints made to the Compliance Office by members of the public or those linked to party political associations. This is a reduction on the number of complaints made in 2018-19 which totalled 41. There were six referrals from IPSA and there were five reviews requested by MP's, an increase of four from the year before. Further information on both complaints, IPSA referrals and reviews can be found below.
5. The Act stipulates that a Compliance Officer can only be appointed for a single fixed-term not exceeding five years and therefore the term of office for the current Compliance Officer will conclude in May 2023.
6. Within the relevant legislation, an MP can appeal a decision by the Compliance Officer to refuse an expense claim, pay only part of the claim or require repayment for expenses, interest or costs to a first-tier tribunal court. There has not been any Tribunals in respect of Investigations or Review processes this year.
7. The current Compliance Officer has developed a professional working relationship with both IPSA and other regulatory bodies during their term of office. Regular contact has been maintained with the special enquiry section of the Metropolitan police who deal with most of the cases referred by the Compliance office.

### C. Budget for 2019-20

8. Under the legislation, IPSA is required to provide the Compliance Officer with adequate resources to discharge the functions of the office. This includes the provision of office accommodation, IT

and telephony. These costs are included within IPSA's accounts and are not separately identifiable.

9. The total spends for the Compliance Office in 2019-20 was £72,000. This was broken down as follows:

Description	Actual Cost (£000)	Budget (£000)	Variance (£000)	Variance (%)
Pay	58	58	0	0%
Legal, audit and prof fees	12	45	33	73%
Travel and subsistence	1	5	4	89%
Other costs	1	0	(1)	(100%)
<b>Total</b>	<b>72</b>	<b>109</b>	<b>37</b>	<b>34%</b>

### D. Relationship with IPSA

10. The Compliance Officer is not an employee or officer of IPSA but has an independent, statutory role. I seek to demonstrate objectivity, impartiality and neutrality in my relationships with MPs, IPSA, Complainants and other Agencies. I report progress in the compliance function to the IPSA Board on a quarterly basis.
11. Schedule 2 of the *Parliamentary Standards Act 2009* (as amended) requires IPSA to provide the Compliance Officer with adequate resources and staff to discharge the function of the office. The Compliance Office staff act solely on the instruction of the Compliance Officer and their functions are entirely separate from the executive branch of IPSA.
12. My office is staffed by one full-time equivalent (FTE) post, comprising a Compliance Officer (generally two days per week) and an Investigations Officer (flexible three days per week). The Investigations Officer is an IPSA employee and is afforded the same rights as other IPSA personnel.

### E. Relationship with MPs

13. In dealing with complaints, there is invariably a requirement for the Compliance Officer to contact the relevant MP who is the subject of the complaint, initially to inform them that a complaint has been made, but also to request a written response to questions posed and/or the provision of supporting evidence. A professional and formal approach is adopted by the Compliance Officer who seeks to ensure that the office continues to act fairly and proportionately to all parties involved, inviting the full cooperation of MPs and their staff when conducting statutory functions. To date, there has been no requirement to initiate formal measures compelling cooperation. As noted above, the Compliance Officer retains statutory powers to issue penalty notices to MPs who fail to cooperate with enquiries; it is commendable that these powers have not been enforced since 2010.
14. The role of the Compliance Officer is to assess all the relevant information and determine whether or not there has been a breach of "The Scheme of MP's Business Costs and Expenses" which is the guidance document which

sets out to MP's and their staff, the rules and provisions around budgets and expense claims. In all appropriate cases, my approach to the exercising of my statutory functions is proportionality. I recognise above all else that MPs and their staff are people who are busy in their daily work of assisting constituents and attending to parliamentary duties; they are occasionally prone to oversights, mistakes or misunderstanding of the rules. Another important aspect of my role is to ensure complainants are kept up to date and provided with a detailed explanation as to the rationale for decisions I make.

15. Where genuine mistakes are identified as the underlying cause of a complaint, I have sought to ensure that MPs and their staff receive appropriate guidance to reduce the risk of similar errors being replicated in the future. To date, and as noted previously, IPSA's Scheme has proven effective and robust in leaving very little scope for abuse or wilful misinterpretation of the rules.
16. In exceptional cases, matters have been referred to the police.

## **F. Relationship with other regulatory bodies**

17. IPSA and the Compliance Officer are required by the Act to draft and agree Joint Working Agreements with:
  - The Metropolitan Police Service (MPS) and the Director of Public Prosecutions; and
  - The Parliamentary Commissioner for Standards.
  - A memorandum of understanding between IPSA and the Compliance Officer.
18. Copies of these Agreements can be found on the website at: <http://www.parliamentarycompliance.org.uk/transparency/Pages/compliance-publications.aspx>
19. A Joint Statement also sets out how IPSA and the Compliance Officer will work with the MPS and the Director of Public Prosecutions should either have reason to suspect that a criminal offence may have been committed. Where IPSA has reason to suspect a deliberate breach of the Scheme, a referral will be made to the Compliance Officer.
20. If the Compliance Officer has reason to suspect a criminal offence may have been committed, he/she may suspend his/her enquiries and contact the MPS. Both IPSA and the Compliance Officer will then assist the MPS with their initial assessment of the evidence and any further enquiries they undertake thereafter.
21. Further, the MPS or other police force may receive complaints from third parties (such as members of the public) alleging criminal abuse of the Scheme; in such instances, IPSA and the Compliance Officer may be contacted to assist with police enquiries.
22. During the past year, two new cases were referred to the MPS, one case involved an MP and the other a member of MP's staff.
23. A third case involving an MP was referred to another police force.

It is important to consider the following:

- a. A referral does not indicate a determination by the Compliance Officer of criminal wrongdoing. Such a determination is not the Compliance Officer's to make.

- b. Referrals are made to ensure the strict demarcation between an investigation by the Compliance Officer under civil law and investigations by the police under criminal law. It is not the role of the Compliance Officer to investigate allegations/concerns of a criminal nature; therefore, it is right that any such allegation or concerns, that criminal wrongdoing may have occurred, is referred on to the appropriate force for due consideration.
  - c. The police have access to considerably more information and statutory powers than are available to the Compliance Officer. The police are in a considerably better position to prove – or disprove – an allegation than the Compliance Officer is; making them best placed to undertake any criminal enquiry.
24. Furthermore, the Compliance Office take its obligations under the Data Protection Act (DPA) and other privacy provisions very seriously. The Compliance Officer is legally bound by the DPA to ensure that personal data, which includes the names of individuals referred to the police, is protected from unlawful disclosure. The police are responsible for assessing and investigating criminal complaints. Thereafter, should the Crown Prosecution Service (CPS), decide to bring charges against an individual, the relevant information will be disclosed under their procedures at the appropriate time and in accordance with the law. The public interest is not served by breaching my legal obligations under the Data Protection Act or by prejudicing the work of the police.
25. The disclosure of the names of individuals referred to the police, before any charges had been brought (or indeed,

after the police or CPS had decided there was no case to answer) would constitute a serious breach of sensitive personal data and would leave the Compliance Officer open to investigation by the Information Commissioner's Office (ICO) and subject to a possible monetary penalty.

## **G. Procedures for Investigations of the Compliance Officer**

- 26. IPSA is required by the Act to determine the procedures which the Compliance Officer must follow when handling complaints and requests for investigation alleging that MPs may have been paid a sum to which they were not entitled under the Scheme.
- 27. IPSA published the First Edition of the Procedures for Investigations by the Compliance Officer for IPSA ('the Procedures') in July 2010. After having been in place over a year, a review was undertaken, including consultation with the public and Parliament. On 1st February 2012, the Second Edition of the Procedures took effect and the Third and current version became effective on 1st January 2015.
- 28. A fourth edition has been drafted and is to be presented to the IPSA board in October 2020 before embarking on a formal consultation process. It is anticipated the new edition will become effective in 2021.
- 29. The current procedures can be viewed at [www.parliamentarycompliance.org.uk](http://www.parliamentarycompliance.org.uk).

## H. Complaints and Investigations

30. As noted above, one of the Compliance Officer's core functions is to investigate complaints that an MP has been paid an amount by IPSA, in breach of the Scheme.
31. Complaints can originate from a number of sources. The majority of complaints are made by members of the public (including councillors, prospective parliamentary candidates and MPs' staff).
32. Further, as part of its regular operations, IPSA conducts regular assurance reviews of MPs' expenditure, often taking a holistic look at areas of spending over set periods. Through this work, outliers may be identified requiring further investigation. These have in previous years been referred to the Compliance Officer for consideration. Six cases were referred in 2019/20 and from these, three cases were referred to the Police and are currently subject of on-going investigation.
33. Lastly, the Compliance Officer may decide to look at an issue on his or her own initiative.
34. During the reporting period, 33 complaints were handled. These can be broken down as follows:

Type of Complaint	Number of Complaints
Office Costs	16
Office and staffing Costs	5
Staffing Costs	4
Travel Costs	0
Accommodation Costs	2
Miscellaneous	2
Complaints that were outside remit	4

35. The majority of complaints (26) were made by members of the public. Two

complaints were made by political party associations and one complaint made by an MP's member of staff.

36. The overwhelming majority of complaints relating to MPs' claims under the Scheme were resolved to the satisfaction of all parties involved, by way of a formal 'assessment'; following the provision of additional information by the MP's office.
37. Two cases progressed to a formal investigation (one referred by IPSA and the other by a member of the public) and in both cases, I reached the conclusion that both MP's had been paid a sum of money which ought not to have been allowed and they were required to repay IPSA.
38. In a small number of cases, complaints relate to a misunderstanding of the information published by IPSA. In such cases, no purpose is served by the opening of a formal investigation.
39. Nonetheless, it is important that the functions of the Compliance Officer are conducted as transparently as possible. To this end, details of all complaints handled by the Compliance Officer each financial year, including the basis for the complaint, the assessment outcome and the rationale behind the outcome, are published on the website, at the following address:  
<http://www.parliamentarycompliance.org.uk/transparency/Pages/Complaints-handled>.
40. Full details of all investigations undertaken by the Compliance Officer can be found on the website, at the following address:  
<http://www.parliamentarycompliance.org.uk/transparency/Pages/open-and-closed-investigations>.



41. Figures outlining complaints received and cases handled by the Compliance Office during 2019-20 are shown below.

Table 1: Summary of the 33 cases handled during 2019-20

Cases carried forward from 2018-19	Cases opened during 2019-20 by quarter				Total cases opened during 2019-20	Cases closed during 2019-20	Cases carried forward to 2020-21
	Q1	Q2	Q3	Q4			
4	13	8	6	2	29 (4 outside remit)	31 + 4 (18/19)	0

Table 2: Summary of IPSA referrals

Types of cases referred	Outcome
MP Travel Costs	Requirement to repay £2,500
MP Office Costs	Requirement to repay £2.00 towards use of domain name
MP Staffing Costs and use of pooled services	2 cases referred to the police and are on-going
Staff Travel Costs	1 case referred to the police and is on-going 2 cases finalised with NFA.

42. The below table outlines statistics for the last five years which include the number of complaints, reviews and investigations conducted. In the last three years,

there has been a downward trend in the number of complaints received which may demonstrate a higher level of compliance with regards to the 'Scheme'.

Year	No. complaints received.	No. of reviews requested and conducted.	No. of Investigations conducted.	No. of cases referred to the police.
2015/16	21	11	3(1)	0
2016/17	25	5	1(2)	2
2017/18	52	3	1(0)	0
2018/19	41	1	0(0)	2
2019/20	33	2	3(2)	3

\* Number in brackets denotes a referral from IPSA resulting in formal investigation.

## I. Reviews

43. The other core function of the Compliance Officer is, upon the request of an MP, to review a determination by IPSA to refuse an MP's expense claim in whole or in part.
44. During the 2019-20 period, Five MPs requested reviews following decisions made by the IPSA contingency panel process. These can be broken down as follows:
- Five MPs requested a review in relation to the fact they were unable to negotiate a 2 month break out clause in their tenancy agreement which is a recommendation within the "Scheme". The first two reviews were conducted, and the Compliance Officer found in favour of the MPs. IPSA then agreed to amend the original decision of the contingency panel in relation to the other three MPs on the basis that it would cause outgoing MPs financial hardship if they were required to pay the additional rent, particularly in light of the employment market during the pandemic.
45. Details of reviews conducted by the Compliance Officer are published on the website<sup>1</sup> and will be available at the following address:  
<http://www.parliamentarycompliance.org.uk/transparency/Pages/completed-reviews>.

## J. Freedom of Information

46. During this reporting period there was one FOI requests submitted to the Compliance Office and information was provided to the applicant.

<sup>1</sup> Where the review relates to personal or sensitive issues (such as staffing matters), the full review has not been published to protect the privacy of individuals concerned.

## K. Accommodation

47. As previously referred to, the Act requires IPSA to provide the Compliance Officer with adequate resources to discharge his functions. This includes the provision of office accommodation, IT and telephony. Since the formation of IPSA, the accommodation provided has been adjacent, but separate from that occupied by IPSA.
48. In 2019, IPSA moved to new premises at 85 Strand and, once again, the Compliance Officer and staff took up occupancy of an office adjacent to those utilised by the IPSA executive and their staff, ensuring efficient and effective access to information and data.

## L. Looking ahead

49. The 2019-20 term was my second year as Compliance Officer. This year differed from last year from the point of view of the profile of my work. There were fewer complaints from members of the public, but an increase in referrals from IPSA and requests for reviews from MPs. We have also seen a move of office and a change in the expense system process. The work flow of the office is up to date and all matters are dealt with in a timely manner.
50. As with recent years, the staffing continued to constitute the equivalent of one full-time post (Compliance Officer for two days a week and an Investigations Officer, three days per week). As such, any changes to the compliance office function and approach must be realistic if they are to be achievable and unlikely to interfere with the core role of the office. Both the Compliance Officer and Investigation Officer are routinely needed to work flexible hours to accommodate meetings and administration with various stakeholders.

51. It is hoped, the amended guidance for investigations will be approved this year. The new guidance introduces a streamlined process which should reduce the timescales for the completion of investigations.
52. As part of overall improvements within IPSA, the Compliance office will have a new website developed which should make access and usability more effective.
53. As the Compliance Officer I will continue with the following functions going forwards:
- Continue to pursue efficiency improvements within office systems and procedures and ensure actions taken are cost-effective and provide value for money to the public purse;
  - Assessments – Ensure that all complaints and enquiries made under the Scheme’s provisions are acknowledged, and recorded, with resultant assessment findings communicated to the referrer.
  - Reviews – Initiate appropriate reviews under ‘the Scheme’ where IPSA has refused to pay a claim either in whole or in part; following a formal request from an MP. Ensure that review outcomes are documented and published on my website.
  - Investigations – Review and develop processes to manage the transition of referrals to investigations. Update the referrers and the subjects of complaint regarding progress. Ensure that investigation outcomes are documented and published on my website.
- Communication – Consolidate, review and improve channels of communication between the Compliance Officer and key stakeholders. Particular emphasis to be given to open and formal dialogue with MPs during assessment, review or investigations and routine dialogue with IPSA staff from all teams to develop better understanding of respective roles. Ensure regular, formal reports to IPSA Board as required regarding outcomes and issues raised as part of the Compliance Officer’s role. Ensure that appropriate ‘sharing protocols’ are in place, particularly with police services and other public authorities.
  - Leadership – Develop and manage the work of staff undertaking or interfacing with the ‘Investigations Officer’ role. Ensure that appropriate training is in place for them to understand and effectively deliver the key elements of their job description.
  - Budget – Negotiate, establish and manage budgets in respect of staffing, expenses and legal costs to the role of the Compliance Officer. Report and highlight future issues.

### **Tracy Hawkings**

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