

# Annual Report and Accounts for 2020-21

HC 864

# **Annual Report and Accounts for 2020-21**

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of the Parliamentary Standards Act 2009.**

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## Introduction from IPSA's Chair

The year 2020-21 continued as 2019-20 ended and brought profound changes to the way we all live and work. MPs, their staff, and IPSA were no exception.

Whilst not related to the reporting year in question, the terrible murder of Sir David Amess MP while undertaking his parliamentary duties was a shock to us all at IPSA. At the time of writing we are working closely with Parliament, the police and others to identify further ways of strengthening MP security and we stand ready to do whatever is necessary. Our role is to support the day to day working of democracy, and helping to ensure that our elected representatives are safe is central to that.

Despite such a turbulent year, IPSA carried out our statutory responsibilities in full. There was no interruption to our core work in setting, administering and regulating MPs' staffing and business costs, pay, and pensions.

In doing so we ensured that public money was used properly and efficiently. This year, MPs' compliance with our rules remained very high at 99.70%.

We again achieved extremely high accuracy in paying the salaries of over 4,000 MPs and staff each month. And in line with our commitment to act transparently, we continued to publish MPs' business costs every two months, enabling the public to see how taxpayers' money was being used.

IPSA has a statutory duty to resource MPs appropriately to enable them to represent and support the UK's 650 parliamentary constituencies. The less visible but vital bulk of what most MPs do is casework: helping local people with almost any kind of problem but especially in dealing with public services or the Government.



This year, MPs dealt with an unprecedented demand for their help as anxious constituents struggled to cope with Covid. In response, IPSA implemented a rapid, practical package of support for MPs' staff to help them work safely from home as they continued to serve local people throughout the crisis.

Perhaps more controversially, and as required by the Parliamentary Standards Act, in 2020 we conducted a review of MPs' pay. Given the economic uncertainty caused by the pandemic, and public sector pay decisions made by the Government, we decided to freeze MPs' pay for the year from April 2021 to reflect the economic realities faced by constituents.

In 2020 IPSA also began to renew our focus as a regulator on providing more accessible, consistent, and higher-quality customer service to help busy MPs and their staff get things right first time.

To this end, we have stabilised our workforce numbers and restructured our organisation to build more joined-up, cross-team working. We sought regular service feedback, implemented a chain of improvements to our digital system, and embarked upon a major

transformation programme to make IPSA's systems, processes, and policies work better for MPs' offices, our staff, and the taxpayer.

We are also working proactively within our remit to help make Parliament a more inclusive, diverse, and family-friendly environment. We consulted on proposals to formalise funding for additional staffing resource when MPs take parental leave, and implemented a bespoke Parental Leave Cover Fund with inbuilt flexibility in time for the 2021-22 financial year. We will continue to work collaboratively with stakeholders to embed this support for all MPs who need extended absence, piloting new approaches within the limits of our constitutional authority.

In the same spirit, we are committed to strengthening collaboration with the House of Commons Service and others in the Parliamentary landscape, particularly on joining up support to MPs and their staff and on protecting and enhancing public confidence in democracy.

We recognise that there is no room for complacency and there remains much more to do for IPSA to become an exemplary regulatory service.

I am therefore pleased to have been appointed IPSA's permanent Chair from 1 September 2021 to continue this mission and am grateful for the confidence and support of the Speaker, the Speaker's Committee for the IPSA and indeed the entire House of Commons. I pay tribute to the Rt. Hon Jenny Willott whose term on IPSA's Board ended in late 2020, and warmly welcome Helen Jones as her successor, along with Sir Robert Owen who continues to serve on our Board for a further term.



Throughout this pandemic year, our people have shown remarkable resilience, adaptability, and a commitment to positive change, led by Ian Todd who joined as our new chief executive in the autumn of 2020. My sincere thanks to them all.

We must now follow this extraordinary year by doing more but better, as we begin our new three-year strategy. That is our challenge and I look forward to working with our renewed Board, Executive, and wider team, as well as with MPs and their staff, to make this ambition a reality.

**Richard Lloyd**  
**Chair**  
November 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 the Independent Parliamentary Standards Authority (IPSA) operates, our strategic aims and statutory objectives covering the financial year ended 31 March 2021. IPSA's accounts have been prepared to meet the Parliamentary Standards Act 2009 (PSA) requirements and follow the Government Financial Reporting Manual (FRoM), as specified in the direction issued by HM Treasury.

### Statutory framework

2. IPSA is a statutory body independent of Parliament, Government, and political parties. It was established by the PSA.
3. 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. The additional principal function passed to IPSA by that Act was the responsibility to determine MPs' salaries and pension arrangements.
4. 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.
5. Our purpose is supporting democracy with great service, fair rules and wise

spending. Our vision in support of our purpose is enabling MPs to focus on what really matters by providing an exemplary, seamless regulatory service.

6. To achieve our purpose and vision:
  - We regulate MPs proportionately and effectively by setting rules that support compliance and making independent, fair, and transparent decisions in line with our fundamental principles.
  - We assure the public by consulting them on our rules, operating transparently and publishing accessible information about MPs' business costs.
  - We support MPs by promptly making accurate payments, providing clear advice and guidance about MPs' responsibilities for public money in line with the Scheme, and continuously improving 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 underpinned by respect and trust.
7. The way we achieve our purpose and vision is underpinned by our values of staying connected, seeing the bigger picture, being open, doing the right thing and making a difference.

### 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 2020-21 spending plans through its Main Estimate (HC 328). 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. As a result of the Covid pandemic and the resultant guidance to work from home IPSA submitted a Supplementary Estimate (HC 1231) to seek additional funding to cover the costs associated with this.

## B. IPSA's Strategic Objectives

10. **IPSA's Strategic Objectives:** We have created a three-year strategy that will transform IPSA into an innovative, intuitive and lean regulator, providing an exemplary service that enables MPs to focus on what matters. This strategy will guide all of our work until 2024, but each year we will develop detailed business plans setting out specific actions against our priorities. Building on progress made in 2020-21, IPSA's strategic objectives for the following three years can be found in its Corporate Plan: <https://www.theipsa.org.uk/publications/reports/strategy-and-corporate-plan>.

11. Our purpose remains of critical importance, but we know there are inefficiencies in how we process and validate MPs' pay and business costs and that our regulatory scheme is complex. As a result, MPs and their staff spend a significant amount of time on administration, and the potential for errors is high. MPs and the people they serve have varied needs, and IPSA must be agile in response to these differing needs and demographics. For us to meet these challenges and enable MPs to spend more time acting in the national interests and those of their constituents, we are evolving our approach to improve our service, simplify the Scheme, deliver better value for money for the taxpayer and develop our people.

## C. Our work in 2020-2021

12. This report covers the key activities undertaken by IPSA in the 2020-21 financial year, a year in which Covid-19 dominated events and activities internally and externally. Demand for MPs' time increased significantly, putting pressure on costs and resources and requiring an agile response from IPSA. The pandemic hit at a time of increased workloads as IPSA continued to onboard 155 new MPs and wind up the affairs of 156 MPs following the December 2019 General Election.
13. **Covid-19:** All IPSA staff moved to work from home on 17 March 2020 following government advice. IPSA has worked hard to build a sense of community to prevent its staff from feeling isolated, and we have supplied pastoral support. We liaised with the House of Commons Members' HR and Services teams to ensure consistency as far as possible in our approach on equipment, operations, policies, suppliers and finances.

In 2019-20 we temporarily uplifted MPs' office cost budgets by £10,000, and any underspend against this uplift was allowed in 2020-21 as an additional budget above the normal office cost budget. Due to a significant 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. IPSA submitted a Supplementary Estimate to HMT which included £15 million to cover the increase in MP budgets outlined above. MPs could choose how best to meet the increased demand, whether by hiring a new fixed-term caseworker or another staff member, increasing the contracted hours of existing staff members, or allowing existing staff to carry out overtime. During the course of 2020-21 £5.3 million of spend was incurred against these budgets. Our stakeholders mostly welcomed the measures we implemented in response to the pandemic. However, we faced some public scrutiny over the temporary increases in MPs' budgets. We also temporarily closed our telephone lines as we moved overnight to working remotely, which led to criticism from some MPs and their staff about the increased length of time it could take to answer their queries. We continue to pay £26 per month to MPs' staff and IPSA staff to help them meet additional home working costs, in accordance with HMRC rules. In 2021-22 as one-off funding for Covid-related staffing costs, we allocated a budget amount of £27,680 for London Area MPs and £24,970 for non-London Area MPs.

14. **Cyber security:** With IPSA moving to full home working, there was a need to ensure IPSA data and information was secure during home working. Information is held either in the Microsoft Azure Cloud in the UK or accredited private cloud environments. The user password policy was updated, and multi-factor authentication was implemented for all IPSA devices to give increased protection against phishing. We have carried out several simulated phishing attacks and have provided training for all staff. In addition, we have offered regular bite-size learning on cyber security, including topics such as phishing and keeping mobile data secure. We have made significant progress on migrating legacy systems to supporting infrastructure in Azure.
15. **Data protection:** Secure and effective management of information in compliance with legal obligations is critical to IPSA, 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 2020-21 we undertook the following activities to strengthen and develop our data security and information governance framework, including to:
  - enhance our corporate transparency through improvements to the Freedom of Information Publication and Disclosure Log on our website;
  - strengthen supplier due diligence for data processing and review of data sharing arrangements;

- recruit additional support for the Data Protection Officer; and
  - continue developing staff awareness of information security and data protection
16. **Assuring the public:** In line with IPSA's commitment to transparency, we published information on MPs' staffing and business costs according to the bimonthly schedule, in July, September and November 2020 and in January and March 2021, as well as annual data on MPs' expenditure for the 2019-20 financial year in January 2021. We also published an annual assurance report that covered all the activity undertaken during the 2019-20 year to check that MPs' claims align with the Scheme rules. This included an overview of validation and assurance processes within IPSA, findings from pre-and post-payment validation exercises, and summaries of the thematic reviews on MPs' use of the IPSA payment card and the impact of changes to the Scheme rules in 2017-18. The complete reports of these thematic assurance reviews are available on IPSA's website.
17. **Improvement:** Following the challenging introduction of the IPSA Online platform in April 2019, IPSA defined its next improvement programme to review end to end processes, improve the customer experience and redesign its structure to better support MPs and their staff. We appointed consultants to support the work, including designing a new IPSA Online homepage, better online guidance for MPs and their staff, and designing a new organisation structure. The improvement programme needed dedicated leadership alongside the delivery of existing workloads and so the Board agreed in August 2020 to appoint a Director of Strategy and Change as a new role. The Director is responsible for creating a new purpose, strategy, and corporate plan and developing the four key strategic objectives that will determine IPSA's work for the next three years. A new transformation programme was created to build on and go beyond the previous improvement programme. A bid was successfully submitted to SCIPSA for additional funding to cover the first year of the programme.
18. **Organisation Design:** IPSA engaged organisational change consultants, Q5, to support its organisation design work by looking at ways of working, capabilities, governance and culture, and the structure of roles. Their recommended design was adapted to align the structure to assist with the delivery of the Corporate Plan. The first phase, aligning roles and structures, was delivered in Q4 of the 2020-21 financial year. Capabilities, culture and ways of working will be delivered through further organisation design work planned for 2021.
19. **Investing in people:** Much work has been done to ensure that IPSA's people feel included and cared for whilst working remotely, including a weekly virtual all people meeting, virtual coffee time with colleagues and the implementation of digital collaboration tools such as Microsoft Teams and whiteboards. All people were invited to participate in the Annual People Survey, the results and actions from which are owned by our new Culture Club: a diverse team brought together to improve IPSA's working environment and culture. A learning needs analysis was conducted in March 2021, with the results informing our revised learning strategy.

20. **SCIPSA:** At the end of the financial year, we submitted a budget request to the Speaker's Committee for IPSA, which included funding to deliver year one of the Transformation Programme, covering the following areas:-

- Simplification of the Scheme and Publication, including a strategic review of our regulatory approach.
- Understanding whether our regulatory approach delivers value for money and what options may exist to centralise the purchasing of goods and services to optimise MPs' buying power.
- Further developing IPSA Online and other systems to reduce waste and save MPs and their staff time and duplication.
- Helping MPs better manage their business costs by improving their financial view and providing proactive budget management support.
- Embed the revised organisation design, create a people strategy and deliver cultural transformation and ways of working.
- Improve the service we offer MPs and their staff through a regional support model, improved training and knowledge management and delivery of quality assurance.

- Better understand the needs of MPs and their staff, mapping and improving our processes and improving the support we give MPs and their staff on managing their business and staffing costs.
- Improving IPSA's performance by better use of data, creating a coaching and performance excellence culture and aligning our work to our strategic objectives.
- Extending our stakeholder engagement approach to ensure positive and conducive relationships with all of our stakeholders, including the public.

21. **Sustainability Reporting:** IPSA is below the threshold for producing a sustainability report in accordance with the FReM and the annual Greening Government Commitments report by the Department of the Environment and Rural Affairs. However, we are committed to conducting our corporate affairs in the most sustainable way possible, balancing value for money for the public with our desire to be socially responsible. This year, with the backing of the Executive Leadership Team, our staff set up a forum to discuss, identify, and implement ways in which IPSA can become a greener organisation. Our ambition is for this staff-led, cross-organisational forum to drive awareness, action, and accountability on sustainability, with senior input and governance to be provided by a corporate strategy meeting chaired by a member of the Executive. We will merge this work into the delivery and governance of our corporate plan so that environmental issues are part and parcel of how we think, what we decide, and how we implement.



Digitisation is key to building a more sustainable world, reducing the need to print large volumes of paper, which can then be posted, copied, or thrown away. Since 2019 MPs and their staff have been able to use IPSA Online to make claims digitally by attaching their receipts during the process, so avoiding the need to print and post, which over 2020-21 significantly reduced the volume of scanned paper documents processed by IPSA. We also ask suppliers to provide digital invoices unless there is no practicable alternative. In 2020-21 we introduced a new, user-friendly guidance website and improved our customer support to reduce calls, emails, and queries. IPSA has continued to run a cycle to work scheme designed to encourage environmentally friendly travel at an affordable price for MPs, their staff, and our own people. We also held initial discussions on how our regulatory approach to MPs' business costs might facilitate and encourage green principles as part of scoping work for a review of the Scheme.

Within our office we created labelled and distinguishable waste and recycling bins. We will continue to communicate with colleagues the importance of recycling non-confidential and recyclable waste in the appropriate bins, conducting spot checks to ensure compliance. We have been engaging with the landlord to identify more sustainable ways of maintaining the office.

As with many organisations, IPSA has worked remotely for a significant period. This reduced our energy use in the office, although that is likely to have been offset by increased energy usage by IPSA's people in their own homes. We are developing a hybrid working model for the future that suits the variety of staff needs across the regions, makes for a better work-life balance, and reflects our customers' geographical, demographic, and cognitive diversity. As part of that work, we will seek to understand and reduce our environmental impact, taking account of factors including emissions related to commuting and utilities usage. And we will explore options for use of greener e-waste services and upcycling of materials and furniture. Where external venue space is procured, we will consider the supplier's commitment to sustainability.

## D. Key issues and risks facing IPSA

22. IPSA faces a range of risks in its dual role in regulating and administering the business costs and deciding the pay and pensions of MPs and their staff, and being an independent organisation and employer in its own right. The risks faced are diverse in nature and severity and include risks relating to the quality of its regulation and engagement with stakeholders, risk to effective and correct payment of MPs' and staff salaries and business costs, and risks to the way it manages itself and its people. Some risks are driven by external forces over which IPSA has little control, such as the risks posed by the Covid-19.

23. Over the year, the Executive Leadership Team have actively considered such risks as part of IPSA's Risk Management Framework. Further detail is given in the Governance Statement on page 27.

## E. Going concern basis

24. 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. The SCIPSA has agreed to our Supply Estimate for 2021-22, 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.
25. Accordingly, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## F. Performance analysis

26. To monitor IPSA's performance, we use 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.
27. In 2020-21, our performance remained strong across many areas, notwithstanding the pandemic and remote working challenges. We reimbursed MPs' claims for business costs within an average of eight working days, against a target of eight days. Our payroll payments were 99.93 per cent accurate, and we published MPs' business costs with 99.87 per cent accuracy. And we found very high compliance by MPs, with only 0.3 per cent of claims assessed as being outside the Scheme.



28. During the reporting period, all of our seven key performance indicators were fully met or exceeded. The table below sets out our performance against each indicator.

Key Performance Indicator	Measure in 2020-21	Measure in 2019-20	Outcome
<b>Effective Regulation of MPs' Business Costs</b>			
Fewer than 1 per cent of MPs' claims are outside the Scheme.	0.3 per cent of claims outside the Scheme.	0.03 per cent of claims outside the Scheme.	<b>Achieved</b>
<b>Providing Support to MPs</b>			
Claims are reimbursed in fewer than 8 days on average.	Reimbursement in 8.00 days on average.	Reimbursement in 5.00 days on average.	<b>Achieved</b>
Payroll accuracy is over 99.75 per cent each month.	Accuracy at 99.93 per cent.	Accuracy at 99.83 per cent.	<b>Achieved</b>
MPs and their staff show increased satisfaction with IPSA's support.	In the 2020 survey of MPs and MPs' staff, 35 per cent of respondents were 'positive about their experience with IPSA', up from 2019; this includes 17 per cent of MP respondents and 30 per cent of staff respondents.	In the 2019 survey of MPs and MPs' staff, only 25 per cent of respondents were 'positive about their experience with IPSA'; this includes 10 per cent of MP respondents and 29 per cent of staff respondents.	<b>Achieved</b>
<b>Assuring the Public that MPs' Business Costs are Well Regulated</b>			
Our publication of MPs' claims is over 99.75 per cent accurate.	99.87 per cent accuracy achieved.	99.99 per cent accuracy achieved.	<b>Achieved</b>
IPSA staff show increased engagement.	In the staff survey for 2020, 57 per cent of IPSA staff reported feeling engaged.	In the staff survey for 2019, 51 per cent of IPSA staff reported feeling engaged.	<b>Achieved</b>
IPSA demonstrates effective budget management.	Estimate vs Outturn Totals underspent, but some individual budgets were overspent.	Estimate vs Outturn Totals underspent, but some individual budgets were overspent.	<b>Achieved</b>

29. 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 pages 52 and 53 of the Parliamentary Accountability and Audit Report. Subhead A had a resource expenditure of £199.6 million against a budget of £229.2 million; the majority of this underspend was 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. Subhead A also reported an underspend against its £0.2 million capital budget. Subhead B had a £8.9 million spent against a resource budget of £10.4 million. The main factors contributing to this were underspends in various areas, including staff salary costs, HR, accommodation costs and travel.

Signed

Date: 12 November 2021

**Ian Todd**  
**Accounting Officer**

# Part II:

# Accountability Report

# 1. Corporate Governance Report

## Directors' report

### A. IPSA's Board

30. IPSA's Board is responsible for setting IPSA's strategic direction and deciding the policies that form 'the Scheme' of MPs' staffing and business costs. The Board is also responsible for setting the remuneration of MPs. The Board meets approximately every two months. 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/>.
31. In line with requirements of the Parliamentary Standards Act 2009, the Chair and Members of IPSA Board during 2020-21 were as follows.

**Richard Lloyd**, Board member  
(Interim Chair from 11 October 2019 and throughout 2020-21; Permanent Chair from 1 September 2021)

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

**Rt. Hon Jennifer Willott**, former Member of Parliament (until 31 December 2020)

**Will Lifford**, a statutory auditor

**Helen Jones**, a former member of Parliament (from 1 March 2021)

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

32. IPSA's Board Members hold no significant interests. 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> Note: The Register of Interests is located within the individual Board Members profiles, in the section 'Who we are'.

### C. IPSA's Senior Management

33. 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 2020-21 were as follows:

**Marcial Boo**, Chief Executive  
(until 12 September 2020)

**Ian Todd**, Chief Executive  
(from 19 October 2020)

**Alastair Bridges**, Director of Finance and Corporate Services/Interim Accounting Officer 13 September 2020 to 18 October 2020.

**Lee Bridges**, Director of Policy and Engagement (from 26 October 2020)

**Victoria Fox**, Director of Regulation and Insight (until 20 September 2020)

**Karen Walker**, Director of Strategy and Change (from 24 August 2020)

**Georgia Wilson**, Director of MP Services

Changes in senior management in 2020-21 are described on Page 35.

## D. Staffing

34. During 2020-21, IPSA employed an average of 84 full-time equivalent staff on both permanent and fixed-term contracts. In addition, we had four Board members and one Board vacancy, and funded the costs of one Compliance Officer and a deputy and three Lay Members of SCIPSA. As of 31 March 2021, 46 per cent of staff were male, and 54 per cent of staff were female. We monitor the 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.
35. All IPSA employees are offered access to an Employee Assistance Programme, which provides access to various resources, including confidential counselling and a phoneline available 24/7 to provide help on general, legal, financial, family guidance and information issues.
36. IPSA has an equality and diversity policy, covering IPSA's commitment to equality and diversity and eliminating discrimination. We have asked our people to share their data with us and have seen an increase in equality and diversity data as a result. We have also successfully piloted a blind recruitment approach to help ensure diversity.
37. We adhere to the rules applying to government departments, whereby all individuals on contracts of more than six months' duration, where the annual cost is greater than £64,680 (equivalent to £245 per day), are required to provide IPSA with an assurance that tax due on contract payments will be paid. As of

31 March 2021, all such contractors engaged by us met these conditions.

## E. Health and Safety

38. 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 workstation assessments and access to a confidential health service providing advice and counselling. All new staff have a home working health and safety awareness talk. We continue to monitor their well-being and provide them with any equipment and aids necessary to ensure that they can work safely and comfortably.
39. On 17 March 2020, IPSA moved to remote working as a result of the Covid-19 pandemic. For the period covered by these accounts the IPSA office has been closed with staff working from home. Staff were provided with the necessary equipment, including desks and chairs, to help them work in a safe environment. The IPSA office has also been reconfigured to be Covid-19 safe according to current guidelines, allowing for the gradual return of some staff with social distance measures in place.

## F. Pensions

40. Our employees are covered by the provisions of the Civil Service pension arrangements. Information on pension entitlements is provided in the Remuneration Report. Please refer to page 68 of this document for details of IPSA's accounting treatment for pension liabilities.

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

41. During 2020-21, IPSA suffered no significant losses or thefts of personal or other protected data. No incidents were 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**

42. We aim to acknowledge complaints within five working days and provide a final response within 10 working days. During 2020-21 we handled 50 formal complaints from MPs, their staff, and other stakeholders covering various issues, down from 54 in 2019-20. Nine of these related to instances where MPs were asked to repay money to IPSA, 10 related to receipt of poor quality service and 10 related to the way IPSA publishes and validates MP claims. Of the overall complaints, 36 were resolved within the agreed response times. 41 complaints were upheld.

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

43. 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 they were 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.
44. Tracy Hawkings began her term as IPSA's Compliance Officer on 30 May 2018. Her separate report is at Part V.

45. During the reporting period, 39 complaints were handled. Four of these fell outside the remit of the Compliance Officer. Most complaints (32) were made by members of the public. Political party associations made four complaints, there was one complaint from a journalist, and IPSA referred two cases.
46. During 2020-21, 11 MPs requested reviews of claims that IPSA had refused. Two of the 11 MPs made two separate requests for reviews, and so there were 13 requests for reviews in total. In five cases, the review was conducted and upheld in favour of the MP. In seven cases, the Compliance Officer agreed with the original decision of IPSA. One case is still ongoing.

## **J. Basis of Accounts**

47. The accounts for the year ended 31 March 2021 have been prepared under a direction issued by HM Treasury in accordance with the Parliamentary Standards Act 2009.

## **K. Risk Management**

48. 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 an organisational risk register that includes those risks at the operational or strategic level. The risk registers are reviewed regularly by IPSA's Executive. 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 on page 31 Risk Management.

49. In 2021-22 IPSA will be introducing revised risk management arrangements that will seek to embed risk management more securely in management decisions and processes.

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

50. We adhere to the Late Payment of Commercial Debts (Interest) Act 1998 and meet the standard 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.
51. 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 31 creditor days in 2020-21 (18 in 2019-20). The year-on-year increase in creditor days was due to the late receipt of some invoices throughout the year. However, 96% of suppliers were paid within 10 days of receipt. No interest was payable under the Late Payment of Commercial Debts (Interest) Act 1998 (2019-20: £0).

## **M. Future priorities: plans for 2021-22**

52. Ten years since IPSA's inception, we have driven high compliance with the scheme and our regulatory approach and have

strong financial controls, but we can sometimes make it difficult for MPs to comply with the rules. With MPs and their staff's satisfaction at 35%, we need to change our approach. There is significant work required to ensure we regulate and support MPs and their staff to get things right the first time, reduce costs, remove the propensity for error, free up time for MPs to support democracy and their constituents and ensure that MPs have access to the security funding and services they need to stay safe in fulfilling their parliamentary duties. We remain committed to our purpose, role and statutory objectives but believe we can do this more efficiently and effectively.

53. **Priority 1** – We will become an efficient and effective regulator in tune with the differing needs of our customers and make it easy for them to comply with the rules by driving wide-ranging improvements to the way we support MPs through improved processes service delivery, and engagement.
54. **Priority 2** – We will be an independent regulator trusted to support MPs and their staff in delivery of their parliamentary duties. We will deliver a flexible, intuitive, simple scheme responsive to MPs needs with guardrails for wise spending.
55. **Priority 3** – We will be an organisation transparent about how taxpayer money is spent, building trust and confidence that MPs are resourced efficiently and effectively to support their parliamentary duties and constituents. We'll deliver value for money for the taxpayer through efficient and practical support for MPs.



56. **Priority 4** – We will be an organisation that values customers and where people want to work and give their best, evolving and addressing challenges to improve continually. We will develop a customer-centric culture that empowers our people to ensure rigour, add value and make IPSA a great place to be.
57. Now that we have wound up the affairs of all of the departing MPs from the 2019 General Election, we have created a lessons learned document that will form the basis of our improved process for General Elections in the future.

## N. Financial Performance

58. Following scrutiny by the Speaker's Committee for the IPSA in the previous financial year, parliamentary approval for IPSA's 2020-21 budget was obtained. 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 House of Commons

59. 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 and the impact of the

pandemic on work patterns resulting in a significant reduction in spending in areas such as travel and subsistence.

### **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.

60. Total resource expenditure against Subhead B showed a variance against Estimate, much of which was a direct result of changes to working patterns resulting from Covid 19 restrictions. Underspends were reported in various areas, including staff salary costs, HR, accommodation costs and travel.

## O. Events after the reporting period

61. Board members elected Richard Lloyd to act as interim Chair from 11 October 2019, following the resignation of Ruth Evans. Richard Lloyd was appointed as the permanent Chair of IPSA from 1 September 2021. Lee Bridges, who was previously on secondment from the House of Commons, has been confirmed to the permanent position of Director of Policy and Engagement from September 2021. Karen Walker and Ian Todd accepted permanent positions from June and August 2021, respectively.
62. Following the tragic death of Sir David Amess MP in October 2021, IPSA is working actively with the House authorities and police to ensure that MPs have access to the security funding and support they need to fulfil their parliamentary duties safely.



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

63. 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 its net resource outturn, changes in taxpayers' equity and cash flows for the financial year.
64. 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.
65. 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 and have sought assurance from the IPSA's management team. I have been informed of any relevant audit information and establish that IPSA's auditors are informed accordingly.
66. 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.
- assets, are set out in Managing Public Money, published by HM Treasury and with which IPSA broadly complies.

In accordance with the Parliamentary Standards Act 2009, as the Chief Executive, I am also the appointed 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

### 3. Governance Statement

#### A. Introduction

67. The Governance Statement sets out IPSA's governance, risk management and internal control arrangements. It applies to the financial year 1 April 2020 to 31 March 2021 and up to the date of approval of the Annual Report and Accounts. The Accounting Officer's statement is a personal statement outlining his role and responsibilities and recording the stewardship and risk management undertaken within IPSA.
68. 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.
69. I was appointed as the Chief Executive and Accounting Officer by IPSA's Board from 19 October 2020, part way through the financial year. I am satisfied that, through the handover process from my predecessor and assurances from the Director of Finance and Corporate Services, who acted as temporary accounting officer from 13 September to 18 October that sound financial control from 1 April 2020 to 19 October 2021 was maintained. The Chair of the Audit and Risk and Assurance Committee, acting with the Board's authority, also received assurance from the Director of Finance and Corporate Services that the interim arrangements ensured that a sound system of financial control and appropriate delegated authority continued to be in place.

70. Internal audit services are provided under a co-sourced arrangement. This is discussed in more detail within the Governance section.

#### B. Governance

71. The PSA provides that IPSA's funding is subject to scrutiny by 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.
72. The PSA appointed the Comptroller and Auditor General, Head of the National Audit Office, as the external auditor for IPSA.
73. Over the period covered in this statement internal audit services were provided under a co-sourced arrangement. IPSA's Head of Internal Audit was supported by an audit services firm, RSM, to deliver 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 assurance framework. The internal audit service reports to the Audit and Risk Assurance Committee (ARAC).

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

74. 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, following its general directions.

75. The Board has overall responsibility for preparing and revising IPSA policy, including notably the Scheme and setting MPs' pay and pensions.
76. Under its Standing Orders the Board is responsible for the appointment of the Chief Executive.

## **The Board: Membership Changes**

77. Richard Lloyd acted as Interim Chair of the Board for 2020-21. Recruitment for a permanent Chair was put on hold following the Covid-19 pandemic but resumed in the spring of 2021. Following consideration by SCIPSA, Richard Lloyd was confirmed as the permanent Chair. Two members of the Board, the Rt Hon. Jennifer Willott (former MP) and Sir Robert Owen (former High Court Judge) came to the end of their terms of office. Following a recruitment process, Helen Jones was appointed in March 2021, and Sir Robert Owen was reappointed.

## **Board activity**

78. IPSA's Board has set out the strategic vision for IPSA and has approved the priorities and key performance indicators detailed within the Corporate Plan. The Board monitors and reviews the organisation's performance regularly, based on 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 an analysis of activities and performance and an outline of planned

activities and a finance paper comprising the management accounts and a financial activity review. The Board scrutinises the information with which it is provided and asks questions, 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.

79. The Board's main focus in 2020-21 was on implementing far-reaching changes to enable IPSA to support and regulate MPs more effectively, building in lessons learnt from the implementation of IPSA Online and the December 2019 General Election, as well as the challenges posed by the Covid-19 pandemic to MPs and their staff. The Board also reviewed MPs' pay and the budgets for MPs' staffing, accommodation and office costs.
80. The Board oversaw the production of an organisation-wide improvement programme to address the results of the annual survey of MPs and improve MPs' experience of IPSA's systems and processes.

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

81. 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.

82. The ARAC supports the Board's work and my role as an Accounting Officer in maintaining an effective control system. The ARAC assesses the executive's management of risk and the assurance framework in place and advises me of its adequacy.
83. The ARAC met four times during the reporting period. In 2020-21 a key focus of the Committee had been on reviewing IPSA's risk appetite, supporting improvements in risk management, ensuring lessons are identified and learned and that the recommendations arising from internal audit reviews are implemented. The Committee also reviews IPSA's top risks each quarter, reviews all internal audit reports and discusses the plans and outcomes of internal and external audits.
85. The Nominations Committee is responsible for the appointment of the CEO and the Compliance Officer and met once, during the reporting period, in September 2020.
86. In March 2020, the Board established a Change Oversight Committee. Its remit is to review, comment upon, and oversee emergency and business continuity arrangements to deal with the Covid-19 pandemic, an immediate organisational improvement programme and change, and longer-term strategic planning. The committee meets as required and reports to the 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 upon by correspondence if necessary.

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

84. 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, then Helen Jones, met four times during 2020-21 and is responsible for agreeing IPSA's remuneration policy and setting the remuneration of the Chief Executive, Compliance Officer, and IPSA's Directors.

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

Member	Board	ARAC	Remuneration Committee	Nominations Committee	Change Oversight Committee
	1 April 2020 – 31 March 2021				
<b>Richard Lloyd</b> Board member Chair	14(14)	3(4)	4(4)	1(1)	10(10)
<b>Will Lifford</b> Audit and Risk Assurance Committee Chair	14(14)	4(4)	4(4)	1(1)	10(10)
<b>Sir Robert Owen</b>	13(14) (plus one meeting, Feb 21 as 'guest' only)	4(4)	4(4)	1(1)	N/A (but attended 3)
<b>Rt. Hon Jennifer Willott</b> Remuneration Committee Chair (retired 31/12/2020)	12(14)	3(4)	3(4)	1(1)	9(10)
<b>Helen Jones</b> Remuneration Committee Chair (Joined 1/03/2021)	1(1) (plus one meeting, Feb 2021, as 'guest' only)	1(1)	1(1)	N/A	1(1)

88. Together with the Head of Internal Audit, representatives of RSM and the National Audit Office and the Director of Finance and Corporate Services, I am invited to attend ARAC meetings. Other Directors and members of the Executive Leadership Team (ELT) are also regularly present. Additionally, I attend the Board and Remuneration Committee meetings unless an issue involving me is discussed.

## C. Risk and Control

### Risk Management

89. IPSA uses risk management to inform its business decisions, enable more effective use of resources, enhance strategic and business planning and strengthen contingency arrangements. We have built on a 2019-20 review of our risk management arrangements to focus on strategic risks and have a more transparent link between mitigations and sources of assurance. The main risks to achieving IPSA's corporate objectives

are set out in a strategic risk register 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 Executive Leadership Team, Directors and as a standing item by the Audit and Risk Assurance Committee. The table below sets out the strategic risks of and the actions taken to address them.

#### Main risks identified and action taken

Risk area	Key actions and issues in the year
<b>Reputation and Trust</b> 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 carry out its role with the level of trust and effectiveness required.	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 2020. 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 to a corporate plan that included several initiatives to improve user support and experience.
<b>External Environment</b> The risk that IPSA is not well prepared to deal with risks or opportunities generated outside of it including: <ul style="list-style-type: none"><li>• changes in legislation;</li><li>• Parliamentary requirements;</li><li>• changes in HMRC requirements;</li><li>• changes in demand; and</li><li>• environmental threats such as Covid-19.</li></ul>	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 practised so that it can continue to operate if there is an incident that restricts its operation. Therefore, it had arrangements to maintain its business when staff needed to work from home during the Covid-19 pandemic. However, the scale and duration of the pandemic meant that additional measures were taken, including making extra funding available to MPs to enable them and their staff to work at home and manage an increased workload from constituents.

Risk area	Key actions and issues in the 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 a 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. IPSA is working actively with the House authorities and police to ensure that MPs have access to the security funding and support they need to fulfil their parliamentary duties safely, with strengthened processes and value for money.</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, due to working arrangements and 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. IPSA has an ambitious corporate plan for 2021-24 designed to enable MPs to focus on what matters by providing an exemplary, seamless regulatory service in the medium and longer-term.</p>



Risk area	Key actions and issues in the year
<p><b>Change and Improvement</b></p> <p>The risk that IPSA lacks the capacity and capability to drive change and improvement alongside day to day activity and firefighting issues.</p>	<p>IPSA has embarked on a major programme of change designed to drive wide-ranging improvements to the way it supports MPs through improved processes, service delivery and engagement. In the past, not all changes introduced have delivered the expected benefits. In response to this type of risk, IPSA's Board created a separate sub-committee to review change. IPSA recruited a Director to lead the change programme and revised its arrangements for managing change, for example, by focussing more on understanding and responding to the needs of and their staff.</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>The IPSA Board has reviewed its governance arrangements during the year and made changes referenced in this report. In addition, IPSA has recognised the challenges presented by a higher than expected workload and by Covid-19 by introducing a range of measures reflected in this report. It developed a new corporate plan for 2021-24, which had as one of its key objectives developing a customer-centric culture that empowers IPSA's people to ensure rigour, add value and make IPSA a great place to be.</p>
<p><b>Compliance with standards</b></p> <p>The risk that IPSA does not meet best practice financial and governance standards including:</p> <ul style="list-style-type: none"> <li>• public sector standards of probity, financial management and fraud prevention;</li> <li>• Information governance standards;</li> <li>• cyber-attack prevention best practice.</li> </ul>	<p>IPSA has a range of procedures and processes to ensure compliance with financial and data management good practice. These are constantly under review as circumstances change; for example, work practices change, and the cyber security threat evolves. Assurance about these areas is provided by internal audit each year, and recommendations about improvements, such as the management of debt, are implemented. IPSA, under regulations, also actively engages with those impacted if data breaches occur.</p>



## Internal Audit

90. Eight internal audits, including audits following up previous reports, were carried out in the 2020-21 programme of work. The programme was based on the audit strategy for 2019-22. Areas covered included financial controls, budgeting and financial management, remote working, handling complaints, fraud prevention policy and training, MPs' business costs, management information, and security.
91. Overall, the Head of Internal Audit's opinion, from the work carried out, was that IPSA can have limited assurance that its governance, risk management and controls framework is effective. A limited assurance rating indicates that there are significant weakness in the framework of governance, risk management and control. The Head of Internal Audit recognised that the internal audits were directed at areas of high risk and often at areas where IPSA management considered there was room for improvement. The annual opinion rating should be viewed in this context also recognising that it is the product of relatively few examinations. Nevertheless, IPSA will be looking to see significant progress in addressing the issues identified by the audits. In particular, the IPSA Transformation Programme, which will be delivered in 2021-22, onwards is designed to significantly strengthen the robustness and effectiveness of IPSA and its control framework. In addition to organisational changes and changes that will improve services to MPs, IPSA is committing more resource to risk management and assurance arrangements.

## Data and Information Security

92. 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 it controls and processes. Each senior manager involved in running key IPSA processes has responsibility for managing the risks associated with their information assets, as an Information Asset Owner (IAO). The Data Protection Officer is updating IPSA's Register of Processing Activity and as part of this exercise will ensure that, following recent turnover at senior manager level, IAOs are aware of their responsibilities and receive appropriate training. Further information on the work carried out during the past year is in the Data Protection paragraph on page 13.

## D. Corporate Governance Code

93. 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 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.
94. An Internal review of the Board's effectiveness is undertaken annually with an external assessment every third year. During 2020-21, as part of

this process, a revision of the Board's Scheme of Delegation, Standing Orders and Code of Conduct was undertaken.

## E. Assessment of Effectiveness

95. By relying on the arrangements described above, I can 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.
96. 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, I have 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.

### Board, Senior Management and Staff vacancies.

97. During 2020–21 IPSA has operated with a slightly reduced governance and management capacity. Following Ruth Evans' departure last year, Richard Lloyd continued to act as Interim Chair but this left one position on the Board unfilled. During the period covered by this report, the Rt Hon Jennifer Willott's term as a Board member ended, and Helen Jones succeeded her. We also experienced turnover at an executive level with the

CEO and the Director of Regulation and Insight leaving their roles. We appointed a new CEO, a Director of Strategy and Change and a Director of Policy and Engagement during the year, further strengthening our management capacity at an executive level. As with prior years, IPSA experienced a significant turnover of junior staff. We responded to this in several ways. In addition to filling the junior posts as necessary, IPSA has also carried out an organisation design review looking to the future to ensure that it has the right structure and necessary roles to meet new challenges.

98. 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 actions.
99. I was appointed as Accounting Officer on 19 October 2020, receiving a handover and regular briefings from the Director of Finance and Corporate Services, who was the Interim Accounting Officer from 13 September 2020 to 18 October 2020. In addition, I received a written note from my predecessor.
100. Overall, I have considered the evidence that supports this Governance Statement, including from IPSA's governance structures and the independent advice provided by the Audit and Risk Committee. I conclude that IPSA has satisfactory governance and risk management systems with effective plans to ensure continuous improvement to address weaknesses identified, although there remains room for further improvement.

## 4. Remuneration and staff report

### A. Remuneration policy

101. 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.
102. IPSA's policy is to remunerate staff at a level that 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 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. IPSA aims to pay staff within 5% of a benchmarked median pay rate in accordance with this policy.

#### Chief Executive

103. Marcial Boo was in post throughout the reporting period to 12 September 2020 when he left IPSA. Ian Todd, his successor, was originally appointed as Chief Executive, on an interim basis, from 19 October. He was subsequently appointed to the role on a permanent basis from the 5 August 2021.
104. The IPSA Board and Remuneration Committee determine the Chief Executive's salary.

#### Chair and Board Members

105. The Speaker determines the daily rate for the members of the 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.

106. The remuneration for the Chair and Board Members is non-pensionable. Board members are reimbursed on the presentation of timesheets setting out hours spent on IPSA business.
107. 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

108. The Parliamentary Standards Act 2009 (PSA) provides that the remuneration and other terms and conditions of the Chief Executive and their staff should broadly be kept in line with those in the Civil Service.
109. IPSA directly employs IPSA's staff on either permanent or fixed-term contracts. IPSA awarded a 2% pay increase to employees in 2020-21 to all employees including Directors and the Chief Executive.
110. The remuneration of all Executive Directors is determined by the Remuneration Committee of the Board, chaired by the Rt Hon Jennifer Willott until 31 December 2020 and then by Helen Jones from 1 March 2021.

#### Lay Members of SCIPSA

111. IPSA is 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

112. 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 2020-21 [3][4] £'000	Remuneration 2019-20 [3][5] £'000	Benefits in kind in 2020-21 [2][3] £	Benefits in kind in 2019-20 [2][3] £
Richard Lloyd <sup>[1]</sup> <b>Chair</b>	01/12/18	30/11/23	65-70	40-45	Nil	Nil
Helen Jones <b>Board Member</b>	01/03/21	31/12/25	0-5	Nil	Nil	Nil
William Lifford <sup>[4]</sup> <b>Board Member</b>	11/01/18	10/01/23	10-15	10-15	500	2,400
Sir Robert Owen <b>Board Member</b>	01/01/16	31/12/23	5-10	5-10	Nil	800
Rt Hon Jennifer Willott <b>Board Member</b>	07/08/16	31/12/20	10-15	5-10	200	Nil
Ruth Evans <b>Chair</b>	02/06/16	10/10/19	Nil	15-20	Nil	Nil

Figures in table have been subject to audit

#### Notes:

- [1] The increase in Richard Lloyd's remuneration reflects the fact he was undertaking his role as Chair for the financial year 2020-21.
- [2] The benefits in kind are sums reimbursed for the costs (travel, accommodation and telephone costs) incurred by the members in carrying out their board responsibilities. 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 2020-21 and 2019-20 figures have been rounded to the nearest £100.
- [4] The 2020-21 benefit in kind payment relates to 2019-20 travel expenses.
- [5] The Board remuneration figures for 2019-20 include £4,933 relating to a governance issue disclosed in the remuneration report and governance statement in 2018-19.

## Disclosure of IPSA CEO and Directors' Remuneration for 2020-21

Name	Appointed	End Date (when not ongoing)	Salary 2020-21 £'000	Bonuses paid 2020-21 £'000	Benefits in kind 2020-21 £'000	Pension Benefits 2020-21 [1], [2] £'000	Total 2020-21 £'000
<b>Marcial Boo CEO</b>	03/06/14	12/09/20	70-75 (130-135 full-time equivalent)	Nil	Nil	13	85-90
<b>Ian Todd CEO</b>	19/10/20	N/A	65-70 (145-150 full-time equivalent)	Nil	Nil	35	100-105
<b>Alastair Bridges Director of Finance &amp; Corporate Services</b>	01/08/16	N/A	110-115	Nil	Nil	63	170-175
<b>Lee Bridges<sup>[3]</sup> Director of Policy and Engagement</b>	26/10/20	N/A	N/A	Nil	Nil	N/A	N/A
<b>Victoria Fox Director of Regulation &amp; Insight<sup>[4]</sup></b>	18/07/16	20/09/20	50-55 (110-115 full-time equivalent)	Nil	Nil	24	75-80
<b>Karen Walker Director of Strategy &amp; Change</b>	24/08/20	N/A	65-70 (110-115 full-time equivalent)	Nil	Nil	26	90-95
<b>Georgia Wilson Director of Improvement &amp; MP Support</b>	03/01/19	N/A	100-105	Nil	Nil	57	160-165

Figures in table have been subject to audit

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

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

### 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 the duration of membership and earnings during this time and contain an actuarial calculation.
- [2] The 2020-21 pension contributions for Ian Todd include those made to MyCSP from his previous employment.
- [3] Lee Bridges was on secondment from the House of Commons. The amount invoiced from the House of Commons in respect of his services from 26 October 2020 to 31 March 2021 totalled £81,693.37. Pension costs amounted to £3,795.36.
- [4] Leaving date for Victoria Fox was updated in light of new information obtained after the 2019-20 reporting date.

## Salary

113. '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

114. The monetary value of benefits in kind covers any benefits provided by IPSA and is treated by HM Revenue and Customs as a taxable emolument.
115. During the year to 31 March 2021, benefits in kind totalling £700 (2019-20: £3,200) were given to the Chair, Board

Members, SCIPSA Lay Members, CEO or Directors.

## Bonuses

116. There is no bonus system in operation at IPSA. IPSA runs an individual and team reward and recognition scheme that recognises 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

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

Remuneration banding	Number of individuals in banding	
	2020-21	2019-20
£95,000 - £100,000	0	0
£100,000 - £105,000	1	1
£105,000 - £110,000	0	2
£110,000 - £115,000	3	0
£115,000 - £120,000	0	0
£120,000 - £125,000	0	0
£125,000 - £130,000	0	0
£130,000 - £135,000	1	1
£135,000 - £140,000	0	0
£140,000 - £145,000	0	0
£145,000 - £150,000	1	0
<b>Total</b>	<b>6</b>	<b>4</b>

## Disclosure of SCIPSA Lay Members' Remuneration

Name	Appointed	End Date	Total Remuneration in 2020-21 £'000	Total Remuneration in 2019-20 £'000
Bronwen Curtis <b>Lay Member</b>	26/01/16	25/01/20	Nil	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	5-10	0-5
Peter Blausten <b>Lay Member</b>	27/01/20	26/01/25	Nil	Nil

Figures in table have been subject to audit

## C. Fair pay disclosures

This section has been subject to audit

118. Reporting bodies are required by the Government Financial Reporting Manual (FRoM) to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.
119. The banded remuneration of the highest-paid director in IPSA in the financial year 2020-21 was £145,000-£150,000 (2019-20: £130,000 - £135,000). This was calculated as the highest full-time equivalent annual salary. As of 31 March 2021, this was 4.61 times (31 March 2020: 4.20) the median full-time equivalent remuneration of the workforce, which was £31,986 (2019-20: £31,359). The median full-time equivalent remuneration ratio calculation excludes agency employees.
120. In 2020-21 (2019-20: 0), no employee received remuneration above the highest-paid director. Full time equivalent remuneration ranged from £20,000 to £145,000 (2019-20: £20,000 to £135,000).
121. 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. Following the departure of Marcial Boo, the new interim CEO, Ian Todd, was recruited with an increased salary.



Remuneration Ratio	As at 31 March 2021	As at 31 March 2020
Band of Highest Paid Director's Remuneration (£'000)	145-150	130-135
Median Remuneration (£'000)	32.0	31.4
Ratio	4.61	4.20

## D. Pension Information for Directors

122. 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 2021 (and elated lump sum)	Real increase in pension and related lump sum at pension age	CETV at start date 1 April 2020 <sup>[1]</sup>	CETV at end date 31 March 2021	Real increase in CETV funded by employer
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Marcial Boo	15-20	0-2.5	236	247	7
Alastair Bridges	50-55 plus lump sum of 120-125	2.5-5 plus lump sum of 0-2.5	969	1,051	46
Ian Todd	65-70	0-2.5	795	820	19
Victoria Fox	30-35 plus lump sum of 55-60	0-2.5 Plus lump sum of 0-2.5	515	534	14
Karen Walker	0-5	0-2.5	0	19	14
Georgia Wilson	40-45	2.5-5	591	656	36

Figures in table have been subject to audit

### Notes:

[1] The 2019-20 pension has been updated with the latest information from MyCSP.

- Cash Equivalent Transfer Value (see page 44)

## Civil Service Pensions

123. Pension benefits are provided through the Civil Service pension arrangements.
124. 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). All newly appointed civil servants and the majority of those already in service joined alpha from that date. Before 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 an average pension age of 60; and one providing benefits on a whole career basis (nuvos) with an average pension age of 65.
125. 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 average 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 average 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).
126. 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 an alpha build up similarly 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.

127. The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the member's age) into a stakeholder pension product chosen by the employee from a provider panel. The employee does not have to contribute, but where they 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 centrally-provided risk-benefit cover costs (death in service and ill-health retirement).

128. 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 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.)

129. 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

130. 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 due to their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

131. 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 due to 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. They do not consider 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

132. This reflects the increase in CETV that the employer funds. 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.

## E. Staff and other pay costs report

133. The following disclosures on staff costs, the average number of persons employed and exit packages have been subject to audit. Staff and other pay costs comprise:

	2020-21				2019-20	
	Permanent staff <sup>[1]</sup> £'000	Agency Staff £'000	Chair & IPSA Board £'000	SCIPSA Lay Members £'000	Total £'000	Total £'000
Wages and salaries	3,793		98	8	3,899	2,990
Social security costs	388		10	0	398	330
Other pension costs	874				874	741
<b>Sub Total</b>	<b>5,055</b>	<b>—</b>	<b>108</b>	<b>8</b>	<b>5,171</b>	<b>4,061</b>
Agency staff					0	529
Less recoveries in respect of outwards secondments					0	0
<b>Total net costs*</b>	<b>5,055</b>	<b>—</b>	<b>108</b>	<b>8</b>	<b>5,171</b>	<b>4,590</b>

\* No staff costs have been capitalised (2020-21 £nil)

Figures in table have been subject to audit

### Notes:

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

134. 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/).

135. For 2020-21, employer's contributions of £874,000 were payable to the civil service pension schemes (2019-20: £741,000) at one of four rates in the range

26.6 to 30.3 per cent (2019-20: 26.6 to 30.3 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

136. Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. There are 2 employees with partnership pension schemes.

## Average number of persons employed and staff composition

137. 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 the post by month over the 12 months to 31 March 2021. The gender analysis of the full-time equivalent persons (which has not been audited) was as follows.

Average 2020-21 FTE							
	Permanent Staff	Agency Staff	Fixed Term Staff	Total IPSA staff	Chair & IPSA Board	Compliance Officer	SCIPSA Lay Members
Male	32	0	7	39	3	0	2
Female	39	0	6	45	1	1	1
<b>Total</b>	<b>71</b>	<b>0</b>	<b>13</b>	<b>84</b>	<b>4</b>	<b>1</b>	<b>3</b>

  

Average 2019-20 FTE							
	Permanent Staff	Agency Staff	Fixed Term Staff	Total IPSA staff	Chair & 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>

138. IPSA's staff turnover rate (calculated as the number of staff who left the organisation divided by the average number of staff for the year) was 25.9% (2019-20: 23.5%). The staff turnover is linked, in part, to the ending of a number of fixed-term contracts.

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

Exit package cost band	Number of voluntary departures agreed	
	2020-21	2019-20
<£10,000	1	1
£10,000 – £25,000	1	0
£25,001 – £50,000	0	0
£50,001 – £75,000	0	0
<b>Total number of exit packages</b>	<b>2</b>	<b>1</b>
<b>Total cost/£'000s<sup>[1]</sup></b>	<b>20</b>	<b>5</b>

Figures in table have been subject to audit

### Notes:

[1] Two exit packages in 2020-21 totalling £20k as PILON (Pay In Lieu Of Notice).

139. 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 the year that they are agreed. Where the organisation has agreed on 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.

## Reward and Recognition Scheme

140. 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.

141. In total, £3,750 was paid out in R&R awards during the reporting period (2019-20: £6,100).

Total value of rewards received	Number of people in band	
	2020-21	2019-20
£101 to £150	0	1
£151 to £200	0	0
£201 to £250	15	24
£251 to £500	0	0
<b>Total number of recipients</b>	<b>15</b>	<b>25</b>

## Sickness absence

142. Over the 2020-21 financial year, the sickness absence rates within IPSA (monitored monthly) was on average 6.3% (2019-20: 2.9%).

## Staff policies

143. All posts with IPSA must be advertised in internal and external media to ensure we comply with our Equality and Diversity policy. Certain exceptions may apply for internal recruitment, such as:

- temporary/fixed term posts of 6 months' duration or less or covering
- when employees whose fixed-term contracts of employment are ending are offered a permanent post to avoid a redundancy situation
- where there is a risk of a redundancy situation

We are committed to equality of opportunity and fair treatment of current and potential employees, recruiting on merit through fair and open competition. Equal opportunities and anti-discrimination measures are promoted throughout the recruitment and selection process to ensure no bias in assessing candidates. The selection process is objective, impartial, and applied consistently.

144. Learning and development help us to improve performance, develop skills and enable people to develop their careers. A regular learning needs analysis helps us assess organisation-wide development needs, and regular development conversations are held to understand individual needs.

Reasonable adjustments are made to accommodate those with disabilities, and all activity is based on the fair treatment of all IPSA employees.

## Consultancy expenditure

145. In 2020-21 IPSA spent £530,000 on consultancy and advice services (2019-20: £300,000). This was made up of:

- Organisational redesign work: £206,000
- Business and technical support and general professional advice: £200,000
- System maintenance and continuous improvement programme: £123,000
- Professional Advice to Compliance Office: £1,000

## Agency and off-payroll engagements

146. Between 1 April 2020 and 31 March 2021, IPSA engaged no staff on an interim basis via an agency. There was one off-payroll engagement in 2020-21. There were no off-payroll engagements of board members or senior officials with significant financial responsibility between 1 April 2020 and 31 March 2021.



*Table 1: Highly paid off-payroll worker engagements as at 31 March 2021, earning £245 per day or greater.*

	Core Dept.
No. of existing engagements as of 31 March 2021	1
Of which...	0
No. that have existed for less <1 year.	1
No. that have existed for between 1 and 2 years.	0
No. that have existed for between 2 and 3 years.	0
No. that have existed for between 3 and 4 years.	0
No. that have existed for 4 or more years.	0

*Table 2: All highly paid off payroll workers engaged at any point during the year ended 31 March 2021, earning £245 per day or greater.*

	Core Dept.
No. of temporary off-payroll workers engaged during the year ended 31 March 2021.	1
Of which...	0
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	1
No. of engagements reassessed for compliance or assurance purposes during the year	0
Of which: no. of engagements that saw a change to IR35 status following review.	0

Signed

Date: 12 November 2021

**Ian Todd**  
Accounting Officer

## 5. Parliamentary Accountability and Audit Report

### A. Statement of Outturn against Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires IPSA to prepare a Statement of Outturn against 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 as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year. Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on pages 11-12, in the financial review section of the performance report under the Estimates Subhead heading. Further information on the public spending framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review, in the Performance Report, provides a summarised discussion of outturn against estimate and functions as an introduction to the SOPS disclosures.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOPS to the financial statements (note 2); a reconciliation of outturn to net cash requirement (note 3); and, an analysis of income payable to the Consolidated Fund (note 4).

2020-21							2019-20
Estimate				Outturn			Outturn
Type of Spend	SOPS Note	Voted	Total	Voted	Total	Voted outturn compared with Estimate: saving/ (excess)	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Departmental Expenditure Limit							
-Resource	1.1	239,555	239,555	208,489	208,489	31,066	200,694
-Capital	1.2	1,941	1,941	184	184	1,757	140
Annually Managed Expenditure							
-Resource	1.1	100	100	19	19	81	(170)
-Capital	1.2	0	0	0	0	0	0
Total Budget		241,596	241,596	208,692	208,692	32,904	200,664
Total		241,596	241,596	209,692	209,692	32,904	200,664
Total Resource	1.1	239,655	239,655	208,508	208,508	31,147	200,524
Total Capital	1.2	1,941	1,941	184	184	1,757	140
Total		241,596	241,596	208,692	208,692	32,904	200,664

NET CASH REQUIREMENT 2020-21		2020-21		2019-20	
	SOPS note	Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
		£'000	£'000	£'000	£'000
Net cash requirement	3	240,647	208,527	32,120	198,560

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

Explanations of variances between Estimate and Outturn on Page 19.

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

IPSA has no Non-Voted Expenditure.

The notes on pages 53 to 55 form part of this statement.

## SOPS1. Outturn detail, by Estimate Line

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

2020-21 £'000				2019-20 £'000		
Outturn				Estimate		
Programme				Outturn vs Estimate, saving/ (excess)	Total	
Spending in Departmental Expenditure Limit Voted:-	Gross	Income	Net			
Net Total						
A. MPs' Pay, staffing, business costs and expenses	199,818	(234)	199,584	229,201	29,617	192,853
B. IPSA operations (core costs)	8,905	0	8,905	10,354	1,449	7,841
Voted Departmental Expenditure	208,723	(234)	208,489	239,555	31,066	200,694
Spending in Annually Managed Expenditure Voted:-						
C. Provisions and Impairments	19	0	19	100	81	(170)
Voted Annually Managed Expenditure	19	0	19	100	81	(170)
Total	208,742	(234)	208,508	239,655	31,147	200,524

## SOPS1.2 Analysis of Net Capital Outturn by Estimate line

2020-21 £'000				2019-20 £'000		
Outturn				Estimate		
Programme				Outturn vs Estimate, saving/ (excess) Net		
Spending in Departmental Expenditure Limit Voted:-	Gross	Income	Net	Net Total		
A. MPs' pay, staffing, business costs and expenses	237	(278)	(41)	200	241	129
B. IPSA Operations (core costs)	225	0	225	1,741	1,516	11
<b>Voted Departmental Expenditure</b>	<b>462</b>	<b>(278)</b>	<b>184</b>	<b>1,941</b>	<b>1,757</b>	<b>140</b>
Spending in Annually Managed Expenditure Voted:-						
<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>462</b>	<b>(278)</b>	<b>184</b>	<b>1,941</b>	<b>1,757</b>	<b>140</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 2020-21 and 2019-20.

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

	SOPS Note	Estimate	Outturn	Net total outturn compared with Estimate: saving/ (excess)
		£'000	£'000	£'000
<b>Resource Outturn</b>	1.1	239,655	208,508	31,147
<b>Capital Outturn</b>	1.2	1,941	184	1,757
<b>Accruals to cash adjustments:</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation & Amortisation		(1,509)	(824)	(685)
New provisions and adjustments to previous provision <sup>[1]</sup>		(100)	(19)	(81)
Other non-cash items		(90)	(124)	34
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables		400	(698)	1,098
(Increase)/decrease in payables		350	1,500	(1,150)
Use of provisions		0	0	0
		<b>(949)</b>	<b>(165)</b>	<b>(784)</b>
<b>Net cash requirement</b>		<b>240,647</b>	<b>208,527</b>	<b>32,120</b>

**Notes:**

[1] Includes bad debt provision for the year.

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

## 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 31 March 2021 (2019-20: £nil).

## B. Parliamentary Accountability Disclosures

### B.1 Losses and special payments

#### B.1.1 Losses statement

Category of loss	2020-21		2019-20	
	Value of Cases (£'000)	Number of Cases	Value of Cases (£'000)	Number of Cases
Other write-offs <sup>[1]</sup>	9	9	9	3
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>3</b>

Figures in table have been subject to audit

**Notes:**

[1] Represents bad debt write-offs following a review of aged debt.

#### B.1.2 Special payments statement

Category of special payment	2020-21		2019-20	
	Value of Cases (£'000)	Number of Cases	Value of Cases (£'000)	Number of Cases
Settlement of pay <sup>[1]</sup>	25	1	0	0
<b>Total</b>	<b>25</b>	<b>1</b>	<b>0</b>	<b>0</b>

Figures in table have been subject to audit

**Notes:**

[1] Represents costs in relation to the ending of a contract of employment.



## **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 the settlement is too remote to meet the definition of contingent liability. There are no remote contingent liabilities in 2019-20 & 2020-21.

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

Signed

Date: 12 November 2021

**Ian Todd**  
**Accounting Officer**

# 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 2021 under the Parliamentary Standards Act 2009. The financial statements comprise: 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Parliament 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 2021 and of IPSA's net operating expenditure for the year then ended; and
- 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 Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2021 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of IPSA in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that IPSA's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on IPSA's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for IPSA is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

## 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 certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate,

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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; 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

In the light of the knowledge and understanding of IPSA and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

## **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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and

- assessing IPSA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by IPSA will not continue to be provided in the future.

## **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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, IPSA's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to IPSA's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including IPSA's controls relating to Parliamentary Standards Act 2009, Supply and Appropriation (Main Estimates) Act 2020, and Managing Public Money.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in estimates; and
- obtaining an understanding of IPSA's framework of authority as well as other legal and regulatory frameworks that IPSA operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of IPSA. The key laws and regulations I considered in this context included Parliamentary Standards Act 2009, the

Supply and Appropriation (Main Estimates) Act 2020, Managing Public Money, Employment Law, and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's

website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against 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.

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.

## 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 16 November 2021**

# Part III:

# Financial Statements



## A. Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

		2020-21	2019-20
	Note	£'000	£'000
		IPSA	IPSA
<b>MPs' Business costs and expenses scheme</b>			
MP and MP Staff pay costs	3	165,844	159,437
MP and MP Staff expenses	3	33,974	33,647
Income	5	(234)	(231)
<b>IPSA operational costs</b>			
Staff costs	4	5,171	4,590
Other costs	4	3,753	3,086
Income	5	0	(5)
<b>Net operating expenditure</b>		<b>208,508</b>	<b>200,524</b>
Total operating expenditure		208,742	200,760
Total operating income		(234)	(236)
<b>Net operating expenditure</b>		<b>208,508</b>	<b>200,524</b>
<b>Comprehensive net expenditure for the year ended</b>		<b>208,508</b>	<b>200,524</b>

The notes on pages 67 to 86 form part of these accounts.

## B. Statement of Financial Position

As at 31 March 2021

		2020-21		2019-20	
	Note	£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	6	614		844	
Intangible assets	7	4,901		5,294	
Total non-current assets			5,515		6,138
Current assets					
Trade and other receivables	9	2,921		3,689	
Cash and cash equivalents	10	1,327		(46)	
Other assets	9	0		46	
Total current assets			4,248		3,689
Total assets			9,763		9,827
Current liabilities					
Trade and other payables	11	(10,910)		(11,083)	
Provisions	12	0		(30)	
Total current liabilities			(10,910)		(11,113)
Total assets less current liabilities			(1,147)		(1,286)
Non-current liabilities					
Provisions	12	(140)		(110)	
Total non-current liabilities			(140)		(110)
Total assets less total liabilities			(1,287)		(1,396)
Taxpayers' equity:					
General fund		(1,287)		(1,396)	
Total equity			(1,287)		(1,396)

The notes on pages 67 to 86 form part of these accounts.

Signed

Date: 12 November 2021

**Ian Todd**  
Accounting Officer

## C. Statement of Cash Flows

### For the year ended 31 March 2021

		2020-21	2019-20
	Note	£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(208,508)	(200,524)
<b>Adjustments for non-cash transactions</b>			
Depreciation and amortisation	4	824	381
Loss on disposal of non-current assets	4	25	1
External audit	4	90	90
Increases in provisions		19	65
Bad debts written off	4	9	9
(Increase)/Decrease in trade and other receivables	9	785	(352)
Less movement in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		(46)	396
Increase/(Decrease) in trade and other payables	11	(173)	1,619
Less movement in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	11	(1,327)	0
Provision used	12	0	(235)
<b>Net cash outflow from operating activities</b>		<b>(208,302)</b>	<b>(198,550)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(16)	(10)
Purchase of intangible assets	7	(209)	0
<b>Net cash outflow from investing activities</b>		<b>(225)</b>	<b>(10)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		209,900	198,910
<b>Net financing</b>		<b>209,900</b>	<b>198,910</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>1,373</b>	<b>350</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>1,373</b>	<b>350</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(46)</b>	<b>(396)</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>1,327</b>	<b>(46)</b>

The notes on pages 67 to 86 form part of these accounts.

## D. Statement of Changes in Equity

For the year ended 31 March 2021

		General Fund	Total Reserves
	Note	£'000	£'000
<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 – external audit remuneration	4	90	90
<b>Balance at 31 March 2020</b>		<b>(1,396)</b>	<b>(1,396)</b>
<b>Balance at 1 April 2020</b>		<b>(1,396)</b>	<b>(1,396)</b>
Net Parliamentary Funding – drawn down		209,900	209,900
Net Parliamentary Funding – deemed supply		(46)	(46)
Supply payable adjustment	11	(1,327)	(1,327)
Comprehensive Net Expenditure for the Year		(208,508)	(208,508)
<b>Non-Cash Adjustments</b>			
Non-cash charges – auditor's remuneration	4	90	90
<b>Balance at 31 March 2021</b>		<b>(1,287)</b>	<b>(1,287)</b>

The notes on pages 67 to 86 form part of these accounts.

## E. Notes to Departmental Resource Accounts

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2020–21 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 to give 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 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 2021-22 (HC 16) was approved on 13 May 2021. The net liability position as per the Statement of Financial Position at 31st of March 2021 was £ 1,327k.

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 Covid-19 has caused disruption, this has had minimal impact on IPSA's operations. We received additional resources in 2020-21 to manage pressures in this area, and there is no reason to believe that should future approvals be required, they will not be forthcoming.

#### 1.3 Administration and programme expenditure

The Statement of Outturn against Parliamentary Supply shows that 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 of a similar nature and function (including the recognition on purchase of the component parts) whose value, when grouped in a singular purchase/contract, exceeds the £5,000 threshold are capitalised as a grouped asset. Subsequent acquisitions of less than £5,000 value but of the exact nature of 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 based on 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 but of the exact 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. IPSA applies IAS 38 as adapted by the Financial Reporting Manual for both the initial recognition and subsequent measurement. Where an active (homogeneous) market exists, intangible assets other than those that are held for sale are carried at current value in existing use at the reporting period date. Where no active market exists, the Financial Reporting Manual requires entities to revalue the asset, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the asset should be valued using depreciated replacement cost. No active market exists for IPSA Online due to the bespoke nature for IPSA, and the effect of the price indexation is not considered to be material given the nature and useful economic life of the asset.

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 a full year of depreciation/amortisation is applied in the year of disposal. Subsequent acquisitions of less than £5,000 value but of the exact nature as existing grouped assets will be appended. The residual values of assets are reviewed on an annual basis. The useful Economic life of IPSA Online is 10 years.

Asset lives are assigned as follows:

<b>Leasehold improvements</b>	5 years or remaining life of the lease
<b>IT and computers</b>	5 years
<b>Other equipment</b>	5 years
<b>Furniture, fixtures and fittings</b>	5 years
<b>Intangible assets</b>	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 good 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 collect all amounts outstanding and according to the original terms of the receivables. Debts relating to MPs deemed not to 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 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 of uncertain timing or amount at the balance sheet date based on 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**

IAS 37 Provisions, Contingent Liabilities and Contingent Assets for IPSA in relation to Contingent Liabilities is £nil for the year ended 31 March 2021 as there has been no information received from the lawyers regarding any potential lawsuits and the directors are unaware of any remote likelihood of a transfer of economic benefit. Therefore, no contingent liability has been recognised.

Where the time value of money is material, contingent liabilities that are required to be disclosed under IAS 37 are stated at discounted amounts, and the amount reported to Parliament is separately noted.

## **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 2021, MPs may submit a claim up to 120 days after incurring the expenditure and resolve any queries as instructed. The outstanding balance of claims for MPs' business costs arising out of 2020-21 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 2020-21 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 made directly by IPSA on the MP's behalf and 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 managing 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

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. They are offset against the expenditure of the MP where agreed. Income from the House of Commons in respect of the Speaker's Internship Scheme.

## 1.17 IFRSs in issue but not yet effective

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 reviewed the IFRSs in issue but is 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 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 £1.1m 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 contracts 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 is expected.</p>

## 2. Statement of Operating Expenditure By Operating Segment

IPSA's operating segments correspond with the Subhead detail of the 2020-21 Estimate. The reportable segments are reported to the IPSA Board in its management accounts and are the entity's components that management uses to make decisions about operating matters.

2020-21			
	Subhead A	Subhead B	
	MPs' Pay, staffing, business costs and expenses	IPSA operations – core costs (including provisions)	Total
	£'000	£'000	£'000
Gross Expenditure	199,818	8,924	208,742
Income	(234)	0	(234)
<b>Net Expenditure</b>	<b>199,584</b>	<b>8,924</b>	<b>208,508</b>
Assets	0	9,763	9,763
Liabilities	0	(11,050)	(11,050)
<b>Net capital</b>	<b>0</b>	<b>(1,287)</b>	<b>(1,287)</b>

2019-20			
	Subhead A	Subhead B	
	MPs' Pay, staffing, business costs and expenses	IPSA operations – core costs (including provisions)	Total
	£'000	£'000	£'000
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>

### 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

	2020-21	2019-20
	£'000	£'000
<b>MPs' Business Costs and Expenses Scheme</b>		
MP Salary cost	54,302	53,582
MP Staff Salary cost	87,616	75,661
MP National Insurance	6,904	6,787
MP Staff National Insurance	8,510	7,278
MP Staff Superannuation	8,492	7,549
MP Staff Winding Up Costs <sup>[1]</sup>	134	4,435
MP Staff redundancy as a result of Winding up	155	3,058
MP Resettlement payments <sup>[2]</sup>	(269)	1,087
	<b>165,844</b>	<b>159,437</b>
<b>Capped Budgets</b>		
<b>Accommodation Expenses and Office Expenditure</b>		
Property rent	13,373	12,479
Utility costs	701	765
Council Tax	466	378
Service charges	228	174
Rates	166	150
Other premises costs (including security costs) <sup>[3]</sup>	5,845	3,600
Insurance	142	95
Professional services	1,874	1,335
Stationery and other office supplies	1,641	1,931
Telephone and internet	1,152	1,134
Pooled services	2,175	1,873
Computers	1,470	1,268
Office furniture <sup>[4]</sup>	591	304
Photocopiers and televisions	303	350

	2020-21	2019-20
	£'000	£'000
Publicity, advertising and communications	668	376
Website design and hosting	177	169
Other	156	373
<b>Total capped expenditure</b>	<b>31,128</b>	<b>26,754</b>
<b>Uncapped Budgets</b>		
Travel    Car	793	958
Air	249	1,261
Rail	922	2,588
Taxi	41	124
Other	23	106
Hotels	442	1,474
Food and drink	18	54
Training	290	149
Parking	68	179
Other	0	0
<b>Total Uncapped</b>	<b>2,846</b>	<b>6,893</b>
<b>Total MPs' Business Costs and Expenses Scheme</b>	<b>199,818</b>	<b>193,084</b>

**Notes:**

- [1] The higher Winding up costs in 2019-20 was due to the 2019 General Election.
- [2] The 2019-20 figures included departures due to the 2019 General Election and were accrued at £1,087k, and the actual payment came in at £818k once paid in 2020-21.
- [3] Includes working from home allowance
- [4] Higher cost in 2020-21 due to the working from home arrangement.

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

### 3.1 Reporting of MP Staff Exit Packages

2020-21 <sup>[1]</sup>						
Exit Package Summary	Number of MP Staff Departures			Value of Exit Package (£'000)		
	Relating to MPs who left Parliament	Relating to Sitting MPs	Total	Relating to MPs who left Parliament	Relating to Sitting MPs	Total
£0 - £4,999	14	3	17	33	10	43
£5,000 - £9,999	5	0	5	34	0	34
£10,000 - £14,999	1	0	1	14	0	14
£15,000 - £19,999	1	0	1	16	0	16
£20,000 - £24,999	2	0	2	48	0	48
£25,000 - £29,999	0	0	0	0	0	0
£30,000 - £34,999	0	0	0	0	0	0
<b>Total</b>	<b>23</b>	<b>3</b>	<b>26</b>	<b>145</b>	<b>10</b>	<b>155</b>

2019-20 <sup>[1]</sup>						
Exit Package Summary	Number of MP Staff Departures			Value of Exit Package (£'000)		
	Relating to MPs who left Parliament	Relating to Sitting MPs	Total	Relating to MPs who left Parliament	Relating to 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>

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.

**Notes:**

[1] The 2020-21 departures were regular departures from positions as a result of restructures and performance management, and 2019-20 figures include mainly departures due to the 2019 General Election.

### 3.2 MP Loss of Office payments

There is no LOOP in 2020-21.

2019-20 <sup>[1]</sup>		
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>

**Notes:**

[1] The 2019-20 figures included departures due to the 2019 General Election and were accrued at £1,087k, and the actual payment came in at £818k once paid in 2020-21.



## 4. IPSA Operational Costs

	2020-21	2019-20
	£'000	£'000
<b>Staff costs<sup>[1]</sup></b>		
Wages and salaries	3,899	2,990
Social security costs	398	330
Other pension costs	874	741
Agency staff	0	529
<b>Total staff costs</b>	<b>5,171</b>	<b>4,590</b>
Rent, rates and service charges	508	524
Other property costs	72	283
IT services and telephony	1,089	1,203
Legal <sup>[3]</sup>	215	140
Pension advice and administration	48	23
Internal audit services	53	54
Recruitment and advertising	143	88
Printing, postage and stationery	23	24
Professional services <sup>[3]</sup>	531	311
<b>Non - cash items:</b>		
Depreciation	246	290
Amortisation	578	91
(Profit)/Loss on disposals	25	1
External audit <sup>[2]</sup>	90	90
Bad debts written off <sup>[4]</sup>	9	9
New provisions & adjustments to previous provisions <sup>[5]</sup>	19	(170)
Other	104	125
<b>Total non-staff costs</b>	<b>3,753</b>	<b>3,086</b>
<b>Total IPSA Operational costs</b>	<b>8,924</b>	<b>7,676</b>

### Notes:

[1] Further analysis of staff costs is set out in the Staff Report on page 45.

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

[3] The figures in 2019-20 include the following amounts in respect of the governance issue described in paragraphs 92 to 95 of the governance statement in the 2018-19 Annual Report and Accounts.

	2020-21	2019-20
	£	£
Professional services	0	10,500
Legal costs	0	1,563
Total	0	12,063

[4] Following the bad debt policy application, £8,828 of debt was written off in the year.

[5] Represents new provision for bad debts.

## 5. Income

	2020-21	2019-20
	£'000	£'000
Speaker's scheme (cost of some MPs' internships)	(234)	(231)
Sublet rental income	0	(5)
<b>Total</b>	<b>(234)</b>	<b>(236)</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 2020	33	796	803	1,632
Additions	0	16	0	16
Disposals	0	(69)	0	(69)
<b>At 31 March 2021</b>	<b>33</b>	<b>743</b>	<b>803</b>	<b>1,579</b>
<b>Depreciation</b>				
At 1 April 2020	7	535	246	788
Charged in year	7	97	142	246
Disposals	0	(69)	0	(69)
<b>At 31 March 2021</b>	<b>14</b>	<b>563</b>	<b>388</b>	<b>965</b>
<b>Carrying amount at 31 March 2020</b>	<b>26</b>	<b>261</b>	<b>557</b>	<b>844</b>
<b>Carrying amount at 31 March 2021</b>	<b>19</b>	<b>180</b>	<b>415</b>	<b>614</b>
<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>

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 2020	6,853	0	6,853
Additions	209	0	209
Transfers	0	0	0
Disposals	(546)	0	(546)
<b>At 31 March 2021</b>	<b>6,516</b>	<b>0</b>	<b>6,516</b>
<b>Amortisation</b>			
At 1 April 2020	1,559	0	1,559
Charged in year	578	0	578
Disposals	(522)	0	(522)
<b>At 31 March 2021</b>	<b>1,615</b>	<b>0</b>	<b>1,615</b>
<b>Carrying amount at 31 March 2020</b>	<b>5,294</b>	<b>0</b>	<b>5,294</b>
<b>Carrying amount at 31 March 2021</b>	<b>4,901</b>	<b>0</b>	<b>4,901</b>
<b>Cost or valuation</b>			
At 1 April 2019 <sup>[1]</sup>	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>

**Notes:**

- [1] IPSA online was put in use on 1 April 2019, including the 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 power to borrow money or to invest surplus funds. Besides financial assets and liabilities 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

	2020-21	2019-20
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables <sup>[1]</sup>	1,034	1,255
Deposits and advances	6	13
Other receivables	1,246	1,773
Prepayments and accrued income	635	648
	<b>2,921</b>	<b>3,689</b>
Amounts due from the Consolidated Fund in respect of Supply at year-end	0	46
<b>Total</b>	<b>2,921</b>	<b>3,735</b>

**Notes:**

[1] Trade receivables comprises of deposit loans given to MPs for constituency office and accommodation property rentals.

## 10. Cash and Cash Equivalents

	2020-21	2019-20
	£'000	£'000
Balance at 1 April	(46)	(396)
Net change in cash and cash equivalent balances	1,373	350
<b>Balance at 31 March</b>	<b>1,327</b>	<b>(46)</b>
The following balances at 31 March were held at:		
Government Banking Service	1,327	(46)
<b>Total balance at 31 March</b>	<b>1,327</b>	<b>(46)</b>

There were no cash equivalents held by IPSA at 31 March 2021 or 31 March 2020.

## 11. Trade Payables and Other Current Liabilities

	2020-21	2019-20
	£'000	£'000
<b>Amounts falling due within one year</b>		
Taxation and social security	5,795	5,073
Payables	281	98
Accrual for MP's and MPs' staff expenses	3,026	5,059
Other accruals and deferred income	481	853
	<b>9,583</b>	<b>11,083</b>
Amounts issued from the Consolidated Fund for Supply but not spent at year-end	1,327	0
<b>Total</b>	<b>10,910</b>	<b>11,083</b>

No amounts are falling due after more than one year.

## 12. Provisions for Liabilities and Charges

	2020-21	2019-20
	£'000	£'000
Balance at 1 April	140	375
Provided for in year	0	0
Provisions not required written back	0	0
Provisions used in year	0	(235)
<b>Balance at 31 March</b>	<b>140</b>	<b>140</b>

	Dilapidations	Total
<b>Analysis of expected timing of cash flows</b>		
Not later than one year	0	0
Later than one year and not later than five years	140	140
Later than five years	0	0
<b>Balance at 31 March 2021</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.

## 13. Capital and other commitments

### 13.1 Capital commitments

There were no capital commitments in 2020-21 (2019-20: 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.

	2020-21	2019-20
	£'000	£'000
Not later than one year	319	319
Later than one year and not later than five years	1,037	1,356
Later than five years	0	0
<b>Total</b>	<b>1,356</b>	<b>1,675</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 most claimants, the case cannot meaningfully be assessed.

There were no quantified contingent liabilities as at 31 March 2021.



## 15. Related-party transactions

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

Alastair Bridges, Director of Finance and Corporate Services, is a trustee of the Parliamentary Contribution Pension Fund, which is an unremunerated position.

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. All related party interest is disclosed on the IPSA website

<http://www.theipsa.org.uk/about-us/board-and-chief-executive>

Note: The Register of Interests are located within the individual Board Members profile's, in the section 'Who we are'.

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

## 16. Events after the reporting period

Following the tragic death of Sir David Amess MP in October 2021, IPSA is working actively with the House authorities and police to ensure that MPs have access to the security funding and support they need to fulfil their parliamentary duties safely.

A vacancy for the Chair of IPSA arose in October 2019 following the resignation of Ruth Evans. A recruitment process for a new Chair was initially launched in the Spring of 2020, but the Speaker's Committee for IPSA and Mr Speaker agreed to pause the process owing to the impact of the pandemic to ensure the process attracted the broadest possible range of capable candidates. The process was subsequently started afresh in 2021. Following a competitive process, Mr Speaker decided to recommend Richard Lloyd to the Speaker's Committee as his preferred candidate for the post. At its meeting on 15 June 2021, the Speaker's Committee agreed to Mr Speaker's selection of Richard Lloyd. The House subsequently approved a motion for his appointment as permanent Chair.

Karen Walker, Ian Todd & Lee Bridges were confirmed as permanent positions after the year-end.

The Accounting Officer authorised these financial statements for issue on the C&AG certification date.

# 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

# Part V:

# Annual Report by the Compliance Officer for IPSA

## 1. Introduction

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.

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 officeholder shall carry out the following functions:

The Compliance Officer:

- a. may investigate if they have 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.

The full statutory powers of the Compliance Officer are established in the Acts noted above and included the powers to:

- c. 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
- d. 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.

The Act stipulates that a Compliance Officer can only be appointed for a single fixed term not exceeding five years. Therefore the term of office for the current Compliance Officer will conclude in May 2023.

## 2. Overview of 2020-21

In 2020-21 there were a total of 39 complaints made to the Compliance Office by members of the public or those linked to party political associations. This is an increase in the number of complaints made in 2019-20, which totalled 33. There were 13 reviews requested by MPs, an increase of eight from the year before. Further information on both complaints, IPSA referrals and reviews can be found below.

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 have not been any tribunals in respect of investigations or review processes this year.

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.

### 3. Budget for 2020-21

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.

The total expenditure for the Compliance Office in 2020-21 was £129,000. This was broken down as follows:

Description	Actual Cost (£000)	Budget (£000)	Variance (£000)	Variance (%)
Pay	66	73	(7)	(9.6)
Legal, audit and prof fees	61	45	16	35.6
Other	2	1	1	100
<b>Total</b>	<b>129</b>	<b>119</b>	<b>10</b>	<b>8.4</b>

Increased spending on legal costs has caused the overspend. This is partly due to commissioning legal assistance with the preparation of the new edition of investigative procedures and in part due to seeking legal assistance with Freedom of Information and Data Subject Access Request matters.

### 4. Relationship with IPSA

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 quarterly.

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.

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.

## 5. Relationship with MPs

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.

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 MPs' Business Costs and Expenses", which is the guidance document which sets out to MPs 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 busy 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 of the rationale for decisions I make.

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 minimal scope for abuse or wilful misinterpretation of the rules.

In exceptional cases, matters have been referred to the police.

## 6. Relationship with other regulatory bodies

The IPSA and the Compliance Officer must prepare a joint statement setting out how the IPSA and the Compliance Officer will work with the following:

- (a) the Parliamentary Commissioner for Standards,
- (b) the Director of Public Prosecutions,
- (c) the Commissioner of Police of the Metropolis (MPS), and
- (d) any other person the IPSA and the Compliance Officer consider appropriate.

Copies of these agreements can be found on the website at:

<https://www.ipsacompliance.org.uk/news-and-publications/publications>.

A Joint Statement also sets out how IPSA and the Compliance Officer will work with the Metropolitan Police Service and the Director of Public Prosecutions in circumstances where there is 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.

If the Compliance Officer has reason to suspect a criminal offence may have been committed, they may suspend their enquiries and contact the MPS. Both IPSA and the Compliance Officer will assist the MPS with their initial assessment of the evidence and any further enquiries they undertake after that.

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.

During the year 2020-21, one case was referred to the MPS involving staff members of an MP.

It is crucial to consider the following:

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.

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 are referred to the appropriate force for due consideration.

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.

Furthermore, the Compliance Office take its obligations under the Data Protection Act (DPA) and other privacy provisions very seriously. The DPA legally binds the Compliance Officer to ensure that personal data, including the names of individuals referred to the police, is protected from unlawful disclosure. The police are responsible for assessing and investigating criminal complaints. After that, 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.



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. It would leave the Compliance Officer open to investigation by the Information Commissioner's Office (ICO) and subject to a possible monetary penalty.

## 7. Procedures for Investigations of the Compliance Officer

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.

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 for 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.

A fourth edition has been drafted, and a consultation process has taken place. The IPSA Board has approved the fourth edition, and the new edition became effective in May 2021.

The procedures can be viewed at [www.ipsacompliance.org](http://www.ipsacompliance.org).

## 8. Complaints and Investigations

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.

Complaints can originate from several sources. The majority of complaints are made by members of the public (including councillors, prospective parliamentary candidates and MPs' staff).

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. Two cases were referred in 2020-21. One case has concluded with no formal action being taken, and the second matter is still ongoing.

Lastly, the Compliance Officer may decide to look at an issue on their initiative.

During the reporting period, 39 complaints were handled. These can be broken down as follows:

Type of Complaint	Number of Complaints
Office Costs	25
Office and Accommodation Costs	1
Staffing Costs	2
Travel Costs	3
Accommodation Costs	4
Professional service fees	2
Staffing and office costs	2

The majority of complaints (32) were made by members of the public. Four complaints were made by political party associations, one complaint from a journalist and two referrals received from IPSA.

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.

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.

Nonetheless, the functions of the Compliance Officer must be 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:

<https://www.ipsacompliance.org.uk/investigations/complaints-handled>.

Full details of all investigations undertaken by the Compliance Officer can be found on the website, at the following address:

<https://www.ipsacompliance.org.uk/our-investigations>.

Figures outlining complaints received and cases handled by the Compliance Office during 2020-21 are shown below.

**Table 1: Summary of the 39 cases handled during 2020-21**

Cases carried forward from 2019-20	Cases opened during 2020-21 by quarter				Total cases opened during 2020-21	Cases closed during 2020-21 <sup>[1]</sup>	Cases carried forward to 2021-22
	Q1	Q2	Q3	Q4			
0	5	6	15	13	39	35	4

**Note:**

[1] 35 cases were closed during 2020-21 all of which were opened in year, with no cases brought forward from 2019-20.

**Table 2: Summary of IPSA referrals**

Types of cases referred	Outcome
MP Claims for professional services	On-going
Staff Member's conduct in the absence of MP	After the formal assessment, no breach of Scheme was identified, but the letter of advice was sent to a staff member.

The table below outlines statistics for the last six years, including the number of complaints, reviews, and investigations conducted.

Year	No. complaints were received.	No. reviews were requested and conducted.	No. of Investigations conducted. <sup>[1]</sup>	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
2020/21	39	13	0(0)	1

**Note:**

[1] The numbers in brackets denotes a referral from IPSA resulting in a formal investigation.

## 9. Reviews

Upon the request of an MP, the other core function of the Compliance Officer is to review a determination by IPSA to refuse an MP's expense claim in whole or in part.

During the 2020-21 period, there were requests for 13 reviews made by 11 MPs. Five of the reviews requested followed decisions made by the IPSA contingency panel process. These can be broken down as follows:

Subject	Outcome
Two reviews relating to end of tenancy cleaning costs	Upheld in favour of both MPs
Overspend on office costs	Upheld in favour of MP
Late submission of invoices for office costs	Agreed with the original decision of IPSA
IT Costs	Upheld in favour of IPSA but a part refund to MP
Council staff cost	Upheld in favour of MP
Three reviews concerning accommodation costs	One upheld in favour of MP Two agreed with the original decision of IPSA
Professional service fees – Legal costs	Agreed with the original decision of IPSA
Late submission of accommodation and travel costs	On-going.
Volunteer costs	Agreed with the original decision of IPSA
Staffing costs	Agreed with the original decision of IPSA

Details of reviews conducted by the Compliance Officer are published on the website and will be available at the following address:

<https://www.ipsacompliance.org.uk/investigations/completed-reviews>.

## 10. Freedom of Information (FOI)

During this reporting period, five FOI requests were submitted to the Compliance Office and information were provided to the applicant.

## 11. Accommodation

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.

In 2019, IPSA moved to new premises at 85 Strand. 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.

Since the Covid-19 outbreak and the restriction imposed by the Government, the Compliance Team have been working remotely from home. IPSA provided additional equipment to make this possible, and business has been conducted as usual.

## 12. Looking ahead

The 2020-21 term was my third year as Compliance Officer. This year differed from last year from the point of view of the profile of my work. There was a slight increase in complaints and a significant increase in requests for reviews from MPs.

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.

The amended guidance for investigations will be implemented this year. The new guidance introduces a streamlined process that should reduce the timescales for the completion of investigations.

As part of overall improvements within IPSA, both IPSA and the Compliance Office have had a new website developed. The compliance website was launched in April to make access and usability more effective.

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 complaints regarding progress. Ensure those 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 is given to open and formal dialogue with MPs during assessment, review or investigations, and routine dialogue with IPSA staff from all teams to better understand 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 to understand and effectively deliver the key elements of their job description.
- **Budget** – Negotiate, establish and manage budgets regarding staffing, expenses and legal costs to the role of the Compliance Officer. Report and highlight future issues.

**Tracy Hawkings**  
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