

**Minutes of a meeting of IPSA's Board**

**Wednesday 14 December 2016**

**Thursday 15 December 2016**

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**Present:** Ruth Evans, Chairman  
Sir Robert Owen  
Liz Padmore  
Anne Whitaker  
Rt. Hon Jenny Willott

**In attendance:** Marcial Boo, Chief Executive  
Naomi Stauber, Chief of Staff  
John Sills, Director of Regulation  
Alastair Bridges, Director of Corporate Services  
Vicky Fox, Director of MP Support Services  
Head of Communications  
Head of Policy and Assurance (Items 3, 4 and 5)  
Publications Manager (Item 5)

**Apologies:** None

**Status:** Submitted for approval at the meeting of the Board on 25 January 2016.

**Publication:** Approved for publication.

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## **1. Welcome and Declarations of Interest**

- 1.1 The Chairman opened the meeting and welcomed those attending.
- 1.2 No apologies were received.
- 1.3 The Chairman invited the Board and members of staff to declare any interests not previously recorded. No new interests were declared.

## **2. Minutes of previous meetings and matters arising**

### Minutes

- 2.1 The Board agreed to review and approve the minutes of the meeting of the Board held on 30 November 2016 at its next meeting.

### Actions arising from the previous meeting

- 2.2 The Board noted the actions that had been completed since the last meeting. There were no matters arising.

## **3. Comprehensive Review of the MPs' Scheme of Business Costs and Expenses**

- 3.1 IPSA's Director of Regulation introduced four papers that addressed specific parts of the review of the MPs' Scheme of Business Costs and Expenses. First, the regulation of MPs' staffing expenditure. Second, the definition of what is considered to be parliamentary, as opposed to and party political, activity. Third, issues relating to a General Election that had emerged from IPSA's first experience of a General Election in May 2015. Fourth, a paper that covered other remaining aspects of the Scheme. The papers presented the findings of the review, including the responses that IPSA received to the consultation which ran between 11 May and 24 October 2016.

### The regulation of MPs' staffing expenditure

- 3.2 The Board reviewed the report on the regulation of MPs' staffing expenditure and noted, in particular, that:
  - Expenditure on MPs' staffing constitutes the largest part of the overall spending on MPs' business costs and expenses. In 2014-15, it amounted to £82.8m out of a total of £105.6m (or 78 per cent). In 2015-16, it was £80.2m out of a total of £104.7m (or 77 per cent), excluding winding-up costs. However, despite the relative size of the expenditure, MPs' spending in this area is, in many ways, the least regulated part of the Scheme. IPSA requires all MPs' staff to have model contracts and job descriptions, and to be paid at a rate within prescribed pay

bands. In this respect, there is a degree of regulation in place. But in other respects, regulation and evidence requirements are limited because MPs are the employers of their staff. This raises the question of how far IPSA can regulate this area of expenditure and how it can ensure that all the spending is compliant with the Scheme.

- In the consultation document, respondents were asked for views on the roles and responsibilities of IPSA in relation to the regulation of MPs' staffing expenditure and the need for any consequential HR advice. Many MPs were of the view that IPSA should not become more involved in the regulation of MPs' staffing. MPs' staff were more divided, and the issue that most concerned them was the lack of HR advice that was available to staff which neither IPSA nor the House of Commons provide.
- The Board agreed that the gap in HR advice to MPs' staff needs to be filled – although it is not yet clear by whom. If IPSA's statutory remit allows, one option could be for IPSA to investigate the possibility of commissioning an independent third party provider of HR advice to MPs' staff. If it chose to do so, sufficient funding would need to be included in IPSA's estimate bid to the Speaker's Committee for IPSA for the 2017-18 financial year. Alternatively, it may be more appropriate for the House of Commons to address this issue instead – either by commissioning a third party provider, or by allocating its own resource to meet this clear need. In order to assist MPs in fulfilling their role as employers, IPSA could also consider providing guidance to MPs on employment good practice.
- IPSA also asked in the consultation document how it should address concerns about value for money in respect of the redundancy payments, pay in lieu of notice (PILON) and payments for untaken leave that were made to the staff of MPs who left office after the May 2015 General Election.
- After the election, IPSA paid £4.4m to staff who lost their jobs as a result of their MPs leaving Parliament. Of this, £975,000 was paid to staff who were re-employed by another MP within 10 weeks. The total PILON paid to staff was almost £650,000, and IPSA estimated in its General Election assurance review that between £380,000 and £435,000 of this could have been avoided if MPs had given their staff more timely notice. Payments for untaken leave amounted to over £743,000. All these payments were compliant with the rules, but they raised concerns about value for money for the taxpayer.
- These issues attracted a significant number of responses, which mainly supported the existing arrangements. MPs generally argued that, as they are the employers of their staff, redundancy payments, the giving of notice and payments for untaken leave were matters for them, not IPSA. It was argued by MPs that emphasising value for money would fail to take into account the varied circumstances in MPs' offices and the need to retain motivated staff while winding up their affairs.

- More generally, a number of responses made the point that if IPSA were to start regulating these payments more tightly, then it should also play a more proactive role in all areas of MPs' staff's terms and conditions, including the provision of HR advice. The Board considered each of these issues in detail and discussed a number of different options for addressing them.
- The Board also considered the pay ranges for MPs' staff. It noted that the first pay ranges in 2010 were informed by an independent market review. There has not been another review since then, although the upper limits to the pay ranges have been adjusted in most years to reflect public sector pay policy. There have also been minor adjustments to the minima to ensure that no-one is paid below the national minimum wage. In October 2016, IPSA commissioned an independent market review of MPs' staff salaries, the results of which the Board reviewed in detail.
- There were few other issues raised by consultees. The main one was reward and recognition payments and bonuses for MPs' staff. Currently, the Scheme permits MPs to award staff a "modest" reward and recognition payment, which is not defined further or capped. The Board considered a number of possible options for strengthening IPSA's regulation in this area, including imposing a straightforward cap on individual payments; placing a limit on the amount that any individual can receive over the year; or limiting the proportion of an MP's staffing budget which can be used for reward and recognition. The Board carefully considered each of these options, and whether it was necessary to alter the current arrangements at all.

#### Parliamentary vs party political activity

3.4 The Board reviewed the report on the definition of what constitutes an MP's 'parliamentary functions' and whether IPSA should continue to fund pooled staffing services. The Board noted, in particular, that:

- IPSA has always held the principle that it will only pay for claims for expenditure that are necessary for MPs in support of their parliamentary functions. However, the nature of an MP's role (and that of their staff) means there will inevitably be a 'grey area' between activities an MP may deem 'parliamentary' and those that IPSA may consider 'party political' (or otherwise non-parliamentary). Part of the consultation on the Scheme focused on this grey area to see if IPSA could limit the opportunity for future disagreements or confusion as to whether a cost should be deemed parliamentary in nature, whilst achieving its aim of simplifying the rules of the Scheme.
- The Board noted that each MP should have the right to exercise his or her parliamentary responsibilities as they see fit. However, it is IPSA (rather than the MP) who, under the current rules of the Scheme, must make a judgement about what constitutes a 'parliamentary function' once a claim is made. As a regulator, it is IPSA's role to enforce regulations within the framework of the legislation

which created it. And the fundamental duty placed on IPSA by the legislation is to fund MPs for undertaking their "parliamentary functions" even if the legislation does not provide further information on how "parliamentary functions" are to be defined. This means that both MPs and IPSA have a certain level of discretion, which inevitably leads to differing views.

- The Board noted that one possible option for addressing this problem could be to simplify the rules by increasing the discretion for MPs, thereby shifting the responsibility for decision-making wholly to MPs in the knowledge that any claims made will be published and must be justified by them. The Board discussed this and other options for addressing this issue.
- The consultation also looked at pooled staffing services. These are subscription organisations which provide a range of briefing, research and letter writing services, which are exclusively subscribed to by MPs of a single political party. IPSA asked for views on whether a service dedicated to the MPs of a single party could be wholly free of party political intent. The Board considered whether, in the light of the findings and the evidence received, IPSA should continue to fund these services.

#### Issues relating to the General Election

- 3.5 The Board reviewed the report on issues relating to the support provided to MPs and their staff before and after a General Election, including expenditure in the run-up to an election and during the Dissolution period; 'start up' expenditure by new MPs; winding-up by outgoing MPs; and payments to MPs upon leaving office. The Board considered each of these issues in detail and discussed options for changes to the Scheme in these areas.

#### Other aspects of the Scheme

- 3.6 The Board reviewed the report on issues relating to a number of aspects of the Scheme not covered by other thematic papers. These issues included consideration of the most effective way of recovering overpayments to MPs and preventing budget overspends; how funding for the cover of maternity, paternity, adoption and long-term sick leave should be provided; clarification of the rule allowing MPs to claim for accommodation in the constituency and London in exceptional circumstances; clarification of the rule on home offices; whether the process for contingency funding could be improved; and whether MPs should be allowed to claim for refreshments in their constituency offices.
- 3.7 The Board provided IPSA's Director of Regulation with provisional decisions in relation to each question posed by the consultation on the subjects of the regulation of MPs' staffing expenditure, the definition of what is considered to be parliamentary or party political activity, issues relating to the General Election and other remaining aspects of the Scheme. It agreed to review these initial decisions again at its meeting in January in the context of all other parts of the new Scheme.

#### **4. Accommodation Alternatives**

4.1 IPSA's Director of Regulation introduced the report which summarised the consultation responses relating to the accommodation issues raised by the review of the MPs' Scheme of Business Costs and Expenses. It also set out further considerations regarding the way in which IPSA handles MPs' accommodation.

4.2 The Board reviewed the report and noted, in particular, that:

- The consultation recognised the argument for providing accommodation for MPs because of their unusual position of working from two locations. However, IPSA examined a range of options for alternatives to the current arrangements. Two possible alternatives, providing allowances and using blocks of property to house large numbers of MPs in London (as in university halls), were ruled out prior to the consultation due to reasons of transparency and security, respectively.
- The Board carefully considered the benefits, risks and disadvantages of each of the alternative options for the provision of MPs' accommodation in London and concluded that the current arrangement (giving MPs a capped accommodation budget to rent a property in London) was the most workable and appropriate.
- Many of the consultation responses from MPs objected to being given a budget that might require them to move to Zone 3 to rent property. Many MPs noted that both for security reasons (such as returning home after a late sitting of Parliament) and ease of commute and travel, IPSA's budgets for hotels and rents should reflect places within walking distance of the Houses of Parliament. The Board agreed that, in the light of the consultation responses and the other evidence received, it was reasonable to set the London accommodation budget at a level that would enable MPs to live in Zones 1 and 2, if they wished.
- In respect of non-London accommodation, the arrangements under the existing Scheme split the budget into five regional bands to ensure that MPs' accommodation budgets are representative of costs in their constituencies. The Board considered whether, in the interests of simplifying the Scheme, those five different regional bands should be amalgamated into one non-London budget.

4.3 The Board provided IPSA's Director of Regulation with its provisional decisions in relation to the accommodation issues raised by the review of the MPs' Scheme of Business Costs and Expenses. It noted that it would consider the level at which it will set each of the budgets of the Scheme for the 2017-18 financial year (including the MPs' accommodation budget) in the New Year, and will review its provisional decisions on MPs' accommodation in the context of the new Scheme then.

## 5. Review of IPSA's Publication Policy

5.1 IPSA's Publications Manager introduced the report which presented a number of options for changes to IPSA's publication policy following consultation and in the light of the responses and evidence received. The Board reviewed the report and noted, in particular, that:

- Transparency lies at the heart of what IPSA does and is crucial to its effectiveness as a regulator. IPSA has a legal duty to publish information under the Freedom of Information Act 2000 and the Parliamentary Standards Act 2009. However, it views publication of information as more than a legal obligation. IPSA has a duty to make sure that the public is sufficiently assured that taxpayers' money is being well spent, whilst also ensuring that MPs are able to claim what they need to carry out their parliamentary functions and do not face unwarranted abuse or risks to their security because of it. What IPSA publishes, how and when (as defined in its publication policy) are therefore important issues.
- The main issue that IPSA consulted on in the context of its publication policy was whether it should in the future routinely and proactively publish all the evidence sent to it by MPs to support their claims, appropriately redacted to ensure that any sensitive or personal information is not released. The Board carefully considered the responses that it had received on the issue, the operational implications of proactively publishing receipts and the potential risks of doing so.
- The Board noted that IPSA already reactively publishes MPs' receipts in response to requests made under the Freedom of Information Act. It also publishes on its website all relevant information (such as dates, expense types and amounts) for each and every claim made by an MP. The Board carefully considered all aspects of the issue and agreed that, in making its decision, it must balance the principle of transparency against the risks of the proactive publication of receipts.
- The Board also considered the frequency of the publication of information relating to MPs' claims for business costs and expenses. IPSA currently publishes claims every two months, four to five months in arrears, and this timetable has been in place since its first publication cycle in November 2010. IPSA also publishes on an annual basis all the information on MPs' business costs for the previous financial year. The Board considered the responses that it had received and discussed the advantages and disadvantages of altering the frequency with which information relating to MPs' claims is published.
- The Board also considered whether IPSA should publish information on the transactions on MPs' payment cards which are eventually repaid by MPs; the level of detail published relating to the travel claims for MPs representing constituencies in Northern Ireland and other constituencies more generally; the

publication of 'money owed'; parental leave and sickness absence costs; the redaction of names and personal details on receipts and invoices; and information about IPSA.

- 5.2 The Board provided IPSA's Publications Manager with its provisional decisions on all the issues raised in relation to IPSA's publication policy and noted that it will review its initial decisions in the context of the new Scheme in the New Year.

## **6. IPSA's Draft Estimate for 2017-18**

- 6.1 IPSA's Director of Corporate Services introduced the paper which presented IPSA's draft estimate for the 2017-18 financial year. The paper provided the Board with a first view of IPSA's proposed budget which will feed into its Main Estimate submission to the Speaker's Committee for IPSA in March.
- 6.2 The Board noted that the draft budget for MPs' costs (subhead A) had not yet built in any assumptions about the outcome of the review of the MPs' Scheme of Business Costs and Expenses. The final Estimate that will be submitted for the Board's approval in February will need to factor in any changes that the Board chooses to make to MPs' budgets, following its consideration of a separate paper on those matters in January. On subhead B, the draft Estimate proposed provisional reductions in both IPSA's resource and capital budgets.
- 6.3 The Board noted the draft Estimate for 2017-18, and noted that it will receive a revised version for its review and approval at its meeting on 22 February 2017, for its subsequent submission to the Speaker's Committee for IPSA.

## **7. IPSA's Draft Corporate Plan for 2017-18**

- 7.1 IPSA's Chief Executive introduced the paper which presented IPSA's draft Corporate Plan for 2017-18. The Board reviewed the paper and noted, in particular, that:
- In January 2015 the Board approved IPSA's still-current corporate strategy for this parliament. IPSA is working towards the delivery of the objectives that it set itself as part of that strategy, and the corporate plan for each financial year describes in more detail the activities it will undertake and the way in which it will use its resources to achieve its aims during that twelve month period. As in previous years, IPSA's corporate plan will be submitted for information, alongside its Estimate, to the Speaker's Committee for IPSA to give further context to its proposed budget.
  - At its workshop on 20 October the Board reviewed the provisional high-level milestones and priorities that IPSA intends to achieve in 2017-18. The Board confirmed that IPSA should continue to implement the IPSA 2017 improvement programme to its conclusion, including the roll-out of the new ERP system, its



bedding down among MPs and staff, and the working through of the organisational implications for IPSA itself. In the light of those views, a draft of the corporate plan for 2017-18 was produced for the Board's initial review and comment.

- The Board reviewed the specific priorities for 2017-18 that had been recommended under the themes of IPSA's overarching priorities: to be an effective regulator, to provide support to MPs, to assure the public, and to be a high-performing, efficient and effective organisation. The Board suggested that one of its priorities for the next financial year should be to provide assurance to the public by demonstrating how MPs seek to achieve value for money in the use of the public funds.

7.2 The Board noted the draft corporate plan, and noted that it will have a further opportunity to consider and approve the revised plan at its meeting of 22 February 2017, prior its submission to the Speaker's Committee for IPSA.

## **8. The Board's Programme of Work for 2016-17**

8.1 The Board reviewed and noted its programme of work for the remainder of the 2016-17 financial year.

## **9. Any other business**

9.1 The Chairman asked if there was any other business for report by the Board or the Executive. No further business was raised.

Meeting closed.