

# IPSA business plan 2024/25

IPSA

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## Introduction

This plan briefly outlines progress against the 2023-24 annual business plan and the expected key commitments and deliverables, including a provisional high-level budget for 2024-25, which represents the first year of the new strategic Corporate Plan 2024-27.

During 2024-25, we will continue to deliver on the initiatives started under the Improving IPSA programme with the addition of some key activities. These are aligned to our current vision and to the existing four strategic objectives, as well as our new strategic objective – “supporting trust in democracy”.

This approach will see us deliver, consolidate, and reap the benefits of the changes of the last three years.

There is a new three-year Corporate Strategy for 2024-27 to complement this plan.

There will be a supplementary estimate in addition to the main estimate for 2024-25, given the likelihood of a General Election and further, yet unknown, costs associated with the McCloud pension remedy. An indication of these costs is provided later in this plan.

## Progress against the 2023-24 business plan

In the final year of our Corporate Plan 2021-24 we were able to complete the majority of our stated objectives early and bring forward a number of pilots to support the Corporate Plan 2024-27 and this Business Plan. We maintain a wide range of strategic key performance indicators and operational data to ensure that we are being successful.

By the end of 2022, the latest period for which MP and staff survey data are available, we had increased the number of those rating us as good or great to 59%, up by 24% from 25% in 2019. Among our most frequent service users, the rating is up to 67%.

To support MPs, we have improved our telephone answering performance to 87% of calls answered within 20 seconds, up from 79% two years ago, while also improving e-mail turnaround times.

The service gap measures the difference between importance of a range of indicators to our customers and their satisfaction with our performance in those areas. We have improved from 5/17 to 13/17 in 2022, demonstrating the success of our focus on improving customer service.

Compliance with the Scheme has remained consistently high at more than 99.9% and we have reduced the time it takes us to reimburse MPs from eight days in 2020-21 to just 2.6 days this year to date.

We remain committed to reducing the administrative burden on MPs and their staff of dealing with IPSA. In 2020, 58% of survey respondents stated that they spent fewer than 10 hours a month using IPSA Online. By 2022 this had increased by 14% to 72% but we recognise there is still much further to go.

Confidence in using the Scheme has increased from 73% to 81%, while confidence in using our IPSA Online system is now at 89%, up from 75%, demonstrating the benefits of our support approach, including regional workshops, online tutorials, system changes and enhanced engagement.

We have also made significant progress in making the necessary pension rule changes to enable the McCloud remedy to be applied to MPs and in developing our capacity and capability ahead of a General Election.

### Strategic objectives and deliverables 2024-25

The strategic objectives align to our Improving IPSA programme, established in 2023, and a continuation of this activity into 2024-25. We will also introduce changes to the terms and conditions of MP staff in response to the 2023 Speaker's Conference on the employment of Members' staff, and a significantly improved experience for departing and newly elected MPs and their staff following the General Election.

We recognise that IPSA has a part to play in helping the public understand the value, as well as the cost, of the money we provide to support democracy. We have, therefore, created a new strategic objective to capture the work we will do to improve our strategic communications and stakeholder engagement.

## **Strategic objective one – improve customer service**

We will make wide ranging improvements to the way we support MPs through enhanced processes, service delivery and engagement.

We aim to be an efficient and effective independent regulator in tune with the differing needs of our customers and that makes it easy for them to comply with the rules.

### **General Election**

We will continue our work to fully prepare IPSA for a General Election, working proactively in the lead up to ensure a smooth journey for new, departing and returning MPs and their staff. The added complexity of the Boundary Commission's review of Parliamentary constituencies, with only 55 constituencies remaining the same, will create considerable work for IPSA at the same time as a General Election. We aim to significantly improve the experience for departing, new and returning MPs.

### **Service improvements**

The 2023 Speaker's Conference on the employment of Members' staff produced recommendations related to the consequences of IPSA's role as both regulator and service provider on MPs and their staff. While the report acknowledged significant service improvements, there is more to do, and we will co-create further service improvements with MPs and their staff to ensure services meet their needs.

### **Alternative reimbursement model**

We will begin to review the business cost reimbursement model in full and assess alternative ways of enabling budget spend, without the need for MPs and their staff to reclaim retrospectively.

### **Centralised goods and services**

During 2023, we began two small proofs of concept – one on outsourced property management for MPs' offices and the other on the direct supply of utilities and services linked to office properties. These proofs of concept will end during 2024 and the results will underpin the potential scale-up opportunities either side of the next General Election.

Our intention is that, subject to what we learn from these tests, we move to providing other centralised goods and services to MPs.

These projects are intended to save significant time in MPs' offices, provide alternative purchasing routes rather than reimbursement and to deliver better value for money.

## **IPSA Online user interface and marketplace**

We have made incremental changes to the IPSA Online system to make it easier and less time-consuming to work with. While we have the current reimbursement model, there will be a need for MPs and their staff to engage with IPSA Online frequently. A centralised approach to providing goods and services should reduce the need for submitting claims and reconciling payment cards, but ahead of us making these significant changes, a new user interface will improve the customer experience and address much of the poor user feedback.

The user interface will be a simple to navigate gateway that will enable easy access to budget and spend views, contract tools and open cases with MPs and their staff. We are co-designing this with MPs and their staff to ensure we get the design right.

We will also pursue a marketplace pilot that sits within the interface, allowing MPs and their staff to purchase goods such as office equipment centrally. The pilot will start in 2024 and will help us further assess the value of a centralised purchasing model.

## **Strategic objective two – simplify our policy**

We aim to be an independent regulator that is trusted to support MPs and their staff to get things right first time in a cost-effective way and that frees up time for MPs to carry out their parliamentary duties and support their constituents.

We will deliver a flexible, intuitive, simple scheme responsive to MPs' needs with guardrails for wise spending.

### **Principles-based regulation**

Principles-based regulation is a shift away from mechanistic rule following. It provides greater flexibility in meeting local needs and requires compliance with the spirit and purpose of the regulatory principles.

The principles we will apply are that public money is only used for parliamentary purposes; MPs and their staff do not need to self-fund their parliamentary work; MPs and their staff do not benefit personally from parliamentary funding; and that MPs should be supported in applying good practice in financial management.

We will need to build strong leadership and a renewed organisational confidence internally, with clear expectations, transparent communication and robust guidance, definitions, and examples for our customers.

### **MPs' accommodation review**

The funding of accommodation costs incurred by MPs working from two locations will be reviewed during 2024-25, to align this with our principles-based model and provide assurance on value for money, mitigate the risk of personal benefit and ensure that funding meets the needs of MPs and their families.

### **Speaker's Conference on the employment of Members' Staff**

IPSA provides the contracts, salary banding and staffing budgets for MP staff. The Speaker's Conference on the employment of Members' staff proposed a set of measures to support MPs in their role as employers. IPSA will work with the House of Commons, MPs, and their staff to implement the recommendations and improve the working conditions and level of support it provides for MP staff.

The activities include improving MP staff working terms and conditions, assessing the resourcing of MPs' offices, clarifying the public benefit of MP staff salaries and costs, and improving data sharing between the House and IPSA on leavers and starters.



## **Strategic objective three – deliver financial value**

We will deliver value for money for the taxpayer through efficient and effective support for MPs.

We aim to be an organisation that is transparent about how taxpayer money is spent, building trust and confidence that MPs are resourced effectively and efficiently to support their parliamentary duties and their constituents.

### **Budgets and value for money**

We provide around £250m of funding each year to ensure MPs are resourced appropriately to carry out their parliamentary functions and we support them in managing their budgets. Our current reimbursement approach is one-size-fits-all and sometimes leads to overspends each financial year. We will examine the feasibility of introducing greater budget flexibility to address this.

We will assess how the funding we provide to resource MPs appropriately is spent. It must be used for parliamentary purposes, provide value for money for the taxpayer and MPs must show integrity and accountability when making decisions on spend. We will continue to improve the way in which we validate spending to ensure it complies with our rules, focusing scrutiny on high risk spend and behaviours.

### **Technology and processes**

We will develop IPSA Online, as described above, and implement intelligent help and self-serve options. We will continue to keep IPSA's data safe through continuous enhancement of our cyber security.

We have identified changes to our finance processes, which make better use of technology solutions. We will deliver a digital platform that provides MPs and their offices with a convenient and secure way of making payments to IPSA.

And to modernise IPSA's financial management function and create improved efficiency, modelling, and insight, we will implement new strategic financial planning and analysis software tools and integrate it with IPSA Online.

## Strategic objective four – supporting trust in democracy

We will help the public understand the value, as well as the cost, of the money we provide to support democracy.

We aim to be an organisation that the public trusts to take the necessary action to ensure MPs' pay, staffing and business costs are regulated independently and effectively.

### Strategic communications

All our evidence shows that most MPs seek to comply with IPSA's rules. But low levels of public trust in MPs leads to high levels of media scrutiny of IPSA's data and policies, with any mistakes reinforcing public misperceptions and impacting the reputation of MPs and IPSA.

IPSA will start to provide more ambitious, thoughtful, and innovative communication that moves us away from publishing data solely to meet IPSA's legal duties to building belief and context in IPSA's purpose.

### Publication review

The data we publish on MPs' spending is often misinterpreted by the media and public and can deter MPs and their staff from claiming legitimate costs. Short term, we will change how we display the data to improve clarity and accessibility. We will revise our publication policy to align with the wider changes to how IPSA supports MPs, and we intend to consult on these changes in 2024-25.

### Intensive stakeholder engagement

We will work closely with our stakeholders to ensure that all decisions are based on robust evidence, made transparently, and are the right thing to do in line with a principles-based approach to regulation and our values.

### Better information provision

We will support MPs and their staff with relevant, timely information and context about the Improving IPSA programme, detailing how the changes will impact them. We will also provide clear, proactive information before, during and after a General Election that ensures a smooth transition for all MPs and their staff, whether departing, new or returning.

## **Strategic objective five – grow our people**

We aim to be an organisation that values customers and where people want to work and give their best; one that evolves and addresses challenges to continually improve.

We will develop a customer-centric culture that empowers our people to ensure rigour, add value and make IPSA a great place to be.

### **Engagement and enablement**

We have made great strides in the delivery of IPSA's People Strategy, and our engagement index for 2023 is 77%, up from 57% at the start of the 2021-24 Corporate Strategy. We have seen improvements across all people survey dimensions but have more to do on customer focus.

We are better at seeking feedback and listening to our customers, but we still have work to do on improving processes to ensure they consistently meet customer needs. We will address this through the Improving IPSA programme and through a changing regulatory model, as well as the inception of the joint user group with MPs and their staff. All these initiatives combined will mean we will make fundamental changes to our approach rather than just making poor systems and processes better.

We will build on these improvements as we continue to implement the People Strategy in 2024-25 to engage, empower and enable our people.

### **Health and wellbeing**

Resilience and the health and wellbeing of IPSA's people is key and we will invest in our people further to build greater resilience and positivity, vital in the preparedness required to stand the test of a General Election, but also fundamental in the day-to-day support to MPs and their staff.

### **Resourcing IPSA's General Election activity**

As a General Election draws nearer, we have in place a robust resourcing plan that repurposes trained and practiced IPSA people into temporary General Election roles. We will continue to evolve this plan throughout 2024 to ensure we can deliver a smooth experience for MPs and their staff whether they are departing, new or returning.

### Day-to-day deliverables 2024-25

Our over-arching responsibilities are to determine MPs' pay, regulate, and administer their business costs, and support MPs and their staff in carrying out their parliamentary duties.

We anticipate day-to-day (also known as “business as usual” or BAU) activity levels similar to those of past years. However, a General Election will significantly increase workload as we support departing, new and returning MPs, including a period of dual running.

- Reimburse 100,000 business cost claims and process 50,000 payment card claims.
- Continue to pay 650 UK MPs and their 3,600 staff, processing around 500 contract changes and 500 overtime forms and administering up to 200 leavers and new starters each month.
- Register 30 new home and office leases and amend 80 leases each month.
- Publish 26,000 lines of spending information every two months.
- Respond to 250 Freedom of Information requests.
- Respond to 15,000 calls and 35,000 emails relating to queries and funding requests from MPs and their staff, supporting them to manage their budgets.
- Hold face-to-face year-end budget management meetings with MPs who need extra support.
- Deliver the annual cycle of financial reporting and accounts and audit.

### MPs' pay and pensions

IPSA is legally required to review MPs' pay within 12 months of a General Election. We will therefore begin the groundwork on options for this determination in the current financial year, with the IPSA Board being asked to consider the new determination approximately three months after the Election.

We anticipate that the work addressing the impact of the McCloud legal case on the MPs' pension scheme will be entering its close-down phase in 2024-25 as affected members make their choices. The redress scheme for unanticipated tax implications will, however, still be in operation for the first two years of the new corporate strategy. The operation and funding of the redress scheme is still subject to discussion with HM Treasury, but an estimate of costs is highlighted alongside the high-level budget estimate.

## Resourcing and timeline

Year one of the strategic plan assumes delivery based on current funded headcount. This includes the resourcing of the General Election, where we will repurpose IPSA people to take on temporary roles to support the increased demand. We will pause non-urgent, and some transformation work to ensure we manage General Election workloads as quickly and as smoothly as possible.

We will also extend our capability through the continued and new use of delivery partners, for example, in the property and direct supply proof of concepts and the development of an IPSA Online front-end interface.

We will continue to recruit to backfill roles to maintain fully experienced resources in the event of attrition to help us deliver a seamless service, support the various change initiatives and be ready for a General Election.

The Improving IPSA programme timeline and high-level milestones are as follows:

### Improving IPSA programme activity 2024-25

	Activity	Jan 24	Feb 24	Mar 24	Apr 24	May 24	June 24	Jul 24	Aug 24	Sept 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	
<b>Improve Customer Service</b>	General Election																
	Constituency Office pilot																
	IPSA Online user interface																
	Marketplace																
	Alternative reimbursement																
<b>Simplify Our Policy</b>	Intelligent help																
	Principles based regulation																
	Risk based approach																
	Accommodation review																
	Budget flexibility																
<b>Deliver Financial Value</b>	Speaker's Conference																
	Recommendations																
	Financial Planning & Analysis 1																
<b>Supporting Trust In Democracy</b>	Financial Planning & Analysis 2																
	Payments in VFM assessment																
	Strategic communications																
	Strategic publication review																
<b>Grow our People</b>	Intensive stakeholder engagement																
	Better information provision																
	Engagement and enablement																
	Health and wellbeing																
	Resourcing the General Election																

### Funding

IPSA's overall budget increase for 2024-25 is 3.8%. The main driver of the increase is increased pay and associated costs.

#### Draft budget 2024-25

£'000 unless stated	2024-25					2023-24			
	Budget	Variance	Variance	Variance	Variance	Budget	Forecast	Variance	Variance
		to 2023-24	%	to 2023-24	%		Outturn		%
	Budget	Outturn		Budget					
<b>Subhead A</b>									
MP pay and pensions	68,157.0	3,647.3	5.7%	3,694.4	5.7%	64,462.6	64,509.7	(47.1)	(0.1%)
MP staff pay and pensions	142,350.5	9,062.3	6.8%	6,378.8	4.7%	135,971.7	133,288.2	2,683.5	2.0%
Business costs	34,934.2	2,922.0	9.1%	(1,768.8)	(4.8%)	36,703.0	32,012.2	4,690.9	14.7%
SPPS Grant Income	-	-	-	254.0	(100.0%)	(254.0)	-	(254.0)	-
Contingency	2,454.4	2,137.9	675.5%	85.5	3.6%	2,368.9	316.5	2,052.4	648.5%
<b>Total Subhead A</b>	<b>247,896.1</b>	<b>17,769.5</b>	<b>7.7%</b>	<b>8,643.9</b>	<b>3.6%</b>	<b>239,252.2</b>	<b>230,126.6</b>	<b>9,125.6</b>	<b>4.0%</b>
<b>Subhead B</b>									
BAU	10,946.7	457.3	4.4%	525.1	5.0%	10,421.6	10,489.4	(67.8)	(0.6%)
Strategic revenue projects	1,007.0	615.0	156.9%	565.0	127.8%	442.0	392.0	50.0	12.8%
<b>Total Subhead B Revenue</b>	<b>11,953.7</b>	<b>1,072.3</b>	<b>9.9%</b>	<b>1,090.1</b>	<b>10.0%</b>	<b>10,863.6</b>	<b>10,881.4</b>	<b>(17.8)</b>	<b>(0.2%)</b>
<b>Capital</b>									
BAU	175.0	69.0	65.1%	(25.0)	(12.5%)	200.0	106.0	94.0	88.7%
Strategic capital projects	96.0	(321.0)	(77.0%)	(227.0)	(70.3%)	323.0	417.0	(94.0)	(22.5%)
<b>Total Capital</b>	<b>271.0</b>	<b>(252.0)</b>	<b>(48.2%)</b>	<b>(252.0)</b>	<b>(48.2%)</b>	<b>523.0</b>	<b>523.0</b>	<b>-</b>	<b>-</b>
<b>Total Subhead B</b>	<b>12,224.7</b>	<b>820.3</b>	<b>7.2%</b>	<b>838.1</b>	<b>7.4%</b>	<b>11,386.6</b>	<b>11,404.4</b>	<b>(17.8)</b>	<b>(0.2%)</b>
AME	150.0	-	-	-	-	150.0	150.0	-	-
<b>Total</b>	<b>260,270.8</b>	<b>18,589.8</b>	<b>7.7%</b>	<b>9,482.0</b>	<b>3.8%</b>	<b>250,788.8</b>	<b>241,681.0</b>	<b>9,107.8</b>	<b>3.8%</b>

There will be a supplementary estimate in addition to the high-level budget estimate for 2024-25, given the likelihood of a General Election and the timing of the McCloud remedy.

### Subhead A – MPs' business and staffing costs

There are no fundamental changes to the structure of Subhead A, which represents the aggregated costs of the pay and business costs for 650 MPs. The major component of Subhead A is MP staff costs.

### Subhead B – IPSA costs

Around two-thirds of IPSA costs are staffing. Our baseline costs, excluding improvement projects, are increasing by 5.0%, a below inflation increase.

The remaining increase in revenue costs is because of the improvements we continue to make to the services we provide to MPs and their staff.

### Strategic projects

	2023-24	2022-23	Variance
<b>Revenue</b>			
Improve customer service	365.0		
Simplify our policy	352.0		
Grow our people	60.0		
Supporting trust in democracy	230.0		
<b>Total revenue</b>	<b>1,007.0</b>	<b>442.0</b>	<b>127.8%</b>
<b>Capital</b>			
Deliver financial value	96.0		
<b>Total capital</b>	<b>96.0</b>	<b>323.0</b>	<b>(70.3%)</b>
<b>Total strategic projects</b>	<b>1,103.0</b>	<b>765.0</b>	<b>44.2%</b>

We are presenting our funding requirement with reference to the strategic projects outlined in this business plan for the first time. For this initial year we are only presenting budget comparatives at a total level.

### General Election costs

IPSA is preparing for the General Election which, unless it is held before April 2024, must fall in the 2024-25 financial year. Due to the arrangements for new and departing MPs and their staff, including a period of dual running, significant additional funding is required. It remains impossible to predict the total costs with any accuracy, as they result directly from the decisions of the electorate at the ballot box.

The average marginal costs to manage the departure of one MP and their associated office, and the induction of their replacement, are currently forecast at £116,000. In 2019, the average cost per MP was £72,400. The difference is predominantly due to an increase in the winding up period from two months to four.

Given the inherent uncertainty in the General Election costs, these will be subject to a Supplementary Estimate in due course.

### McCloud remedy

The Parliamentary Contributory Pension Fund (PCPF) requires an estimated £1.5m-3.0m to compensate members who suffer a tax charge because of the *McCloud* remedy. The mechanism for this funding is still under discussion, with IPSA's preference being direct funding to the PCPF from HM Treasury. A further Supplementary Estimate may be required once the relevant legislation and regulations are enacted.

### Risks

As with any plan, there are risks to delivery. We will continue to maintain active oversight, management and tracking of key risks in line with our risk assurance framework. The risk landscape is dynamic, and the risks are likely to change over time. A view of emerging and developing risks is also included below.

### Compliance standards

- We fail to deliver robust quality and best practice on financial management, cyber security, information governance and data security impacting IPSA's and MPs' reputation.

### Reputation and trust

- IPSA's independence is diluted due to stakeholder involvement: unwelcome media stories shift the focus of the public and harm the reputation of IPSA and MPs.

### External environment

- We are unprepared to deal with threats or opportunities generated externally.

### Quality of regulation

- Principles-based regulation is misunderstood as IPSA loosening its grip on MP spending and the public loses confidence.

### Quality of delivery

- Resource is focused on transformation activity rather than business as usual (BAU): a General Election creates significant demand, and we fail to deliver the right support to MPs and their staff.

### People

- IPSA does not have the internal or external capability and capacity required to deliver the plan.

### Change and improvement

- IPSA becomes distracted by new ideas.

### Emerging and developing risks

- Global instability increases the threat of **cyber-attack** to IPSA's critical infrastructure and services.



- Failure to accelerate **digital transformation and technology** risks efficiency, security, and innovation.
- **Climate change** and a move to an ESG (Environmental, Social, and Governance) framework changes IPSA's business practices, policies, and processes, impacting how we fund and resource MPs.
- **Workforce** and skills shortages impact IPSA's internal and external capability and capacity to deliver.
- UK **financial pressures**, including inflationary pressure, increases the burden on IPSA's people, MPs and their staff and IPSA spending, and value for money comes under increased scrutiny.
- Instances of **impropriety and fraud** have put pressure on public standards and increased the risk of misuse of IPSA funds.