

Annual Report and Accounts for 2022-23



Annual Report and Accounts for 2022-23

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

Ordered by the House of Commons to be printed on 23 November 2023



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information, you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at info@theipsa.org.uk

For further information about IPSA please contact:

Independent Parliamentary Standards Authority

85 Strand

London

WC2R 0DW

ISBN: 978-1-5286-4475-4

E02995881 11/23

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Limited on behalf of the Controller of His Majesty's Stationery Office.

Contents

Part I: Performance Report.....	4
Overview.....	5
Introduction from IPSA's Chair	5
Organisation overview	7
A. Who we are, and what we do.....	7
B. IPSA's strategic objectives.....	9
C. Our work in 2022-2023	9
D. Key issues and risks facing IPSA.....	16
E. Going concern basis.....	17
F. Performance analysis.....	17
G. Financial review.....	19
Part II: Accountability Report.....	24
1. Corporate Governance Report – Directors' report	25
A. IPSA's Board	25
B. Company directorships and other significant interests held by Board Members....	25
C. Staffing.....	25
D. Health and safety	26
E. Pensions.....	27
F. Personal data related incidents	27
G. Complaints and customer service.....	27
H. The Compliance Officer for IPSA.....	27
I. Basis of accounts	28
J. Risk management	28
K. Policy for payment of suppliers	29
L. Future priorities: plans for 2023-24.....	29
M. Events after the reporting period	33
2. Corporate Governance Report – the Statement of Accounting Officer's responsibilities.....	34
3. Governance Statement	36
A. Speaker's Committee for the IPSA (SCIPSA)	36
B. IPSA's Board	36
C. Board membership changes.....	36

D. IPSA Board Members	37
E. Board activity.....	38
F. The Audit and Risk Assurance Committee (ARAC): scope of responsibility	40
G. The People Committee	41
H. Changes to Board Subcommittees: The Improving IPSA Assurance Group	41
I. IPSA's senior management.....	43
J. Risk management and assurance	45
K. Corporate Governance Code.....	49
L. Assessment of effectiveness.....	49
M. Whistleblowing	50
4. Remuneration and staff report	51
A. Remuneration policy	51
B. Remuneration (including salary) and pension entitlements.....	53
C. Fair pay disclosures	56
D. Pension information for Directors.....	57
E. Staff and other pay costs report	61
5. Parliamentary Accountability and Audit Report.....	67
A. Statement of Outturn against Parliamentary Supply	67
B. Parliamentary Accountability Disclosures	74
B.1 Losses and special payments	74
B.2 Remote contingent liabilities.....	74
THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT	75
Part III: Financial Statements.....	83
A. Statement of Comprehensive Net Expenditure	84
B. Statement of Financial Position	85
C. Statement of Cash Flows	86
D. Statement of Changes in Taxpayers' Equity	88
E. Notes to Departmental Resource Accounts	89
1. Statement of accounting policies	89
2. Statement of operating expenditure by operating segment	97
3. MPs' business costs	98
4. IPSA operational costs.....	101

5. Income.....	103
6. Property, plant, and equipment.....	103
7. Right-of-use asset.....	105
8. Intangible assets.....	106
9. Financial instruments.....	107
10. Trade and other receivables	107
11. Cash and cash equivalents	108
12. Trade and other payables	108
13. Lease liability.....	109
14. Provisions for liabilities and charges.....	111
15. Capital and other commitments	112
16. Contingent liabilities disclosed under IAS 37.....	112
17. Related-party transactions.....	113
18. Events after the reporting period	113
Part IV: Accounts Direction.....	114
Part V: Annual Report by the Compliance Officer for IPSA.....	116
A. Introduction.....	117
B. Overview of 2022-23	118
C. Budget for 2022-23	119
D. Relationship with IPSA	119
E. Relationship with MPs.....	120
F. Relationship with other regulatory bodies	121
G. Procedures for Investigations of the Compliance Officer.....	123
H. Complaints and investigations.....	123
I. Reviews	126
J. Freedom of Information (FOI)	126
K. Accommodation.....	126
L. Looking ahead.....	126

Part I: Performance Report

Overview

Introduction from IPSA's Chair

IPSA has worked hard to achieve its commitments and fulfil its statutory responsibilities in a year of great political uncertainty and renewed public debate on standards in public life.

MPs and their staff achieved nearly 100% compliance with the rules, and IPSA continued its transformation into a more effective and modern regulatory service at the heart of our democracy.

In 2022-23, we built on the foundations of the previous year in which we stabilised IPSA and made incremental but meaningful changes to improve our service. As part of this work, we have stepped up our collaboration with partner authorities who are also charged with supporting democracy. We have worked particularly closely with the House of Commons to join up support to MPs and their staff.

We carried out our statutory responsibilities in full, setting, administering, and regulating MPs' staffing and business costs, pay, and pensions and ensuring that public money was used properly and efficiently. This year, MPs' compliance with our rules remained very high and rose to 99.98%. We again achieved extremely high accuracy in paying the salaries of 650 MPs and more than 3,000 of their staff each month. We resumed bi-monthly publication of our spending following an expert review of the data by security authorities, successfully transitioned security funding to the House of Commons, and made further progress in responding to the complexities of the McCloud pensions judgment.

We also met our statutory duty to resource MPs appropriately to enable them to represent and support the UK's 650 parliamentary constituencies, liaising with MPs' staff representatives and increasing staffing levels to enable MPs and their offices to better cope with the demand of increased caseloads driven by the lasting impacts of the COVID-19 pandemic and cost-of-living pressures. To ensure that IPSA supports a more family-friendly Parliament, we further refined our support package when MPs face an extended absence from Westminster for parental, ill-health, or other long-term reasons.

I am pleased that this work has led to further improvement in MP and staff satisfaction with our services and that, despite the backdrop of change across IPSA, we have seen a substantial increase in the engagement of IPSA's people over and above comparator bodies in the Civil Service.

Since 2010, IPSA's model has not fundamentally changed and chiefly relies upon MPs and their staff incurring costs and seeking reimbursement. We believe that there are better ways to provide funding, reduce costs, and ensure compliance. We have brought forward our plans to test, trial, and pilot new approaches to funding provision, simplifying systems and processes to free up MP and staff time, and secure value for money for the taxpayer.

In 2023-24, this will include work on designing a new user-friendly interface for our digital system, exploring how the central provision of some services may achieve greater administrative efficiencies and financial savings, and testing how specialist national support could help MPs obtain suitable and more cost-effective local office space to support their constituents.

The work of IPSA would not be possible without our dedicated, hard-working team. The very positive results of our annual customer satisfaction scores and our own internal people engagement surveys are testament to their commitment and illustrate a new IPSA made up of diligent, diverse, and public-spirited colleagues across the United Kingdom. On behalf of the Board, I sincerely thank everyone at IPSA, and our partners, for all their efforts this past year.

I am also hugely grateful to all our Board members who have diligently steered IPSA, providing constructive challenge and support whilst ensuring we remain on course to meet our commitments to improve the organisation. I especially wish to record our thanks to Sir Robert Owen, who left the Board in April 2023 shortly before completing his second term; we will miss his wisdom and good humour.

IPSA has demonstrated that, with the right culture, plan, and statutory powers, it is possible to support democracy with clear rules which enable MPs and their staff to focus on what really matters, using proportionate and fair regulation which assures the public that their money is being used appropriately. We look forward to continuing to improve IPSA.

Richard Lloyd
Chair

November 2023

Organisation overview

A. Who we are, and what we do

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 2023.

IPSA's accounts have been prepared to meet the Parliamentary Standards Act 2009 (PSA 2009) requirements and follow the Government Financial Reporting Manual (FRoM), as specified in the direction issued by HM Treasury.

Statutory framework

IPSA is a statutory body independent of Parliament, Government, and political parties. It was established by the PSA 2009.

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 2009. Those revisions were made through the Constitutional Reform and Governance Act 2010 (CRAG 2010). The additional principal function passed to IPSA by CRAG 2010 was the responsibility to determine MPs' salaries and pension arrangements.

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
- pays the salaries of MPs and their staff

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.

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
- assure the public by consulting them on our rules, operating transparently and publishing accessible information about MPs' business costs
- 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
- 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

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

IPSA's budget for the financial year is scrutinised and approved by the Speaker's Committee for IPSA (SCIPSA). IPSA's 2022-23 spending plans were given parliamentary approval by the House of Commons through its Main Estimate (HC 174).

The Estimate included two subheads related to Departmental Expenditure Limits (DEL):

- 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

B. IPSA's strategic objectives

We have learnt a lot since IPSA's inception and in 2021, IPSA began a three-year transformation programme to improve customer service, simplify policy, deliver better financial value for the taxpayer and grow IPSA's people to deliver an exemplary regulatory service. We promised, at the end of the programme, that we would conduct a wholesale review of our regulatory approach but the success of the existing transformation programme has been such that it has allowed us to embark upon that regulatory review 18 months early.

Over the last 12 months, we have reviewed IPSA's regulatory approach and service provision and IPSA's Board has approved a plan to further improve what we do and how we fulfil our statutory duties.

Outlined in the IPSA Business Plan 2023-24 is the work we'll do over the next 12 months to deliver our core business activity, make tactical improvements and deliver on our strategic ambitions. We have created a new regulatory philosophy that will guide our decision-making and a new approach to regulation that will assure the public and enable MPs and their offices to focus on what really matters – delivering representative democracy.

The details of our three-year plan can be found in the [Corporate Plan 2021-24](#). Our activity and strategic ambitions for the year ahead can be found in the [IPSA Business Plan 2023-24](#).

C. Our work in 2022-2023

During 2022-23, we began exploring our current regulatory approach and alternative regulatory models, seeking to articulate the perceived strengths and weaknesses of the current model, increase awareness and understanding of alternative models and their potential relevance to IPSA and set out our ambition for change, highlighted in the 2023-24 Business Plan.

We gathered feedback from our stakeholders on the current system including the IPSA Board, IPSA people, MPs, their staff and the public. We learnt from other models in comparable contexts and researched theory and case studies of other regulators from other sectors. We also conducted academic research as well as gauging public sentiment to inform our approach.

To create the space to focus on the fundamental review of our regulatory approach, we limited changes to the current Scheme to consultations on new guidance and rules for home-based working, simplifying Scheme rules and processes and co-producing new

guidance with the House of Commons Human Resources (HR) team to support MPs with changes to their staff working conditions.

We also worked with the House of Commons to successfully transition security arrangements from IPSA to the House of Commons from 1st April 2023 to optimise the provision of security with the contract, expertise and funding in one place.

We sought to address the significant policy issue of implementing the McCloud remedy to the MP pension scheme, with a joint governance model between IPSA and the Trustees to oversee the delivery of an effective programme of change for those pension scheme members impacted by McCloud.

We also continued to improve our guidance to MPs and their staff and collaborate with the House to better induct and train MPs and their staff on managing their business and staffing costs.

COVID-19

After the considerable impact of COVID-19 during 2021-22, there was a gradual return to normality during 2022-23. However, there have been lasting impacts in the way that IPSA operates and in its support for MPs and staff.

Collaboration

We listened to better understand the needs of MPs and their staff, regularly attending user groups and House forums. We collaborated with the House, MPs, and their staff, involving them in testing ahead of implementing changes.

Customer service

We worked hard to improve service to MPs and their staff. Our average service level (a target of 80% of calls answered within 20 seconds) in 2022-23 was 77% against a 25% increase in call volumes as demand returns to pre COVID-19 levels. We achieved over 80% for the last six months of the year despite a significant increase in demand across the year end period. As a result, MPs and their staff received timely and accurate advice, thus supporting MPs in managing their staffing and business costs.

We started the roll out of Proxy Payment Cards to MP Proxies (Proxies are members of staff to whom the MP has delegated certain responsibilities, such as the management of their claims). We also provided robust proactive budget support, starting in December and working with MPs and their offices to reduce budget overspends and resolve issues to make the 2022-23 year-end process as smooth as possible.

General Election planning

We have developed a robust General Election readiness plan that utilises resources from across the whole of IPSA. We have streamlined processes that see high volume demand in an election such as onboarding new MPs, winding-up the affairs of departing MPs and supporting returning MPs. We have started the winding-up meetings for those who have already expressed that they will stand down in the next election and we will continue to do so as more MPs decide their future. Lessons have been learned from the last three elections and these have been incorporated into the plan.

The next General Election will be the first to take place following changes to constituency boundaries and repeal of the Fixed Term Parliaments Act. In light of these circumstances and after a public consultation, we made changes to the Scheme rules relating to eligibility for the loss-of-office payment (made to MPs when they stand for re-election but subsequently lose their seat) and the winding-up payment (paid to MPs who lose their seat or decide to stand down), to make sure that they remain fair and fit for purpose. We also made changes to lengthen the amount of time that former MPs have to wind up their affairs, based on our experience of previous elections, and provided additional support to staff members who are made redundant while on maternity or parental leave.

The Scheme

Following a consultation, we made changes to clarify and streamline the Scheme document for 2022-23. We simplified the approach to allocating costs in relation to residential accommodation and winding-up costs, removing complexity and reducing the risk of error. In light of the changes to working arrangements following the COVID-19 pandemic, we also introduced home-based and hybrid contracts for MPs' staff members and clarified the link between contractual arrangements and the costs that a staff member could claim under the Scheme.

These tactical changes have helped to improve the implementation of our current Scheme and regulatory approach, but we also recognised the need for a more fundamental rethink of how we carry out our statutory functions. During 2022-23, we carried out a regulatory review – examining all of the information and data we hold about how IPSA's approach has operated since 2010, understanding alternative regulatory models, and discussing with the IPSA Board the high-level options for change. This regulatory review formed the basis of the ongoing Improving IPSA transformation programme, which cuts across all areas of IPSA's regulatory and operational functions.

Our people

Having created a refreshed People Strategy in 2022, we have invested further in IPSA's people. We have seen our workforce stabilise and our Annual People Survey results saw an increase of engagement among our people from 64% in 2021-22 to 73% in 2022-23.

We created an online Learning Academy, rich with a variety of curricula that our people can self-serve from. This is complemented with classroom learning and other courses appropriate to IPSA's and our peoples' needs.

We developed a robust performance management framework and have undergone a whole-organisation Mental Toughness assessment to focus on resilience and positivity. Individual and group coaching sessions have been made available and we will next focus on developing resilience and positivity in our leadership team and creating a coaching culture.

Satisfaction and engagement

Each year, we survey MPs and their staff about the service IPSA provides.

The results of the 2022 MP/Staff Survey received in January 2023 show an increase in satisfaction with IPSA to 59%, from 52% in 2021.

MPs and their staff tell us that most of our services have improved, with the gap between how important a service is and how satisfied users are with the service narrowing significantly.

The themes for further improvement to be addressed through our plans for 2023-24 are:

- the IPSA Online user experience
- the claims and evidence process
- customer service and advice

We also surveyed IPSA's people to test their engagement and the Employee Engagement Index for 2022 has increased to 73%, up from 64% in 2021. Engagement trends over the years show consistent and steady improvement. Strengths in areas such as 'trust in manager' and 'strategic narrative' sets the conditions for IPSA's continued transformation.

Cyber-security

We continue to strengthen our cyber-security provision and maintain a positive cyber-security culture across IPSA focused on good technology, quality security education, and robust processes around data security and access.

We have attained Cyber Essentials Plus accreditation.

Information is held either in the Microsoft Azure Cloud in the UK or ISO27001 accredited private cloud environments.

Administration of access to systems is robust and well managed by the Information Technology (IT) team, including regular permission reviews for privileged accounts and a mature joiners, movers and leavers process.

Multi-factor authentication is in place for all major systems.

Data areas and users are segregated, and we allow only the lowest permissions for data access by default.

Password and device policies are in place, and we have a robust information governance and assurance framework as well as a strong IT code of conduct and acceptable use policy. We use only approved software.

Our people are educated through mandatory learning, regular updates, and regular phishing simulation testing. We continue to develop a dedicated intranet site, hosting readily available advice, reporting links, and data protection guidance.

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 2022-23 we undertook the following activities to strengthen and develop our data security and information governance framework, including to:

- Recruit additional support for the Data Protection Officer to assist with freedom of information request handling and records management.
- Continue developing staff awareness of information security and data protection.

Assuring the public

In line with IPSA's commitment to transparency, we publish information on MPs' staffing and business costs according to our Publication Policy, including a routine bi-monthly process for individual claim lines and an annual process covering the previous financial year. After pausing routine publication following the murder of Sir David Amess, we re-started this process in July 2022, having received renewed advice from security experts and with minor changes to the level of detail published on some claim types to minimise any potential risk. Bi-monthly publication was paused again due to the death of Her Majesty Queen Elizabeth II in September 2022, but resumed from November 2022. Annual publication covering the 2021-22 financial year also took place in November 2022.

Sustainability

We are committed to operating in a sustainable way, making environmentally friendly choices, and reducing our carbon footprint where possible.

We are committed to the following the Government Greening Commitment targets:

- reducing the overall greenhouse gas emissions
- reduce the overall amount of waste generated
- reduce water consumption
- continuing to buy more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society

These in turn contribute towards delivery of Sustainable Development Goals (SDGs).

We have an environmental staff network, known as Green IPSA, that strives to raise awareness, inform decision-making and make positive environmental changes. A member of the Executive team attends each Green IPSA meeting to provide senior-level support and to ensure that the environment and sustainability are considered in wider discussions and decision-making.

We subscribed to the Ethical Consumer Association to ensure that we make better purchasing decisions.

We've also run an internal training program on Environmental, Social and Governance (ESG) Sustainable procurement to help us develop and achieve our goals in how we procure services.

In our internal communications we featured articles on topics such as how to reduce waste at Christmas, promoting the use of reusable cups and tips for saving energy.

Since 2019 we have operated a paperless system for MPs to claim business costs. In the past financial year, we have reduced the volume of paper forms available to MPs and staff. We aim to remove the remaining paper forms over time. Our guidance content is available digitally and this year we issued paper copies of the new Scheme of MPs' Staffing and Business Costs in paper form by request only.

We continue to operate a hybrid model of working which reduces commuting emission and the need to heat, cool and light the London office for a large number of people. We also continue to be part of the Cycle-to-Work scheme.

Emissions and energy usage

Measure	Metric	2022-23	2021-22
No of flights taken	-	58	10
Carbon emissions from flights	Kilograms	197,028	29,799
Business related travel on public transport (excluding staff commutes and domestic flights)	Kilometres	7,338	1,102
Carbon emissions from business related travel on public transport (excluding staff commutes and domestic flights)	Kilograms	327.92	1.37
Energy used for heating and cooling	Kilowatt Hours	26,606.5	31,845.4
Electricity used for lighting etc	Kilowatt Hours	58,433.8	N/A

IPSA do not lease or own any vehicles and we rent our office. We share our building with four other tenants, so we are restricted in our ability to cut our emissions by our landlord who retains control of lighting and heating the office.

Waste and recycling

Measure	Metric	2022-23	2021-22
Total waste arising	Metric Tonnes	3.94	2.09
Total waste recycled	Metric Tonnes	1.97	0.73
Total waste composted/food waste	Metric Tonnes	0.05	0.01
Total waste incinerated with energy recovery	Metric Tonnes	1.97	1.37
Total waste incinerated without energy recovery	Metric Tonnes	-	-
Total waste to landfill	Metric Tonnes	-	-
Single use plastic usage	Metric Tonnes	-	-
Paper usage	Reams	43	106
Water usage	Cubic Metres	702.7	602.2

General waste and recycling figures are based on a proportion of total building waste and are not directly controllable by us. All general waste produced in the building, including that generated by us, is sent to an energy-from-waste plant, instead of landfill sites. We have reduced our use of paper since 2021-22 to help cut our waste, since the introduction of hybrid working.

D. Key issues and risks facing IPSA

IPSA faces a range of risks in its dual role in regulating and administering the staffing and business costs and being responsible for determining MPs' pay and setting the level of any increase in their salary and oversight of the MPs' pension scheme.

The risks are diverse in nature and severity and include those relating to:

- the quality of its regulation and engagement with stakeholders
- effective and correct payment of MPs' and staff salaries and business costs, and
- the way IPSA manages itself and its people

Some risks are driven by external forces over which IPSA has little control, such as those posed by COVID-19.

Over the past year, the Executive Leadership Team (ELT) have actively considered such risks as part of IPSA's Risk Management Framework. Further detail is given in the Governance Statement on page 45.

E. Going concern basis

The Statement of Financial Position in our accounts shows net liabilities. However, in common with other independent bodies funded by His 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 2023-24, and there is no reason to believe that future approvals will not be forthcoming.

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

F. Performance analysis

We use Key Performance Indicators (KPIs) 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.

In 2022, we created a new KPI dashboard that is focused on our strategy, purpose, vision, and strategic objectives that has measurable values to demonstrate how effectively IPSA is achieving its goals.

In 2022-23, our performance remained strong across many areas.

We reimbursed MPs' claims for business costs within an average of under three days, against a target of eight days.

Our payroll payments were 99.92% accurate, and we published MPs' business costs with 99.96% accuracy.

We also found very high compliance by MPs, with only 0.02% of claims assessed as being outside the Scheme.

During the reporting period, all 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 2022-23	Measure in 2021-22	Outcome
Effective regulation of MPs' business costs			
Fewer than 1% of MPs' claims are outside the Scheme	0.02% of claims outside the Scheme	0.15% of claims outside the Scheme	Achieved
Providing support to MPs			
Claims are reimbursed in fewer than eight days on average	Reimbursement in less than three days on average	Reimbursement in three and a half days on average	Achieved
Payroll accuracy is over 99.75% each month	Accuracy at 99.92%	Accuracy at 99.91%	Achieved
MPs and their staff show increased satisfaction with IPSA's support	In the 2022 survey of MPs and MPs' staff, 59% of respondents were 'positive about their experience with IPSA', up from 2021	In the 2021 survey of MPs and MPs' staff, 52% of respondents were 'positive about their experience with IPSA', up from 2020	Achieved
Assuring the public that MPs' business costs are well regulated			
Our publication of MPs' claims is over 99.75% accurate	99.96% accuracy achieved	100% accuracy achieved	Achieved
IPSA staff show increased engagement	In the staff survey for 2022, 73% of IPSA staff reported feeling engaged	In the staff survey for 2021, 64% of IPSA staff reported feeling engaged	Achieved
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	Achieved

G. Financial review

Following scrutiny by SCIPSA in the previous financial year, parliamentary approval for IPSA's 2022-23 budget was obtained.

IPSA's budget, also known as 'Voted Parliamentary Control Total', consists of Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure and Net Cash Requirement. These items are explained below and we provide summaries of the 2022-23 outturn (actual) figures against 2022-23 estimate (budget) figures, including an explanation on variances, both 2022-23 outturn vs 2022-23 estimate and 2022-23 outturn vs 2021-22 outturn.

This section also functions as an introduction to the Statement of Outturn against Parliamentary Supply (SoPS) contained in subsection 5A. The SoPS is the primary parliamentary accountability statement that reports IPSA's outturn against the final annual spending limits authorised through a vote by Parliament. These spending limits are often referred to as control totals or estimates. The financial tables below are a summary of the SoPS.

Departmental Expenditure Limits

The budget that is allocated to and spent by IPSA is known as the Departmental Expenditure Limit (DEL). DEL budgets are used for the everyday cost of resources such as staffing, referred to as 'Resource DEL' (RDEL) and for fixed assets and investment costs, referred to as 'Capital DEL' (CDEL). For IPSA RDEL consist of two Subheads, A and B, as detailed 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)
- income from the House of Commons if any

Subhead A		2022-23 £'000			2021-22 £'000	
	SoPS Note	Outturn	Estimate	Variance	Outturn	Variance
MPs' pay and staff costs		184,255	196,261	12,006	172,275	(11,980)
Capped business costs		30,628	34,994	4,366	30,488	(140)
Uncapped business costs		7,637	9,337	1,700	5,288	(2,349)
Income		-	(225)	(225)	(12)	(12)
Subhead A Total	SoPS 1.1	222,520	240,367	17,847	208,039	(14,481)

A detailed breakdown of our Subhead A financial performance is shown in Note 3 to the accounts.

MPs' pay and staff costs

While MPs pay costs were broadly on budget, there was an underspend on staff pay for 2022-23. This was due to vacancies and pay variances.

Capped business costs

Capped business costs include accommodation and office costs and there was an underspend against budget in 2022-23. The budget allowed for expected increases in costs, with consideration to the trends at the time of its preparation. However, these did not materialise. Spend was broadly in line with 2021-22.

Uncapped business costs

Uncapped business costs are mainly travel costs and these show an underspend against budget. The budget was prepared under the assumption that costs would return to pre-pandemic levels, but this did not bear out in reality. Spend is higher than in the 2021-22 year.

Income

In previous years, the House of Commons has contributed to a scheme run by IPSA, granting placement opportunities to college students. The scheme has been suspended until further notice, and thus no income has been received in 2022-23. A small amount was received in 2021-22 before the scheme was paused.

Subhead B: IPSA's operational costs comprising:

- staff and non-staff costs
- the cost of the Compliance Officer

Subhead B		2022-23 £'000			2021-22 £'000	
	SoPS Note	Outturn	Estimate	Variance	Outturn	Variance
IPSA staff costs		6,409	6,677	268	5,877	(532)
Other costs		3,875	4,469	594	3,822	(53)
Income		-	-	-	(5)	(5)
Subhead B Total	SoPS1.1	10,284	11,146	862	9,694	(590)

A detailed breakdown of our Subhead B financial performance is shown in Note 4 to the accounts.

IPSA staff costs

There was an underspend in 2022-23 due to delayed recruitment and difficulty in recruiting for key roles within a competitive employment market. This was counter-acted to a degree by employing contractors and agency staff.

Other costs

Consultancy and professional services spend continues to be under budget as in 2021-22 with budgeted external resources not being required to undertake developments with works being undertaken in-house. IPSA did not use its contingency budget.

Income

We received no income. There was one staff secondment, for which we invoiced another public body, but this was offset by the cost of paying the secondee and is reported as a net nil cost under staffing costs.

Annually Managed Expenditure

The budget allocated to IPSA for Annually Managed Expenditure (AME) is for items that may be unpredictable or not easily controlled by IPSA. Provisions are IPSA's only AME item.

AME		2022-23 £'000			2021-22 £'000	
	SoPS Note	Outturn	Estimate	Variance	Outturn	Variance
Provisions		40	150	110	(48)	(88)
Provisions Total	SoPS1.1	40	150	110	(48)	(88)

The favourable result against budget is due to a decrease in the expected credit loss provision.

Capital (CDEL): IPSA's capital costs comprising:

- fixed assets additions
- movement in MP deposit loans

Capital		2022-23 £'000			2021-22 £'000	
	SoPS Note	Outturn	Estimate	Variance	Outturn	Variance
Fixed assets additions		55	1,111	1,056	192	137
Deposit loans		(8)	150	158	(18)	(10)
Capital Total	SoPS1.2	47	1,261	1,214	174	127

Fixed assets additions

There was a significant underspend on fixed assets in 2022-23 as several projects were delayed.

Deposit loans

MP deposit loans remain stable in 2022-23. This shows a similar trend from 2021-22.

Net Cash Requirement

Net Cash Requirements		2022-23 £'000			2021-22 £'000	
	SoPS Note	Outturn	Estimate	Variance	Outturn	Variance
Net Cash Requirement		230,755	252,794	22,039	215,815	(14,940)
Total	SoPS3	230,755	252,794	22,039	215,815	(14,940)

Net Cash Requirement (NCR) were below budget due to the underspend in DEL budgets as explained above.

2023-24 Budgets

IPSA's main estimates have been approved for 2023-24 where the NCR has decreased slightly to £250.11m. The decrease is primarily within Subhead A.

Signed
2 November 2023
Ian Todd
Accounting Officer

Part II: Accountability Report

1. Corporate Governance Report – Directors’ report

A. IPSA’s Board

IPSA’s Board is responsible for setting IPSA’s strategic direction and, as advised by the Executive Team, deciding the policies that form the Scheme.

Details of Board Members and the Executive Team are set out in the Governance Statement.

B. Company directorships and other significant interests held by Board Members

IPSA’s Board Members hold no significant interests.

Details of all interests held [can be found on our website](#). Please note, the Register of Interests is located within the individual Board Members profiles, in the section ‘Who we are.’

C. Staffing

During 2022-23, IPSA employed an average of 102 full-time equivalent staff on both permanent and fixed-term contracts. This also includes agency staff employed to cover staff vacancies.

In addition, we had five Board Members and funded the costs of one Compliance Officer and a deputy, and three Lay Members of the SCIPSA.

As of 31 March 2023, 43% of staff were male, and 57% 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.

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.

Twenty-six per cent of our people identify as coming from a minority ethnic background and 15% of our people identify as LGBT+.

At leadership level, 24% identify as coming from a minority ethnic background and 24% identify as LGBT+.

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.

Our People Strategy includes a Belonging strand that will ensure IPSA maintains a strong focus on diversity, inclusion, and equity across the workplace.

We have continued to recruit nationwide rather than London centric and now have employees located across all four UK countries.

We have also successfully piloted a name-blind recruitment approach to help reduce unconscious bias in our recruitment processes and improve diversity and inclusion are now looking to implement technology to make this permanent.

IPSA adheres 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 2023, all such contractors engaged by us met these conditions.

D. Health and safety

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.

We currently have six mental health first aiders who are available to counsel any member of staff who may need assistance coping with any aspect of their work or domestic mental health situation.

During the COVID-19 pandemic, IPSA moved to remote working. This is a continuing process as IPSA has now moved to a full hybrid office.

To ensure a comfortable, healthy, and safe working environment, staff can request for the provision of any office related equipment for use at home.

E. Pensions

Our employees are covered by the provisions of the Civil Service Pension arrangements. Information on pension entitlements is provided in the [Remuneration and staff report](#).

Please refer to page 58 of this report for details of IPSA's accounting treatment for pension liabilities.

F. Personal data related incidents

During 2022-23, IPSA suffered no significant losses or thefts of personal or other protected data. There were no incidents meeting the threshold for reporting to the Information Commissioner's Officer (ICO).

We continue to provide training and support for IPSA staff on data security and governance to minimise future incidents.

G. Complaints and customer service

We launched a new complaints policy from July 2022. Prior to this, we aimed to acknowledge complaints within five working days and provide a final response within 10 working days. From July onwards, we aim to acknowledge complaints within two working days and provide a final response within five working days.

During 2022-23 we handled 21 formal complaints from MPs, their staff, and other stakeholders covering various issues, down from 25 in 2021-22.

Seven complaints related to service quality (slow or no responses and the nature of communications sent), five related to concerns around payroll and pension administration and two related to privacy concerns around the information required for business cost claims.

Of the overall complaints, 12 were resolved within the agreed response times. Fourteen complaints were upheld.

H. The Compliance Officer for IPSA

The Constitutional Reform and Governance Act 2010 created provision for a statutory officeholder, the Compliance Officer, whose principal functions are to investigate claims that an MP may have been paid a claim 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.

Tracy Hawkings began her term as IPSA's Compliance Officer on 30 May 2018. Her separate report is in Part V. Her term ended on 30 May 2023 and she was succeeded by Jonathon Blair-Tidewell on 1 June 2023.

During the reporting period, IPSA handled 32 new complaints in addition to one from the previous period. There were 23 general complaints relating to MPs' staff Christmas parties and these were all recorded under the same reference number. Twenty-eight of the complaints were made by members of the public, one complaint was made by a local councillor, two complaints were from journalists, two were from anonymous complainants and one complaint was referred by IPSA following an internal audit and assurance review.

Only one of the 33 complaints led to the initiation of a formal investigation, which is now finalised. Thirty-one of the other complaints were closed following assessments that concluded the relevant MPs had acted in accordance with the Scheme. One complaint was subject to further investigation, which was concluded in the 2023-24 reporting period. In addition, a further 15 complaints were made which fell outside the remit of the Compliance Officer.

During 2022-23, two MPs requested reviews of claims that IPSA had refused. The Compliance Officer upheld one case in favour of IPSA and upheld one case in favour of the MP.

I. Basis of accounts

The accounts for the year ended 31 March 2023 have been prepared under a direction issued by HM Treasury in accordance with PSA 2009.

J. Risk management

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 a risk register that includes those risks at a strategic level. The risk registers are reviewed regularly by IPSA's Executive.

Our Audit and Risk Assurance Committee (ARAC), comprising Board Members also formally reviews risks and the associated mitigation actions at its regular meetings.

At the end of 2021-22 IPSA introduced revised risk management arrangements, including the use of risk management software, which will embed risk management more securely in management decisions and processes. These revised arrangements

were consolidated further in 2022-23. Risk owners were trained in the use of the software, automatic prompts are given when the information is due to be updated and risk owners can get real time bespoke reports to help them manage risks.

More information on our management of risk is set out on page 45.

K. Policy for payment of suppliers

We adhere to the Late Payment of Commercial Debts (Interest) Act 1998 (LPCD(I)A 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.

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 less than five creditor days in 2022-23 (seven in 2021-22). 90% of suppliers were paid within 10 days of receipt.

No interest was payable under the LPCD(I)A 1998 (£Nil in 2021-22).

L. Future priorities: plans for 2023-24

We will continue to regulate MPs' use of taxpayers' money and continue administration of the business costs and pay of the 650 elected UK MPs and their staff, thus ensuring they have resources to carry out their parliamentary functions. In 2023-24 we expect to:

- reimburse c.100,000 business cost claims and process c.50,000 payment card claims
- continue to pay 650 UK MPs and their c.3600 staff, processing around 500 contract changes and 500 overtime forms and administering up to 200 leavers and new starters each month
- register in the region of 30 new home and office leases and amend 80 leases each month
- publish c.26,000 lines of spending information every two months

- action around 250 Freedom of Information requests
- respond to c.15,000 calls and c.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
- prepare and publish our annual report and accounts and facilitate the external audit

Security

In late 2021, IPSA agreed with the House of Commons to transition security arrangements from IPSA to the House of Commons to optimise the provision of security by having the contract, expertise, and funding in one place. The decision was formally agreed by the Board in September 2022, and the transition of security funding to the Members' Security Support Service (MSSS) was completed on 1st April 2023.

Pensions

We are addressing a significant policy issue – the implementation of the *McCloud* ([2018] EWCA Civ 2844) correction to the MP pension scheme.

A joint governance model has been agreed between IPSA and the Trustees of the pension scheme. Having deployed considerable effort and resource, we are continuing to work with the Trustees to deliver the right outcome for those pension scheme members impacted by the *McCloud* judgment, however, final resolution will require legislation (or a suitable alternative) which is beyond our gift to deliver alone.

Process, technology, and people

We will embark on work to review matters relating to MPs' staff which includes assessing career and pay progression, equality, regional pay including the existing London salary weighting, flexible working, living pensions, job descriptions and bandings as well as further salary benchmarking. This work will be informed by the Speaker's Conference on the employment of MPs' staff which we are working closely with to deliver our shared objective of improving working conditions for MPs' staff.

We are developing proposals for changing the way we present our publication data to improve contextualisation and reduce the risk of misinterpretation.

We have several other tactical improvements planned, such as exploiting our existing technology and strengthening our already robust response to the threat of a cyber-attack. We will continue to review all our processes, provide greater guidance and collaborate with the House of Commons to better induct and train MPs and their

staff on business and staffing costs and to establish best practice across all 650 MPs' offices. We will also review our approach to validating MPs' claims and look for efficiencies in the way we work when registering and amending property leases for MPs' offices and accommodation.

Internally, we are making strong progress in transforming our culture and ways of working, empowering people to make decisions, refining job families and skills aligned to our operating model. We'll also continue to focus on our equality, diversity and inclusion agenda to ensure we continue to recruit and retain a diverse workforce and ensure everyone has what they need to succeed.

Improving IPSA

Aside from our business as usual and tactical improvement work, we are embarking on an ambitious programme, Improving IPSA, to modernise IPSA's regulatory approach. This includes a revised set of principles to guide decisions, key to the development of new or revised rules, a risk based regulatory framework, a flexible budgetary approach and increased value for money through centralised provision of goods and services.

Our risk-based framework will improve our support to those offices who need it most, focusing on high risk spend and behaviours rather than penalising efficient and compliant offices through a time-consuming claims and validation process. This will reduce the transactional overhead on lower risk spend and offices, change the perception that we regulate what is easy to evidence regardless of risk, increase scrutiny where needed and simplify IPSA's systems and processes. We will adjust our approach to validation and we will also work with other parliamentary standards bodies to share information on regulatory risks.

We will scope a more flexible approach to budgets including the possibility of an overall budget envelope approach to identify unintended consequences, exacerbation of poor practice, staffing budget risks and the impact on Treasury and NAO financial reporting and forecasting. We will also address the additional challenges such as varying budget according to need and our desire to secure greater value for money as well as the appropriate degree of flexibility.

We will adapt existing policies or create new rules, where appropriate. There is good practice across the 650 MP offices and we will work with each office and the House of Commons to identify, share and embed good practice that makes everyone's working lives easier.

We are developing a commercial strategy that supports the Improving IPSA priorities. The commercial strategy aims to achieve greater visibility, control and value for money

from our commercial arrangements with third party suppliers and other bodies, by implementing robust contracting strategies and supplier relationship management. The outcome is to create a coherent planned framework for IPSA's commercial goals.

We want to reduce the financial and administrative burden on MPs and their staff by preventing the need to spend their own money and then claim it back. We also want to achieve better value for money and reduce the time and effort needed for winding-up and MPs' affairs when they leave their role.

One way we can achieve this is by moving to the provision of centralised goods and services, giving MPs access to quality goods and services without the need for them to shop around, still buy local where appropriate and remove the strain of administering their business costs.

We will create small pilots to test and learn ahead of considering centralised services at scale and we will use the opportunity of the commercial strategy to assess our procurement of services against value for money, social, economic and environmental factors. There are two areas of centralised provision that we will focus on during 2023-24; property management support and utilities and services linked to property management support.

We will begin a proof-of-concept pilot of total outsourced property management on a targeted number of leases that are about to expire. This will be done on a trial contract on a short term (up to 12 months) basis to allow time for lessons learned and an understanding of scaling-up opportunities ahead of the next General Election.

We will also set up separate trial arrangements for the centralisation of some utilities and services such as energy or water, business rates, contents or building insurance.

We have created a technology strategy and will focus on the development of IPSA Online (also referred to as Business World), IPSA's primary system to manage MP business costs, pay MPs and their staff, pay IPSA staff and manage internal financial processes such as procurement, invoicing, supplier management, management accounts and people activity.

Whilst the reimbursement process could be vastly improved, we will examine the business cost reimbursement model in full and consider smarter ways for MPs and their staff to purchase goods and services directly, removing the need to reclaim retrospectively. Validation of purchasing would be built in at points throughout the purchasing journey to simplify the evidence process.

This would dispense with the complexity of reimbursement claims, monthly payment card reconciliations, indiscriminate validation, budget management and the year-end process and would save time, simplify the user experience, improve service and deliver financial value.

To enable delivery of the Business Plan, we need a culture where people can be their best and are inspired to work at IPSA. In 2023-24, we will continue to focus on seven people priorities built around a simple philosophy of engaging, empowering and enabling our people.

- resourcing – attracting the right people
- developing our people – building capability
- performance excellence – enabling people to be their best
- valuing people – improving the people experience
- health and wellbeing – creating resilience
- belonging – building a vibrant, inclusive place to be
- engagement – driving engagement to deliver successful outcomes
- stakeholder engagement to increase awareness and understanding of the changes being made to our regulatory philosophy, principles and approach and to seek stakeholder insight to inform our decision-making
- engagement and consultation on specific elements of the Improving IPSA programme, including identification of pilot areas

M. Events after the reporting period

There are no events after 31 March 2023 that require an adjustment to the financial statements and no non-adjusting events for which additional disclosure in the financial statements is required.

The Accounting Officer authorised these financial statements for issue on 2 November 2023.

2. Corporate Governance Report – the Statement of Accounting Officer’s responsibilities

Under PSA 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.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the 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

In accordance with PSA 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 assets, are set out in [Managing Public Money](#), published by HM Treasury and with which IPSA broadly complies.

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 received a letter of assurance from the relevant House authorities in respect of the commissioning of security provision to MPs and take this into account in my opinion. I have been informed of any relevant audit information and establish that IPSA’s auditors are informed accordingly.

I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced, and understandable. I confirm that they meet these requirements.

3. Governance Statement

Under PSA 2009, IPSA is a body corporate, independent of Government and Parliament with the Chief Executive as its Accounting Officer.

Ian Todd was appointed as the Chief Executive and Accounting Officer by IPSA's Board from 19 October 2020.

Working with the IPSA Board and presenting IPSA's funding proposals to the SCIPSA, the Chief Executive has responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of IPSA's policies, aims and objectives, while safeguarding public funds and assets.

A. Speaker's Committee for the IPSA (SCIPSA)

SCIPSA is responsible for considering and then recommending candidates for the posts of Chair of IPSA and members of the Board on the principle of fair and open competition. The candidates for these posts are then approved by the House of Commons and appointed by the Head of State.

The Committee also reviews the IPSA's annual estimate of the resources it needs, to ensure the estimate is consistent with the efficient and cost-effective discharge of the IPSA's functions before the estimate is laid before the House by the Speaker.

The Committee has a membership of 11. The Speaker, the Leader of the House of Commons and the chair of the Committee on Standards and Privileges are ex officio members, and five further members of the House of Commons are appointed by the House. In addition, three lay members are appointed by the House of Commons.

B. IPSA's Board

Arrangements for appointing IPSA's Board Members are outlined in the SCIPSA section above.

The Board has overall responsibility for preparing and revising IPSA policy, including notably the Scheme, and setting MPs' pay and pensions.

C. Board membership changes

In 2022-23, the IPSA Board remained stable and at full complement.

To support the appointment of Lea Paterson for a five-year term effective 14 March 2022, a comprehensive induction programme was established.

Following an open recruitment process conducted by SCIPSA, Will Lifford was reappointed as the Board Member with a statutory audit background as required under the Parliamentary Standards Act 2009. The appointment was recommended by SCIPSA on 14 November 2022 for a non-renewable further three-year term commencing 11 January 2023.

D. IPSA Board Members

Richard Lloyd

Richard Lloyd OBE joined the IPSA Board in December 2018. He became Interim Chair in October 2019 and was confirmed as Chair in September 2021. He is a non-executive director of the Financial Conduct Authority (FCA) and temporarily served as Interim Chair of the FCA from 1 June 2022 to 19 February 2023, where he remains Deputy Chair. He is also Vice Chair of the Money and Mental Health Policy Institute. Richard's previous positions include:

- Executive Director, Which?
- Chief Executive, Consumers International
- Head of Policy, Shelter, and
- Special Adviser to the Prime Minister

He was awarded an OBE in 2019 for services to the economy and consumer rights.

Will Lifford

Will Lifford is a Yorkshire-based chartered accountant and a former Head of Audit at Grant Thornton, and serves as Chair of IPSA's Audit and Risk Assurance Committee.

Since retiring, he has held several non-executive and trustee roles in the public and not-for-profit sectors, including as non-executive director of Entrust, the regulator of the Landfill Communities Fund, and Chair of both Yorkshire Housing and Martin House Children's Hospice.

He is currently a board member of the Charity Commission for England & Wales.

Sir Robert Owen (resigned 26 April 2023)

Sir Robert Owen was called to the bar at Inner Temple in 1968 and elected as an Inner Temple bencher in 1995. He was appointed a Recorder in 1987, Queen's Counsel in 1988 and a Deputy High Court Judge in 1994. He previously served as Chairman of the London Common Law and Commercial Bar Association and the General Council of the Bar.

He was named an associate fellow of the Institute of Advanced Legal Studies and a Fellow of the Royal Society of Arts in 1998. He served as a governor of the College of Law from 1998 until 2004. He was appointed a Justice of the High Court on 15 January 2001, received his knighthood and was assigned to the Queen's Bench Division.

From 2005 to 2008, he served as a presiding judge for the Western Circuit and was a member of the Judicial College Board since 2011 to 2014. As the member of IPSA's board who has previously held high judicial office, Sir Robert was also IPSA's designated 'Qualified Person' for the purposes of Freedom of Information up until his resignation from the IPSA Board on 26 April 2023.

Helen Jones

Helen Jones served as the MP for Warrington North from 1997 to 2019. She chaired the House of Commons Petitions Committee from 2015 to 2019 and had previously been an Opposition Spokesperson, senior Government Whip and Parliamentary Private Secretary.

Prior to entering the House, she worked as a solicitor, teacher and as a justice and peace officer in the Liverpool Archdiocese.

Lea Paterson

Lea Paterson CBE was until recently Executive Director, People and Culture, at the Bank of England. She is currently a Civil Service Commissioner and an Independent Member of the University of Warwick's Remuneration Committee.

Lea has previously held a number of senior management positions at the Bank of England, including Director of Independent Evaluation. She was also an Adviser to the Bank's Board in its review of ethnic diversity and inclusion.

Before working for the Bank of England, Lea worked as a journalist, as Economics Editor at *The Times* and previously at *The Independent*.

Lea was appointed as a Commissioner at the Civil Service Commission from 13 June 2022 for a five-year non-renewable term. At the end of 2022, Lea was awarded a CBE in the annual New Year Honours list for services to the economy.

From March 2023, Lea chairs the Improving IPSA Assurance Group (IIAG).

E. Board activity

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 regular management information papers from IPSA's Executive. These include 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 to ensure it is acceptable, asks questions not only about the activities to which the information relates but also regarding the quality and reliability of the data itself.

Following the disbanding of the Change Oversight Committee in December 2021, the Board also agreed to receive a monthly update on IPSA's Transformation Programme and progress towards its goals. At around quarterly intervals, the Board received information on latest customer service performance, including feedback and complaints, as well as updates from the Compliance Officer on investigations and referrals.

For 2022-23, the Board also received a revamped KPI dashboard designed to provide further detail and assurance as to IPSA's performance. On this basis, the Board is satisfied the quality of the data available to it is acceptable.

The Board's main focus in 2022-23 was on making significant progress in implementing year-two of IPSA's corporate plan, as well as to agree a new regulatory philosophy and risk appetite under the fundamental review of IPSA's operating model. As in each reporting year, the Board considered a number of complex regulatory questions within its remit. This included increasing the staffing, office, and accommodation budgets available to MPs for 2023-24, overseeing the successful transition of security funding provision to the House of Commons for 2023-24, and monitoring progress and making key policy decisions to this end on the implementation of the McCloud pensions judgment alongside the Parliamentary Contributory Pensions Fund (PCPF).

Other crucial work included a review of MPs' remuneration and the first phase of a benchmarking exercise into MPs' staffing costs and pay ranges, decisions on and the resumption of bi-monthly publication following the murder of Sir David Amess and expert security advice from Parliament's Members' Security Support Service (MSSS), a review of the MPs' Scheme of Business Costs and preparatory work for future consultations in 2023-24, consideration of the positive annual customer satisfaction

survey in IPSA performance, and a review of the support IPSA provides to MPs facing long-term absence from Westminster.

In 2022-23, the Board underwent an external evaluation of its governance arrangements. The report found that IPSA's governance was fit for purpose, that the Board conducted its business and duties effectively, and that a great deal of progress had been made in implementing the findings, where appropriate, of the exercise conducted in 2019-2020. It made a set of recommendations which the Board will consider for implementation in 2023-24.

The Board met eight times in person in 2022-23, with hybrid options available where appropriate.

The Chief Executive, Directors, Chief of Staff, Head of Policy, and Head of Communications also attended Board meetings.

F. The Audit and Risk Assurance Committee (ARAC): scope of responsibility

The ARAC supports the Board's work and the Chief Executive in his role as Accounting Officer in maintaining effective governance, control and risk management arrangements. It assesses the executive's management of risk and the assurance framework in place and advises the Chief Executive on the framework's adequacy.

At the beginning of 2022-23, the ARAC comprised all the members of the IPSA Board, and was chaired by Will Lifford, the member who is qualified to be a statutory auditor. This ensures the Committee has professional, qualified direction in matters relating to the consideration of IPSA's accounting, financial control, risk management and assurance arrangements.

In order to ensure appropriate reporting, challenge, and assurance at Board level, the Board decided that Richard Lloyd OBE, Chair of the Board, would step down from ARAC from 15 June 2022. The Committee has therefore since comprised the remaining four Board members.

Together with representatives of IPSA's internal auditors RSM, the National Audit Office, and the Director of Finance, the Chief Executive is invited to attend ARAC meetings. The Committee is supported by the Head of Audit, Risk, and Assurance and the Chief of Staff.

The ARAC met four times during the reporting period.

In 2022-23, a key focus of the Committee has been on arrangements for managing the risk relating to cyber security attacks and wider data protection, reviewing IPSA's risk appetite and strategic risk register, supporting improvements in risk management, ensuring lessons are identified and learned and that the recommendations arising from internal audit reviews are implemented. The Committee has additionally focused on improvement to IPSA's procurement processes and the effectiveness of its controls.

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. The Committee conducted a self-assessment of its own effectiveness in 2022-23, which found that the Committee was performing well. A key recommendation was that ARAC should seek to invite external speakers to ensure that members were kept fully and continually abreast of key developments in the audit, risk, and assurance landscape so that members could share best practice, horizon-scan effectively, and discuss issues of mutual concern. A wider review of the Board and its governance by external consultants delivered similar findings.

G. The People Committee

The People Committee, chaired by Helen Jones, met twice during 2022-23 and is responsible for agreeing IPSA's remuneration policy and setting the remuneration of the Chief Executive, Compliance Officer, and IPSA's Directors. It also agrees the overall pay award for IPSA staff and wider strategy. It comprises all Board Members, with the Chief Executive, Director of Strategy and Change, Head of People, and Chief of Staff also invited unless conflicted under particular agenda items.

The Committee expanded its focus to consider issues of diversity and inclusion, development, and culture and connectedness, particularly in the context of IPSA's permanent shift to hybrid working across all four nations of the UK and annual people survey results.

In 2022-23, the Committee additionally considered and endorsed a new IPSA People Strategy, took further IPSA data and best-in-class comparators on equality, diversity, and inclusion matters, and approved the findings and proposed next steps from a salary benchmarking exercise relating to internal IPSA job roles and salaries. It further noted and welcomed a further improvement in IPSA people engagement.

H. Changes to Board Subcommittees: The Improving IPSA Assurance Group

Thanks to the progress made in implementing IPSA's corporate plan and to mark the next phase in IPSA's transformation, the IPSA Board established a new working group,

the Improving IPSA Assurance Group (IIAG), in 2022-23. It held its first meeting on 8 March 2023, the only one in this reporting period, and is chaired by Lea Paterson CBE. Richard Lloyd OBE and Will Lifford comprise the remaining non-executive membership. The Chief Executive is also a permanent attendee, with Directors often invited to contribute and present. The Committee is supported by the Chief of Staff, meets quarterly, and is supplemented by informal workshop discussions as required.

The key objective of IIAG is to support the Chief Executive and team in providing appropriate assurance to the Board and key external stakeholders such as SCIPSA on the Improving IPSA project. Specifically, IIAG will provide guidance and feedback on developing reports for the Board and external stakeholders that will build and maintain confidence in the project and its deliverables, including reporting of projected and actual resource costs for the project and its constituent workstreams, workstream/project progress against agreed milestones/targets, projected and realised benefits for the project and its constituent workstreams, and planned external communications to SCIPSA and other stakeholders about the project's progress. IIAG will also provide an informal forum, as needed, for road-testing project updates and reports ahead of their presentation to the Board.

Decisions about project implementation and delivery, however, remain for the IPSA Programme Board (or, if sufficiently substantive, for the main IPSA Board)

Committee attendance

The attendance of each member at Board, ARAC, People Committee and IIAG meetings can be seen in the following table.

Member	Board	ARAC	People Committee	IIAG
Richard Lloyd <i>Chair</i>	8 (8)	N/A	2 (2)	1 (1)
Will Lifford <i>Audit and Risk Assurance Committee Chair</i>	8 (8)	4 (4)	2 (2)	1 (1)
Sir Robert Owen <i>Board member</i>	5 (8)	2 (4)	1 (2)	N/A
Lea Paterson <i>IIAG Chair</i>	8 (8)	4 (4)	2 (2)	1 (1)
Helen Jones <i>People Committee Chair</i>	7 (8)	4 (4)	2 (2)	N/A

Note:

[1] The figures in brackets are the number of meetings the member was eligible to attend.

I. IPSA's senior management

IPSA's ELT 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 2022-23 were as follows:

Ian Todd, Chief Executive

Ian joined IPSA in October 2020. He was formerly Chief Executive of the Security Industry Authority and Deputy Director General at the Independent Office for Police Conduct.

He has also held several other board-level roles in professional regulation, including the health and legal sectors. Ian has also spent time in central government, including the Department for Education and the Cabinet Office.

He has extensive experience of dealing with the public in a frontline role as his first career was with the NHS ambulance service. During 15 years in the ambulance service, he was a qualified paramedic and held several roles to director level, including as part of the senior command team during the 7/7 London bombings.

Thomas Fitch, Director, Finance

Thomas has led IPSA's finance team since February 2022. He is responsible for leading the finance, payroll, and procurement functions to deliver taxpayer value for money.

Thomas draws on his experience working as a finance professional across a variety of public and private sector roles, including Imperial College London and the Department for Health and Social Care. He has driven better financial management across a variety of asset classes, including container ships and real estate.

Thomas trained as a chartered accountant at HM Treasury.

Lee Bridges, Director, Policy & Engagement

Lee's teams are responsible for IPSA's policy development, its communications and engagement with the public and stakeholders, the publication policy and information governance across the organisation.

Lee joined IPSA from the House of Commons where he worked in several roles including in communications, Members' Services, and finance. Lee was the Senior Responsible Owner for the development of Parliament's Independent Complaints and Grievance Scheme which is there to tackle workplace harassment and bullying.

Prior to joining the House of Commons, Lee was one of the first clerks appointed to the new Scottish Parliament in 1998 and played a role in establishing the policies and procedures for the new legislature.

Karen Walker, Director, Strategy & Change

Karen joined IPSA in August 2020. She spent 30 years in the customer services industry, gaining a wealth of experience spanning financial services, utilities, and telecoms at brands such as telephone and online bank First Direct, Centrica and Virgin Media.

She has a background in operational and change leadership, culture change, regulation, credit management and customer service excellence and is renowned for developing purposeful customer-centric cultures to drive advocacy and great customer outcomes, breaking down barriers to service excellence and customer retention.

Yorkshire born and bred, Karen is also a Non-Executive Director at the Bradford Teaching Hospitals NHS Foundation Trust where she is translating her keen interest and experience in people and customers into helping the Trust achieve great patient outcomes and service excellence.

Karen also took over responsibility for MP Services from 30 January 2023 when Georgia Wilson left IPSA.

Georgia Wilson, Director, MP Services (until 30 January 2023)

Georgia was our Director of MP Services until 30 January 2023 and led IPSA's customer-facing teams providing MPs with advice and support to facilitate high compliance, value for money and public confidence. She also led the IPSA General Election programme, which ensures all MPs are supported during elections, whether they are new, returned, or leave their seats. She worked alongside colleagues at the House of Commons to provide seamless and joined-up support to MPs and their teams.

Before joining IPSA, Georgia worked in operational and strategic roles at the Independent Office for Police Conduct. As a senior investigator, she led the London team to investigate deaths in custody, police shootings and other serious incidents. This involved complex regulatory decision-making and engagement with senior police and non-police stakeholders, under significant scrutiny and in a challenging and political environment. She later moved to a strategic role, leading the function delivering business planning, quality assurance, change, learning and development to support operational improvement across 700 staff in seven offices.

Early in her career, Georgia worked in a consultancy environment, working with various organisations to design and develop improved processes and IT solutions to support their business and customer service.

J. Risk management and assurance

Risk management

IPSA uses risk management to inform its business decisions, enable more effective use of resources, enhance strategic and business planning, and strengthen contingency arrangements.

During 2022-23 IPSA's risk management framework and risk management software were further embedded.

The main risks to achieving IPSA's corporate objectives are set out in a strategic risk register which includes eight risks to enable a more strategic focus. These eight risks set out in the table below.

The strategic risk register sets out the controls aimed at managing the risks and any additional measures required to bring risks down to a target level based on IPSA's risk appetite. 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 systems in place to identify, evaluate and manage risk have been in place throughout the year and up to the date of approval of the accounts.

Main risks identified and action taken

Risk area	Key actions and issues in the year
Cyber-attack	<p>Managing the risk of a successful cyber-attack has been a priority focus of risk management in 2022-23, with actions being reviewed at each of the Audit and Risk Assurance Committees' quarterly meetings.</p> <p>A Cyber risk deep dive was performed which found that IPSA has made considerable progress in improving cyber security and was given reasonable assurance.</p> <p>Cyber risk mitigations are regularly reviewed by ARAC, ARA, and ELT meetings, supported by the Pentana Risk system. Risk information is regularly communicated and updated in the system.</p> <p>The purchase of the new 'KnowBe4' security training software will help to record who training and policies have been communicated to in the future.</p>

Risk area	Key actions and issues in the year
Data loss	<p>IPSA is acutely aware of its obligation to safeguard and use appropriately the information it holds about its stakeholders and staff.</p> <p>It has a range of controls in place including staff awareness training.</p> <p>The information governance training framework was completed in March 2023.</p>
Reputation with stakeholders	<p>Problems with the introduction of its IT system and workload issues from the December 2019 General Election damaged IPSA's reputation with MPs and their staff.</p> <p>IPSA subsequently introduced a major transformation programme to improve the service it provides and to communicate better with MPs and their staff.</p> <p>This will move to the Improving IPSA programme in April 2023.</p>
Delivery of transformation programme	<p>As noted above, IPSA has implemented a major transformation programme focussed on improving the service it provides to MPs and how it regulates the funding it provides.</p> <p>IPSA is aware of the delivery risks associated with such programmes and has governance, control, and risk management arrangements in place. This will move to the Improving IPSA programme in April 2023.</p> <p>The programme's progress and achievements are monitored by the Executive Leadership Team and regularly reviewed by the Board.</p>
Delivery of business objectives	<p>IPSA recognises the importance of providing a good service in managing the risk to deliver its business objectives.</p> <p>IPSA has developed a whole IPSA Quality Assurance framework to be implemented across MP Services, Validation, Payroll and Finance.</p> <p>IPSA has designed and implemented a new complaints policy and process for monitoring feedback in June 2022.</p>

Risk area	Key actions and issues in the year
People	<p>The People risk was incorporated on the strategic risk register in March 2023. The Senior Leadership Team and ARAC recognised a number of contributory factors including shifts in the UK labour market post-COVID, IPSA's move to hybrid working, and higher than anticipated staff attrition rates. There are also capacity, capability and resilience risks linked to the upcoming General Election period which will trigger a material increase in IPSA's workload across a number of functional and operational areas.</p> <p>In recognition of this IPSA has been working proactively to reduce the level of residual risk and has developed and implemented a number of mitigating actions including a people strategy, revised recruitment and hybrid working policies and a KPI dashboard to monitor progress.</p> <p>The dashboard highlights sustained improvement in retention, overall staff absence, and absences due to mental health specifically. Stability of workforce has improved, with attrition rates remaining within target.</p> <p>Measures to evaluate overall staff engagement have also been introduced – there are quarterly pulse surveys being completed, the latest one showed 90% of IPSA people are proud to work for the organisation, demonstrating an improving trend.</p>
Effective use of security funding	<p>IPSA has managed activity relating to the transition of accountability for provision of security services to Members, and the associated funding to the House of Commons authorities during 2022-23.</p> <p>The risk was first highlighted and added to the strategic risk register in November 2022 and has seen a gradual reduction in the level of residual risk reported over time as key handover activities have concluded and IPSA's involvement in service provision has been wound up.</p> <p>The security budget transition was agreed in December 2022 and on 1 April 2023, the transition to the House of Commons was completed. During this period IPSA has implemented new processes when the ADT contract started, which saw IPSA raising the requisition orders through a Delegated Approval Scheme and invoices requiring receipting against the resultant purchase orders including confirmation of approval for payment from the contract manager (MSSS).</p> <p>We held weekly meetings with MSSS throughout 2022-23 on both an operational and strategic level, shared data to ensure no duplication of claims across budgets and information on property start and end dates, as well as assisting the contract manager identify changes in risk for individual MPs.</p>
Changes in the external environment	<p>IPSA is strengthening the way that it monitors the external environment to enable it to be ready to take advantage if any opportunities outside IPSA present and to mitigate any foreseeable disadvantages.</p> <p>A key issue outside IPSA's control is the timing of the next General Election due to take place by January 2025. A General Election causes a significant peak in workload as IPSA puts funding arrangements in place for new MPs and works with those leaving to wind-up their affairs. IPSA is mitigating the planning and workload risk by developing contingency plans with external partners that it can put into action when an election is called.</p>

Internal audit

Internal audit work, including the Head of Internal Audit role, is contracted out to RSM UK.

Six internal audits, including audits following up previous reports, were carried out in 2022-23.

Areas covered included stakeholder management, HR framework, risk management, procurement and follow-ups regarding previous recommendations.

Overall, the Head of Internal Audit's opinion as of June 2023, from the work carried out, was that IPSA has an adequate and effective framework for risk management, governance, and internal control. Internal Audit's work identified further enhancements to the framework to ensure that it remains adequate and effective.

IPSA's Assurance Team

During 2022-23 the team have further embedded risk management across IPSA. It also carried out nine assurance reviews including conflicts of interest and connected parties, progress of IPSA's transformation programme, and whether IPSA's KPIs align with the corporate plan and IPSA's Quality Assurance Framework. The report on conflicts of interest and connected parties looked at the risks and associated assurance IPSA has over the goods and services paid by IPSA which could offer MPs or third parties financial, personal, or political benefit. The report recommended IPSA consider whether to expand the working definition of connected interests in the Scheme, and whether any policy approaches should be adjusted accordingly.

The Transformation Programme review objective was to support IPSA in identifying things that worked well and things that could be improved in the management of the programme so that any lessons could be applied to the 'Improving IPSA' programme.

The report recommended a review of the benefits realisation process, assessing how this will be measured at the start of the programme. Allowing any gaps in data to be rectified and providing a clear focus to project teams.

The recommendations in both reports were accepted. Implementation of the recommendations is monitored by IPSA's Executive Leadership Team and by the ARAC.

Data and information security

The Director of Policy and Engagement operates as the Senior Information Risk Owner and advises the Chief Executive on the effectiveness with which IPSA manages the risks associated with the information 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.

K. Corporate Governance Code

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.

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 2009 differ from the Code, IPSA will always seek to comply with the Act, which reflects the wishes of Parliament.

L. Assessment of effectiveness

By relying on the arrangements described above, as Chief Executive I can assess the effectiveness of the control environment in place to ensure the resources for which I am responsible are subject to sound management and control.

The assessment of the governance, risk management and internal controls in place has also been informed by:

- 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
- IPSA's management assurance processes under the internal control framework, including regular reports from the Head Assurance and Risk
- 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

M. Whistleblowing

IPSA adheres to the whistleblowing policy that is applicable to Civil Servants, including adherence to the Civil Service Code. Information regarding this policy is available for all staff on IPSA's intranet site. The Audit and Risk Assurance Committee is informed at the start of every meeting if any whistleblowing cases have been raised. In 2022-23 there were no such cases.

Overall, evidence was considered that supports this Governance Statement, including from IPSA's governance structures and the independent advice provided by the Audit and Risk Assurance Committee.

I conclude that IPSA has satisfactory governance and risk management systems with effective plans to ensure continuous improvement.

4. Remuneration and staff report

A. Remuneration policy

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.

IPSA's policy is to:

- remunerate staff at a level that allows the organisation to recruit, retain and motivate high-performing individuals
- assess relevant benchmarks and market conditions
- ensure that salaries are proportionate to the appropriate skills and experience, taking account of the needs of the organisation as a whole and individual roles
- measure performance (in the case of senior staff)
- consider transparency, fairness, public acceptability, value for money and affordability

IPSA aims to pay staff within 10% of a benchmarked median pay rate in accordance with this policy.

Chief Executive

Ian Todd has held the post of Chief Executive since 19 October 2020.

The IPSA Board and People Committee determine the Chief Executive's salary.

Chair and Board Members

The Speaker determines the daily rate for the members of the IPSA Board which were set in April 2022 at £800 for the Chair and £500 for ordinary members. Until then and since 2009, the payment was £700 for the Chair and £400 for ordinary members.

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.

The anticipated time commitment from IPSA Chair is up to 10 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

The PSA 2009 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.

IPSA directly employs staff from across each of the UK nations on either permanent or fixed-term contracts.

IPSA awarded a one-off cost of living payment of £750 to all staff. This was paid in addition to normal salaries in November 2022 as a non-consolidated payment.

The remuneration of all Executive Directors is determined by the People Committee of the Board, chaired by Helen Jones.

Lay Members of the Speaker's Committee for IPSA (SCIPSA)

IPSA is responsible for paying the Lay Members of SCIPSA.

The Lay Members appointed under the PSA 2009 are not employees of IPSA. The Lay Members are paid at a rate of £300 per day.

B. Remuneration (including salary) and pension entitlements

The following table provides 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 (audited)

Name	Appointed	End-date	Remuneration £'000		Benefits-in-kind ^{[1][2]} (£)	
			2022-23	2021-22	2022-23	2021-22
Richard Lloyd: Chair	01/09/21	31/08/26	40-45	40-45	-	-
Helen Jones: Board Member ^[3]	01/03/21	31/12/25	0-5	5-10	6	1.9
William Lifford: Board Member ^[4]	11/01/23	10/01/26	5-10	5-10	3.6	1.2
Sir Robert Owen: Board Member	01/01/16	26/04/23	0-5	0-5	1.1	0.8
Lea Paterson: Board Member ^[5]	14/03/22	14/03/27	5-10	0-5	0.5	-

Notes:

- [1] 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.
- [2] Both 2022-23 and 2021-22 figures have been rounded to the nearest £100.
- [3] Helen Jones saw a small decrease in their remuneration from 2021-22 due to slightly fewer hours worked in 2022-23.
- [4] William Lifford was initially appointed to the Board on 11th January 2018 for a term of five years. On 11th January 2023 he was re-appointed for a further three years.
- [5] Lea Paterson saw a small increase in their remuneration from 2021-22 due to slightly more hours worked in 2022-23.

Disclosure of IPSA CEO and Directors' remuneration (audited)

Name	Salary £'000		Pension benefits (£'000) ^[1]		Total (£'000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Ian Todd: CEO	145-150	145-150	(12)	46	135-140	190-195
Alastair Bridges: Director of Finance & Corporate Services (up to 16 January 2022)	-	90-95 (110-115 FYE)	-	20	-	110-115
Thomas Fitch ^[2] : Director of Finance	95-100 (110-115 FYE)	10-15 (110-115 FYE)	44	5	140-145	15-20
Georgia Wilson: Director of MP Services (up to 30 January 2023)	90-95 (105-110 FYE)	100-105	6	33	95-100	130-135
Karen Walker: Director of Strategy and Change	110-115	110-115	44	43	155-160	150-155
Lee Bridges: Director of Policy and Engagement	110-115	60-65 (110-115 FYE)	44	25	155-160	85-90

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] Thomas Fitch's actual salary for 2022-23 is less than his FYE salary as he took a period of extended paternity leave between August and October 2022. His duties were covered by Alan Little, the incumbent Head of Finance.

Salary

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

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.

During the year to 31 March 2023, benefits-in-kind totalling £11,200 (2021-22: £3,900) were given to the Chair and Board Members. Benefits-in-kind totalling £1,530 were paid to SCIPSA Lay Members (2021-22: £Nil). There were no benefits-in-kind paid to the CEO or Directors (2021-22: £Nil)

Bonuses

There is no bonus system in operation at IPSA. IPSA runs an individual and team Reward and Recognition (R&R) scheme that recognises those who support IPSA's values, enhance its image, or deliver extraordinary service to its users or outstanding pieces of work with individual awards totalling no more than £250.

Senior staff members

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

Senior staff salary bands

Remuneration banding	Number of individuals in banding	
	2022-23	2021-22
£95,000 – £100,000	-	-
£100,000 – £105,000	-	1
£105,000 – £110,000	1	-
£110,000 – £115,000	3	4
£115,000 – £120,000	-	-
£120,000 – £125,000	-	-
£125,000 – £130,000	-	-
£130,000 – £135,000	-	-
£135,000 – £140,000	-	-
£140,000 – £145,000	-	-
£145,000 – £150,000	1	1
Total	5	6

Disclosure of SCIPSA Lay Members' remuneration (audited)

Name	Appointed	End Date	Total remuneration (£'000)	
			2022-23	2021-22
Shrinivas Honap Lay Member	27/01/17	26/01/22	-	0-5
Cindy Butts Lay Member	01/03/19	28/02/24	0-5	5-10
Peter Blausten Lay Member	27/01/20	26/01/25	-	-
Theresa Middleton CBE Lay Member	27/01/22	26/01/27	0-5	0-5

C. Fair pay disclosures

This section has been subject to audit.

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

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.

The banded remuneration of the highest-paid director in IPSA in the financial year 2022-23 was £145,000-£150,000 (2021-22: £145,000 - £150,000), being a 0% change from 2021-22. This was 3.98 (2021-22: 4.06) times the median full-time equivalent remuneration of the workforce, which was £37,451 (2021-22: £36,360). The median full-time equivalent remuneration of the workforce increased by 3% from 2021-22.

In 2022-23, no employee received remuneration above the highest-paid director (2021-22: Nil). Full-time equivalent remuneration ranged from £21,000 to £150,000 (2021-22: £24,000 to £145,000). The average percentage change in total remuneration from the previous financial year for all IPSA employees (excluding the highest-paid director) was an increase of 2% (2021-22: 14%).

Pay ratios against the highest-paid director

	Ratio		Total pay & benefits (£)		Salary component (£)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
25 th Percentile ⁽¹⁾	5.02 ⁽²⁾	5.12 ⁽²⁾	29,685	28,820	29,685	28,820
Median ⁽¹⁾	3.98 ⁽²⁾	4.06 ⁽²⁾	37,451	36,360	37,451	36,360
75 th Percentile ⁽¹⁾	3.00 ⁽²⁾	3.07 ⁽²⁾	49,580	48,000	49,580	48,000
Band of the highest-paid director	–	–	145,000–150,000	145,000–150,000	145,000–150,000	145,000–150,000

Notes:

- [1] The pay ratios relate to the employees who are on the 25th, 50th (median) and 75th percentile of pay and benefits.
- [2] The decrease in pay ratios from 2021-22 is due to the increase in pay and benefits of the employees as a whole. The remuneration for the highest-paid director was unchanged.

D. Pension information for Directors

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

Pension benefits of senior staff members (audited)

Name	Accrued pension at pension age as at 31 March 2023 (and related lump sum)	Real increase in pension and related lump sum at pension age	CETV ^[1] at start date 1 April 2022	CETV at end date 31 March 2023	Real increase in CETV funded by employer
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Ian Todd ^[2]	75–80	–	887	967	–15
Thomas Fitch ^[3]	0–5	2.5–5	2	24	13
Georgia Wilson ^{[2] [4]}	45–50	0–2.5	670	719	–7
Karen Walker	5–10	2.5–5	52	88	25
Lee Bridges	20–25	2.5–5	252	299	25

Notes:

- [1] CETV = Cash Equivalent Transfer Value (see page 60)
- [2] Taking account of inflation, the CETV funded by the employer has decreased in real terms for Ian Todd and Georgia Wilson.
- [3] Two years of qualifying service must be built up for Thomas Fitch to become entitled to the preserved pension, which will be 20 February 2024. If departure occurs before this date, a refund or transfer of contributions can be taken.
- [4] The opening balance for CETV has been restated for Georgia Wilson to correct an administrative error in last year's closing balance.

Civil Service Pensions

Pension benefits are provided through the Civil Service Pension arrangements.

From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or *alpha* – which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher).

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.

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 five 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).

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 their 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.

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).

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).

Further details about the Civil Service Pension arrangements [can be found on the Civil Service Pension Scheme website](#).

Cash Equivalent Transfer Values (CETV)

A 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.

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, SI 2008/1050. 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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

Real increase in CETV

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

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 (audited)

2022-23						2021-22
	Permanent staff ^[1]	Agency staff	Chair & IPSA Board	SCIPSA Lay Members	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	4,359	-	63	5	4,427	4,177
Social security costs	563	-	5	-	568	443
Other pension costs	1,128	-	-	-	1,128	1,016
Agency staff	-	403	-	-	403	241
Sub total	6,050	403	68	5	6,526	5,877
Secondment Income	(55)	-	-	-	(55)	(5)
Total net costs*	5,995	403	68	5	6,471	5,872
*No staff costs have been capitalised (2021-22 £nil)						

Note:

[1] The permanent staff costs include the Compliance Officer's remuneration for the IPSA (annual salary range £30,000 to £35,000).

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 of 31 March 2016.

Details can be found in the [Accounts of the Cabinet Office: Civil Superannuation](#).

For 2022-23, employer's contributions of £1,128,000 were payable to the Civil Service Pension schemes (2021-22: £1,016,000) at one of four rates in the range 26.6% to 30.3% (2021-22: 26.6% to 30.3%) 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 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

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

Average number of persons employed and staff composition

The average number of full-time equivalent (FTE) persons employed at IPSA during the period was as per the table below. The average was calculated as the average of people in the post by month over the 12 months to 31 March 2023. The gender analysis of the full-time equivalent persons was as follows.

Gender analysis of the full-time equivalent persons (total numbers audited excluding gender split)

	Average 2022-23 FTE						
	Permanent staff	Agency staff	Fixed term staff	Total IPSA staff	Chair & IPSA Board	Compliance Officer	SCIPSA Lay Members
Male	42	1	1	44	3	0	1
Female	55	1	2	58	2	1	2
Total	97	2	3	102	5	1	3

	Average 2021-22 FTE						
	Permanent staff	Agency staff	Fixed term staff	Total IPSA staff	Chair & IPSA Board	Compliance Officer	SCIPSA Lay Members
Male	41	2	1	44	3	0	1
Female	48	2	5	55	2	1	2
Total	89	4	6	99	5	1	3

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 17.6% (2021-22: 25.6%). The turnover rate is mostly due staff leaving to obtain career progression opportunities.

Reporting of Civil Service and other Compensation Schemes – Exit packages (audited)

Exit package cost band	Number of voluntary departures agreed	
	2022-23	2021-22
<£10,000	-	1
£10,000 – £25,000	-	-
£25,001 – £50,000	-	1
£50,001 – £75,000	-	-
Total number of exit packages	-	2
Total cost (£'000)	-	49

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

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.

There were seven R&R awards during the reporting period, with a total value of £2,343 (2021-22: no awards during the period).

Sickness absence

Over the 2022-23 financial year, the sickness absence rates within IPSA (monitored monthly) were on average 3.7% (2021-22: 4.0%).

People policies

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 six months' duration or less
- 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 and equitable 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.

Learning and development help us to enable performance excellence and skills development, and through regular development conversations our people are empowered to develop their careers. A regular learning needs analysis helps us assess organisation-wide development needs aligned to our Corporate Plan.

We ensure that we remove any barriers and prevent disadvantage to our people who may benefit from alteration or reasonable adjustment and through equality impact assessments we ensure that our activity is based on the fair and equitable treatment of all IPSA employees.

Employee consultation

During 2022-23 we consulted with the whole finance team on a departmental restructure which supported a more effective delivery of service, in addition to cost savings. This is ongoing.

Trade union

We collaborate with a Trade Union representative (PCS Union) on relevant matters, as appropriate.

Consultancy expenditure

In 2022-23 IPSA spent £225,000 on consultancy and advice services (2021-22: £263,000). This was made up of:

- organisational redesign work: £121,000
- work on the McCloud implementation project: £77,000
- system maintenance and continuous improvement programme: £24,000
- filming and production costs for annual publication video: £3,000

Agency and off-payroll engagements

Between 1 April 2022 and 31 March 2023, IPSA engaged four staff on an interim basis via an agency. IPSA has received assurance that their Income Tax and National Insurance obligations were fully met.

There were no off-payroll engagements in 2022-23.

There were no off-payroll engagements of board members or senior officials with significant financial responsibility between 1 April 2022 and 31 March 2023.

Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater

	Core Dept.
No. of existing engagements as of 31 March 2023	4
Of which:	
No. that have existed for less than one year	2
No. that have existed for between one and two years	2
No. that have existed for between two and three years	-
No. that have existed for between three and four years	-
No. that have existed for four or more years	-

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater

	Core Dept.
No. of temporary off-payroll workers engaged during the year ended 31 March 2023.	4
Of which:	
Not subject to off-payroll legislation	-
Subject to off-payroll legislation and determined as in-scope of IR35	4
Subject to off-payroll legislation and determined as out-of-scope of IR35	-
No. of engagements reassessed for compliance or assurance purposes during the year	-
No. of engagements that saw a change to IR35 status following review	-

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 will not exactly tie to cash spent) and administration.

The SoPS and Estimates are compiled against the budgeting framework, which is similar but different to, IFRS.

An understanding of the budgeting framework and an explanation of key terms is provided on page 19, in the Financial Review section of the Performance Report.

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 Statement of Comprehensive Net Expenditure (SoCNE), to tie the SoPS to the financial statements (note 2)
- a reconciliation of outturn to net cash requirement (note 3)
- an analysis of income payable to the Consolidated Fund (note 4)

Summary of Resource and Capital Outturn 2022-23

2022-23							2021-22
Type of Spend	SoPS Note	Outturn		Estimate		Outturn vs Estimate: saving/ (excess)	Outturn total
		Voted	Total	Voted	Total	Voted	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Departmental Expenditure Limit							
Resource	1.1	232,804	232,804	251,513	251,513	18,709	217,733
Capital	1.2	47	47	1,261	1,261	1,214	174
Annually Managed Expenditure							
Resource	1.1	40	40	150	150	110	(48)
Capital	1.2	-	-	-	-	-	-
Total Budget		232,891	232,891	252,924	252,924	20,033	217,859
Total Resource	1.1	232,844	232,844	251,663	251,663	18,819	217,685
Total Capital	1.2	47	47	1,261	1,261	1,214	174

Net Cash Requirement

2022-23					2021-22
	SoPS Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Outturn total
		£'000	£'000	£'000	£'000
Net Cash Requirement	3	230,755	252,794	22,039	215,815

Notes:

- Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control.
- Explanations of variances between Estimate (budget) and Outturn (actual spend) are on page 23.
- For Estimate purposes, all IPSA's income and expenditure are classified as Programme.
- IPSA has no Non-Voted Expenditure.

SoPS1 *Outturn detail, by Estimate line*

SoPS1.1 **Analysis of resource outturn by Estimate line**

2022-23 £'000						2021-22 £'000
	Outturn			Estimate		Outturn total
	Programme					
Spending in Departmental Expenditure Limit (DEL) Voted:	Gross	Income	Net	Net Total	Outturn vs Estimate: saving/ (excess)	Total
A. MPs' Pay, staffing, business costs and expenses	222,520	-	222,520	240,367	17,847	208,039
B. IPSA operations (core costs)	10,284	-	10,284	11,146	862	9,694
Voted Departmental Expenditure	232,804	-	232,804	251,513	18,709	217,733
Spending in Annually Managed Expenditure						
Voted:						
C. Provisions and Impairments	40	-	40	150	110	(48)
Voted Annually Managed Expenditure	40	-	40	150	110	(48)
Total	232,844	-	232,844	251,663	18,819	217,685

SoPS1.2 Analysis of capital outturn by Estimate line

2022-23 £'000						2021-22 £'000
	Outturn			Estimate		Outturn total
	Programme					
Spending in Departmental Expenditure Limit (DEL) Voted:	Gross	Income	Net	Net Total	Outturn vs Estimate: saving/ (excess)	Net
A. MPs' Pay, staffing, business costs and expenses	200	(208)	(8)	150	158	(18)
B. IPSA operations (core costs)	55	-	55	1,111	1,056	192
Voted Departmental Expenditure	255	(208)	47	1,261	1,214	174
Spending in Annually Managed Expenditure Voted:						
Voted Annually Managed Expenditure	-	-	-	-	-	-
Total	255	(208)	47	1,261	1,214	174

Capital income relates to repayment of deposit loans by MPs that they are entitled to request under the Scheme.

SoPS2 Reconciliation of outturn to net operating expenditure

There are no reconciling items between the net operating expenditure reported in the Statement of Comprehensive Net Expenditure and the net resource outturn reported within the Statement of Outturn against Parliamentary Supply for 2022-23 and 2021-22.

SoPS3 Reconciliation of net resource outturn to net cash requirement

	SoPS Note	Outturn	Estimate	Outturn vs Estimate: saving/(excess)
		£'000	£'000	£'000
Resource Outturn	1.1	232,844	251,663	18,819
Capital Outturn	1.2	47	1,261	1,214
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
Depreciation & Amortisation		(999)	(850)	149
New provisions and adjustments to previous provision ^[1]		(40)	(150)	(110)
Other non-cash items		(101)	(90)	11
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables		33	250	217
(Increase)/decrease in payables		(1,291)	710	2,001
Repayment of Lease Liabilities		262	-	(262)
Total		(2,136)	(130)	2,006
Net cash requirement		230,755	252,794	22,039

Note:

[1] Includes credit loss 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 *Amounts of income 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 2023
(2021-22: £nil).

B. Parliamentary Accountability Disclosures

B.1 Losses and special payments

The following sections are subject to audit.

B.1.1 Losses statement

	2022-23		2021-22	
Category of loss	Value of Cases £'000	Number of Cases	Value of Cases £'000	Number of Cases
Other losses	171	4	-	-
Receivables adjustments ^[1]	4	14	45	52
Total	175	18	45	52

Note:

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

B.1.2 Special payments statement

	2022-23		2021-22	
Category of special payment	Value of Cases £'000	Number of Cases	Value of Cases £'000	Number of Cases
Settlement of pay ^[1]	-	-	49	2
Total	-	-	49	2

Note:

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

B.2 Remote contingent liabilities

This section is subject to audit.

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 2022-23 and 2021-22.

Signed

Ian Todd

Accounting Officer

2 November 2023

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 for the year ended 31 March 2023 under the Parliamentary Standards Act 2009.

The financial statements comprise the Independent Parliamentary Standards Authority's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Independent Parliamentary Standards Authority's affairs as at 31 March 2023 and its comprehensive net expenditure for the year 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 2023 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 (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 am independent of the Independent Parliamentary Standards Authority 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 the Independent Parliamentary Standards Authority'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 the Independent Parliamentary Standards Authority'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 the Independent Parliamentary Standards Authority is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. 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.

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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Parliamentary Standards Act 2009.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions 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 and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Independent Parliamentary Standards Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by the Independent Parliamentary Standards Authority or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Independent Parliamentary Standards Authority from whom the auditor determines it necessary to obtain audit evidence;

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions issued under the Parliamentary Standards Act 2009;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Parliamentary Standards Act 2009; and
- assessing the Independent Parliamentary Standards Authority'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 the Independent Parliamentary Standards Authority 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Independent Parliamentary Standards Authority's accounting policies.
- inquired of management, Independent Parliamentary Standards Authority and those charged with governance, including obtaining and reviewing supporting documentation relating to the Independent Parliamentary Standards Authority's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Independent Parliamentary Standards Authority's controls relating to the Independent Parliamentary Standards Authority's compliance with the with the Parliamentary Standards Act 2009 and Managing Public Money;
- inquired of management, Independent Parliamentary Standards Authority and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Independent Parliamentary Standards Authority for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Independent Parliamentary Standards Authority's framework of authority and other legal and regulatory frameworks in which the Independent Parliamentary Standards Authority operates. I focused on those laws

and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Independent Parliamentary Standards Authority. The key laws and regulations I considered in this context included the Parliamentary Standards Act 2009, Managing Public Money, the Supply and Appropriation (Main Estimates) Act 2022, employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members 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. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate 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 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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

9 November 2023

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Part III: Financial Statements

A. Statement of Comprehensive Net Expenditure

This statement summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

For the year ended 31 March 2023			
	Note	2022-23 £'000	2021-22 £'000
MPs' Business costs and expenses scheme			
MP and MPs' staff pay costs	3	184,255	172,275
MP and MPs' staff expenses	3	38,265	35,776
Income	5	-	(12)
IPSA operational costs			
Staff costs	4	6,471	5,877
Other costs	4	3,845	3,774
Income	5	-	(5)
Net operating expenditure		232,836	217,685
IPSA financing costs			
Interest costs	4.1	8	-
Net financing expenditure		8	-
Total expenditure		232,844	217,702
Total income		-	(17)
Comprehensive net expenditure for the year		232,844	217,685

The notes on pages 89 to 113 form part of these accounts.

B. Statement of Financial Position

This statement presents the financial position of the department. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

As at 31 March 2023					
	Note	2022-23		2021-22	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant, and equipment	6	248		381	
Right-of-use asset	7	593		-	
Intangible assets	8	3,568		4,116	
Total non-current assets			4,409		4,497
Current assets					
Trade and other receivables	10	3,005		2,954	
Cash and cash equivalents	11	228		52	
Total current assets			3,233		3,006
Total assets			7,642		7,503
Current liabilities					
Trade and other payables	12	(11,895)		(10,428)	
Lease liability	13	(257)		-	
Provisions	14	(62)		-	
Total current liabilities			(12,214)		(10,428)
Total assets less current liabilities			(4,572)		(2,925)
Non-current liabilities					
Lease liability	13	(345)		-	
Provisions	14	(140)		(140)	
Total non-current liabilities			(485)		(140)
Total assets less total liabilities			(5,057)		(3,065)
Taxpayers' equity:					
General fund		(5,057)		(3,065)	
Total equity			(5,057)		(3,065)

The notes on pages 89 to 113 form part of these accounts.

Ian Todd
Accounting Officer
2 November 2023

C. Statement of Cash Flows

The Statement of Cash Flows shows the changes in cash and cash equivalents of the department during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the departments' future public service delivery.

For the year ended 31 March 2023			
	Note	2022-23	2021-22
		£'000	£'000
Cash flows from operating activities			
Comprehensive net expenditure		(232,844)	(217,685)
Adjustments for non-cash transactions			
Depreciation and amortisation	4	999	1,189
Loss on disposal of non-current assets	4	-	-
Impairment of non-current assets	4	-	21
External audit	4	97	92
Decrease in provisions	4	(22)	(48)
Credit losses	4	4	45
Increase in trade and other receivables	10	(33)	(30)
Less movement in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	11	-	1,327
Increase/(decrease) in trade and other payables	12	1,467	(482)
Less movement in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	12	(176)	(52)
New provisions	14	62	-
Net cash outflow from operating activities		(230,446)	(215,623)
Cash flows from investing activities			
Purchase of property, plant, and equipment	6	(55)	(24)
Purchase of intangible assets	8	-	(168)
Net cash outflow from investing activities		(55)	(192)
Cash flows from financing activities			

For the year ended 31 March 2023			
	Note	2022-23	2021-22
		£'000	£'000
From the Consolidated Fund (Supply) – current year		230,931	214,540
Repayment of principal on lease	13	(262)	–
Finance cost (on lease)	13	8	–
Net cash flow from financing activities		230,677	214,540
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		176	(1,275)
Payments of amounts due to the Consolidated Fund		–	–
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		176	(1,275)
Cash and cash equivalents at the beginning of the period		52	1,327
Cash and cash equivalents at the end of the period	11	228	52

The notes on pages 89 to 113 form part of these accounts.

D. Statement of Changes in Taxpayers' Equity

This statement shows the movement in the year on the different reserves held by IPSA. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

For the year ended 31 March 2023			
	Note	General Fund	Total Reserves
		£'000	£'000
Balance at 1 April 2021		(1,287)	(1,287)
Net Parliamentary Funding – drawn down		214,540	214,540
Net Parliamentary Funding – deemed supply		1,327	1,327
Supply receivable adjustment	10	(52)	(52)
Comprehensive net expenditure for the year	SoCNE	(217,685)	(217,685)
Non-cash adjustments			
Auditors remuneration	4	92	92
Balance at 31 March 2022		(3,065)	(3,065)
Balance at 1 April 2022		(3,065)	(3,065)
Net Parliamentary Funding – drawn down		230,931	230,931
Net Parliamentary Funding – deemed supply		52	52
Supply payable adjustment	12	(228)	(228)
Comprehensive net expenditure for the year	SoCNE	(232,844)	(232,844)
Non-cash adjustments			
Auditors remuneration	4	97	97
Balance at 31 March 2023		(5,057)	(5,057)

The notes on pages 89 to 113 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 2022–23 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 policies adopted by IPSA are described below. They have been applied consistently in dealing with items that are considered material to the accounts, with the exception of the introduction of IFRS 16 at 1 April 2022 where 2021-22 comparatives remain unchanged and prepared under IAS 17 as set out in note 1.5.

1.1 Accounting convention

These financial statements have been prepared under the historical cost convention. There has been no revaluation of plant and equipment and intangibles. These are short life and/or low value assets where the historic cost is an appropriate proxy for fair value. See note 1.5 for right-of-use assets.

1.2 Financing and going concern

IPSA is resourced by funds approved by the SCIPSA 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 2023-24 (HC 1383) was approved on 18 May 2022. The net liability position as per the Statement of Financial Position as at 31 March 2023 was £5.0m.

The services provided by IPSA are expected to continue and 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.

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.

The Principal Civil Service Pension Scheme (PCSPS) are unfunded multi-employer defined benefit schemes in which IPSA is unable to identify its share of the underlying assets and liabilities. In accordance with IAS 19, the schemes are thus accounted for similar to a contribution scheme.

1.5 Initial application of IFRS 16 Leases

In accordance with the Government Financial Reporting Manual (FReM), IFRS 16 is applicable for reporting periods beginning 1 April 2022. HM Treasury has withdrawn the option to reassess whether a contract is, or contains, a lease at the date of initial application. The IPSA therefore initially applied IFRS 16 to any contracts previously identified as a lease, or containing a lease, under IAS 17 and did not apply IFRS 16 to any contracts not previously identified as such. HM Treasury has also withdrawn the accounting policy choice to apply IFRS 16 retrospectively to each prior reporting period presented in accordance with IAS 8. Comparatives for 2021-22 have therefore not been restated and remain presented under IAS 17. The following leased property asset has been identified as a right-of-use asset and lease liability under IFRS 16, previously identified as an operating lease under IAS 17:

- 2nd Floor, 85 Strand, London – office property with lease expiry date of June 2025

IFRS 16 does not require the recognition of assets or liabilities for leases where the underlying asset is of low value or for leases of 12 months or less. HM Treasury has

mandated the election of this option and the IPSA has applied a £5,000 threshold for low value assets therefore recognising lease payments for low value assets as an expense.

On initial application of IFRS 16 at 1 April 2022, the IPSA has recognised right-of-use assets at an amount equal to the initial lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application. The initial lease liability has been calculated based on the present value of future cash flows for the lease over the applicable lease term determined in accordance with the standard.

The IPSA has recognised the following opening balances in 2022-23:

Buildings	
£'000	
IAS 17 operating lease commitments at 31 March 2022	1,036
Change in VAT recognition under IFRS 16	(175)
Change in lease assumptions under IFRS 16	13
Impact of discounting cashflows under IFRS 16	(18)
IFRS 16 lease liability as at 1 April 2022	856
Right-of-use asset as at 1 April 2022	856

The application of IFRS 16 has not impacted the Statement of Changes in Taxpayers' Equity at 1 April 2022. Dilapidation provisions in existence before 1 April 2022 have not been taken into account in the right-of-use values and continue to be presented as a separate provision in note 14. Leasehold improvement works remain held as separate assets within property, plant and equipment and accounted for under IAS 16.

Lease payments are treated as a proxy for the subsequent fair value measurement of right-of-use assets because they are rent determined by the open market. The right-of-use asset is depreciated over the life of the lease.

1.6 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.

1.7 *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 FReM 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 FReM 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 will 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.

1.8 Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or 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.

Asset lives are assigned as follows:

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

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.

1.9 Trade receivables and other receivables

Trade and other receivables are recognised in line with IFRS 9 initially at fair value and recoverable amount and subsequently measured at amortised cost.

Impairments of trade and other receivables arise from calculation of an expected credit loss provision. A credit loss is recognised in the Statement of Comprehensive Net Expenditure and a loss allowance is established against specific debts by reference to payment history against settlement terms and the expectancy of future payments.

IPSA expects to recover all debt unless it is not economical to do so.

An expected credit loss provision 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 future payments.

1.10 Leases

The IPSA has adopted IFRS 16, as interpreted and adapted in the Government Financial Reporting Manual (FReM), with effect from 1 April 2022. Where a lease has been identified, the IPSA recognises a right-of-use asset and corresponding lease liability, except for short-term leases and leases for which the underlying asset is of low value. For such leases, the lease payments are recognised as an expense. The IPSA has applied a threshold of £5,000 for low-value assets. Where the interest rate in a lease cannot be readily determined, the IPSA calculates the liability using the HM Treasury discount rates promulgated in the PES papers as the incremental borrowing rate. For leases that commence or are remeasured in 2022-23 this rate is 0.95%. The IPSA does not apply IFRS 16 to leases of intangible assets and recognises these in accordance with IAS 38 where appropriate.

1.11 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.

1.12 Contingent liabilities

Contingent liabilities are treated in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

IPSA discloses a contingent liability where there is a possible obligation on whether some uncertain future event occurs or there is a present obligation, but payment is not probable, or the amount cannot be reliably measured.

1.13 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.

1.14 Staff costs

Under IAS 19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obliged to pay them.

1.15 Significant accounting judgements and estimates

For the year ended 31 March 2023, MPs may submit a claim up to 90 days after incurring the expenditure and resolve any queries as instructed. The outstanding balance of claims for MPs' business costs arising out of 2022-23 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 2022-23 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.

1.16 Recognition of MPs' claims

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.

For determining the financial year in which MPs' business cost claims are recognised, individual claim lines are recognised according to the date the expense was incurred, not the date at which the claim is submitted.

Claims against invoices for which payment has not yet been made are recognised at the date incurred.

Items of expenditure made by both MPs and directly by IPSA on the MP's behalf that involve an element of prepayment have been accounted for in the relevant year.

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.

1.17 Income

Receipts (or reimbursements) due where MPs or IPSA have decided that an item paid for is not claimable under the Scheme are not considered to be income. They are offset against the expenditure of the MP where agreed. Prior year income from the House of Commons is with respect to the Speaker's Internship Scheme.

1.18 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 not yet

effective to assess their impact on its accounting policies and treatment, of which there is one:

- IFRS 17 (Insurance Contracts)

IFRS 17 (Insurance Contracts) was issued in May 2017, replacing IFRS 4 (Insurance Contracts). The effective date of IFRS 17 in the public sector is expected to be applied in 2025-26. IFRS 17 requires that insurance liabilities be measured at the present value of future insurance cash flows, resulting in more uniform measurements and presentation for all insurance contracts. Management has assessed the likely effect of the new standard and has concluded that there are no material assets or liabilities recognised as insurance contracts at IPSA, and it is expected that there will be no impact on IPSA's 2025-26 financial statements.

2. Statement of operating expenditure by operating segment

IPSA's operating segments correspond with the Subhead detail of the 2022-23 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.

	2022-23		
	Subhead A	Subhead B	Total
	MPs' pay, staffing, business costs and expenses	IPSA operations – core costs (including provisions)	
	£'000	£'000	£'000
Gross expenditure	222,520	10,324	232,844
Income	-	-	-
Net expenditure	222,520	10,324	232,844
Assets	-	7,642	7,642
Liabilities	-	(12,699)	(12,699)
Net capital	-	(5,057)	(5,057)

	2021-22		
	Subhead A	Subhead B	Total
	MPs' pay, staffing, business costs and expenses	IPSA operations – core costs (including provisions)	
	£'000	£'000	£'000
Gross expenditure	208,051	9,651	217,702
Income	(12)	(5)	(17)
Net expenditure	208,039	9,646	217,685
Assets	-	7,503	7,503
Liabilities	-	(10,568)	(10,568)
Net capital	-	(3,065)	(3,065)

Description of segments

Subhead A: Scheme of MPs' Staffing and Business Costs – 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

	2022-23	2021-22
	£'000	£'000
Scheme of MPs' Staffing and Business Costs		
MP salary cost	55,707	54,196
MPs' staff salary cost	100,627	92,685
MP National Insurance	7,512	6,952
MPs' staff National Insurance	10,406	9,030
MPs' staff superannuation	9,759	8,979
MPs' staff winding-up costs	85	126
MPs' staff redundancy as a result of winding-up	159	298
MP resettlement payments	–	9
	184,255	172,275
Capped Budgets		
Accommodation Expenses and Office Expenditure		
Property rent	13,782	13,636
Utility costs	1,054	717
Council Tax	481	489
Service charges	266	229
Rates	152	140
Other premises costs (including security costs) ^[1]	5,337	6,283
Insurance	144	129
Professional services	1,704	1,680
Stationery and other office supplies	1,468	1,306
Telephone and internet	1,102	1,038
Pooled services	2,405	2,274
Computers	728	686
Office furniture	949	843

	2022-23	2021-22
	£'000	£'000
Photocopiers and televisions	175	181
Publicity, advertising, and communications	499	351
Website design and hosting	162	141
Other	220	365
Total capped expenditure	30,628	30,488
Uncapped Budgets		
Travel – Car	1,110	977
Air	1,595	857
Rail	2,443	1,844
Taxi	163	103
Other	95	70
Hotels	1,805	1,101
Food and drink	69	21
Training	180	191
Parking	177	124
Total Uncapped^[2]	7,637	5,288
Total MPs' Business Costs and Expenses Scheme	222,520	208,051

Notes:

[1] Includes working from home allowance.

[2] Increase in uncapped expenditure is mainly due to COVID-19 restrictions being lifted, resulting in increased travel and in-person meetings.

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

3.1 Reporting of MPs' staff exit packages

2022-23 ^[1]						
Exit package summary	Number of MPs' 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	11	3	14	27	9	36
£5,000 – £9,999	3	2	5	17	17	34
£10,000 – £14,999	5	1	6	63	13	76
£15,000 – £19,999	1	–	1	16	–	16
£20,000 – £24,999	–	–	–	–	–	–
£25,000 – £29,999	–	–	–	–	–	–
£30,000 – £34,999	–	–	–	–	–	–
Total	20	6	26	123	39	162

2021-22 ^[1]						
Exit package summary	Number of MPs' 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	16	15	31	45	38	83
£5,000 – £9,999	7	4	11	53	24	77
£10,000 – £14,999	5	1	6	62	15	77
£15,000 – £19,999	2	–	2	33	–	33
£20,000 – £24,999	–	–	–	–	–	–
£25,000 – £29,999	1	–	1	28	–	28
£30,000 – £34,999	–	–	–	–	–	–
Total	31	20	51	221	77	298

MPs' 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.

Note:

[1] The departures were regular departures from positions because of restructures and performance management.

3.2 MP loss of office payments

MP loss of office payments summary	2022-23		2021-22	
	Number of loss of office payments	Value of loss of office payments (£'000)	Number of loss of office payments	Value of loss of office payments (£'000)
£0 - £4,999	-	-	1	3
£5,000 - £9,999	-	-	1	6
£10,000 - £14,999	-	-	-	-
£15,000 - £19,999	-	-	-	-
£20,000 - £24,999	-	-	-	-
£25,000 - £29,999	-	-	-	-
£30,000 - £34,999	-	-	-	-
£35,000 - £39,999	-	-	-	-
£40,000 - £44,999	-	-	-	-
Total	-	-	2	9

4. IPSA operational costs

	2022-23	2021-22
	£'000	£'000
Staff costs ^[1]		
Wages and salaries	4,372	4,177
Social security costs	568	443
Other pension costs	1,128	1,016
Agency staff	403	241
Total staff costs	6,471	5,877
Rent, rates, and service charges	206	367
Other property costs	159	62
IT services and telephony	1,286	1,067
Legal	76	170
Pension advice and administration	382	165
Internal audit services	92	92
Recruitment and advertising	110	124
Printing, postage, and stationery	25	36

	2022-23	2021-22
	£'000	£'000
Professional services	225	263
Non-cash items:		
Depreciation ^[2]	451	234
Amortisation ^[2]	548	955
(Profit)/Loss on disposals	-	-
Impairment of non-current assets	-	22
External audit ^[3]	97	92
Credit losses ^[4]	4	45
New provisions & adjustments to previous provisions ^[5]	(22)	(48)
Other	206	128
Total non-staff costs	3,845	3,774
Total IPSA operational costs	10,316	9,651

Notes:

- [1] Further analysis of staff costs is set out in the *Staff and other pay costs report* on page 61.
- [2] Increased depreciation in 2022-23 is due to the right-of-use asset being depreciated in the first year following the adoption of IFRS 16. Depreciation and amortisation was higher in 2021-22 compared to previous years due to a change in accounting policy to commence charging depreciation and amortisation in the month following asset capitalisation. Previously depreciation and amortisation were charged in the beginning of the financial year following asset capitalisation. The change was applied retrospectively and effectively brought forward depreciation and amortisation costs into 2021-22. The impact of the increase was timing only and will result in assets being fully depreciated and amortised earlier.
- [3] IPSA's External Auditors (the National Audit Office) provided no non-audit services.
- [4] Following the bad debt policy application, £4,002 of debt was written off in the year (£45,453 in 2021-22).
- [5] Represents provision for credit losses.

4.1 Net financing costs

	2022-23	2021-22
	£'000	£'000
Interest on lease liability	8	-
Total	8	-

5. Income

	2022-23	2021-22
	£'000	£'000
Speaker's scheme (cost of some MPs' internships)	-	(12)
Secondment income	-	(5)
Total	-	(17)

6. Property, plant, and equipment

	2022-23				
	Leasehold Refurbishment	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2022	33	455	761	-	1,249
Additions	8	30	-	17	55
Disposals	-	(33)	-	-	(33)
At 31 March 2023	41	452	761	17	1,271
Depreciation					
At 1 April 2022	20	366	482	-	868
Charged in year	8	40	140	-	188
Disposal	-	(33)	-	-	(33)
At 31 March 2023	28	373	622	-	1,023
Carrying amount as at 31 March 2022	13	89	279	-	381
Carrying amount as at 31 March 2023	13	79	139	17	248

2021-22				
	Leasehold Refurbishment	Information Technology	Furniture & Fittings	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2021	33	743	803	1,579
Adjustments ^[1]	-	4	(3)	1
Additions	-	24	-	24
Disposals	-	(316)	(39)	(355)
At 31 March 2022	33	455	761	1,249
Depreciation				
At 1 April 2021	14	563	388	965
Adjustments ^[1]	(1)	15	(12)	2
Charged in year	7	82	145	234
Disposal	-	(316)	(39)	(355)
Impairments	-	22	-	22
At 31 March 2022	20	366	482	868
Carrying amount as at 31 March 2021	19	180	415	614
Carrying amount as at 31 March 2022	13	89	279	381

Note:

[1] Adjustments relate to a minor 2020-21 opening balance correction.

All property, plant and equipment assets are owned.

7. Right-of-use asset

	Total
	£'000
As at 1 April 2022	
Initial adoption of IFRS 16	856
Cost or valuation	
As at 1 April 2022	856
Additions	-
Disposals	-
At 31 March 2023	856
Depreciation	
At 1 April 2022	-
Charged in year	263
Disposals	-
At 31 March 2023	263
Carrying amount as at 31 March	593

The right-of-use asset relates to the office at 85 Strand, London.

8. Intangible assets

Intangible assets comprise costs incurred in developing IPSA Online.

	Total	Total
	2022-23	2021-22
	£'000	£'000
Cost or valuation		
At 1 April	6,070	6,516
Adjustments ^[1]	-	(1)
Additions	-	168
Disposals	(36)	(613)
At 31 March	6,034	6,070
Amortisation		
At 1 April	1,954	1,615
Adjustments ^[1]	-	(3)
Charged in year	548	955
Disposals	(36)	(613)
At 31 March	2,466	1,954
Carrying amount as at 31 March	3,568	4,116

Notes:

[1] Adjustments relate to a minor 2020-21 opening balance correction.

IPSA Online, including the Business World Enterprise Resource Planning application, came into use on 1 April 2019. This consists of business processes including accounts payable, account receivable, general ledger accounting, payroll, expenses, and customisations.

9. 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.

10. Trade and other receivables

	2022-23	2021-22
	£'000	£'000
Amounts falling due within one year:		
Trade receivables ^[1]	1,015	996
Other receivables	1,428	1,329
Prepayments and accrued income	562	629
Total	3,005	2,954

Note:

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

11. Cash and cash equivalents

	2022-23	2021-22
	£'000	£'000
Balance at 1 April	52	1,327
Net change in cash and cash equivalent balances	176	(1,275)
Balance as at 31 March	228	52
The following balances at 31 March were held at:		
Government Banking Service	228	52
Total balance as at 31 March	228	52

There were no cash equivalents held by IPSA as at 31 March 2023 or 31 March 2022.

12. Trade and other payables

	2022-23	2021-22
	£'000	£'000
Amounts falling due within one year		
Taxation and social security	6,402	5,940
Payables	25	754
Accrual for MPs and MPs' Staff expenses	4,607	3,111
Other accruals and deferred income	633	571
	11,667	10,376
Amounts issued from the Consolidated Fund for Supply but not spent at year-end	228	52
Total	11,895	10,428

No amounts are falling due after more than one year.

13. Lease liability

The lease liability amounts recognised in the Statement of Financial Position are as follows:

	2022-23
	£'000
Balance as at 1 April 2022	856
Lease payments made during the year	(262)
Interest charge for the year	8
Balance as at 31 March 2023	602
Amounts falling due within one year	
Lease Liability	257
Amounts falling due after more than one year	
Lease liability	345
Total	602

The amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

	2022-23
	£'000
Interest on lease liabilities under finance costs	8
VAT on lease payments under accommodation lease costs	53

The following table sets out the maturity analysis of lease payables showing the undiscounted lease payments to be paid after the reporting date:

	2022-23
	£'000
Not later than 1 year	263
Later than one year and not later than 5 years	349
Later than five years	-
Total	612
Less interest element	(10)
Present value of obligations	602

14. Provisions for liabilities and charges

	2022-23			2021-22
	Dilapidations ^[1]	Other ^[2]	Total	Dilapidations
	£'000	£'000	£'000	£'000
Balance as at 1 April	140	-	140	140
Provided for in year	-	62	62	-
Provisions not required written back	-	-	-	-
Provisions used in year	-	-	-	-
Balance as at 31 March	140	62	202	140

	Dilapidations	Total	Total
	£'000	£'000	£'000
Analysis of expected timing of cash flows			
Not later than one year	-	62	62
Later than one year and not later than five years	140	-	140
Later than five years	-	-	-
Balance as at 31 March 2023	140	62	202

Notes

[1] A dilapidation provision for £140k is provided for to restore IPSA's leasehold property at 85 Strand to its original state at the end of the lease in June 2025.

[2] This provision relates to deferred NI contributions due to HMRC.

15. Capital and other commitments

15.1 Capital commitments

	2022-23	2021-22
	£'000	£'000
Intangible assets	-	60
Total	-	60

The commitments in 2021-22 related to an upgrade to the current finance system. This project did not result in any tangible benefit to the IPSA and the amount committed as at 31st March 2022 forms part of the losses and special payments figure for 2022-23.

15.2 Other financial commitments

The department has entered into non-cancellable contracts which are not leases, PFI contracts or other service concession arrangements. The payments to which the department are committed, analysed by the period during which the commitments expire, are as follows.

	2022-23	2021-22
	£'000	£'000
Not later than one year	687	603
Later than one year and not later than five years	255	308
Later than five years	-	-
Total	942	911

The commitments mainly relate to the licensing and running costs of the CRM tool, the finance system and other software applications. The remaining commitments relate to other general operational costs.

16. Contingent liabilities disclosed under IAS 37

IPSA faces several legal claims brought by individuals who were employees of MPs at the time of a data breach in March 2017, and a small claim has been stayed. 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 2023.

17. 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.

Thomas Fitch, Director of Finance, 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 interests are [disclosed on the IPSA website](#). Please 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.

18. Events after the reporting period

There are no events after 31 March 2023 that require an adjustment to the financial statements and no non-adjusting events for which additional disclosure in the financial statements is required.

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 2011 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (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:
 - give a true and fair view of the state of affairs of the Independent Parliamentary Standards Authority at 31 March 2011 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
 - 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

A. Introduction

The Compliance Officer for the 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 (PSA 2009), as amended by the Constitutional Reform and Governance Act 2010 (CRA 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 business cost claim in whole or in part

The full statutory powers of the Compliance Officer are established in PSA 2009 and CRA 2010 and included the powers to:

- a) compel an MP to provide any information required and to issue a penalty notice up to the value of £1,000 should an MP fail to do so
- b) issue a repayment direction to an MP (including the charging of interest and costs) and to issue a penalty notice up to the value of £1,000 should an MP fail to comply with that notice

The PSA 2009 stipulates that a Compliance Officer can only be appointed for a single fixed term not exceeding five years.

The term of office for the Compliance Officer concluded in May 2023 and the new Compliance Officer started in June 2023.

B. Overview of 2022-23

In 2022-23 there were a total of 33 complaints made to the Compliance Office by:

- members of the public – 27
- journalists – 2
- those linked with a political party – 1
- anonymous – 2
- IPSA – 1

One of the complaints, recorded under the same reference number had 23 people making a general complaint following a media article relating to Christmas parties. This is an increase in the number of complaints made in 2021-22, which totalled 27.

There were a further 15 complaints made which fell outside of the Compliance Officer's remit.

There were two reviews requested by MPs, a decrease of three from the year before.

Further information on both complaints, IPSA referrals and reviews can be found below in section H – Complaints and Investigations.

Within the relevant legislation, an MP can appeal a decision by the Compliance Officer to refuse a business cost 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.

C. Budget for 2022-23

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 2022-23 was £69,000. This was broken down as follows:

	Actual Cost (£000)	Budget (£000)	Variance (£000)
Pay	64	62	(2)
Legal, audit and professional fees	4	40	36
Consultancy	-	10	10
Travel/Subsistence	1	-	(1)
Total	69	112	43

There is a large underspend on the compliance budget for 2022-23 which is mainly attributable to a low spend on legal services.

D. Relationship with IPSA

The Compliance Officer is not an employee or officer of IPSA but has an independent, statutory role.

The Compliance Officer seeks to demonstrate objectivity, impartiality, and neutrality in their relationships with MPs, IPSA, complainants, and other agencies.

The compliance function is reported to the IPSA Board on a quarterly basis.

Schedule 2 of PSA 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.

The Compliance Office is staffed by one full-time equivalent (FTE) post, comprising a Compliance Officer (generally two days per week) and an Investigations Officer (flexible three days per week).

The Investigations Officer is an IPSA employee and is afforded the same rights as other IPSA personnel.

E. Relationship with MPs

When 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.

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 there has been a breach of the Scheme of MPs Staffing and Business Costs which is the guidance document which sets out to MPs and their staff the rules and provisions around budgets and business cost claims.

In all appropriate cases, the approach of the Compliance Officer when exercising their statutory function is proportionality. Above all else the Compliance Officer is aware 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 the role is to ensure complainants are kept up-to-date and provided with a detailed explanation of the rationale for the decisions made. Each complainant receives written correspondence from the Compliance Officer which sets out the detail of the assessment of the complaint and the rationale for reaching the determination. In the event, a formal investigation is initiated, the Compliance Officer will publish a report.

Where genuine mistakes are identified as the underlying cause of a complaint, 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.

F. 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:

- The Parliamentary Commissioner for Standards
- The Director of Public Prosecutions
- The Commissioner of Police of the Metropolis (MPS)
- any other person the IPSA and the Compliance Officer consider appropriate

Copies of these agreements are [available on the Compliance Officer's website](#).

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 2022-23, the Compliance Officer has not referred any cases to the police.

It is crucial to consider the following:

- in circumstances where a referral to the police is made (as they have been in previous years), the 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. It is right, therefore, 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 2010 (DPA 2010) and other privacy provisions very seriously.

The DPA 2010 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 DPA 2010 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.

G. Procedures for Investigations of the Compliance Officer

IPSA is required by the PSA 2009 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 more than one year, a review was undertaken, including consultation with the public and Parliament.

On 1 February 2012, the Second Edition of the Procedures took effect, and the Third Edition became effective on 1 January 2015.

The Fourth and current edition was published and became effective in May 2021 and are [available on the Compliance Officer's website](#).

H. 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. Most 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.

One case was referred to the Compliance Officer in 2022-23 because of the assurance review process which led to a formal investigation which has since been finalised. The investigative report has been published on the Compliance Officer website. In summary, there were concerns around the use by a former MP of bought-in services by external service providers. The investigation concluded that the commissioned services were genuine but there was some irregularity associated with the invoices.

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

During the reporting period, 33 complaints were handled. These can be broken down as follows:

Type of Complaint	Number of Complaints
Office costs	18
Staffing costs	7
Travel costs	2
Accommodation costs	5
Professional service fees	1

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 MPs' 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 Compliance Officer's website](#).

Full details of all investigations undertaken by the Compliance Officer [can be found on the Compliance Officer's website](#).

Figures outlining complaints received and cases handled by the Compliance Office during 2022-23 are shown below.

Summary of cases handled during 2022-23

Cases carried forward from 2021-22	Cases opened during 2022-23 by quarter				Total cases opened during 2022-23	Cases closed during 2022-23 ^[1]	Cases carried forward to 2023-24
	Q1	Q2	Q3	Q4			
1	5	6	10	11	32	32	1

Note:

[1] Thirty-two cases were closed during 2022-23. The complaint from 2021-22 was still on-going at the end of the reporting period and was concluded in 2023-24.

Summary of IPSA referrals

Types of cases referred	Outcome
Bought-in services	Complaint upheld

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

Year	No. of complaints received	No. of reviews requested and conducted	No. of investigations conducted ^[1]	No. of cases referred to the police
2016-17	25	5	1(2)	2
2017-18	52	3	1(-)	-
2018-19	41	1	-(-)	2
2019-20	33	2	3(2)	3
2020-21	39	13	-(-)	1
2021-22	27	5	1(-)	-
2022-23	33	2	1(1)	-

Note:

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

I. 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 business cost claim in whole or in part.

During the 2022-23 period, there were two requests for reviews. These can be broken down as follows:

Subject	Outcome
Overspend on staffing budget	Upheld in favour MP
Overspend on accommodation budget for utility services	Upheld in favour of IPSA

Details of reviews conducted by the Compliance Officer [are published on the Compliance Officer's website](#).

J. Freedom of Information (FOI)

During this reporting period, one FOI request was submitted to the Compliance Office and information was provided to the applicant.

K. Accommodation

As previously referred to, the PSA 2009 requires IPSA to provide the Compliance Officer with adequate resources to discharge their 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.

L. Looking ahead

The 2022-23 term was Tracy Hawkings' fifth and final year as Compliance Officer. A new Compliance Officer has been appointed and started their five-year tenure on 1 June 2023. There was a slight increase in the number of complaints received this year compared to last year but a reduction in the number of requests for reviews. One investigation was initiated and finalised. Another investigation was on-going at the end of the reporting period, but has since been concluded. The Compliance Officer

has conducted all the enquiries and has written a provisional findings report. Both IPSA and the MP now have the right to make representations before a final report can be prepared.

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

The Compliance Officer will continue with the following functions going forward:

Efficiency

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 the Compliance Officer's 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 the Compliance Officer's website.

Communication

Consolidate, review, and improve channels of communication between the Compliance Officer and key stakeholders.

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

Compliance Officer for IPSA

<http://www.ipsacompliance.org>

978-1-5286-4475-4

E02995881