

Minutes of a meeting of IPSA's Board

23 October 2024

Board Members: Richard Lloyd OBE (Chair)
Will Lifford
Lea Paterson CBE
Helen Jones

Apologies: Dame Laura Cox

See Annex for record of attendees.

Status: Submitted for approval at the meeting of the Board on 18 December 2024

1. Welcome and Declarations of Interest

- 1.1 The Chair recorded with great sadness the death of John Midgley, recognising his positive contribution to the Board whilst serving as Boardroom Apprentice. IPSA had been represented at his funeral by the senior independent director.
- 1.2 Board members were invited to make any new declarations of interest. Lea Paterson recorded that she had been appointed as Chair of the Senior Salaries Review Body (SSRB).

2. Minutes and Actions

- 2.1 The minutes of the meeting of 25 September were approved.
- 2.2 The Chair reviewed the Board Actions, noting that following a meeting of a sub-group of the Board to discuss alterations to the Scheme consultation document, this would be ready for publication by the end of October. The Head of Policy confirmed receipt of a legal opinion in

relation to any potential equality and fairness impacts of proposed amendments to the MP pension scheme. The opinion was high-level, recognising the range of potential outcomes of the changes to the cost cap mechanism and impact on individual members in different circumstances.

3. Annual Publication

- 3.1 The Director, Policy and Engagement presented an update on the annual publication of MPs' data, alongside the draft Supporting Democracy Report which would accompany this to provide additional context. The format of the report would largely mirror that which was published in 2023, but with updated figures and a particular focus on the difference between IPSA-funded utilities costs and non-claimable personal utilities costs, in recognition of the significant number of recent queries IPSA had received on this area of expenditure.
- 3.2 The Board recommended some minor changes to the wording of the report, that a breakdown of costs be provided, and asked for a clearer statement on how staffing costs comprised the greater proportion of MPs' expenditure alongside clarification as to why MPs required such staff. The Board noted that the 2023 Supporting Democracy Report had been intended to commence a more ambitious programme of communications and requested an update on progress. The Director, Policy and Engagement confirmed that due to the General Election, the focus of improved communications had shifted to the provision of bespoke material for departing, new, and returning MPs, but that once General Election activity had concluded, the wider programme would be renewed, including a focus on communications concerning the publication of MPs' expenditure.
- 3.3 The Board approved the Supporting Democracy Report subject to the minor amendments recommended.

4. 2025-26 MP Budgets – the Economic Context

- 4.1 The Director, Policy and Engagement presented a paper to the Board which set out the economic context within which MP budget, MP pay, and MP staff pay decisions would be made, ahead of the Board meeting of 18 December. It was noted that work that was underway with regard to the convening of citizens' juries would enable a more strategic conversation about the approach to funding MPs' parliamentary work.
- 4.2 The Board acknowledged the current volatility of the data as seen in public sector pay indicators and that current trends could change considerably by April 2025 when a decision would normally be implemented. There was agreement from the Board, therefore, to delay the decision about MPs' pay to align with the post-General Election statutory determination. However, it was agreed not to delay a decision with respect to MPs' staff pay, given that MPs and their staff would need certainty around MPs' staff pay and Staffing Budgets ahead of the

new financial year.

- 4.3 The Board also recognised that it was apparent that MPs were finding it increasingly difficult to secure safe and appropriate constituency offices within the Office Costs Budget provided. This was backed up by initial analysis of the constituency office proof of concept and through feedback received from the MPs' staff Wellness Working Group. The Board were supportive of providing a mid-year uplift to the Office Costs Budget should this be required but were also conscious of not wanting to disadvantage those who had already secured office premises on the basis of current budgets. It was agreed that the executive should consider how to respond with appropriate flexibility, noting that a primary objective is to ensure the funding of safe, secure and healthy offices. The Chief Executive confirmed that when 2025-26 MP budget recommendations were presented to the Board in December these would be accompanied by in-depth analysis of constituency office rent and maintenance costs.

5. Report from Audit, Risk and Assurance Committee (ARAC)

- 5.1 The Chair of ARAC reported that the committee had received an update with regard to IPSA's ongoing correspondence with HMRC, who had confirmed the taxable status of the winding-up payment and loss-of-office payments, but that clarity was still being sought with respect to taxable benefits. The committee had also received an assurance report on hybrid-working, recommending that its findings be taken up by the People Committee; it had approved a paper on risk appetite to come before the Board; and had approved a revised internal audit programme following the repurposing of people during the General Election period. The ARAC Chair confirmed that IPSA had been given a clean audit by the National Audit Office who had provided no new recommendations.
- 5.2 The Chair of ARAC recommended the approval of IPSA's Annual Report and Accounts (ARA) on behalf of the committee. The Board confirmed approval of the ARA.

6. Financial Report and Management Accounts

- 6.1 The Director, Finance presented the Financial Report and Management Accounts, noting that Subhead A was slightly underspent, Subhead B was also underspent, and that a clearer forecast of Subhead C would be available following the conclusion of the winding-up period on 4 November.
- 6.2 The Board queried the underspend against the human resources budget, requesting assurance that this did not reflect a lack of training for IPSA's people. The Director, Finance confirmed that during the General Election period training had been provided internally which had led to a reduction in cost. The Director, MP Services, Strategy, and Change confirmed that once General Election activity had been concluded there would be an increase in training spend as work re-started on the people strategy.

6.3 The Director, Finance confirmed that HM Treasury (HMT) had communicated the deadline for supplying them with a draft of IPSA's supplementary estimate and that they would in turn assist the Speaker's Committee for IPSA (SCIPSA) in evaluating this. The Board asked that a clearly communicated breakdown of the supplementary estimate, and its timing, be considered jointly by teams across the organisation. The Chief Executive highlighted that membership of SCIPSA had yet to be confirmed following the General Election, but that it was still possible a private session would be held before the end of the year.

7. Risk Appetite

7.1 The Head of Audit, Risk and Assurance presented a review of risk appetite, noting that this was reviewed biannually, with previous reviews having taken place in 2020 and 2022. In composing the paper, the Head of Audit, Risk and Assurance had informally consulted with colleagues in central government, finding that IPSA's risk appetite broadly aligned with that of other regulatory bodies which tended to be quite risk averse. The paper proposed two alterations to IPSA's risk appetite. It was recommended that IPSA should adopt a moderate risk appetite for the short-to-medium term in relation to both the BAU: Customer Service and BAU: Policy and Regulation risks. It was noted that significant progress had been made in relation to customer service delivery and resilience strengthened over the General Election through the repurposing of IPSA people; and it was highlighted that IPSA's move towards a principles-based regulatory approach would involve taking more calculated risks.

7.2 The Board approved the recommendations made by the Head of Audit, Risk and Assurance. The Chair of ARAC confirmed that a deep dive looking at how the adjustment to risk appetite is being handled would be commissioned by ARAC and that further consideration would be given to ensuring that IPSA's risk appetite aligned with principles outlined in the HMT Orange Book.

8. Board Programme of Work, Reflections, and Any Other Business

8.1 The Chair reported that there had been positive early dialogue between IPSA and the House of Commons Modernisation Committee.

8.2 The Chair asked that an informal Board session to discuss options concerning MPs' staff pay be organised ahead of the next formal meeting in December.

In attendance:

Ian Todd, Chief Executive

Lee Bridges, Director, Policy and Engagement

Karen Walker, Director, MP Services, Strategy and Change

Thomas Fitch, Director, Finance

Head of Policy

Head of Strategic Communications

Head of Audit, Risk and Assurance (Item 7)

MP Services Account Manager