

CORPORATE PLAN 2016-17

Introduction

1. IPSA was set up in 2009 as the independent body that regulates and administers MPs' business costs, expenses, pay and pensions. This plan sets out IPSA's strategy and priorities for 2016-17.

Our strategy

2. IPSA's aim is to assure the public that MPs' use of taxpayers' money is well regulated and that MPs are resourced appropriately to carry out their parliamentary functions.
3. We do this in three ways, in line with our founding legislation:
 - We provide effective regulation of MPs' business costs and expenses, and their pay and pensions. We ensure that MPs are paid for expenditure that is wholly, exclusively and necessarily in support of their parliamentary functions.
 - We support MPs in the performance of their parliamentary functions. We ensure that MPs and their staff are paid accurately and on time, and that we pay or reimburse their eligible claims for business costs and expenses.
 - We assure the public that MPs are reimbursed from the public purse only for legitimate costs to support their parliamentary activity.
4. We seek to achieve our aim by working effectively, efficiently and transparently in all that we do.
5. In addition, we want our staff to work collaboratively, to espouse our values of independence, transparency and fairness, to develop their diverse talents and to take pride in our work for the public interest as part of a high-performing organisation.

Our performance in 2015-16

6. The first half of 2015-16 saw IPSA conclude three projects that had been long in preparation: first, our work to ensure a smooth financial transition for MPs between one Parliament and the next; second, our consultation and implementation of our determination on MPs' pay and pensions; and third, the outcome of the Court of Appeal case on whether IPSA was required (when asked) to publish MPs' receipts.

7. The second half of 2015-16 involved undertaking major planning work for a wholesale improvement programme that will ensure that IPSA is fit for purpose for the remainder of this Parliament.

The 2015 General Election

8. IPSA began preparing for the General Election in 2013-14, recruiting an experienced director to oversee the necessary planning. In January 2015, we hired 36 staff on short-term contracts to ensure that IPSA had the capacity required to wind up the financial affairs of all departing MPs and to provide financial support to all new MPs so that they could quickly take up their parliamentary responsibilities. We planned our budget on the basis of a turnover of 245 MPs.
9. On 7 May 2015, 90 MPs stood down from Parliament and a further 92 were defeated in the election, so that 182 new MPs entered the House. In the months that followed, IPSA provided personal support to each of the combined total of 364 new MPs and former MPs.
10. IPSA's staff met all new MPs within a week of the election and supported them in setting up their offices and recruiting their staff. We provided each new MP with a payment card within five days of request, and 80 per cent of MPs chose to set up direct payments to landlords to aid their cash flow. A dedicated website for new MPs provided online support.
11. Prior to Election Day, we met 89 of the 90 MPs who would be standing down. We met 91 of the 92 defeated MPs within a week of the election result, supporting them to wind up their financial affairs. By the end of July 2015, 42 eligible former MPs had received their resettlement payments, such that they neither owed any money to, nor were owed any by the taxpayer. Resettlement payments were given to all but two defeated MPs by the end of October.
12. IPSA received praise from new MPs and former MPs for the support they received. But this was the first General Election when IPSA had managed MPs' finances, and there were lessons to be learned. Our survey of MPs in autumn 2015 will enable IPSA and the House of Commons to improve our support in advance of the next election in 2020.

Review of MPs' pay and pensions

13. In 2013-14, IPSA consulted widely on proposed changes to MPs' remuneration, including their pensions, business costs and expenses, and salary. Following that consultation, we said that we would reduce MPs' generous pensions and end some kinds of expenses. We successfully implemented these changes on 8 May 2015, with all MPs entering the new Parliament in accordance with these new arrangements.
14. By statute, IPSA is required to review MPs' pay at the beginning of each Parliament. On 2 June 2015, we published a consultation which proposed that MPs' pay should be increased by 10.3 per cent to £74,000 per annum and subsequently linked to average earnings across the UK. This was in line with proposals that we published in December 2013.
15. Our consultation received 394 formal responses. On 16 July, we published our determination that MPs' pay would increase by 10.3 per cent, backdated to 8 May 2015, and that, for the remainder of this Parliament, their salaries would rise or fall in line with average earnings

across the public sector during the previous year rather than across the economy as a whole. By August, we had implemented these changes.

Court of Appeal case

16. In December 2010, IPSA was asked, under the Freedom of Information Act, to provide the actual receipts relating to claims made by three MPs. We refused, on the grounds that all the information on the receipts had already been published and that the requests could lead to our being required to publish our one million stored receipts, a process that would be onerous, expensive and therefore poor value for money. IPSA is committed to transparency and publishes every two months the information relating to all claims that we receive and the money given to MPs. The requestor took the case to the Information Commissioner.
17. The Information Commissioner's Office found against us. We appealed to the first tier and upper tribunals, which both found in favour of the Information Commissioner's decision. The question reached the Court of Appeal on 24 March 2015. The Court issued its judgement on 28 April 2015, finding that the physical information contained on a receipt (such as the typeface, logo or any handwriting), in addition to the financial information that we already publish, constituted 'information' under the Freedom of Information Act. Although it did not uphold IPSA's appeal, the court agreed that it was an important test case.
18. IPSA had prepared for this possible outcome, and had plans in place to redact and publish copies of any MPs' receipts that members of the public requested. The demand for the receipts was less than we anticipated. In the first six months of 2015-16, IPSA received 30 requests, 14 of which resulted in receipts being released.

Planning for future improvements

19. The second half of 2015-16 was dominated by planning for the future. Our work prior to and following the General Election placed a spotlight on the problems with our systems and processes, and on parts of the MPs' Scheme of Business Costs and Expenses (the Scheme). Some of these were issues that we were already aware of. They had arisen partly as a result of IPSA's rapid establishment in 2010 in the wake of the MPs' expenses scandal. Without the luxury of time to design efficient end-to-end processes from the start, we rightly focused first on MPs' expenses and bought off-the-shelf IT applications to handle these and other financial and staffing transactions. This approach allowed IPSA to be established quickly at a time of need.
20. Over the following years, IPSA added support services to MPs, including payment cards and direct payments. These were 'bolted on' to existing systems often involving manual processes which, over time, have added to the risk of error and misstatements.
21. We now have an opportunity, at the beginning of a new Parliament, to address these longstanding concerns. As such, in summer 2015, IPSA began planning for a substantial improvement programme to be implemented over the coming two years.
22. As part of this stocktake, we began work on a comprehensive review of the Scheme of MPs' Business Costs and Expenses, with a series of Board meetings and workshops on aspects of the Scheme. This enabled us to understand and discuss the impact of the Scheme on, for example, MPs with caring responsibilities, those with long journeys from their

constituencies, and on the boundary between parliamentary work funded by IPSA and political activity which must be funded from other sources.

23. We also conducted work on the design of our processes so that we could understand, from first principles, what MPs need from IPSA and how we can improve the way in which we work so that they receive the best possible support from our staff and our systems within the bounds of the Scheme. This work led to the creation of an improvement programme that, subject to funding, will be implemented in 2016-17 and 2017-18. Details of the improvement programme are the main part of our priorities for 2016-17, described below and in Appendix A.

An effective organisation

24. During 2015-16, IPSA continued to achieve good standards of performance in key areas. We reimbursed MPs' claims for business costs within an average of 5.87 working days, against a target of 12 days. Our payroll payments were 99.74 per cent accurate. We took an average of 170 phone calls and 106 emailed queries per day from MPs and their staff, as well as 155 daily claims for business costs.
25. We made some mistakes. Following communication with the MPs concerned, we said that 26 MPs owed us small sums from 2014-15 and that we would write these off. In fact two of these MPs had already paid us. In cases such as these, we apologised quickly for the error and corrected it, and put in place immediate measures to communicate more effectively with MPs, and to remedy the underlying problems to our data and our processes through our planned improvement programme.
26. During 2015-16 IPSA was also visited by delegations from over two dozen countries, from five continents. They recognised IPSA as the only independent body scrutinising and paying the costs of parliamentarians in the world. They hoped to apply our learning to their own circumstances. This interest helps boost the reputation of the UK parliament.
27. Finally, in 2015-16, IPSA continued to demonstrate prudent financial management, remaining within all our budgets.
28. IPSA has shown in 2015-16 that it can deliver high-profile projects to fixed deadlines. We have extended our support to MPs and provided assurance to the public that we are an effective regulator. We now intend to make substantial improvements to our systems and processes, and to review the Scheme itself, so that they are appropriate for the remainder of the current Parliament.

Our priorities for 2016-17

29. In 2016-17, we will conduct a thorough review of the Scheme and implement comprehensive improvements to both our systems and processes. Our priorities for the year are outlined below.

Effective regulation of MPs' business costs and expenses

30. Our aim is to ensure that the Scheme is simple to understand, easy to administer and provides assurance that MPs are reimbursed fairly for appropriate costs to support their parliamentary work.
31. We have the following priorities for 2016-17:
- a. First, we will finalise the comprehensive review of the Scheme that we started in autumn 2015. We have made no significant changes to the Scheme since 2012-13. In the first years of a new Parliament, it is right that we look more fundamentally at the Scheme to ensure that there is no scope for potential confusion or misuse, and that we limit the burden of the Scheme both on the taxpayer and on MPs by making it simple to understand and use. We will consult thoroughly on any changes that we propose, with a view to implementing these in April 2017.
 - b. Second, we will pursue our regulatory role by analysing the data that we hold on MPs' expenditure to identify areas for improvements in compliance. This will include analysis of expenditure during the General Election. In cases of potential non-compliance by individual MPs, we will first make additional enquiries of the MPs concerned and then, if not satisfied, report the issue to the Compliance Officer for investigation.
 - c. Third, we will continue to work with other legislatures to share experiences of how politicians are reimbursed from the public purse. This contact allows IPSA to learn from good practice elsewhere and serves to promote the probity of the UK Parliament and its MPs within an independent regulatory regime.

Supporting MPs in the performance of their parliamentary functions

32. Our aim is to continue to pay MPs and their staff their salaries, expenses and business costs promptly and accurately, and to implement comprehensive improvements to our systems and processes to provide better support and guidance to MPs and their staff.
33. We have the following operational priorities for 2016-17:
- a. First, we will improve the quality of our support to MPs and their staff, building on the personalised contact that we had with every new and departing MP following the General Election. This will involve an 'account management' approach where MPs have a single point of contact within IPSA who can interact with them on all aspects of our work, with more face-to-face meetings and training to increase compliance with the Scheme and reduce the costs to IPSA of processing and correcting mistakes. We will also build an online interface or 'MP Portal' for MPs so they can access up-to-date information about their claims, costs and staffing expenditure and any forthcoming publication about their expenditure.
 - b. Second, we will implement enhanced security arrangements so that MPs and their staff are safe as they go about their business, with appropriate needs met quickly and efficiently by IPSA, in consultation with the police if necessary.

- c. Thirdly, we will work with the House of Commons and with MPs to improve the regulation of MPs' staff. IPSA's remit currently runs only to the provision of payroll services. But there are potential risks to achieving value for money for the tax payer from variable approaches to the management of MPs' staff expenditure which, working with others, we would aim to address.
- d. Fourth, we will create a new website where it will be easier for taxpayers and MPs' constituents to find information about IPSA, our regulatory framework, our approach to ensuring compliance and about MPs' use of public money.
- e. Fifth, we will upgrade our wider IT systems to provide improved support and ease-of-use to MPs and their staff. This will involve a major re-tendering of our IT contracts, and the design and implementation of software applications that cover our financial management, HR, expenses and other systems.
- f. Sixth, we will overhaul our finance and payroll processes, so that they are better integrated and involve fewer manual interventions, thereby reducing the scope for error and supporting the future provision of real-time financial information to MPs.
- g. Seventh, in the light of the Court of Appeals judgement, we will redesign our publications processes so that we are able to publish the receipts submitted by MPs quickly and efficiently when requested, once all personal information has been redacted.
- h. Eighth, we will implement a comprehensive approach to the management of data and information so that we have increased confidence that our data are accurate, secure and appropriately accessible by IPSA, MPs and the public.
- i. In addition, we will work with the House of Commons so that we have a coordinated, approach in areas where we both provide support to MPs, such as in respect of IT equipment, stationery, office accommodation, HR and payroll support to MPs and their staff. In all of these areas, there is scope for improved joint working to the benefit both of MPs and the taxpayer.
- j. Finally, in order better to understand the views of MPs and their staff on all these potential operational changes, we will establish working groups both of MPs and their staff so that we can take into account the experiences of the users of our support services as we design new systems and processes.

Assuring the public

- 34. Our aim is to continue to work transparently by publishing all MPs' business costs and expenses, regularly consulting interested parties, and enabling the public easily to examine MPs' use of taxpayers' money.
- 35. We have the following assurance priorities for 2016-17:

- a. First, we will continue to seek opportunities to explain how IPSA regulates MPs' business costs and expenses independently, transparently and fairly. We will continue to publish MPs' costs every two months. We will use both traditional and social media to communicate with the public, listening and responding to views. As part of the upgrade of our website, we will enable the public more easily to access and work with the six years of data that we hold on MPs' business costs and expenses.
- b. Second, we will publish periodic reports that draw on our internal reviews and analysis of data, drawing attention to issues requiring action and providing assurance to the public.
- c. Third, we will encourage MPs to report how they have used taxpayers' money. We will establish a group of MPs to help us to explore how, by drawing on the data on our new website, they can themselves provide assurance directly to their own electorates on how they have used public funds to support their parliamentary and constituency work.

An effective organisation

36. Our aim is for IPSA to be a high-performing organisation that achieves its goals cost-effectively. We also want our workforce to have opportunities for growth and development and the motivation, skills and capacity to deliver our objectives.
37. We have the following internal priorities for 2016-17:
 - a. First, we must continue to be a high-performing organisation. We will use data to monitor activity each month, identifying and addressing issues where necessary. We will develop our staff so that they have the skills to perform at the higher level of competence needed in future. We will utilise the framework for managing staff that we introduced in 2015-16 to ensure that everyone has quarterly performance appraisals and clear personal objectives that are aligned with this corporate plan. We will pilot 360-degree feedback with directors, with all senior managers subsequently receiving similar feedback.
 - b. Second, we must continue to be a cost-effective organisation that demonstrates good value for money. IPSA has financial responsibilities that it takes seriously and we will achieve our objectives within our budgets, making savings where possible. We will continue to improve our internal systems of financial management and reporting and utilise our staff and our office space effectively, including by sub-letting a third of our office space to tenants from April 2016.
 - c. Third, we will enable our staff to be fully engaged in IPSA and what we do. We believe in the importance of being inclusive and open in the way that we work. The 2015 staff survey recorded that 78 per cent agreed that IPSA is a good place to work, 82 per cent say they are able to voice their opinions, and 80 per cent say they are treated with respect. We will continue to foster good team-working, including

through internal staff groups to discuss internal issues, and carry out another staff survey in December 2016.

- d. Fourth, we will promote and live by our values and respect diversity. Our values are that we are independent, honest, open, accountable and fair. We will promote these values internally and in our work with MPs, their staff and other interested parties.
- e. Fifth, we will provide a healthy and safe working environment for our staff. We will ensure that our office is secure and supportive of a productive organisation.

Governance and accountability

38. IPSA is an independent regulator, established under the Parliamentary Standards Act 2009 to pay MPs' salaries, and to develop a Scheme to pay MPs' business costs and expenses. The Constitutional Reform and Governance Act 2010 provided for the appointment of a Compliance Officer to investigate if an MP may have been wrongly paid an amount under IPSA's scheme, and gave IPSA additional responsibilities to determine MPs' salaries and pensions.

IPSA's Board

39. The Parliamentary Standards Act 2009 stipulates the constitution of IPSA's Board. The Chair and Board members were appointed following an open recruitment process, conducted by an independent panel. The Board comprises:

- Professor Sir Ian Kennedy (chair)
- Sir Robert Owen (former holder of high judicial office)
- Elizabeth Padmore
- Rt. Hon John Thurso (former Member of Parliament)
- Anne Whitaker ACA (auditor).

40. The term of Sir Ian Kennedy's chairmanship of IPSA's Board is due to end in May 2016. There will be an open competition, overseen by the Speaker's Committee for the IPSA, to recruit a new Chairman.

41. IPSA's Board is responsible for deciding the policies that form the scheme governing MPs' costs, expenses, pay and pensions and for setting IPSA's strategic direction. The Board meets at least once a month. Minutes of Board meetings are published on IPSA's website.

IPSA's executive

42. IPSA's executive is led by Marcial Boo, chief executive, who provides day-to-day leadership and is responsible for delivery in line with the policy set by the Board. He is IPSA's Accounting Officer. He is supported by three directors and a senior management team. The directors are John Sills, director of regulation, with appointments pending in the roles of director of corporate services and director of operations and MP support.

Accountability to Parliament

43. The Speaker's Committee for the IPSA reviews IPSA's annual estimate of the resources it needs, ensuring that it is consistent with the efficient and cost-effective discharge of IPSA's functions. The estimate is then laid before the House by the Speaker.
44. The Speaker's Committee has the following membership:
- Rt. Hon John Bercow MP (Speaker and Chairman of the Committee)
 - Rt. Hon Chris Grayling MP (Leader of the House), ex officio
 - Rt. Hon Sir Kevin Barron MP (Chairman of the Standards Committee) ex officio
 - Rt. Hon Nicholas Brown MP (Labour)
 - Chris Bryant MP (Labour)
 - Cheryl Gillan MP (Conservative)
 - Charles Walker OBE MP (Conservative)
 - Pete Wishart MP (SNP)
 - Kenneth Batty (lay member)
 - Professor Monojit Chatterji (lay member)
 - Bronwen Curtis (lay member)
45. Charles Walker MP responds on behalf of IPSA to questions in the House of Commons on matters relating to IPSA's work.

Compliance

46. IPSA's Board, while respecting the independence of the Compliance Officer, also exercises its statutory duty of superintendence in relation to operating procedures and the resources required by the office.
47. The Board receives regular reports from the Compliance Officer and reviews his performance by reference to agreed performance indicators and in the light of considerations of value for money, proportionality and the deterrence of improper behaviour.

Performance

48. Our Annual Report and Accounts, including details of our performance can be found on our website.
49. Appendix B sets out our key performance indicators and our outturn against them for 2015-16 to date.

Financial management

50. IPSA is independent of Parliament and Government. It is funded from the Consolidated Fund through the process of Parliamentary Supply. IPSA's Estimate is scrutinised by the Speaker's Committee for the IPSA to ensure that it is consistent with the efficient and cost-effective discharge of IPSA's functions.

Financial controls

51. The Chief Executive is the Accounting Officer and is responsible for the propriety and regularity of IPSA's finances. Monthly financial reports on expenditure are discussed by IPSA's Board and the senior management team.
52. IPSA's Audit and Risk Committee is supported by a head of internal audit and receives reports from our external auditors, the National Audit Office. IPSA will continue to implement rigorous standards of financial control.

Value for money

53. IPSA will continue to demonstrate good value for money during 2016-17. We reduced our operational costs between 2010-11 and 2014-15 by 29 per cent in real terms. Our investment in the forthcoming improvement programme is designed to produce similar savings, including estimated net savings of £4.1 million over ten years.

Budgeting

54. In 2015-16, we received a budget (under Subhead A) of £201.1 million for MPs' pay, staffing, business costs and expenses. This also covered the one-off costs arising from the May 2015 General Election, including the cost of resettlement payments to 92 defeated MPs and redundancy payments to the 653 staff of the 182 MPs who left the House. It also covered the costs incurred by the 182 new MPs in renting offices and accommodation and recruiting staff. We forecast that actual expenditure against this budget will be £169 million.
55. In 2016-17, with no prospect of a General Election, we propose an 11 per cent lower budget of £179 million for MPs' salaries, staff and business costs. This reflects our July 2015 determination that MPs' pay should change in line with average public sector earnings. In January 2016, according to the Office of National Statistics, this change was 1.3 per cent. As such, and subject to any revision by the ONS, MPs' pay will increase by 1.3 per cent on 1 April 2016. We propose a parallel increase in MPs' staffing budgets. We have also made provision in this budget for additional security expenditure by MPs in the light of the changed levels of threat.
56. In 2015-16, we received funds under three subheads to cover our administrative costs. We received £5.112 million (under subhead B) for our core administrative costs; £1.547 million (under subhead C) to cover administrative costs related to the General Election and other projects; and a budget of £2.15 million (under subhead D) to cover potential costs arising from the publication of receipts in the event of losing the case before the Court of Appeal. As such, our total administrative budget for 2015-16 was £8.809 million. We project that our actual administrative expenditure in 2015-16 will be £6.433 million as a result of lower than budgeted activity associated with publication of receipts.
57. In 2016-17, we propose, in the interests of transparent financial reporting, to merge these three administrative budgets into one. We propose, within this single budget, to absorb all

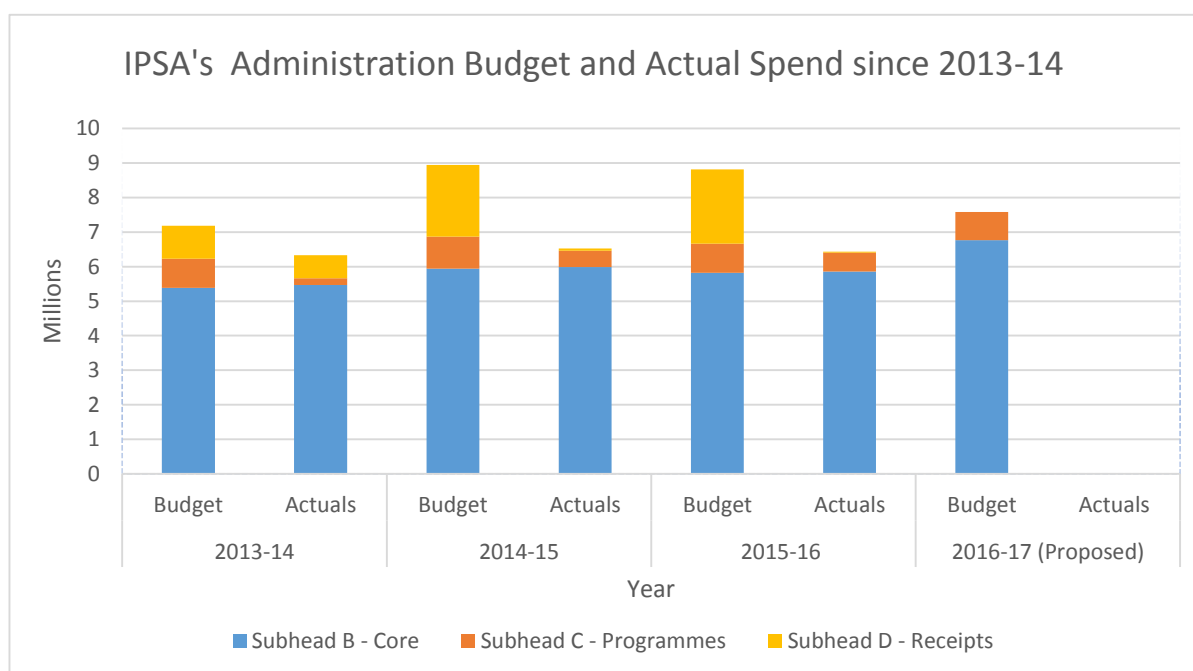
project work previously listed under subhead C, and the work (previously under subhead D) to redact and publish MPs’ receipts. By bringing all administrative costs into one budget, we will avoid the need to ‘recharge’ between subheads, making our actual expenditure easier to discern, although in the short term it may make comparisons between 2016-17 and previous years harder.

58. We propose a budget for administrative costs for 2016-17 of £7.583 million. This includes £6.363 million for core administration (previously under subhead B), £0.82 million for activity to improve IPSA’s systems and support to MPs (previously subhead C) and £0.40 million arising from the additional costs required to redact and publish actual receipts (subhead D) .

59. We propose that our capital expenditure will increase from £1.898 million in 2015-16 to £2.665 million in 2016-17. IPSA has not upgraded its IT systems since they were purchased in response to the expenses scandal in 2010. They now need to be thoroughly updated and coordinated so that there is less need for manual intervention between different IT applications. This will improve the quality and security of data, and enable information to be displayed accessibly to MPs and their staff through a new website and ‘portal’ that MPs can use to manage their budgets.

60. The capital investment, and an additional £0.82 million to support these improvements under subhead B, will create improved operations and support for MPs that will last for the whole Parliament and beyond, generating estimated net savings of £4.1 million over ten years. A summary of the business case for the improvements, including detailed projected costs and benefits, is at Appendix A.

61. Overall, therefore, IPSA is proposing an Estimate to Parliament of £189 million for 2016-17, compared to 2015-16 budget of £212 million.



Note: For comparative purposes the 2016-17 budget within the table has the improvement programme costs identified separately

Information security

62. IPSA holds sensitive information about MPs, their pay, their staff and their accommodation. We take the security of the information we hold very seriously and have in place policies, procedures and systems to protect it. Each senior manager is an Information Asset Owner, responsible for managing the risks associated with the information they hold. This accountability ensures the appropriate protection is maintained. All of IPSA's staff attend training on information security and on protecting information.

63. We have continued to achieve full accreditation of our information systems under the Risk Management Accreditation Document Set (RMADS) standard. Independent review and accreditation of our systems provide confidence that risks to information and communications systems are being properly managed. Following a review by our internal auditors, we propose in 2016-17 to move to a new information accreditation system, ISO/IEC 27001, which is now a more accepted standard in Government.

Appendix A:

Summary business case for IPSA's improvement programme

Introduction

1. IPSA was established in 2010 exceptionally quickly, with seconded staff and off-the-shelf IT, at a time of urgent need. Now, at the beginning of our second Parliament, we have an opportunity to build on the lessons of the last five years and of the General Election, to design and implement far better processes, with improved IT and a faster, more effective interface with MPs. Modern, more integrated systems will improve the support to MPs, providing them with accurate, up-to-date information and saving them time. The proposed improvements will also make IPSA more efficient and better able to provide assurance to the public about MPs' business costs and expenses.
2. Our improvement programme will result in a new online 'portal' to enable MPs and their staff immediately and securely to access all their financial information in near real-time from any device. There will be improved support for MPs and their staff through single points of contact for MPs with members of IPSA staff who understand their specific circumstances and needs. We will build a well-designed and accessible public website so that all taxpayers can see how MPs spend money to support their parliamentary functions. These operational improvements will be supported by a revised, simpler *MPs' Scheme of Business Costs and Expenses*.
3. These improvements will virtually eliminate the need for manual interventions to transfer data between IT systems. This will massively reduce the risk of error and make IPSA more efficient. Financial transactions will be faster, providing benefit to MPs and further reassurance to the public that IPSA is safeguarding taxpayers' money.
4. The cost of the programme will be £3.169 million in 2016-17, comprising a £2.35 million investment in capital costs to replace our software and hardware, and £0.819 million of one-off revenue costs to ensure that we have the staff and professional advice required to implement these changes. There will be some further estimated revenue costs of around £0.616 million in 2017-18 as the new systems and processes become embedded.
5. The savings will be seen from 2017-18 as IPSA operates more efficient systems with fewer staff and reduced need for MPs and their staff to contact IPSA. We expect in 2-3 years to reduce our staffing budget by around 15-20 per cent, with a saving of an average amount of £0.38 million per year. We also anticipate reduced maintenance and office accommodation costs, and estimated one-off savings of £0.67 million for the General Election in 2020. The investment in improvements will break even in 2020-21 and, over ten years, we anticipate that the net savings to the taxpayer will be £4.1 million.
6. There will be savings directly to MPs such that they and their staff will spend an estimated two fewer hours each week collating and processing their expenses and other claims. MPs will also have less cause to contact IPSA as a result of any error or misstatement and, when they do, they will have a single, named account manager to liaise with. These savings have not been quantified and are in addition to the £4.1 million cashable savings identified.

7. We will not have an opportunity to make these changes in the years immediately preceding the 2020 General Election, when the Election should be the proper focus of our attention. As such, we propose to implement these improvements during 2016-17 and ensure that they are working effectively by 2017-18.

Benefits

8. The programme of improvements will result in five clearly-defined benefits to MPs, to IPSA and to the public.
9. We will build a new **online MP Portal** so that MPs and their staff can immediately and securely access all their financial information in as near real-time as possible from any device. A dashboard will show MPs' expenditure and their projected spending against their budgets, including information about their salary, pension, staff, leases and expenses. It will allow the quick completion online of all forms whether for payroll changes or business costs, and there will be an online payment facility. Relevant information about our rules and how to claim will be accessible to the user, alongside an online chat facility to interact with IPSA's staff. MPs will also have access to IPSA's publications and online training.
10. There will be **improved support for MPs and their staff** through single points of contact for MPs with IPSA's staff, who understand their specific circumstances and needs and can provide clear, quick and consistent advice on the Scheme. There will be regular training, roadshows and one-to-one training for MPs and their staff to improve their familiarity with IPSA's systems.
11. These improvements will also save time for MPs and their staff and vastly improve the quality of our online systems to support MPs. As a consequence, there will also be a reduced risk that MPs will overspend their budgets, or inadvertently make claims which fall outside the Scheme.
12. We will also design a new, accessible **website** so that taxpayers can see how MPs spend money to support their parliamentary functions. The website will meet the latest government standards, provide data in a way that can be easily understood, interrogated and exported, and be accessible to those with visual impairments and other disabilities. The website is a key way for IPSA to provide assurance to the public about MPs' expenditure.
13. This assurance will be supported by a **revised, simpler Scheme** of MPs' Business Costs and Expenses that will clearly set out the rules that MPs must abide by such that they are easy to comply with and easy to understand by taxpayers and members of the public.
14. Finally, we will **redesign our internal systems and processes** to eliminate the need for manual interventions to transfer data between IT systems and cut out (or automate) unnecessary steps. This will massively reduce the risk of errors. Financial transactions will be faster, further reducing the time it takes to reimburse MPs' claims. The improved audit and reporting will provide further reassurance to the NAO, the Public Accounts Committee and the public that IPSA has effective systems in place to safeguard taxpayers' money.

15. These improvements will reduce significantly the errors that, albeit very rare, can be so damaging to MPs and to IPSA. And we anticipate that they will lead to cost reductions in IPSA in the region of 20-30 per cent of our current transactional functions.

16. We aim to achieve measurable benefits in our key performance indicators:

- The time taken for our reimbursement of MPs' claims should fall further from our current average of 5.87 working days to 3-4 working days (and could fall by a further day or more if the Government Banking Service introduces the Faster Payments facility).
- We expect to achieve 100 per cent accuracy each month in the payment of MPs' salaries and pensions, up from a current average of 99.74 per cent.
- We aim to reduce the time taken to get staff on payroll, and process other payroll changes within 2 days
- 95 per cent of MPs' correspondence should be resolved within 2 working days. Currently 88.06 per cent of them are resolved within 5 days.
- MPs' satisfaction in IPSA, as reported in our annual survey, is expected to increase from its current level of a 46 per cent positive rating.

17. A quantification of the savings is in the financial section below.

Technological change

18. The improvements that we will implement are not simply technological, but involve IPSA's overall approach to managing MPs' finances, supporting them and providing appropriate assurance.

19. There is nonetheless a pressing need to upgrade our IT hardware and software. Due to the way IPSA was established so quickly in 2010, we bought and implemented various off-the-shelf applications and software, as below.

Software	Description
Great Plains	Finance database and accounting module
Expense at Work (E@W)	Expense module
Time@Work	Timesheets module
Jane HR	Payroll module
MS Dynamics 2013	Customer relationship management package
Sharepoint	Intranet, web publishing, Electronic Data Management
Automatic Redaction Tool	Redaction tool supporting publication
Microsoft Office suite	Office productivity

20. Having examined each, including its capabilities, its ability to implement new regulations from HMRC and elsewhere, and its ability to integrate with other systems, we have concluded that IPSA needs a new IT system with a single data-source, improved user-interface and improved accuracy, security and reporting of data. There is also a need to update our cyber-security. Changes to our IT applications must be made as a single change at the same time, given their interrelatedness.

21. We will also move from a PC on each desk to utilise the reduced cost and increased computing power of off-site servers, in line with the approach being adopted across the public sector and elsewhere. These changes will also lead to long-term savings.

Options analysis

22. We explored a range of options to improve the quality of our support to MPs, ranging from doing nothing, to making incremental improvements over various years, to undertaking wholesale change. The full business case, approved by the Board, provided the full analysis of these options.

23. We concluded that the only viable option was to undertake wholesale change for implementation by April 2017. This was the most effective, lowest risk and cheapest of the options considered. Delaying improvements, or making only partial changes, would not mitigate the current risk of error and would lead to far fewer benefits to MPs and to IPSA.

Costs and savings

24. We have made a robust estimate of costs, drawing on advice from a range of experts. These costs are being market-tested and refined. Subject to agreement by SCIPSA, we intend to be in a position to tender for the work with suppliers in April 2016.

25. We are conscious of ‘optimism bias’ and have therefore been prudent in our estimates, and allowed for a contingency of 20 per cent, to cover any cost overruns.

2016-17 IPSA Budget		
REVENUE	£k	
New staff salaries	405	Estimate based on initial planning and will cover 10 additional temporary posts in Business Technology, Finance, Operations
Design/Print/Reprographic	10	Brochures, training guides etc
Legal Advice	50	To support tender negotiations
Events & Training	25	Training MPs and staff
Travel & Subsistence	5	Regional roadshows etc
Consultancy Support	150	Specialist IT programme and project management, business analysts and implementation team
Contingency	174	
Total revenue	819	
CAPITAL		
Software	250	On basis of base software, and estimated licences
Software installation (recorded as capital in line with FRS102 accounting standard)	750	Software in ERP installation usually approx 20 to 30% of total install cost. This includes consultancy capital costs relating to new applications
Implementation and Business Analysis mapping	300	Specialist IT programme/project management

Hardware costs relating to software installation	100	Additional memory, upgrades, profile management for software applications
Hardware refresh	850	55 new terminals, upgrade to servers including more memory and resilience, installation of new hardware and additional cabling as required, change to alternative log-in accreditation (i.e. move away from RSA token), training and support
Contingency	100	Additional upgrades - hardware/software,
TOTAL Capital	2,350	
Total Programme Cost	3,169	

26. Costs will be monitored on a monthly basis by an internal programme board, with regular reports to IPSA's Board and a quarterly internal audit report on progress supplemented by the 'gateway' processes adopted by government bodies on all major projects.
27. Savings to IPSA will result from our need for fewer staff from 2018-19, saving an average of £0.38 million per year. There will be parallel savings to purchasing and maintaining our IT.
28. We expect further one-off savings at General Elections. In 2015, IPSA recruited an additional 36 staff on short-term contracts to provide support to MPs and former MPs and to manage our systems and processes. This cost an additional £2.1 million between 2014-15 and 2015-16. We expect to reduce this cost by 30 per cent, saving around £0.67 million for the General Election in 2020.
29. These savings are set out in the table below. Over ten years, we anticipate savings of £7.858 million, representing a net saving on our investment of £4.1 million. This figure takes into account a presumed inflation rate of 2 per cent, as well as the government discounting figure of 3.5 per cent.

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
IPSA 2017 Costs											
Revenue	819	567	0	0	0	0	0	0	0	0	1,386
Capital	2,350	49	0	0	0	0	0	0	0	0	2,399
Total	3,169	616	0	0	0	0	0	0	0	0	3,785
Savings											
Staff	0	0	428	414	400	386	373	361	349	337	3,048
IT Maintenance	0	148	143	92	89	86	83	80	77	75	873
IT Capital	400	483	371	276	178	86	0	0	0	0	1,794
Rental	0	0	0	202	196	189	183	176	170	165	1,281
GE Staffing	0	0	0	230	444	0	0	0	0	187	862
Total Savings	400	631	943	1,214	1,307	747	639	617	596	763	7,858
Net Savings	-2,769	15	943	1,214	1,307	747	639	617	596	763	4,073
Break Even	-2,769	-2,754	-1,812	-597	709	1,457	2,096	2,713	3,309	4,073	

30. Additional non-cashable savings will accrue to MPs and their staff. The improvements we propose will make it much easier for MPs to submit claims and deal with IPSA. If we reduce by half the amount of time MPs and their offices spend on our work, there will be real and quantifiable time saved by them which they can spend on other parliamentary and constituency business.
31. As MPs handle their expenses claims in different ways, it is hard to estimate what these savings might be. But, on the assumption that, between an MP and his or her staff, an MP's office spends on average four hours a week collating, processing and submitting claims to IPSA and liaising with us about the claims and other issues, we anticipate that each MP's office should be able to save half this time every week as a result of our improvements.
32. We also anticipate that these improvements will improve the relationship between IPSA and MPs and lead to even higher levels of compliance by MPs with the Scheme and thereby greater levels of assurance for the public. Again, these benefits are hard to quantify in financial terms but will be measured in part through surveys of MPs and the public.

Timetable

33. We have already concluded the design phase to determine what needs to change. Tenders will be completed ready for issuing in March, following SCIPSA's decisions on our 2016-17 Estimate.
34. We are concurrently identifying and implementing 'quick wins' that are in line with the longer-term improvements but which will enable MPs and their staff to see improvements to IPSA's support sooner. An example is the implementation of a new 'account management' approach to our liaison with MPs, alongside workshops and roadshows to constituencies which we have already put in place.
35. From April 2016, we will issue tender documentation and plan the implementation of the changes in detail. We intend to put in place the new software and processes in the autumn of 2016 such that there can be dual running to iron out any teething issues from January to March 2017.
36. Our new website will be in place by December 2016.
37. We intend the new finance, payroll and expenses systems and processes to go live from 1 April 2017.
38. The MP Portal will exist as an easy dashboard for MPs to access their financial information from April 2017 and be fully operational by December 2017.

Appendix B: Key performance indicators

In 2015-16, we revised the way in which we report our performance, so that we can more thoroughly reflect the range of our work to the Board.

We nonetheless continued to report on our existing key performance indicators during 2015-16 in order to provide continuity with past performance. We will determine in 2016-17 which of our new performance indicators should also be publically reported. IPSA's performance against these indicators dipped in 2015-16. This is attributable to the major increase in the volume of work in General Election years.

Key Performance Indicator	Year-to-date out-turn (April 2015 – January 2016)
<u>Effective regulation</u>	
1. Fewer than 1 per cent of MPs' claims are outside the Scheme	Achieved 0.61 per cent of claims outside the Scheme.
<u>Supporting MPs</u>	
2. Claims are reimbursed in fewer than 12 days on average	Achieved. Reimbursement in 5.87 days on average.
3. Payroll accuracy is over 99.75 per cent each month	Not achieved. Accuracy at 99.74 per cent.
4. Over 90 per cent of correspondence resolved within 5 working days	Not Achieved 88.06 per cent of correspondence resolved within 5 working days.
5. MPs and their staff show increased satisfaction with IPSA's support	Achieved in part. 46 per cent of MPs surveyed rated IPSA's service as <i>Very Good</i> or <i>Good</i> , an improvement on 2014's figure of 36 per cent. 49 per cent of MPs' staff rated IPSA's service similarly, a decrease on last year's 52 per cent.
<u>Assuring the public</u>	
6. Our publication of MPs' claims are over 99.75 per cent accurate	Achieved. 100 per cent accuracy to date.
7. Fewer than 1 per cent of processed claims have errors identified on review	Achieved. Only 0.09 per cent of errors identified in processed claims.
<u>An effective organisation</u>	
8. IPSA staff show increased engagement	Achieved. 60 per cent of ISPA staff reported feeling engaged, compared to the median Civil Service result of 58 per cent.
9. IPSA demonstrates effective budget management	Achieved. All budgets forecast to under-spend at year-end.

