

Minutes of a meeting of IPSA's Board

Wednesday 18 May 2016

Present: Sir Ian Kennedy, Chairman
Sir Robert Owen
Liz Padmore
Rt. Hon John Thurso
Anne Whitaker

In attendance: Marcial Boo, Chief Executive
Ruth Evans, IPSA's new Chairman
John Sills, Director of Regulation
Linda Everet, Acting Director of Operations
Naomi Stauber, Chief of Staff to the Chief Executive and Board
Leader of Change Programme
Head of Finance (Item 3)
Head of Policy (Item 6)
Policy Officer (Item 6)

Apologies: None

Status: Submitted for approval at the meeting of the Board on 30 June 2016.

Publication: Approved for publication.

1. Welcome and Declarations of Interest

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

2. Minutes of previous meetings and matters arising

Minutes

- 2.1 The Minutes of the meeting of the Board held on 18 April 2016 were approved, subject to minor amendments.

Actions arising from the previous meeting

- 2.2 The Board noted the actions that had been completed since the last meeting and, in particular, the arrangements in place for MPs to provide the Board with their views on the consultation on the *MPs' Scheme of Business Costs and Expenses* that had been launched on 11 May.
- 2.3 The Board suggested that new MPs, in particular, may have a unique perspective on IPSA's policies, systems and processes. It may therefore be helpful to explore whether a group of new MPs (elected in May 2015) could be convened to give feedback on the issues contained in the consultation, and on the IPSA 2017 improvement programme.

ACTION: That IPSA's External Relations Manager, working with IPSA's Chief of Staff, explores whether a group of new MPs (elected in May 2015) could be convened to give feedback on the consultation on the Scheme, and the IPSA 2017 improvement programme.

3. Financial Position and Management Accounts for April 2016

- 3.1 IPSA's Head of Finance introduced the report which provided an update on IPSA's financial position as at the end of April 2016. The Board noted, in particular, that IPSA had introduced stricter requirements leading up to the end of the 2015-16 financial year, so that MPs' expenditure could be accrued and allocated appropriately. IPSA had also made its internal end-of-year processes more efficient to enable a more meaningful set of Management Accounts for April to be produced compared to previous years.
- 3.2 The Board reviewed the report and noted the following key elements under each subhead:

Subhead A

- 3.3 The in-month position is broadly in line with the forecast. There are small underspends across all areas with the exception of MPs' capped expenditure, which showed an underspend of £333k. This reflects the improvements that had been implemented this year to the process for accruing MPs' expenditure.

Subhead B

- 3.4 IPSA is reporting a small underspend of £6k, or 1 per cent. The one area of note is office running costs which are reporting an overspend of £9k. This is due to a small proportion of the work associated with the subdivision of IPSA's office space from last year that was not invoiced until May.
- 3.5 The Board noted IPSA's financial position and management accounts for April 2016.

4. Chief Executive's Report

- 4.1 The Chief Executive introduced a paper setting out the organisation's activities since he last reported to the Board in April. He noted, in particular, that a new report for monitoring organisational performance is being developed, both to improve the presentation of the information and to introduce new measures where appropriate. The new report will be ready for submission to Board at its meeting in July. He also provided his assessment of the media coverage of IPSA's launch of the consultation of the *MPs' Scheme of Business Costs and Expenses* in April.
- 4.2 The Board noted the activity that had been undertaken during the period, including the recruitment of IPSA's two new directors; the finalisation of IPSA's end-of-year accounts; the continued good progress on the development of the IPSA 2017 improvement programme; and the launch of the comprehensive review of the Scheme.
- 4.3 The Board noted, in particular, that IPSA is continuing to engage with MPs and their staff through 'drop-in' sessions in Portcullis House that focus both on specific matters, such as arrangements for funding security measures for MPs, and as an opportunity for general queries to be discussed and resolved. The overall feedback from MPs was that they value this type of engagement. The Board suggested a number of other ways in which IPSA could engage with MPs and asked IPSA's Acting Director of Operations to explore those options.
- 4.4 The Board noted IPSA's performance in April 2016, and the list of the Chief Executive's and Chairman's meetings with MPs and officials since the last report.

5. IPSA's Website and Social Media

5.1 IPSA's Leader of Change provided the Board with a presentation on the IPSA 2017 improvement programme and the progress that had been made to date. The Board received the presentation and noted, in particular, that:

- The programme has begun and is on track to deliver core functionality in April 2017, with the phased delivery of the enhancements to the basic product from then until December 2017. This approach will enable IPSA to meet the timescales set and to reflect upon any 'lessons learnt' in the delivery of the additional products and services.
- Good progress is being made against the plans for the programme to date, and it is being delivered within budget too. IPSA's Implementation Partner is working well, bringing essential subject matter expertise to key areas such as the specification and procurement of the Enterprise Resource Planning (ERP) system, technical design, and the design of IPSA's system-automated business processes.
- The whole of the organisation had been involved in developing its vision for the IPSA 2017 programme and how IPSA's stakeholders will describe IPSA in 2 years' time, once the programme has been completed and the new systems and services are in place. It was important that this vision, whilst relating specifically to the improvement programme, also linked to IPSA's overarching vision and strategy.
- In terms of the high-level scope for the programme, some of the core deliverables include new IT systems, business processes and reskilled staff to meet IPSA's needs. There is of course a huge amount of detail beneath the high-level scope, which is continuing to be developed and which requires decisions to be made throughout the process. For this reason, a weekly 'design authority' chaired by the Chief Executive has been created to enable decisions on the design and scope of the programme to be taken on a case-by-case basis. The collective knowledge of this body allows it to take into consideration the vision, business case, resource, budget and the wider implications of the respective decision upon the programme. It is also important that the scope is regularly assessed against the business plan for the programme, to ensure that it accords with what has been agreed with both the Board and SCIPSA.
- The new portal (or extranet) will provide an intuitive, easy-to-use channel through which MPs can submit and view information relating to their expenses, budgets, staffing, registrations and communications from IPSA, in one location. The portal will increase MPs' self-sufficiency and encourage responsibility for the management of their budgets. The portal launched in April 2017 will have core functionality. Thereafter, between April and December 2017, there will be a swift incremental development of the features of the portal, with a phased implementation. This time will also be used to design and test the evolving portal with MPs and their staff, and to build upon any 'lessons learnt'.
- The following list of actions arose from the detailed discussion of the programme:

- a) That the detailed deliverables of the programme are mapped across from the original business case to provide clarity about what is to be delivered, and when (according to a detailed timeline), and to assure the Board that everything has been captured in the plan for the programme;
- b) That the detailed plans, phased budget and risk register for the programme are submitted to Board members for their information;
- c) That the role of the Board, as part of the wider internal and external communications plans for the programme, is considered, defined and included in the Board's programme of work for the coming year;
- d) That a detailed explanation of how the security of the MPs' portal will be maintained at the current level (or increased) is provided for its information;
- e) That the ways in which the qualitative benefits of the programme will be assessed and captured should be considered and provided for the Board's information; and
- f) That the Executive considers how best to provide the Board with more detailed regular updates on the programme, outside of its monthly meetings.

5.3 The Board noted the comprehensive update on the IPSA 2017 improvement programme.

6. Determination on the Consultation on the Pay for Chairs of Specified Committees

6.1 IPSA's Director of Regulation introduced the report which presented the findings of IPSA's consultation on the pay for Chairs of specified committees. The Board reviewed the report and noted, in particular, that:

- IPSA has a statutory obligation to conduct a review of MPs' pay and pensions in the first year of each Parliament. This includes a statutory obligation to review the additional salaries that are paid to Chairs of Select Committees, and to Members of the Panel of Chairs. IPSA launched a public consultation on this issue in March of this year which considered whether any changes to the current arrangements were warranted.
- In respect of the pay for Chairs of Select Committees, the Board reviewed the findings of the consultation and concluded that there was no evidence that the current salary should be changed. The responses received supported IPSA's proposal to retain the current level of pay for all Chairs of Select Committees, and confirmed that the salary should be linked to public sector earnings in future, in line with IPSA's approach to the index for MPs' basic pay.

- In respect of the pay for Members of the Panel of Chairs, the Board reviewed the findings of the consultation. Most respondents to this question supported IPSA's proposal to streamline the salary structure for Members of the Panel of Chairs, which reinforced the proposed argument that the structure does not reflect the level of work that both new and experienced Members of the Panel are expected to undertake. There was also widespread agreement that, considering the norm in other professions, a probationary period of lower pay was not appropriate and was out of keeping with modern employment practices. On this basis the Board agreed that the four tier salary structure should be removed, and that a single level of pay should be applied to all Members of the Panel of Chairs.
- In the consultation IPSA proposed options which might introduce a single level of pay for all Members of the Panel of Chairs, whilst remaining cost-neutral. The Board carefully considered this element in the light of the representations that had been received, the arguments put forward and the overall findings of the consultation.
- It agreed that first, the current salary structure does not reflect the reality that the Chairs of all Committees play an important, albeit different, role in the democratic process. It is therefore appropriate that there is parity in the salaries they receive. Second, the 'target' salary for Members of the Panel of Chairs and the salary level at which over half of those on the Panel are already paid, is the same rate at which Select Committee Chairs are paid. The clear implication of this is that, once Members of the Panel of Chairs have experience in the role, Parliament values their contribution equally to that of Select Committee Chairs. Although the work of Members of the Panel of Chairs is less visible than that of Select Committee Chairs, it is deemed no less valuable to the workings of Parliament.
- The Board therefore concluded that it is for Parliament rather than IPSA to judge the relative value of the work done by Members of the Panel of Chairs as compared to the work of Chairs of Select Committees. In the light of this, the Board agreed that the single salary rate for all Members of the Panel of Chairs should be set at £15,025 - the same salary level paid to Chairs of Select Committees.
- However, as there are currently no statutory restrictions on the size of the Panel, and with due regard to value for money for the taxpayer, the Board asked the Chief Executive to seek assurance from Parliament that the cost of the Panel would not increase inappropriately. It also agreed that it would reconsider its determination in the event that there is a significant increase in cost.
- In respect of the method of indexation, the Board agreed that with effect from 1 April 2017, and in all future years, the salaries for Chairs of Committees will be adjusted by the rate of the annual change in public sector average earnings. This is in line with the approach to indexation that IPSA has already taken in respect of MPs' basic pay.

6.2 In the light of the findings of the consultation and having considered all the evidence submitted, the Board agreed that:

- a) with effect from 1 June 2016, the Additional Salary per annum for Select Committee Chairs and Members of the Panel of Chairs will be £15,025; and
- b) with effect from 1 April each year, starting with 1 April 2017, the Additional Salary per annum for Select Committee Chairs and Members of the Panel of Chairs will be adjusted by the rate of annual change in public sector average earnings.

ACTION: IPSA's Chief Executive to seek assurance from Parliament, on behalf of the Board, that the cost of the Panel of Chairs would not increase significantly in the future.

7. The Board's Programme of Work for 2016-17

- 7.1 The Board noted its programme of work for the financial year, and asked that its workshop on 23 June focus specifically on the IPSA 2017 improvement programme.

8. Any other business

- 8.1 The Chairman enquired if there was any other business for report by the Board or the Executive.
- 8.2 The Board noted that the statutory Compliance Officer's term of office was due to finish at the end of December, and that the recruitment process for this post should be started at the earliest opportunity.
- 8.3 The Board noted that this was the last meeting of IPSA's Chairman, Sir Ian Kennedy. It noted its deepest thanks to Sir Ian for his leadership of the organisation over the past six years, since IPSA's creation, and for the exceptional contribution that he had made to the country's democratic framework in his role.

Meeting closed.