

Minutes of a meeting of IPSA's Board

Wednesday 27 April 2017

Present: Ruth Evans, Chairman
Sir Robert Owen
Liz Padmore
Anne Whitaker
Rt. Hon Jenny Willott

In attendance: Marcial Boo, Chief Executive
Naomi Stauber, Chief of Staff
John Sills, Director of Regulation
Alastair Bridges, Director of Corporate Services
Vicky Fox, Director of MP Support Services
Head of Communications
Head of Policy and Assurance
Compliance Officer for IPSA (Item 5)

Apologies: None

Status: Submitted for approval at the meeting of the Board on 25 May 2017

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 were 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 29 March were approved, subject to some minor amendments.

Actions arising from the previous meeting

- 2.2 The Board noted the actions that had been completed since the last meeting.

3. Annual Review of Assurance

- 3.1 IPSA's Head of Policy and Assurance introduced the report which sought confirmation from the Board of its intention to publish an Annual Review of Assurance, and set out a recommended approach. The Board noted that IPSA's corporate plan for 2017-18 detailed that it IPSA will, throughout the year, conduct a number of thematic assurance reviews of MPs' claiming patterns and specific areas of expenditure. IPSA will then publish the findings of those assurance reviews on an annual basis, summarising its work from the previous financial year and including any actions it took and outcomes achieved. This will inform the public about IPSA's work and provide assurance that it is fulfilling its regulatory functions effectively.
- 3.2 IPSA's Head of Policy and Assurance proposed that the Annual Review of Assurance for 2016-17 should include all assurance work that had been completed during the financial year. This will cover IPSA's three-tiered approach of pre-payment validation, post-payment MP Validation (MPV). The publication will also include the full thematic reviews undertaken during the year, and a narrative to explain why these specific areas of expenditure were examined. It will also set out a summary of the findings and recommendations arising from the thematic reviews and how IPSA has responded to them. The report will, therefore, provide a complete picture of all the work conducted by IPSA that aims to assure the public that taxpayers' money is spent properly and in line with the rules of the *MPs' Scheme of Business Costs and Expenses* ("the Scheme").

- 3.3 The Board discussed a number of matters relating to how and when MPs, both individually and collectively, should be informed of the content of the report. It noted, in particular, that any individuals who are directly affected by the findings of the report should be notified in advance.
- 3.4 The Board agreed the proposed approach to publication of an Annual Review of Assurance. In particular:
- that the Annual Review of Assurance should be published in autumn 2017; but that in future years it will be published in July alongside IPSA's Annual Report and Accounts;
 - that the publication should cover pre- and post-payment validation as well as thematic assurance reviews completed during the year;
 - that it should include links to the full reports of thematic assurance reviews (published on the website), in addition to summaries of key findings and recommendations; and
 - that the Board will review the full reports of thematic assurances review in advance of publication, as soon as they are completed.

ACTION: IPSA's Head of Policy and Assurance to circulate to the Board IPSA's programme of assurance work for 2017-18.

4. Data Breach Lessons Learned and Action Plan

- 4.1 IPSA's Chief Executive introduced a report which provided the Board with details of a data breach that occurred on 30 March, when documents containing personal information about MPs' staff members were published in error on IPSA's old website. The report detailed the results of an internal investigation into the breach conducted by IPSA's Director of Corporate Services in his capacity as IPSA's Senior Information Risk Owner; a proposed action plan to strengthen IPSA's data security arrangements prepared in the light of that investigation; and an internal assessment of how IPSA responded to the breach and the lessons learned.
- 4.2 Anne Whitaker reported that she had met with IPSA's Director of Corporate Services to discuss the data breach and the actions that IPSA was taking to mitigate the risk of a future recurrence. She noted the following, in particular:
- The action plan is detailed and comprehensively covers the arrangements that IPSA has in place to safeguard its data security, from its IT processes to the overarching policies.
 - In addition to the actions included in the plan, IPSA should consider a more formal taxonomy for naming files and folders, which would further mitigate the risk of an incorrect file being uploaded to its website. A pro-forma template and

documented procedure for approving the publication of information on IPSA's website could also helpfully be introduced, to ensure that there is more rigour around the process.

- There has over the last seven years been a high turnover of staff particularly at middle and senior levels of the organisation, which has affected the quality of IPSA's corporate history and record keeping. As part of the IPSA Online improvement programme, new systems and procedures will be introduced and it is crucial that the information placed on these systems is fully documented and kept up to date to ensure that the loss of information is minimised when staff leave the organisation.

4.3 IPSA's Director of Corporate Services noted that these suggestions had been incorporated into a revised action plan and would be taken forward accordingly. He further informed the Board that, as a result of the incident, IPSA was already in the process of strengthening its policies and procedures and has put in place immediate changes to try to eliminate further breaches. For example, the 'auto-fill' mechanism on IPSA's Outlook email service has been disabled, so that staff must manually type the email address of the recipient. The full action plan to strengthen IPSA's data protection policies, training, governance and controls also includes a protocol about the way information is uploaded to IPSA's website so that it will be near-impossible for this type of incident to happen again.

4.4 The Board noted that the Information Commissioner's Office had been notified of the breach immediately after the incident and were in the process of conducting an investigation. An internal audit of IPSA's data protection and information security arrangements had been scheduled for August and the findings will be reported to the Board thereafter.

4.5 The Board noted the content of the report and the actions being taken in response to the breach.

ACTION: IPSA's Chief Executive to consider how and when MPs are updated on the actions that have been taken in response to the breach.

ACTION: IPSA's Director of Corporate Services to provide a further update on IPSA's progress towards completing the actions listed to mitigate the recurrence of future data breaches at the next Board meeting.

5. Compliance Officer's Report

5.1 The Compliance Officer for IPSA provided the Board with an update on current cases, including the assessments, investigations and reviews that had been completed since his last report to the Board.

5.2 The Board noted the report.

6. Financial Position and Management Accounts

6.1 IPSA's Director of Corporate Services introduced the report which provided an update on IPSA's financial position as at the end of March 2017. The Board reviewed the report and noted the following key messages:

- Overall, the end of year outturn for 2016-17 is currently showing a 6 per cent Resource DEL underspend for the full financial year. This is consistent with the position reported in February's report to the Board. As highlighted in previous months, the Subhead A underspend is mainly attributable to pay for MPs' staff and capped expenses which includes security. The Subhead B underspend arises mainly on IPSA's pay costs, unused contingency and depreciation.
- On capital, the end of year outturn shows an underspend of 44 per cent; an increase of £138k on the underspend forecast in February. This is attributable to the IPSA 2017 programme.
- The final end-of-year outturn is not expected to vary materially from the current forecast, although there may be some further spend recorded within Subhead A, due to the deadline given to MPs to submit expenses. In addition, there could be some year-end adjustments arising from audit.

6.2 The Board noted IPSA's financial position and management accounts for March 2017.

7. Chief Executive's Report

7.1 The Chief Executive introduced a paper setting out the organisation's activities since he last reported to the Board in March. He noted, in particular, that on 19 April, Parliament voted to hold a General Election on 8 June. IPSA has a key role to play. The organisation will have to deliver a programme of activity to support MPs through the transition to the next Parliament, including all MPs who stand down or who are defeated and all new MPs elected in June.

7.2 IPSA has already established a General Election programme board that is meeting daily, led by IPSA's Director of MP Support Services who has been appointed as programme director. Dissolution guidance has already been issued to MPs and the team are fielding daily calls with queries from MPs and their staff. IPSA has also submitted a revised Estimate for 2017-18 to the Treasury and the Speaker's Committee for IPSA to cover the costs associated with the snap election.

7.3 The Board noted that the new Scheme of MPs' Business Costs and Expenses includes three policies that are due to come into effect at the next General Election, which was scheduled (in accordance with the Fixed-term Parliaments Act 2011) to be held in 2020. In the light of the snap General Election, the Board considered whether all

or any of these policies should still come into effect in the next Parliament (on 9 June) or at a later date.

- 7.4 The Board re-endorsed two of these policies without amendment. First, as previously agreed, non-London area MPs will no longer be allowed to claim the London Area Living Payment. They will instead be able to claim for their travel and accommodation costs. Second, as previously agreed, IPSA will not fund any new 'connected parties' after the forthcoming election. These policies will have no adverse financial impact upon MPs and the Board therefore concluded that it was reasonable to implement them on 9 June (the start of the new Parliament), in accordance with the Scheme.
- 7.5 The Scheme also states that the associated costs budget for MPs who own a London property will reduce from £8,850 to £5,000 per year following the next election. The Board recognised that the implementation of this rule on 9 June might put some MPs at a financial disadvantage without reasonable notice. As such, it agreed to transitional arrangements for the 2017-18 financial year and will accordingly allow any MPs who are negatively affected by this rule to claim the balance from IPSA's contingency fund, in the event of need.
- 7.6 The Board also recognised that some MPs were concerned about the financial consequences for them and their staff if they are not returned to Parliament. However, the terms of the payments that IPSA makes to MPs whether they stand down prior to an election, or lose their seat as a result of one, have been widely known and consulted on, including for all those elected in 2015.
- 7.7 The Board confirmed that all MPs who stand and are defeated at an election are entitled to a loss-of-office payment equivalent to twice the statutory redundancy rate. All MPs standing at the 8 June General Election, except the 10 MPs elected in by-elections since May 2015, will have over two years' service and will be eligible for this. The level of statutory redundancy (which will be doubled for MPs) is determined by the employee's age, length of service and salary. Any MP who chooses to stand down will not be entitled to this payment, in line with the approach taken at the 2015 General Election.
- 7.8 The Board also considered the position of MPs' staff who have not completed two years' continuous service with one MP and agreed that IPSA is bound by its current rules. It confirmed that staff who have worked less than two years will not be eligible for redundancy payments if their employing MP is defeated at the election. These rules are consistent with those applied by IPSA in 2015 and the entitlements of every other employee in the public sector.
- 7.9 The Board noted IPSA's performance in March 2017, and the list of the Chief Executive's and Chairman's meetings with MPs and officials since the last report.

8. The Board's Programme of Work for 2017-18

8.1 The Board reviewed and noted its programme of work for the 2017-18 financial year.

9. Any other business

9.1 The Chairman asked if there was any other business for report by the Board or the Executive. No further business was raised.

Meeting closed.