

Corporate Plan for 2017-18

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 2017-18.

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.

We do this in three ways, in line with our founding legislation:

- **We provide effective regulation** of MPs' business costs, and their pay and pensions. We ensure that MPs are paid for expenditure that is in support of their parliamentary functions.
- **We support MPs** in the performance of their parliamentary functions by ensuring 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.

We seek to achieve our aim by working effectively, efficiently and transparently in all that we do. 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 2016-17

1. We expect IPSA to be a high-performing organisation and to fulfil our dual function as both the regulator and the administrator of MPs' business costs in a way that is robust, fair, transparent, efficient and cost-effective. In 2016-17, we undertook two significant programmes of work to improve how we do both.
2. First, after receiving the necessary £2.35 million of funding from the Speaker's Committee for IPSA (SCIPSA), we started work on the 'IPSA 2017 improvement programme' – a wholesale programme to redesign and modernise the IT systems, processes and ways of working that underpin our regulatory and administrative functions, including the management of MPs' finances and our support to them and their staff.
3. Second, after six years of operation, we took the opportunity at the beginning of a new Parliament to conduct a comprehensive review of the *Scheme of MPs' Business Costs and Expenses* ("the Scheme"), to ensure that the rules we have in place to govern MPs' use of taxpayers' money remained fair, robust and appropriate for the remainder of this Parliament.

The IPSA 2017 Improvement Programme

4. Our work prior to, and following, the General Election in 2015 highlighted a number of problems with our systems and processes. We were already aware of some of them which we had mitigated manually over the years. Others were brought to our attention for the first time as we managed the challenges of the General Election.
5. IPSA had been created rapidly in 2010 when Parliament decided that public trust in politicians' use of taxpayers' money needed to be restored by creating an independent body to regulate MPs' business costs and expenses. The speed with which IPSA was established meant there was no time to develop bespoke systems appropriate to an organisation with unique responsibilities.
6. The off-the-shelf IT implemented in 2010 enabled IPSA to do its job successfully for its first six years. But these systems and processes, and the manual interventions necessary to integrate them, carried risks of inefficiency and poor data quality. MPs told us that, in order to do their jobs, they needed to be supported more effectively by IPSA, including by giving them accurate and up-to-date financial information, and IT systems that are easy to use. We listened, and we recognised the need to invest in our outdated systems, and modernise our ways of working, to ensure that MPs have the financial support necessary to do their jobs and the appropriate tools to manage their finances.

7. As such, we submitted a business case to the Speaker's Committee for IPSA (SCIPSA) so that we could implement a modern, integrated expenses, finance, HR and payroll system to support MPs and pay their business costs and expenses, and a new website to improve the way we present information about MPs' expenditure to the public. We have been implementing these improvements during 2016-17.
8. First, we improved our support to MPs and their staff from April 2016 by giving each MP two named IPSA account managers who would deal with them directly and build an understanding of their particular constituency circumstances. In June 2016, we upgraded our telephony so that MPs could ring their account managers or our payroll officers directly without having to go through a switchboard. This reduced waiting times on the phone to an average of 33 seconds.
9. Second, we launched a new, more accessible website in November 2016 to coincide with our annual publication of MPs' business costs for 2015-16. The new website included, for the first time, a dedicated page about each MP which also allowed MPs to provide an optional commentary on their annual expenditure in their own words. In 2016-17, 40 MPs took up the opportunity to explain to the public on IPSA's website how they have used public money to serve their constituents.
10. Third, we conducted an open procurement for a new, integrated finance, HR, payroll and expenses IT system, selecting our preferred supplier in July 2016 and signing a contract on 2 September. The detailed design of the new system then started such that it would be built by the end of the financial year, ready for testing and implementation in 2017-18. During the summer of 2017 we will engage and train MPs and their staff in the new system so that it can go live as scheduled on 1 October 2017.
11. Fourth, we conducted the preparatory work to have in place an online portal for MPs so they have secure access to all their financial information, including their budgets, payment cards and claims, in as near real-time as possible from any device – including their mobile phones and tablets. We are on track to deliver this functionality when our new IT system goes live late in 2017.

A Comprehensive Review of the Scheme of MPs' Business Costs and Expenses and IPSA's Publication Policy

12. Our Scheme of rules that regulates MPs' business costs and expenses had been in place since 2010. It worked well, with over 180,000 claims made each year and fewer than 0.6 per cent rejected. But, after six years of operating the Scheme, we wanted to conduct a comprehensive review to ensure that the rules remained fair, robust and appropriate, and that they were easy to understand and comply with.

13. We also decided to consult on our publication policy. We sought views from the public, MPs and MPs' staff on how best to ensure that our transparency and openness about MPs' business costs provides assurance to the public that the money claimed by MPs is well regulated, while continuing to safeguard MPs' personal security and privacy.
14. We published our consultation on 11 May 2016. Over the course of five months we sought the views of the public, including through an online survey, and met MPs, MPs' staff and other interested parties to hear their thoughts on the Scheme. We also received evidence at Board meetings from MPs and academics, and attended the meetings of three parliamentary committees to discuss our policies and how they affect MPs and their staff. The consultation closed on 24 October 2016. We spent the remaining months of the year reviewing and analysing the evidence received in relation to each area of the Scheme. The Board announced its conclusions in March 2017 and we will implement the new Scheme from the beginning of 2017-18.

Measuring our Performance

15. During 2016-17¹, IPSA continued to achieve expected standards of performance in most areas:

Key Performance Indicator	Measure in 2016-17	Measure in 2015-16	Outcome
Effective Regulation of MPs' Business Costs and Expenses			
Fewer than 1 per cent of MPs' claims are outside the Scheme.	0.4 per cent of claims outside the Scheme.	0.6 per cent of claims outside the Scheme.	<u>Achieved</u>
Providing Support to MPs			
Claims are reimbursed in fewer than 12 days on average.	Reimbursement in 5.5 days on average.	Reimbursement in 5.87 days on average.	<u>Achieved</u>
Payroll accuracy is over 99.75 per cent each month.	Accuracy at 99.86 per cent.	Accuracy at 99.74 per cent.	<u>Achieved</u>

¹ These KPIs have been calculated for the period from April 2016 to January 2017 – the latest data available at the time of publication.

Key Performance Indicator	Measure in 2016-17	Measure in 2015-16	Outcome
Over 90 per cent of correspondence resolved within 5 working days	95 per cent of correspondence resolved within 5 working days.	88 per cent of correspondence resolved within 5 working days.	<u>Achieved</u>
MPs and their staff show increased satisfaction with IPSA's support	40 per cent of MPs who responded to the survey for 2016 rated IPSA's service as Very Good or Good. 53 per cent of MPs' staff who responded rated IPSA's service similarly.	46 per cent of MPs who responded to the survey for 2015 rated IPSA's service as Very Good or Good. 49 per cent of MPs' staff who responded rated IPSA's service similarly.	<u>Achieved in Part</u>
Assuring the Public that MPs' Business Costs and Expenses are Well Regulated			
Our publication of MPs' claims are over 99.75 per cent accurate	99.99 per cent accuracy achieved.	100 per cent accuracy achieved.	<u>Achieved</u>
Fewer than 1 per cent of processed claims have errors identified on review	0.03 per cent of errors identified in processed claims.	0.09 per cent of errors identified in processed claims.	<u>Achieved</u>
IPSA staff show increased engagement	In the survey for 2016, 59 per cent of IPSA staff reported feeling engaged.	60 per cent of IPSA staff reported feeling engaged.	<u>Not Achieved</u>
IPSA demonstrates effective budget management	All budgets forecast to under-spend at year-end	All budgets forecast to under-spend at year-end	<u>Achieved</u>

An Effective Organisation

16. We aspire to be a high-performing organisation that achieves its goals cost-effectively. We use data to monitor activity each month, identifying and addressing issues where necessary. During 2016-17, we redesigned and strengthened our internal mechanisms for monitoring our organisational performance. This enabled us more quickly to identify where we are performing well and where our attention needed to be focused in order to improve.
17. We develop our staff so that they have the skills to perform at high levels of competence. In 2016-17, we ran a comprehensive programme of training and development for our MP account managers and others so that they are able to support MPs effectively, providing accurate, consistent and professional advice on IPSA's Scheme, and on MPs' budgets. All staff had quarterly performance appraisals and clear personal objectives aligned with this corporate plan.
18. We highly value our staff and we want to ensure that they are fully engaged in IPSA and what we do. We work to create an environment where staff can contribute to the delivery of our objectives, to have confidence that their views are heard and to be motivated to work to achieve our goals as one team. The annual staff survey in December 2016 recorded that 78 per cent of our staff agreed that IPSA is a good place to work (the same result as last year), 86 per cent say they are treated with respect and feel valued (up from 80 per cent last year), and 75 per cent say that they have seen positive changes in the organisation over the last twelve months. We will build upon these positive results during the next financial year, and will take action in response to the measures that fared less well. In particular, we will continue to actively foster good team-working through internal staff groups to discuss and resolve relevant internal issues.
19. IPSA is committed to being a cost-effective organisation that demonstrates good value for money. In 2016-17, we continued to demonstrate prudent financial management, remaining within all our budgets, reporting monthly to our Board and quarterly to both the Audit and Risk Assurance Committee and SCIPSA on our progress in implementing our IPSA 2017 improvement programme.

Our Priorities for 2017-18

We have seven priorities for 2017-18, which link directly to our functions as an organisation.

Effective Regulation

- Implement the new Scheme of MPs' Business Costs and Expenses.
- Consult on the impact of the boundary changes on the rules of the Scheme.

Support to MPs

- Implement the IPSA 2017 improvement programme.
- Provide ongoing high-quality professional support to MPs.

Assuring the Public

- Publish IPSA's first annual assurance report.
- Encourage MPs to demonstrate and achieve good value for money.

A high-performing, efficient and effective organisation

Develop the organisation as a result of the changes to our new systems, processes and ways of working, including our culture, skills and people.

Effective Regulation of Scheme of MPs' Business Costs and Expenses

We aim for effective regulation and high compliance by ensuring 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.

20. To achieve this aim in 2017-18, we will implement the new Scheme of MPs' Business Costs and Expenses on 1 April 2017. The launch of the new Scheme follows a comprehensive review and public consultation on all aspects of the rules, a thorough programme of engagement with MPs and their staff over the course of five months, and three months analysing the responses received.
21. The vast majority of MPs comply with the Scheme. Any non-compliance is usually due to error rather than intentional misuse. A simpler Scheme will increase compliance further by making the rules more straightforward to understand, thereby minimising the chance of MPs claiming in error. This will give MPs greater confidence to claim for legitimate costs for their parliamentary work without the fear of making an honest mistake.
22. We will conduct a further public consultation on any changes to the Scheme that may need to be made in the light of the boundary changes in England, Scotland, Wales and Northern Ireland. We will take account of any changes implemented by the Boundary Commissions so that MPs can continue to carry out their parliamentary duties and have the appropriate resources, support and funding from IPSA to do so. This will involve our assessing the rules of the Scheme, including those relating to loss-of-office payments, staffing and travel budgets. We will also review the definition of the London Area in the light of new constituency boundaries, seeking the views of MPs, their staff and the public so that any changes can take effect in the new Parliament.
23. We will continue to fulfil our regulatory role by analysing data on MPs' expenditure, conducting thematic assurance reviews of MPs' claims and spending patterns. 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 further investigation.
24. We will continue to work with other legislatures who also set and pay politicians' pay and business costs so that we can learn from each other's good practice. In 2016-17, we were visited by delegations from ten countries, including the United States Congress, the Norwegian Parliament and political representatives from Mozambique and Kenya. We will continue to foster positive relationships internationally, sharing our expertise and promoting the probity of the UK Parliament and its MPs.

Supporting MPs in the Performance of their Parliamentary Functions

We aim 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.

25. To achieve this aim in 2017-18, we will continue to provide ongoing high-quality support to MPs following the launch of the new Scheme in April 2017. We will communicate with every MP and their staff so they understand what changes are being made and how this will impact on them. And we will provide training, advice and support on the new Scheme in order to improve compliance.
26. We will also actively engage MPs and their staff to prepare them for the launch of our new integrated finance, payroll and expenses system in October 2017. This will include roadshows, training sessions and face-to-face inductions both in Westminster and on constituency visits across the country. There will be online training material too and an opportunity to test the new system in our on-site 'model office' and on laptops. We will aim to ensure that every MP's office is proficient in the use of the new system from day one and can start to use it immediately. We will provide ongoing training and support following the launch.
27. In addition to the streamlined process for making claims, we will also launch an online portal for MPs by the end of 2017. This will enable MPs and their staff to securely access all their financial information about their budgets, claims, costs and staffing expenditure (and any forthcoming publication about their expenditure) in near real-time from any device. These improvements will make financial transactions clearer and faster, thereby reducing the time it takes for MPs to make claims and for IPSA to reimburse them.
28. We will continue to improve the quality of our support to MPs and their staff, building on the personalised account management approach that we launched in April 2016. This model has worked well to date, and has enabled our staff to build a better understanding of individual MPs' circumstances and claiming patterns. During 2017-18, we will conduct further training of our staff to enhance their customer service skills and to support MPs to use financial information to plan their budgets and the payroll or pensions of their staff.
29. We will also ensure that we are fully prepared to support any MPs who are new to or who depart from parliament following a by-election or in the event of an unscheduled General Election during the year.

Assuring the Public

We aim 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.

30. To achieve this aim in 2017-18, we will seek further 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 and publish all data for the preceding financial year on an annual basis. We launched our new IPSA website in 2016-17 so that the public can more easily access the data that we hold on MPs' business costs and expenses. We will continue to improve the website in 2017-18.
31. We will continue to engage the public and other interested parties through traditional and social media. To foster further engagement and to understand better the public's views about MPs' business costs, in 2017 we will launch an annual public omnibus survey to measure public perceptions of IPSA and the impact of our work. We will draw on that information to design further engagement activities for the public in future.
32. We will, throughout the year, conduct a number of thematic assurance reviews of MPs' claiming patterns and specific areas of expenditure. Starting in 2017, we will publish the findings of our assurance reviews on an annual basis, summarising our work from the previous financial year, including any actions we took and outcomes achieved, in order to inform the public of our work and to provide assurance that we are fulfilling our regulatory functions effectively.
33. We will encourage more MPs to explain to the public how they have used taxpayers' money by allowing them to use our website to provide commentary on how they have spent public funds to serve their electorate and perform their parliamentary functions. In line with our previous commitments, we ran a trial of the voluntary publication of these commentaries by MPs when we published the annual data on MPs' expenditure in November 2016. Forty MPs took the opportunity to provide a commentary for their page on our website. We will invite all MPs to do the same when we publish MPs' 2016-17 expenditure in September 2017.
34. It is for MPs to manage their own budgets, within the rules of the Scheme, and to be responsible for spending public funds with value for money in mind. We have seen that many MPs actively seek the best value when using public money to make purchases and, over the last seven years, we have learned a lot about their good practices. In 2017-18, we will draw on these good practices to produce guidance that we will share with all MPs to both assist and encourage them to spend public money well and to demonstrate value for money in their own expenditure.

A High-Performing, Effective and Efficient Organisation

Our aim is for IPSA to be a high-performing organisation that achieves its goals cost-effectively with a workforce that has opportunities for growth and development and the motivation, skills and capacity to deliver our objectives.

35. To achieve this aim in 2017-18, we will use data to monitor our operational and corporate activities each month. We will measure our performance against targets in each business area to identify where issues need to be addressed. We will review our key performance indicators in the light of the improvements that we make to our systems and processes to ensure they challenge us as an organisation and reflect our new ways of working.
36. We will engage our staff throughout the year on IPSA's people strategy. This strategy defines our culture and values, and the understanding and skills that we need to be a world-class regulator and an exemplary service provider. To achieve this, we need high-performing professionals across the organisation. We will invest in them by promoting training and development opportunities internally and in partner organisations.
37. We will embed the wholesale improvements to our systems and processes that we implement in October 2017, with further upgrades to follow, and ensure that our organisational design reflects the needs of our new ways of working. We will engage with our staff on this process throughout the year so that they are fully involved in decisions about how we make our new systems and processes work most effectively for us and for the MPs that we support. We will implement changes to organisational design by 2018. We will then want some internal stability to give our staff the time to become fully conversant with our new IT and ways of working so they can become more effective and motivated, and fully realise the benefits of the improvement programme.
38. 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.
39. Finally we will provide a healthy and safe working environment for our staff.

Governance and Accountability

40. 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

41. 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:
- Ruth Evans (chair)
 - Sir Robert Owen (former holder of high judicial office)
 - Elizabeth Padmore
 - Rt. Hon Jenny Willott (former Member of Parliament)
 - Anne Whitaker ACA (auditor).
42. 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

43. 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, Victoria Fox, director of MP support services, and Alastair Bridges, director of finance and corporate services.

Accountability to Parliament

44. 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.

The Speaker's Committee has the following membership:

- Rt. Hon John Bercow MP (Speaker and Chairman of the Committee)
- Rt. Hon David Lidington 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)
- Bronwen Curtis (lay member)
- Shrinivas Honap (lay member)

Charles Walker MP responds on behalf of IPSA to questions in the House of Commons on matters relating to IPSA's work.

Compliance

45. 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.
46. 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.

Financial Management

47. 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. Our Annual Report and Accounts can be found on our website.

Financial Controls

48. 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 executive.
49. IPSA's Audit and Risk Assurance Committee is supported by a head of internal audit and meets quarterly. The committee offers advice to the Chief Executive, in his role as Accounting Officer, on the strategic processes for risk, control and governance, IPSA's accounting policies (including the approval of the Annual Report and Accounts), the activity and the results of both internal and external audit (the National Audit Office), and IPSA's anti-fraud and whistle-blowing policies. IPSA will continue to implement rigorous standards of financial control.

Value for Money

50. IPSA will continue to demonstrate good value for money during 2017-18. We expect to start realising qualitative benefits from the IPSA 2017 improvement programme.
51. In 2016-17, we received a budget of £179m (under Subhead A of our Estimate) to cover MPs' salaries, staff, accommodation and other business costs, including the costs of an improved security package for MPs. In 2017-18, we propose a budget for Subhead A of £185m. This figure incorporates a 1.4 per cent pay rise for MPs, in line with ONS figures on public sector earnings. It also incorporates an increase of 5 per cent to MPs' staffing budgets which reflects the results of an independent review of MPs' staff salaries, including ensuring that all staff are paid at least at the minima of the new scales, which are aligned with the living wage. It also allows MPs to provide for a 1 per cent cost of living pay award to all staff salaries, should they choose.
52. In 2016-17, we received £7.58m for IPSA's core administrative costs (under Subhead B of our Estimate). For 2017-18, we propose a resource budget for administrative costs of £7m. The reduction mainly reflects lower projected salary costs as a result of tight management

of our core operations and the successful implementation of a large part of our improvement programme.

53. For the IPSA 2017 improvement programme within subhead B, we propose a budget of £2.9m, split between £1.8m capital and £1.1m resource. Of the capital, £550k has been re-phased from 2016-17 to reflect the decision to move the launch of the new integrated system from April to October 2017. There is also some associated re-phasing of resource programme costs into 2017-18.
54. Overall, IPSA is proposing an Estimate to Parliament of £195m for 2017-18. This will enable us to meet our objectives and deliver the value for money improvements described in this corporate plan.

Information Security

55. 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.
56. 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. In 2017-18 we will move to a new information accreditation system, ISO 27001, an internationally recognised best practice framework which is now the preferred standard in Government. The new standard will help us to identify the risks to the information we hold and put in place appropriate controls to help to reduce that risk.