

Minutes of a meeting of the IPSA Board

Wednesday 21 January 2015

Present: Sir Ian Kennedy, Chairman
Sir Neil Butterfield
Liz Padmore
Anne Whitaker
Professor Tony Wright

In attendance: Marcial Boo, Chief Executive
John Sills, Director of Policy and Communications
Judith Toland, Director of Operations
Naomi Stauber, Head of Board and Chief Executive Office
Head of HR (Item 4)
Head of Communications (Item 5)
Senior Management Accountant (Item 3)
Policy Manager (Item 5)
Business and Assurance Analyst (Item 6)

Apologies: Head of Finance

Status: Approved for publication at the meeting of the Board on 18 February 2015

Publication: As approved.

1. Welcome and Declarations of Interest

- 1.1 The Chairman opened the meeting and welcomed those attending.
- 1.2 The Chairman noted that the organisation was starting the year in good shape and thanked the Chief Executive and the team for their hard work in 2014.
- 1.3 The Chairman invited Board and staff members to declare any interests not previously recorded. No interests were declared.

2. Minutes of previous meetings and matters arising

Minutes

- 2.1 The minutes of the meeting of held on 10 December 2014 were approved as a correct record, subject to the following amendment:

Paragraph 3.4 (Legal Budgets) shall be amended to read – “The budget for legal advice and services in 2015/16 would therefore be £31,000, a reduction of £16,500. ***After further discussion***, the Compliance Officer assured the Board that the proposed budget was appropriate. The Board agreed the proposed budget”.

Actions arising from the previous meeting

- 2.2 The Head of Board and Chief Executive Office noted that a number of outstanding actions had been completed since the publication of the agenda and updated the Board accordingly.
- 2.3 The Board noted that the Head of Board and Chief Executive Office was due to meet the officials of the Speaker’s Committee for the IPSA and would raise the matter of a meeting between IPSA’s Board and the lay members of the Committee. The arrangements for this meeting had been delayed to allow for the process for the recruitment of a new lay member of the Committee to be completed.

ACTION: That the Head of Board and Chief Executive Office prepares a briefing on the membership of the Speaker’s Committee for the IPSA in advance of a meeting.

3. Estimate 2015-16

- 3.1 IPSA’s Senior Management Accountant introduced a presentation setting out the context, structure and assumptions underpinning the Estimate for 2015-16. She noted, in particular, that:
 - During the current Parliament and 2010 Spending Review period, the organisation had committed itself to and achieved a 5% saving year-on-year whilst also improving the quality of its administration. This saving represents a total reduction of 29% in real terms over the past 5 years.

- The Estimate also includes a one-off additional budget for the Scheme's costs related to the General Election. These costs occur once every Parliament and therefore create a spike in IPSA's overall expenditure.
- Subhead A of the Estimate includes all expenditure on MPs' pay, business costs and expenses, and the pay and expenses of their staff. It also includes provision for the proposed increase to MPs' pay, although the implementation of this is dependent upon the outcome of the review in early 2015-16.
- The Estimate is divided into the categories previously requested by the Speaker's Committee for the IPSA, showing operational costs in Subhead B and separate subheads for projects (Subhead C), the publication of receipts court case (Subhead D) and finally, the recruitment of members of the Board (Subhead E).

Subhead A: MPs' pay, staffing, and business costs and expenses

- 3.2 Considering the detailed breakdown of the costs of the General Election, the Board noted the transitional changes to MPs' resettlement payments for defeated MPs. These changes will alter MPs' resettlement entitlement from the current maximum of up to six months' salary (available to many of those defending a seat at the forthcoming election), to twice statutory pay thereafter. The Board recommended that this point should be made explicit in the explanatory memorandum and, if the opportunity arises, reported verbally at the public evidence session.
- 3.3 The Chief Executive noted that a full analysis will be undertaken after the General Election to identify exactly where money had been allocated and spent within the category of winding-up payments. At that point there will also be an opportunity to review the rules that apply to redundancy payments to the staff of MPs departing Parliament, if the Board wished to do so.
- 3.4 In respect of those MPs standing down at the forthcoming election, the Chief Executive reassured the Board that IPSA's team had met those who had confirmed their intentions to encourage them to 'wind-up' their offices at the earliest opportunity. He noted that this might also be an area to review in due course, to ensure that standing down MPs minimise the costs to the taxpayer and do not delay the process unduly.

Subhead B: IPSA's Operations

- 3.5 The Board noted that the overall staff costs - including those of IPSA's staff, Board, the Lay Members of the Speaker's Committee for the IPSA, and the Compliance Officer will increase by £53k to cover a 1% pay rise for staff, and an average 2.2% increase to employers' pension contributions under the updates to the Civil Service Pension Scheme.

- 3.6 Analysing the detail of the proposed figures covering IPSA's running costs, the Board queried whether the organisation had budgeted sufficiently for the significant IT and systems developments required in due course. The Chief Executive reassured the Board that IPSA's IT costs had been closely examined and that future IT investment had been reviewed in the context of organisational need, together with the capacity of the team to deliver those improvements.
- 3.7 The Board noted that it will be considering the detailed IT Strategy at its meeting on 18 March 2015.

Subhead C: IPSA's Projects

- 3.8 The Board noted that Subhead C represents one-off activities which, in a small organisation like IPSA, require specific funding over and above its normal running costs. As with last year, the principal project in 2015-16 is resourcing the internal delivery of the General Election.

Subhead E: Recruitment of IPSA's Board

- 3.9 In response to a query from the Board regarding the 150% variance from last year's costs, IPSA's Senior Management Accountant explained that Subhead E is a ring-fenced part of the Estimate, controlled by the Speaker, and provides for the recruitment costs of two members of IPSA's Board in 2015-16 and the beginning of the process to replace the Chairman of the Board in May 2016.
- 3.10 The Board agreed:
- to note the context, structure and assumptions underpinning the Estimate for 2015-16;
 - to approve the approach to and structure of the Estimate for 2014-15;
 - to endorse the documentation for submission to the Speaker's Committee for the IPSA, subject to any minor amendments required in consultation with the Chairman; and
 - that it will be important, when presenting the Estimate to the Speaker's Committee for the IPSA, to articulate the transitional changes to MPs' resettlement payments for defeated MPs.

4. Reward Strategy

4.1 The Head of HR introduced the report which updated the Board on work to improve IPSA's system for managing staff's performance.

4.2 The Board noted:

- that prior to any potential performance-related pay rises, it is important to ensure that a rigorous system for setting objectives and for appraisal is implemented consistently and is determined to be effective as a performance management system.
- that any performance-related pay element of the proposed new system will be deferred until 2016-17 to allow the new system to be properly embedded and assessed over the period of at least one full year cycle.
- that further consideration needs to be given to how staff might move through the bands of their respective pay grades and to the criteria for doing so.
- that there is an argument to be made that individualising reward, linked to performance, is not the correct model for a small organisation such as IPSA. Consideration should be given to whether rewarding the team as a whole, whilst ensuring that staff feel valued as individuals, might be a more effective method of managing and enhancing performance.
- the exceptional circumstances of the General Election and the work undertaken towards its successful delivery could justify a modest 'reward and recognition' payment for IPSA's staff at year-end. However, the reputational implications of making any such payment presents a significant risk to the organisation, given the fact that the *Scheme of MPs' Business Costs and Expenses* does not allow MPs to give their staff bonuses. Whilst the decision may be taken to review the rules in this respect in due course, the actions of the organisation will be judged against the standard it applies to MPs and their staff at the current time. An alternative way of rewarding IPSA's staff for their hard work over the last year must therefore be considered.
- that the comparative information prepared by the Head of HR, detailing the pay levels of equivalent Grades at similar organisations, illustrates that IPSA's staff are paid appropriately. However, notwithstanding IPSA's levels of pay, it must be recognised that the small size of the organisation will mean that career progression is limited.

4.3 The Board agreed:

- that changes to the management of staff's performance need to be made, but that any such measures must be carefully thought through prior to implementation;
- that any performance-related pay component of a new performance management system should be deferred to 2016-17, and only after the new measures have firstly, been consistently applied across the organisation and secondly, have been fully assessed and determined to be effective; and
- that the proposal to give each member of staff a modest 'reward and recognition payment' be revisited at an appropriate time after the General Election and that alternative methods of rewarding staff at 2014-15 year-end be explored.

5. **Scheme of Business Costs and Expenses Consultation: Initial Views on the Budget Limits**

5.1 IPSA's Policy Manager introduced the report which sought an initial steer from the Board on the budget levels for 2015-16, as part of the review of the *MPs' Scheme of Business Costs and Expenses* ('the Scheme').

5.2 The Board noted that it would receive two further papers on the Scheme at its next meeting on 28 January 2015 that will cover the full emerging findings from the consultation and will seek the Board's final agreement to the budget levels.

5.3 The Board discussed the principles by which it reviews and determines the budget levels set-out in the Scheme and agreed to adopt an approach which maintained continuity and consistency with past practice by increasing levels to reflect inflation. However, it noted that there may be exceptional circumstances where such an increase is not appropriate and this judgement would need to be made on a case-by-case basis. The Board agreed to review the way in which it determines the budgets contained in Scheme later in the year, as part of a wider review.

5.4 The Board indicated the following preliminary decisions in relation to each budget:

Office Costs Expenditure (OCE) budget

- The Board noted that the current OCE budgets are £25,900 for London Area MPs and £23,250 for non-London Area MPs. Last year, IPSA increased the OCE budgets by 2% to reflect inflation (CPI as at December 2013).
- The Board agreed that the OCE budgets for 2015-16 *should be increased by 0.5%* to reflect CPI inflation as at December 2014.

Staffing Expenditure budget

- The Board noted that the current Staffing Expenditure budgets are £145,500 for London Area MPs and £138,600 for non-London Area MPs. Last year, IPSA increased the Staffing budgets by 1% to reflect wider public sector pay policy.
- The Board agreed that the staffing Expenditure budget should be *increased by a further 1%* for 2015-16, for both London Area and non-London Area MPs.

Accommodation Expenditure budget

- The Board noted that the current budget for MPs who rent in the London Area is £20,600. There are several different accommodation budgets for MPs who rent in their constituencies around the UK. The budgets for all MPs who rent accommodation are calculated to include an amount for rent plus a nominal portion of £2,800 for associated expenditure. Last year, IPSA increased the accommodation budgets for all MPs who rent by 2.5% to reflect CPI and to make a contribution towards higher rents.
- The Board agreed that the rental accommodation budget for 2015-16 should *not* be increased on the basis that this budget will be considered in more detail as part of the Accommodation Review to be undertaken after the General Election.

Winding Up budget

- The Board noted that the Winding Up budget is calculated as one-third of the OCE and Staffing budgets. It is currently £57,150 for London Area and £53,950 for non-London Area MPs. Last year, IPSA increased the budget by £500-£550 in line with the OCE and Staffing budgets.
- The Board agreed that the Winding Up budgets *should not be increased* on the basis that standing down MPs are already planning their winding up arrangements based on the current budget level, which appears to be sufficient. This will leave the budget at its current level for 2015-16, even for MPs who leave Parliament after the General Election.

Start Up budget

- The Board agreed that it would not increase the Start Up budget from £6,000.

London Area Living Payment

- The Board noted that the London Area Living Payment (LALP) of £3,760 is intended to contribute towards the additional expenses of living in the London Area or of commuting regularly to London, with a further £1,330 available for those MPs who are in outer London (OLALP).

- The Board agreed that it would not be justified to increase this payment as it was regarded simply as a contribution to the additional costs of living in London.

Hotel costs

- The Board agreed that it would not increase the hotel limit per night for the London Area, elsewhere in the UK or outside the UK.
- The Board agreed that it would not be appropriate to set the limit based on the preference of some MPs to stay in a 4-star hotel within a mile of Parliament. It agreed to consider the hotel limit in more detail as part of the Accommodation Review after the General Election.

6. Reporting Performance Management: Update

6.1 The Chief Executive introduced the report which presented a new framework for reporting on performance information which will be refined and populated over the coming months. He also outlined the principles for setting performance measures which will replace the organisation's existing KPIs in due course.

6.2 The Board noted that the new framework will involve a significant culture change as an organisation. The aim of this change is to ensure that we have a robust framework for assessing, monitoring and reporting how well we reach the intended outcomes of the activities we undertake while also making sure those outcomes contribute to the fulfilment of our strategic objectives.

6.3 The Board noted the following key points:

- the clear presentation of the new performance report, in addition to the inclusion of root-cause analysis, is to be endorsed.
- the quality of the outcome depends upon the quality of the data in the first instance. It is therefore fundamentally important to ensure that the data is captured and recorded in a way which produces accurate and valuable information.
- IPSA holds a wealth of information that has been collected and stored over the five years of its operation. The task is now to think differently about the information we possess and to utilise it in a way which measures performance against meaningful outcomes.
- the organisation's current systems can effectively capture quantitative data, such as the number of email responses sent to MPs or the number of phone calls received. However, quantitative data alone will reveal only a limited picture of performance.

- once implemented the new CRM 2013 information management system will also enable us to capture and assess qualitative data, which will reveal the quality of the service we provide to MPs, in addition to the level of service. For example, common and recurring themes in respect of MPs' feedback can be categorised and examined, to reveal the areas where we are performing well or require improvement.
- consideration must be given to the ways in which we can engage MPs and MPs' staff as contributors to our performance reporting work. It will be crucial to ensure that we include both inward looking and outward looking measures in our framework and it is only our MPs and their staff who can inform us of the measures they perceive as important to measuring the quality of our service.
- we must also consider the ways in which we can show MPs and MPs' staff the work that we are undertaking and the time we are devoting to understanding our performance, to deliver improvements to the quality of our services.

The Head of Board and Chief Executive Office to arrange a letter of commendation for IPSA's Business and Assurance Analyst, from the Board for his work in the area of performance management.

7. Chief Executive's Report

- 7.1 The Chief Executive introduced a paper setting out his work since he last reported to the Board in November and highlighted the key messages.

Financial position

- 7.2 The Chief Executive noted that the organisation is financially stable and continues to have the expected level of headroom in Subhead A, which currently stands at £3.8m. However, by year-end this figure is likely to be reduced to £1.6m as a result of the National Audit Office's advice to absorb the costs of MPs' staff redundancy payments in respect of standing down MPs into this financial year's accounts.

Flat Finder Service

- 7.3 The Policy team has interviewed and identified three (possibly four) agents to help MPs to find accommodation in London after the Election. The Board discussed the extent to which those agents could be held to confidentiality agreements. The Board were reassured that the unique information any agent could reveal about MPs' accommodation would be minimal, having regard the level of information already available in the public domain, as published by IPSA. By revealing any further personal or detailed information the agent would be breaching its own code of practice and confidentiality agreement with its customers.

Staff Survey

- 7.4 The results of the staff survey are very positive, with few issues identified. The results reveal a strong sense of team-working and strong relationships with line managers. However, it also revealed a desire for increased opportunities for learning and development. The Board will be receiving a full report on the results at its meeting on 18 February 2015.

MPs' Debt and Financial Management

- 7.5 The Board were informed of the recent work undertaken to assist MPs with their financial management in the run up to the General Election by informing them of the support we will provide, specifically in relation to avoiding overspends and repaying money owed after 31st March 2015. The Board noted that over 70% of historic debt had been successfully recovered from MPs.
- 7.6 The Chief Executive noted some of the actions that had been taken in some cases to recover money owed. In one exceptional circumstance, an MP's payment card had been switched-off after extensive attempts had been made to engage with the MP to address the large sums owed. The Board noted that further actions to recover money from any MP would be considered on a case-by-case basis and would be contingent upon their level of engagement and commitment to work positively with IPSA towards a solution.
- 7.7 The Board reviewed and noted the Management Accounts for November 2014; the KPIs for November 2014 and the list of the Chief Executive's meetings with MPs and officials since his last report.

8. Board's Programme of Work 2014/15 and Schedule of Meetings 2015-16

- 8.1 The Head of Board and Chief Executive Office presented the Board's programme of work for the remainder of the financial year.
- 8.2 The Head of Board and Chief Executive Office noted that two additional items had been added to the work programme: a report on MPs' Debt and Financial Management for the 18 February meeting; and the IT Strategy for the 18 March meeting.
- 8.3 The Board endorsed the work programme, with the inclusion of the additional items.

Schedule of Meetings 2015-16

- 8.4 The Head of Board and Chief Executive Office presented a revised schedule of meetings for the forthcoming financial year.
- 8.5 The Board agreed the schedule as presented, subject to the addition of a Town Hall meeting in the coming months.

The Head of Board and Chief Executive Office to circulate the Board's Schedule of Meetings 2015-16, with the addition of a Town Hall meeting, the date of which is to be determined in consultation with the Board and the Director of Operations.

9. Any other business

Sir Ian Kennedy – Honorary Queen's Counsel

- 9.1 Sir Neil Butterfield reported that the Chairman, Sir Ian Kennedy, had been appointed as one of six new Queen's Counsel (Honoris Causa). The Board and IPSA's Executive congratulated the Chairman on the appointment.

Meeting closed.