

Minutes of a meeting of IPSA's Board

Wednesday 16 December 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 Regulation
Judith Toland, Director of Operations and Change
Naomi Stauber, Head of Board and Chief Executive Office
Head of Communications
Head of Finance (Items 3, 4, 5 and 6)
Peter Davis, Compliance Officer (Item 5)
Business and Assurance Analyst (Item 7)

Apologies: None

Status: Submitted for approval at the meeting of the Board on 20 January 2016.

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 no apologies had been received.
- 1.3 The Chairman invited the Board and members of staff to declare any interests not previously recorded. No interests were declared.
- 1.4 The Chairman noted that it was the last meeting of two of IPSA's Board members – Sir Neil Butterfield and Professor Tony Wright. On behalf of the Board and the Executive, he thanked both Sir Neil and Professor Wright for their service to IPSA and their invaluable contributions to IPSA's Board over the last three years.

2. Minutes of previous meetings and matters arising

Minutes

- 2.1 The Minutes of the meeting of the Board held on 18 November 2015 were approved as a correct record, 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.
- 2.3 The Board further noted that one action had not been completed adequately within the required timeframe. In the light of this, the Board requested that IPSA's Head of Finance provide the full original budget for this financial year and the revised reforecast budget, in the form both of a graph and a table split by subheads.

3. IPSA 2017 Business Case

- 3.1 IPSA's Director of Operations and Change introduced the report which provided the Board with a draft business case for the IPSA 2017 improvement programme. The Director noted that the initial approach to IPSA 2017 had been presented to the Board previously and that the draft business case developed the approach further and identified the outline costs, risks and milestones for the programme. Once approved by the Board, the business case will form part of IPSA's Estimate for 2016-17, to be presented to the Speaker's Committee for IPSA ("SCIPSA") for approval in March.
- 3.2. The Board reviewed the draft business case and noted that it will undergo further iterations over the coming month, as the costs, risks and the overall schedule for the programme are determined in more detail. The Board provided the following observations at this early stage in the drafting process:

- First, a more detailed analysis and explanation of what the proposed costs of the programme relate to must be provided, prior to its approval.
- Second, the draft narrative does not fully convey the reasons underpinning the need for the improvement programme and the corresponding investment; namely, that IPSA is an organisation that was created and set-up swiftly following the expenses scandal of 2009. As such, its systems and processes were not created or configured in a way that is most efficient or effective. Whilst they are currently workable, they are not sustainable for the medium to longer-term and there is an opportunity over the next 18 months, prior to IPSA's preparation for the next General Election, to make the necessary changes. Investment is therefore required to enable IPSA firstly, to provide value for money for the taxpayer in the way that it operates as a regulator over the coming and next Parliament and, secondly, to provide services and support for MPs that reflect up-to-date business processes. This will require wholesale change.
- Third, the business case must provide more detail about what the monetary benefits of the programme will be in terms of providing value for money for the taxpayer, and the forecast future cost savings of the improvement programme over the next five to ten years.
- Fourth, IPSA should consider whether the options appraisal can, if possible, include further options that range between 'do nothing' and wholesale change. In the light of the second point above, and IPSA's priority to secure value for money for the taxpayer as a result of the improvements, this might not be possible. IPSA's systems will need to be completely redesigned in order to realise both the projected savings for the taxpayer and the benefits to MPs in terms of IPSA's efficiency and effectiveness as a regulator and the administrator of their pay, pensions, business costs and expenses. These options should nevertheless be explored in depth prior to its submission to SCIPSA.

3.3 The Board agreed to receive a revised version of the IPSA 2017 business case in the New Year, for review and approval for submission to SCIPSA as part of IPSA's Estimate for 2016-17.

ACTION: That the Director of Operations and Change revise the business case in the light of the Board's comments, for consideration early in the New Year.

4. IPSA's Estimate and Corporate Plan 2016-17

4.1 IPSA's Chief Executive introduced the report which presented IPSA's draft Estimate for 2016-17, prior to its submission to SCIPSA for approval in March. The Board also reviewed IPSA's draft Corporate Plan for 2016-17 which is submitted to SCIPSA for its information alongside the Estimate to provide a wider context within which to consider the budget requested for the forthcoming financial year.

4.2 The Board reviewed the draft Estimate and Corporate Plan for 2016-17 in detail and noted, in particular, that:

- Further consideration should be given to the structure of the Estimate; specifically, whether IPSA's project costs (Sub-head C) should be included as a separate sub-head (as in previous years), or whether it would be preferable in terms of transparency and simplicity to include these costs within Sub-head B (IPSA's running costs).
- The Board should be provided with a detailed briefing on what the proposed allocation for FOI Staff Salary Contingency costs (under Sub-head B) relates to, and how the costs under this category have been apportioned in this year's budget to date.
- The Board should be provided with a detailed analysis of the proposed costs under Sub-head A. Specifically, why MPs' travel costs appear to have increased compared to last year.
- The title of each budget line under the various sub-heads should be revised to ensure that it clearly and transparently explains what the costs relate to.
- As with the business case for the IPSA 2017 improvement programme, the Corporate Plan should be revised to articulate how IPSA's planned activities over the coming year will firstly, improve both its services and support to MPs as the regulator of MPs' business cost and expenses and, secondly, provide greater value for money for the taxpayer through its operation as an efficient and effective organisation.

4.3 The Board agreed to receive a revised version of the Estimate and Corporate Plan for 2016-17 in the New Year, for review and approval for submission to SCIPSA.

5. Resources for the Compliance Office - 2016-17

5.1 IPSA's Compliance Officer introduced the report which presented proposals for resourcing for the Compliance Office in 2016-17, for inclusion in IPSA's Estimate. The Compliance officer noted that although the proposals, as approved by the Board, will form part of IPSA's Estimate for 2016-17, the Compliance Officer's independent status requires him to submit proposals for the funding of his office separately from those brought forward for the rest of IPSA's administration.

5.2 The Compliance officer further noted that the incremental reduction in resources since 2010 reflects the work undertaken by IPSA and his predecessors to ensure that, whilst meeting its legislative obligation, IPSA funded an office that more accurately reflected the level of complaints, requests for investigation and reviews that it received.

- 5.3 The Board endorsed the proposals for the resourcing of the Compliance Office in 2016-17, and agreed to their inclusion in IPSA's Estimate for 2016-17.

ACTION: That IPSA's Head of Finance provide the Board with an explanation as to how the net expenses claims for the Compliance Officer could be 'grossed up' to the sum detailed in the report.

6. IPSA's Financial Position and Management Accounts

- 6.1 IPSA's Head of Finance introduced the report which provided an update on IPSA's financial position as at the end of November 2015. The Board reviewed the information contained in the report and noted, in particular, that:

Sub-head A

- 6.2 The year-to-date position is showing an underspend on MPs' business costs and expenses and an overspend against salaries, with a £3.9M underspend overall. This represents an increase of £1M on last month's position. IPSA is forecasting a £31.6M underspend at the year-end, due in part to the contingency that IPSA included as part of the budget calculations for 2015-16.

Sub-head B

- 6.3 IPSA is currently projecting a year-end underspend of £280k, which is a change from the £395k forecast underspend last month. The increase in forecast spending is a direct result of using the available resources to maximise IPSA's capacity by extending temporary and fixed term contracts for the remainder of the year.

Sub-head C

- 6.4 The work on the General Election accounts for £1.487M of this £1.5M budget. For the year-to-date IPSA is reporting an underspend of £175k. There has been continued re-profiling of the forecast, with costs associated with the work on the General Election expected to continue for a longer period than originally forecast. This work includes roadshows and policy events, data cleansing and archiving of records.

Sub-head D

- 6.5 Costs have begun to be incurred following the Court of Appeal's decision. Some initial scrutiny has been undertaken to estimate how much work will be required by IPSA's staff in this area over the course of this year. The forecast year-end position has reduced slightly and it is anticipated that it will be around £229k.

Sub-head E

- 6.6 This £100k budget covers the recruitment to IPSA's Board and of the new Chairman. The first instalment for 50% for the recruitment to the Board has been incurred. The remaining 50% is expected to be called upon in the months ahead.

7. General Election: Regulatory Review

- 7.1 IPSA's Director of Regulation introduced the report which presented the main and, in some cases, emerging findings from the following three reviews that had been undertaken of IPSA's role in the General Election:

- First, a review of MPs' spending in the run up to dissolution, dissolution itself, and in the winding-up period.
- Second, a survey of MPs and their staff which included questions on their experience of IPSA's support to them after the General Election.
- Third, a lessons-learned study which will be used to inform IPSA's preparations for the next General Election, scheduled for May 2020.

- 7.2 The Board noted the provisional findings of each review. It agreed that, once completed, the information should first, be used internally to inform and provide robust evidence for the forthcoming comprehensive review of IPSA's Scheme of MPs' Business Costs and Expenses, and more generally to seek ways to improve IPSA's operation and services for the next General Election. Second, the information should be communicated externally, as necessary, where IPSA has identified areas that could helpfully be improved and where a third party (such as the House of Commons) is involved.

8. Chief Executive's Report

- 8.1 The Chief Executive introduced a paper setting out the organisation's activities since he last reported to the Board in November. He noted, in particular, that following the decision to stay in IPSA's offices at 30 Millbank, the Executive had explored options to sub-let part of the current office space. The Executive is now in the process of defining the costs, the impact and the timeline involved to ensure that the works are managed effectively and with minimum disruption to staff, before the end of the financial year.

- 8.2 The Board noted IPSA's performance in November 2015, and the list of the Chief Executive's and Chairman's meetings with MPs and officials since the last report, including those that the Chief Executive had undertaken since the publication of the agenda.

9. The Board's Programme of Work from December 2015 to March 2016

- 9.1 The Board reviewed and noted its programme of work for the remainder of the financial year.

10. Any other business

- 10.1 The Chairman enquired if there was any other business for report by the Board or the Executive.
- 10.2 The Chairman noted that he and the Chief Executive had met the Deputy Speaker, the Clerk of the House of Commons and others on 3 December to discuss the arrangements in place for funding additional security measures for MPs. It was agreed that IPSA would work jointly with the House and the National Counter Terrorism Security Office (NACTSO) to agree upon a standard package of security measures for MPs that could be claimed without requiring a separate application.
- 10.3 The Chairman and the Chief Executive had further discussed, with the Clerk specifically, the areas of interaction between IPSA and the House of Commons' responsibilities towards MPs and their staff that IPSA had long highlighted as anomalous and which needed to be addressed. It was agreed that a proposal for an independent review of these areas should be put to the Members' Estimate Committee for agreement, having jointly agreed the terms of reference. The report was due to be considered by the Committee on 14 December.

Meeting closed.