



Minute

Minutes of a meeting of the Board Wednesday 26 November 2014

Present	Sir Ian Kennedy, Chairman Sir Neil Butterfield Liz Padmore Anne Whitaker Tony Wright Marcial Boo, Chief Executive Nick Lee, Head of Board and Chief Executive Office	John Sills, Director of Policy and Communications [items 1 – 12] Judith Toland, Director of Operations [items 1 – 12] Head of Communications [items 5 - 8] Policy Manager [item 6] Head of HR [item 13] Senior Management Accountant [items 1 – 4] Head of Operation [item 11] Head of Policy and Strategy [items 5 – 7] FOI Officer [items 5 – 7]
Apologies	Peter Davis, Compliance Officer	
Status	Approved for publication at the meeting of the Board on 10 December 2014	
Publication	Section 7 not for publication	

1. Welcome

1.1. The Chair welcomed the Board to the meeting. He noted, in particular, that:

- Naomi Stauber, who would shortly begin work as Head of Board and Chief Executive Office, was attending the meeting as an observer; and
- Neil Tilley, formerly Facilities Officer, had moved on from IPSA earlier that month to a new role in the City.

Naomi Stauber to arrange for a thank you note from the Board to Neil Tilley.

Declarations of interests

1.2. There were no new declarations of interests.

2. Minutes of previous meetings, action list and matters arising

IPSA/141015/1A – Minutes of a meeting of the Board of IPSA, 11 September 2014;

IPSA/141015/1B – Minutes of a meeting of the Board of IPSA, 15 May 2014;

IPSA/141015/1C – Minutes of a meeting of the Board of IPSA, 23 July 2014;

IPSA/141015/2 – Action list

Note of a Board workshop, 8 October 2014

2.1. The Board approved the note of a workshop of the Board of 8 October 2014, subject to a small number of amendments.

Note of a Board workshop, 15 October 2014

2.2. The Board approved the note of a workshop of the Board of 15 October 2014.

Minutes of a meeting of the Board, 15 October 2014

2.3. The Board approved for publication the minute of a meeting of the Board of 15 October 2014, subject to a small number of amendments.

Naomi Stauber to arrange for the publication of the minutes of a meeting of the Board of 15 October 2014.

Action list

2.4. The Board noted that:

- a further meeting would be arranged to provide a briefing for the chair of the Audit and Risk Assurance Committee on the development of IPSA's reward strategy;
- the Chief Executive would be seeking a meeting with the acting Clerk of the House of Commons before Christmas;
- the Head of Policy and Strategy would, by 8 December 2014, have received written agreement from the Cabinet Office and Parliamentary Contributory Pension Fund trustees to the proposals that IPSA take responsibility for the additional voluntary contribution (AVC) pension scheme for MPs; and
- it would be important, when considering the arrangements for liaison between the Board and MPs, to review all possible mechanisms for doing so including those outside formal meetings.

Naomi Stauber to arrange for the Head of HR to brief the chair of the Audit and Risk Assurance Committee on the development of the reward strategy.

Matters arising

2.5. The Chair noted that proposals for the further development of performance-related pay for IPSA's staff would be considered at the meeting on [xx] January 2015.

2.6. There were no other matters arising.

3. Supplementary Estimate 2014-15

3.1. The Senior Management Accountant introduced a paper setting out the background to the decision whether to seek a Supplementary Estimate for 2014-15. She reported, in particular, that:

- the Board had discussed the issue at its meeting on 15 October 2014;
- there was no risk of IPSA's spending or receiving money outside its ambit;
- based on robust forecasting of expenditure, there were no individual budget controls at risk of overspending; and, therefore,
- she was not recommending that IPSA seek a Supplementary Estimate in 2014-15.

- 3.2. The Board noted that a significant proportion of the projected underspend under subhead D of the Estimate arose as a consequence of the case before the Court of Appeal not being considered until the very end of the financial year.
- 3.3. The Board agreed not to seek a Supplementary Estimate in 2014-15.
- 3.4. The Board agreed to thank the Senior Management Accountant, Director of Policy and Communications, Director of Operations, and Chief Executive for their work to bring IPSA's expenditure into line and avoid its needing to seek a Supplementary Estimate.

Naomi Stauber to revise the draft letter to the Speaker notifying him of the decision not to seek a Supplementary Estimate.

4. Estimate 2014-15

- 4.1. The Senior Management Accountant introduced a paper setting out the proposed process for IPSA's Estimate in 2015-16. She noted, in particular, that:
 - it was proposed that the timetable for work with respect of IPSA's Estimate be brought forward to accommodate both the dissolution of Parliament on 30 March and the Treasury's deadlines for the inclusion of approved estimates within the Appropriations Act; and
 - an initial discussion of IPSA's Estimate at the meeting of the Board on [xx] January 2015 would include a discussion of the organisation's costs.
- 4.2. The Head of Board and Chief Executive Office noted that:
 - the timetable for IPSA's Estimate was a matter for the Speaker's Committee for the IPSA, although it had an obvious interest in ensuring this process was managed smoothly and effectively;
 - the impact on the Board's timetable of work of the proposed change was relatively modest, and the work required could be accommodated within existing resources; and
 - arguably the model proposed (approval of the Estimate before the beginning of the financial year to which it related) was more sensible than that currently adopted and it would be worth considering whether it would be possible to adopt this for future years.
- 4.3. The Board noted that it would be important, early on, to offer a meeting to the lay members of the Speaker's Committee for the IPSA in the process of approving the Estimate for 2014-16.

Naomi Stauber to arrange for an early meeting between the Board and the lay members of the SCIPSA early in 2015.

4.4. The Board agreed:

- to note the proposed changes to the timetable for the 2015-16 Estimate; and
- that it would be important to consider what the fallback position would be were this timetable not to be approved by the Speaker's Committee for the IPSA.

5. Review of the procedures of the Compliance Officer

5.1. The Director of Policy and Communications introduced a paper summarising the findings of the consultation on proposed changes to the procedures and guidance for the Compliance Officer. He noted, in particular, that – following the Board's discussion – a draft report on the consultation would be prepared for approval at the meeting of the Board on 10 December 2014.

Timing of the publication of investigations

5.2. The Director of Policy and Communications noted that:

- the Board had decided to consult on possible changes to the rules governing when the fact of an investigation might be published. In deciding to do so, it had not formed a final view on whether this was an option it wished to pursue;
- A large number of responses had been received from members of the public through a petition and e-mails organised by the campaign group 38 Degrees. The publicity produced by this campaign group had been misleading, suggesting that IPSA would not publish details of investigations and implying that IPSA might publish fewer details of claims as a consequence. Neither of these suggestions was accurate, and despite this being brought to their attention they had failed to put right these misconceptions;
- nevertheless, the campaign organised by 38 Degrees reflected the broader strength of feeling on the issue; and
- the proposed changes were also opposed by statutory consultees, including the Committee on Standards in Public Life, the Committee on Standards and the Parliamentary Commission for Standards.

5.3. The Board noted that:

- while the work of the Compliance Officer was governed by the Parliamentary Standards Act, that did not require that there be a separate assessment phase within the Compliance Officer's procedures;
- the Compliance Officer, notwithstanding having suggested the possible changes, had said he would not be unduly concerned if the proposed changes were not to be implemented; and
- it would be important for the Compliance Officer clearly to set out how the assessment and investigation stages of his procedures would be used in future, so that this distinction could be properly understood.

Peter Davis to provide a memorandum setting out the distinctions between the assessment and investigation stages of his procedures.

5.4. The Board agreed not to change the procedures of the Compliance Officer such that the fact of an investigation would continue, as now, to be published when it was opened.

Hearings

5.5. The Board noted that:

- there had been general support among respondents for the idea that MPs could decide if hearings undertaken as part of an investigation should be in public or not; and
- this would not change the overall level of transparency about an investigation, given that a report would (as now) be published at the end of the process.

5.6. The Board agreed to change the procedures such that MPs subject to an investigation could decide whether they wished a hearing to take place in public.

Procedures for the review of decisions by IPSA not to pay a claim

5.7. The Board agreed in future to publish the procedures for the review of decisions by IPSA not to pay a claim.

Chris Veck to prepare a first draft report on the consultation on changes to the procedures of the Compliance Officer.

6. MPs' employment of connected parties – further safeguards

6.1. The Director of Policy and Communications introduced a paper setting out options for obtaining further assurance with respect of MPs' employment of connected parties, including areas which might be subject to consultation following the General Election. He noted, in particular, that the options proposed reflected a consideration of the resources needed to implement them, as well as the Board's agreement to defer until after the General Election a more thorough review of the potential additional safeguards on the employment of connected parties.

6.2. The Board noted that:

- an option to carry out additional assurance work with respect of MPs' employment of connected parties could be delivered within existing resources;
- options to confirm and enhance the data IPSA already held, and to work with other concerned public bodies to obtain additional data, might well require additional resources or change to existing plans of work;
- there was no clear evidence of wrongdoing with respect to the employment of connected parties by MPs, although nor did IPSA have all the assurance it sought that these provisions were in every case being used appropriately;

6.3. The Board agreed:

- following the election to prioritise work to review to the rules governing the employment of connected parties. Ahead of IPSA's doing so, it would be important not to commit to any particular change in policy;
- ahead of the General Election, at the very least to begin enhanced assurance work with respect of connected parties; and
- having completed that, to consider (taking account of the resources available) whether and when to proceed with further work to improve the data held by IPSA.

7. *Not for publication*

8. Chief Executive's report

8.1. The Chief Executive introduced a paper setting out his work over the previous month. He reported, in particular, that work with respect of IPSA's strategy was moving forward, and a further paper would be circulated ahead of the meeting of the Board on 10 December.

Overpayments

8.2. The Chief Executive reported that:

- the progress made with respect to the recovery of overpayments to MPs provided him with some comfort in this area, although more work would be needed;
- MPs' advance loans, provided at the start of the Parliament, remained in many cases outstanding. This was not yet a cause for concern (not least because they were not yet due) although they would be if progress had not been made by January; and
- with respect of all overpayments, IPSA had a number of options available to it, including the offsetting against expenses claims of those overpayments or their deduction from MPs' salaries. This would be made clear in IPSA's communications to MPs.

MPs' pensions

8.3. The Chief Executive reported that, following a recent valuation received from the Government Actuary's Department, the contribution rate for the MPs' pension scheme which would come into force in May 2015 would increase slightly.

8.4. The Board noted that:

- in common with other public service schemes, this was influenced a number of factors beyond IPSA's control (for example, assumptions about the longevity of scheme members);
- the change was unlikely to be well received by MPs, and the trustees of the Parliamentary Contributory Pension Fund would be briefed on 4 December.

John Sills to circulate the Government Actuary's Department's report on the MPs' pension scheme.

Flat-finder service

8.5. The Chief Executive reported that work was under way to finalise a tender for the introduction of a 'flat finder' service for new MPs.

8.6. The Board noted that:

- this service was unlikely to entail a commission, since commercial agents tended to charge fees to landlords;
- such a service was likely to improve compliance, for example with scheme budget limits;

- it would be for individual MPs to decide whether or not to use such a service; and
- it would be important to encourage MPs to consider alternatives, such as hotels or serviced accommodation, and which might offer better value for money in some circumstances.

Management information

8.7. The Board noted that proposals for improved management information, as well as new qualitative and quantitative key performance indicators, would be brought to the meeting of the Board on [xx] January 2015.

[Note: Naomi, I won't put an action for this but you need to think about how we can put slots into Board meetings for them to receive briefings]

8.8. Governance Committee

The Chief Executive reported that:

- the House of Commons Governance Committee would be taking evidence later that week from IPSA's former Chief Executive, Andrew McDonald;
- the annual survey of IPSA's staff would be completed before Christmas, with the results presented to the Board in the new year;
- work was under way to beginning planning for the forthcoming statutory review on MPs' pay.
- the work already under way with respect of the 2015-16 Estimate would take account of a bottom-up costing of IPSA's functions, for consideration by the Board in the New Year;

8.9 Performance-related pay

The Chief Executive reported that:

- the proposed changes to the performance management system would now not be introduced until 2016, taking account of the work needed ahead of the General Election;

9. Board Forward Agenda

The Head of Board and Chief Executive Office introduced a paper setting out the Board's provisional plan of work for the coming financial year. He noted, in particular, that:

- the proposed plan of work reflected IPSA's current business plans, as well as its priorities around the General Election. These were, by their very nature, subject to change; and
- more generally, the model of policymaking adopted by IPSA reflected a considered model, based on evidence and engagement with the public and other interested parties, which inevitably entailed a relatively high time commitment as a consequence.

The Board noted that:

- it would be helpful, where appropriate, for meetings of the Board to be preceded by workshops and other less formal discussions; and
- the requirement for IPSA to consult on changes to policy arose as a consequence of the legislation under which it was established, and gave it relatively little flexibility despite the obvious cost of the requirement that it should do so.
- The Board agreed to note the proposed forward agenda.

10. Board effectiveness

The Head of Board and Chief Executive Office introduced a presentation setting out progress against the objectives previously agreed by the Board.

The Board noted that:

- more progress needed to be made to ensure that the Board were engaging regularly and effectively with external stakeholders;
- good progress had been made to ensure that the Board had opportunities to meet IPSA's staff, and time to do this was built into the forward agenda of work for 2015-16; and
- it would be important to ensure that the Board continued to focus on operational as well as policy issues.

11. Head of Internal Audit

The Board, sitting as the Audit and Risk Assurance Committee, noted that:

- Linda Everet, formerly Head of Internal Audit, had been appointed as Head of Operations;

- in the light of that, and following discussions between the chair of the Board, the chair of the Audit and Risk Assurance Committee and the Chief Executive, a competition had been launched for a new part-time Head of Internal Audit, to take over these responsibilities; and
- it was nevertheless a matter for the Committee to decide whether it wished to endorse that decision.

11.1 The Committee also noted that:

- IPSA's size, and the requirement that public-sector Heads of Internal Audit be qualified accountants, meant that the rotating posting of colleagues from within IPSA would not be possible; and
- there was likely to be a market for part-time Heads of Internal Audit willing to take on these responsibilities.

The Board agreed:

- to endorse the plans, already agreed in principle by the chair of the Audit and Risk Assurance Committee and chair of the Board, to appoint a part-time (0.5 full time equivalent) Head of Internal Audit to:
 - a) manage the contract with IPSA's co-sourced internal audit service providers, KPMG;
 - b) provide oversight of and support to IPSA's risk management framework; and
 - c) assess the continued effectiveness of the assurance framework.

12. Any other business –

12.1 Head of Board and Chief Executive Office

- The Chair noted that the meeting would be the last attended by Nick Lee as Head of Board and Chief Executive Office, who has moving on to a new role elsewhere.
- The Board agreed to record its thanks to Nick for his work over the past 4 ½ years.

End of Meeting