

Minutes of the IPSA Board Meeting – Tuesday 19 July 2011: 2.30pm – 5.30pm

Present: Sir Ian Kennedy (Chair)
Sir Scott Baker
Isobel Sharp
Jackie Ballard
Ken Olisa

Andrew McDonald (Chief Executive)
John Sills (Director of Policy) [until item 11]
Martyn Taylor (Head of Governance) [until item 11]
Scott Woolveridge (Director of Operations) [until item 11]
Anne Power (Director of Communications) [until item 11]
Victoria Elliott (Change Manager) [until item 11]
Bob Evans (Director of Finance) [until item 11]

Tony Lord (Head of Policy) [until item 5]
Jo Blake (Deputy Director of Operations) [item 5]

Nick Lee (Board and Chief Executive Office)
Kiran Virdee (Board and Chief Executive Office) [until item 11]

Apologies: None.

1. Welcome

1.1. The Chair welcomed the Board and members of the Executive.

2. Minutes and matters arising

Papers: IPSA/190711/1A- 1B: Minutes; Ongoing Actions

- 2.1. The minutes of the 21 June Board meeting were approved for publication, subject to a number of minor corrections.
- 2.2. The Board noted that the actions at item at paragraph 3.10 would be discussed at item 10 on the agenda.

3. Pay and pensions

Papers: IPSA/190711/2 – Pay and Pensions: covering note; IPSA/190711/3 – Review of MPs' pay; and IPSA/190711/4 – MPs' pension arrangements.

- 3.1. Jackie Ballard registered an interest as an inactive member of the Parliamentary Contributory Pension Fund (PCPF).
- 3.2. The Head of Policy noted that while this was the first time that the Board had considered MPs' pay and pensions, the papers circulated reflected input from the Board at the recent strategy discussion. Following the Board's consideration of the issue, a further work plan would be presented at the Board's next meeting in September.
- 3.3. The Head of Governance introduced a paper setting out a proposed approach to and timescale for the review of MPs' pay and pensions.

Pay

- 3.4. The Board considered IPSA's approach to the review of MPs' pay and agreed that this might include:
 - engagement with the public;
 - the nature of an MPs' work, and comparisons with similar professions and public-sector roles;
 - comparisons internationally and as regards the devolved assemblies in the UK;
 - consideration of changes to Westminster constituencies (e.g. in terms of size);
 - surveys of the public and of MPs;
 - engagement with the House of Commons' Procedure Committee;
 - possible consideration of outside earnings and length of service as factors in any settlement; and
 - questions of phasing.

Pay freeze

- 3.5. The Board agreed that the current public sector pay freeze provided an opportunity for it to take time to consider carefully the question of MPs' remuneration. It noted that while it was not bound to observe this pay freeze, it was minded to abide by it.

Role of an MP

- 3.6. The Board reaffirmed its view that it is for MPs and not IPSA to define the role of an MP.

- 3.7. The Board agreed that further research should be undertaken before it decided in September what work should be commissioned from outside bodies.

Senior Salaries Review Body

- 3.8. The Board agreed that the Senior Salaries Review Body should be consulted in their capacity as statutory consultees, but that there was no need at this stage for IPSA to engage them to carry out more detailed work.

Pensions

- 3.9. The Head of Policy noted that the Leader of the House had now laid a Written Ministerial Statement before Parliament and that this asked IPSA to introduce a new scheme by April 2015. He also noted the presumption in that statement that IPSA would increase MPs' pension contributions in the meantime.
- 3.10. The Board noted the scope of IPSA's responsibilities regarding the pension scheme, and particularly the distinction between that of management of the fund (which fell to the Parliamentary Contributory Pension Fund's trustees) and that of setting the scheme itself.
- 3.11. The Board agreed that it was important where necessary for IPSA to engage external independent experts in considering any changes to the MPs' pension scheme.
- 3.12. The Board noted the practical difficulties arising from introducing any interim measures in April 2012.
- 3.13. The Board agreed that it would not be proper for it to take a view on such questions in advance of IPSA's powers on MPs' pensions being commenced. It therefore agreed to consider any question of an interim measure after its powers had been commenced.

PCPF's trustees

- 3.14. The Board noted the unusual status that would be enjoyed by an IPSA nominee to the Parliamentary Contributory Pension Fund trustees. It further noted the legal responsibilities and skills needed by anyone occupying such a position.

Timescale

- 3.15. The Board approved the following provisional timescale for the work:
- September 2011 – March 2012: research; informal discussion with interested parties; actuarial advice; surveys of public and of MPs;
 - April 2012 – July 2012: early findings; public engagement exercise; formal consultation;
 - August 2012 – October 2012: presentation of findings and recommendations;
 - March 2013 – first stage of new scheme of MPs' pay and pensions in place [if judged appropriate]; and

- May 2015 – second stage of new scheme of MPs’ pay and pensions in place [if necessary].

3.16. The Board agreed to further detailed discussion of the issue in the autumn.

4. Triangular journeys

Paper: IPSA/190711/4 – Triangular journeys

4.1. The Head of Policy noted that IPSA’s existing rules on travel precluded MPs claiming for the costs of journeys where they took a circuitous route for purposes other than their parliamentary functions. He further noted that although there was a risk of unfairness under the current interpretation of the rules, they had the merit of being clearly understandable.

4.2. The Board agreed that a solution should be established and that:

- the solution should be transparent, subject to a clear audit trail and as straightforward as possible;
- the solution should be drawn up having taken advice from HMRC and from the National Audit Office;
- the solution should involve a mechanism to establish ways for paying for regular journeys and to allow triangular routes only for such journeys;
- IPSA should require in all cases clear evidence of costs actually incurred before paying a claim; and
- the solution should be mindful of the need to avoid imposing a burden on IPSA or on MPs, and that if the solution were to become burdensome the Board would want to revisit its decision.

5. Planning for a general election

Paper: IPSA/190711/06 – General election planning

5.1. The Deputy Director of Operations introduced a plan for the handling of the next general election, containing two elements – a plan setting out how IPSA would be preparing for a general election and a plan setting out how IPSA would respond when Parliament was dissolved for an election.

5.2. The Chief Executive noted that the estimated costs mostly arose from staffing and that the team would be carrying out further work in order to assess the costs in greater detail. This would include exploring the possibility of working more closely with the House of Commons (who had not yet started planning for the next general election).

5.3. The Board welcomed the plan, and the work already undertaken. It agreed that publication of MPs’ claims should be suspended as soon as an election was called.

6. Report on a visit to the Scottish Parliament

Paper: IPSA/190711/07 – Visit to the Scottish Parliament

- 6.1. The Board noted a report from the Director of Operations on a recent visit to the Scottish Parliament.
- 6.2. The Board noted in particular the following practices adopted by the Scottish Parliament:
 - if fixed-term Parliaments were to become law, then IPSA might wish to consider close scrutiny of MPs' expenditure on larger items in the months in advance of an election, in order to avoid claims for party-political costs;
 - the number of procurement specialists cited in the report reflected those working on behalf of the Scottish Parliament as a whole, and not just MSPs;
 - MSPs' salaries were set at 78.5% of those of MPs, and that therefore IPSA would need to make the Scottish Parliament (and Welsh Assembly) aware of its review of MPs' pay and pensions; and
 - the Scottish Parliament had taken a contrasting approach to the publication of 'not paid' claims.
- 6.3. The Board noted that Jackie Ballard would seek to visit the Northern Ireland Assembly as part of a visit to Northern Ireland (unrelated to IPSA) in October.

7. Corporate plan and Key Performance Indicators

Paper: IPSA/190711/8 + Annexes A & B – IPSA corporate plan and KPIs

- 7.1. The Change Manager introduced a paper on IPSA's strategy, vision and values and corporate delivery plan. She noted that, once approved, the plan would be published over the summer and reviewed as part of the 2012/13 business plan cycle in autumn 2011.
- 7.2. It was agreed that:
 - the distinction between parliamentary expenses and business costs should be clear in the document;
 - its commitment to a regular review of the *MPs' Expenses Scheme* did not mean that such a review would necessarily happen each year;
 - when next reviewing the statement of vision and values, IPSA should consider whether it should explicitly mention confidence in IPSA among MPs; and
 - if possible, a means should be established to identify a reliable measure of the time taken by MPs to claim expenses.

- 7.3. The Board also asked for a schedule setting out undertakings made by IPSA and its progress against those commitments.
- 7.4. The Board approved the strategy, vision and values, corporate plan and KPIs for publication once the proposed amendments had been taken into account.
- 7.5. The Board agreed that the Key Performance Indicators (KPIs) should be divided into top-level KPIs and others. It would be the former that would be reported to the Board.

8. Finance Report

Papers: IPSA/190711/9 – Finance report

- 8.1. The Director of Finance introduced the regular Finance Report and noted the current high rates of expenditure on the MPs' expenses budgets, particularly on staffing. He noted that while this high rate of spending did not suggest that IPSA would exceed its budget for 2011/12, it would lead to an overspend against target.
- 8.2. The Board noted the Finance Report.

9. Chief Executive's report

Papers: IPSA/190711/10 – Chief Executive's Report; IPSA/190711/13 + annexes A – H – Board update

- 10.1. The acting Chief Executive reported on continued work to maintain IPSA's performance:
 - In June, IPSA validated 95% of reimbursable claims within twelve working days, the majority of which were processed within eight working days.
 - In June, IPSA received around 565 calls a week from MPs and answered 47% of these within 20 seconds.
 - In June, IPSA received around 430 emails a week, 89% of which were handled within five working days in June.
 - In June, Payroll accuracy stood at 99.86% - in line with previous months.
 - Performance in validation remains good, although volumes are currently extremely high. Time to process currently stands at 7 days for all claims and 6 days for claims for reimbursement.
 - On 7 July, IPSA published the latest cycle of expenses. These included 18,000 claims (with a value of £2.1m) paid in March. IPSA have now published 124,230 claims with a total value of £16m since May 2010 and will be publishing MPs' annualised expenditure on 21 July.
- 10.2. The Board noted the Chief Executive's report.

Public Accounts Committee

- 10.3. The Board noted and commended the strong performance of the Director of Operations and the Director of Finance at the recent meeting with the Public Accounts Committee.
- 10.4. The Board expressed concern at the PAC's notion that 100 'phone calls per day was indicative of a failure to provide a proper service to MPs. It also expressed concern that the NAO's figure, showing a notional cost of £2.4m to MPs and their staff in dealing with claims, could be misunderstood.

Key performance indicators

- 10.5. The Board noted that it had agreed, if appropriate, to retain the KPI relating to the Crystal Mark at the last meeting.

11. Compliance

- 11.1. The Board noted that the papers discussed at the previous meeting would not now be considered until after 17 August.

12. Appraising the Board's performance

Papers: IPSA/210611/14 – Appraising the Board's performance

- 12.1. It was agreed that, in view of the time available to the Board, this item should be considered at its next meeting.

13. Any other business

None.

Meeting closed