

Minutes of the IPSA Board Meeting – Tuesday 20 September 2011: 2.30pm – 5.30pm

Present:	Sir Ian Kennedy (Chair)	Martyn Taylor, Compliance Officer [items 8, 12]
	Sir Scott Baker	
	Isobel Sharp	Mark Anderson, Communications Manager [items 3, 6]
	Jackie Ballard	Louise Edwards, Policy Manager [items 4, 5, 6, 8]
	Ken Olisa	Tony Lord, Head of Policy [items 4 – 6]
	Belinda Brown, Head of Performance and Change [item 2]	Lucy Pickering [items 4 – 6]
	Bob Evans, Director of Finance [items 2 - 7]	Linda Hews, Head of Assurance and Review [item 7]
	Anne Power, Director of Communications [items 2 – 6]	Nick Lee, Board and Chief Executive Office
	John Sills, Director of Policy [items 2 – 9]	Kiran Virdee, Board and Chief Executive Office
	Scott Woolveridge, Acting Chief Executive	

Apologies: Andrew McDonald, Chief Executive
Jo Blake, Deputy Director of Operations

1. Welcome

- 1.1. The Chair welcomed the Board and noted that apologies had been received from Andrew McDonald, who would be returning to work on 26 September.
- 1.2. Jackie Ballard reported that she would be taking a sabbatical from Action on Hearing Loss and will be out of the UK during January and February 2012.

2. Minutes and matters arising

Papers: IPSA/200911/1A- 1B: Minutes; Ongoing Actions

- 2.1. The minutes of the 19 July Board meeting were approved for publication, subject to a number of minor corrections.

2.2. The Head of the Board and Chief Executive Office reported that all ongoing actions were on track.

3. Committee on Members' Expenses

Papers: IPSA/200911/3+ annexes A – D – Committee on Members' Expenses;

3.1. The Director of Policy introduced a paper setting out IPSA's proposed approach to the Committee on Members' Expenses (CME). He reported that:

- he and the Chair had given evidence to the CME the preceding week;
- a first draft of IPSA's written evidence would be circulated to the Board on 29 September; and
- the Chair, the Chief Executive and Director of Policy would be appearing before the Committee on 25 October.

3.2. The Board noted that:

- they had been surprised by the Committee's approach to the evidence session on 15 September in providing very little notice of the detailed questions they wished IPSA to address;
- the Committee had a clear brief to consider specific issues, and that IPSA's evidence should focus on those issues.

3.3. The Board agreed that IPSA's evidence to the Committee should:

- be underpinned by strong evidence;
- encourage the Committee to consider and understand the complexities of the issues with which IPSA has to deal;
- be clear about the importance of the concept of value for money and, in particular, the value of public confidence in Parliament;
- include a clear exposition of the concept of public confidence; and
- reflect IPSA's achievements in creating a fair, transparent and accountable Scheme which was already having a positive impact on public confidence.

3.4. The Board also agreed that the forthcoming consultation on the *MPs' Expenses Scheme* would be an opportunity to take account of the Committee's views on any matters of policy.

4. Annual review of the *MPs' Expenses Scheme*

Paper: IPSA/200911/3 – Proposed areas for consultation;

4.1. The Assistant Policy Manager introduced a paper setting out the areas for consideration as part of the forthcoming review of the *MPs' Expenses Scheme*.

She noted that the last consultation on the *MPs' Expenses Scheme* had taken place in January and February 2011. Since then, IPSA had received largely positive feedback on the third edition. She also noted that some of the negative feedback identified by the recent NAO survey tended to reflect MPs' experience of the second edition of the Scheme.

- 4.2. The Assistant Policy Manager noted that, apart from MPs' staffing (which would be a major focus), the proposed review would consider four key areas:
 - omissions from the Scheme;
 - changes based on further feedback from MPs and their staff;
 - changes based on further feedback from IPSA staff; and
 - anomalies within the Scheme needing correction.
- 4.3. The Board agreed that the review should consider the question of an interim measure on resettlement grants in advance of a long-term decision on this issue as part of IPSA's work on MPs' pay and pensions.
- 4.4. The Board agreed to consult on, among other items:
 - a proposal that the rules should be changed so that, in exceptional circumstances, a constituency office under the Scheme did not need to be located within the constituency or within 20 miles of its boundary;
 - the question of whether IPSA should centrally procure and fund insurance for legal costs arising from MPs facing employment tribunals; and
 - what, if any, political activity could be paid for from public funds and what implications this would have for the rules governing, for example, MPs' websites.
- 4.5. The Board agreed that IPSA should continue to enforce a rule whereby expenses must ordinarily be claimed within 90 days of the cost in question being incurred. The Board also agreed to retain the existing rule on the seven-day deadline for the submission of evidence, and that consequently neither of these should be subject to consultation.
- 4.6. The Board noted that a further policy review of the resourcing of MPs' offices and accommodation would be carried out in 2012/13.
- 4.7. The Board also agreed that the consultation document should take account of recommendations made by the Public Accounts Committee in its forthcoming report.

5. MPs' staffing: Emerging findings

Paper: IPSA/200911/4 + annexes A – C – Staffing review: proposals for consultation

- 5.1. The Policy Manager introduced a paper setting out the issues around MPs' staffing on which it was proposed to consult as part of the forthcoming review of

the Scheme. She noted that the fact of consulting on these changes now did not necessarily imply that they would be implemented in April 2012.

- 5.2. The Policy Manager noted that a central question in the consultation would be IPSA's role in relation to MPs' staff.
- 5.3. The Board agreed:
 - that it was important that it reconsidered the assumptions arising from the earlier report put forward by the SSRB on MPs' staffing;
 - that it was important to understand what MPs' staff did and the nature of their work, in order to understand the numbers of staff needed; and
 - that it was important that there should be transparency as to the nature of the duties carried out by MPs' staff.
- 5.4. The Board noted that although the Committee on Standards in Public Life was currently carrying out work on political funding, this work was largely separate from that being carried out by IPSA. IPSA had met and discussed its work with the CSPL.
- 5.5. The Board agreed not to consult on the central employment of MPs' staff by an agency or by IPSA but that all other options should be considered as part of the consultation. The Board agreed that those proposals should be included in the draft consultation on the Scheme.

6. Reviewing MPs' pay and pensions

Paper: IPSA/200911/5 + annexes A – J – Reviewing MPs' pay and pensions

- 6.1. The Head of Policy introduced a paper setting out the work already undertaken on MPs' pay and pensions, the proposed terms of reference and the proposed scope of the forthcoming review. The Board also considered a paper on IPSA's proposed nomination to the Parliamentary Contributory Pension Fund (PCPF) trustees and the proposed timescale for IPSA's work on MPs' pay and pensions.
- 6.2. The Board noted the recent polling carried out by IPSA which suggested that most of the public had the right idea of what MPs were paid and that there was a clear preference for pay comparisons with public-sector jobs.
- 6.3. The Board agreed the importance of public engagement throughout the process of the review and of communicating the timescale for the work early to avoid raising expectations .
- 6.4. The Board agreed the terms of reference of the review, subject to a number of minor amendments. It noted that it has the power but not necessarily a duty to give uplifts to committee chairs but agreed that this question should form part of the review.
- 6.5. The Board agreed that a member of IPSA's Executive, to be determined by the Chief Executive, should be appointed as IPSA's trustee on the PCPF, but that this

appointment should be kept under review so that the workload did not unduly interfere with the day-to-day responsibilities of the nominee.

- 6.6. The Board agreed that, in considering whether to provide resettlement grants in the longer term, it should consider carefully the circumstances of MPs leaving Parliament. The Board noted its earlier decision to consult on an interim measure as part of the forthcoming review of the *MPs' Expenses Scheme*.
- 6.7. The Board approved the proposed timescale for the review and the consequent communications plan.

7. Risk-based validation and copy evidence

Papers: IPSA/200911/6 – Risk-based validation; IPSA/200911/7 – Acceptance of copy evidence

Risk-based validation

- 7.1. The Acting Chief Executive reported on the recent trial of an alternative, risk-based approach to validation. He noted that:
 - IPSA currently checks all claims, regardless of their value or the risk attached to them;
 - on the basis of its experience since the election, IPSA was now in a much stronger position than before to identify riskier claims;
 - work was now underway to establish whether this alternative approach would provide the same or improved assurance and what efficiencies it might deliver; and that
 - the findings of the initial trials suggested that risk-based validation had the potential to produce the same outcome in less time, while generating fewer enquiries.
- 7.2. The Board agreed to note the report and that the Acting Chief Executive should bring forward a full proposal for risk-based validation. The Board also agreed that:
 - the proposal should include a clear documented description of the underlying processes as well as commentary from IPSA's auditors;
 - the proposal should address the concern that erroneous or incorrect payments had the potential to cause reputational damage to IPSA and to MPs; and
 - the proposal should address possible alternative approaches, including the extent to which it may be possible to use algorithms to identify higher-risk claims.
- 7.3. The Board also noted that the communication of any change in IPSA's approach to validation would need to be considered carefully.

Copy evidence

- 7.4. The Acting Chief Executive introduced a paper proposing that IPSA should alter its evidence requirements such that copy evidence could be accepted in support of claims. He noted that the risk implications of such a move would be very low.
- 7.5. The Board agreed that IPSA's evidence requirements should be altered so that they state that the evidence provided to support a claim should ordinarily be the original and that the Acting Chief Executive should issue to validators guidance on those circumstances where copy evidence may be accepted.

8. Compliance Officer Procedures: Draft consultation

Papers: IPSA/209911/7 + annexes A - D – Compliance Officer Procedures for investigation

- 8.1. The Policy Manager introduced a paper proposing a consultation on revised procedures for the Compliance Officer. She noted that, after some six months of experience, the purpose of the revised procedures was to streamline the procedures of the Compliance Office and to remove unnecessary elements of the existing procedures. She noted, in particular, that:
 - the revised procedures, if adopted, would simplify the investigatory process into two principal stages (from the current three);
 - the consultation contained a number of options with respect to when details of investigations should be published;
 - risk and proportionality would, if the revised procedures were adopted, become the overarching means of assessment; and that
 - the revised procedures, if adopted, would require the Compliance Officer to explain his reasoning to a complainant in the event that he decided not to open an investigation.
- 8.2. The Compliance Officer reported that, on consideration, he was in favour of the publication at the start of an investigation of the name of the MP(s) under investigation and the general nature of the investigation in question. The Board agreed that this should form an option in the consultation document.
- 8.3. The Board agreed the consultation document, subject to a number of minor amendments, and that these procedures should be subject to separate consultation from the forthcoming consultation on the *MPs' Expenses Scheme* in order to implement the changes at an earlier date. The Board noted that it would be considering the final proposals for the revised procedures for the Compliance Officer at its meeting in January 2012.

12. Compliance Officer's Report

Papers: IPSA/200911/12 – Compliance Officer's report

12.1. The Compliance Officer introduced his regular report to the Board and noted, in particular, that:

- he had already created savings within the resourcing of the Compliance Office;
- much of his current workload arose from complaints received and investigations that had begun before he took office;
- he intended to publish the outcome of many of those investigations on 11 October; and that
- he would be meeting with the Speaker's Committee for the IPSA, alongside the Chair, on 12 October and that he expected to appear before the Committee on Members' Expenses on 18 October.

12.2. The Board noted the Compliance Officer's report and thanked him for taking on the role on an interim basis.

12.3. The Board noted that it would consider the recruitment of the Compliance Officer's successor at the Board meeting on 4 October and asked the Compliance Officer to recommend to the Chairman by way of a memorandum the skills and experience he believes should be sought in his successor.

9. Use of constituency resources

Papers: IPSA/200911/8 – Use of constituency resources

9.1. The Board agreed to consider by correspondence the paper by the Head of Assurance and Review on the use of constituency resources.

10. Financial report

Papers: IPSA/200911/9 + annexes A and B – Financial report

The Board agreed to carry over the Financial Report to its meeting on 4 October.

11. Chief Executive's report

Papers: IPSA/200911/10 – Chief Executive's report; IPSA/200911/11 + annexes A – H – Board update

The Board agreed to carry over the Chief Executive's Report to its meeting on 4 October.

13. Any other business

None.

Meeting closed.