



Minute

Minutes of a meeting of the Board of IPSA Tuesday 7 February 2012, 2.30pm

Present	Sir Ian Kennedy (chair) Sir Scott Baker Jackie Ballard Ken Olisa Isobel Sharp [by telephone] (items 1 – 3.21) Andrew McDonald, Chief Executive Bob Evans, Director of Finance and Corporate Services Anne Power, Director of Communications (item 3) John Sills, Director of Policy Victoria Elliott, Acting Head of Performance and Change (item 4)	Nick Lee, Head of Board and Chief Executive Office Kiran Virdee, Assistant Private Secretary Mark Anderson, Communications Manager (item 5) Louise Edwards, Policy Manager (item 3) Karen Hennessy, HR Manager (item 3) Tony Lord, Head of Policy (items 3, 5) Lucy Pickering, Assistant Policy Manager (item 3)
Apologies	None.	
Status	Final for publication.	
Publication	Approved for publication.	

1. Welcome

- 1.1. The Chair welcomed the Board to the meeting, which was additional to the Board's routine monthly meeting and which had been scheduled specifically to consider the recommendations arising from the recent consultation on the *MPs' Scheme of Business Costs and Expenses* and to review a first draft of IPSA's corporate plan and estimate for 2012/13.
- 1.2. The Chair noted that it would be the last Board meeting attended by Kiran Virdee, who had been providing support to the Board since its establishment. The Board agreed to record its thanks to Kiran, who had also contributed to IPSA's successfully achieving its key performance indicator for Freedom of Information requests for a full twelve months.

2. Minutes of previous meetings and matters arising

IPSA/070212/1A – C: Minutes, 17/01/12, 23/01/12, 30/01/12;
IPSA/070212/1D: Action list

Minutes of previous meetings

- 2.1. The Board approved the minutes of the meeting of 17 January 2012 for publication, subject to a small number of minor amendments.

Louise Edwards to identify alternative title for "ex-gratia" payments

- 2.2. The Board approved the minutes of the meeting of 23 January 2012 for publication, subject to a small number of minor amendments.
- 2.3. The Board approved the minutes of the meeting of 30 January 2012 for publication, subject to a small number of minor amendments.

Matters arising

- 2.4. The Board noted that the claim from the House's insurers for costs arising from the previous recall of Parliament had now been settled and that IPSA expected to receive reimbursement for the sum agreed.

MPs' pensions

- 2.5. The Chair reported that following the Board's meeting on 30 January 2012, at which it had approved for publication the draft consultation on MPs' pension contributions, he had received a request from the Chair of the Trustees of the Parliamentary Contributory Pension Fund (PCPF) for additional time for them to consider their response.

- 2.6. The Director of Finance and Corporate Services noted that the grounds for this request were that the Trustees wished to have additional time to consult MPs, which was otherwise limited by MPs' non-availability as a consequence of the parliamentary recess.
- 2.7. The Board noted that, if the Trustees were to be allowed until Monday 5 March 2012 to provide their response, this would still provide sufficient time for the Board to consider the outcome of the consultation and reach a final decision on changes (if any) to MPs' pension contributions.
- 2.8. The Board agreed that, in the circumstances, the Trustees of the PCPF should have additional time to provide their response to the consultation, but that, subject to this exception, the consultation should nevertheless close, as planned, on 29 February 2012.

Nick Lee to reschedule Board conference call to consider the outcome of the consultation on MPs' pensions.

3. Review of the *MPs' Scheme of Business Costs and Expenses*

IPSA/070212/2 and annexes A + B: Annual Review of the Scheme - recommendations; IPSA/070212/3 and annex A: Staffing budget – costs and choices

Party-political activity

- 3.1. The Board noted that:
- it was important that safeguards were in place to avoid incumbents enjoying an unfair advantage, but that it was difficult to differentiate between those advantages that were unfair and those which naturally arose from incumbency; and
 - while it was important that general principles were set out, a list of proscribed activities was likely to be easier and less burdensome to administer.
- 3.2. The Board agreed to adopt the items proposed in the Board paper as *examples* of items that are not considered as necessary for the performance of parliamentary functions, and that these examples should be included in the guidance to the *MPs' Scheme of Business Costs and Expenses*.

Job descriptions and pay bands

- 3.3. The Policy Manager reported that a range of responses had been received to the consultation question on this issue, and that many of them argued for a more flexible

approach. The HR Manager noted that a more flexible approach would also be less resource intensive for MPs and IPSA.

- 3.4. The Board agreed that IPSA should retain mandatory job descriptions and pay bands, but that these should be adapted to a picklist model so as to offer greater flexibility and choice.

Central recruitment

- 3.5. The Policy Manager noted that the question on centralised recruitment and performance management had evinced an overwhelmingly negative response, suggesting that it might be unwise to pursue this in the face of the strength of the opposition from MPs and their staff, not least given the possible cost implications and the absence of any compelling argument to the contrary.

- 3.6. The Board agreed that IPSA should not explore offering a centralised system of recruitment or other management processes.

Phased increases to salaries

- 3.7. The Board noted that:

- some 12% of MPs' staff (all of whose employment had begun in the previous Parliament) were currently paid below the IPSA-mandated pay band;
- subject to the need to stay within budget, it was already open to MPs who employ staff paid below the mandated pay band to increase their salaries to bring them into line with IPSA's pay bands; and
- there was limited interest among MPs themselves in an increase in budgets solely to allow them to bring staff employed pre-IPSA into line.

- 3.8. The Board agreed that IPSA should not provide an increase in staffing budgets for MPs who employ staff on contracts from the last Parliament and are paid beneath IPSA's pay bands. Instead, individual MPs would continue to be able to agree any such pay rises within their staffing budget.

Staffing budgets for London-area MPs

- 3.9. The Board noted that:

- unlike MPs with non-London-area constituencies, all of the staff of London-area MPs were employed in London, where the pay bands were set higher than in the rest of the UK; and

- if the cost of employing staff working in London (whether for London area MPs or non-London area MPs) were to be met from a central pot, there was a risk that this might provide a perverse incentive to employ staff in London rather than elsewhere.

3.10. The Board agreed that IPSA should increase the staffing budget for MPs in London and Greater London area by 5% so as to recognise the higher London-based salary ranges and provide them with more flexibility to employ staff within them.¹

Redundancy for MPs' staff

3.11. The Board noted that:

- paying departing staff statutory redundancy and no more, as the Scheme currently provides, was relatively uncommon in all sectors of the economy;
- some MPs had expressed concern that the current policy on redundancy risked creating a perverse incentive for staff to resign in advance of an election because it offered them little incentive to stay if, in the event, the MP employing them lost his or her seat; and
- it would be relatively straightforward to amend the contracts of existing staff so as to reflect any change.

3.12. The Board agreed to increase the redundancy package for MPs' staff on IPSA's contracts to double the statutory provision currently provided.

Support for MPs' staff

3.13. The HR Manager noted that there was strong demand from MPs' staff for greater HR support.

3.14. The Board agreed that:

- it was not IPSA's role to provide detailed HR support to MPs and their staff;
- insofar as existing resources allowed, further guidance should be provided to MPs' staff, not least by encouraging them to use the House of Commons Personnel Advisory Service and ACAS; and
- the question of HR support for MPs' staff should be considered at the next meeting of the IPSA-MP liaison group.

¹ One Board member dissented.

Central internship fund

3.15. The Board noted:

- it had previously considered the question of internships and concluded that IPSA should be neutral on the issue within the bounds of employment law;
- some responses to the consultation had suggested that IPSA should do more to assist the use of internships in this area;
- IPSA already supported Social Mobility Foundation internships through its payroll; and
- there were a number of groups that already provided support for internships.

3.16. The Board agreed:

- IPSA should continue to work with schemes such as the Speaker's Parliamentary Internship Fund and Social Mobility Foundation in order to provide practical assistance; and
- IPSA should not provide new or additional funding for internships, since funding was already available from MPs' staffing budgets and from other sources.

Staffing budget

3.17. The Policy Manager noted that:

- the response to the proposal that budgets should be based on social deprivation had been widely criticised by respondents to the consultation;
- evidence suggested that the workload of MPs' offices had increased since the last assessment of MPs' staffing was carried out by the Senior Salaries Review Body and PricewaterhouseCoopers in 2007; and
- evidence also suggested that current budgets only provided limited scope for pay progression.

3.18. The Board noted that:

- the staffing review had included a number of visits to MPs' offices, the evidence of which suggested that the workload of MPs' staff was putting strains on existing staff;
- the staffing review had also included an exercise which suggested that the figure of 3.5 FTE was no longer relevant;

- the burden on MPs had, if anything, increased as a consequence of public-sector cuts – not least with cuts to services such as the Citizens Advice Bureaux; and
- the staffing review also suggested that the current model used to inform budgets did not accurately reflect how many staff MPs employed.

3.19. The Board agreed that, subject to further consideration of the impact of its decision on its Estimate for the forthcoming financial year:

- in the light of the evidence it had seen of the growing workload for MPs' staff, a complement of 4 FTE would be more appropriate;
- calculations for MPs' staffing should be based on a complement of an Office Manager, a Senior Parliamentary Assistant and two Caseworkers.
- it should consider increasing the percentile of pay ranges on which the budget was currently set in the light of further data setting out the options for doing so.²

Louise Edwards to set out the options for increase the percentile of pay ranges on which the budget should be set, for further consideration by the Board.

Staffing and Office Costs Expenditure budgets

3.20. The Board agreed that MPs' expenditure on staffing and on office equipment should be regarded as distinctive and that, therefore, IPSA should not merge the staffing and Office Costs Expenditure budgets.

Staffing budgets

3.21. The Board noted:

- full take up of all the recommendations being considered by the Board would result in an increase in a 24% year-on-year increase in the cost of MPs' staffing;
- some had argued that it would be inappropriate, given the economic situation, to propose any increase and that if IPSA took this position it should seek to explain it clearly to the public and to MPs and their staff;
- it was ultimately a matter for the Speaker's Committee for the IPSA either to approve or modify IPSA's Estimate; and
- the figures discussed reflected maximum expenditure not likely outturn (which would be driven by MPs' uptake).

² One member of the Board indicated dissent to all of the items agreed at paragraph 3.19.

Bob Evans/Louise Edwards to develop costings so as to show the impact of the Board's decisions on questions of policy in the context of IPSA's Estimate.

Office Costs Expenditure budget

3.22. The Assistant Policy Manager noted that:

- in its last review of the Scheme, the Board had agreed to merge the General Administrative Expenditure and Constituency Office Rental Expenditure budgets;
- this budget, although now amalgamated, had not changed to take account of inflation or of increasing energy costs.

3.23. The Board agreed to increase the Office Costs Expenditure by 3.1%. This was the midpoint between the CPI annual inflation figure for December 2011 (4.2%) and the Bank of England forecast for March 2013 (2.0%).

Websites

3.24. The Board agreed that the current prohibition barring referendum campaign material from appearing on IPSA-funded websites should remain, but that this policy should be reviewed again in due course.

3.25. The Board agreed that the current restriction barring MPs from using party-political logos on IPSA-funded websites should be removed.

3.26. The Board agreed that IPSA should not allow MPs to claim for websites with other party-political content.

MPs' staff – office and travel expenses

3.27. The Board agreed to remove the restriction currently in place so as to allow MPs' staff who live more than 20 miles from the constituency and who regularly work from home to claim office and travel expenses on a similar basis to those who live closer to the constituency boundary.

Accommodation budget

3.28. The Board agreed that:

- London-area accommodation remained affordable within the current budget, and that therefore this did not need to be increased though it should be kept under review;

- the sum available for associated expenditure with respect to accommodation should be increased by 3.1%, for the same as reason as that for office costs expenditure;
- the budget for accommodation at Band E should be increased by £500 to compensate for the current anomaly whereby MPs renting at this level have a smaller amount available for associated expenditure; and
- MPs who lost their seat and stood down should be allowed to claim for the associated expenditure on a property formerly required for their parliamentary functions for up to two months after leaving Parliament through the Winding Up budget.

London Area Living Payment

- 3.29. The Board agreed that the London Area Living Payment and Outer London Area Living Payment should remain unchanged at £3,760 and £5,090 respectively.

Winding Up budget

- 3.30. The Board agreed to make explicit in the Scheme that those MPs who had previously been entitled to claim disability or security assistance were entitled to claim for such assistance during the winding up period.

Late-night taxis

- 3.31. The Board noted that there was limited demand among MPs for the limit on late-night taxi claims to be raised from £80 (as now) to £150, in line with the limit for a London-area hotel.
- 3.32. The Board agreed not to change the limit on claims for late-night taxis.

Interim resettlement grant

- 3.33. The Board noted that:
- the solution proposed was unlikely to be needed and would only apply in the event of an election taking place before that due to take place in 2015 under the Fixed Term Parliaments Act; and
 - there was significant concern among MPs about the issue, not least because they currently did not have access to the equivalent of statutory redundancy.
- 3.34. The Board agreed that an interim scheme for a resettlement grant along the lines of that available in the Welsh Assembly (consisting of the equivalent of one month's pay per year of service up to six months) should be available to MPs who lose their seats

after standing at an election, making their position consistent with that of other legislators in the UK.³

Costs arising from recalls of Parliament

3.35. The Board agreed to introduce a rule to allow MPs to claim for costs arising from a recall of Parliament. Where international travel was involved there should be a limit on the total claim to a maximum of £3,750.

Claims during an election period

3.36. The Board noted that:

- the former scheme operated by the House of Commons did not allow MPs to claim for accommodation expenditure during the period for which Parliament was dissolved; and
- it was difficult to justify such a policy, given that such costs did not cease to be incurred by MPs simply because an election was due to take place.

3.37. The Board agreed that MPs should continue to be able to claim for accommodation and associated expenditure during the period for which Parliament is dissolved.

3.38. The Board noted that an operational solution had been developed to allow appropriate limits to be placed on expenditure during a general election campaign. The Board agreed, therefore, that specific rules should be introduced to limit expenditure during a general election campaign.

Legal expenses insurance

3.39. The Head of Policy noted that IPSA had received a number of representations from MPs expressing concern about its current policy, which was to meet the costs of such insurance where it was individually procured by MPs.

3.40. The Board noted that:

- HM Revenue and Customs regarded any payment from IPSA of the cost of such insurance as taxable on the grounds that it did not meet their criteria for expenditure wholly, necessarily and exclusively incurred; and
- IPSA did not share this view and so, where IPSA met such costs, it would need as a consequence also to pay any tax arising from them.

³ One Board member subsequently indicated that they wished their dissent to be recorded.

3.41. The Board agreed that a facilitated purchase (opt-in) arrangement for the purchase of legal expenses insurance by MPs should be established, with the costs (apart from tax) being met from MPs' existing Office Costs Expenditure budgets.

Allowances, petty cash and subsistence

3.42. The Board agreed that:

- IPSA should not introduce a system of allowances;
- IPSA should not introduce a system whereby MPs were provided with an unreceipted petty cash allowance; and
- IPSA should not provide a flat-rate subsistence allowance when Parliament sat late and should, instead, meet the cost of such subsistence on the presentation of appropriate evidence of costs incurred (as was already the case).

Mortgage interest subsidy

3.43. The Board confirmed its earlier decision that the transitional mortgage interest subsidy should come to an end on 31 August 2012.

Response to the Committee on Members' Expenses

3.44. The Board considered the draft response to the report of the Committee on Members' Expenses, and made a number of minor amendments.

3.45. The Board noted the hard work of the Policy team in carrying out the review of MPs' staffing over the preceding months.

4. Corporate plan and Estimate for 2012/13

IPSA/070212/4: Business plan 2012/13;

IPSA/070212/5: Estimate 2012/13

4.1. The Acting Head of Performance and Change presented the draft corporate plan for 2012/13, setting out IPSA's emerging business plans for 2012/13 and additional projects that were currently under consideration.

4.2. The Board noted:

- the list of projects in the document was indicative, and had not yet been fully developed;
- the proposed review of MPs' accommodation would only be undertaken if it received the additional resource IPSA was seeking as part of its 2012/13 Estimate;

- work was under way to improve the integrity of data held by IPSA;
- the project to provide self-service timesheets reflected demand from MPs and their staff, as well as an opportunity to increase the efficiency of the payroll process; and
- work continued to revise IPSA's business continuity plan, and a further report on this would be considered at the meeting of the Audit and Risk Committee on 17 April 2012.

4.3. The Board agreed that the business plan with respect to IPSA's objective to build a cost-effective organisation should make specific reference to its effort to reduce overheads.

4.4. The Director of Finance and Corporate Services presented a draft estimate for 2012/13 which did not yet reflect the Board's earlier decisions with respect to the *MPs' Scheme of Business Costs and Expenses* but which did reflect more closely than previous years anticipated patterns of expenditure by MPs.

4.5. The Board noted that, at the request of HM Treasury and as a consequence of its Clear Line of Sight reforms, the Estimate now included a line for £1m of Annual Managed Expenditure.

Nick Lee to schedule future discussion of estimates process.

4.6. The Board agreed to note the draft Estimate and corporate plan, subject to the presentation of further drafts at its meeting on 21 February 2012.

5. Public engagement plan

IPSA/070212/6 and annexes A + B: Public engagement

5.1. The Director of Communications presented a paper setting out IPSA's proposals for engagement with the public as part of its long-term review of MPs' remuneration.

5.2. The Board noted that:

- the timetable for this engagement had been revised to take account of the forthcoming consultation on an interim increase on MPs' pension contributions for implementation in April 2012; and
- work was under way to identify a range of audiences for this engagement, and that further proposals would be brought forward.

Anne Power to consider whether further training would be needed in advance of the launch of this engagement.

6. Any other business

6.1. There was no other business.

Meeting closed.