



Minute

Minutes of a meeting of the Board of IPSA Wednesday 23 January 2013

Present	Sir Ian Kennedy, Chair Sir Neil Butterfield Liz Padmore Anne Whitaker Tony Wright Andrew McDonald, Chief Executive Nick Lee, Head of Board and Chief Executive Office	Belinda Brown, Head of Performance and Assurance Philip Mabe, Director of Finance and Corporate Services John Sills, Director of Policy and Communications Louise Edwards, Policy Manager Lucy Pickering, Assistant Policy Manager
Apologies	None	
Status	Final – as approved at the meeting of the Board of 27 February 2013.	
Publication	Approved for publication.	

1. Welcome

- 1.1. The Chair welcomed the Board to its first meeting since the four new members of the Board took office on 11 January 2013.
- 1.2. The Chair reported that work was under way to identify a date for an early meeting to discuss 'ways of working'.

Declarations of interest

- 1.3. The Board noted that Tony Wright, as a former MP, had an interest in the Parliamentary Contributory Pension Fund as an inactive member.

2. Minutes of previous meetings and matters arising

IPSA/130123/1 – Minutes of a meeting of the Board of IPSA, 8 January 2013;

IPSA/130123/2 – Action list

Minutes of a meeting of the Board, 8 January 2013

- 2.1. The Board noted that the minutes – which were a record of a meeting attended by the previous members of the Board – had been agreed, by correspondence, by the previous Board as a fair and accurate record.

Nick Lee to circulate results of most recent IPSA staff survey to the Board.

Action list and matters arising

- 2.2. The Chief Executive reported that further advice had been sought from the Treasury Solicitor in advance of the appointment of counsel to represent IPSA at the forthcoming Information Tribunal hearing.
- 2.3. The Chair reported that Lord Hutton had agreed to meet the Board to discuss his work on public-sector pension reform, and that he would now write to him with a view to identifying a suitable time for him to meet the Board.

Nick Lee to make arrangements for Lord Hutton to meet the Board.

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

IPSA/130123/3 + annexes A – C – Emerging findings and initial recommendations from the 2012/13 review of the MPs' Scheme of Business Costs and Expenses

3.1. The Director of Policy and Communications introduced a paper setting out the emerging findings of the review of the Scheme, and making a number of initial recommendations. He noted, in particular, that:

- no final decisions were being sought at the meeting – instead, the Board were being asked to provide initial views on proposed changes, which related to relatively minor amendments to particular areas of the Scheme;
- a revised draft of the Scheme would be circulated in advance of the meeting of the Board on 26 February, when there would be a further discussion with a view to the Board's approving the revised Scheme, consultation report and equality impact assessment (EIA) before the end of February; and
- a revised Scheme, alongside the consultation report and EIA, would be published in March 2013, with any changes to take effect from 1 April 2013.

3.2. The Board noted that:

- the Scheme had heretofore been reviewed annually (and this was the latest such review), although IPSA was required only to review the Scheme 'regularly';
- this, most recent, review of the Scheme had received fewer responses than those in previous years; and
- time would be set aside for a further, more fundamental discussion of the underlying principles of the Scheme later that year.

Nick Lee to make arrangements for consideration by the Board of the underlying principles of the Scheme.

Accommodation budgets

3.3. The Board noted that:

- some MPs had made representations to IPSA to the effect that the amount allocated for renting accommodation in the London area – currently set at £1,450 per month for an MP without caring responsibilities – was not sufficient to allow them to rent a property that addressed their need for conveniently-located accommodation close to the Palace of Westminster;

- some MPs had also suggested that the level of the budget – and the location of the properties they rented as a consequence – gave rise to security concerns, although this appeared to be anecdotal;
- some MPs had reported to IPSA that the level of the budget meant that they had been obliged to move properties (in some cases more than once) so as to stay within that level;
- the data available to IPSA from the Valuation Office Agency (VOA) did not indicate a significant change in the cost of renting properties in the London Area; and
- it remained the case that it was open to MPs – where they wished to rent a property at a cost exceeding the budget provided for by IPSA – to ‘top up’ the amount paid by IPSA to their landlord.

3.4. The Board agreed that:

- it was important that the rules of the Scheme should assume that MPs were to be treated in the same manner as other citizens, except where a departure from that principle could be justified;
- with respect to accommodation, no specific evidence had been provided to demonstrate that MPs should be able to walk to work as opposed to using public transport; and
- no good arguments or evidence had been advanced to justify an increase in the London Area rental budget.

Mortgage interest subsidy

3.5. The Board agreed that the provisions of the scheme relating to claims for payments under the transitional mortgage interest subsidy arrangements should be removed.

Associated expenditure for accommodation budgets

3.6. The Policy Manager reported that:

- evidence gathered during the review suggested that the ‘associated expenditure’ component of accommodation budgets might not now fully cover the cost of maintaining a property owned by an MP and at which they resided for parliamentary purposes; and

- it had been suggested by some that the current budget level of associated expenditure created a perverse incentive to rent accommodation even if an MP owned a property that might otherwise be available for use for parliamentary purposes.

3.7. The Board noted that:

- those MPs claiming only associated expenditure tended to claim more with respect to these costs than those claiming such costs alongside rental costs; and
- it was difficult definitively to establish whether associated costs claimed with respect to a property already owned by an MP might also cover costs not directly arising from their residing at the property for parliamentary purposes.

3.8. The Board agreed that:

- it would, at its meeting on 26 February 2013, discuss further the level of the budget for associated expenditure;
- further work was needed to identify what the reasonable level of associated costs that might be expected to arise with respect a one-bedroom flat in the London Area might be;
- where, for whatever reasons, MPs chose to rent a property in an area where they already owned one it would be for them to defend publicly their decision to do so; and
- the wider issues relating to MPs accommodation would need to be addressed in the forthcoming review of MPs' arrangements for residential and office accommodation.

Louise Edwards to carry out further work to confirm what might represent a reasonable level of associated costs with respect of a one-bed property in the London area.

MPs renting from other MPs

3.9. The Policy Manager noted that the rules of the Scheme did not preclude MPs from choosing to rent from other MPs, so long as they were not connected parties, although there had been some calls for IPSA to proscribe this practice on the grounds that it might have an adverse impact on public confidence in the Scheme.

3.10. The Board agreed that:

- arrangements where one MP rented a property owned by another were not intrinsically improper;
- nevertheless, transparency about such arrangements – so providing the public with assurance – was important;
- if an MP chose to rent from another current MP, while claiming rental costs from IPSA, this would need to be declared; and
- further work would be needed to establish what implications a decision to publish the identity of the landlord in question might have.

London Area Living Payment and Outer London Area Living Payment

3.11. The Board noted that, in previous years, the level of the London Area Living Payment (LALP) had not been changed to reflect increased living costs because ordinary citizens meeting such costs out of their own salaries had not generally received commensurate increases in pay.

3.12. The Board agreed not to increase the level of either the LALP or the OLALP, for the same reasons as in previous years.

Extended UK travel

3.13. The Board agreed that:

- provision should be made to meet the cost of any notional diverted journey, regardless of the reason for the diversion. Prior approval for such diversions would not be needed;
- further work was needed with respect to the catch-all provisions in the Scheme for extended travel so as to avoid the risk of inadvertently allowing inappropriate claims for travel; and

- with respect to extended UK travel for MPs' staff, further work was needed to establish whether restrictions might be introduced with respect to the number of such journeys undertaken, so as to minimise the risk of misuse of such a provision, if it were introduced.

John Sills to make further recommendations as regards the safeguards in place for with respect to a catch-all extended UK travel provision.

John Sills to make further recommendations as regards restrictions that might be introduced with respect of travel by members of MPs' staff.

London Area hotel budget

- 3.14. The Board agreed not to change the budget for hotel accommodation in London (£150 per night), elsewhere in the UK (£120 per night) or in Europe (£150 per night).

Resettlement payments

- 3.15. The Board agreed that provision should be made to require MPs to carry out certain obligations – relating, for instance, to staff redundancy, outstanding debts and loans, submission of claims for costs and expenses and the return of items belonging to IPSA – before resettlement payments were made.

Claims relating to reviews of parliamentary constituency boundaries

- 3.16. The Board agreed to discuss at its meeting on 26 February 2013 the handling of claims arising from reviews of the boundaries of parliamentary constituencies.

Membership fees

- 3.17. The Board noted that:
- membership fees (for instance, of car clubs) had the potential to create savings for the taxpayer where these gave MPs access to discounted services that they would not otherwise have access to;
 - there was a risk, nevertheless, of a perception that MPs would, in addition, receive a personal benefit as a consequence of such provisions; and

- the scope of some benefits might outstrip that which was required for an MP's parliamentary duties (for example, the time period during which the benefits were available might exceed the time during which the benefits would be needed for parliamentary purposes).

3.18. The Board agreed that, while, in principle, the payment of membership fees could provide scope for greater value for money, any provision for claims with respect to such fees would need to be subject to IPSA's establishing appropriate and effective safeguards so as to mitigate the risk of such memberships giving rise to significant additional benefits for the MP at the taxpayers' expenses.

Incorporation of non-statutory guidance

3.19. The Board agreed to incorporate the non-statutory guidance identified in annex B of the consultation document into the Scheme.

Staffing budgets

3.20. The Board agreed to discuss further its approach to staffing budgets at its meeting on 26 February 2013.

Other amendments to the Scheme

3.21. The Board agreed that:

- the Office Costs Expenditure (OCE) budget should increase by 2.4% to reflect CPI inflation;
- existing guidance on break clauses in residential leases should be included in the section of the Scheme relating to accommodation expenditure; and
- the rules of the Scheme should be amended to reflect the decision to allow MPs' staff members working at their home where it was more than 20 miles from the MP's constituency boundary to claim the same travel and subsistence expenses as staff members living within this limit.

Payment of tax

3.22. The Board noted that:

- some areas of expenditure under the Scheme attracted liability to tax under rules set out by HM Revenue and Customs (HMRC), notwithstanding IPSA's judgement that all costs paid out under the Scheme were wholly, necessarily and exclusively incurred by MPs as part of their parliamentary duties; and
- as a point of principle, given that IPSA had considered and judged that these areas of expenditure were appropriate under the Scheme rules, and for reasons of practicality, IPSA paid the balance of these tax liabilities direct to HMRC.

4. Corporate plan 2013 – 2017

IPSA/130123/4 + annexes A and B – Draft Corporate Plan 2013 – 17

4.1. The Head of Performance and Assurance introduced a paper setting out IPSA's draft corporate plan for 2013–17 and reported, in particular, that:

- the previous Board had reviewed IPSA's strategic objectives and agreed three dominant themes for its work in 2013/14: pay and pensions, accuracy in its system of validation and assurance, and planning and preparation in advance of the next general election (expected in 2015);
- provision would be made at the Board's forthcoming discussion of strategy for discussion of wider questions relating to the organisation's future approach and its risk appetite; and
- the corporate plan for 2013/14 and subsequent years would be significantly influenced by the case due to be heard by the Information Tribunal in early 2013, as well as by decisions relating to certain major contracts which were due for renewal in 2015.

4.2. The Board noted that:

- the draft corporate plan embodied a commitment to deliver a 25% saving in the cost of administration over five years;
- the next general election provided an opportunity for IPSA to consider introducing more significant changes to the Scheme and its administration if it judged such changes to be appropriate;

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- provision would be made for the Board to discuss its approach to engagement with the public and with interested parties at a forthcoming meeting;
- work was already under way to arrange for the shadowing of MPs by Board members; and
- provision would be made for the Board to discuss the basic architecture of the *MPs' Scheme of Business Costs and Expenses*.

Nick Lee to make arrangements for the Board to discuss its approach to engagement and, separately, the basic architecture of the Scheme.

Nick Lee to make arrangements for the shadowing of MPs by Board members.

5. Estimate 2013/14

5.1. The Director of Finance and Corporate Services reported that:

- IPSA's Estimate for the financial year in 2013/14 was expected to receive approval in June 2013, after the beginning of the financial year – reflecting the timings of the parliamentary estimates process;
- there were a number of options for the treatment of IPSA's savings targets and the Board would need to consider these alongside any additional savings that might be sought over the period of the Comprehensive Spending Review;
- a significant proportion of IPSA's costs were fixed in the short term, and so any savings would need to reflect longer term planning and decisions; and
- if IPSA were to lose its appeal to the Information Tribunal with respect to the publication of receipts, this would quickly create significant additional costs and would necessitate a further supplementary estimate in 2013/14 so as to meet them.

6. Compliance Officer's report

IPSA/130123/5 + annexes A – C – Compliance Officer's report

6.1. The Compliance Officer reported that:

- in addition to his work as Compliance Officer for the IPSA, he would shortly be taking on responsibilities with respect to registers of interest, gifts and hospitality, political activity monitoring and other areas relating to propriety; and
- while memoranda of understanding were in place between IPSA, the Compliance Officer and both the Parliamentary Commissioner for Standards and the Metropolitan Police Service, work was under way to propose revisions to them.

Peter Davis to make arrangements for the review of memoranda of understanding between IPSA, the Compliance Officer and the Parliamentary Commissioner for Standards.

7. Finance Report

IPSA/130123/6 + annex A – Finance report

7.1. The Board noted the management accounts for December 2012.

8. Chief Executive's report

IPSA/130123/7 – Chief Executive's report

Key Performance Indicators (KPIs)

8.1. The Chief Executive reported that:

- IPSA's operational performance remained strong, and it was on track to meet all those KPIs relating to its operations for the year 2012/13; and
- there were, however, three KPIs not directly related to IPSA's operations which it was expected would be missed: the timing of the implementation of a new scheme for MPs' pay and pensions (following changes to the timetable agreed by the Board); improved public confidence in MPs' remuneration; and the scores for engagement among IPSA's staff.

Information Tribunal

8.2. The Chief Executive reported that:

- further advice had been received from counsel with respect to IPSA's forthcoming appeal to the Information Tribunal;
- the date – and level – of the tribunal hearing had not yet been confirmed, but he would provide a further report when more was known.

Financial controls

8.3. The Chief Executive reported that:

- work was under way to improve IPSA's financial controls so as to put in place certain additional controls before the end of the financial year; and
- a further, more detailed, report would be made to the meeting of the Audit and Risk Committee on 27 February 2013.

IPSA-MP liaison group

8.4. The Board agreed that it would be important to hold an initial meeting with the IPSA-MP liaison group in the first part of 2013.

Nick Lee to schedule a further meeting of the IPSA-MP liaison group

9. Any other business

Freedom of Information Act: Qualified person

- 9.1. The Chair reported that Sir Neil Butterfield had been appointed as the qualified person for IPSA with respect to section 36 of the Freedom of Information Act, in keeping with the *ex officio* authorisation to carry out this function provided by the Secretary of State for Justice to the judicial member of IPSA's Board in 2010.

Audit and Risk Committee

- 9.2. The Board agreed to appoint Anne Whitaker as chair of the Audit and Risk Committee.

Freedom of Information: Contingency panel decisions

- 9.3. The Board noted that, following a Freedom of Information request for details of decisions made by IPSA's contingency panel, MPs would be notified that week of the data to be disclosed.

Claims for Board time

- 9.4. The Board agreed that the guidance provided with respect to claims for time spent on IPSA's business should be reviewed.

Nick Lee to review the guidance provided to the Board with respect to claims for time spent on IPSA's business.

Meeting closed.