



Minute

Minutes of a meeting of the Board of IPSA Wednesday 24 October 2013

Present	Sir Ian Kennedy, Chair Sir Neil Butterfield Liz Padmore Anne Whitaker Tony Wright Andrew McDonald, Chief Executive Briony Carew, Policy Manager Tony Lord, Head of Policy	Mark Anderson, Head of Communications Belinda Brown, Head of People, Performance and Pay Philip Lloyd, Director of Finance and Operations John Sills, Director of Policy and Communications Nick Lee, Head of Board and Chief Executive Office
Apologies	None.	
Status	Final as approved for publication following the meeting of the Board on 20 February 2014.	
Publication	Final for publication no later than 19 March 2014.	

1. Welcome

1.1. The Chair welcomed the Board to the meeting.

Declarations of interests

1.2. There were no new declarations of interests.

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

IPSA/131024/1 + annexes A – C – Scheme Review 2013-14 consultation

2.1. The Director of Policy and Communications introduced a paper setting out possible issues for consultation as part of the 2013/14 review of the *MPs' Scheme of Business Costs and Expenses*. He reported, in particular, that:

- the proposals upon which IPSA consulted, if agreed, would take effect from April 2014;
- the review of the Scheme under discussion would be the last such review before the General Election expected to take place in May 2015: a new Scheme would be introduced in April 2015 but this would only take account of amendments arising from what would be a relatively small-scale review of the Scheme, as well as any necessary changes to MPs' budgets; and
- IPSA had proposed to remove MPs' entitlement to claim certain expenses as part of its review of MPs' pay and pensions. These would be considered as part of that review and, if agreed, would take effect from May 2015.

Reward and recognition

2.2. The Board noted that it had previously agreed, at its meeting on 26 September 2013, to consult on implementing a cap on the value of individual reward and recognition payments.

2.3. The Board agreed, in consulting on changes to the rules governing reward and recognition payments to MPs' staff, also to consult on whether a cap on the total amount paid per MP per year or per individual member of staff per year should be introduced.

Volunteers

2.4. The Board noted that:

- advice received since the last time it had discussed the issue had confirmed that the current arrangements were sufficiently robust where individuals were *bona fide* volunteers;
- further work had been done to establish the cost of an additional intern placement fund which could be as much as £2½m per annum;
- while it was the case that many MPs were underspent with respect to their staffing budgets, it did not necessarily follow that this money should be available to other MPs so as to enable them to obtain additional funding for the employment of interns;
- IPSA's volunteer agreements (which were necessary if an MP wished to recover the cost of expenses incurred by a volunteer) did not currently allow MPs to indicate what status a particular individual had (for example, a sandwich-year student or graduate volunteer), which some MPs felt to be unfair when data relating to their use of volunteers and interns was published; and
- separately, work was under way to review the wording of IPSA's volunteer agreements so as – among other things – to introduce a time limit to those agreements.

2.5. The Board agreed:

- that the section in the consultation document discussing the question of volunteers should emphasise the responsibility of individual MPs to determine whether an individual was properly a volunteer or an employee and ensure that appropriate arrangements were in place depending on the circumstances;
- to consult on whether to introduce a facility to allow MPs, when making use of volunteers or paid interns, to indicate what the status of that individual was; and
- not to consult on the introduction of an additional fund for the employment of interns, given that the majority of MPs already had capacity in their budgets to meet the cost of a paid internship for a year.

Referendum on Scottish independence

2.6. The Board noted that:

- at its meeting on 26 September 2013, it had agreed to consult on whether MPs should be able to make use of an IPSA-funded website to set out their position with respect to the Scottish independence referendum;
- the Scottish Parliament had since issued guidance specifically proscribing the inclusion of such material on websites which they funded; and
- were the Scottish referendum covered, as another referendum might be, by the Political Parties, Elections and Referendums Act, any content would be proscribed from being included on MPs' websites by provisions already included in the *MPs' Scheme of Business Costs and Expenses*.

2.7. The Board agreed to consult on not allowing any mention of the Scottish independence referendum on MPs' website, on the basis that this position would be consistent both with practice in the Scottish Parliament and the provisions already made by IPSA for other types of referendum consistent with the statutory provisions of the Political Parties, Elections and Referendums Act.

Resettlement payments for MPs

2.8. The Board noted that:

- IPSA's interim policy on resettlement payments for MPs, which would take effect at any election before 2015, would not currently apply to MPs losing their seat at the 2015 General Election;
- changes to the policy resettlement payments proposed as part of the review of MPs' pay and pensions would not take effect until *after* the General Election expected to take place in 2015; and, therefore,
- a small technical amendment to the Scheme was required so as to ensure the interim provisions currently in place took effect at the General Election expected to take place in 2015.

2.9. The Board agreed to consult on an amendment to the Scheme so as to allow it to make resettlement payments to MPs defeated at the 2015 General Election.

Resettlement payments for MEPs

2.10. The Board noted that:

- IPSA had been given the power, under the Constitutional Reform and Governance Act, to make a resettlement scheme for the small number of British MPs who had chosen in 2009 to remain on terms and conditions equivalent to those of a Westminster MP;
- if no such provisions were made before the elections to the European Parliament due to take place in May 2014, those concerned would not receive any payment on their departure regardless of their circumstances or whether they were anticipating such a payment; and
- it was not possible, in making a resettlement scheme for these MEPs, to propose eligibility criteria regardless of how desirable this might be.

2.11. The Board agreed that:

- since, if no provision were made, no resettlement of any kind would be available, it had little choice but to consult on introducing an equivalent scheme for the MEPs affected; but
- it was unfortunate that no legislative provision had been made so as to allow IPSA to introduce eligibility criteria for resettlement payments for MEPs in the same manner that it was able to for MPs.

Pensions for MPs' staff

2.12. The Board noted that:

- work was under way to enable MPs' staff to be automatically enrolled in a pension scheme ahead of the deadline for such enrolment, set by the Pensions Regulator, in 2016;
- since IPSA did not itself employ MPs' staff, it was not required to take such steps. If it were to fail to do so, however, this was likely to lead to confusion and create a significant burden on MPs and their staff in trying to meet the Pensions Regulators' requirements. Some funding for this preparatory work had already been obtained as part of IPSA's 2013/14 Estimate and further funding would be needed in 2014/15;
- MPs' staff were currently enrolled in a wide range of different schemes, although the significant majority were members of the Portcullis Pension Plan; and

- given the administrative burden that these changes would create, there were strong operational arguments for imposing limits on the range of pension schemes into which someone newly employed by an MP could enrol.

2.13. The Board agreed, in principle, to consult on restrictions to the number of pension plans into which MPs' staff could enrol.

Extended travel for MPs' staff

2.14. The Board noted that the Scheme's rules did not currently permit MPs' staff to claim for journeys under the extended travel provisions but, as a consequence of an anomaly in the current rules, the same staff were entitled to claim for accommodation and subsistence costs arising from such journeys.

2.15. The Board agreed to consult on changes to the rules so as to clarify the travel and subsistence rules for MPs' staff.

Late working in Parliament

2.16. The Board noted that the rules currently set a limit of £150 for claims for hotel accommodation, subject to a higher limit if necessary where the House of Commons sat late (for example, where the cost of a hotel was higher because it was booked at the last minute).

2.17. The Board agreed to consult on a change in the rules so as to make clear that this higher limit was only available when the House sat late and not in other circumstances.

Next steps

2.18. The Board noted that a draft consultation paper would be brought to the meeting of the Board on 11 November 2013, alongside costings of the areas agreed for consultation and an assessment of their operational impact.

John Sills to bring forward a revised draft consultation on the review of the Scheme.

3. MPs' pay and pensions

3.1. The Head of Policy introduced a presentation setting out the context of, and the public response to, the proposed package for MPs' pay and pensions. He reported, in particular, that:

- with respect to pay, MPs had said relatively little and the public had been largely opposed. Those who had been in favour had generally disagreed with the proposed timing of the implementation. There had been general support for the proposed approach to indexation;
- with respect to pensions, respondents had been broadly supportive although the trustees of the Parliamentary Contributory Pension Fund (PCPF) had called for a slightly more flexible scheme;
- with respect to proposed changes to resettlement, the public were generally sceptical about IPSA's making any such provision. On the other hand, many MPs argued for a more generous provision and the parliamentary parties had argued that any resettlement provision should not be subject to eligibility criteria;
- with respect to proposed changes to expenses, these had wide public support but were opposed by many MPs; and
- with respect of proposed annual reports, MPs had generally been sceptical or opposed while the public had been supportive (although in many cases not realising that some or all of the data which they felt should be included was already available).

3.2. The Board noted that:

- polling of the public suggested that support for the package would increase considerably were it to be cost neutral; and
- the proposed approach to indexation meant that adjustments to MPs' pay would be automatic, based on changes in average weekly earnings, but it remained open to IPSA to determine to intervene and stop that adjustment at any stage if the circumstances were to justify such an intervention.

Pensions

3.3. The Board noted that:

- the trustees of the Parliamentary Contributory Pension Fund (PCPF) had asked IPSA to provide greater flexibility to enable MPs to purchase additional benefits (such as an enhanced death in service benefit) within the MPs' pension scheme;

- there were, however, strong arguments against doing this, not least the additional complexity this would create and the lack of such flexibility in other public sector schemes; and
- there were other options for purchasing such benefits elsewhere.

3.4. The Board agreed not to amend the pension scheme so as to provide a facility to purchase additional benefits.

Resettlement

3.5. The Board noted that some respondents had not understood that the proposals for changes to resettlement would have effect at the General Election expected to take place in 2020, not that expected to take place in 2015 (which would be subject to the rules already in place).

3.6. The Board agreed to reach a final decision on its approach to resettlement at the meeting of the Board on 11 November 2013.

Pay for chairs of committee

3.7. The Board noted the question of committee chairs' pay would separately be considered in the first year of the new Parliament (2015/16).

Annual reporting

3.8. The Board noted that:

- MPs had been particularly sceptical about these proposals but generally more receptive once the concept had been explained; and
- the first meeting of a working group, convened to develop the proposals further, was scheduled to take place in early November 2013.

Changes to costs and expenses

3.9. The Board noted that the proposed changes to MPs' entitlement to claim certain costs and expenses reflected changes in recent years to expenses policies elsewhere, the extent to which these might be seen as a personal benefit and the likely experience of both those in the professions and in other walks of life, not least given the approach taken by HM Revenue and Customs as to whether or not they represented a taxable benefit.

3.10. The Board agreed, as part of the package for introduction in 2015:

- to remove MPs' entitlement to claim for the cost of hospitality, including food and refreshments;

- to remove MPs' entitlement to claim for the cost of hotel accommodation with respect of late sittings of the House, except where the House sat until 1.00am or later;
- to remove MPs' entitlement to claim for the cost of taxis to their London Area home when taken before 11pm; and
- to remove MPs' entitlement to claim for the cost of a meal in the event of the House sitting after 7.30pm.

3.11. The Board agreed to consider, as part of the review of MPs' accommodation:

- whether or not to remove MPs' entitlement to claim for the cost of home contents insurance; and
- whether or not to remove MPs' entitlement to claim for the cost of a TV license at a property in respect of which they claimed rental costs or associated expenditure.

Cost neutrality

3.12. The Board noted that:

- it had agreed, at its meeting on 17 October, that the package for MPs' remuneration should be made cost neutral and that, in doing so, the headline figure for MPs' pay in 2015 should not be altered;
- a relatively small change to MPs' pension contributions would make the package cost neutral based on current data; and
- any changes to the provisions for resettlement to make them more generous than proposed could have a significant, adverse impact on the cost of the package.

3.13. The Board agreed to alter the level of MPs' pension contributions so as to make the overall package of MPs' pay and pensions cost neutral.

Timing and implementation

3.14. The Board noted that:

- many respondents to the consultation had argued that it should be delayed, citing the current economic situation as a reason for doing so; and
- the lead time on any proposed changes to the MPs' pension scheme could be as much as a 18 months, meaning that the Board needed now to decide what form those changes would take, ahead of the statutory review due to take place in the first year of the new Parliament. The alternative would be that the current,

unreformed final-salary scheme remained in place at the start of the next Parliament.

- 3.15. The Board agreed to consider further the timing of the implementation of the package of MPs' pay and pensions.

4. Any other business

- 4.1. There was no other business.

Meeting closed.