

IPSA Interim Business Plan

October 2010-March 2011

Foreword

This Interim Business Plan sets out the immediate priorities and planned activities for the Independent Parliamentary Standards Authority (IPSA) covering the period from October 2010 to the end of the current financial year (end March 2011).

IPSA is a new statutory body, independent from Parliament, Government and political parties. It was established by the Parliamentary Standards Act in July 2009 in response to the revelations about MPs' expenses that appeared in the press in 2009. Its primary functions, as set out in the Act, are to set and then administer a new regime for MPs' expenses and to pay the salaries of MPs and their staff. The Parliamentary Standards Act was subsequently revised through the Constitutional Reform and Governance Act in April 2010 when the principal additional function passed to IPSA was responsibility to determine MPs' salaries and pension arrangements. Work will start to consider this over the coming months.

IPSA became operational on 7 May 2010, the day after the General Election, when all 650 returning and new MPs were invited to register with the new scheme. During the first half of the financial year, from April to end September, IPSA has focused on establishing itself and delivering its services. During this period, over 3,800 claim forms, (amounting to over 36,000 individual claim lines), have been processed and in the region of 8,000 phone calls and 13,000 e-mails have been received from MPs and their staff. IPSA has also provided one-to-one inductions on the scheme to almost 650 MPs, and trained over 400 MPs' staff members at workshops.

The Interim Business Plan is intended to act as a bridge between this set-up phase and the preparation of a full business plan, setting out plans and priorities for 2011-12 and strategic priorities for the following years.

Vision and Values

IPSA will have realised its goal when there is sustained and measurable public confidence in the way in which MPs are funded from the public purse. As the first step on this road, IPSA has developed a new scheme for MPs' expenses, which properly supports them in their democratic duties and serves the interests of the public.

IPSA has built an independent organisation which sets itself the highest standards in public service, focused on the future not the past. IPSA is consultative in its approach, but exercises its own judgement on what is right.

All that IPSA does - setting standards, delivering services or running the organisation – is shaped by five values:

- **Independence:** we will maintain our independence and stand firm on what we judge to be right;
- **Honesty:** we will demand high standards of propriety and honesty of ourselves and all those with whom we do business;

- **Openness:** we will work in the open, listening to others and sharing our expertise and information, while observing our obligations to those whose personal data we hold;
- **Accountability:** we expect to be held accountable for our actions and, equally, we expect MPs to be held to account for the funds they receive;
- **Fairness:** we expect the same qualities of honesty, openness and accountability from ourselves and from those to whom we provide services.

IPSA Strategic Objectives

Building on this vision and the values set out above, IPSA has defined its strategic objectives, underpinned by targets and informed by indicators and target metrics, against which its performance can be clearly measured. These are set out below. IPSA intends to publish details of its performance against these objectives on a regular basis from December 2010, covering the period from October 2010, in line with its commitment to transparency in terms of its internal operations and performance.

Objective 1: To deliver a fair expenses system

Targets

- To have in place an expenses scheme that is fair to the public purse – both in terms of the total cost of expenses claimed by MPs, and the cost and cost-effectiveness of IPSA's operations
- To have in place an expenses scheme that is fair to Members of Parliament – enabling them to carry out their parliamentary duties.
- To have in place an expenses scheme that commands public confidence.

KPIs

1. IPSA's actual expenditure against budget estimate
2. Number of referrals to the Compliance Officer
3. The impact of the expenses scheme on MPs.
4. Call on contingency budgets – in total and by type.
5. Opinion polling shows increased public confidence over time in the administration and fairness of MPs' expenses.

Target Metrics

1. IPSA's expenditure on a) administration, b) salaries and c) expenses is within the budget provided
2. Establish baseline data for 2010/11
3. Results of a full Equality Impact Assessment reflected in the expenses scheme.
4. Establish baseline data for 2010/11 on number of MPs making contingency claims; baseline data for 2010/11 on types of contingency applications; total claims do not exceed total contingency budget.
5. Annual opinion polling – baseline for 2010/11

Objective 2: To deliver a workable expenses system

Targets

- To operate an expenses system that accurately and efficiently processes and pays MPs' claims for reimbursement for permitted expenses and enables IPSA staff to verify the validity of claims effectively.

- To operate a system that pays 100% of the salaries of MPs and their staff correctly and on time.
- To operate an accessible online expenses system.

Key Performance Indicators

1. Percentage of claims processed within the twelve working day target
2. Percentage of claims approved for payment identified as errors during regular assurance and review programme activities
3. Percentage of total claim determinations overturned following review request.
4. Number of payroll adjustments per month resulting from errors by IPSA as a percentage against total salaries paid
5. Expense@Work system up-time

Target Metrics

1. At least 95% of claims processed within twelve working days;
2. Under 2% of sampled payments identified as being erroneous.
3. Less than 1% of total claim lines decisions are overturned on review.
4. Adjustments resulting from errors by IPSA made to under 0.5% of payroll in any one month.
5. The online expenses system is available at least 98% of time between 8.30am-5.00pm Monday – Friday, excluding system downtime for scheduled maintenance.¹

Objective 3: To deliver a transparent expenses system

Targets

- To operate an expenses scheme that is easily understood by MPs and the public
- To publish claims for reimbursement of expenses – both approved and not paid – on IPSA’s website accurately and on a bi-monthly basis
- To engage MPs and the public in any consultations about the expenses rules.
- To be transparent about IPSA’s internal operations and performance

Key Performance Indicators

1. Percentage of correspondence items resolved within five working days
2. IPSA’s website granted the Crystal Mark by the Plain English Campaign
3. User’s views on the utility of IPSA’s website improve over time.
4. Number of requests for amendments to published expenses claims acceded to.
5. Regular programme of publication of MPs’ expenses claims.
6. Statutory requirements on consultation exceeded to secure a wide range of views.

Target Metrics

1. To resolve over 90% of correspondence items within five working days.
2. Revamped website receives Crystal Mark accreditation
3. Twice-yearly online survey, with initial survey by February 2011 establishing baseline.
4. Establish baseline data for 2010/11.
5. Monthly publication of MPs’ expenses claims in accordance with IPSA’s stated publication schedule. IPSA consultations to include the following activities:
 - public awareness;
 - online consultation;
 - direct approaches.
6. 100% of Freedom of Information requests on IPSA’s operations and performance answered

¹ The online expenses system is designed to be available to users 24 hours 7 days a week.

within the 20 working day deadline.

Objective 4: To deliver a fair, workable and transparent expenses system with an engaged and motivated workforce

Target

- To administer the expenses system with an engaged and motivated workforce.

Key Performance Indicators

1. Twice-yearly staff engagement survey

Target Metrics

1. Baseline results December 2010

Workplan for October 2010-March 2011.

Priorities

During the second half of the financial year, IPSA's principal focus will continue to be to deliver its core services more efficiently and effectively and, in addition, to introduce a new service: the publication of details of MPs' claims.

As part of this focus, IPSA will introduce three simplifications to the way in which it administers the current rules, while leaving both the rules and the principles behind them unaffected. First, IPSA will first pilot and then introduce payments to MPs' landlords for the rental charges on constituency offices and rented properties. Second, IPSA will extend the use of MPs' travelcards to allow them to be used as a credit card for council tax bills and utility bills. Third, IPSA will expand the system of payment on presentation of an invoice to allow all claims within the rules with a value of over £200 to be paid on submission of an invoice. All such claims will be subject to verification by IPSA, and will require the submission of supporting evidence and receipts within one month of the claim being made. These changes will be introduced in November and will be implemented within IPSA's current budget.

IPSA is also considering the support services it provides to users and ways in which standards can be maintained and improved over the next six months.

In the next two months, IPSA also plans to introduce regular publication of details of MPs' claims, both paid and unpaid, on its website and is committed to publishing details on a monthly basis thereafter.

During the second half of the year, IPSA will also be conducting two parallel reviews: the first annual review of the rules of the scheme and an organisational review of IPSA itself.

IPSA is required by law to review the Scheme 'regularly' and has announced it will do so annually, to make any necessary alterations without causing confusion with frequent changes. By starting work on the first review in the autumn of 2010, IPSA is well-placed to consult widely, including with the public, and to implement any changes at the beginning of the next financial year.

When IPSA was launched, it also committed to conducting a review of the organisation itself after six months of operation. This review, launching in October 2010, will examine delivery models, structure and culture. The intention is to identify both short-term improvements, where appropriate, and to consider more wide-ranging efficiency improvements in line with current public sector spending constraints.

The timing of both these reviews will allow IPSA to propose any necessary revisions to its Estimate – both for the Scheme and for IPSA itself – in time for consideration by the Speaker’s Committee in advance of the end of the current financial year – and to develop a strategic plan for the delivery of efficiency savings in the remaining three years of the Spending Review.

Delivering the Plan

Set out below are the key activities IPSA has planned for the next six months, mapped to the four Strategic Objectives

Objective 1: To deliver a fair expenses system

We will

- Conduct a review of all aspects of the MPs’ expenses scheme with a view to introducing any necessary revisions to the scheme in the next financial year
- Conduct a full Equality Impact Assessment as part of the review of the Scheme and reflect results in any changes
- Continue to provide support to MPs and their staff to ensure understanding of the scheme and its operation
- Conduct a series of face-to-face surgeries for MPs and their staff on the scheme
- Develop and implement assurance and review processes in line with a detailed and agreed workplan
- Plan and scope work for a review of MPs’ salaries and pensions to be conducted during the course of 2011

Objective 2: To deliver a workable expenses scheme

We will

- Conduct an organisational review examining all IPSA’s current operations including delivery models, structure and culture. Short-term outcomes to be implemented by the end of December 2010 and more wide-ranging efficiency improvements prepared for implementation in 2011-12 and subsequent years.
- Internal Audit will conduct an internal audit of risk management and governance within IPSA
- Internal Audit will conduct an audit of the expenses and payroll systems
- Prepare and publish Annual Report and Accounts 2009-2010, approved by the NAO by end November 2010
- Prepare a full estimate for 2011/12 and present it for approval by the Speaker’s Committee for the IPSA
- Continually assess the effectiveness and accessibility of the Expenses@Work system and introduce improvements as required to ensure that the systems works accurately and efficiently.
- Pilot and seek to introduce direct payments to landlords by end November
- Review and introduce as appropriate alternative mechanisms for payment that improve the efficiency of operation
- Review evidence requirements for validation to improve efficiency and provide sufficient levels of assurance
- Conduct regular assurance and review of claims, in line with agreed strategy and standards
- Set up a liaison group with users to inform planning of improvements to the system
- Review data security processes and procedures to ensure they reflect highest standards
- Develop a full business plan for 2011/12 and strategic business plan for the following three years
- Develop and maintain a business continuity plan to support continuous delivery
- Review internal systems, including financial and data security
- Develop quality management plan to underpin continuous improvements

Objective 3: To deliver a transparent expenses scheme

We will

- Introduce and then publish on a monthly basis the details of claims, both approved and not paid
- Develop and launch an improved and more accessible website
- Seek the Crystal Mark by the Plain English Campaign for IPSA's website
- Undertake consultation on the expenses scheme both in line with statutory requirements and more widely to inform any revisions
- Conduct first annual public polling to assess levels of confidence in the administration and fairness of MPs' expenses
- Regularly publish on information about IPSA's internal operations and performance in line with strategic objectives and performance indicators
- Respond to FOI requests in time with good practice
- Conduct first survey on the utility of IPSA's website by February 2011 and publish results

Objective 4: To deliver a fair, workable and transparent expenses system with an engaged and motivated workforce

We will

- Complete recruitment of all Senior Leadership Team by end December 2010
- Review the current organisational culture, working environment and human resourcing, engaging staff at all levels, and implement where appropriate by end December 2010
- Develop an intranet to support clear and effective internal communication
- Staff policies and processes, including a recruitment policy, equality and diversity strategy, knowledge transfer and a performance management system in place by year end
- Undertake the first staff engagement survey by end December 2010

Cost of Delivering the Plan

IPSA is committed to delivering its objectives cost-effectively and is conscious in all it does of its responsibility to providing value for money to the taxpayer.

The forecast costs for delivering the plan set out above in the next six months are:

- A total revenue cost of £3.39 million (£1.88 million in the third quarter and £1.51 million in the fourth quarter). The cost of £3.39 million represents 52% of the full year steady-state budget for IPSA;
- A capital spend of between £200k and £400k to include the upgrade to expenses@work delivered in October 2010, minor software developments to the three core software packages used by IPSA (expenses@work, Great Plains and Jane HR), and software developments for publication (folding space).

Staffing

IPSA will continue to review its workforce to ensure correct capacity and capability within budget limits.

During October and November, the total workforce will decrease, with a forecast complement of 73 posts at 30 November. This decrease is largely due to the reduction of contractors and temporary employees, whose work has either come to an end, been combined with new processes or allocated within teams. A further reduction in December is anticipated, equating to a 20% reduction in workforce numbers over the first three months of the period covered by this plan.

Governance

The Parliamentary Standards Act 2009 detailed the requirements for the constitution of the IPSA membership as follows:

1. *The IPSA is to consist of the following members—*
 - a. *one member who is to chair it (“the chair”) appointed in accordance with paragraph 2, and*
 - b. *four other members (referred to in this Schedule as “ordinary members”) appointed in accordance with that paragraph.*
2. *At least one of the members of the IPSA must be a person who has held (but no longer holds) high judicial office (within the meaning of Part 3 of the Constitutional Reform Act 2005 (c. 4)).*
3. *At least one of the members of the IPSA must be a person who is qualified under Schedule 3 to the National Audit Act 1983 (c. 44) to be an auditor for the National Audit Office.*
4. *One of the members of the IPSA (“the Parliamentary member”) must be a person who has been (but is no longer) a member of the House of Commons.*
5. *Apart from the Parliamentary member, a person who has been a member of the House of Commons at any time within the last five years may not be a member of the IPSA.*

The Chairman and Board members were appointed following an open recruitment process, conducted by an independent panel. The Board comprises:

Chairman: Professor Sir Ian Kennedy

Former holder of high judicial office: The Rt Hon. Sir Scott Baker

Auditor: Professor Isobel Sharp CBE

Former Member of Parliament: Jackie Ballard

Ken Olisa OBE

Full details for all Board members can be found on the IPSA website: www.parliamentarystandards.org.uk.

IPSA’s Board is responsible for deciding the policies that form the scheme governing MPs’ expenses and for setting IPSA’s strategic direction. The Board meets at least once each month. Minutes of Board meetings are published on IPSA’s website.

The Executive is led by Andrew McDonald, Interim Chief Executive who provides day-to-day leadership and is responsible for delivery in line with the policy direction set by the Board. He is the Accounting Officer for IPSA. He is supported by a Senior Leadership Team which comprises: Adrian Rickard, John Sills, Belinda Brown, Philip Lloyd, Anne Power and Kate Mathers.²

IPSA is an independent regulator. The Speaker’s Committee reviews the IPSA’s annual estimate of the resources its needs, ensuring that it is consistent with the efficient and cost-effective discharge of the IPSA’s functions, before the estimate is laid before the House by the Speaker.

The Committee comprises: Rt Hon Jon Bercow MP (Speaker and Chairman of the Speaker’s Committee), Rt Hon Sir George Young MP (Leader of the House), Rt Hon Kevin Barron MP (Chair of the Standards and

² As at October 2010

Privileges Committee), Mr Bob Russell MP, Rt Hon Nicholas Brown MP, Laura Sandys MP, Rt Hon Rosie Winterton MP and Mr Charles Walker MP.³

The Parliamentary Standards Act 2009, as amended by the Constitutional Reform and Governance Act 2010 required IPSA to appoint a Compliance Office and provide him/her with facilities. Group Captain Allan Lockwood was appointed as interim Compliance Officer in May 2010. The Compliance Officer has two main functions: MPs can request that the Compliance Officer reviews a determination made by IPSA to refuse an expenses claim; and the Compliance Officer can conduct investigations where an allegation is made that an MP has been wrongfully paid an expense. The Compliance Officer reports directly to the IPSA Board and is required to take his own decisions when carrying out his functions. Decisions will be public and can, in certain circumstances, be appealed to the First-tier Tribunal.

IPSA's Annual Report and Accounts will be laid in the House on Monday 22nd November and is also available on the IPSA website at www.parliamentary-standards.org.uk.

³ As at October 2010