

# Speaker's Committee for IPSA

## Oral evidence: IPSA's Main Estimate and Corporate Plan 2023-24

Tuesday 24 January 2023

Ordered by the House of Commons to be published on 24 January 2023.

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Members present: Sir Lindsay Hoyle (Chair); Peter Blausten; Thangam Debbonaire; Marion Fellows; Theresa Middleton; Penny Mordaunt; Sir Desmond Swayne; Sir Charles Walker; Mrs Heather Wheeler.

Questions 1-50

Witnesses

[I](#): Richard Lloyd, Chair of IPSA, and Ian Todd, Chief Executive of IPSA.



## Examination of witnesses

Witnesses: Richard Lloyd and Ian Todd.

Q1 **Chair:** Welcome to this meeting of the Speaker's Committee for the Independent Parliamentary Standards Authority. We are here today to consider IPSA's main estimate for 2023-24. Richard and Ian, could you introduce yourselves for the record?

**Richard Lloyd:** I am the chair of IPSA.

**Ian Todd:** I am the chief executive and accounting officer for IPSA.

Q2 **Chair:** Before we begin the questioning, could you briefly summarise your main estimate?

**Richard Lloyd:** The documents that you have hopefully had time to absorb show three things, broadly: first of all, further progress in service delivery as we continue to carry out our statutory duties within the existing operating model; secondly, the case for trialling and developing a new model in the coming year, alongside the existing approach; and thirdly, the budget for doing both, which, in summary, is broadly flat. I would like to comment briefly on each of those elements.

First of all, on service delivery, the IPSA board is very pleased to report further progress, with MP and staff satisfaction improving and compliance with the rules at over 99%. We have a shorter time taken to turn around business costs, and IPSA-related staff time in MPs' offices has been reduced by the equivalent of six full-time employees—in other words, as we committed to previously, MPs' staff are spending less time on IPSA admin and more time serving their constituents. Our own staff engagement has improved, and I would like to put on record my thanks to all our people, whether IPSA staff or MPs' staff and our colleagues in the House, who have all worked tirelessly over the last year. We are very grateful for their co-operation.

We know that there are limits to the efficiency and effectiveness of the current model, and there are clear priorities that we have heard from Members and their staff for deeper reforms to the way that IPSA carries out its functions. We are planning to trial a new approach in the coming year, working with the House and MPs' offices to identify the best ways to improve efficiency and share good practice. We are planning to trial more central procurement, to save offices unnecessary work and cost. We will introduce a new customer interface for our online system and provide more tailored support to MPs' offices. We expect material savings from that, and the public demand nothing less in the current economic climate. We will report back to the Committee on the impact and the emerging business case as our trials progress and ahead of making any consultations on rule changes.



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In terms of the budget, as I said, we have a draft estimate that shows overall a flat budget with a small reduction on last year's subhead for IPSA's own costs. We have made provision for an overall increase of 6.5% for MPs' staffing budgets, which includes changes to reflect the real living wage and other external benchmarks for our banding. We know that, at times of economic difficulty, constituents need the help of MPs and their staff more than ever, so this level of funding enables us to maintain the present level of staffing in MPs' offices and for IPSA to meet the demands on us too. We have appreciated the opportunity, Mr Speaker, to engage with your conference on MPs' staff employment, and we will work collaboratively on the resulting recommendations to tackle some of the issues that we are all aware of. Finally, as I said, our proposed estimate will fund continued improvements and the trialling of our planned new approach. We are grateful to the Committee, as always, for your support and happy to take any questions.

**Q3 Chair:** Excellent. Thanks for that. You have prepared a KPI dashboard, which was due for implementation this financial year. Have these new KPIs been implemented yet, and when will the Committee see them?

**Richard Lloyd:** You have seen in the pack that, to give you a sense of progress, we have publicly reported against the KPIs that have been in place for some years. There are additional KPIs that track different elements of our service provision and our spend—the accuracy of our payments and so on. I think I am right in saying that we can provide that to the Committee as soon as you want them, if we have not already.

**Chair:** That would be beneficial, to make sure each member gets a copy. Thank you; I appreciate that.

**Q4 Sir Desmond Swayne:** You have forecast an increase in MP staffing costs, and I am interested to know what is behind your prediction that there will be a 4% increase in uptake. If I use 80% of my budget now, and the budget increases due to all the drivers that are increasing, I will obviously spend more as a result of those drivers, but why would I spend proportionately more of the greater budget? What is behind that assumption?

**Richard Lloyd:** We have taken on your feedback, and we have projected much more accurately what we think the uptake will be. There has not been a year-on-year increase in the way that we have done before. We have taken the data on actual spend in the last year and the previous year and applied that to the estimate, so we have a much more realistic figure for the take-up. Obviously, in some offices there is greater take-up, and in other offices there is less, but we have used that average spend across MPs' offices and applied that out-turn to next year's budget.

**Sir Desmond Swayne:** So it is a trend.

**Ian Todd:** It is a question that has been raised with us previously, including by yourself, about the difference between the estimate and the out-turn. Historically, both on subhead A, MPs' funding, and subhead B, IPSA's running costs, the amount of money that we have been able to



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spend during the year has not matched the size of the estimate, and the estimate has been significantly higher, and we have fallen short of that later on in the year. We have done some extensive modelling to make sure we understand what the uptake is both on subhead A and subhead B. That allows us to make the increases to individual MPs' budgets this year without increasing the overall amount in the estimate, because we can absorb those increases within what we believe to be a realistic uptake.

For example, we know that over a number of years, about 100 MPs underspend their staffing budget by £10,000 to £20,000, 100 by £20,000 to £30,000, 100 by £30,000 to £40,000 and 100 by £40,000 to £50,000 a year. That is a historic trend, so we have built that into the modelling for this year for the first time.

**Q5 Sir Desmond Swayne:** Uncapped business costs for 2023-24 are up by almost 20%, of which only 4% is the increase in travel costs. What is the rest of it?

**Ian Todd:** I will have to come back to you on that, I'm afraid.

**Q6 Sir Desmond Swayne:** Uncapped business costs are up by £7.3 million, which is exactly 19.7%, compared with the out-turn for 2022-23.

**Ian Todd:** Some of that, I believe, Sir Desmond, is down to costs increasing as we have come out of covid and have seen travel and subsistence start to increase again. Obviously, it was very, very low during that period. There are, I am sure, some other drivers in there as well.

**Q7 Sir Charles Walker:** Would that include claims in relation to the contingency fund or—

**Ian Todd:** No, contingency is a separate line. Thank you, Charles.

**Q8 Chair:** But there is a big difference between 4% on travel and, as Sir Desmond said, a 19.7% allocation. If you can't answer now, can you take that away and come back to us?

**Ian Todd:** Yes, I will have to come back to you.

**Q9 Peter Blausten:** Ian, I think this question is really for you. It is about some capex spending—subhead A. We know that not just you but everybody struggles to spend their capex allocation, but 48% of your overall capex submission is for contingency, so can you tell us what that is for and what the rationale is? It's about £120,000.

**Ian Todd:** In terms of the capital expenditure, there are two accounting principles that have changed over the course of the last 12 months in relation to the international financial reporting standards and our agreement with the National Audit Office about how we deal with depreciation. Taking those two and balancing that means that we will start to depreciate things on our books as soon as they come on to our books—rather than starting in the following financial year—which creates a step change from where we are now, and, under the international reporting standards, we changed the way we deal with the leasing costs for the building that we have on the Strand, which is our primary office location.



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Again, that creates a bigger change this year than we would normally expect. Both those things are ultimately cost-neutral. They are accounting measures that change the profile of the spend, but ultimately, over time, both the lease costs and the depreciation costs are actually the same.

Q10 **Peter Blausten:** So it's accounting as opposed to real.

**Ian Todd:** Correct.

Q11 **Peter Blausten:** That's reassuring; thank you. But you have mentioned accommodation, so can you tell us what you have learned, during this latter period of the last two years of different changes in working practice, about the use of your office accommodation, and tell us what thoughts you have about moving forward and how you might think about that in order to make savings and adapt appropriately?

**Ian Todd:** Thank you, Peter: that is a very valid question. Clearly, the pandemic has had an impact on working relationships and working arrangements across the board. That is no different for us. We have seen some really positive outcomes from that. Most of our staff now work on a hybrid arrangement, where they can work from home some of the time and come to the office when necessary. That has allowed us to significantly increase the diversity of our workforce, particularly through regionalisation. For example, if I use Marion as an example, she will be used to speaking with account managers who live and work in the Glasgow area and understand Scotland and the particular dynamics with the devolved Administration—the Scottish Parliament.

That means that our office accommodation, which was originally leased in the expectation that it would have 100 full-time staff there, is now not fully utilised. We are within a lease arrangement at the moment, but it comes to an end in 2025, and we have already started to consider what our office arrangements might look like beyond that. There is definitely the prospect that we would look to downsize quite significantly.

Q12 **Peter Blausten:** Have you looked at exiting early?

**Ian Todd:** We have. The current lease arrangements do not give us that provision.

Q13 **Sir Charles Walker:** This is slightly off-piste, but since we are talking about accommodation, will IPSA continue to keep an eye on the cost of accommodation away from home for Members of Parliament, whatever form of accommodation they choose? Obviously those costs are going up at a very high rate. I stress that this is accommodation for working away from home. This is not Members' main accommodation, whether they own or rent it; it is when they are required to stay away from their main home on business travel when the House is sitting.

**Ian Todd:** Yes, absolutely. The individual budget lines in relation to accommodation in the main are increasing by 7% over the course of the next year. That is benchmarked against data we have available that suggests that that is an appropriate figure. We know in particular that there are challenges around the utilities aspect of accommodation costs,



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and we will monitor that throughout the year. It might be that we need to make separate arrangements depending on how the market changes, particularly when the current support arrangements come to an end.

It is also an aspect, as we move forward, that we are interested in examining from a central procurement perspective. The Crown Commercial Service is one of the largest buyers of energy across the UK on behalf of the public sector—indeed, it bought energy at a price that is below the current price cap. The opportunity potentially to supply at a lower cost and remove the administrative burden from offices that they currently incur by contracting and submitting invoices on a month-by-month basis is a very positive one.

We are also looking to increase hotel rates, particularly in London, where we recognise that the demand has gone up quite significantly both in terms of pressure on rooms and the cost thereof. We know that some hotels do offer preferential rates, but the rate is scheduled to increase from £190 to £210 per night.

**Q14 Sir Charles Walker:** The record will show that my question solely related to business costs.

**Ian Todd:** It did indeed relate to business costs. As you are aware, Sir Charles, we are very careful not to talk about expenses. These are legitimate business costs that are incurred by MPs through the operation of running their offices and essentially running a small business. If you are away from home as a result of your work, you would normally be able to incur that cost against your employment.

**Q15 Sir Charles Walker:** IPSA did a consultation on the McCloud ruling in relation to public sector pensions and age discrimination. It found that removing public sector workers from final salary schemes based on age in 2015 was discriminatory. McCloud said that those who had been removed could be allowed to go back into the scheme dating back to 2015 but there would be a hard end date for everybody coming out of final salary schemes. We have chosen 2023 as the hard end date for the final salary scheme to end and for everybody—whatever age they are—to be moved into the Care scheme. However, as of yet, Members of Parliament have had no communication as to how this will work or whether they are impacted. As importantly, if a Member of Parliament is impacted and has the chance to go back into the old scheme, they will have to buy their way back into it at a cost of about £18,000.

I am not complaining about the cost at all, but my concern is that raising £18,000 can take a bit of time. You have to take a loan or increase your mortgage. Given that there will be a general election within 18 to 20 months, and Members of Parliament are trying to make plans about whether they should leave, whether they can afford to leave and what their pension entitlement looks like, it would not be unreasonable for this to be brought to a conclusion and for Members of Parliament to know where they stand in relation to their pension entitlement. If they choose to buy back into the old scheme, they should know how much that is going to



cost and what structures are going to be in place for them to pay that £18,000.

**Richard Lloyd:** We have worked really closely with the pension fund trustees and the secretariat to be ready to give Members the information that they are going to need very soon, as you say, to be able to make that choice. The pension fund trustees implement the rules that we make and oversee the administration of the scheme. The rules that we make are ready to go. There is a problem, which is the tax treatment of Members who may choose to go back into a scheme that they have previously left. IPSA does not have the power to deal with that. HMRC and the Treasury have both said that there is a need for primary legislation for that to happen. I am hopeful that we will find a solution very quickly and we will still be on track to start giving Members the information that they need from this Easter—from April onwards. It is becoming urgent, and unfortunately we are dependent on Ministers and the House to find the time to deal with the legislative solution.

Q16 **Sir Charles Walker:** Again, for the record, that tax treatment should be no more advantageous than the one applied to, say, members of the firefighters' scheme. As you have made clear, there has to be a fair balance between the interests of the Members of Parliament and the interests of the taxpayer.

**Richard Lloyd:** The principle we have applied throughout this is to follow very closely the McCloud remedy that is being applied across the public sector, so we are not doing anything different. The wrinkle is that we don't have the legislative instruments to be able to deal with the tax issue. From our point of view, once that issue is resolved, there is nothing remaining that means the trustees and the administrator, Buck, can't start giving Members the information that they need to make the choice in front of them.

Q17 **Sir Charles Walker:** My second question is about financial advice, which Members will need to help them make an informed choice. I am absolutely of the view that I should pay for that financial advice. Again, the fly in the ointment is that the MP pension scheme is 288 pages long. If we had each of our financial advisers reading into the scheme, we would probably each be paying £10,000 before we had even knocked on the door. Is there a mechanism whereby IPSA could fund two or three financial advisers—have a roster—to read into the scheme? We would then pay, in essence, to take their advice, and that money would compensate the up-front cost to IPSA. Does that make sense? Nothing would be done for free, but it would be much better to have three expert financial advisers and we can choose which one to visit, than to have 150 MPs approach 150 different financial advisers. That would be a bonanza for them, but probably not so good for those seeking the advice.

**Richard Lloyd:** This is really important because of the complexity here. There is not a huge number of Members and former Members who are affected, but there are enough to mean that, as you say, there is no sense in the advice or guidance that they might need being reinvented every





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time. How that guidance is provided is a matter for the trustees, but first we will fund a digital online information portal. We will make sure that there is, through the trustees, access to high-quality advice if people need it. We will do that in an efficient way. The numbers are not huge, but these are big decisions and we are anxious to ensure that the tools are there to help people make them properly.

**Q18 Sir Charles Walker:** For the record, I am happy to pay my share if I seek advice. I want to make it clear for the record that we are not expecting something for nothing here.

**Richard Lloyd:** This is precisely to make sure that, if they want it, people are able to access sensible advice at their own expense. But the oncosts of setting that up—in particular the digital access—we can, with the trustees, make that happen.

**Q19 Chair:** Can I just come back on one part you mentioned, which was about having time allocated in the House? How is that negotiation going? I am sorry that the Leader of the House is not here.

**Richard Lloyd:** I am seeing the Leader of the House straight after this meeting, so I am hoping we will get some progress. The Treasury need to find—and I think this work is now train—a legislative vehicle and give us that additional power.

**Q20 Mrs Wheeler:** Thank you, gentlemen; it is very nice to see you today. There has been a lot of chat among MPs about your transformation programme, so I am going to hone in on that, if I may. I do not know whether this is your bailiwick, Mr Todd, but how much have you spent on the transformation programme to date? Do you have a revised estimate for the total programme cost for 2023-24?

**Ian Todd:** It is actually very difficult to draw out specific costs related to the transformation programme. What we have talked about in the early stages, the first two years—we are at the end of that period now—is improving what we already do. Those improvements are being delivered with the existing staff, by changing the way they work and the processes they use. There is some investment in improving IT systems, for example, but those are things we would want to invest in going forward anyway.

The only additional resource that we have brought in is a dedicated change team to support that. SCIPSA very kindly agreed to what was broadly a £1 million-a-year investment over three years to enable us to deliver that. In fact, we have been running substantially below that £1 million—it is more like £300,000 a year—to deliver what we have done so far.

Going forward, the wholesale changes to make us a more modern regulatory body—being more risk-based and more proportionate, targeting our support more effectively, thinking about centralised procurement, delivering better value for money and reducing the administrative burden on MPs' staffing—a large amount of that will be done through the existing





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budget. Therefore, the estimate you have got around subhead B for next year is flat against this year for that reason.

- Q21 **Mrs Wheeler:** I am pleased to hear that it is flat, because in times of inflation that is always good. If you have been spending roughly £300,000 per year for the last three years, rather than £1 million a year, that is quite a lot of savings. Accepting inflationary pressures in other areas, that has given you a substantial amount of money to be more malleable about your whole budget, thus giving you a cushion to allow you to have a flat increase.

**Ian Todd:** We do not bank any underspends—any money that we don't use during the course of the year—and in the same way that subhead A works for MPs' business costs, it is simply not drawn down from the Treasury. But we have had a significant underspend against our estimate for the last two years, which reflects the point that Sir Desmond made earlier.

This year, rather than putting in an estimate to underspend by £700,000 at the end of the year, we have absorbed that £700,000 and built in all of the inflationary costs, staffing costs and things that we would have added into the bill. You are right, essentially, that it has been absorbed through our traditional underspend. But we do not carry that forward from one year to another.

**Mrs Wheeler:** Thank you. That was a very interesting answer.

- Q22 **Marion Fellows:** You have talked in papers about including a centrally procured and managed service, instead of your current business model. Richard, in your introduction you mentioned an emerging business case for this change and redesign of how you do things. Will the Committee get to see the business case prior to the roll-out of a pilot scheme?

**Richard Lloyd:** We are going to pilot so that we can prove the business case. What we want to do is begin the testing of our assumptions about the savings that are there to be made and the way we can deliver that, and then give you more concrete evidence about what we think will be the material savings that will generate. There are some assumptions about the appetite for different offices to take up that approach. There is obviously a need for IPSA to have the capability and the capacity to do that central procurement or to work with others to do it. As I have said several times to this Committee, I think it ought to be pretty unarguable that rather than having 650 different office managers procuring the same thing every year, if we offered that centrally, in the way that other areas of the public sector have done, there would be significant savings to be made—in not just cost, but the time people spend doing that. There are a number of obvious areas where we might do that. In short, what we would do is test those assumptions within the existing budget and bring our findings back to the Committee, before making further steps towards longer-term change over the coming years.

- Q23 **Marion Fellows:** Is there an optimal number of MPs who would buy into this new service—if I can put it like that—that would give you confidence



that it will really return the savings you envisage?

**Richard Lloyd:** That is a really good question. I think it will probably depend on different areas of spend. A good example at the moment is the help we are giving office managers to manage legal issues with landlords in particular. There have been many instances of issues with leases and a need for technical advice, which we have provided within the existing budget, again, and at a cheaper cost, again, than if each office manager in those cases had got their own legal advice. It will depend on which area of spend we are talking about.

Again, that is what we are going to rigorously test over the coming year and then bring back to the Committee to show you what we have found. This is currently an obvious assumption on my part, but if we can procure broadband for 650 offices, for example, that would be optimal and the greatest efficiency saving. There may be parts of the country where MPs either do not want to or cannot opt into that service, but those are the kinds of questions and assumptions that we are going to test over the coming year.

Q24 **Marion Fellows:** There are a number of MPs—I am one of them—who are in serviced accommodation. That could actually undermine what you are trying to do, which I think is worthy, but that could be an issue. As this is new and IPSA has never done this sort of thing before, have you had a good look at your capacity and capability to negotiate and manage these national contracts? It is going to be quite a new adventure for all of us.

**Richard Lloyd:** If we are going to do this, we need to get it right and we need to have the expertise to do it. We already have some of that in-house, and we have worked very closely with the House service in some other central procurement arrangements where there is obviously an overlap. On IT equipment, for example, there is equipment that is funded by IPSA and there is the House digital service equipment that needs to be of the same specification. There are a lot of areas where this is already being improved and tightened up, in collaboration with the House as well. Obviously, there are potential opportunities with the commercial services that Whitehall Departments use.

We do not think we are going to need significant additional cost to be able to do this, which is why we have not budgeted for it, but, again, that will be part of the business case. We will trial and ensure that we have the right capacity at ISPA to be able to do this really well. Otherwise, MPs will quite rightly say, "I'd rather do it myself," which would destroy the whole purpose of the exercise.

Q25 **Thangam Debbonaire:** Hello, Richard and Ian. I would like to know a little bit more about timescales. When do you expect the commercial work to be completed? Are there any significant milestones along the way? I know that defined commercial strategy is in the commercial workstream for this year, but do you have a guestimate at the timescale?

**Ian Todd:** We are looking to kick off the development of the commercial strategy pretty much straightaway. I don't think we will necessarily have



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that finished by the end of March, ready to run into the beginning of the new financial year, but we won't be very far away from that. We have a very good retained commercial specialist, who has conducted these kinds of activities in a number of other organisations, including others that I have worked with, so I have confidence in her ability to work with the rest of the organisation and develop that quite quickly.

The timescales for implementation once we have the commercial strategy are difficult to say. I believe that I, working with the team we have at IPSA, who are an excellent team, could deliver a lot of this quite quickly, but there is a risk in going too far, too fast. We have to prove the concept, but we also have to make sure that we have the engagement of you and your staff in going through this journey. As Richard alluded to, some things may seem very straightforward. Non-discretionary spend on things such as utilities and broadband, where you have to have it and you have very little choice about supplier, is something that, quite frankly, office managers tell us they would like off their backs. They do not need to deal with the processing, the invoices, the monthly billing and sending it to us 650 times over. They would love to get rid of that.

We then move into potentially wider areas of more discretionary spend, such as office supplies and stationery. We know that some MPs like to buy locally, and we need to think about how, if at all, we would take that into account in a centrally procured system. Then you move right to the other end of things such as specialist bought-in services, which are probably not amenable for centralisation at all. We want to pace it, and we want to work with you and your offices to make sure that this is getting the benefits but also that, conceptually, this is something that is going to work for you.

- Q26 Thangam Debbonaire:** Proof of concept in the process is one thing, but proof of concept in the financial savings—as you said already, Richard, ideally, all 650 of us go with the broadband purchasing or whatever it is. When you are doing proof of concept, do you have an idea of which one you are going to pick first, when you are going to do that one, or how many of us you need to take part? Can you say a bit more about that?

**Ian Todd:** We would be looking to kick off—bearing in mind, obviously, that some of the centralisation and the procurement itself is quite a lengthy process, potentially, although we would be looking to access Crown Commercial Service's existing contracts where they do already exist and when they are fit for purpose for our particular needs, which are a bit different from those of the wider public sector. We would be looking to start developing that from April onwards, and the most likely thing to start off with is the non-discretionary spend, potentially. It would be things such as utilities, broadband and potentially mobiles. There is no cost saving on things such as TV licences, for example. It is just an annoyance to 650 offices, when we can receive one bill and pay it direct on behalf of everybody.

- Q27 Thangam Debbonaire:** We have talked, using Marion as an example, about the benefits of the regionalised approach. I have talked about that



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with you a few times. But with the central procurement, there will be a shift towards more things being centralised, so what do you see as the issues there? How are we going to work through the tensions, and will there be an effect on that very localised support that we have been giving?

**Ian Todd:** No, I don't think there will. I think the intention is to simplify the system. What we would hope to achieve through that process would be to remove that section of administrative burden away from your offices by it being dealt with by us centrally. If we procured a service on behalf of a number of offices, we would expect the billing of that service to come directly to us. We would expect the systems to identify which offices it belongs to if we wanted. It should not only remove from your offices the administrative burden of having to make what would currently be claims; the phone calls that you would need to make to us to have that conversation would simply disappear. You still have the regional teams for the things you are having to claim for. To be able to speak to somebody who understands your position, we would have a central contract management team who would be overseeing those contracts and making sure they are performing as they should.

Q28 **Thangam Debbonaire:** So for things like uncapped travel costs in the constituency, we would still need a local support person, presumably, because you cannot centrally procure that.

**Ian Todd:** That is a slightly different scenario. No, you can't centrally procure that, but alongside that we are thinking about—it is not an ideal catchphrase—the best reimbursement is no reimbursement, and whether there is an alternative to the current mechanism.

For example, we accept mileage claims, but they are quite onerous to input into IPSA online. Those of you who use smartphones will know that, with modern technology, you can potentially press a button on your mapping software that says, "start journey", and another button that says, "end of journey", and that automatically populates the system and makes the claim on your behalf. It is not a centralised service, but it is a different type of provision that is designed to minimise the administrative burden.

Q29 **Thangam Debbonaire:** So at some stage there will be some sort of reshaping of what we need to go to our local people for.

**Ian Todd:** There should be less that you need to go to your central people for, yes. I would imagine it would be a subset of what is currently there.

Q30 **Chair:** If you press an app to say you are starting your journey and then press it at the end of your journey, presumably that works only if you have a signal.

**Ian Todd:** Not necessarily. Without getting technical, GPS does not necessarily work on mobile connectivity. It would save the information and send it through at a later stage when connectivity was recovered.

Q31 **Chair:** Some constituencies don't have any coverage. There are certainly villages in my area where there is no signal to be found.



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**Ian Todd:** We are well aware of that in terms of mobile telephony, but using GPS systems—

Q32 **Chair:** Can we not just do an average per month, per constituency? That takes all that nonsense away.

**Ian Todd:** There are alternatives. There is a mileage allowance pilot that has been running for some time that, in its current form, is a one-size-fits-all system. It works for a certain number of MPs who drive a certain mileage every year. If we wanted to extend that, we would need to look to a much more tailored approach, probably based on people's driving habits. I fully appreciate that those who use a car in central London may be doing very different mileages to colleagues in the north of Scotland, who are driving 300 miles to get from one side of their constituency to the other.

Q33 **Chair:** I thought there used to be an arrangement with the Inland Revenue that said there would be average mileage given per constituency. That would stop all of this.

**Richard Lloyd:** This is a really good example of where we are going to go cautiously and carefully. Instead of making assumptions with IPSA about what works, as we might have done in the past, we need to work closely with office managers, in particular, and Members about what is practical and realistic, and what will strike the right balance, as Thangam said, between local and national procurement.

**Ian Todd:** It is difficult. We clearly cannot operate a system where we have 650 different arrangements for 650 different MPs. However, in some instances a one-size-fits-all approach is not the right approach either. There might be two or three options and each MP would opt for one of those options, depending on their personal circumstances.

Q34 **Theresa Middleton** Richard or Ian, looking at changes to the regulatory approach that you currently operate under, can you tell us your plans to evaluate those changes in terms of efficiency, effectiveness, value for money and so on? Are you planning to do a full impact assessment on any such changes?

**Ian Todd:** Yes, we would do an impact assessment when we get to the point of being ready to move forward. As Mr Speaker has already alluded to, we have a comprehensive pack of KPIs at the moment. We know an awful lot of the data that already exists that is important, both to IPSA and to MPs, in terms of compliance, time to answer the phone and time to reimburse claims. All of those metrics already exist, so it should not be particularly difficult to model the change of approach.

It is an important change, but I have had the pleasure, as has Richard, of working in a number of regulatory environments. I would say that, while IPSA was founded and runs the way it does because of history, it is beyond the point in time when it should move forward and adopt some of the principles of modern regulation. As I said before, being more targeted in our support and helping those who need it rather than applying a one-size-fits-all approach is a much better option.



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It is important that we look at efficiency and effectiveness across the system. It would be very easy to look at subhead B and say, "Look, IPSA's cheaper," "IPSA has a lower headcount," or "IPSA can do this better." That does not work if we are passing the burden to MPs' offices. The very point of this is to try to move the burden from MPs' offices on to us; we can do that more efficiently by doing it in a centralised manner, and then save cost for the system as a whole. That may mean that some of the things that currently sit in subhead A might move to subhead B, but I would anticipate that happening only where the cumulative total is less than it currently is.

- Q35 Theresa Middleton:** Building on that a bit, the compliance with the scheme is incredibly high—over 99%, which is brilliant—and you would not want to do anything that would reduce that level of compliance. But bearing in mind the overall cost of both subheads to the public purse, is there more that you could be or should be doing—thinking more radical thoughts—about how the overall value for the taxpayer could be improved, even if the balance between the subheads, as you have just said, might shift about a little?

**Ian Todd:** It should be. The aim of the centralisation work, as I have said previously, is very much to remove the administrative burden from MPs' offices, which creates a monetary value. Of course, it might be that that staff time is redeployed to casework rather than it being an actual cash saving, but that would still be a very positive thing for constituents. But then the economies of scale from those centralised contracts should also mean much better value.

To give you a very specific example, MPs' offices buy printer toner cartridges, and they might buy exactly the same printer toner cartridge from an original supplier. They buy them from different places. The cost variation between the office buying the cheapest and the office buying the most expensive is 66%. By centralised contract, we should be able to not only get everyone at the lower end, but go further than that, because we are buying on behalf of 650 offices rather than one. The economies of scale and of staff time, as we work through the full business case and evidence this, should speak for themselves.

- Q36 Thangam Debbonaire:** Let me come back to a subject that we have discussed before, which is IPSA Online. How much has been spent on it so far? Have you been able to attribute direct cost or time savings against the amount you spent on improving it? And what do we have ahead of us? How are we going to measure whether it is getting better, getting more value for money, and getting more MP satisfaction—that means a lot to me—and more office manager happiness as well?

**Ian Todd:** I cannot give you a specific figure for the amount that has been spent on IPSA Online overall, because it goes over a number of years, and some of the development work is within a contract that covers the ongoing maintenance and support as well as the development. It is difficult to split the two out. We do know that the amount of time that MPs and their staff spend using IPSA Online has reduced as we have





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introduced better reporting, better online forms and things that MPs' offices in particular have specifically asked us for. I think it is the first time over the last two years that we have been developing the system directly in response to customer feedback, rather than developing it in a way that we thought was right. Over the last two years, that has reduced the amount of time spent on IPSA Online by MPs' offices by the equivalent of six whole-time equivalent staff across the system, which equates to around £280,000 a year.

- Q37 **Thangam Debbonaire:** You mentioned that earlier and I am interested: how do you know that, given that you don't know how much you're spending? I mean, compared with the fact that you say you don't know how much you're spending on IPSA Online overall, but you do know how much time we're saving by being not on it. Tell me a bit more about that.

**Ian Todd:** We can provide the figures on how much overall IPSA Online costs; it's differentiating the improvement work from anything else. Sorry—I just say that to be clear. But we do know how much time people spend using IPSA Online.

- Q38 **Thangam Debbonaire:** You have a way of measuring that?

**Ian Todd:** Yes. We are not—I don't want to create the impression that we are watching what everybody does. But at an anonymous level, we can obviously tell that people are logged on and how long they are logged on for, and when we compare that in the past to the amount of time that is being spent now, it's the equivalent of six full-time equivalents across the course of a year.

- Q39 **Thangam Debbonaire:** Okay. How much more money will you spend on improving it and how will we know when the job's done?

**Ian Todd:** The job will never be done, because however good we make it we will always be able to improve it. I simply do not believe that any system is ever perfect; it's always capable of being improved further.

The next big step change that we want to make is to change the way that MPs and their staff engage with the system. At the moment, we accept that a lot of the data input is quite complicated; it's using multiple fields, boxes and dropdowns. It's not a particularly user-friendly system.

Our intention is to make significant inroads into that over the coming 12-month period and what we want is a really simple user interface that meets modern IT standards. It will look and feel different, and it will be substantially easier to use and—again—it should have further cost savings in the amount of time that staff spend using it.

- Q40 **Thangam Debbonaire:** So we would eventually be able to get, say by this time next year, an assessment of what the value for money of the improvements has been.

**Ian Todd:** Yes. We can deliver that.

- Q41 **Thangam Debbonaire:** I suppose, and this is just a way of getting it on



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the record, that that has to be weighed up against the amount of money that was spent in the first place on the system, which wasn't user-friendly—presumably, an amount of money that was once spent.

**Ian Todd:** I think there is a challenge there. The system that we use is used by a number of Departments and for an organisation such as ours, which has to consolidate a quarter of a billion pounds of spend across 650 MPs' offices, it does work for us, in terms of creating a central account that has to go through the National Audit Office and then has to be presented to the House in our annual report.

However, it seems to me that the system was designed primarily for that purpose and not for the people who are using it out in the field, if you'll forgive the terminology, on a regular basis. So, my commitment is to create a different interface, a different front-end for the system, that is fit for purpose for you and your staff to use, out in your offices, and then the population of the core system in the background should be something that is invisible to you.

**Thangam Debbonaire:** I am grateful for that, Ian. And I know that it wasn't you—either of you—in charge at the time. I wanted it on the record that a very unfriendly system was created, presumably at an expense to the taxpayer. That's all. So, it's good to hear that news. I know I have said it to you before; I just wanted to get it on the record. Thank you, Mr Speaker. I will now be quiet.

**Ian Todd:** Thank you, Thangam.

Q42 **Penny Mordaunt:** I wanted to ask you about the change workstream to improve IPSA. Could you just tell us what it is you're aiming to deliver through this, and could you also just enlighten us as to what you mean by "prioritisation of change audit activity", saying what that actually means in practice?

**Richard Lloyd:** The overall aim is to move away from the reimbursement model towards a funding and central procurement model. The way we still have to do things now, as you know, is to reimburse against expenditure, and that is wildly inefficient at times. So we want to root out as much inefficiency as we can and as much duplication of work in different offices as we can. That's the commitment that we've made for testing over the coming year, to prove the case that we can get better value for money by doing IPSA's core service job differently.

Alongside that, obviously, there will need to be a revision of the rules, and as we have said in the pack, we will come back to the Committee when we are satisfied that we've got a business case that stands up to scrutiny, and then we will discuss with you the timeframe for revising the rules to support a different operating model.

In short, it is about moving us on from reimbursement to a different model where, as far as possible, we can get better value for money for the taxpayer through either centralised procurement or a different set of



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arrangements for the different forms of expenditure that happen in each MP's office. Ian, do you have anything to add?

**Ian Todd:** No, I have nothing to add. I think you have probably covered it.

Q43 **Penny Mordaunt:** What does the audit activity look at?

**Ian Todd:** This might be a level of detail too much for the pack, but we recognised that we are a relatively small organisation and there is a lot of activity that we look to deliver. What we do not want to do is over-promise and under-deliver. We need to make sure we have prioritised the work that needs to be done so that we get the biggest impact, and we use the limited people resource in particular that we have available. It is essentially us auditing ourselves to make sure we create a plan that is deliverable, rather than one that looks great on paper but that we can't deliver in the long term.

Q44 **Penny Mordaunt:** Is that for areas of expenditure? Is that what you mean?

**Ian Todd:** That is predominantly our entire change envelope. It is partly that, but also the other activities that we have got going on within the organisation.

Q45 **Penny Mordaunt:** Right. So, by change audit activity, you are talking about your whole change programme as opposed to a programme of work to audit.

**Ian Todd:** It is about a piece of work to make sure all the work that we have got currently ongoing dovetails with the work that we have got planned. The original transformation plan was a three-year plan, and then we were looking to do the more significant change in the way we approach the regulatory model after that. Because we have made significant progress, we have been able to bring that forward. It is about auditing ourselves to make sure we have the capability and the capacity that was raised earlier by Peter and Marion to be able to do all of this work effectively.

Q46 **Penny Mordaunt:** So that is an internal piece of work.

**Ian Todd:** Yes.

**Richard Lloyd:** We carry out a programme of internal audit and the NAO audit us annually, so this is just making sure, as Ian said, that any costs attributable to that change programme are part of that internal audit programme. The NAO will look at that in their annual audit, too.

Q47 **Penny Mordaunt:** There will be established things that MPs' offices are doing that are very well understood. There will also be services that are not provided through a centralised mechanism. For example, we all have to have lawyers to witness our leases being signed. We all pay different things for insurance. Do you have a clear view about the things that you are currently doing and are focused on? Do you have a good



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understanding about travel and hospitality and the things that MPs are having to spend IPSA money on, which, currently, are perhaps not really well understood by the House?

**Richard Lloyd:** Obviously, there is a range of things done in common across 650 offices, whether it is procuring stationery, insurance or utilities. We want to test out, prove and build the capability so that we can take the hassle of doing some of that off office managers and get a more efficient procurement system in place instead. I am happy for us to write to set it out.

If the Committee is content with the overall approach to what we want to do next year, we can set out in more detail where we will be looking and with whom we will want to work to test the concept because, as you rightly say, there are many different elements of each office budget. There is some lower-hanging fruit, and there might be cases where either a national or regional procurement effort would be less efficient than continuing with what we are currently doing. We will work through those budget lines and look for the earliest possible, most efficient and effective way of applying a different approach.

**Ian Todd:** We want to do this working with MPs and their offices, so we need to better understand those things that take up a disproportionate amount of time. We do not necessarily know those at the moment. We need to understand, where some of that spend occurs on a local basis, where we can offer a better service.

As I said—I think you may have been out of the room, Leader of the House—not everything will be amenable to centralisation. Some of the specialist, bought-in services certainly will not be.

I will give you one example: recently, we were talking on the back of Mr Speaker's crusade around office accommodation in relation to MPs who need to have surveys conducted on their offices. They were being commissioned from local surveyors and the price range was quite considerable. That actually turned out to be something that was amenable to centralisation. We now have a standard contract, so that every MP who needs a survey can come through us and get it from the same supplier at the same price, which is better overall for the taxpayer. It is about us being able to understand not just the numbers, but how much hassle this is causing for offices. We need to do that by getting out and talking to people, which we have not always been brilliant at doing in the past, but we have a much stronger commitment to doing so going forward.

Q48 **Chair:** Maybe even finding and actually operating the offices for MPs.

**Ian Todd:** I may have given you a lead into that one, Mr Speaker. I apologise.

**Chair:** I am just replicating what Parliaments do best. I am sure that you will be wanting to look at it sooner rather than later. Sir Charles.

Q49 **Sir Charles Walker:** I hate to flog a dead horse, but you came to give



evidence to the Administration Committee about what happens at the end of a Parliament when Members of Parliament leave. I am afraid that I am going to go back to McCloud because one of the criticisms from departed colleagues was the opaqueness around pensions schemes and entitlement, and the difficulty of getting information. Can we please have a resolution to McCloud? Members of Parliament will have to borrow significant sums of money to buy back into the scheme if that is what they want to do.

This is about the time in the parliamentary cycle where people start thinking, "Do I want to do another five years, or do I want to go?" The last thing we want is people, on a marginal decision, deciding to stay for another five years when actually they do not want to be here—that it is for want of information that, for whatever reason, they decide that they cannot take the risk to leave.

The hon. Member for Rhondda is not here; he is chairing the Standards Committee, but he is also very keen for me to press you. He is not expecting an answer on the finalisation of your plans for those Members of Parliament who lose their seats, leave voluntarily or are basically boundaried out. If we got some clarity on that over the next six months, I suspect that would be very helpful to a lot of colleagues.

**Ian Todd:** That is certainly already in the planning. The board—Richard may have a comment to add—have already started to think about winding up loss-of-office payments. Pensions are obviously slightly separate because of the arrangement with the pension administrators, but there will be a consultation, particularly around loss-of-office payments. That will probably be subsequent to the report from the Admin Committee because it is important to us that we take the findings of that Committee into account, so that will be moving forward.

In particular, we are conscious of, and taking into account, the fact that boundary changes might have an impact on those who choose to stand for office in future. We would not want people to be disadvantaged by their seats being reconfigured in a way that means that they have to move on—where it appears to be voluntary, but it is not necessarily.

Q50 **Chair:** That concludes our public evidence session for today. I say thank you to both of you for joining us.

**Ian Todd:** Could I make one further point, Mr Speaker?

**Chair:** Yes.

**Ian Todd:** In response to Sir Desmond's question—I apologise for not having the right piece of paper in front of me at the beginning of the meeting—the actual increase in uncapped costs is 5.1%. The 19% is against the outturn for this year. We know that the uptake of travel and subsistence was very low at the beginning of the year as we came out of covid, but it has now recovered to normal levels, so the increase is only really reflective of inflation on a full uptake going forward into next year.

**Chair:** Thank you for that clarification just before the end, and thank you,



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both, for taking the time.