



HOUSE OF COMMONS

Speaker's Committee for IPSA

Oral evidence: IPSA's Main Estimate and Corporate Plan 2021-22

Tuesday 23 February 2021

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Members present: Sir Lindsay Hoyle MP (Chair); Peter Blausten; Chris Bryant MP; Ms Cindy Butts; Marion Fellows MP; Mr Shrinivas Honap; Mr Jacob Rees-Mogg MP; Sir Desmond Swayne MP; Valerie Vaz MP; and Sir Charles Walker MP.

Questions 1 to 42

Witnesses

I: Richard Lloyd, Interim Chair, Independent Parliamentary Standards Authority (IPSA); Ian Todd, Chief Executive, IPSA; Alastair Bridges, Director of Finance and Corporate Services, IPSA; and Karen Walker, Director of Strategy and Change, IPSA.

Examination of witnesses

Witnesses: Richard Lloyd, Ian Todd, Alastair Bridges and Karen Walker.

Q1 Chair: I welcome to our public meeting Richard Lloyd, the interim chair, Ian Todd, the chief executive, Alastair Bridges, the director of finance and corporate services, and Karen Walker, the director of strategy and change. I welcome you all. Can you all hear us? I presume you can. I am going to open up the questioning, if that is all right.

Richard, IPSA provided the Committee with an updated corporate plan and requested significant funding. That is within the estimate of £1.1 million for a change programme, including funds for organisational designs. In brief terms, what is it that you see IPSA doing differently and how much does this represent IPSA doing something new, rather than just doing the existing things better? Can you really tell us why you need this money?

Richard Lloyd: Thank you, Mr Speaker. I thank you and the rest of the Committee for the support and challenge you have given me in my time as interim chair. I think this will be my last meeting as interim chair and I want to put on record my gratitude for the engagement of everyone on the Committee.

As we have set out in our three-year strategic plan, we have an aim to fundamentally transform how IPSA does what it does. We still need to assure the public that public money is being spent effectively and efficiently and within the rules. We still need to have a robust scheme of rules and to ensure compliance with those.

However, the big difference is in our commitment to how we provide a service that, in turn, will enable Members to comply with those rules. We have very high levels of compliance, nearly 100%, but our listening and our learning from Members and their staff over the past year has told us that we need to dramatically change the way we provide that service. Not to reduce compliance or our transparency about compliance, but to make it easier for MPs to do what they are elected to do, rather than to deal with IPSA's bureaucracy.

That is a big change. It is a fundamental shift in the culture and in the prioritisation of IPSA. It will lead, I think, to much stronger satisfaction and trust between Members and their staff and IPSA, and it will lead to less waste and fewer repeated demands from IPSA of MPs, who are extremely busy people, recognising the extra demands, in particular at the moment, on MPs' staff and making IPSA a service that is genuinely trusted and efficient, both by the public and by Members and their staff. It will be a big change and there is a cost to that, but we have set out, I think, very clearly a three-year plan. This is the first year of that plan. With these resources we can get on with making those changes happen.

Q2 Chair: So you generally think it is worth while to do so?



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Richard Lloyd: If we do not make these changes, and I will ask Ian Todd to come in on this as well, we will see continued inefficiency of use of public resources. We will see more repeat “demand failure”, as we call it at IPSA: people having to do things more than once for us. We will see MPs and their staff spending more time than they ought to on IPSA processes than on getting on with the support and representing their constituents, which they are elected to do. Too much time spent on IPSA bureaucracy detracts from their day job as Members and that is what we have got to turn around. I do not know if Ian Todd wants to come in on that as well.

Ian Todd: I think all I can add is that, since I joined the organisation in October, one of the questions I have been asked repeatedly is whether IPSA sees itself as a regulator or as a service provider.

The answer is that we are clearly both: the legislation makes clear that we have a regulatory role, but what is entirely within our gift is how we choose to exercise that role. We are seeking to move to a customer service model with a real focus on supporting MPs and their staff, to ensure that we help them with compliance so that it is achieved in the first instance, rather than taking a potentially more confrontational or adversarial approach and looking at claims after they have been made. That is something that I and my colleagues have been very clear about in engaging with various groups of MPs and staffing groups during my early tenure, to get that service customer feedback from the people who are our primary service users.

We are there to ensure the proper use of public money, but those people who are using our services day in, day out are MPs and their staff, and at the moment it takes too much of their time, it is too complex and there is too much inconsistency to ensure that we almost disappear. As a chief executive, it is very strange to suggest that I almost want us to be anonymous, but in some ways, for our service users—by which I mean the MPs and their staff—we do want that, because we want to be in the background. We want to be seamless. We want it to be as easy as your internet banking or internet shopping, and not to take up your time unnecessarily, while we ensure that we fulfil those other statutory functions around transparency and publication, for example.

Q3 **Chair:** It would be fair to say, then, that it will be a more slimline approach, but that removing the overburden will allow MPs and their staff to get on with the job that we expect them to do, and that will be the real gain? Is that fair to say?

Ian Todd: Absolutely, Mr Speaker. Our objective is to enable MPs to focus on what really matters by providing an exemplary, seamless regulatory service. There is a real desire from my board members, from Richard in the interim chair role, from all the authority members themselves and from the executive team; we believe we can deliver that, with the right resource behind us.

Chair: Thank you for that.

Q4 **Chris Bryant:** Can you just tell us what you mean by the centrally



managed office accommodation? I could see some people might be a bit anxious about that.

Richard Lloyd: As you know, we already have a centrally managed security budget, and that contract will be up for renewal this year. What we want to explore with Members—not everyone will want this today—is how we can take some of the strain out of 650 MPs, particularly new MPs, having to secure their office accommodation, each individually negotiating in their local market.

What more can IPSA do both to get value for money and to take the strain out of that process, to help MPs to get the accommodation they need that is secure, fit for purpose, accessible and right for them? We want to explore what is possible. I think there is a big efficiency gain to be made and, rather than IPSA saying, “Off you go, MP—you negotiate a lease and find your own way, even if you’ve never had any experience of doing that in the market”, we can inject some expertise alongside our oversight of the security budget and get a better outcome. What we have committed to doing in this year’s plan is to explore that and report back, and I am very keen that we do that alongside the Committee.

Chris Bryant: Okay. Thank you, Mr Speaker.

Q5 **Sir Charles Walker:** Mr Speaker, may I just say something on that? Richard, please do not take this as in any way an attack on IPSA, because you have been absolutely wonderful in your dealings with me, but I do not think it is possible for any central organisation to go and negotiate value-for-money leases on behalf of MPs.

The cost to IPSA will be enormous, and IPSA already costs £10 million-plus. The idea that it is not going to cost many millions more to have people going around negotiating leases on our behalf is for the birds. Any gains you make would probably just be lost through the cost of doing it. I am not a fan of the ability of quasi-Whitehall agencies to go and secure value for money for anybody—and that is not just IPSA; it is any other organisation seeking to do it.

Richard Lloyd: Thank you, Charles. There is a big range of views on this. I think you are right that we should approach what we can do with a healthy dose of scepticism. At the moment we are already quite often, in particular where there are break clauses in leases, involved in debates between MPs and their landlords. There is a very careful exploration of this area that we can do without committing a huge amount of extra IPSA resource in this area this year.

If we look at the security budget, it is a significant amount of money going into properties, and we need as an organisation to take a much more curious approach to how that expenditure—as you rightly say, quite a significant expenditure on accommodation—is being done and whether there is more that we can do, other than simply approving the spend to make sure that it is done in such a way that IPSA is as efficient as possible. But I completely hear your scepticism, Charles, and obviously we



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will want to discuss with you and many others, including Committee members, how we go about this.

Chair: Coming in on the back of that, Charles, I asked for this to be brought forward to try and see how not only can we save money, but ensure MPs are in better secured offices. That was the key to it. In Australia it is provided directly. Each office is provided to MPs secure. Staff have proper accommodation with a kitchen area and working areas.

That was the model to look at how we can roll out when we have got the inconsistency of people—if you rent in Chorley, it will probably be half the price of what you pay in London. It was to try to overcome the anomalies as well. Not only is there a saving when MPs keep moving offices every two years, but the real cost and burden that is being placed on the taxpayer will be taken away by having a proper office in the beginning. It would not be a forced issue, but an issue to offer new MPs coming in, and it could be rolled over. In Australia, you go in and you take the sign down. If the MP packs up, somebody else takes it over.

The other thing we have to watch for, and it does happen in different political parties, is where we see people renting from their own party, and that money then goes into their funds, which is also not good to look at. If we can give alternatives, it will be helpful going forward. This is only a trial, but hopefully we can build on it.

Can I come over to Cindy and Peter? Cindy first, please.

Ms Butts: Thank you, Mr Speaker. I think Shrin wanted to come in on this particular point.

Q6 **Mr Honap:** Apologies. I think a combination is quite difficult to do. What you might be better off doing is looking at services such as broadband, telephony, postage, printing and all of those as a proxy to see if the much bigger project around accommodation can be done. I think there is value in doing those. You will get more bang for your buck at the start, and then accommodation can come along. That might address some of Charles's concerns around whether we can do something centrally, but I am happy to take other people's view on that.

Chair: To be honest, it is a fact, Shrin, that what has been happening is the new MP comes in and takes the first accommodation to be up and running. We then invest in security. They come out within two years and take other accommodation. It just rolls over and over.

We have had complaints from staff saying that they do not feel safe and that there aren't proper facilities in the rest area and no toilets—lots of these complaints. We are just throwing good money after bad, so it is about looking at real alternatives.

If I look at the Australian model, you are absolutely right: your broadband and everything rolls into that, but it all comes with having that office. We are not forcing anybody into it. What we need to do is test the market and see what we can get out of it. I want to go in a slightly different way from Richard, but unless we put something on the table it is



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hard to decide the best way forward.

Mr Honap: I agree.

Richard Lloyd: Mr Speaker, can I just respond to that really good point that Shrin made about utilities? Shrin, as I think you know, as a former exec director of Which? it really pains me to see 650 broadband contracts being negotiated and procured individually. I think there is much low-hanging fruit in that area, as you rightly say.

The other thing I want to say to the Committee is that we are, with the House service, looking at where we can find efficiency and procurement together in that space—for example, with IT equipment. There are too many areas of spend—for example, laptops—where the House service and IPSA are funding in parallel. That is in the low-hanging fruit area. We now have a forum established to do this. IPSA and the House service could be looking very hard at how we can collaborate much closer, to get a much more efficient and joined-up approach to procuring things such as IT equipment and broadband.

Q7 Ms Butts: Last year's annual report showed very low scores for MP satisfaction. This was running at 25% feeling positive about the service that IPSA provides, and 51% of staff feeling positive. There are two parts to the question. First, what steps have you taken to address the very low rates in scores for satisfaction? Secondly, do you have any evidence that scores are on track to improve?

Richard Lloyd: Thank you. This is absolutely central to our thinking about measuring our improvement. I will ask Karen Walker to come in on this, if I may, because in transforming the organisation we have to understand how we are performing and what Members and their staff in particular think of our service.

The latest survey shows an improvement. It is nowhere near good enough yet. In particular, there is a worrying finding about how MPs and their staff—a small sample in the survey, but it is worrying—perceive IPSA. There was a time-lag, in particular, from the introduction of IPSA Online which, as the Committee will remember, was not a happy experience. Karen, could you come in to say a bit more about that measurement of satisfaction and what we are doing about it?

Karen Walker: Thanks, Richard. Great question, Cindy. We did improve. We just got the results from last year's survey. We are at just over 35% satisfaction this year but, as Richard says, it is a low response rate. My tenure at IPSA is around six months. I spent the last six months talking to MPs' staff. We have been doing interviews, user groups, so we have been keen to get great feedback across the board from a larger population of people. We have responded to all the points that have been raised.

The corporate plan has been built on that feedback and the transformation programme, too. We are addressing those areas. The areas that came out in the MPs and staff survey, this time around, is very much around the clunkiness of IPSA Online, the lack of support from our advisory service in



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MP support, and lack of being able to make contact when MPs and their staff need to get answers on queries. All of those points have been addressed through the transformation programme.

Chair: Cindy, do you want to come back on that? If not, we will go over to Peter.

Q8 **Ms Butts:** I just wanted to understand the prioritisation of the issues that you have talked about and how you will seek to prioritise the issues that have come out from the latest survey work that you have done.

Karen Walker: Using the data and insight that we have gathered—anywhere we can support internally with data and volumes and response rates, we will use that data to inform how we prioritise all of the changes. It is fair to say that we will base it on the biggest bang for our buck.

Where we can make significant changes to the landscape for our MPs and their staff, we will attack those first, because we need to free up the time for them to focus on their constituencies. One of the biggest areas is managing business costs, such as being able to claim expenses, reconcile cards and claim for rent. That is one of the largest areas we have to attack. Part of that will be done through an IPSA Online upgrade and through making changes to the user interface. But there is a huge programme—*[Interruption.]*

Chair: There is a Division. Valerie Vaz, have you got to go? Sorry, Cindy, do carry on.

Ms Butts: Karen, do you want to finish?

Karen Walker: It is, “Pay my staff, reconcile my card, claim my expenses.” It is taking the heat out of the largest transactional volume that takes up the time of MPs and their staff. That is what we will attack first.

Q9 **Peter Blausten:** This is for Ian and Richard. On page 10 of your plan presentation, you have very helpfully included the measures of success. We would like to understand your thinking, particularly following the change programme and all the conversations you have had with stakeholders about what your targets are going to be.

Can you tell us more about your thinking about the targets, what people have been saying to you, and whether you think you might change any of the measures over the next year or so, as you learn more about the things you need to emphasise?

Richard Lloyd: Thank you, Peter. We already have been evolving our measures, and what the board of IPSA tracks has shifted significantly, as you would expect, to keep pace with the changing organisation. I will ask Ian to come in on this as he is leading on it.

Ian Todd: We do not have the complete answer to the question yet. The corporate plan itself is a relatively newly created document. We have now created the first draft of our first-year business plan, which sits



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underneath that. That addresses some of Cindy's points around how we prioritise that three-year piece of work into manageable annual chunks that we can deliver against. The next objective for us is to review our KPIs and have something in place by the end of March so that we have a full year of reporting against those KPIs through 2021-22. That is really important to us.

Again, the thread through everything in the corporate plan is that, while there will be some internal measures that are important to us to ensure we are running the business effectively, the key KPIs—the real headline measures—need to be the things that are important to our customers. They are quality, timeliness, consistency, being error-free, getting the payroll right and getting claims paid quickly. It really reflects what our customers see as important to them as the most important measures, backed up by those you would expect from a corporate governance perspective, to assure the board that we are delivering in line with all the obligations that are put on us as a public body.

We have not finished developing those yet, and it is fair to say that we are up against some time pressure, but that work, including the interviews that Karen alluded to with MPs and their staff to get feedback, is ongoing at the moment. We are confident that we will have those in place and agreed with the board by the end of March, ready to start from April onwards.

Q10 Peter Blausten: So once the IPSA board have approved them with you, that is something you can let us know the detail of. Is that right?

Ian Todd: Yes—

Richard Lloyd: Mr Speaker, I was going to suggest at exactly this point that, if you agree, we would like to write with those, and we would welcome feedback from Committee members after this meeting.

Chair: That would be great. Peter are you happy with that?

Peter Blausten: Yes, thank you.

Q11 Mr Honap: This is probably for Ian and Karen, mostly. I think you have asked for roughly £1.1 million in order to improve the IPSA Online experience. Just take me through exactly what that means functionally and how you measure it.

The other question I had—we have had this conversation before—is, are you sure £1.1 million is enough? In the past, we have suffered from the fact that we have not always hit the budgets on some of these larger programmes, and we haven't always asked for what is necessary. If you can take us through both those aspects, that would be great.

Ian Todd: I will start and then hand over to Karen, who will have far more detail than me. We are confident that it is enough, bearing in mind that what we are looking to do is upgrade IPSA Online, rather than replace it. Obviously, the key financial investment was moving to the Business



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World platform that delivers IPSA Online. That was the most significant cost.

What we are looking to do later this year—during the next financial year—is deliver a substantial upgrade from version 6 to version 7. That will be part of the journey on to further upgrades. That gives us a significant ability to create more adaptability with user interfaces to better be able to reflect what the customer needs. There is some additional funding in there, but it is also predicated on the retirement of a number of our old legacy systems, which we had been incurring costs with until recently, over the course of the past 12 months or so. Where most of those have now been retired, they exist for legacy purposes in the cloud, but we are able to recycle the costs that we were using previously on those legacy systems.

In terms of things such as cyber-security and ensuring information management, I know it is an area that you are passionate about and an area that you always ask about. It is an area that I have gone back and tested the team on to make sure that they are confident that we have the right budget behind things such as penetration testing, around learning and development for staff to reduce the potential human errors that lead to data breaches, for example. I am confident that that budget covers what we needed to do.

In terms of what those upgrades and the aligns with technology can bring us, I will hand over to Karen, who has more detail.

Karen Walker: Shrin, that is another great question, because it is a three-year strategy and this is year one. It is fair to say, technology-wise, that what we need to spend is money to optimise the current systems, rather than replace, although we do want some technology within that budget. I think we have been quite prudent on that.

However, the wider plan will be very much around year two. The issue that we currently have is for applied technology and intelligent automation and some of the other technology that IPSA should be using to make things seamless for our MPs and their staff. It all relies on machine learning and that relies on learning and improving on past data and decisions that have been made. We have a lot of work to do on getting the basics right so that we can allow machines to learn for the future. We are already having conversations with suppliers on future technology, alongside delivering better, more optimised systems currently as well.

For example, the IPSA Online upgrade is very much around improving the visibility of the dashboards for our MPs and their staff, and managing business costs will become easier. There will be auto-populated forms, potential for mobile application and potential for software integration as well, so APIs, for us to be able to do better things with IPSA Online and really optimise the system that we bought in the first place. Overall, it will be simpler to support and allow us to make those smaller, safer incremental changes that we are currently unable to make.



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There is lots of work ongoing as well. Even now, in the last quarter, we have delivered 17 different changes that affect the dashboard that our MPs and their staff see. It is an ongoing piece of work and we have budget assigned to make the bigger changes that we need to make alongside some of the system changes as well. We want to review Barclaycard, for example. It is our current proposition. We do not know whether there are better things in the market. All of that budget is assigned from the funding that you see.

Q12 Mr Honap: Let me follow up briefly. Just one piece of advice: my gut feel, having done some of these large programmes, is that you really need to be careful in terms of what you are upgrading, which might prevent you from doing some of the future enhancements you want to do. What you do not want to do is end up with a sub-optimal answer saying you have upgraded and then next year it does not come. I would say that that is worth a technology review, very quickly.

Secondly, I think it might be worth your writing to the Committee setting out what is additional functionality in this release and what is there to, effectively, almost upgrade the operating systems. As I said, previously, we have had assurances around this, so it is really important that we get the level of assurance.

The final thing for me is that you need to ensure that you align MPs with the minimum amount of disruption while you are making the change. I think it is great promising jam tomorrow and it is wonderful that we are going to get such a change, but you do not want two months of disruption for 10 months of benefit. I would rather have no disruption and five months of benefit—and I suspect most MPs might be in that position. But thank you for that response.

Karen Walker: I agree on the disruption and the timing of the change will happen when recess is likely, during the summer.

Mr Honap: Okay, thank you.

Q2 Sir Desmond Swayne: Is there any viable alternative to the current indexation on MPs' salaries that came out of your recent consultation?

Richard Lloyd: Desmond, that is a very good question. Obviously, we are reflecting very hard on the experience of the past few months. We had to carry out that consultation by statute within the first year of the new Parliament. I think that as we go through the responses to that consultation, several themes emerge, one of which is that some form of external indexation has quite strong support. There is a lot of debate about the precise nature and source of that indexation, but it is an approach that is not just taken by us, but elsewhere as well.

I think, though, that the other lesson that is really important for IPSA to think about as we consider the future for this—we are carrying out a review of our approach to setting MPs' pay this year—is that we need a system that is robust and has credibility in terms of an external benchmark, if that is what we do, but it also has to be nimble enough to be more reflective of people's experience in the real economy.



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The problem with the index that we have used previously is that there was a very long time lag before we were then applying it, and that worked during the good times, but during the period of downturn it was not so effective. I am afraid I do not have a precise answer for you on what we are planning to propose from here on, but we have some very clear principles we want to apply to what may emerge.

The other lesson of recent years is that there will obviously be intense public interest in this, come what may. The value of having an independent authority that sets MPs' pay is that we can take the longer view and the bigger view, and it was a real problem in the past—as everyone knows—that MPs' pay was allowed to erode over time.

In some of the more considered responses we had to our consultation last year, there were some very clear views that we should not allow, as has been done in previous Parliaments, MPs' pay to be eroded to a point where we then feel we have to do a big catch-up at some point in the future.

We want a sustainable, credible approach to this that gives us the longer view, rather than an intense political and media debate every year, but is nimble enough and clearly rooted enough in constituents' own experiences that it does not cause that backlash. However, we will have more to say on this in the coming months, and again, we will be very keen to engage with the Committee on our thinking before we consult on it.

Q13 Sir Charles Walker: Sorry, Richard, I might be jumping ahead, but where are we on the review of pensions in light of the fire brigade review and ruling?

Richard Lloyd: We have made a commitment to consult on the way we will approach our response to those rulings. We are in discussions with the trustees of the pension fund, and I am expecting that we will do that consultation very soon. You are speaking about the court judgment?

Q14 Sir Charles Walker: Yes, the court case. So it is going to happen in this Parliament, assuming it lasts another three years?

Richard Lloyd: Absolutely.

Q15 Marion Fellows: I have quite a long question, so apologies in advance; I am going to ask it in three separate stages. I am talking about MP accommodation costs—office costs, really—and IPSA treating the £6 million funding required for the transition to remote working as a one-off. You are assuming that the levels of office cost expenditure will return to pre-Covid levels, but will IPSA provide any additional funding if staff are not able to return to offices? It might be longer in different parts of the country.

Ian Todd: Obviously, the funding that we put in last year specifically around setting offices up for home working was on the expectation that large numbers of staff would potentially require laptops, desks, chairs, and other requirements to enable them to work effectively from home on a relatively long-term basis. We do not believe that will be the case going forward.



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The office costs budget proposed in the estimate is rising by 1.2% next year, to reflect where we believe inflation will be. There is a minor increase in it, but there are other costs that must be incurred—for example, if you have particular circumstances where you need to make the office Covid-secure.

We have an office that accommodates broadly 100 staff and, in our experience, it was not a particularly expensive exercise to go through to make it Covid-secure, but if anybody has offices that have a particular requirement, we would look on that sympathetically as a contingency application.

That seemed to us to be a far more sensible route than to allocate large budgets to everybody when we do not believe they will be necessary for that purpose next year. We considered the additional funding a one-off, and it has been removed for this year, because those one-off set-up costs have predominantly been incurred and should not need to be repeated.

Q16 Marion Fellows: In offices such as mine, I cannot open windows; it is just the type of building it is in, so we may have to look at proper electronic ventilation systems to improve the air in the offices. That would have been a worry. Some MPs who arrived in 2019 have not used their start-up budget yet, because they had four months and then they just went whizzing into home working. Is there anything in the budget for that?

Ian Todd: I will ask Alastair to comment on the specifics, but we know that some of the newer MPs, the 2019 MPs, barely got into their offices at all. We know there are some who we will be looking to assist, as people return to the workplace, to help them to get their accommodation sorted and to get things set up and running.

Of course, if those MPs have not used those costs, then we would look favourably, and there is some transfer of things such as budgets for security where we know that some offices did not go through that process prior to being closed down because of Covid. In those instances, we have anticipated that the spend that was not incurred last year will be incurred over the coming year instead. Alastair, do you want to add anything specifically around that?

Alastair Bridges: Nothing much to add really, but I think that is right. We have not specifically rolled forward the start-up budget, but, as Ian said, if there are MPs from the 2019 intake who have not yet had a chance, because of Covid, to put in place all the things they need to function effectively, we would certainly look favourably on that as part of the contingency process.

It is perhaps also just worth mentioning that in the office costs budget we have made an allowance for the likelihood that some MPs' staff will continue to be paid the HMRC home working allowance. That is within the overall budget, so we have not put a hard ring-fence around it, but as a planning assumption we are assuming that it will be a bit of a hybrid year,



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with some remote working continuing at least for a period of time, but also a return to offices over time. That will be either funded from within the general office costs budget or, as Ian has said, if there are particular needs, we would look at that as part of the contingency process.

Q17 Marion Fellows: I am afraid you will have to forgive my ignorance here, everyone, but the start-up budget was different from the general office budget. Was it published separately? Because if an MP then applied for contingency, it would make them look as though they were getting more than they should have in some regards, and that is how it is somehow seen by the public.

Alastair Bridges: That is a fair point, and we could at least attempt to address that in the way we annotate the annual publication. We are always happy to clarify the nature of the spending if we need to, so that MPs are not unfairly criticised.

Q18 Marion Fellows: Thank you for that. Finally, uncapped travel and subsistence budgets for 2021-22 are around £1 million higher than is expected for this year, as travel returns to normal. Has the pandemic led to any consideration or discussion by IPSA or MPs of how travel arrangements might change?

Ian Todd: That is a really good question, Marion. The challenge for us at the moment is that we have had some of those conversations with some MPs and some offices, but the range of different approaches that people are taking is so wide that it is very difficult to draw any consistent conclusions.

One of the other challenges that we will have to think about, which I spoke to an MP about over the past couple of weeks, is the Palace of Westminster itself, the accommodation available within the Palace, the having to move people out, particularly as part of restoration, and whether that has an impact on some MPs suggesting that they will need more office space in future, because they are currently accommodating people within the House estate—possibly to Mr Speaker’s frustration and in excess of their two headcount allowance.

The challenge for us at the moment, as we come out of Covid, is that nobody knows exactly what the “new normal”, as it is called, will look like—what those working arrangements, travel and subsistence will look like. To an extent, that applies to us and our own staff, as well as to MPs and theirs. It is very much a watching brief, and we will adapt as necessary to make sure that we take that into account.

Richard Lloyd: We all await 21 June with great anticipation. We will be studying carefully what blended arrangements people make. Mr Speaker, may I make a broader point in relation to Covid? Throughout the last year, IPSA staff have worked extremely hard—some of them in very difficult conditions—to keep MPs’ staff paid and to keep the service to Members going. We have an online system now that has been central to that. I want to put on the record my thanks to the staff of IPSA for working their way extremely hard through the pandemic and lockdown, and to MPs and their

staff for working with us as we have tried to find new ways of supporting people over the phone. We have all been getting used to a very different way of working. It has been a credit, in particular, to MPs' staff and to IPSA staff, that we have managed to keep going successfully through this hard year. I wanted to say that on the record, Mr Speaker.

Chair: Thanks for that, Richard. In fairness, it has worked out well and the staff came through, but I have to say that at the beginning that was not quite the case, when they ran for the hills and abandoned MPs. We mustn't forget that it was not quite as clearcut as you made out. Let's remember all of it and not just the best part as it turned out in the end.

Sir Charles Walker: May I say one thing briefly? Richard, thank you to your staff. We have massive turnover of young staff in the House of Commons. Mandy Eddolls, who is our head of HR at the House Service, is on the case. Most of our staff are young and many of them are miserable being at home, working in those impossibly difficult environments that you talked about. I wanted to remind colleagues that most of our staff are 20 to 30 years younger than we are and at an entirely different place in their life—not all, but many of them.

Chair: Charles, while we have got you, over to you.

Q19 **Sir Charles Walker:** IPSA suggested that additional funding provided in 2020-21 to cover election costs—an extra £1.4 million—needed to be retained in IPSA's business-as-usual funding due to increased demand. Is it right that this represents between 10% and 15% of the business-as-usual budget? Has demand for IPSA's services really increased by that amount?

Richard Lloyd: I will start off with that, then I will hand over to Ian and the team.

The reality was that in the period of the run-up to and after the general election in 2019, we had hugely underestimated the capacity that we needed to help not only new MPs to start their new job, but former MPs to wind up their affairs at the same time. And Mr Speaker, you are right: at the start of the pandemic, we did stop taking phone calls as we moved our staff quickly to homeworking. But I can announce today that we are reopening the phone lines next month and that the call booking service that we put in place quite quickly has been received really well, so we did respond to that.

In thinking about that, we need to be really clear about the capacity that we need to provide a decent service, whether that's on the phone, through email or to the people who are still writing to us. I think it's really important that this Committee is clear, as I certainly am, that if we choose to try to run IPSA on a shoestring, MPs and their staff will get a commensurate service, a poor service, one that will be frustrating, waste a lot of their time and require them to do a lot of the heavy lifting online. So what we have done this time is that we have been really transparent and clear about the capacity we need to maintain a decent and improving level



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of service, and there is a price tag attached to that. I don't want to be anything other than very candid with the Committee that that uplift in our staffing budget is all about, first of all, improving day-to-day service now, but also transforming the organisation so that it is fit for the future in this new start that we have set out. Ian, I don't know whether you want to add any more to that.

Ian Todd: The only thing I would add is just to put the staffing numbers in a little bit of context, I suppose. Even with the increases that we are proposing, we would, as an organisation, grow to just over 100 staff. In terms of the work that those staff are doing on an annual basis, we are anticipating next year something in the region of 180,000 business cost claims that we will repay, about 5,000 changes to MPs' and staff contracts through payroll and probably in the region of 450 new properties to be registered. We deal with something like 165 freedom of information requests from various parties—and, importantly, about 400 phone calls or emails a day from MPs and their staff.

To be able to respond to all of those quickly and effectively, with high-quality messaging and consistency, we need to have good people, the right number of good people and the right management and the right leadership throughout the organisation to deliver that as a systemic, end-to-end process that really does offer that level of support. And just to echo what Richard said, we can deliver the service with any number of people, but the smaller that number becomes, the longer people have to wait for a response and the greater the risk of error. What I want to do is to provide you with a genuinely high-quality service that is good value for money for the taxpayer and that meets your needs at the same time.

Q20 **Chris Bryant:** I want to underline the word "consistency". If there's one thing MPs care about more than anything else, it's not only that they get the same advice from one day to another, but that all MPs get the same advice.

Chair: Hear, hear!

Richard Lloyd: That is the absolutely fundamental approach that we are introducing. We have heard that message loud and clear, and we are introducing new ways of working and new ways of organising our people so that consistency is at the very heart of what we do, so I couldn't agree with you more, Chris.

Ian Todd: It's important as well, I think, Chris, just to reflect—Karen may also have a view—that one of the IT developments that we are looking at is our customer relationship management software and making sure that we have a really accurate, up-to-date record where one member of a team is having a conversation with somebody, so that we know what they have said and so that we can do that comparison and ensure that that consistency is in place.

We are committed to having regional teams and dedicated account managers, so that MPs and their staff will have a consistent team of

people that they are talking to. But that is of no value if you are receiving messages from your team in Wales and MPs in London are receiving a different message from their dedicated team in a different part of the country. That CRM system, to enable us to ensure that consistency, is one of the big developments that we have lined up as part of the technology transformation.

Q21 Ms Butts: I just want to come in on this. We have, quite rightly, been focusing on systems, processes and what needs to change, but we haven't talked about the culture. We know that there are some aspects around the culture and ethos within IPSA itself that need addressing. I wonder whether you could just say something about that.

Richard Lloyd: Karen, do you want to come in on this? You are absolutely right, Cindy, that if we don't get the culture right, the other process, and people and technology change, won't work.

Karen Walker: I agree with you completely, Cindy. There is a huge thread through the transformation programme, in terms of culture and values. We are refreshing our values right now. We have our people involved in what those values should be to support the future vision and strategy. We are implementing groups where our people are more empowered and get a say in the running of the organisation so they can decide what the culture and the ways of working are for the future.

There are other things that we are doing to support our people culturally that tie in to the last element of the conversation around learning needs, and us being able to equip our people and, more importantly, our leaders, in terms of leadership, people management, performance excellence and getting the knowledge right. That goes back to Chris's point about consistency. IPSA also struggles because it has a young population of people supporting MPs, with little life experience in many situations. It is important that we develop them properly from the start. We are about to go out with a learning needs analysis to understand what their requirements are. We will address those with a knowledge management system that matches externally as well.

The whole culture is going to be very bottom-up, very empowered. We want people to be able to speak up and have their say. They are the people closest to our customers, and it is important that we listen.

Q22 Sir Charles Walker: As I say, Richard is acting chair and Ian is new, so they don't need to take this personally. It is an extraordinary state of affairs that we now have a regulatory body with 100 people working in it to payroll 650 MPs—that is one IPSA staff member for 6.5 Members of Parliament. It gets even worse than that, because we have to interface with an IT system that is distressing to many to engage with. It has simply got to stop. I cannot understand it.

Every year we come back—"Just give us another £3 million," "Just give us this," "Just give us that." A hundred people to payroll 650—we have created a monster here. The IT system that was put in place before either of you arrived is just extraordinarily bad, so it is not even as if we



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are dealing with people face to face. We only get to them once we have dealt with this ghastly IT. Sorry—that is neither of your faults, but it is becoming an issue.

Chair: Charles, we are going to start putting it right. What I don't want to do is keep going through the process we are going through at the moment. Absolutely new beginning, new start. We may have had problems in the past, but I am taking it from now, going forward.

Richard Lloyd: Mr Speaker, can I just quickly come in on a couple of facts? It is 100 people, yes, but it is 4,200 people on IPSA's payroll. Let's remember that it is not just MPs, but their staff, with a lot of change. As I have said before to this Committee, when we have looked at the costs of IPSA itself, relative to the number of people on the payroll and the service we provide, we are well within cost of best practice in the private sector.

This year's budget maintains that ratio of IPSA cost to payroll. Plus, of course, we don't only do payroll; we do publication, we do the rules and we respond to a lot of requests for transparency and so on. Charles, I completely hear what you say, but I think it is a bit unfair to call it a monster. We are acutely aware of not making this a bloated organisation stuffed full of people not using public money effectively. That is the complete opposite of what we want, but as I said before, we have to recognise that there is a capacity that is needed to provide the kind of service that MPs and their staff are quite rightly expecting from us, including fixing the technology that you are right to say is not good enough yet.

Chair: I think, in fairness, the criticism levelled should not just be saying, "There are 650 MPs." You do travel budgets, office cost budgets, living allowance in London budgets—you name it. There is a lot more in there, and I have to say thank you, Richard, but what I do not want to do is keep looking back. We have to start looking forward. We are going to get it working, and get it working correctly, so let's keep moving forward.

Valerie, can I try again to get you in, please?

Q23 **Valerie Vaz:** Thank you, Mr Speaker. Can I start by saying thank you to Richard for the work he has done as interim chair, and for engaging with me really well?

I am sorry, but I am going to have to agree with Charles. I do not know whether this is because of the MP experience, but I just have to raise these two cases, one of whom is of a colleague that I met in the Tea Room today. He had an annual payment that he made to IPSA, which then changed to a monthly payment, and he was actually told—the system said—that those monthly payments were out of date. I can give you his name separately; he is quite happy for me to raise his name here, but these are things that are still coming up. The second one you know, because I have raised it with you: someone was paid in January and never got paid for February, so they are either on the payroll or they are not on the payroll.



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Apologies for going—I had to vote—but I am not quite sure whether you answered the question of whether the £1.1 million budget for the change programme was to upgrade the online system. That is what my colleagues are asking for. It is a terrible system, and more of the work has fallen on us than on IPSA, with the greatest of respect. We are having to deal with that on top of everything else, so it is almost like you have to have someone you trust to do that, otherwise MPs are having to do all that themselves.

I will ask the question, and maybe you will respond to all of it, but I have done this for a while now, and it just generally feels like I am hearing the same answer: “We are going to move forward. We are going to do this. There is going to be a change programme.” On that change programme, you are asking for £826,000, of which £650,000 is for organisational design. First, could you explain what that is, and secondly, what is the £280,000 for new leadership? It just feels like we are always being fobbed off with management-speak. Just be honest with us, and tell us exactly what this is for. Thank you.

Richard Lloyd: Thank you, Valerie. I will start, but then I will hand over to the team, who will scrupulously avoid management-speak.

The change programme we have set out today—the three years we have put out to the Committee—is about getting our systems right; getting the people who you need, those who MPs have asked us loud and clear to have in place to support them; and having a very different mindset in how IPSA goes about doing that. In the past, what the Committee has been asked to do is agree investment in technology. What you agreed is funding for IPSA Online, which I agree is not a user-friendly system by any means—although, again, there are different views about that. There are some MPs who are less troubled by it than others.

What is different this time? What is this new start that we are talking about today? It is that we are recognising it is the whole organisation—our relationship with the House, our relationship with MPs and staff—that has to change. There is no one magical answer to making it possible for IPSA to both get very high regulatory compliance and very high levels of service. A magic wand waved at technology does not, on its own, solve that. This is about people, and about culture as well, as Cindy was saying, and that is not cheap. Again, as I have said to the Committee before, we could go down the Ryanair route of forcing everything online on the cheap, with no one answering emails and no one dealing with complaints, queries, or sometimes emergencies.

That is one route, but I think the right route is to respond to what we have heard from Members and from staff and put in place a proportionate capacity of people to help provide the kind of support we are being asked to provide.

That is the choice. There is obviously a middle ground as well, which is that we muddle along with backlogs of queries from MPs and their staff and the basic errors you have rightly brought to my attention. But I do not



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think that is good enough, and I do not think that what we are asking for today is anywhere near the quantum of investment that IPSA has come to the Committee to ask for in the past for investment in technology. Karen or Ian, do come in on any of the specifics, please.

Ian Todd: You are right, Valerie, that the overall is £1.1 million. That includes the IPSA Online upgrade, but that is not solely what it is about. The £650,000 for OD is explained in the memorandum attached to the estimate and is predominantly around that additional resource that we have already spoken about.

It is the additional MPs' support functions, the regionalisation and growing that team. It is ensuring you have got a dedicated account manager and the right level of support underneath that, alongside finance business partners to ensure that we are properly integrating the back office financial systems with the information we are giving out to MPs at the front door, as it were, so that there is absolute consistency between what our systems are saying and what our human beings are saying, which has not necessarily always been the case in the past.

Unfortunately, because it is a financial estimate, it is of course set out in a way that has to meet Treasury and other requirements. So the £242,000 you have spoken about specifically is a subset of that funding which is capital as opposed to revenue, but that again is predominantly based around system improvements. I do not know whether Karen wants to add anything to that—or even Alastair from the financial perspective.

Karen Walker: I want to make the point that we have a lot of our MP support teams on fixed-term contracts, and some of this is about making them permanent, because if we lose our knowledge that drives the inconsistency we have talked about this afternoon. So the importance of making good people permanent within the organisation is wrapped up within this cost as well.

Ian Todd: Let me be bold, Valerie—I recognise that I could be shooting myself in the foot somewhat here. I am one of the people on a fixed-term contract. You may have heard these messages before; you have not heard them from me. You will get the chance this time next year to decide whether or not I, with the support of the board, have delivered with my team on those messages to an acceptable level.

It is a three-year corporate plan, and I do not anticipate that we will have delivered all of it within 12 months, but if I have not made sufficient progress to meet your expectations and Sir Charles's expectations, you have the opportunity to make that point this time next year and that will have the consequence that it has. That is how confident I am that we can make significant improvements. You will hold me to account for that, quite legitimately.

Q24 **Valerie Vaz:** Thank you, all. I am still not clear what you mean by new senior leadership capacity. And are you giving yourself a year to do all this—to get this change programme up and running and going—or are we



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going to come back next year and you will say, “We are still doing the change programme”?

Ian Todd: We will still be doing it—it is a three-year corporate plan—but we are not even waiting; we have already started delivering that change programme. Karen’s appointment, which even precedes mine, is an indicator of that.

We have a plan. We have started recruitment at risk—we can stop if the estimate does not get successfully approved, but we have started at risk taking some of those things forward. We have started to develop the dashboards and we have started to do work with IPSA Online, so absolutely we are hitting the ground running. We will share the business plan that underpins the first year of the corporate plan, and that is what you will hold us to account to by the end of that first year, because that is the prioritisation that Cindy talked about and how we divide the three-year plan up into individual year-by-year chunks.

Q25 **Valerie Vaz:** And the new leadership capacity—is that extra people at the top? I am still not clear what that means. What is the new leadership capacity? What is it that the leadership needs, or what are you looking for when you say something like that?

Ian Todd: Karen will have a view as well. It is a combination of some new roles—Karen’s being one of them—that we started off during this financial year. There is some senior programme project management. This is a big transformation programme. We have got to deliver this with best practice in terms of making sure that it is done with appropriate governance and using the right kind of methodologies. One of my former roles was working with the Major Projects Authority in the Cabinet Office. We know why big Government projects fail, and that is because they are not managed effectively. That is not a mistake that we are going to make.

We also need to do some alignments internally to make sure we have the right leadership to ensure that we work collaboratively within the organisation and that there are not any siloes between, for example, the finance function and the MPs’ services function. We are working much better internally than I think we have previously, but there are still some risks around that, particularly a risk of there being different priorities.

Q26 **Chair:** Ian, is it not fair to say that what you mean is, yes, you are creating some jobs to get it right?

Ian Todd: Yes, Mr Speaker.

Chair: I think that is just an easier answer than all the office speak we were getting. That’s great—thanks for that. Chris?

Q27 **Chris Bryant:** Well done, Mr Speaker. I just want to ask about the travel and subsistence budget, because you are asking for a 30% increase on what you would have spent last year if we had not had Covid, if you see what I mean. I do not quite understand why.



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Richard Lloyd: I will start with that and I will then hand over to the team again. Something I have heard time and again from almost every MP whom I have spoken to over the last year is that the people at IPSA do not understand what it is like to work in an MP's office.

What we want to do is to get our people out when we can—we are recruiting new people, as we have just discussed—to do precisely that: to be in constituency offices, understanding the pressures, building relationships with MPs' staff, and not to be in a separate, central London-only ivory tower, making decisions about how MPs' offices should be funded, without any day-to-day realisation about what that is like. There is a shift there. Ian Todd, do you want to come in on that as well? It is not a dramatic financial output; it is about a mindset of doing much more to reach out to MPs' staff and offices than we currently do.

Q28 **Chris Bryant:** So that is about your staff's travel and subsistence, not MPs and their staff's travel and subsistence?

Richard Lloyd: That is right.

Q29 **Chris Bryant:** And are the rules governing travel and subsistence for your staff, the same as they are for MPs and MPs' staff?

Richard Lloyd: They certainly are. I am looking at Alastair—do you want to give some more detail on that? As far as the rules for IPSA staff are concerned, there is absolutely no difference between how you would be treated as an IPSA member of staff and an MP's member of staff.

Alastair Bridges: That is absolutely correct. There are certainly no special rules. The increase is explained partly by the fact that there will be more IPSA staff, as we have talked about, and we want them all to get out and about as part of their induction training. There is a bit of a backlog to catch up because travel was so low, getting out and about this year, because of Covid.

As Richard and Ian have talked about, we want our staff to be outward-looking people who understand the realities of the way in which MPs and their staff work. We have not really been able to do much of that this year for obvious reasons, but as part of the learning needs analysis that Karen talked about, that is going to be a really big part of what we want people to do, so it seems right to project for it, but there are absolutely no special rules.

Chair: We are running out of time, so I am going to bring in the Leader of the House for the final question.

Q30 **Mr Rees-Mogg:** Thank you, Mr Speaker. On the £250,000 contingency in the budget for potential legal costs, have those been specifically identified, and what steps are being taken to minimise legal risk?

Richard Lloyd: Ian might want to come in on that.

Ian Todd: Alastair probably has more of the background on that than me because some of this pre-dates me.



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Alastair Bridges: I am happy to comment on that. It is a prudent allowance, if you like. We do not yet have a firm estimate, but we anticipate that there could be a level of costs higher than we have seen this year, arising from litigation, so we think it is right to make a prudent allowance.

We will take advice throughout this process to ensure that the taxpayer's interests are protected, and that will include managing our own legal costs as tightly as possible. At the moment it is a sort of prudent general allowance, but part of that is to enable us to get the advice we need so that we protect the taxpayer's interests in relation to wider potential costs.

Q31 **Valerie Vaz:** Can I quickly ask about the data breach? Have you made any payments on that? I think there was a data breach, wasn't there?

Chair: Valerie, you are absolutely correct, and they have made some payments, but I do not know how many. Alastair?

Alastair Bridges: Seven payments were made, some years ago now, as part of an initial without prejudice legal settlement that was reached. We anticipate that there could be further claims made against us, so I hope the Committee will understand if I do not say too much about that to avoid prejudicing the potential outcome of that case. Protecting the taxpayer's interests, and of course fairness to all concerned, will be the central objectives for us.

Chair: That concludes our public session for today. Members, please rejoin the meeting in Teams to discuss what we have just heard.