

Speaker's Committee for the Independent Parliamentary Standards Authority

Oral evidence: IPSA's Main Estimate and Corporate Plan 2020-21

Monday 2 March 2020

Ordered by the House of Commons to be published on 2 March 2020.

Watch the meeting

Members present: Sir Lindsay Hoyle (Chair); Marion Fellows; Kate Green; Mr Jacob Rees-Mogg; Sir Desmond Swayne; Valerie Vaz; Sir Charles Walker.

Ms Cindy Butts and Peter Blausten, lay members of the Committee, were in attendance.

Questions 1-71

Witnesses

[I](#): Marcial Boo, Chief Executive, IPSA, Alastair Bridges, Director of Finance and Corporate Services, IPSA, and Richard Lloyd, Interim Chair, IPSA.



Examination of witnesses

Witnesses: Marcial Boo, Alastair Bridges and Richard Lloyd.

Q1 **Chair:** I welcome the witnesses to today's session. Richard, would you like to introduce yourself and the others, for the record?

Richard Lloyd: I am Richard Lloyd, the interim Chair of the Independent Parliamentary Standards Authority. On my left—your right—we have Marcial Boo, the Chief Executive, and Alastair Bridges, the Director of Finance.

Q2 **Chair:** Excellent. I will start off. Richard, we have spoken on many occasions and I am told that, quite rightly, you want to define what excellence at IPSA looks like. What do you think it looks like? What changes does IPSA need to make to get there?

Richard Lloyd: In our plan we have set out the good news: we have extremely high levels of compliance with the rules. The public need to know that we now have a system in place where almost 100% of MPs' costs and expenses are in line with the rules. So, 10 years on from the creation of IPSA, we think it is time to look at how we get to that outcome. We have very high compliance, but what is the relationship between IPSA and Members of Parliament and their staff? How could we make it easier and simpler to get that very high level of compliance? How can we use a mixture of the technology we have introduced with improvements and people to get the interface between IPSA and the people we are there to support working better?

In short, how can we work very closely with other parts of Parliament—with you and the House authorities—to ensure that there is as simple a landscape as possible to support MPs to do what they are ultimately here to do? That will involve us working with the Committee and others over the coming months to describe what excellence looks like and to put in place some changes to how IPSA operates and to our approach to regulation so that we get the same outcome of very high levels of compliance while making sure that it is as easy as possible for MPs to get the resources they need.

Q3 **Chair:** Does IPSA currently strike the right balance between regulation and customer service?

Richard Lloyd: We have a duty to achieve the outcome that Parliament has asked us to get. One of the ways we do that is through our customer service. Like all regulators, we need to provide a service that enables very high levels of compliance, which is a basic of the regulators' code. There are a number of ways in which you can do that. Clearly, we could provide, and we have done so in recent months—for example, with new MPs joining and 155 MPs leaving, more people at IPSA have been helping on the phone, going to people's offices and so forth. There is also a model of



service provision that is much more online and in which there is much less interaction through direct communication, and there are choices in that range. But ultimately it is not either/or. We need very high regulatory compliance and excellent customer service that enables that to be the outcome.

Q4 **Chair:** You are saying that is how you do excellent. Just out of interest, what does failure look like in IPSA?

Richard Lloyd: My personal view is that failure would be the opposite: low levels of compliance, the public not confident about the system that is in place, and MPs and their staff not getting a good level of service to help them do their jobs. Again, how we use different ways to avoid those bad outcomes is part of the work we want to do this year. In the end, if the public do not have confidence in the system and respect in Parliament is therefore damaged, and if MPs and their staff do not have the resources they need to do their jobs, and if IPSA is providing a poor service, that would not be good enough as far as the IPSA Board is concerned.

Q5 **Chair:** Do you think it is fair to say that MPs and their staff should have confidence in the service?

Richard Lloyd: I would want everyone involved to have confidence in the service. If an MP or their office manager comes to IPSA, they get their problem sorted out at the first time; they are not passed from pillar to post. I would like the public to know that someone is independently looking at this question, so that there can be confidence in the system. Equally, as I have said, the way in which we arrive at that high level of compliance is what we want to interrogate this year. We want to get the same high level of compliance, but with much higher levels of customer service and customer satisfaction.

Q6 **Valerie Vaz:** I want to follow up on what Mr Speaker has asked you. How do you measure the number of times a Member of Parliament or a member of staff rings you, how long it rings and your response time?

Richard Lloyd: The Board of IPSA gets those metrics reported at every meeting, so we know how many calls are coming in. At the moment, it is very high—it is over 300 a day. We know how many calls are not being answered and how many calls result in a satisfactory outcome at the first instance. There are those metrics. In discussion with members of the Committee and others, I want to see how we can arrive at an agreed level of measuring what excellent looks like and what we need to do to get there.

Statistics do not always tell the full picture. Last week I sat down with a cross-party group of MPs' staff, as did other IPSA Board members. I heard at first hand very powerful accounts of what it is like to do their job—I have done this before with other groups of staff, privately—and their concerns were really clear. They were about having to deal with extremely difficult casework, and fears about security. There were issues to do with their pay and conditions, and there is overwhelmingly a sense that they are under pressure. If they are under pressure, Members of Parliament will



HOUSE OF COMMONS

find it harder to do their job. It is really important for IPSA to listen really carefully to MPs and their staff, to work really closely with the House authorities, and to make sure that we are working hand in glove with the House HR function and security, as we do already, so that people are not being passed from pillar to post. It is the qualitative evidence that we are hearing that we need to listen to really carefully.

Q7 Valerie Vaz: On resolving claims on office costs—which is what it is: an office cost—is it possible to have those figures, the matrix that the Board sees?

Richard Lloyd: There are already some for last year in the plan for next year, but I am sure that we can share the more detailed data that the Board gets.

Valerie Vaz: That would be helpful. Thank you.

Q8 Sir Desmond Swayne: What are the recommendations arising from last year's review of governance that are to be implemented in this year's corporate plan, and are you confident that they can be implemented in this year?

Richard Lloyd: It is a really important question. That review has not been completed and published yet, so I am talking based on interim, early findings, but the first key message that we are getting from the review is that the structures of governance are broadly fine. They are in line with best practice—we have a committee structure that is as you would expect, and reporting is as you would expect.

There are two areas where the Board needs to improve, I would say. Again, this has not been finalised with the Board yet. The first is our focus on clear strategic direction, as opposed to scrutinising day-to-day operations and financial matters. Secondly, because of the statute, there is a very clearly defined set of non-executive directors we are obliged to recruit, which is sensible, but does not necessarily give us the breadth of background and knowledge that you would look for in a board, particularly at a time of organisational change.

One of the things we would like to discuss with you, when we have concluded the review, which will be done, as you say, very soon this year, is how we can inject a broader range of expertise into the thinking, and the strategic thinking in particular, of the Board, without asking for the legislation that confines the corporate body of IPSA to those five postholders. One of the obvious ways we can do that is by having conversations with members of SCIPSA—lay members who have that expertise, and those with parliamentary expertise as well.

Q9 Marion Fellows: Last year, the Committee was told that the final savings from IPSA Online were to be £1.6 million, but the corporate plan indicates a figure of £1.4 million. May I ask why it has changed, and how does that relate to the £166,000 reduction in IPSA's IT budget?

Richard Lloyd: Alastair should probably deal with the numbers.



HOUSE OF COMMONS

Alastair Bridges: In terms of the overall savings from the project, the figure is £1.4 million. With apologies for not being able to answer that specific question, I would need to check on the £1.6 million and what the difference between them is. The numbers underpinning the business case give us that £1.4 million.

In terms of IT savings in the budget this year, or for 2020-21 compared with 2019-20, there are savings from a number of areas, including a review of software licences, for example, that we no longer need, and rolling off a previous provider where we felt that we were not get sufficiently good value for money. We have realised some savings in addition to those that we will get from IPSA Online.

Q10 **Marion Fellows:** So you are not absolutely able to relate the drop in the savings with what you have saved on the IT budget? You need to come back to us with these figures.

Alastair Bridges: I will need to check on the difference between the £1.4 million in the business case and the £1.6 million you mentioned. I suspect that it is because of the other savings, which I have briefly alluded to, but I will need to double check.

Q11 **Chair:** Can you come back and let the Committee have the figures? That would be great. Thank you. I appreciate that.

In the 2019 evidence session, ahead of the launch of IPSA Online, you outlined security arrangements for the new system. The corporate plan does not mention any attempts to breach that security. Are you aware of any attempts to breach it? If so, how many have been made, and have you created any new IT arrangements to cover those concerns?

Marcial Boo: I am confident that the new IT system is secure. The data are held within the UK and are benchmarked against all up-to-date security standards, including GDPR, which obviously has come into effect in the last year. Over the year, I have been told of one attempt to breach our system, which was successfully repelled. We have had no reportable data breaches whatsoever since we went live with the new system. I am confident that the standard of security that we have at the moment exceeds those that we had prior to the implementation of the new system.

Q12 **Chair:** Will you double check that figure? If that is correct, that is fantastic.

Marcial Boo: I will.

Q13 **Valerie Vaz:** It is great that there has been just one. Presumably, it is Pentagon-safe, is it?

Marcial Boo: Is that safe from the Pentagon, or to the level that the Pentagon is safe?

Valerie Vaz: You may answer your own question.

Marcial Boo: I am afraid I do not know that standard.



Q14 **Valerie Vaz:** That was a throwaway remark. The question I wanted to ask was: there was a data breach previously, wasn't there? Compensation was paid only to those people who contacted you, rather than automatically. I wonder why you did that when you knew who the victims of the data breach were. They should have automatically been given the same amount of compensation.

Marcial Boo: There was a data breach in March 2017. A file was uploaded wrongly for a few hours on to an old website. It was accessed by a few dozen people at most, for a period of a few hours. We took immediate action and told everybody—both MPs and the staff affected. Obviously, we were in contact with the Information Commissioner's Office straightaway—we reported ourselves to them and we talked through the actions that we had put in place. They gave us a clean bill of health and praised us for the actions that we had taken to remedy the situation very quickly.

We also consulted lawyers, and they and the Information Commissioner's Office informed us that precedent suggested that, given the relatively routine information that was put into the public domain—there were no national insurance numbers, no bank details, nothing of that order—we would have been within our rights not to give any compensation, because it was relatively minor personal information.

I do not want to minimise in any way the stress that may have been caused to some individuals. What we did choose to do, in order to reduce any potential legal cost to the taxpayer, was to settle with the seven individuals who contacted us straightaway, because that minimised the cost to the taxpayer. But we judged that, for any MPs' staff who contacted us two years after the data breach, it would be harder for them to argue distress at that time, so we did not feel it was necessary for us to pay all those people, which would have amounted to over £3 million of taxpayers' money.

Q15 **Valerie Vaz:** Your answer slightly concerns me. A data breach is a data breach—with the greatest respect, it is not for you to say whether it is minor or major. You say there were no bank accounts, but if names and addresses come out, it is a data breach. I do not know the legal position, but the point is that if you have made the data breach, you should contact the victims. Just to get it straight, we are all the taxpayers—we are not separate from the taxpayers out there. We are taxpayers, too.

Marcial Boo: Indeed.

Q16 **Valerie Vaz:** You have done something and there are victims. It is your duty to contact them. I do not know what the legal position is, but there was a data breach and you waited for people to contact you, rather than contact the victims and provide them with the compensation, however little or large, that they should have received. The distress is at the time.

Marcial Boo: That is absolutely true.

Valerie Vaz: The onus is on you to do that.



HOUSE OF COMMONS

Marcial Boo: I am very happy to take this away. In case I did not make clear previously, within 15 hours of the data breach I personally informed all Members of Parliament, and within 24 hours I informed, in my own name, over 3,000 members of staff. We did contact them straightaway. We reported ourselves to the Information Commissioner, as I say, and in that communication we invited people to contact us, to open the dialogue exactly for that reason, and only seven people did at that time.

Q17 **Chair:** I am just a little bit worried by what you said.

You know, you do not reduce compensation to save the taxpayers money; it is either owed or it is not owed. I think we are hiding behind—it is either a breach that you pay out, or you do not pay out because you do not have to. So, I am quite intrigued by that answer.

The other issue is this: how many outstanding cases have still got to be completed, and is there any collective action on behalf of people by different bodies, say the unions? Or is it all sorted—is that what you are telling me?

Marcial Boo: No, there is no contact, as far as I am aware, from any unions. But the lawyers who represented the initial claimants have subsequently—as I say, two years later on—put forward a collective claim on behalf of other people who they have contacted. So that is still ongoing.

Q18 **Chair:** So it is not resolved as much as we think. Quite rightly, what you are saying is that you have got to protect the taxpayers' money, but actually you may end up paying all the money out. My biggest worry is to think about this: those who have got the ability to challenge you legally can get paid out; those who haven't got the ability to pay for a solicitor to send you the letters do not get paid. And I come back to my question: if it is owed, surely you should pay it; if you are not in breach and you do not owe it, I will respect that. But we are trying to get the best out of both worlds here.

Marcial Boo: My understanding is that the members of staff concerned are not making any payments to the lawyers, because it is being done on a no-win no-fee basis. So I don't think there is any financial cost to the individuals concerned; that is my understanding.

In settling with the seven people who contacted us initially, as I say, we took advice that it was not a matter where we were accepting that there was a generic responsibility for members of staff, because of the legal precedent that we were advised was in place at the time. But as I say, Mr Speaker, this is an ongoing issue and we are very happy to continue liaising with you—

Q19 **Chair:** Maybe you could help us—letting us know the outstanding numbers would be useful, and an understanding of how many you have paid out. That would give us at least an indication of where we are. Is that fair enough?

Marcial Boo: Yes.



Chair: That is great.

Q20 **Sir Charles Walker:** So what is the value of the outstanding group claim being pursued against IPSA, if you had to pay it out?

Alastair Bridges: Well, there are in excess of 200 outstanding claims against us. Of the claims that we settled without prejudice, there were seven of those and we settled at £1,000. So, were we to settle at the same level with the outstanding ones, which we don't accept we have a liability to do so at the moment, that would be over £200,000.

Q21 **Sir Charles Walker:** Okay.

Richard and Marcial, I just want to thank you because you have always been very approachable; I have never had any problem getting in touch with you and I want to thank you for that.

I thought the purpose of the IT system was to reduce the number of phone calls coming in to IPSA, but it seems, from the evidence or the papers that you have submitted, that it is actually increasing the number of telephone calls coming in to IPSA. Are you comfortable that this IT system is retrievable, or do you think that there may well be, down the road, a different IT system that needs to be introduced?

Richard Lloyd: It is the right question to ask, and I am asking it every day. The answer is: I don't think so. In fact, I am confident that we will not need to replace the core platform, because it is secure and it has the functionality that we need. The problem has been, and this has been the transition, that the interface with users—in other words, with MPs and their proxies, or office managers—is too clunky and not user-friendly. And that can be sorted without a major redesign of what sits behind the interface.

There are other issues. This is genuinely learning from implementing a new system, in a way that—I am pleased that we are learning; we have now got to do things about it. The guidance for people who are using it has been unclear, and not searchable enough. Some of the functionality has not been introduced at the outset, in an effort to make it simpler, but that has not worked as intended.

In short, I think the investment in the core system is sound. The work for this year, which is already underway and is ongoing, is how to make it much more user-centric and take the friction out of the interaction between users and the system. As the core functionality gets improved by the developer, there will be further iterations of the system, which will help. The system is fine at its core; the problem is how it is interacting with humans, and that is what we are prioritising for the coming months.

Q22 **Sir Charles Walker:** So in essence, the bit that you look at when you log on—that interface—could be simplified. It is not very intuitive, you see. The great genius of Windows, until they started changing it too much, was that it was intuitive. The interface is not that intuitive.

Richard Lloyd: Like many of the users in this room, I am not a regular user, so we have to have an interface that works for people who might



only log on once a month. There are things we could do to make it easier for people to manage and track their budgets, for example. There is a way of designing that interface that starts with the user, rather than with IPSA, and that is exactly what we have asked the team to do.

- Q23 **Sir Charles Walker:** To ask a financial question, there will be a cost attached to these changes. How is that accounted for in this coming financial year's budget?

Alastair Bridges: We have made some provision in the budget for both our own staff—for example, two financial accountants who can work to improve the reporting functionality that Richard has mentioned—and some expert consultancy advice from our suppliers, Embridge Consulting, when we need it. That is where the bulk of the budget provision is.

- Q24 **Marion Fellows:** Your performance indicators for MP and staff satisfaction and for your own staff engagement are both set at 60%. That is quite low, and IPSA is meeting them. Do you think they should be more stretching?

Richard Lloyd: My personal view is yes, absolutely. Some of these performance measures are being routinely exceeded, so they clearly need looking at again. This goes back to my answer to Mr Speaker at the outset. I want us to be really clear about what good performance at IPSA looks like, not just from a bureaucratic measurement point of view but from a user experience point of view, and to be really clear about how we are going to arrive at that.

Part of that is setting new, more demanding measures and holding the staff to account for them. Part of it is reaching an understanding with our users about some of the choices we face in arriving at that. For example, can we assume that our users are happy to do more online themselves, or because of the amount of data that we publish, are people inevitably going to be on the phone as well? I think we know the answer to that now, after nine months of the system being implemented. Sorry, I am going off on a bit of a tangent, but you will see where I am going in a second.

This is why the design of the organisation at this stage, based on what we now know to be how people use the system, how people want to use it and how we can help them to comply, is absolutely crucial. We cannot assume that the design of IPSA that was potentially right two years ago is still right now. We cannot assume that our measures of what good is and how we have got there, and when we will know we have got there, are right either. Those are some of the key things we have to do in these next few months.

- Q25 **Marion Fellows:** I am thinking about the email target: to reply in five working days. That is also quite a low target, and one that you are not actually meeting. Do I take it that you are looking to improve on that?

Richard Lloyd: Absolutely. This goes slightly back to your question, Sir Charles. We have been through a period of time in which we have brought 155 new MPs and 600 staff into the system, and you would expect the



HOUSE OF COMMONS

demand on IPSA to be extraordinary over that period. The key for me is whether we are learning from that. What are we doing to help people not to need to be in touch with IPSA—or do we need to assume that people will be in touch with IPSA at that level from here on? That is an organisational design question as much as a target-setting question.

Q26 Marion Fellows: Have you used any benchmarking to arrive at your targets or percentages, and do you have any idea how those compare with other similar organisations?

Marcial Boo: We did conduct some benchmarking, but it was some years ago. At this Committee, last year and the previous year, I acknowledged that we needed to upgrade our key performance indicators when we went live with our new system, exactly as Richard has said, because we need to set our ambitions higher. It is not good enough that we only have 70% response rates to emails within five working days; we need to do much better. We want to have higher levels of satisfaction. I am very happy to discuss with Members of Parliament and others how we set those levels of satisfaction.

We have a role that has been given us by Parliament, to provide support to MPs, where it is quite appropriate for us to expect very high levels of customer service, and at the same time we have a duty to regulate, which means sometimes making decisions that MPs might not like. We need to judge where that benchmark needs to sit, but I expect our support to MPs, the speed with which we turn around payments, the accuracy of those payments and the consistency of our advice to be very high. There is room to make up ground there.

Q27 Chair: Out of interest, if the bar is set very low at five days, as I think the question was, what are you doing to lift the bar and to aim for—what? Three days? What do you think would be fair on emails? On the suggestion that we should ask MPs to come up with ideas, I do not think it is up to MPs to come up with ideas and say how you answer your emails. I think the answer is simple: you employ more staff. If we are not careful, all we are trying to do is to shove the question by, when we are actually looking for the answers.

Marcial Boo: I do not intend to consult on what benchmark we set, but I do expect to consult MPs on what level of service they and their staff want from IPSA. We are hearing consistently that MPs do not want to email us at all; they just want to be able to transact efficiently through our system and ensure that they get payments made regularly.

Q28 Chair: I think the first stage is not to get the answer on the emails; you might have fewer emails if you sorted your system out. I think the answer is for you to sort your system out, and hopefully you will not get as many emails. But I don't think we need to go and ask about that; I think that is in your hands to deal with, in fairness.

Marcial Boo: Yes.

Q29 Peter Blausten: Is IPSA a good place to work? We know that the answer



to that question has an impact on operational effectiveness and how people perceive the service they get. Year on year, that has fallen by 4%; 73% is still a good score, but nevertheless it has fallen. Does that give you cause for concern? Is that a trend? What have you done to look at the reasons for that?

Marcial Boo: It gives me a lot of concern. Indeed, we have a group of staff from different teams around the organisation, who I meet regularly, and take action to respond to that. We have had a staff survey that was completed in December, in the middle of the election period. IPSA staff have had lots and lots of demands placed on them over the past 12 months. We moved office successfully, we went live with our new system—leading to lots of queries from MPs' offices around the country—and then we had the unexpected election at the end of the year.

As Richard has already alluded to, rather than just having the 650 MPs that we always have, we also have the 155 MPs who left Parliament in December, who we are also supporting. That has increased the number of customers by 20% to 25%. Notwithstanding all the difficulties that have already been alluded to, the staff have put all new MPs and staff on the payroll on time and made all the payments accurately. We are in the process of supporting former MPs to make the 737 staff that they employed redundant too.

Q30 **Peter Blausten:** But they are not as happy.

Marcial Boo: But they are not as happy, because they have been working very hard. So, to answer your question, yes, we have an emerging action plan in place that recognises that we need to invest in our staff, to give them the skills that they need, to make sure that the culture at IPSA is collaborative—not just within teams, which is showing very strongly at the staff survey, but also collaborative across teams, and with the MPs and MPs' staff that we support. So we do expect that in 2020 as we make these improvements to the system—we are not expecting another general election; we are not expecting to move office again—that that will give our staff the room to provide this improved support to MPs and to make sure that it remains a good place to work.

Q31 **Marion Fellows:** The Corporate Plan indicates that you will introduce proposed changes to the KPIs next year, in 2021. Can you give us more detail on when you expect to announce them and whether the review of these KPIs will be published?

Richard Lloyd: I think the bigger picture is over the next six months we want to have worked through a clearer definition of what good looks like at IPSA, including through collaborating with people that care deeply about that question and the answer to it, like MPs' staff and like the expertise that we have in this room. We want, as part of that, to set out more explicitly what we are going to be changing to arrive at that definition, in the round, of really excellent performance by IPSA—what we can do this year, what we might need to do a bit further down the line. What will come with that will be clear measures of success.



What we are not pretending is that we have all the answers today. What we are committing to do today is to work out that map and then bring it back to the Committee in the autumn; but this is really important, and actually goes back to Peter's question as well, which is we have an organisation under stress, we have an absolute priority on making sure that we retain experienced people at IPSA and we support the good staff that we have got. We have got lots of ideas about how to improve in-house at IPSA, but we need, as a board, to set out where we are going and how we will know when we get there. At the moment, that is work that we are starting but is not clear enough yet. So that is the commitment.

Q32 Marion Fellows: The KPIs you are talking about: how will these reflect the strategic priorities that are in your Corporate Plan? Do you have a plan to make sure that they do?

Richard Lloyd: They must do.

Marcial Boo: Yes, indeed, one of our objectives is about regulation. We already have a measure of compliance, so we need to judge whether that measure, about the percentage of business cost claims that are outside the rule, is the right measure of compliance or whether there are other things that we can do to assure the public that MPs are complying with the rules, which they are.

We also need to make sure that our measures of support to MPs are reflective of the ways of working that MPs have. So, we have talked already about the speed with which we respond to emails. We also could potentially have how quickly we respond to phone calls; but, also, we could have KPIs about the ability of MPs to work with the system and make sure that their staff are able to do the same, so we need to have some measures about that objective. Similarly, in respect of our own staff we need to have measures, KPIs, to make sure that we have good levels of engagement by our staff in the organisation, good levels of professional training to support MPs and, obviously, negligible or non-existent bullying and harassment within the organisation, too.

Q33 Peter Blausten: This question is about the main estimate. I think it is important in its own right, but it is also important because you say in your paper that this is the first year of a longer term plan, so it is a baseline. We know what you do is very important in terms of service and regulation. This is about the cost base of doing it. MPs' pay and costs have been uprated in the normal way, and the IPSA baseline budget and funding has been rolled forward. To what extent have you really drilled down and X-rayed your costs? Have you considered zero-based budgeting? Does that have a place in the way you would look at things in the future? What do you think about that?

Alastair Bridges: That is an important part of what we already do and should do in the future. In preparing this estimate, we did a zero-based budget review in that we went through every line and post in the organisation and the non-pay costs. We talked and challenged the budget



HOUSE OF COMMONS

holders to understand what they had spent in the previous year and what they thought they would need to fulfil their plans in the coming year. So we did that level of bottom-up scrutiny and we have got all the underpinning data behind that.

I think it is fair to say that there was also a top-down element. We heard the experiences of users of the system, so we understood that, as well as having that, if you like, bottom-up perspective, we also needed to be imaginative and have some fresh thinking about how we responded to the new challenges coming into focus with a bit more experience of IPSA online and the stresses and strains of responding to the election. That is how we got to the point of saying that, at least for the coming year, we needed to roll forward the baseline more or less flat and make sure that we have got capacity both to cope with the existing demand and to change things, making improvements for the future. But there is that underpinning level of rigour. In the mid-term report that Richard was promising, we are very happy to provide as much detail as the Committee would like.

Q34 Kate Green: IPSA will undertake a review of MPs' pay in the coming year, as you are required to do in the first year after each general election. What lessons have you learned from carrying out such reviews in previous Parliaments? How might you apply those in this pay review?

Richard Lloyd: I was not here in those days, so I will start and then hand over to Marcial, but for me a key lesson is to take an external indicator and benchmark against that, rather than some of the alternative methods. Clearly, in talking to MPs at the moment, there are a range of things around not just pay but connected issues that we need to think about as well. The IPSA board will look at the scope of that review next month, but it is important to bear in mind not merely the salary but some of the ancillary issues. On lessons from the past, I will hand over to Marcial.

Marcial Boo: The last time that IPSA did an ab initio review of MPs' pay was in 2012, so that is quite a long time ago. After the 2015 and 2017 elections, we did shorter consultations to see whether the determination that IPSA had reached was appropriate. It was judged that having an independent benchmark—in our case it is the Office for National Statistics measure of average change in public sector earnings—was appropriate, because there was an evidence base to support any change we make to MPs' pay. We learned that that was welcome, because it provides evidence for changes.

We also learned that it was fair to apply that to the additional sum that Committee Chairs get paid. We learned that, actually, there should be equity in the way we treat MPs for their job as MPs and for any additional responsibilities they have for which we are responsible. As Richard said, we also made sure that other elements of the remuneration package were fair, so the changes to the pension scheme that we implemented in 2015 and the changes to the budgets to support MPs with caring responsibilities, which we changed in 2017, mean that we can respond to the demands



placed on MPs and ensure that the remuneration is fairly representative of the jobs that they do.

- Q35 **Kate Green:** Clearly there is much public interest and interest among other stakeholders—including staff who work in Parliament, staff of MPs, trade unions and so on—in what MPs' pay is set at. How do you manage that public interest? What is your responsibility in relation to that? To what degree this time round—as you say, it is quite long time since the last ab initio review was conducted—are you planning a process that takes account of that broader public interest context?

Marcial Boo: As Richard said, the Board will take that decision later this month when it agrees the scope of the review that will take place this year. We obviously have a duty to consult on our recommendations and proposals, which we have done every time previously. In 2012-13, we conducted focus groups around the country and received fulsome and helpful comments and views from members of the public and many others representing groups as part of that process. We have statutory consultees too, including obviously many of the people around this table but also the Committee on Standards in Public Life and others. Again, subject to that discussion later this month, we will conduct a public consultation and are very happy—as ever—to meet interested parties to discuss proposals that we may put forward.

- Q36 **Kate Green:** You recently undertook, through HAIS, a review of MPs' staff's salary benchmarks. What did you learn from that? Are there any lessons that might be applicable to the review you will conduct into MPs' pay?

Richard Lloyd: The key lessons were that the job descriptions were often not reflective of the things staff were actually doing, so there is a job to be done in upgrading and making more flexible those job descriptions, which we have committed to do. Secondly, again using expert, independent research, people have not been paid the going rate for the kinds of work they are doing when looking at comparable roles elsewhere. Again, the important lesson—we wanted to prioritise doing this for MPs' staff, knowing the pressure that so many of them have been under—is to use credible, external evidence. In short, we are listening closely to MPs' staff and their representatives, and making a decision about what is fair and what will support retention and recruitment, so that MPs can have the staff that they need to do their jobs, ultimately.

- Q37 **Kate Green:** Do you see any correlation between the way in which you will review MPs' pay and the way in which you reviewed MPs' staff's pay?

Marcial Boo: In both cases, we want, where possible, to draw on external evidence, so that we can support any decisions that IPSA's Board makes. However, there is a difference between MPs' staff and MPs. The work we have done over the last year for MPs' staff involves, to a degree, reasonable comparators with people who do other jobs in other places. A researcher who works for an MP can be compared, to a degree, with researchers who work in think-tanks, charities and other bodies. It is the same for office managers, secretaries and, to a degree, caseworkers.



HOUSE OF COMMONS

However, with MPs, there is no real comparator, because no other people in this country are MPs.

In 2012-13, we asked people for their views on what other professions might be comparable to being an MP, and as you would expect, people came up with lots of different suggestions. We also conducted some international research on what elected representatives are paid in other countries. Subject to the Board discussion later this month, we may choose to do that again. We found in 2012 that the way that elected representatives are paid in other countries is actually quite different. In some cases, elected representatives are given a global sum in their salary, from which they are expected to pay for their business costs and in some cases employ staff. Obviously, there are perks that are part of the job in some countries that do not apply in other countries, so a comparison is quite hard. We published, as part of the earlier review, a table of what elected representatives are paid in other countries, and we can do that again, but we will need to caveat that by noting that your role is not directly comparable to the roles of your equivalents in other countries.

Kate Green: Closer to home, there are other elected assemblies in the United Kingdom.

Marcial Boo: There are indeed.

Q38 **Kate Green:** Are you making comparisons there?

Marcial Boo: We will do that. Over the last years since IPSA made its determination, the Parliament in Scotland and the Assembly in Wales have looked to us and benchmarked their salaries against ours. There is a potential circularity there that we should avoid. These are exactly the kinds of questions that we should quite properly look at over the course of the year.

Q39 **Ms Butts:** Can I come in on the issue around staff? Will staff automatically get the salary increase, or is that still dependent on whether MPs choose to pass the increase on to staff?

Marcial Boo: Obviously, subject to the approval of this Committee of our overall budget, should that happen we will automatically increase the salaries of anybody who falls below the new pay bands. There is provision in there for MPs to give pay rises to their staff, but they are the employers of their staff. We will of course actively communicate with MPs, both directly and through party groups and other mechanisms, to encourage MPs to pay their staff within the bands that we have judged to be fair, but it is not our role to impose any changes in the pay of MPs' staff, who are quite properly employed by their employing MP.

Q40 **Ms Butts:** What do you think are the reasons why that perhaps has not been done in the past? You have reported that to us in the past. What are the key reasons why staff uplifts have not been made?

Marcial Boo: Clearly this is a matter for each MP—I have to say that first—and there are 650 MPs who all work differently. We give them a budget that allows them to employ the equivalent of four full-time people,



but MPs choose to deploy their budgets in different ways. Some will have more part-time people to meet their circumstances. Some will have more in their constituency and some will have people in London. All of those are matters for the individual MP.

Of course, we apply any changes to pay or any other terms that MPs tell us to. A member of staff might reduce their hours from five to three days a week or vice versa, and we implement that. Where MPs choose to deploy their resources has to be a matter for them. Clearly, there may be some MPs who are more familiar with people management than others. To the extent that there are some MPs who are not familiar with modern employment practice because they have never employed people before, then there is a duty for us, the House and political parties to help those MPs to manage their offices in an effective way. We are committed to working with all the parties to make sure that that happens.

- Q41 **Sir Charles Walker:** My understanding of this new increase in the staffing budget is that it is not designed as a green light for MPs to go and employ more staff. It is designed to ensure that the pay of staff is broadly reflective of what they could earn elsewhere and reflective of the burden of responsibility that they carry. If this is a future question I am sorry for asking it. How are you going to explain and convey this fact to Members of Parliament? Some quite like building their teams and paying their staff as little as possible, or as little as they can get away with.

Richard Lloyd: You are absolutely right. We want to incentivise the right thing. As Marcial has said, we want to work with the House HR focal point on ensuring that the best possible employment practices are in place as a matter of course.

There are a number of things we can do to encourage the take-up of the right things. We can make it easy for MPs to use the new job descriptions that we have produced and encourage the take-up of the new budget in the right way. We can report on how well that is going later in the year. It would be sensible for us to have a look at that, report back on the take-up and think about whether there are other things that we can do. The other thing I am particularly keen to do is to talk to staff representatives again. We have engaged with them more in this last year than, I think, ever before.

These are complicated relationships. We cannot interfere in those contractual relationships, but we can incentivise the best possible management practices and we can be clear about where more effort needs to be made. The starting point is to make the right resources and the right tools available, and then to see whether that is sufficient or more needs to be done.

Chair: Presumably, the issue is that you cannot pay below that band. That is the safeguard. What we would say is that there are people who are maybe new to the job who might be lower down the band and, obviously, MPs would look to increase it. The other thing that I would say is that if MPs get a bad reputation, staff will soon leave to go to another MP who is



paying the proper rate—but I believe that we should all pay the proper rate in the beginning.

Q42 **Ms Butts:** When you say “incentivise” MPs, what does that mean?

Richard Lloyd: Making it straightforward for MPs to get the resources and pass that through to their staff, rather than putting in place obstacles and lots of friction to making that possible, and then encouraging that behaviour through our transparency mechanisms if we need to. It is about encouragement, and finding ways to explain, if we need to, the links between employment practices and retention, and how that makes it more likely for an MP’s staff to stay where they are and work with that MP, and so on. It is the way that we communicate it, and the way we make it as easy and frictionless as possible.

Q43 **Ms Butts:** That is a different definition of “incentivise” from mine.

Richard Lloyd: Perhaps it is not quite the right term, but you know what I mean.

Q44 **Chair:** To finish that point, the only worry I have is that there was a very sour taste, as we know, when staff were left with a 1% increase as MPs got a 3% increase and House staff got a 3% increase. Can we ensure that that does not happen again, when we are talking about just inflation increases? Can you take that on board? It left a very bitter taste, and I felt sorry for the staff.

Richard Lloyd: We were very concerned about that this year, Mr Speaker, so we have made provision for MPs’ staff to be at least matched against the MPs’ remuneration increase.

Q45 **Chair:** That is great. Obviously, we have seen an increase in the amount for security in the budget—it has increased to £5.9 million. That is largely due to the measures for new MPs coming in, but also the additional security provision that has been agreed. That is important, but you said that the IPSA Board’s wider review of security provision is pending. My big question is: when will the review be finished and published?

Richard Lloyd: We were referring there to the work that is going on in the House more generally. We are committing IPSA to playing the fullest possible part in that. There are contractual arrangements to be reviewed this year, as you know. In great part thanks to you, there is an ongoing series of discussions with the police liaison team and with House security authorities. We are keen to be active in those discussions and to make sure that IPSA is doing everything it can to make sure that MPs and their staff feel safe, and get access to the reassurance measures that we have discussed in the past, where that will help people to feel safe in their workplace. There is no reason at all, from a security provision point of view, for anyone to feel that they cannot access the reassurance and security measures that they need to go to work.

Q46 **Chair:** I appreciate that we have picked up on what I believe are gaps in security, and that we continue to hear that when we see gaps, they will be addressed. On that basis, will you manage to speed up your decision



making in the future?

Marcial Boo: My understanding is that our decision making is very quick, at the moment. I am advised that when all the paperwork is in place from—

Q47 **Chair:** We are misunderstanding each other. Sorry, it must be how I put the question. On new proposals coming forward, the decision making is taking 12 months.

Marcial Boo: On new proposals—yes, I beg your pardon. As Richard says, we are aware that the House, which manages the contract with the security provider, will be assessing that this year. We want to make sure that we support that process, as Richard says. We also want to make sure that the spending that we fund on MP's security meets all audit and propriety standards. It is an ongoing bit of work to make sure that, as in all other areas of IPSA's expenditure, we are spending money appropriately on behalf of the taxpayer and in order to support MPs. That is an ongoing bit of work.

As we go through this calendar year, we will be working with officials here in the House to make sure that the long-term provision of security meets the needs of MPs. As we have discussed previously, in other forums, there may be other ways in which that can be done, and we are open to that discussion with you and your officials.

Q48 **Chair:** Just taking all that apart, can we say, "Yes, we will look at speeding up the process, because 12 months was not acceptable"? Yes or no?

Marcial Boo: Speeding up the process of—

Chair: The process of decision making.

Marcial Boo: On each individual case?

Q49 **Chair:** No, no. I am interested in everybody—we have accepted that—but if new proposals come forward to enhance security, or we come up with something else that we believe is required, can we ensure that we don't get bogged down, and that we make an earlier decision, rather than dragging it out, in the way that we did with CCTV? It is a straightforward, easy answer.

Marcial Boo: Yes.

Chair: That's great. That is what I wanted. Thank you.

Richard Lloyd: Can I add to that? IPSA needs to be responsive to changing circumstances. Things are not as they were in 2011—thank goodness, in many respects. As an organisation we need to be able to rapidly respond to people's changing circumstances.

Q50 **Valerie Vaz:** On concerns about the contractor, is there a service level agreement with the current contractor? There is lots of dissatisfaction with that. Are you going to ensure that there will be one for any future



contractors?

Marcial Boo: The contractual relationship is between the House of Commons and the contractor. We provide the funding to support that contract.

Q51 **Ms Butts:** There is a new budget of £4,000 for MPs' staff, for staff training. Could you say something about whether you have thought about pooling some of that finance in order to make it more efficient? Are there other ways in which you think efficiencies might be made, perhaps through pooling services, whether they are mobile phone contracts, shared accommodation and so on?

Richard Lloyd: It's an important question for the future. As we were discussing earlier, there may be more that IPSA should and can do to make it straightforward for MPs to comply with the rules and take the friction out of getting there. I used to work for the Consumers' Association, and as I have said to you before, Cindy, it pains me to see the opportunities for collective purchasing not being taken up here. There are ways that we could probably move towards more central procurement, some of which are happening already.

If you look at all the big areas of expenditure within IPSA's budget, a lot of them are not what people outside this building think of as expenses at all. They are the costs of running offices: utilities, offices themselves, maintenance and staff. Over the course of the year, we want to think about how we can simplify meeting those costs, while ensuring high compliance. On training, it is really important, again, that we combine as closely as we can with the House, which also offers training. I am particularly keen that we look at the wellbeing part of this discussion. There are ways in which we could, through providing more funding and encouraging collaboration, get much more efficient access to, for example, mental health and wellbeing training.

In short, the answer is yes. The first point was to put in place the resources, and then explore how we can make the most of that resource, in collaboration with others.

Q52 **Kate Green:** There is a significant increase in the staffing budget for IPSA's own staff—an additional £310,000 for new staff, as part of the new IPSA "right first time, every time" aim. Can you tell us how many people that buys—full-time equivalent—and to what degree it is a permanent increase in the staff complement and, if so, why that permanent complement is needed?

Marcial Boo: Alastair has answered part of this question already. We did the zero-based budgeting, in response to an earlier question, and we built up provision. We then judged that it was appropriate, at the moment, that we roll forward our existing staffing complement for at least the first half of the financial year so that we can keep providing quality support to MPs.

In answer to your second question, I am expecting that the number of staff will decline in due course because we will be able to meet those

higher levels of support with fewer people. That is the point. It will decline from a high of about 90, including the provision that we have currently for the general election work, to the 70 or so full-time equivalent staff that we have had historically.

Q53 **Kate Green:** Were there any staff reductions—not in the immediate term, but the longer term—as a result of the expenditure on the new IT system?

Marcial Boo: Yes. We have made some of those savings already. Some individuals in the organisation—long-standing people—were working with the legacy systems that we do not use any more, or were coming to the House of Commons every day to collect bags of receipts and invoices that MPs put in letterboxes in the House. Those staff no longer need to do that because we have a new paperless system that is all integrated. Those staff, in many cases, have left the organisation already.

We have, however, recruited a data protection officer whom we did not have in our original proposals, because data protection has risen up the agenda fast, and we have responded to that priority. I am expecting that, as we conduct our review of our processes over the coming months, that will enable us to take stock of our organisation and look at our headcount. As we have said, I am keen to come back to the Committee and report on those findings in the autumn.

Q54 **Kate Green:** Does IPSA have a general redundancy policy? Do you have any idea, at this stage, whether staff numbers will fall over the coming months, and what your approach to that will be?

Marcial Boo: We have some colleagues who are on fixed-term contracts, whom we recruited to support the additional demand of the new system and, primarily, to support us through the general election. As we have noted, we now have 800-plus MPs and former MPs, rather than 650. None of those former MPs has completely wound up their financial affairs yet, but we expect that over the course of March a number of them will do so. Those former MPs will have closed their offices, made their staff redundant and repaid any moneys owed to the taxpayer. We will, in turn, also be able to reduce our headcount over the coming months.

Q55 **Kate Green:** And will that be from staff who were on fixed-term contracts?

Marcial Boo: That is correct.

Q56 **Kate Green:** So you do not envisage the need for a redundancy programme as such among the permanent complement.

Marcial Boo: That is correct.

Q57 **Mr Rees-Mogg:** Your cost is 4.7% of the money that you distribute. How does that compare with other payroll bodies? Do you have any feel for that? I accept that not many are precisely comparable.

Richard Lloyd: That is right question to ask. IPSA must do a number of things that you would not ask a payroll team in the corporate sector to do:



HOUSE OF COMMONS

our public assurance role, the design of the scheme, and so on. My understanding is that, if you compare like for like—the payroll function with, say, a corporate payroll function—the ratio of staff that we service to staff that we have in-house is in line with industry best practice.

- Q58 Mr Rees-Mogg:** Given that one of the difficulties IPSA faces is being both the regulator and the service provider, have you considered outsourcing all of the service, with a core team providing the regulatory and policy basis and ringing up ADP and saying, “Will you take it all on?”?

Richard Lloyd: We have discussed the whole range of potential models. In fact, as recently as last week we were thinking about how you would deliver this set of functions if you were to start all over again. Although, as I started off by saying, there is a tension between being a regulator and a service provider, the co-location of those two functions, and the way they interact, is important. I was listening to a member of the payroll team advising a member of an MP’s staff in an office about an issue to do with tax. That advisory and prevention role might well be harder to do if we split the two functions or tried to do so artificially. My personal view is that we help achieve compliance through good service provision, but the Board of IPSA needs to keep coming back to the very big strategic question: given the things that Parliament has asked us to do, what is the most efficient and most effective way to do that? At the moment the model assumes that it is all under one roof.

- Q59 Mr Rees-Mogg:** The reason I ask is that there is a lot of exceptionality about Parliament. Parliament always thinks it needs to do in its own way things that lots of other people do in a standard way. The cost of that can sometimes be very high. I am not saying that applies to you, because 4.7% does not strike me as outrageous. It is just a thought, as you are suggesting that you will keep under review whether savings could be achieved by doing it in a different way.

Richard Lloyd: I would be pleased if the payroll function at IPSA became as normalised and as uncontentious as it is at a large corporation or a charity. I can assure you that the Board of IPSA constantly has in mind, “Could we be doing this differently—not only better but more efficiently?”.

- Q60 Sir Desmond Swayne:** Can we come back to the £310,000 provision for additional staff? I am not clear about the balance between new roles and more people doing the same thing to cover the additional workload.

Alastair Bridges: If you compare the proposed budget with the original budget that we set at the beginning of last year before the general election was called, there is a proposed increase of £1.3 million, which is quite significant. Around £900,000 is essentially maintaining operational capacity at the general election level, and there is some additional resource that we brought into the organisation to meet the increased demand for IPSA Online. That is the meeting demand part of it. Approximately £400,000 to £450,000 is the improvement capacity, which is about making sure that we have the posts we need and that we have some of the other technical support to progress the sort of improvements that Richard has been talking about.



HOUSE OF COMMONS

Q61 **Kate Green:** Could you give us some more information about the £190,000 budget for recruitments? It is obviously significantly higher than in the previous year and accounts for over half the ongoing cost of new staff recruitment. It would be helpful to have a breakdown of what that money will be spent on.

Marcial Boo: Of that money, we have made a provision of £90,000 for this Committee. That is the budget for this Committee to conduct recruitment that needs to take place in this financial year for a chair and two Board members for IPSA.

Q62 **Kate Green:** Will that be done as one recruitment exercise or separate recruitment exercises?

Marcial Boo: That is a matter for your Committee. Should you choose to do it in one way rather than another, that budget may be used or it may not. We have nominally allocated £30,000 per recruitment, but that is obviously a matter for this Committee. The remainder of the increase is to make sure that we have capacity to recruit the staff that we are proposing to meet the improvement agenda that we have. We make sure that in all cases we use the contracts that are available to Government bodies across the UK so that we get best value for those services.

Q63 **Kate Green:** Are you satisfied with the reach that you will be able to achieve for your staff recruitment in terms of diversity and marginalised communities—those who might not previously have been easily reached for jobs in this kind of sector?

Marcial Boo: That is part of the criteria for selecting recruiters, and I know that that is part of the Government procurement process too. I am always happy to look at other ways in which we can reach out into potentially marginalised communities. Part of the provision that we have in this year's budget is to increase the number of placements into MPs' offices through the Speaker's scheme. This is absolutely something that is important for us, and I am very happy to make sure that that is put into effect.

Q64 **Chair:** What alternatives to the current system of office accommodation costs has IPSA considered?

Richard Lloyd: These are very early stages, Mr Speaker. We are aware of other models. The commitment is to give that a very hard look this year. I would hope to be able at least to pilot, if we can, an alternative approach. I would not want to prejudge the outcome of that work, but we are well aware—we have heard many views—that the current system is probably inefficient and certainly could be done better and made easier. Whether IPSA should become a landlord around the country is a big question that we would want to come back to once we have done the work.

Q65 **Chair:** Obviously, the sooner we can have a trial, the better. I do not want it to drag on and on.

Richard Lloyd: No.

Chair: Now is a great time, if we could set up a trial. Obviously, those MPs



HOUSE OF COMMONS

who feel that rents are too high in London and cannot find accommodation are putting the pressure back on the House, because we are having to find additional space to accommodate them. I do take that on board, and if you would look at an early trial, that would be very helpful to all of us.

Richard Lloyd: Message received, Mr Speaker.

Chair: Thank you. Thanks, everybody, for taking part. That concludes our public session. The Committee will now meet in private.