

## MANAGEMENT BOARD

### Independent Parliamentary Standards Authority: update

*Take note paper from the Change Director, House IPSA team*

#### Purpose

1. This paper is intended to update the Board on the establishment of the new Independent Parliamentary Standards Authority (IPSA), the House's IPSA project, transitional arrangements, notably in relation to the Department of Resources, and issues arising for the House service as a result of the creation of the new body.

#### Action for the Board

2. The Board is invited to take note of this paper.

#### Progress in setting up IPSA

3. IPSA's chair and board members were appointed by The Queen on an address of the House in December 2009. IPSA published a consultation paper on its expenses scheme in January 2010. Its statutory scheme was laid before the House on 29 March 2010, and detailed guidance about the scheme was published on 6 May on IPSA's website, followed over the next few days with further information for Members and their staff. IPSA took over responsibility for payment of Members' salaries and expenses with effect from 7 May 2010. IPSA has organised training, in its dedicated section of the NMRA, for all Members on the new online claiming system. IPSA will start reimbursing expenses in June, although it will make advances and loans in certain cases before then. IPSA intends publish the first claims online in July.
4. IPSA's remit has changed since the passage of the Parliamentary Standards Act 2009, as a result of amendments made by the Constitutional Reform and Governance Act 2010:
  - The post of Commissioner for Parliamentary Investigations, appointed by The Queen on an address from the House, has been replaced by a Compliance Officer appointed by IPSA. The registration of Members' financial interests remains with the House's Registrar
  - IPSA will assume responsibility for determining the level of Members' pay from 2011/12, with the first determination coming into effect at the start of the 2012/13 financial year
  - IPSA will also in due course assume certain responsibilities for the Parliamentary Contributory Pension Fund (PCPF), including the appointment of a trustee of the Fund and the making of a scheme. It is not yet clear what the implications of this change will be for the House Service.

## The House IPSA project

5. The House's IPSA project team was appointed in summer 2009 to:

- ensure a smooth transition from the House Service to IPSA of the administration of Members' salaries and allowances, while ensuring a good service was maintained to Members and the House
- ensure that Members, their staff and staff of the House were properly supported during and after the transition period
- manage the consequences for the House arising from the establishment of IPSA.

The team has liaised closely with staff of the IPSA implementation programme and IPSA itself. The Change Director also attended meetings of the IPSA implementation programme board. The project team worked closely with House staff, especially in the Department of Resources, throughout the transition period.

### *The joint transition project*

6. In discussions between the Change Director and the head of the IPSA implementation programme, it became clear that more resource and a framework for cooperation were needed to ensure the effective transition of functions between the two organisations. With the agreement of the Clerk of the House and the Commission, the House Service and IPSA established a Joint Transition Management Project and appointed a Joint Transition Project Manager, working across both organisations to ensure all the relevant functions were identified and that appropriate mechanisms for managing their transfer were identified and put in place. This included, for instance, the migration of data relating to Members' and Members' staff payroll. The Project Manager also provided constructive challenge to both parties. The joint project was overseen by the Joint Transition Management Group (JTMG), including representatives of the Department of Resources, the House IPSA team, IPSA operations and the IPSA implementation programme.

7. The Joint Transition Project will be formally wound up at the end of May, although other arrangements for maintaining liaison between the House and IPSA will remain in place beyond that date. The Joint Project Manager has prepared a close-down and lessons learned report for the JTMG.

### *Outcomes to date*

8. The House's IPSA project and the Joint Transition Project have broadly met their aims to date. Achievements include:

- agreement between the House, IPSA and the Trade Union Side on the transfer of 29 staff from DR to IPSA, on their existing terms and conditions, in a way

which has not significantly compromised the effective working of either body (see also para14 below)

- agreement by the Management Board on redeployment of approximately 20 staff from DR to other parts of the House service
- agreement on the broad division of responsibilities between the House service and IPSA, including transitional arrangements relating to salaries and expenses of Members re-elected on 6 May, Members' insurance and Members' staff salaries and childcare voucher provision
- a mechanism for transferring payroll data relating to Members' and Members' staff effectively, securely and in conformity with the data protection principles
- working arrangements on the future administrative relationship between the House service and IPSA (e.g. on assistance to disabled Members, security, transmission of information from each body to the other).

9. Communications – with House staff, Members and Members' staff – were an important aspect of the project. A great deal of effort went into keeping each of these groups informed about what was going on. It was difficult in the early months of the project to keep House staff fully informed, as there was considerable uncertainty about when IPSA would become operational, what would happen to House staff as a result and how the boundaries would be drawn between the House and IPSA over, for instance, administration of Members' staff pensions and the provision of employment advice to Members. The project team worked with IPSA to try and ensure coordinated, and in some cases joint, communication with each of the affected groups, and in the case of DR staff this worked reasonably well.

10. Communications with Members were less successful. They were given a good deal of information before Dissolution about arrangements post-Election, but much of this was issued only at the last minute, at the same time as many other communications relating to expenses (driven for instance by the Deloitte work in support of the NAO full scope audit). The short notice was inevitable given the highly compressed timescale for the project and the late stage at which decisions were made by IPSA and the House. As a result, Members did not all fully appreciate the kind of change that was about to take place. This in turn meant many returning Members were unclear about the new arrangements, and they have made their discontent clear to staff of the House and of IPSA. DR has taken many calls from returned Members seeking clarification on the respective roles of the House and IPSA, the application of the rules, etc. DR staff have explained the position to Members and the project has developed new communications to address this issue.

*Close-down and review*

11. The project is due to finish at the end of July, when the project team will move to other roles. The current Change Director returns to DCCS on 1 June and his residual role as SRO of the project will be assumed by the Transition and Operations Director in DR. A closedown and 'lessons learned' report will be prepared by the project team for the steering group.
12. In addition, the head of Internal Audit carried a short risk-based review of the project, with the objective of providing independent assurance that the risks to the House were being effectively managed. He reported to the DG Resources and the Clerk of the House that he could provide a "substantial" level of assurance that this was so.

### **Impact on the Department of Resources**

#### *Department of Resources staff: general*

13. This has been a difficult period for staff of DR. The Department had to cope with extra work, and extra scrutiny, arising from the Legg review and later the work by Deloitte in support of the NAO full scope audit. The advent of IPSA created another demand on their time – and goodwill – as IPSA programme staff wanted to pick their brains about the current expenses system. This was compounded by the atmosphere of uncertainty about people's jobs referred to above, and criticism from elements of the media and some (though not a majority) of Members, none of which helped morale. Despite all this, staff of the department kept the show on the road and maintained a good level of service to Members, although there were some complaints during March about responses to telephone calls to the Enquiries and Advice Team. (89.9% of calls were answered compared to a target of 96%, and an average over the year of 95.9%.)

#### *Transfer and redeployment of staff*

14. 16 DR staff have so far transferred to IPSA, on a secondment basis. IPSA will reimburse the House for all the costs incurred. Interim staff were taken on by DR to back-fill the work of those who transferred in April. The remaining 13 staff will transfer at the start of August. This is the point at which all transferring staff will become employees of IPSA, once the House has agreed to the staff transfer Order laid before the House on 19 May under section 14 of the Parliamentary Standards Act 2009, and the Leader has made a transfer scheme under the Order. The draft Order and scheme were prepared by staff of the project team and the Legal Services Office in the House, IPSA policy officials and lawyers from Treasury Solicitors and Cabinet Office.
15. In December 2009 the Management Board discussed a broad framework for how around 20 other staff in DR, whose roles might reduce or disappear as a result of the establishment of IPSA, could be redeployed throughout the House. In February 2010, the project team used that framework to consult managers, affected staff and unions. In March 2010, the project team secured agreement on a redeployment process that was acceptable, if not ideal, to all stakeholders. Implementation of that process began in April 2010 with a view to allocating all staff to a role at a single

meeting on 27 May. The meeting will be facilitated by the Director HRM&D and will include all the BMDs, Departmental Heads of HR and line management representatives from each department. The intention is that the start dates for most of the redeployments will be staggered between July and September 2010, with a small number of staff being redeployed slightly later but before the end of the calendar year.

### *Future of the Department of Resources*

16. The project was asked to consider the implications for the future role and structure of DR of the creation of IPSA and the loss of a significant part of its work. After some initial work by the project team, an external review was commissioned by the DG. The results of that review formed the basis of a separate paper to the Management Board in February, which the Board has already considered. The issue is therefore not covered further in this paper.

### **Outstanding issues for the House**

17. The advent of IPSA as a fully functioning body is not the end of the story. It marks the beginning of an entirely new relationship between Members and those responsible for paying their expenses and salary, and it is too soon to say how that relationship will develop, and whether the initially uneasy, or antagonistic, reaction of returned Members in particular will change over time as they become accustomed to the new arrangements and IPSA gets over its initial teething troubles.

18. However relations develop between IPSA and Members, there are a number of outstanding practical issues for the House service.

19. In several areas there are still “snagging” problems in the interface between House and IPSA functions which need to be worked through as part of the bedding down of the new arrangements. For instance:

- Members’ staff - IPSA pays Members’ staff salaries and issues standard contracts and job descriptions. The House’s Personnel Advisory Service (PAS) gives employment advice to Members. Exactly how these two roles dovetail is still being clarified, and PAS has pressed IPSA to provide more information to Members, e.g. on the reimbursement of compromise agreement payments to staff who leave a Members’ employment. IPSA needs to develop and promulgate detailed policy in this area, as it relates to the conditions attached to the payment of expenses.
- The Travel Office needs more detailed information from IPSA about what types of travel will be reimbursed, in order to meet its objective of providing best value for money. The Travel Office believes that currently IPSA’s guidance does not provide sufficiently comprehensive information for this purpose.

It should be possible to resolve these issues through IPSA providing a great deal more information, and as IPSA intends constantly to update and expand its guidance, such problems may resolve themselves over time. But in the short term there could

be continuing confusion and appeals to the House service to sort things out somehow. Such appeals should be handled very carefully.

20. Other issues arise from the nature of IPSA's scheme. For instance:

- IPSA's scheme covers certain goods and services "for which provision is not made separately by the House of Commons". A mechanism is therefore needed to provide IPSA with definitive information about what is and is not provided (e.g. training for Members' staff, IT equipment). IPSA also needs to make clear the circumstances in which it will reimburse Members for such goods and services.
- IPSA's scheme and guidance allows Members to reclaim the cost of food purchased on the Parliamentary estate when the House sits after 7.30pm, but receipts must be produced. This may have implications for the House's catering outlets.
- IPSA's scheme also allows certain Members to claim the cost of taxis home if the House sits after 11pm, which may lead to a large number of taxis arriving at once, at the same time as pre-booked taxis for House staff. This may need managing.
- IPSA's scheme excludes funding for select committee and delegation travel, so Members can no longer use their travel budgets to pay for additional costs that arise if they wish to take part in select committee visits otherwise than with the main party (e.g. flying direct from their local airport rather than travelling to London to join the rest of the committee). Neither may they use IPSA's European travel budget to take part in a select committee visit, as was sometimes the case under the House's scheme. These changes may lead to pressure from Members for the House Service to meet such extra costs from the committee and delegation travel budgets.

21. Decisions will also be required on:

- the resolutions governing the House's previous allowances system, which need to be amended or rescinded now that IPSA's scheme is operation (a draft motion was prepared before the Election but not tabled by the Leader)
- the future structure of the House's Estimates, as there will no longer be a strong case for a separate Members Estimate after the current financial year
- the future of the Members Estimate Committee and the Members' Allowances Committee.

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