



House of Commons
Committee of Public Accounts

Independent Parliamentary Standards Authority

Fifty-first Report of Session 2010–12

*Report, together with formal minutes, oral and
written evidence*

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Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

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The following member was also a member of the committee during the parliament:

Eric Joyce (*Labour, Falkirk*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/pac. A list of Reports of the Committee in the present Parliament is at the back of this volume.

Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee is Philip Aylett (Clerk), Lori Verwaerde (Senior Committee Assistant), Ian Blair and Michelle Garratty (Committee Assistants) and Alex Paterson (Media Officer).

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Summary

The Independent Parliamentary Standards Authority (IPSA) was established in the wake of the 2009 crisis in public confidence on MPs' expenses. IPSA established itself quickly and introduced a functioning expenses system on time in May 2010. Since then, IPSA has also been paying the salaries of MPs and their staff. Expenses have been paid within the rules, and MPs have been reimbursed accurately.

In 2010-11, IPSA paid out over £118 million in total, comprising £98.6 million in salaries for MPs and their staff, and £19.5 million in MPs' expenses. IPSA assesses that 99.7% of all claims made by MPs are within the rules it has set, and that when claims are rejected it is overwhelmingly due to administrative error. IPSA has concluded, therefore, that there has been no abuse of the new system to date and that public confidence in MPs' expenses has improved.

The aim of any workplace expenses system is to support the delivery of frontline business and it needs to be administered as efficiently as possible, placing the minimum necessary burden on those who have to use it. IPSA has focussed less on the economy and efficiency of its systems so far and, as such, its expenses scheme is expensive to administer and is not yet demonstrating value for money. Overall, 38% of claims submitted in 2010-11 were for less than the average cost IPSA incurs to process them. MPs and their staff also spend a disproportionate amount of time on the claims process and, in some cases, feel inhibited in claiming legitimate expenses because of the bureaucracy involved. While it is essential that the scheme continues to provide the public with confidence about the integrity of claims, there is scope to consider a more proportionate and cost effective approach to validation.

There has been a 15% reduction in the amount paid under the new scheme compared with its predecessor but IPSA should be wary of claiming all of this as an efficiency saving while so many MPs report not claiming some legitimate expenses. We are also concerned about the lack of clear, easily accessible guidance for MPs and their staff, and the cumbersome nature of some processes, such as payment card reconciliation.

We welcome the constructive approach taken by all sides at the hearing, which we hope will set the tone for improved relations between IPSA and MPs in future. IPSA made a number of commitments for action, and we look forward to seeing these being implemented. In particular, we support IPSA's plans to undertake a wide-ranging review of remuneration arrangements for MPs' staff, and to consider how more use could be made of smarter procurement arrangements in future, particularly bulk purchasing.

There are two remaining issues which IPSA needs to address. Public confidence could be improved further if IPSA made clearer public statements about approved claims being wholly within the rules. The current classification of all costs as "expenses" is also misleading, given that the most substantial element is the cost of the salaries of MPs' staff,

which would not be classified as an “expense” in any other business.

On the basis of a Report by the Comptroller and Auditor General,¹ we took evidence from the Independent Parliamentary Standards Authority about its first year of implementation of the MPs’ expenses scheme, and its proposals for improving service levels in future.

1 C&AG’s Report, Independent Parliamentary Standards Authority: *The payment of MPs’ expenses*, Session 2010-12, HC1273

Conclusions and recommendations

- 1. The new system for paying MPs' expenses is robust and has improved public confidence, but there is significant scope to improve its cost effectiveness.** IPSA is committed to reducing its operating budget by 5% each year during the course of this Parliament. It is striking, however, that 38% of claims submitted are for less money than the average cost of processing the claims. IPSA should reduce this percentage substantially, and set performance targets, such as average cost per claim, by which its value for money can be judged. IPSA should report progress publicly.
- 2. Public confidence in the system for MPs' expenses has markedly improved, but further simple steps by IPSA could help to build on these gains.** The level of interest in MPs' claims has reduced, from over 10,000 unique hits on the IPSA website in response to expenses data published in December 2010, to fewer than 100 following the publication of data in July 2011. This, along with the results of an NAO survey which showed that 55% of the public felt the situation regarding MPs' expenses had got better in the last year, is welcome evidence of improved public confidence. To improve public confidence further, IPSA should draw a distinction between salaries and expenses in its public communications and make clear that all expenses claims paid are within the rules, and that rejected claims, unless otherwise stated, are the result of administrative errors rather than deliberate misbehaviour.
- 3. IPSA's validation processes are disproportionate, in particular on low-value and low-risk claims.** The level of error that IPSA detects through its validation is extremely low and currently its approach does not distinguish enough between high-risk areas of expenditure and those where the risk of error or abuse is inherently low. IPSA should develop a more risk-based approach to validation, tailored to the size and nature of the different claims it receives.
- 4. Eighty-five per cent of MPs say that dealing with expenses hinders them from performing their duties in Parliament and to their constituents.** The combined amount of time spent by MPs and their staff dealing with expenses could cost in the region of £2.4 million a year. While it is inevitable that MPs will need to spend some time dealing with expenses if the system is to be robust, this is too much. IPSA acknowledged that currently the balance is not right and set out a number of initiatives to reduce it. IPSA should monitor the time MPs and their staff spend dealing with expenses in future, using the data in the NAO survey as a benchmark. It should set out clearly the steps it will take, and by when, to reduce the time it takes to make claims in future.
- 5. Guidance for MPs and their staff on making claims is not sufficiently clear and accessible and they do not always receive consistent advice from IPSA staff.** IPSA acknowledged that it would be more helpful if MPs could access guidance on making claims from within the expenses system itself and if all guidance was consolidated in one place and easily searchable. When MPs or their offices talk to IPSA staff, they often have to repeat information they have provided before about their circumstances, as IPSA systems do not retain it. IPSA should undertake a cost-benefit analysis to evaluate whether an account management model would be a more

efficient way of organising contacts between MPs and IPSA staff in the future, factoring into its analysis the current burden on MPs and their staff.

6. **The expenses system is still relatively new and there is much scope for future improvement as it develops.** IPSA made a number of commitments, including carrying out a review of the sufficiency and appropriateness of MPs' staffing arrangements, reviewing the resourcing of the Compliance Officer function, considering options for taking advantage of bulk-purchasing arrangements and improving the payment card reconciliation process. In developing these improvements, IPSA should engage with Parliamentary committees and other informal groups that have been set up to consider expenses-related issues, and this Committee looks forward to seeing the results.

1 Safeguarding public money and improving confidence

1. The Independent Parliamentary Standards Authority (IPSA) came into being in October 2009. By the time of the May 2010 general election, it had set itself up as a fully functioning body, designed a new expenses scheme for MPs and was ready to administer that scheme and also to pay MPs their salaries.² IPSA was set up to make the business of MPs' expenses both robust and independently regulated, and therefore to reduce the risk of inappropriate claims being approved. In 2010-11, IPSA processed over 130,000 expenses claims from MPs and paid out £118.1 million in total, of which only £19.5 million was for expenses whilst the remaining £98.6 million was pay for MPs and their staff.³

2. IPSA's new scheme is providing assurance that MPs are being reimbursed for legitimate expenses and that payments to MPs are accurate.⁴ It has set up a framework of rules that clearly defines what is legitimate expenditure, and it has found that MPs are overwhelmingly adhering to these rules.⁵

3. Since the start of the new scheme, there has been no evidence of fraudulent activity.⁶ IPSA reports that 99.7% of claims are within the scheme rules,⁷ while the vast majority of rejected claims have been rejected because of administrative errors or other oversights, rather than deliberate misbehaviour.⁸

4. In the light of this record, public confidence in the issue of MPs' expenses has increased. Evidence for this includes the results of the survey that the NAO commissioned, which showed that 55% of the public felt the situation regarding expenses had improved in the last year.⁹ Furthermore the level of public interest in the publication of MPs' claims has fallen steadily. Whereas there were over 10,000 website hits for the first round of published claims in December 2010, the most recent batch attracted fewer than 100.¹⁰

5. We discussed with IPSA opportunities to improve public confidence still further, noting that IPSA could be clearer about the nature of the claims it had reimbursed.¹¹ We suggested that it would be helpful if IPSA's website and other forms of public communication were explicit about the fact that all approved claims had been found to be fully within the rules, and therefore legitimate. We also noted that much of the apparent cost of MPs' expenses was for categories of expenditure that would not be thought of as "expenses" in most

2 C&AG's Report, paras.1.6, 1.14.

3 C&AG's Report, Fig. 1.

4 C&AG's Report, paras. 9, 12.

5 C&AG's Report, 9, 10.

6 Qq 51, 67.

7 Q1

8 Q48

9 C&AG's Report, para. 8.

10 Q35

11 Qq34, 130.

workplaces.¹² In particular, this is the case for the salary costs of MPs' staff. IPSA acknowledged that such costs could be better described, for instance as essential office costs.¹³

12 Qq33, 114.

13 Q33

2 Making the system more efficient

6. IPSA estimates that approximately half of its direct operational costs are for processing the £19.5 million of expenses claims that do not cover salary payments to MPs' staff, with remaining costs divided between the administration of salaries and the maintenance of the organisation's regulatory functions.¹⁴ Throughout 2010-11, IPSA validated every claim it received at least once, and many of them more than once, even after it became clear that the number of errors in the system was very low.¹⁵ Although the validation effort has reduced steadily since the scheme's early days, in May 2011, IPSA was still validating more or less every claim,¹⁶ and in 38% of cases its average processing cost per claim line was higher than the value of the claim itself.¹⁷

7. IPSA's administrative cost per claim compares well with those of other UK legislatures, especially since it is still at an early stage in its operations.¹⁸ But, in time, it ought to be able to become much more efficient than other UK legislatures as it deals with a much higher number of claims.¹⁹ The Speaker's Committee for IPSA has now set challenging targets for IPSA to reduce its costs by 5% each year for the next five years. As became clear from the answers IPSA gave to our questions, there are a number of ways in which it can achieve both these, and potentially even greater, savings in future.²⁰

8. In particular, IPSA is not yet adopting a risk-based approach to validation, with large numbers of low-value and low-risk claims being submitted to the same checks and the same processing approach as higher value and higher risk claims. Although it is inevitable that some claims will be small and that validating claims will always cost some money, IPSA has not yet targeted an optimum cost per claim level, and has not explored fully what a proportionate risk-based approach might be.²¹

9. During set-up, IPSA incurred significant one-off costs, amounting to some £4.4 million.²² It also entered into longer-term contracts for vital services, such as information technology and accommodation. Due to the speed with which it came into being, IPSA had limited time to achieve good value for money in its set-up spending, and in many areas it made sensible decisions.²³ However, in selecting its premises, IPSA chose an office that was too big for its long-term needs, providing space for 90 employees, when it currently employs around 60. IPSA's rent, rates and service charges are some £600,000 annually.²⁴

14 Q21

15 Q34; C&AG's Report, para.15.

16 C&AG's Report, para. 2.16.

17 Q28

18 Q30

19 C&AG's Report, para. 2.21.

20 Q32

21 Qq27, 30.

22 C&AG's Report, Fig. 1.

23 Q99-100

24 C&AG's Report, para. 1.8.

When this lease expires, in just over three years' time, IPSA will be able to rent smaller accommodation, thus improving its efficiency overall.²⁵

10. In addition to the processing costs that IPSA incurs, there is another important category of cost related to expenses claims: the cost of the time that MPs and their staff spend using the system. To date, IPSA has not paid enough attention to this substantial cost, nor to the way in which its scheme is hindering MPs in the carrying out of their core duties. The cost of an MP or staff member spending time on IPSA's system is just as much a cost to the taxpayer as IPSA's own processing costs.²⁶

11. Currently IPSA measures MPs' and staff time only in terms of the time they actually spend logged into its IT system.²⁷ But there are many other tasks related to expenses, some of which take significant time. These include identifying items to purchase, dealing with the administration of such purchases, and corresponding with IPSA to answer queries and seek advice. IPSA had not made any estimate of the overall cost to MPs of using its scheme before, but the NAO, based on its survey of MPs, has calculated that cost to be some £2.4 million a year.²⁸

12. The NAO's survey of MPs found that 85% of MPs believe the time it takes to deal with expenses is so great that it is hindering them from doing their jobs.²⁹ IPSA needs to balance its duty to safeguard public money more effectively with its duty to support MPs in undertaking their work.³⁰ IPSA is now reviewing whether the current balance of administrative time spent by itself and MPs is appropriate, and whether the overall total could be reduced.³¹

13. One method of reducing the administrative burden on MPs would be to increase the use of direct payments.³² These are currently available for the payment of rent, and mean that only one claim has to be filled out to ensure a series of repeat payments over months or years. MPs have responded positively to IPSA's plan to increase direct payments in future.³³ Additionally, IPSA has launched a pilot to reduce the complexity of submitting mileage claims and it intends to simplify the reconciliation process for payment cards, which many MPs currently find difficult.³⁴

14. IPSA's scheme paid out 15% less in expenses, including staff salaries, during its first year of operation as compared to the predecessor scheme.³⁵ IPSA has said that it regards this reduction as an efficiency for the taxpayer.³⁶ But it is not clear to us, given that 90% of

25 Q101

26 Qq11, 12.

27 Q7

28 Q6; C&AG's Report, para. 18.

29 Q78

30 Q79

31 Q12

32 Qq33, 129.

33 C&AG's Report, Fig. 7.

34 Qq12, 33

35 Q13

36 C&AG's Report, para. 2.2.

MPs report that they are using their own money to subsidise their work, that this reduction is necessarily desirable.³⁷ The evidence suggests that in many cases MPs are choosing to subsidise because they believe that the administrative effort required to claim is not worthwhile for small items, and because of the perceived reputational risk of valid claims being misinterpreted.³⁸

37 Qq78, 126, 128.

38 Q126.

3 Improving the scheme in future

Staff budgets

15. Some elements of IPSA's new scheme, such as the staffing budget for MPs, are based on historical precedent.³⁹ There is some evidence to suggest that limitations on the staffing budget could lead to difficulties retaining staff in future, and the increased use of unpaid interns, in particular for MPs whose constituency casework is high.⁴⁰ In addition, under the new scheme there is little scope for MPs to make use of bonuses for staff.⁴¹ IPSA told us they had considered the use of bonuses and concluded these were not commonplace among public sector staff at the same pay grade as MPs' staff. IPSA are now conducting a comprehensive review of MPs' staffing needs, and will consider the issues of bonuses and unpaid internships as part of this.⁴²

Advice and queries

16. The extent of the advice IPSA has been willing to give to MPs is limited. Ordinarily people making expenses claims would expect to receive clear advice about whether a claim they intend to submit would be legitimate or not. But IPSA has often refused to answer such questions from MPs and their staff, and on other occasions has given out apparently conflicting advice.⁴³ This leads to wasted time and effort, and also brings unwelcome inconsistency into the claims process; there have been instances where identical claims submitted by MPs have been responded to differently by IPSA.⁴⁴

17. IPSA stated that its guidance was clear, and that sometimes the context for seemingly identical claims might be different, leading to different responses. However, it did acknowledge that its guidance documents were not sufficiently easy to find and that all its guidance was not yet located in one, readily searchable place.⁴⁵ In addition, it has undertaken to examine whether guidance can be made accessible within the IT system for claims, the place where it would be of greatest use to MPs and their staff.⁴⁶

18. At present IPSA receive 100 telephone enquiries a day, of which around two thirds relate to expenses.⁴⁷ Where a query is complex, MPs and their staff may have to call IPSA more than once, and they sometimes report having to repeat basic information because IPSA has not made an adequate record of it.⁴⁸ IPSA told us that they are currently

39 Q72

40 Q74; C&AG's Report, para. 1.18c

41 Q43

42 Q52

43 Q121

44 Qq53, 55.

45 Qq41-42.

46 Q102.

47 Q60

48 Qq116-118.

improving their Customer Relationship Management (CRM) IT system and that this should help in future.⁴⁹

19. We believe that IPSA's telephone service might be improved further, however, if it were to introduce an account management approach, whereby groups of MPs were allocated to a particular member of IPSA staff.⁵⁰ Due to its small size, IPSA told us that it is not intending at present to introduce such an approach.⁵¹

Central procurement

20. IPSA reported that at the time the scheme was set up there was little appetite amongst MPs for central purchasing arrangements, in part because MPs often want to use small, local suppliers within their constituencies. However, the current system, whereby MPs and their staff have to identify and source products for themselves, is likely to represent poor value for money both in terms of the time spent and the prices obtained.⁵² IPSA is working with Parliamentary suppliers to improve the central procurement process for stationery, and are considering whether an "opt in" arrangement could be set up to allow those MPs who wish to benefit from bulk purchasing more generally.⁵³

The Compliance Officer

21. The Compliance Officer function of IPSA cost £307,000 in 2010-11 and at the time of our hearing comprised 2.5 members of staff, including the statutory Compliance Officer himself.⁵⁴ Just 38 preliminary investigations have been launched to date, relating to £52,317 of expenses.⁵⁵ IPSA reported that the resources consumed by the Compliance Officer function were being kept under review, in the light of the very low number of claims currently under investigation and the high cost of maintaining the function.

22. On 3 August 2011, the first permanent IPSA Compliance Officer resigned his post and an interim was appointed for six months. This provides IPSA with an opportunity to examine the operation of the function sooner than might have been expected.

49 Qq119, 121.

50 Qq116, 122.

51 Q117.

52 Q91

53 Q92

54 C&AG's Report, para. 3.5.

55 Q109; C&AG's Report, para. 3.6.

Formal Minutes

Wednesday 14 September 2011

Rt Hon Margaret Hodge, in the Chair

Mr Richard Bacon

Dr. Stella Creasy

Jackie Doyle-Price

Matthew Hancock

Chris Heaton-Harris

Jo Johnson

Mrs Anne McGuire

Austin Mitchell

Nick Smith

Ian Swales

Draft Report (*Independent Parliamentary Standards Authority*) proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 22 read and agreed to.

Conclusions and recommendations 1 to 6 read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Fifty-first Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for placing in the Library and Parliamentary Archives.

[Adjourned till Monday 10 October at 3.00pm]

Witnesses

Wednesday 13 July 2011

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Sir Ian Kennedy, Chair, **Scott Woolveridge**, Acting Accounting Officer, and **Bob Evans**, Finance Director, IPSA

Ev 1

List of printed written evidence

1 Independent Parliamentary Standards Authority

Ev 18: Ev 19

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2010–12

First Report	Support to incapacity benefits claimants through Pathways to Work	HC 404
Second Report	Delivering Multi-Role Tanker Aircraft Capability	HC 425
Third Report	Tackling inequalities in life expectancy in areas with the worst health and deprivation	HC 470
Fourth Report	Progress with VFM savings and lessons for cost reduction programmes	HC 440
Fifth Report	Increasing Passenger Rail Capacity	HC 471
Sixth Report	Cafcass's response to increased demand for its services	HC 439
Seventh Report	Funding the development of renewable energy technologies	HC 538
Eighth Report	Customer First Programme: Delivery of Student Finance	HC 424
Ninth Report	Financing PFI projects in the credit crisis and the Treasury's response	HC 553
Tenth Report	Managing the defence budget and estate	HC 503
Eleventh Report	Community Care Grant	HC 573
Twelfth Report	Central government's use of consultants and interims	HC 610
Thirteenth Report	Department for International Development's bilateral support to primary education	HC 594
Fourteenth Report	PFI in Housing and Hospitals	HC 631
Fifteenth Report	Educating the next generation of scientists	HC 632
Sixteenth Report	Ministry of Justice Financial Management	HC 574
Seventeenth Report	The Academies Programme	HC 552
Eighteenth Report	HM Revenue and Customs' 2009-10 Accounts	HC 502
Nineteenth Report	M25 Private Finance Contract	HC 651
Twentieth Report	Ofcom: the effectiveness of converged regulation	HC 688
Twenty-First Report	The youth justice system in England and Wales: reducing offending by young people	HC 721
Twenty-second Report	Excess Votes 2009-10	HC 801
Twenty-third Report	The Major Projects Report 2010	HC 687

Twenty-fourth Report	Delivering the Cancer Reform Strategy	HC 667
Twenty-fifth Report	Reducing errors in the benefit system	HC 668
Twenty-sixth Report	Management of NHS hospital productivity	HC 741
Twenty-seventh Report	HM Revenue and Customs: Managing civil tax investigations	HC 765
Twenty-eighth Report	Accountability for Public Money	HC 740
Twenty-ninth Report	The BBC's management of its Digital Media Initiative	HC 808
Thirtieth Report	Management of the Typhoon project	HC 860
Thirty-first Report	HM Treasury: The Asset Protection Scheme	HC 785
Thirty-second Report	Maintaining financial stability of UK banks: update on the support schemes	HC 973
Thirty-third Report	National Health Service Landscape Review	HC 764
Thirty-fourth Report	Immigration: the Points Based System – Work Routes	HC 913
Thirty-fifth Report	The procurement of consumables by National Health Service acute and Foundation Trusts	HC 875
Thirty-seventh Report	Departmental Business Planning	HC 650
Thirty-eighth Report	The impact of the 2007-08 changes to public service pensions	HC 833
Thirty-ninth Report	Department for Transport: The InterCity East Coast Passenger Rail Franchise	HC 1035
Fortieth Report	Information and Communications Technology in government	HC 1050
Forty-first Report	Office of Rail Regulation: Regulating Network Rail's efficiency	HC 1036
Forty-fifth Report	The National Programme for IT in the NHS: an update on the delivery of detailed care records	HC 1070
Forty-sixth report	Transforming NHS ambulance services	HC 1353
Forty-seventh Report	Reducing costs in the Department for Work and pensions	HC 1351
Fiftieth Report	The failure of the FiReControl project	HC 1397
Fifty-first Report	Independent Parliamentary Standards Authority	HC 1426

Oral evidence

Taken before the Committee of Public Accounts on Wednesday 13 July 2011

Members present:

Rt Hon Margaret Hodge (Chair)

Mr Richard Bacon
Stephen Barclay
Stella Creasy
Jackie Doyle-Price
Chris Heaton-Harris

Mrs Anne McGuire
Austin Mitchell
Ian Swales
James Wharton

Amyas Morse, Comptroller and Auditor General, and **Aileen Murphie**, Director, National Audit Office, gave evidence. **Gabrielle Cohen**, Assistant Auditor General, and **Marius Gallaher**, HM Treasury, Alternate Treasury Officer of Accounts, were in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

The Payment of MPs' Expenses (HC 1273)

Examination of Witnesses

Witnesses: **Sir Ian Kennedy**, Chair, **Scott Woolveridge**, Acting Accounting Officer, and **Bob Evans**, Finance Director, IPSA, gave evidence.

Q1 Chair: Perhaps I may welcome you all to our hearing this afternoon. Thank you very much for agreeing to attend. I start with one obvious point. Clearly, we all have a personal interest in the scheme, so need a general declaration of that interest before we proceed with the issues we are going to discuss. I think that goes for everybody on the Committee. Further, what the NAO Report does is acknowledge that IPSA has done a very good job in setting itself up quickly, and we welcome that, ensuring that payments are accurate and that over time they are more efficiently paid.

The other thing, just to put it into the context of our questioning, is that I do not think anybody sitting round the table is trying to turn the clock back to any previous system. That also came out in the survey of MPs. People understand that we need a properly accountable and transparent system. We welcome the work that has been done to achieve that. Our prime questioning will be on the processes that have been adopted and their value for money. To start with you, Sir Ian, in your view what would good value for money look like when it comes to spending on MPs' allowances and expenses?

Sir Ian Kennedy: Thank you for your welcome and your opening remarks. We also welcome the NAO's Report not only because of what it says about what we have been able to do but also its very helpful recommendations about what we need to do going forward. For me, value for money is a very complex concept. The real question is: who is doing the valuing? From my perspective, the notion of value for money means that, first and foremost, the public and taxpayer feel that the system in place is of value to them insofar as it assures them that their money is being dispensed responsibly; and, as a follow-on, that that value leads to an increase in confidence in the

parliamentary institutions, and therefore MPs. That is an immensely important goal for us to seek to achieve bearing in mind 15 months ago. In my view, the value of it means that we can gradually reduce MPs' fears of claiming this or being lampooned in the Barnstaple Bugle for this or that, because we are able to demonstrate that 99.7% of all claims are regular within the system. That is immensely important in creating confidence and also in enabling MPs to say, "Look, the system has changed; there's no going back, and we are properly to be seen as behaving regularly." Another part of value for money—I am sorry this answer is too long—is that which ensures MPs are able to pursue their parliamentary functions. There is no doubt we have come a long way in an evolving journey whereby we are balancing the assurance the public needs against your need to get on with your lives. We are not at all at the end of that journey. As the NAO pointed out, we recognise that there are still some things we need to look at. Frankly, many of the things referred to by the NAO we are already doing or have in train. Therefore, there is much to do but so far we have had success in getting to where we are.

Q2 Chair: That is a helpful answer, but what you have described I would call effectiveness rather than value for money. You have been effective in increasing confidence in a system and delivering what you were set up to do. A benefits system can be effective in ensuring that people get the benefits to which they are entitled. The question that this Committee addresses is: does it do it in the most efficient, value-for-money way? That is why I say we are not looking at the policies but simply the processes to see whether or not they really do provide value for money to the taxpayer. The Committee's remit is very simple. Some of our questions this afternoon will

probably focus on that. It is good that you think confidence has been restored, but I would classify all that as effectiveness. To ask the question in a different way, as you look at your processes what kinds of cost-benefit analysis do you undertake when you think about the way in which you operate, both for IPSA and the value-for-money impact that has on the work of MPs?

Sir Ian Kennedy: You and I may, frankly, disagree on whether what I just described is about effectiveness or value. What I am talking about is what people value. You shake your head.

Q3 Chair: It is not value; it is value for money. I am sorry to be insistent on that. I cannot remember the Comptroller and Auditor General's definition, but it underpins the approach to all our work. What is your definition, Comptroller?

Amyas Morse: We take value for money to mean, as close as reasonably can be, the optimal use of resource to achieve the objectives.

Sir Ian Kennedy: Precisely. It is therefore more than cost and price; it is whether with the money you have got you achieve that which is valuable. Who determines that which is valuable are MPs and the public.

Q4 Chair: I do not want to get at cross-purposes at this stage. As to the money you have got, we would immediately ask the question: could you do it for less? Could you get the same effect within your organisation? Are the current processes in place impacting on MPs' work in a way that undermines the value for money, in the terms stated by the Comptroller and Auditor General, of the work MPs do, which is one of the suggestions in the Report? Therefore, there are two: there is one within your organisation and the other among MPs. I am just interested in whether you look at it and assess it, and the way you approach it.

Sir Ian Kennedy: You are absolutely right. Both the processes and everything else we do must be seen through the prism of the demand to be cost-effective and efficient. To give one example—Scott is much better qualified to deal with the particular points—in the early days we could have operated a system whereby we were looking to ensure that claims were to be validated, which was one of the requirements of which the National Audit Office reminded us, by asking for receipts for everything. We costed that out as amounting to probably £1 million a year¹. Scott will correct me if I am wrong.

Q5 Chair: For IPSA or MPs?

Sir Ian Kennedy: For IPSA. I leave aside what it might be for others; I will get to that in a moment. That is for publication, not validating. So, we operated a different system, which I shall turn to Scott to describe, that cost £250,000. That was a clear indication by the board that, although assurance and the notion of being able to put into the public domain that which MPs and the public could rely upon was important, it was also important to do it in the most cost-efficient way.

Scott Woolveridge: That is to do with publication and the way we choose to make information available to the public. Sir Ian is quite right that we took a decision that would reduce our costs. In terms of processes, no one on this side of the room would argue with you about whether there is more we could do. We know that our processes are not as slick as they could be and there is more we can do to reduce the burden on MPs.

The context in which we were set up was very quick, as you have already acknowledged. We had to do it rapidly. We bought an off-the-shelf expense management system that is pretty standard across the industry. When we have looked at other expense management systems we find they do much the same kinds of things. We recognise, however, that what MPs do and the way they live their lives is not standard and is not the same as a regular T&S system that might be used at Asda, Sainsbury's or the BBC. We have needed to change the processes, system and scheme as we have gone along, and we have not finished that yet. That is by no means our position. We know there is more we can do, and we are engaged upon doing it. It would be wrong to say we think we are at the final state, because we are not.

Q6 Chair: I want to look at it from both angles, but let's take MPs in the first instance. Quite surprisingly to me, the NAO Report estimates that the cost to MPs of administering the system is £2.4 million. I have to ask you again: are you measuring the amount of time that MPs spend?

Scott Woolveridge: Yes.

Q7 Chair: Are you taking a view on the cost benefit of that time spent; and, if so, will you share it with us?

Scott Woolveridge: We do look at the time MPs spend on the system, and it is about 15 minutes a day logged into the system itself. I recognise that there are other activities that go on beyond being simply on the system. It is very difficult for us to be able to ascertain precisely what happens in that other time. The £2.4 million expense that you mention includes, as I understand the NAO Report, deciding what to buy, buying it and collecting the receipts. There is not much I can do about that.

Q8 Chair: You can because the systems you adopt then generate the time spent by MPs in administering the system. If I may say so, it slightly surprises me that you look only at how MPs interrelate with you in that very direct way. I do not understand why you do not at least survey beyond that. As I understood it, I think the NAO talked about four MPs. Is that right?

Aileen Murphie: We did walkthroughs with four MPs but we surveyed all MPs.

Q9 Chair: Yes, sorry. If you got a better idea of the cost, it would enable you to have an informed debate in the board about the cost benefit and whether any changes might get you better value for money.

Scott Woolveridge: We have that data now from the survey. The survey indicates that MPs want to reduce the time they spend doing their expenses.

¹ See note A: Publication of receipts

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Q10 Chair: What is your view?

Scott Woolveridge: It is not for me to say what the right amount of time is. We know that different MPs behave in very different ways.

Q11 Chair: You must have a view, as part of the equation, on how your systems impact on the ability of MPs to do their work and whether it is justifiable to have a system that requires that amount of time from MPs and that cost to the taxpayer. I keep coming back to our very narrow perspective. You must have a view, because it is you it impacts.

Scott Woolveridge: I understand. We have looked at what would happen if we took some of the burden from MPs and did it ourselves. That would be some of the data entry activity that goes on. You can cut these numbers in various different ways. We calculated that it would cost us about £150,000, which would add about 6% to our staff costs. We looked at the way the Scottish Parliament did this kind of activity. If you extrapolate from how the Scottish Parliament does it, it would add about £800,000 to our costs.

Q12 Chair: You could do things differently that did not just transfer costs from one body to another.

Scott Woolveridge: Absolutely. I will come on to that. Elsewhere in the forest, as you know, we appeared before SCIPSA, which controls what expenses we have to do our job. We have a commitment to them, quite rightly, to reduce our ongoing costs by 5% a year. There will always be a burden in place—as long as we have a system where MPs need to account for the money they have spent—that somewhere this will have to be recorded. Is the balance right now? I do not think it is. We are looking at that right now.

Some of the members of the Committee may be aware that currently we are engaged upon a pilot to reduce the burden of doing mileage claims, which I know can be difficult and complex. We are looking at a range of other options through the autumn to reduce the burden on a number of other areas, specifically train travel. We are looking at a centralised purchasing system, and we will be doing the same in the autumn with constituency office supplies for things like milk, biscuits and low-value items that take a long time to complete. We are engaged upon a series of activities to reduce the burden. I accept there is more we can do. We have been in operation for a year with a standard system that we have bespoke somewhat, and there is more that we need to do.

Q13 Austin Mitchell: I just want to add to the point made by the Chair. This is a note from my assistant, who says, “The whole system is extremely time-consuming for staff and MPs, much more so than the previous system,” which she dealt with too. “In effect MPs’ staff have taken on a significant proportion of book-keeping accounts work previously undertaken by the parliamentary department of resources, including the staff costs of such work. This means that significant staff time is now consumed dealing with IPSA, and MPs have less staff time, therefore, for dealing with the parliamentary and constituency problems.” That is worth noting, and that accounts for

something of the £2.4 million that the NAO is talking about. But my question is different. We are told by IPSA in trying to prove its value that MPs got 17% less on expenses in 2010–11 than they got in 2009–10, but we are not told whether that is comparing like with like. I would like to ask you some specific questions about what is being produced in those savings. First, does it include the fact that you no longer pay wives’ travel expenses from constituencies to Westminster? How much has that saved you?

Scott Woolveridge: I do not have a detailed answer to that.

Q14 Austin Mitchell: Could you give us the figures for the saving in cutting out wives’ travel? Second, does the saving include the communications allowance, which was cut altogether?

Scott Woolveridge: I think that is best answered by Bob.

Q15 Chair: I think the general point, which is one we were going to come to—Austin has raised it a little earlier—is whether, when you talk about the savings, they are changes in the things that are eligible? Are they genuine value-for-money savings? Again, we are trying to get at how much is due to the fact that the rules have changed so you cannot go first class, you cannot take your wife or you do not have a communication allowance; or are they savings that come from people working differently? Aileen, do you want to come in on that before we get an answer?

Aileen Murphie: Paragraph 2.2 discusses the 15% reduction and says that some of it is due to the staffing budget, which may be a delay in appointing new staff, and £4 million of it is due to the abolition of the communications allowance in its entirety². There is still a gap there.

Q16 Austin Mitchell: Does it include the savings from stopping us travelling first class, and what are they?

Scott Woolveridge: These are very different schemes. I have spent some time looking at these comparisons to see what we can and cannot compare. It is very difficult to say that Members are spending more or less on travel than under the previous scheme because the structure is different. All I can say, really to bear out what Aileen has said, is that in my calculations just short of £8 million was saved through the staffing budget, which is on a different basis from the old Fees Office scheme, and something like £7.2 million on non-staffing items.

Q17 Austin Mitchell: Can you calculate for us the saving produced by requiring MPs to travel standard rather than first class?

Bob Evans: I think I am right in saying that the requirement of the scheme is that you are limited to the value of a standard second-class ticket³.

Q18 Austin Mitchell: So, how much are you saving by paying us less than first class?

² See note B: Communication allowance

³ Generally referred to as “anytime standard ticket”

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Scott Woolveridge: What I am saying, Mr Mitchell, is that under the old scheme you would have been able to travel first class, but certainly—we have seen press comment on it over the weekend—the requirement to stay within the limit of a standard second-class ticket would still allow you to travel first class if you can do so cheaper than the value of a second-class ticket. We are not saying that you can never travel first class.

Q19 Austin Mitchell: There must be a saving. Can you tell us what it is?

Scott Woolveridge: No, I cannot because the two schemes are so different.

Q20 Austin Mitchell: Can you tell us the extent to which late payments by you—I must say they come in bits and bats and dribs and drabs, and you are never sure when you have been paid for what—have produced extra expenses? For instance, it pushes me into overdraft to pay office expenses and recurrent expenses that should be paid by you, and eventually are paid by you. I am going into overdraft because my cash flow is so bad because of your payments system.

Scott Woolveridge: All I can say in terms of costs is that we recognised very early on in the scheme that cash flow was a problem. I think that from August 2010 we put a facility in place where you can get an advance of £4,000 to help against that cash flow. The value of that in terms of advances to Members is about £1.2 million, and that is an additional cost on top of what the old Fees Office scheme would have provided.

Q21 Ian Swales: I would like to return to the question of operating costs. If you look at fig.1, it summarises the expenditure by IPSA on expenses and salaries. There is a figure for expenses. By the way, in some of the reporting these figures are badly confused. £118 million for MPs' expenses appears as headlines when that includes salaries. There is a figure of £19.5 million for expenses. In your operation what proportion of your effort is on the £19.5 million as against the £98.6 million? What proportion of your effort is to do with expenses as opposed to salaries?

Scott Woolveridge: In terms of the direct operational costs of the people involved in processing those pieces of work, it is broadly the same. We have a payroll and HR team that looks after those efforts. We have a team of eight people who look after the claims process and a separate team that looks after the provision of information. They all cover both salaries and claims payments, so broadly it is the same.

Q22 Ian Swales: So, about £3.2 million of the £6.4 million is on expenses⁴?

Scott Woolveridge: No; that is the direct operational cost. Clearly, there are other costs as well, such as management overhead, looking after the facility and the regulatory and policy aspects of what we do, but in terms of the people who are directly at the coal face, as it were, that is how it is split.

Q23 Ian Swales: The regulatory, policy and compliance aspects will be related more to expenses than salaries, will they not?

Scott Woolveridge: Yes, largely.

Q24 Ian Swales: I know this is a simplistic calculation, but if we add your £6.4 million to the MPs' £2.4 million it works out at about £14,000 per MP per year, which sounds to me a heck of a lot of money. If we take on your figures half, £3.2 million, and then another £2.2 million from MPs, we are talking about more than £5 million in cost to administer the £19 million. Can you think of any benchmark that says that is a good number? It seems to me that £5 million is an enormous number to pay out expenses of just under £20 million.

Bob Evans: Just looking at the figures, I do not think you can add them together. As the NAO Report says, this is an estimate of the time that MPs and their staff spend. We already pay the staff costs, so they are not necessarily added to the two. Working out what we call the fully loaded cost per claim is very difficult. I think the NAO has made a jolly good attempt at trying to come up with a cost per claim that seems to make sense.

Q25 Chair: Can you answer the question?

Bob Evans: Sorry?

Chair: Maybe Ian should ask the question again.

Q26 Ian Swales: We can argue about the details. By the way, as to the time spent by MPs and their staff, if they were not doing that they would be doing other things, and at the margin we would have fewer staff or they would be doing more useful work. If we say that one way or another we are probably spending £5 million to get £19 million back to MPs again for what they have spent, is that a reasonable number?

Bob Evans: As I say, I think there is a degree of overlap, and quite a bit of the staff time will be spent on staffing matters, not just the £19 million. I think it is an overestimate to treat it in that way.

Q27 Ian Swales: I added in less than the £2.4 million to get to the £5 million. As Mr Woolveridge said earlier, there is also an overlap in the work. It is up to IPSA to decide how much work it gets MPs' offices to do as opposed to how much is done in the IPSA office. It is one continuum from the point where we each spend money to the point where we get it back. We do not care what the system is; we just want the money back, and the complicated system in between is costing a great deal of money and is now making us embarrassed about claiming for something that cost, say, £10. The figure of £40 used to appear in the media; now it appears to be less, but the sheer costs of running this seem out of proportion to the actual issue here.

Scott Woolveridge: I have said already I think there is more we can do on it.

Q28 Chair: To you what would be reasonable? What rather shook me—I am sure other members will want to come to this—is that for 38% of claims you are spending more administering it. No sensible person in

⁴ See note C: IPSA's functional costings

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any other organisation would do that. Again, that is not an attack on the principles of accountability for expenditure, but to me it feels potty. You would not run a business like that if it was your money, Mr Woolveridge.

Scott Woolveridge: Private enterprises in which I have worked in the past have done precisely this, as it happens.

Q29 Chair: You would have invested more money checking than you paid out?

Scott Woolveridge: In my last private sector employer I had to account for every penny I spent, whether it was a fiver for a sandwich or £1,000.

Chair: Of course; that is different, but it is the system of checking that shoves up the cost of the individual claim. What we are trying to get at is the essence of this. Again, we are talking about systems that end up spending too much.

Q30 Ian Swales: It is the process. As the Chair said right at the start, we are not arguing about the need for a system. The survey shows, and we all agree, that a system that achieves these outcomes is necessary, particularly given what we have been through before. What I am trying to get at is: what is a proportionate response to deliver that system? Certainly, in our offices the main work is expenses, not salaries. What would be the right proportion of cost to pay out this amount of expenses? It just seems so out of whack.

Sir Ian Kennedy: Bob will come back on that.

Bob Evans: This is a unique operation. One of our problems is trying to find suitable benchmarks. One of the valuable bits of information in the NAO study is the comparison with other legislatures, which shows that even after the first year we were broadly on a par in terms of cost per claim. The only answer we can give at the moment is that we should look at least to our direct comparators and make sure we are not significantly more expensive than them.

Q31 Chair: You are adjusting a little. You told us a little about the work you are doing to make it more efficient, but on the whole you feel that the costs of administering this system are justified and that the taxpayer, who in the end foots the bill for our staff time and our time and your time, is getting good value for money out of the current costs and processes?

Bob Evans: May I qualify that by saying that we have only just been set up? We are just out of our first year of operation.

Q32 Chair: Just answer the question. What would be better for you? What would it look like? You have private sector experience, as do some of us round the table. What would appear to be a proper cost for a system in terms of the ratio between the two?

Bob Evans: Perhaps I may develop that. I cannot give you a fixed answer. First, both IPSA and Members benefit by getting the costs down; it is a win-win for both of us, and that is going to be our focus. We accept the thrust of the NAO Report. A lot of the things that the NAO has put in the Report we want to do anyway. We are not happy with where we are; we think we have done a good job in setting up so far,

but we recognise that we can move further on. The only quantitative figure I can give you is that, as part of our negotiations with the Speaker's Committee, it has set us quite challenging savings targets in line with central government of 5% a year for the next five years. At the very least I have to get the costs down by 5% year on year.

Q33 Chair: I am sorry to be persistent, but you are looking at IPSA through a kaleidoscope. If IPSA gets the costs down what will you do—transfer the costs to MPs who are already spending £2.5 million on this?

Bob Evans: No. I think we have to get those costs down as well. Indeed, as Scott mentioned, we are making changes in the processes to try to do that. I am SRO of an IT project to roll out a series of improvements over the summer that, in lots of little ways, will try to make this process easier and address a lot of the niggling problems that your colleagues have raised with us over the last year, asking whether we can get the system to do this and that.

Scott Woolveridge: The end game here, Chair, is reasonably straightforward for us. It is to do as much as we can possibly can through direct payments. The Conservative Members around the table will know that we are now settling PRU bills direct to that organisation. We want to expand the use of the credit card as much as we can so there is even less money than there is now flowing through Members' accounts; simplify the process of reconciling credit cards more than is done now—that is the point Bob was just talking about—and to settle direct purchasing methods for things like train tickets and stationery, where we will get the evidence we need to satisfy the NAO for financial audits without MPs having to supply it. That is where we want to get to.

I promise you we have no interest in making your life difficult. We realise that you have other things to do and that you are not employed as accountants. We have an off-the-shelf system that we bought to get up and running quickly. We know that we have a lot more to do. Ideally, the very minimum that should go through your accounts is mileage, because I cannot settle that direct, but, bar that, our direction of travel is to do as much direct as we can. We have started that journey. We have expanded use of the payment card a couple of times this year. There is more to come there, on direct settlement and the direct provision of evidence from suppliers.

Amyas Morse: I am going to ask a couple of questions because I think it may help to elucidate some of the points. For a start, I think the direction of travel is one I welcome, just so you understand that. First, I comment that what MPs do is much more reminiscent of running a self-employed business, as you all realise, than running an expenses system, which is why your system obviously finds it quite tough. The level of activity and effort imposed on MPs is high because, instead of having a compendious statement of an account as you would in a small business, you have to account separately for every single item in running a composite activity. We all recognise that is a problem, and you are pursuing a way approaching it. In the meantime, perhaps I may raise two things. One is that I wonder whether there is a risk of misleading

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the general public if one still categorises all of these things as expenses. When I did this work I was quite surprised by the strength and depth of feeling. Part of it comes from the fact, it seems to me, that MPs operating the system have a volume of payments that are regarded as expenses but in most people's minds would not be expenses. Does that make sense to you?

Scott Woolveridge: That is a very fair point. Expenses and costs would be a much more useful phrase, and we are moving to that. Most of what we pay is not what the majority of people would regard as expenses; they are legitimate costs.

Sir Ian Kennedy: I asked that the second review should abandon the term "expenses" and use the term "expenses and costs", and we are trying to make sure that gets through the organisation because that is the reality. It was made very clear at a very early meeting of the Liaison Group that that was what MPs felt was important. Your point is well taken. From our point of view, that is the view the board takes and it will infiltrate its way through as the system is described over time.

Amyas Morse: I find it quite understandable, now I am in the world of working with MPs, that there is a lot of sensitivity after past events about things being misrepresented or misunderstood in some way. When you are publishing expenses that you have subjected to a very detailed examination, do you think it is reasonable that you might more clearly state that you have found them to be correct when they are on the website? I am not saying it should not be transparent; I think it is entirely appropriate, but if you have gone through what we describe sometimes as 130% testing it seems reasonable that you might express the view they have been found to be correct. It may not sound like much to you, but it might sound like rather a lot if you are an MP having bits of expenses picked out and commented on in an adverse way. Is that a reasonable request to make?

Scott Woolveridge: It is an interesting question and one that we will take back to consider. To give a broad overview of publication, we fought shy of editorialising the published information. We fought very hard, because once you start down that road it opens up a potential Pandora's box for all kinds of things, but that is an interesting question and I am very happy to consider that.

Q34 Mrs McGuire: Perhaps I may add to that before you go on to the next point. Perhaps this gets to the root of IPSA's role. In some respects I think IPSA is also the people's auditor, if I may put it that way. If an auditor has past expenditure then normally you would accept a docket on the end of that expenditure to say, "We have audited these things and found them to be right and justifiable." I assume that is what the Comptroller and Auditor General is talking about. At the moment, effectively the expenses are published without any context. It does not look as though anybody has checked, double-checked and sometimes triple-checked them so that, to go back to Sir Ian Kennedy's earlier comment, the public can have confidence that you guys have checked our expenses and not found them wanting. I hope that is what the Comptroller and Auditor General hoped to get to.

Amyas Morse: That was what I was trying to say.

Scott Woolveridge: We hear that.

Q35 Ian Swales: It is also worth reminding the public that we are living within strict budgets. That never appears in the media either. It is assumed that anything goes. Of course, it is all trial by media now and a race to the bottom is being encouraged. Having got rid of all the absurd things under the previous regime, they are now encouraging a race to the bottom, and that is what we have to deal with.

Sir Ian Kennedy: I understand that point completely. The intervention by the Comptroller and Auditor General is very helpful. I am grateful and we will take that back. But let us look at the publication cycles. The first time round, immediately after publishing claims the number of hits on the website from a variety of individuals, particularly the press, was over 10,000. On the fifth cycle, which was very recently, the number of unique hits was 83⁵. The point I was trying to make earlier was a very critical one. Whatever be the arguments about whether we can do it more efficiently—of course we can, and that is what we are trying to do—with your well-taken point about advertising the fact that there is regularity and people stay within the rules and the budget, the more we can make it a matter of routine, not a matter of comment, then the more confident MPs can be, which I think is absolutely critical from my position, that when they go to the doorstep it will not be the first item of conversation with which they have to deal.

Q36 Mr Bacon: Mr Woolveridge, I was interested in your use of the word "editorialising". Did you mean by that "passing comment"?

Scott Woolveridge: Yes.

Q37 Mr Bacon: But it is true, isn't it, that a private sector auditor of a public limited company, or the Comptroller and Auditor General on any public set of resource accounts, puts an imprimatur on the bottom and signs it saying he has looked at them and found them sufficient, adequate, proper and regular or wanting in some respects; and, if they are qualified, how. I think all that is being suggested is that if they are okay and you have paid them—if you have paid them, ipso facto one ought to be able to presume they are okay—you are putting your imprimatur on them and saying they are okay. Is that what you are talking about?

Scott Woolveridge: We accept that point. As Sir Ian said, that is very helpful. The editorialising point I was referring to was comment such as, "The dog ate my homework," at the end of the claim line. That would be inappropriate. What you are describing sounds perfectly sensible.

Sir Ian Kennedy: If I may interject, after the first round of expenses, given the declared interest, I issued a press statement—I do not issue very many—to the effect that it was extremely good news that x proportion of MPs had stayed within the system, and it demonstrated not only that the system was working but that MPs were behaving in a way of which both they and the electorate could be proud, and so on and

⁵ See note D: visits to IPSA publication website

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so forth. We did try to seize that initiative first time round, but I take the point that it might not be a bad idea continually to remind people.

Q38 Mr Bacon: I have three quick questions. The first is about outsourcing the administration of expenses. One of the consequences of its being very expensive and the figure of £2.4 million for MPs' staff time that has been identified is that private sector companies have been writing to MPs saying, "We can do this for you and take it off your hands for a fee." You will be aware of the publicity around this concerning a company called Bexley Services. I gather that MPs who have contacted IPSA have been told that this is a legitimate expense.

To provide a full service, which I understand would be five hours a week, this particular company would want to charge £5,000 a year to administrate all of it. There are two ways of looking at that. You could say that compared with the staff time of a full-time employee on, say, £30,000, one sixth of whose time was spent on IPSA, that would be £5,000, and you might say that's fine. The other way of looking at it is to say, "£5,000? 25% of the total office cost being used to administrate the expenses is utterly ludicrous." Which of the two do you think it is? Do you think that type of charge would be value for money?

Scott Woolveridge: I am aware of the issue; I have seen some of the letters that are around. It is a tricky issue in that it is not for IPSA to tell MPs how they should deploy their budgets. What you choose to spend your money on is your decision, rightly so, within the rules we set. If it makes economic sense for you to employ that kind of service then that would be for you to decide. I am sounding like a stuck record here. I do not think we have finished; there is more we need to do to make things better.

Q39 Mr Bacon: That is enough of an answer because it brings me neatly to my second question about guidance and clarity. The NAO Report says in paragraph 2.12(b) on page 30 that, "Some [MPs] commented that they had received contradictory advice and others that IPSA had failed to give them guidance on what would represent legitimate expenditure. IPSA says that its reluctance to give advice is in part because of its policy, under the new Scheme, that MPs must take responsibility for their spending decisions." I do not think there is likely to be a single MP who would not want to take responsibility for his or her spending decisions, but one of the key attributes of a rules-based system, of which this is one—fig.16 towards the back of the Report is a neat chart that covers this—is that you ought to be able to tell in advance the consequences of your actions before you take them. Under this system at the moment you cannot.

For example, somebody might try to buy an office shredder. This was the famous example referred to in the debate. They did buy an office shredder and it was turned down, even though Members of Parliament deal with the most hyper-sensitive matters to do with child custody, allegations of paedophilia, armed robbery—you name it—because all human life is there in MPs' surgeries. One of the silliest things I

heard in a newspaper article was that it was not exactly the confessional, when we all know that that is exactly what it is. All human life is there, so naturally you would, quite possibly, want a shredder. I have certainly got one. Yet that particular unfortunate Member was not able under the rules-based system to predict the consequences of his action before taking it. Surely, that is not right, is it⁶?

Scott Woolveridge: Clearly, a shredder is an eligible item.

Q40 Mr Bacon: What about the point of principle in a rules-based system?

Scott Woolveridge: The difficulty for us is that, when an MP rings us and says something like, "Should I buy a Dell or HP printer?" I do not know. I could employ, as the Scottish Parliament does, a procurement expert to know about Dell and HP printers. It is not for me to say. My staff could say, "I've got a Dell; it's very good." That is not really good value-for-money advice.

Q41 Mr Bacon: I accept that. We all have our own favourite suppliers of different things, but that is not the point. The issue is about knowing the consequences of your actions before you take them. You ought to be able to have in one place a clear, consistent and comprehensive set of guidance that enables each Member in the system to take clear decisions knowing that they are on the right side of the line. You do not yet have that guidance, do you?

Scott Woolveridge: Here is where perception meets reality. We think we do on the website and in the guidance document. Clearly, from the survey that was done MPs do not think we do. Perception is reality here.

Q42 Mr Bacon: There is more work to do?

Scott Woolveridge: I accept what you have told us. We need to do something about it. To be frank with you, we did not think the situation was as stark as you have told us it is. We have to do something about it.

Q43 Mr Bacon: My third question is about bonuses, and then I am done. Under the new system the staff of MPs are no longer entitled to bonuses, although under the old one they could get a maximum of 15% of basic salary. We are not talking about very highly paid people. Usually, you were talking perhaps of payments of between £1,000 and £3,500, and they have now gone. For many members of staff that is a very significant chunk of their income. The way most Members operated it under the old system was to keep a healthy buffer because of the extra costs that might come at them and the ones that they knew about, like National Insurance, employers' contributions and so on, and as the year progressed and they knew they would not be hit by any unexpected costs they decided on the bonuses.

That has gone, whereas in much of the public sector, including about 80 senior staff in the House of Commons—not most staff but what is called the senior Commons structure, so people on band SCS1 and above with salaries of £58,000 and above—

⁶ See note E: Shredder

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bonuses are still paid. They were paid in the last financial year; they will be paid in this financial year. I am told that last year the minimum was £4,500 and the maximum was about £8,000, so they are significantly higher sums, although still not enormous, than those paid to MPs' staff, secretaries, researchers and PAs who now cannot get bonuses. What is your view of the role of bonuses in helping MPs to manage their staff to achieve performance? Is it an area that you will revisit?

Scott Woolveridge: When our board made a decision about bonuses it looked across at other public sector organisations to see what was going on and what was common for staff at that kind of pay grade. Generally, we did not find that bonuses were being paid and so we adopted broadly that model. IPSA staff who earn broadly the same salaries as MPs' staff are not eligible for bonuses. That is something I expect will come back to the board from time to time, but right now we took a view across the public sector and said we did not believe this was common practice.

Q44 Austin Mitchell: Do your staff get bonuses?

Mr Bacon: He said that they do not.

Scott Woolveridge: No.

Q45 Chair: Sir Ian, what is your view on that?

Sir Ian Kennedy: As Scott has stated.

Q46 Mr Bacon: Bonuses do get paid across the public sector. I think that the permanent secretary of the Home Office, Lin Homer, said she thought £10,000 as a bonus was not exactly big bucks, though for most of the people we employ to get something like that would be an enormous bonus. We are not talking about City bonuses, but it is quite common to have bonuses across the public sector. If you were to look at that again in due course I am sure it would be welcomed by many staff.

Scott Woolveridge: I fully expect that will come up with regularity.

Q47 Mr Bacon: I do not normally find myself speaking like a trade unionist, but I can tell you there is a lot of feeling about it among members of staff, who had nothing to do with the expenses crisis.

Sir Ian Kennedy: Mr Bacon, you raise two matters of advice in the context of rules that are very important points: into how much detail we should go in our position and how much discretion we should vest in you, and also the matter of bonuses. This is precisely the kind of matter we would wish to explore with the Liaison Group and get their views so they can take your views. It may well be that bonuses, as Scott has said, and other forms of reimbursement of staff will come back on to the agenda after the public sector pay freeze and so on and so forth. It is not a dead issue; it is currently a view we have taken, to a degree also because of history.

Chair: I am told that we have to vote. Perhaps we can come back in 10 minutes, or as soon as we can.

Sitting suspended for a Division in the House.

On resuming—

Q48 Chair: I am going straight to Amyas who wants to put one question that we interrupted.

Amyas Morse: Thank you Chair. I am slightly pursuing my earlier theme. Perhaps I may address this to Sir Ian, Scott and possibly Bob Evans as well. The perception we had in doing our work is that if you look at where we are now in terms of some of the things that came to light before the establishment of IPSA it would be very difficult for that kind of stuff to happen now. I am not asking you to be unreasonably optimistic, but because of the nature of the system it would make it much more difficult for something like that to happen. Most of the claims that are being rejected at the moment are ones that I suppose could be described as mistakes. Would that be a fair characterisation?

Scott Woolveridge: That would be very fair. In the latest publication round the overwhelming majority of claims we ended up not paying were for late payment fees on telephone bills and so on. The days of being worried about seeing claims for champagne are long gone. People are not attempting to game the system. By and large the claims are boring, and that is good.

Q49 Mr Bacon: On that specific point, we have corresponded on this subject by email. I mentioned it on one of the debates. I had this drawn to my attention by my office. Plainly, no one would expect you to pay bills that include a late payment fee because it is the administrative responsibility of the Member to get right. The fact the bill might not have been paid because the Member was way above his or her overdraft limit since other payments had not come through is a separate issue. But in those circumstances why would you not just reimburse the entire bill minus the late payment fee rather than leave the whole thing unpaid? In some cases for many months, Members are in a position where payment for hundreds of pounds' worth of constituency phone bills is withheld—in my case, I was personally paying over £1,000 with my personal credit card, which I then paid off out of my salary, which speaks to the point about 90% of Members saying they subsidise their own offices—because of a late payment fee of £13.50. It took us quite a long time to get to the bottom of this. Would not the commonsense thing be to say in a little email, "Here is the reimbursement for the amount minus the late payment fee of £13.50"? Why would that not happen?

Scott Woolveridge: That is what would happen now.

Q50 Mr Bacon: It is not what has happened in the past.

Scott Woolveridge: Where we now see a claim that we think we cannot pay, for whatever reason, we will return it to the MP concerned saying, "We can't pay it for this reason. What do you want to do about it?"

Q51 Chair: Amyas was interrupted. My hackles were raised by your suggestion that MPs claimed for champagne.

Scott Woolveridge: I am terribly sorry. That was not my suggestion. The point I was trying to make, somewhat clumsily, was that if that was ever the case we would spot it very obviously, and there is no

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evidence whatsoever of that having happened at all on our watch. I apologise. That was not where I was going; it was a bit clumsy.

Sir Ian Kennedy: The contrast was between what was the case and what is the case. If Scott uses champagne as a metaphor for what was. He is not describing what is. The good news, which I think Amyas was pointing to, is that we can confidently say—it is as much credit to MPs as to us—that the system is working; 99.2%, 99.3% or 99.7% of claims are regular and the ones that are not arise usually through some administrative error. That is very good news for MPs and the public.

Amyas Morse: The reason for making the point is that, if it is true, it is quite important that the public also understands it; in other words, we now have a system which is very tight, as it should be—I am not arguing with that—where it is quite easy not to get it right, and because it is detailed MPs will, for whatever reason, get their claims rejected for what I call honest mistake-type reasons, as you agree. I would really make the point about thinking of the presentational sensitivity and how it is presented. If it looks as though there is still a bit of claiming of which people might take a very negative view but you are saying that has stopped altogether it is very important that that comes across clearly.

Scott Woolveridge: Absolutely. We do not want to be in a position where we end up publishing claims that are not paid. We work with MPs to make sure that if there is something that we think is difficult for us we ask them to resubmit to prevent that happening⁷.

Q52 James Wharton: I want to touch on two separate issues reasonably briefly. First, I pick up Mr Bacon's earlier point about bonuses. I would like to understand, because it is important in setting out a scheme as a whole, what I see as an intellectual inconsistency. I just wonder whether this is something that is evolving and developing as part of your process of improving the scheme or something that is not yet being fully addressed. Regarding bonuses, Mr Bacon gave a very good example of where in the past an MP might have used bonuses to manage a finite staffing salary in order to meet any unexpected costs that would arise throughout the year. I think it was a reasonably sensible example that explained the use of bonuses within a system that did not mean people being paid excessively. Mr Woolveridge, you said that you looked at the options; you compared it with some public sector bodies and you decided that that was not something that would be available to MPs. In an answer to an earlier question about advice on, say, types of printers you went to great length to say that these were MPs' budgets and it was not for you to tell them how to spend them provided they were spent within the rules. The strikes me as an inconsistent approach to different budgets. There is a danger that it could lead, particularly with staffing, to claims for contingency costs because MPs are not able to manage their budgets flexibly. I am sorry that is a long question. What is the cost of the inflexibility? How many contingency costs are we seeing and what is the estimate? Is it something you might look at, and might we find savings in the future?

Scott Woolveridge: I understand the question. I should have mentioned earlier that we are just launching a staffing review to look at MPs' staffing across the piece to take account of some of these issues as well. What is the right number? What are the right job descriptions? How should we be supporting MPs with staffing budgets? That will sweep up some of what you are talking about. On the point about inconsistency, we do not want to do is end up with a rule book that is yea big. We receive criticism from time to time that it is too big as it is. It is shorter than the BBC's, but some people say that it is as thick as it is. There are some things we do not think are appropriate at the moment and bonuses are one of them. That is slightly different from saying that you must buy a Dell or HP printer. We like to rule out things more clearly than saying what you can do. We may come back to this. It is not something we have ruled out, but we have to be mindful of what I think was in the public perception that on occasions bonuses were used to use up what was seen as staffing allowances. I do not think I hear around the room that that would be thought of as an appropriate way forward, and that is why I am not ruling it out for ever. It is not for me but the board to decide. We would not rule it out for ever but right now the time is not quite right.

Q53 James Wharton: We have explored the issue of guidance available to Members, which that neatly tailors into, and this is one of the areas that is generally accepted could potentially be improved. One of the things that this Report throws up is that 8% to 10% of claims are sent back to MPs for further clarification. I am aware of colleagues who have submitted identical types of claims and some have been accepted and some sent back. Clarification has been given and it has been accepted. When a similar or identical claim another month or two months later has been submitted it has been sent back again because of what would appear to be lack of communication among staff at IPSA itself. Is there any assessment of what part of that 8% to 10% are claims where the MP can simply reply and say, "Look at my claim of so-and-so. We had this discussion then and it was resolved." If there was a clearer internal system of guidance for your staff so they could apply a consistent approach would they be rejecting fewer claims and therefore potentially saving money on administration?

Scott Woolveridge: Why do we send back claims for further information? The majority of the cases that go back for further clarification will be because the receipt provided is a photocopy, or we have seen a taxi bill with no justification for it. There will be other cases as well, but those are the majority. You will understand why photocopies are difficult for us; clearly, they are not the original documents. We pay for taxis where there is justification.

Q54 Chris Heaton-Harris: The tax man takes photocopies.

Scott Woolveridge: Our current position is that we do not accept photocopy documents. We ask for originals. For taxis we will pay where there is a reason

⁷ See note F: "Not Paid" claims

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for a claim being made. That may be because there was particularly heavy luggage or inclement weather.

Q55 James Wharton: I do not take issue with any of that. I want to bring you back to the specific issue of inconsistency of application by your staff of the assessment of claims, and whether you believe there would be a saving if you tackled that and reduced its frequency.

Scott Woolveridge: I am sorry if I was not being clear. The point I was trying to make was that a claim that I paid for a taxi last week with a reason and a claim for a taxi this week without a reason would be different. On returned claims, when we return a claim to you now we return the whole claim. The line in question may be a relatively small proportion of the whole claim you have submitted. I recognise that that is not as convenient as it could be. From the middle of September we will be changing our system so we can return the one line in question to you for clarification and then proceed to pay the rest of the claim. I take the point that I think you are making which is that it delays the whole process because of one inconsistency or question. We get that, and we are going to change our systems to do that. As to my staff behaving inconsistently, where we have looked across the piece—we do it every month—we take a statistically significant sample to make sure that the people who pay the claims are doing so in a consistent fashion. We do not find that experience; it is not something of which I am aware as an issue. I cannot look you in the eye and say it has never happened, and I am not going to do that. Things go wrong from time to time, even in the best run organisations. If it happens, I would be delighted to talk to you about it.

Chair: We are not here to look at individual things, but I can tell you that it is an issue that is raised. We are not making it up. Therefore, it is probably one you should address again in terms of systems.

Q56 Chris Heaton-Harris: I have a handful of what were going to be short and sweet questions. Obviously, you have read the survey of MPs. You said this was a “perception meets reality” moment. Prior to that, how did you gauge how MPs were dealing with the system?

Scott Woolveridge: We receive about 110 phone calls and 100 emails a day from MPs and their staff, which we answer. That gives us a sense of how people are feeling about things. I talk to MPs a lot; I will trot up and see MPs in their offices. Occasionally, they will come to Portland House and see me. I am not alone in that. Sir Ian, Bob and my colleagues will also talk to MPs. From that we get a sense of how the world is. It is true we have not done a formal survey of this type. We will do so in the future; that is now part of our corporate plan, but we have a sense of how things were, what was going wrong and what was not working. It is interesting, and somewhat discrepant, if you will, that the stories we heard in private were sometimes different from those we heard in public. This survey is very useful for us as a benchmark to go forward to see how things pan out over time.

Q57 Chair: I am wearing my old management consultancy hat. How many phone calls do you say you receive?

Scott Woolveridge: About 100 phone calls a day from MPs and their office staff.

Chair: I think there is something wrong with the system. If I was looking at an organisation to see how it could be made more efficient and I had 650 customers, of whom over 100 a day rang me, whereas they ought to be dealing with the system online, I would think, “Flip. There’s something wrong with the system which warrants over 100 calls a day.”

Q58 Ian Swales: Do you analyse what these calls are?

Scott Woolveridge: Yes; we put them into 25 separate categories, and we do that every week.

Chair: It doesn’t matter; it is 100 queries a day. There are 100 instances where people feel they cannot use your online processes and have to ask questions.

Q59 Ian Swales: Why are they calling?

Scott Woolveridge: With respect, Chair, it is not necessarily the case that they cannot use the online processes. A number of those calls ask for reassurance about particular items.

Chair: This is a real management consultancy response, not an MP response. That is far too many. Something in the system that warrants that kind of query, even “Am I using it right?”, means there are uncertainties about it. That is a heck of a waste of money and your time, MPs’ time and everybody’s time.

Q60 Ian Swales: You said you were analysing it. What is the reason you are getting 100 calls a day?

Bob Evans: I think we are giving you the wrong impression. I run the payroll team, and maybe a third of those calls are payroll-related. The bulk of those are the kinds of telephone calls you would expect, such as, “I have a new member of staff; I need to put them on the payroll, and I have not sorted out their National Insurance. How do I do that?”

Q61 Chair: That is a third. It is still 60 or 10% every day. If you take out the third—that is a perfectly valid response—a query rate of 10% per day is still a heck of a lot.

Sir Ian Kennedy: Scott and Bob are experts. My understanding is that they are not queries about how to operate the system. Usually, they are what I referred to earlier; this is a current that runs throughout the present administration of the system which will fade over time, namely anxieties about whether doing this, as Mr Bacon said earlier, is within the rules and how specific or particular it is. We can cite examples of an MP saying, “Well, if I do this will it be okay?” That is not really the system; it is the confidence in attributing a judgment as to what is within and without the rules because of a different audience, not us.

Q62 Mrs McGuire: Sir Ian, with the greatest respect, MPs know that there is absolutely no point in asking for advice over the telephone because your own rules say that the only way you will give it is in writing via

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email. They would not phone you for advice because you will not commit yourself to verbal advice to an MP. There is no sense of human communication on the kinds of things about which MPs are asking questions. It is by email only⁸.

Scott Woolveridge: We do get those questions every day along with the questions that—

Q63 Mrs McGuire: Frankly, if you are telling me that 60 MPs are phoning you every day and they have been told they cannot get advice there is something wrong with their communication network as MPs, because word would have drifted through by this time.

Scott Woolveridge: If I have given you the wrong impression I am sorry. It is not necessarily just MPs. There are also 3,500 members of staff who call us for a whole variety of reasons as well.

Q64 Chair: Would it be too much to ask you again as a value-for-money issue to analyse your calls and break them down? For me, you have raised an issue. Blimey, there is something in there that is not efficient.

Scott Woolveridge: We do that.

Q65 Chair: People are not understanding it. There is something in there.

Amyas Morse: To supplement it, it would be interesting—I think it is the same thing with the survey—would be to look at it now. I understand the point Sir Ian Kennedy is making about settling down. If that is true we would expect to see the rate of calls begin to diminish quite markedly over a moderately short period of time, would we not? Equally, as MPs get more comfortable with the system we would expect to be able to look at the opinion levels; whether or not they are absolutely right, by asking persistent questions over a period you see whether there is a trend. I think that is what management consultants might tell us, Chair.

Q66 Chair: They would.

Amyas Morse: Certainly, I would find it very interesting to be able to see how that progression is happening. If it is moving in a positive direction that would be most encouraging.

Scott Woolveridge: It is moving in that direction, but there have been changes during the year. We have changed the scheme; we are on the third version of the scheme, so that produces new queries; we have extended the payment card and that produces new queries; all of us together have been through an end of year for the first time, and that produces new queries. Over time I expect that as things settle down this will fall away.

Chair: I hope you will monitor it, and we might be recommending that.

Q67 Chris Heaton-Harris: I did not really expect to go in that direction. 99.7% of claims are regular. I assume that the .3% are mainly mistakes or, as in my case, you change your rules and ask for extra things for which no one else would ask. I will come back to

that in a second. Is there any evidence at all of MPs trying to fiddle the system now?

Scott Woolveridge: I cannot think of any instances of that.

Q68 Chris Heaton-Harris: I have a process issue. We talked about photocopy receipts. For a year I have been sending you photocopies of receipts. Everything was fine. 99.7% of the time these claims are regular. You tightened up your system by asking for the original of said receipt, which I obviously keep on file so it is not a big deal. However, why is that? HMRC does not require that. If you have a council tax bill that you pay monthly you get just one copy and then claims are returned on a monthly basis. Why?

Scott Woolveridge: I will give a detailed answer, Chair, if it is okay to go into it. We are audited by the NAO. We need to make sure we have suitable evidence to satisfy them. We also need to make sure that we are not duplicating claims, and having an original receipt is a control over that. We want to tighten up on how we match duplicates, but right now having an original receipt helps us in that domain. I accept there may be cases where a photocopy is all that is available. An example may be where an MP shares an office with an MSP, an AM and so on. Where we know in advance that that will be the case we will be prepared to accept a photocopy. In your specific case it probably makes sense for us to talk outside the room because I am disturbed by what you are saying. Would it be okay if I contacted you separately?

Q69 Chris Heaton-Harris: Yes, absolutely. I think that even this morning you will have received a letter from me. You mentioned a staffing review, which I very much welcome. You said that MPs were online for only 15 minutes a week.

Scott Woolveridge: I am sorry. That was per day.

Q70 Chris Heaton-Harris: I like to think I am fairly computer savvy, and it takes me a lot longer than that. I claim for hardly anything, if I can possibly get away with it. What is the review to do with? Is it to do with total staffing budget?

Scott Woolveridge: Yes.

Q71 Chris Heaton-Harris: Excellent. How will you judge MPs' workload? Will you follow a few of us around?

Scott Woolveridge: We want to make some constituency visits to talk to staff and to you to find out what goes on. We inherited a staffing budget allocation from the old scheme. We see from our evidence that generally staffing budgets are not exceeded. There are some claims for additional staffing, but generally they are not. It makes sense now a year in to do a proper drains up and look at this to see whether we have it right.

Q72 Stella Creasy: May I press you on two points to do with the staffing budget review? Under the old scheme pensions were not included in the staffing budgets, were they? What feedback have you had about the impact that has had on the ability of MPs to

⁸ See note G: Information line

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pay their staff? Obviously, it is a considerable chunk of the allowance. I think the question is: how did you come to this figure plus the pensions being the appropriate number? You say you are going to do some constituency visits. Did you do that before you brought in this system?

Bob Evans: I think there is a misunderstanding about the basis on which the original budget was calculated. That referred back to the old SSRB recommendation of 3.5 staff. You are quite correct to say that under the new scheme IPSA introduced we brought the Members' staff pension contributions into the budget, because we thought that was sensible, but we then increased the budget to take account of that.

Q73 Stella Creasy: But you did not take account of the requirement for London weighting, did you?

Bob Evans: There is a difference, and we recognise it is a fair point. The budget is the same regardless of whether or not you have staff in London. That is one of the reasons we are doing the review.

Q74 Stella Creasy: One of my concerns, which I would like your review to look at, is how much this is feeding the use of unpaid internships in Parliament. A lot of MPs are not able to get the support and help they need to deal with case work and parliamentary business within the time scale that their constituents feel is appropriate. One of the ways in which MPs have tried to deal with that in the past is by unpaid internships. I note that IPSA also has a role in HR. What advice have you given MPs in trying to deal with that struggle?

Bob Evans: To pick up the budget, I think you are pushing at an open door. That is why we want to do the review.

Scott Woolveridge: If we look at constituencies like yours, from time to time we see urban constituencies, particularly in London, where the case workload is high. We have seen a number of contingency claims which for those kinds of circumstances would routinely be accepted. If there is a reason to employ more staff because of a case load in a particular constituency we will be alive to that. Remember, we have 650 constituencies and they are very different. As you would expect, we have to set a budget for all constituencies, but we recognise there are differences. That is why we have contingency funding specifically to take care of these kinds of circumstances.

Q75 Chris Heaton-Harris: I have a brief question to put to Mr Evans. We talked very briefly about credit card reconciliation and improving that. Please do it very quickly. I have used it only twice. It was such a nightmare that I gave up.

Bob Evans: There are some simple things we can do to make the process easier, but again we are keen to get views from Members about ways we can improve it. Again, you are pushing at an open door on that.

Chair: Maybe next time it will not be an NAO survey and you will do your own.

Q76 Stephen Barclay: Sir Ian, does IPSA have a statutory duty to support Members of Parliament in the discharge of their duties?

Sir Ian Kennedy: It has a statutory duty to have regard to the principle that MPs should be supported in the execution of their parliamentary duties.

Q77 Stephen Barclay: You gave quite a nuanced answer. Do you see it as part of your duties to have in place a process that supports Members of Parliament in their duties?

Sir Ian Kennedy: I see it as being what Parliament asked us to do, namely to have regard to the principle that we should do that. One of the very difficult questions one has to wrestle with is: who defines the appropriate level of support?

Q78 Stephen Barclay: If 85% of MPs say that your processes hinder them from doing their job, and 91% say they subsidise their work, I am trying to understand how you assess compliance with your statutory duty.

Sir Ian Kennedy: If I may, I remind you that the statutory duty is to have regard to the principle.

Q79 Stephen Barclay: Earlier you answered this question in part by saying in essence that the first test you went to was public perception, and that is extremely important. But what I am looking at is precisely the statutory duty that applies to you. Given that about 85% of Members of Parliament in this feedback say in their view you do not comply with your statutory duty, what other metrics do you have? What is the data you have to show you that you comply with your statutory duty?

Sir Ian Kennedy: We are a regulatory body, not merely a provider of services. That is a very important position from which to start. As a regulatory body we are placed under a duty to have regard to the principle, as you say, of supporting MPs.

Q80 Stephen Barclay: I worked as a regulator for four years, so I understand regulation. I was a compliance director, at one stage, before coming into the House. What data do you use to measure compliance with your statutory duty?

Sir Ian Kennedy: With respect, Mr Barclay, I was beginning to answer the question, although perhaps long-windedly. Having regard to that principle, we have to determine what constitutes support and who determines what that appropriate level of support is. Clearly, it could be just MPs, in which case the statutes would say it is our duty to support MPs. It does not say that. As a regulator it must be our duty to have regard to that principle by reference to the public interest. That means we have to take account of the taxpayers' interests and also the views of the general public in having regard to that principle. It follows, therefore, that to the extent the National Audit Office has indicated public confidence has increased at least part of that equation and one of the metrics is being satisfied. Clearly, on another metric we need to do more work, and we have already said we do.

Q81 Stephen Barclay: I am a bit confused, so perhaps you could send us a note. To give an example, one thing that causes much annoyance for my staff is

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that they come in early and try to catch IPSA first thing in the morning. You responded to the high number of calls about which we have heard and the concern of Members' offices by withdrawing your service and answering the phones only from 1 pm. Taking that as a specific, how does that enhance the delivery of your statutory obligation?

Scott Woolveridge: We did so very reluctantly. I spoke earlier about the resources available to IPSA from the estimate granted to us by the Speaker's Committee. What we saw was that having the telephone service open between 8 am and 6 pm with the six people available to answer the phones produced service levels that fell way short of what was anything like acceptable, for example 10% of calls answered in 60 seconds and so on. We were receiving complaints all the time from MPs that they could not get through. Those complaints were perfectly legitimate because we were not providing a sufficient service. If I had more resources available to me to expand that telephone service I would have done that but I did not have the money.

Q82 Stephen Barclay: How much do you spend on press officers?

Scott Woolveridge: We have two communications officers.

Q83 Stephen Barclay: How much do you spend?

Scott Woolveridge: I do not have the individual details. We have two people doing that work. They also look after the maintenance of our website and the line management of our publication office.

Q84 Stephen Barclay: As a simple observation, having people to deal with your customers would be cheaper than having press officers.

Scott Woolveridge: Mr Barclay, the public is our customer as well.

Q85 Stephen Barclay: Absolutely; the public are very much our prime customers. We have already addressed that point, but we are trying to understand compliance with your statutory obligations. Can you explain, please, the logic, with which I have always struggled, of logging data on to your system, going through what is quite a slow process, getting that agreed, printing off a page from your system and posting that page to you?

Scott Woolveridge: The process you go through is pretty standard for the expense management systems that we have looked at and are used by industry across the country. We have looked at a couple of them. Whether it would be appropriate for us to move to a scanned receipt submission is something we should probably think about and is in our plan for this year.

Q86 Stephen Barclay: The new MPs in particular are desperately keen to make this work. We come from the commercial sector. I am not used to all my staff in the commercial sector being classified as my personal expense. I have had to set up a separate bank account. We are desperate to comply and want to work with you, and we support much of what has been done. What we are trying to get at on this Committee

is the value for money of the process. It strikes me as a slightly illogical scheme that one inputs into your database and yet you are unable to access or check it. We are printing off a page from your database and then sticking it in the post. There is then a whole process, presumably, of someone having to open it and go through it. That does not smack of a streamlined, efficient process. Do IPSA staff themselves use this system for their own expenses?

Scott Woolveridge: No; we have a slightly different system.

Q87 Stephen Barclay: If this is such a good value-for-money system why not use it for your own staff?

Scott Woolveridge: We have 60 staff and it is a very small number of expenses. If you look at our website, you will see that it is numbered in the ones and twos.

Stephen Barclay: But one would have thought they would use the same system; you just add to it another 60 people.

Q88 Chair: What is different? Do they have to produce original receipts?

Scott Woolveridge: Yes.

Q89 Chair: This duplication amazes me. Can I raise one issue? You said, in answer, that you were unable to answer telephone calls, so you reduced the time available to take them. Did I hear that right?

Scott Woolveridge: The rationale, Chair, was that we looked at when the calls were actually coming in. We found we had far more calls in the afternoon. At the beginning and end of the day I had members of staff sitting around not engaged in taking calls.

Q90 Chair: So, you increased the staff in the afternoon?

Scott Woolveridge: Yes, we increased the staff in the afternoon and what we saw was an improvement in service.

Q91 Stephen Barclay: You knew that a whole load of new MPs were coming in and they would have to set up offices. One thing that has staggered me as a new MP is the lack of central purchasing and the idea that individually we are all shopping around on the internet desperate not to pay more than the MP in the office down the road for the same item. I give one example. Parliament issues standard photocopiers and every MP buys toners individually. Obviously, there is an efficiency saving in buying all these items together. From the perspective of value for money, never mind the time involved in offices, buying and paying for individual items from personal accounts—that whole inefficient process—just in terms of purchase price why have you been so slow to embrace central procurement?

Scott Woolveridge: It is a tricky area for us. When we were consulting on the scheme at the very beginning we asked questions about things like central purchasing. Would it be appropriate for IPSA to procure locations for MPs in public offices up and down the country? Would it be appropriate for IPSA to place MPs in what one might call a parliamentary village, as they have in Sweden or South Africa? The

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reaction we got from MPs at the time was a very strong no to that. I am all for centralised purchasing arrangements. We are working with Banner right now to make that kind of thing easier.

Q92 Stephen Barclay: You can have an opt in so that those MPs who want to be part of that can do so?
Scott Woolveridge: Yes.

Q93 Chair: I have to say we all think Banner is terribly expensive.

Scott Woolveridge: We are starting with Banner because they are the House suppliers.

Q94 Chair: None of us uses them because they are incredibly expensive.

Scott Woolveridge: There you are, Chair. If an MP chooses to use Mrs Miggins' stationers down the road—

Chair: Yes, but we would expect you to set up with somebody who was good value for money. Probably all round the table we are telling you that we have moved from Banner because it is ridiculously expensive.

Stephen Barclay: We are hoping that you can negotiate a cheaper price, not a more expensive price.

Q95 Mr Bacon: You are not the MoD.

Sir Ian Kennedy: The point is not Banner but the notion, and we hear what you say. You are not unique in expressing that view. If we take the example of stationery or whatever, some MPs will say, "In my constituency there's a local printer and I wish to support that", so the idea of opting in and opting out becomes, as Mr Barclay says, the way to go, if you like. Equally, as regards premises Scott has already said our initial thinking was, wherever we could, to make arrangements with local authorities or some such so we could use space that was already paid for and could be transferred with the equipment in it so there was not a further outlay. That did not attract much support from MPs at the time, but we intend to put it back on the agenda because you are absolutely right that it is a significant way forward in providing value for money, undoubtedly.

Q96 Mr Bacon: When you say "put it back on the agenda", do you mean the issue of accommodation?

Sir Ian Kennedy: Both accommodation and purchasing on an opt-in/opt-out basis.

Q97 Mr Bacon: Just to speak up for Banner slightly, there are one or two things you can get from them at a reasonable price and they offer big discounts. We have shopped around for things like toner cartridges. This Committee has looked at OGC Buying Solutions and various other framework agreements, and it is surprising how often people do not use them because they can get a better deal by a direct approach. Logically, that ought not to be the case. The whole burden of Sir Philip Green's study was that you ought to be able to leverage your size to buy more cheaply.
Sir Ian Kennedy: Absolutely.

Q98 Mr Bacon: Sir Ian, on the subject of accommodation, I pointed out to you in one of the meetings, when you did your Cook's tour very early in the process, that using local authority accommodation is a red rag when there is a change in political control and is something of which one should be very conscious.

Sir Ian Kennedy: We were told that in no uncertain terms, although we know some MPs who do that. It does not have to be that, but it is a question of how to marry the notion of value for money in this particularly important area with the needs and concerns of 650 MPs.

Q99 Mrs McGuire: Do you think that your initial set-up costs were far too extravagant?

Scott Woolveridge: No.

Q100 Mrs McGuire: You don't?

Scott Woolveridge: No. We were set up in an extreme hurry with very limited time and a hard deadline. Had we had more time we might have done things differently. Given the time we had available to do what we needed to do I think we did a very good job.

Q101 Mrs McGuire: But do you recognise what the National Audit Office said that in terms of your accommodation, given you are on a five-year lease just now, you might look at better value for money?

Scott Woolveridge: Yes. We have three and a half years to go. When we set up we needed the space that we had. Our staff has shrunk since then, and we expect that to continue unless we are given additional powers that would require further people. We will consider in the short term whether there is a subset capability available to us. I think that in the long term it is vanishingly unlikely that we will be in the same building at the end of the lease.

Q102 Mrs McGuire: In terms of efficiency and effectiveness of the partnership, if I may put it that way, between IPSA and the outsourcing of some of the administrative work, which I think you have effectively done, that MPs are undertaking to manage the expenses system, do you think there is justification for asking that the guidance, to which you have to refer sometimes when you are in the IT system, should somehow be incorporated far more easily into that system?

Scott Woolveridge: That is a point I would accept. Recently we have improved the website's FAQ section. It is quite clear to us from the survey that there is more for us to do, and that is a valid point we will take forward.

Q103 Mrs McGuire: I want to pay you a compliment first before I go to the next question. You must be quite pleased with this Report today given the absolute chaos last year.

Scott Woolveridge: We have come a long way.

Q104 Mrs McGuire: Go on; just admit it. You were quite pleased with this Report.

Scott Woolveridge: We were quite pleased with this Report.

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Q105 Mrs McGuire: Given the situation that you and we all faced for three or four months last year.

Scott Woolveridge: I am conscious not to appear to be crowing. We still have a lot of work to do, but, yes, we think we have come a long way.

Sir Ian Kennedy: If I may interject, I would push the time scale a little further back. If we were sitting here 15 months ago, and IPSA was sitting here four months ago, you are absolutely right. We are pleased with recognition of the progress we have made. We are anxious to take on board the recommendations and go to the next step.

Q106 Mrs McGuire: You are still humble enough to recognise that there are other things to do.

Sir Ian Kennedy: Absolutely.

Q107 Mrs McGuire: I come to the issue of the compliance officer. Given we have heard this afternoon that a tiny proportion of claims are rejected and in many instances those claims may be about a misinterpretation of the rules—whether or not you can get a taxi at a certain time of night, or whatever—what is the future of the compliance officer unit, which I understand currently comprises 2.5 members of staff? I am not sure whether that includes or excludes the compliance officer.

Scott Woolveridge: It is 2.5 including the compliance officer.

Q108 Mrs McGuire: What is the total cost of that unit within IPSA?

Aileen Murphie: In 2010–11 it cost £307,000; it is in paragraph 3.5.

Q109 Mrs McGuire: Is it right that only £205,000 of claims were rejected?

Aileen Murphie: That was the value of rejected claims in the same year.

Chair: And they are administrative.

Sir Ian Kennedy: If I may take you to paragraph 3.6, Chair, the final sentence is extremely helpful and is exactly where we would wish to be, namely that it “is vital both as a deterrent and as an adjudicator”. Initially, we had to set something up because we did not know what to expect. There was a lot of ground to be cleared initially. It says that if the “caseload remains this low and involves such small sums, it will be hard to justify”. The board is considering both the procedures and resourcing of the compliance officer at its meeting next week.

Q110 Mrs McGuire: Effectively, you have established a system which is a rolling compliance. You publish all of our costs online. Perhaps we should start to use that terminology. Perhaps you are getting to a position where you do not think a unit within IPSA is now necessary, or you will at least consider that. It strikes me that if it is costing £307,000 for a compliance officer those people must be sitting twiddling their thumbs for a great part of the day in the week. They could be answering telephones right now.

Sir Ian Kennedy: I defer to colleagues. They are not full-time employees. A compliance officer is on a contract for a limited number of days.

Q111 Stephen Barclay: I saw an advert for a compliance manager for IPSA whose salary was more than an MP’s. Is that incorrect?

Sir Ian Kennedy: The salary was, as a function of the advice given, reflecting that amount which compliance officers are usually paid. That was the guide.

Q112 Stephen Barclay: May we have a note setting out the cost of each of the head office teams as a whole?

Sir Ian Kennedy: If I may finish my answer, IPSA has a statutory duty to appoint a compliance officer.

Mrs McGuire: Yes; I am aware of that.

Sir Ian Kennedy: Therefore, it would be hard to abolish the whole scheme, but certainly the resources to be allocated and the importance of putting in place contracts which are flexible has been very much in our mind from the start.

Bob Evans: The pay of the directors is in the annual accounts, so it is already public.

Q113 Stephen Barclay: Sir Ian suggested that the compliance officer worked for a certain number of hours per week. Purely from memory, I recall reading in the Sunday press that at one point you were recruiting someone at such a salary. It would be useful to get a note. We did not get a figure for the press office either. It would be useful to get a note. It need not necessarily relate to individuals; it may be for the team as a whole for data protection reasons, if that is a requirement. It would be useful to get that kind of breakdown.

Sir Ian Kennedy: Mr Barclay, we do not have a press office; we have one communications director and an assistant. Their job is to communicate with a very wide range of audiences, and that is what they do. The press is a relatively small component of what they do.

Q114 Mrs McGuire: But still you understand where we would like to see costs rather than expenses, given the fact that you have just highlighted the difference between communications and the media.

Sir Ian Kennedy: Absolutely; I see that point.

Q115 Stella Creasy: Before I move on to my questions about how best you use your staff, for clarity, can you confirm that in your staffing review you will look at the issue of unpaid internships as a marker for the kinds of staffing support that MPs need? Will you make an assessment of the practice to understand the real staffing needs of MPs and report on that?

Scott Woolveridge: I am sorry I did not answer that question before. Yes, we will.

Q116 Stella Creasy: We have talked about communication. Looking at the Report, you have 60 members of staff. Often, each time we contact IPSA we deal with a different person. One thing that strikes me very strongly is whether there might be a better

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way if you have a relationship with a member of staff who understands whether you are a new MP, or dealing with a high volume of case work, or whether you have to find new offices, or are moving into old offices, dealing with old or new apartments, or whatever. Did you consider allocating particular members of staff to particular MPs rather than the randomised system we see at the moment? It feels that MPs spend a lot of time explaining to people the same issue again and again because they do not speak to the same person again and again. That seems to be a rather unusual customer approach, as it were.

Scott Woolveridge: It is purely a matter of efficiency. If I split my six people each of whom can provide information to 100 MPs and I had, say, four needing advice at that particular point it simply would not be efficient. If I had a larger group of people I might look to do that. If I had a broader customer base I might look at that. It is simply a matter of economics and efficiency. I have a limited number of people and I just do not think it would work.

Q117 Stella Creasy: To turn that round, we have already heard evidence that you are receiving a high volume of calls and contact from your customer base. Of the six people in your team, the other 54 will also be involved in some of the claims and issues that they are dealing with, will they not? You have the same claim going to a number of different people to get a different opinion on every single matter and then a different person to answer the phone to find out what is going on. There is quite a lot of inefficiency in that system, is there not?

Scott Woolveridge: I understand the point you are making, and I have to say it is not one with which I would agree. When I have looked at efficiency measures across call centres and production/operation sites in my career, account management models generally tend to be more inefficient. That does not mean to say it is something we should not look at again, but it tends to be less efficient for the pound.

Q118 Ian Swales: But you have experience in this field. What about the capture of the information? Every other month my office rings up to explain a deal that I have to do with my rent and utilities. The new person does not put it through. Somehow that information—call or email—is never captured against my name so when the individual gets it next time they do not look at the history of all the communications. Surely, that is standard call centre practice.

Scott Woolveridge: It is.

Ian Swales: If you are going to take a randomised staff approach you have to have a way to capture the knowledge, surely, and do you do that?

Q119 Stella Creasy: As your customers we are a bit hampered because we cannot go to another person. When I have received that kind of phone operator service before I have had the opportunity of exit; I do not have that with IPSA. Reflecting on the evidence and concerns you have heard today and the fact that you have to review the staffing system completely, do

you think that maybe you need a better way, as Ian says, of capturing and evaluating information and then understanding that these 650 people may well, as you have said, be operating in constituencies in different parts of the country with different types of activities to deal with, let alone have variations in how they have to respond to the things that you are dealing with?

Scott Woolveridge: To take Mr Swales's point, as it happened yesterday we had an upgrade to our customer relationship management system which should help with exactly the issue you are talking about. I come back to what I said; it is about the resources available to me to do the job I have to do. If I could afford to do it for the 3,500 people who may call me at some time I would consider it. We have considered it and looked at the likely implications. It would require more people to do it.

Q120 Stella Creasy: Talk me through the 54 other people. You have six people answering the phone but they are not six people dealing with the queries that your customers are making; they are acting as the front of the 54 other people who then deal with all the other issues that those six people turn up with, aren't?

Scott Woolveridge: We can give you a line-by-line breakdown of who does what in the organisation, if you like.

Stella Creasy: That is not quite the same point, is it? You are dealing with 650 accounts and the person would call up and then that issue, depending on what they ask about, would be referred to somebody else who will then have to talk to somebody else about it. You are not talking of just six people dealing with 650 people but 60 people dealing with 650 people, so you are building teams of people who could, in theory, work on an account, and that might resolve some of the inefficiencies we have identified whether in terms of staffing, number of calls or the number of concerns that you have to take up.

Q121 Ian Swales: Perhaps you can say more about the CRM update. I have stayed with the same telephone bank for 20 years. Whenever I ring the person I speak to knows exactly who I am and what my history is. If I want something done they do it in one call, for the reason that they have a system sitting there. I speak to a different person every time, and I do not care. How is your CRM system going to solve the kind of problem that Stella is talking about?

Scott Woolveridge: To be clear, it is not a new CRM system; it is an upgrade. What we have done is increase the number of fields in which we can store standing data so we can see a particular MP's specific circumstances. It is easier for our folks on the phone to read what has happened; it is also easier for the folks who are validating the claims to see what has happened.

Q122 Ian Swales: But the key things are not always data but the last conversation. If one of Stella's staff rings up to ask something will that be recorded?

Scott Woolveridge: It is now.

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Mr Bacon: One must take it that you have looked at this. You talk about the fact that your analysis suggests it would require more people. It makes it sound as if the volume of calls you are getting is a static entity and you have a variety of different ways of dealing with that. When I was reading this Report one point of which I made a note was the number of occasions when a simple phone call would have sorted it out very quickly, but it is 10.30 in the morning and there is nobody that I or my staff can speak to for another three hours. Logically, if you have 600 MPs and 60 staff it is 10 each. It defies belief that it would not be possible to get a more cost-effective set of relationships and communication without increasing the amount spent or the total number of people involved. You might find that in the end the total number of phone calls coming in, which so staggered the Chairman earlier, would diminish quite sharply if you had greater communication. I can speak only for myself. You do not allocate your staff to MPs, but I can tell you that MPs and their staff allocate themselves to IPSA staff. When you find a member of IPSA staff who talks “human”—there are quite a lot of them—you make sure you know who they are and you ask for them. I have to tell you they are extraordinarily helpful and try very hard. Both myself and my staff deal with them. My overall sense is that they know they are operating a system that needs to be improved in some ways. I also hear what you say that you are trying iteratively to improve it, and I would expect that in six, 12, 18 or 24 months’ time it will be considerably better than it is. The trick you have to pull off, surely, is, first, to continue the high levels of public confidence and assurance you have and the fact that MPs’ claims are paid with a very high degree of accuracy, while getting rid of the negative column which is that 85% of MPs say it takes too long and hinders them in their job, which by the way, as you know—because it is section 1 of the Act—is against the Bills of Rights; and, second, that MPs stop subsidising themselves. That is the needle you have to thread. It is not impossible, and it will be enhanced tremendously by better communication. A client management approach where people feel like customers, and are treated like customers, might be one approach you could take as a pilot to try to thread that needle.

Q123 Chair: I am drawing this to a close, and Jackie is waiting to come in, so I think the best answer you can give is that you will consider it.

Scott Woolveridge: I am very happy to say we will consider it. Mr Bacon, maybe I should come and talk to you one to one about this.

Q124 Chair: That is not a very good use of your time either.

Sir Ian Kennedy: You are absolutely right in the equation (this was said in answer to question 122)

Q125 Chair: Rather than think you can deal with it, I think it is a “system” thing. We keep coming back to the fact that it is systems we are after, not policy. We are trying to find ways to minimise MPs subsidising themselves and not to overcheck so you

deal with some of the negatives in what is otherwise a good report.

Sir Ian Kennedy: Chair, with respect, Mr Bacon was also reminding us that we have to keep in mind the other side of the equation.

Q126 Jackie Doyle-Price: The survey finds that 90% of MPs are subsidising their own workload. May I have your reflections on why you think that is, and whether you think this is a positive outcome for the scheme?

Scott Woolveridge: It is interesting that the biggest reason people say they subsidise their own workload is that the claim is too small to make. When I look at budget utilisation and how much of MPs’ budgets are used, there are very few—Bob will be able to confirm it, but I think it is less than 5%—that are exhausted. Clearly, MPs are not claiming all to which they are entitled under a budget heading. There is scope for people to claim more. If people do not make claims to which they are entitled it is not to be welcomed. If we saw a situation where budgets were routinely exhausted we would be having a very different conversation.

Jackie Doyle-Price: I am pleased to hear that response.

Chair: I think the point Jackie is making is: are you worried about that?

Q127 Jackie Doyle-Price: Think about the long-term consequences of this. This will actively dissuade people from coming into Parliament.

Scott Woolveridge: I understand the point. If you wanted to spend a happy afternoon hanging around our office you would hear us talking about how we can help MPs. The ethos in the organisation is one of service and support. I recognise that is not something we hear that often from Members, but we do not want to get in your way; we want to support you in doing your jobs and work with you to make things better.

Q128 Chair: Are you concerned that 90% of MPs say they subsidise their costs?

Scott Woolveridge: Of course I am. It is not in my interests for that to be the case, but if MPs do not present claims to me I cannot do very much about it.

Chair: You have to ask why they do not.

Q129 Jackie Doyle-Price: Are you doing more actively to encourage MPs to claim what they are entitled to? We do not want to see MPs claiming things that they do not need to do their jobs, but equally they should be able to claim for things that will help them to do their jobs.

Scott Woolveridge: We have talked already about making the payment card reconciliation easier. I heard Mr Heaton-Harris say he did not like using the payment card for that reason. If we can make that simpler it may help Mr Heaton-Harris. We are looking at doing things on train travel and stationery where you will no longer have to provide us with any

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receipts or tickets because we get them direct from the supplier. That will make life easier. I accept the basic point you are making. We want to take the burden off you more and more. We are on a journey.

Sir Ian Kennedy: Perhaps I may say something about the notion of exhausting budgets. We appeared, as you know, before the Speaker's Committee in a process that lasted almost three months. Throughout that process it was put to me on a number of occasions that the amount of money we should ask for in terms of the money available to MPs should, by virtue of last year's usage, be reduced by x proportion. The board resisted that on every occasion, saying that this was money which in our judgment was there for MPs to claim and we should not put in an estimate that did not take account of that. That conversation went on and in the end SCIPSA decided to introduce what is called a DUP as regards a certain proportion of the budget. But we were absolutely unprepared to accept the notion that if money was available for MPs' expenses it should not be claimed by them.

Q130 Jackie Doyle-Price: There is a flipside to this, partly because of the circumstances in which IPSA was created against the background of public revulsion about some of the perceived and real abuses that were reported. We as MPs are within that climate. Having found that only 0.2% of the claims you have processed are rejected, do you think IPSA could do more to rebuild public confidence in the system? Your rules have eliminated the potential for abuse in a large number of cases; you have a very detailed checking regime; everything that gets published is being authorised and approved by you. Is there a role you can play in building public confidence out there?

Sir Ian Kennedy: That is a very important question which reflects what Amyas said earlier—my colleagues will tell me immediately to shut up—about some device or other whereby the website or other reflects that an expense has been properly passed,

using words that we have used before. All of those are relatively simple messages. It is now incumbent upon us to build upon the confidence we and you have earned and make it even greater.

Q131 Jackie Doyle-Price: That is very welcome.

Chair: Amyas, and then Richard.

Amyas Morse: Mine was only a clarification: in our Report we were saying that MPs did not claim for small amounts, not because they did not think they needed to be recouped for the money but because they thought the grief they would have in making the claim would exceed the value they got back. Forgive me, but I just want to make sure we are clear about that.

Q132 Mr Bacon: Sir Ian, you will know that the House passed a resolution setting up a Select Committee that was required to give due consideration to six items. I want to read them out for the record: "Value for money for taxpayers; accountability; public confidence in Parliament; the ability of Members to fulfil their duties effectively; fairness for less well-off Members and those with families; and that Members are not deterred from making legitimate claims." They seem pretty reasonable to me. Can you say for the record whether that would be a set of considerations, which the Committee has to take into account, that you would regard not only as fair and reasonable but you would basically agree with as being right and proper?

Sir Ian Kennedy: With respect, I would rather have them in front of me before I agree to anything of that kind, but the general proposition that we should in every respect seek to demonstrate our cost-effectiveness and efficiency, and that we comply with our statutory duty, is the very responsibility of the Speaker's Committee to whom we answer each year and to whom we have answered recently.

Chair: Thank you very much for your evidence, with apologies for the interruption.

Written evidence from the Independent Parliamentary Standards Authority (IPSA)

EVIDENCE GIVEN TO PUBLIC ACCOUNTS COMMITTEE, 13 JULY 2011

Thank you for your note of 18 July, enclosing a draft transcript of the evidence given by IPSA to the Committee of Public Accounts on 13 July. I have enclosed with this email a version of the transcript with changes tracked. I have also made a number of more general observations below, which I hope are helpful, and which are intended to clarify remarks made by the witnesses during the meeting.

I will be writing to the Clerk early next week to raise a number of additional incidental points; and Sir Ian will also be writing to the Chair to make a number of more general points in advance of the PAC's report.

A. PUBLICATION OF RECEIPTS

The way in which Sir Ian expressed his answer may confuse the reader. For the avoidance of doubt, we ask for supporting evidence (receipts) for all items for which an MP makes a claim. We decided not to *publish* MPs' receipts routinely after an initial scoping exercise established that the cost of doing so would be considerably more expensive (we estimated over £1 million).

B. COMMUNICATION ALLOWANCE

The Communications Allowance was abolished by the House before we took responsibility for the administration of MPs' expenses. The cost of communicating with constituents was factored in when IPSA determined the size of the budget for General Administrative Expenditure (now part of the Office Costs Expenditure budget).

C. IPSA'S FUNCTIONAL COSTINGS

We do not accept the figures quoted here. More helpful would be to look at the figures in the NAO report which suggests that the total directly-attributable cost for processing claims is £1.6 million and £2.96 million including staff overheads and non-staff overheads (p 34).

Moreover, the figure of £2.4 million is an estimate of the cost of lost time rather than financial cost, based on data from a survey of MPs by the National Audit Office. The financial cost is already included in the portion of IPSA's Estimate which is concerned with salaries for MPs and their staff.

D. VISITS TO IPSA PUBLICATION WEBSITE

What Ian is referring to here is the number of unique visitors to the publication website in the first 24 hours in which data was available. For the most recent cycle (published on 7 July, with claims for March 2011), there were just 86 unique visitors to the publication website (not 83), in contrast to more than 10,000 unique visitors in the first 24 hours in which publication data was available after our first cycle of publication.

E. SHREDDER

An MP may claim for the cost of a shredder from IPSA if they need one in order to fulfil their parliamentary functions. The case referred to was where an MP claimed for the cost of a shredder which was purchased before our Scheme came into force and the cost of which was, as a result, outside of our remit.

F. "NOT PAID" CLAIMS

What Scott was saying is that we wish to continue to work with MPs to improve their understanding of the Scheme, the system and our evidence requirements so that we do not need to designate claims as "not paid" as a result of errors or misunderstandings.

G. INFORMATION LINE

We do provide advice to MPs over the 'phone (and do so routinely). If MPs are seeking very specific advice about their circumstances we will often ask them to send an e-mail, or confirm advice that we have provided by following a "phone call with an e-mail." There are no rules preventing the giving of advice over the phone.

Supplementary written evidence from Independent Parliamentary Standards Authority (IPSA)

At the recent meeting at which the PAC cross-examined witnesses from IPSA, there were a number of additional pieces of information we undertook to provide:

1. numbers in (and cost of) IPSA's different teams, including IPSA's organisational chart; and
2. numbers of 'phone calls received by IPSA, by category.

1. Numbers in (and cost of) IPSA's different teams, including IPSA's organisational chart

Much of this data is already in the public domain, through submissions that we made to the Speaker's Committee for the IPSA during the process of approving our Estimate for 2011–12. In particular:

- (a) Bob Evans, "Briefing note: Costs" (4 May 2011)
[<http://www.publications.parliament.uk/pa/cm201012/cmselect/spcomipsa/writev/21.pdf>], p 9.
- (b) "IPSA funded structure, 1 April 2011"
[<http://www.publications.parliament.uk/pa/cm201012/cmselect/spcomipsa/writev/22a.pdf>]

It's worth noting that the figures in the document at (A) may not be directly comparable with figures used in the National Audit Office report—and it is also worth noting that the note reflects the situation as 4 May 2011.

2. Numbers of 'phone calls received by IPSA, by category

Taking June as an example, IPSA received 2,425 calls to its information line. 205 of these were handled by the Payroll team. This works out at an average 110 a day over the month, including an average of 9 calls to Payroll. (See the table below.)

By way of a comparison, in 2009–10 the House of Commons Enquiry and Advice Team fielded 39,000 calls. Discounting calls from suppliers, that would work out at about 140 calls per day from MPs and their staff. Our estimate is that the number would probably be closer to 200 if we were to take account of calls made direct to E&AT staff rather than through their switchboard number.

	2010			2011				
	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>April</i>	<i>May</i>
Average daily calls received by info	84	111	96	90	78	92	103	10
Average daily calls received by Payroll	23	32	27	30	27	31	25	3
Average daily calls received in total to 6,400	107	143	123	120	105	123	128	13

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