

PARLIAMENTARY STANDARDS ACT 2009



THE SPEAKER'S COMMITTEE FOR THE INDEPENDENT PARLIAMENTARY STANDARDS AUTHORITY

Statement under Schedule 1 to the Parliamentary Standards Act 2009

*Presented to the House of Commons in pursuance of
paragraph 22(7) of Schedule 1 to the Parliamentary
Standards Act*

*Ordered by the House of Commons
to be printed on 23 June 2011*

The Speaker's Committee for the IPSA

The Speaker's Committee for the IPSA is appointed in accordance with the provisions of the Parliamentary Standards Act 2009 as amended by the Constitutional Reform & Governance Act 2010.

Current membership

Rt Hon John Bercow MP, *Speaker of the House of Commons* (ex officio)(Chair)
Rt Hon Sir George Young MP, *Leader of the House* (ex officio)
Rt Hon Kevin Barron MP, *Chair of the Standards and Privileges Committee* (ex officio)
Rt Hon Hilary Benn MP
Rt Hon Nicholas Brown MP
Bob Russell MP
Laura Sandys MP
Mr Charles Walker MP

Dame Janet Gaymer DBE QC (Hon.) (Lay Member)
Elizabeth McMeikan (Lay Member)
Sir Anthony Holland (Lay Member)

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Speaker's Committee for the IPSA: Statement 2011

Summary

The Committee, having considered IPSA's draft estimate 2011/12 in accordance with paragraph 22(3) of Schedule 1 to the Parliamentary Standards Act 2009, has decided that it is not satisfied that the estimate is consistent with the efficient and cost-effective discharge by the IPSA of its functions.

It has reached this decision on the grounds that the estimate as prepared was neither taut nor realistic in respect of the provision proposed under sub-head A. In reaching this decision, it has had regard to the substantial underspend (of 51%) recorded by IPSA in relation to Members' claims in 2010/11.

Having made this decision the Committee is obliged, by paragraph 22(4) of Schedule 1 of the Act, to modify the estimate to achieve that consistency. It has done so by the transfer of £16.572 million—10%—of the planned provision from sub-head A to a new sub-head C as an Unallocated Provision (UP). This funding is thereby held formally in reserve for IPSA and may be released via the Supplementary Estimate procedure if required to meet the level of claims by Members in 2011/12.

Introduction

1. The Speaker's Committee for the IPSA (SCIPSA) is established under the Parliamentary Standards Act 2009. It considers the candidates proposed by the Speaker, following fair and open competition, for the posts of Chair and members of the IPSA and considers IPSA's annual estimate of resources before it is laid before the House.

2. The Committee's responsibilities in relation to the estimate are set out in paragraph 22 of Schedule 1 to the Parliamentary Standards Act 2009:

22(3) The Committee must review the estimate and decide whether it is satisfied that the estimate is consistent with the efficient and cost-effective discharge by the IPSA of its functions;

(4) If it is not satisfied [that the estimate is consistent with the efficient and cost-effective discharge by the IPSA of its functions] the Committee must make such modifications as it considers necessary to achieve the consistency specified under sub-paragraph (3);

(5) Before deciding whether it is satisfied or making modifications, the Committee must consult the Treasury and have regard to any advice given;

(6) After the Committee has reviewed the estimate and made any modifications, the Speaker must lay the estimate before the House of Commons;

(7) If the Committee does not follow any advice given by the Treasury, or makes any modifications to the estimate, it must prepare a statement of its reasons and the Speaker must lay the statement before the House of Commons.

3. Since the Committee's consideration of the 2010/11 estimate three lay members have been added to the Committee: Dame Janet Gaymer DBE QC (Hon), Sir Anthony Holland and Elizabeth McMeikan.¹ We welcome these appointments wholeheartedly. Our deliberations have benefited substantially from the independent perspective, and experience of both the public and private sectors, which the lay members have brought to the table. We are grateful to IPSA for the willing support which it has provided during the recruitment and induction of the lay members and for its openness during the estimates process. We are also grateful for the support to our work provided by the staff of the Legal Services Office and the Scrutiny Unit in the House of Commons and—within the constraints imposed by its own current investigations—by the National Audit Office.

4. Our duty, as set out in paragraph 2 above, is to consider whether we are satisfied that the draft estimate presented to us is consistent with the efficient and cost-effective discharge by the IPSA of its functions. Following a series of discussions with Professor Sir Ian Kennedy and senior officials of IPSA we were not satisfied that the estimate presented to us passed the test imposed by the Parliamentary Standards Act in respect of sub-head A; we have accordingly modified the estimate, as the statute requires, to achieve that consistency.

Sub-head A

5. The planned provision for MPs' pay, staffing and expenses in 2011/12, which is contained in sub-head A, showed an increase of £1.656 million (+1.01%), compared to last year's annualised budget. The provision has to be viewed, however, in the context of a significant underspend on aspects of this budget in 2010/11. The combined claims for MPs' capped and uncapped expenses in 2010/11, to date, is £19 million, compared to a budget for these of £38.5 million: this is an underspend of 51 per cent.²

6. A 'steady state' pattern of Members' claims has not yet been established. IPSA therefore prepared its figures based on "the potential maximum, which is, after all, what MPs are entitled to and therefore if they have that need they should be entitled to claim it"; the Authority considered this to be "the least risk-prone position to be in".³

7. HM Treasury's guidance on Supply Estimates, however, emphasises that Supply Estimates should be "taut and realistic":

2.1 In essence, the Supply Estimates must not be misleading. Parliament expects departments to submit for approval Estimates based upon taut and realistic spending plans. This means that the amount of provision sought in the Estimates must reflect the department's best view as to the amount of expenditure likely to take place in that financial year. The amounts sought in the Estimate should be neither more (perhaps

1 Appointed under the terms of the Constitutional Reform and Governance Act 2010

2 Letter from IPSA dated 10 June 2011. Papers relating to SCIPSA's consideration of the draft Estimate are available via the Committee webpage, www.parliament.uk/scipsa

3 Evidence presented by Professor Sir Ian Kennedy on 10 May 2011, Q6.

in order to provide a buffer in case of unexpected additions) nor less (perhaps in order to spread out the increase) than is actually expected to be needed.⁴

We were also mindful of a separate opinion from the Chief Secretary to the Treasury indicating that he would have hoped for a more ambitious response from IPSA to the general fiscal climate.

8. IPSA put forward to us a suggestion by HM Treasury that part of the funding should be held formally in reserve through a mechanism equivalent to a Departmental Unallocated Provision (DUP).⁵ This portion would then only be available to IPSA through a Supplementary Estimate, if required later in the financial year.

Conclusion

9. We recognise that IPSA's approach is prudential and indicates its support for the work of Members. We are, however, also conscious of the need for restraint in all areas of public spending. We have therefore decided to transfer £16.572 million (10%) of the funding requested for sub-head A into a newly-created sub-head C, as an Unallocated Provision. On current patterns this level of reserve should not compromise IPSA's ability to meet its commitments to Members. If the level of claims should alter significantly in the coming months, however, it will be open to IPSA to transfer the money back to sub-head A through the supplementary estimates procedure.

10. As required by the statute we formally consulted the Treasury on this modification. The Treasury has indicated that it is content with the modification. We expect IPSA to present more realistic estimates in future years as the pattern of claims becomes established.

4 HM Treasury, *Supply Estimates Manual*, 2nd version, March 2011

5 Letter from IPSA of 5 May

Formal Minutes

Wednesday 22 June 2011

Members present:

Rt. Hon. John Bercow, Speaker (ex-officio), in the Chair

Rt. Hon. Kevin Barron (ex officio)

Rt. Hon. Sir George Young (ex officio)

Rt. Hon. Hilary Benn

Rt. Hon. Nicholas Brown

Bob Russell

Laura Sandys

Mr Charles Walker

Sir Anthony Holland (lay member)

The Committee considered the draft statement (Statement under Schedule 1 of the Parliamentary Standards Act 2009).

Paragraphs 1 to 10 read and agreed to.

Summary read, amended and agreed to.

Agreed, that the statement as amended be laid before the House, in accordance with paragraph 22(7) of Schedule 1 of the Parliamentary Standards Act 2009.

[Adjourned to a date and time to be proposed by the Chair]

