



Finance Committee

Minutes

Wednesday 7 June 2023 at 3.45pm in Committee Room 3A

Present:

Lord Vaux of Harrowden (Chair)
Lord Altrincham
Earl of Courtown
Lord Kennedy of Southwark
Lord Lee of Trafford
Lord Reay
Lord Stoneham of Droxford

together with the Clerk of the Parliaments.

Fehintola Akinlose (Finance and Procurement Director) Andy Helliwell (Chief Operating Officer) and Dom Houlihan (HR Director) were in attendance. Jonathan Smith (Head of Finance) and Emma Gendall (Head of Employee Experience and Reward) attended for item 4. Claire Arlington (Head of Finance Business Partnering) attended for items 4 and 5. John Hunt (Director of EPMO), Abiola Babalola (Head of Portfolio Management), and Tom Edwards (Senior Portfolio Manager) attended for item 7. Jake Vaughan (Clerk of Committees), Carolina Filippini (Assistant Director, Strategic Estates) and James Young (Chief of Staff, R&R Client Team) attended for item 8. Sarah Hartwell-Naguib (Deputy MD, PDS), Tim Youngs (Director of Resources), and Gbenga Samuel (Senior Finance Business Partner) attended for item 9.

Apologies

Apologies were received from Lord Levene of Portsoken, Lord Tomlinson and Lord Davies of Brixton.

Agreeing the minutes of the last meeting, and matters arising

The minutes of the Committee's last meeting were agreed.

Action Log

The Committee would be kept updated on the Millbank House Basement Project as the figures were finalised.

The HR Director gave a brief update on the pay negotiations. The House of Commons had begun their negotiations. The Lords' negotiations would begin in 2-3 weeks. The Director confirmed that discussions were starting later so that they could consider the Civil Service pay guidance, the Management Board discussion on pay, the outcomes of Commons negotiations, and the pay remit. The Lords had the opportunity to influence the pay discussions through bicameral working groups.

Combined Performance Pack: 2022-23 Financial Year F/22-23/48 RESTRICTED

The Committee considered the combined performance pack for Q4. The Head of Employee Experience gave an update on vacancies. The vacancy rate had fallen from 17.8% in Q3 to a current level of 14.3%, as for the first time this year in Q4 there had been more starters than leavers. The HR team had recently set up a dedicated recruitment team who would continue to focus on filling vacancies. The Committee was informed that the underspend on staff training this quarter was a result of vacancies and limits on capacity in teams covering vacancies.

The Committee discussed the following:

- The underspend within Strategic Estates: the Committee was informed that the budget was adjusted to accommodate for two projects, one of which did not continue beyond Q4, and the other which took resource in the Commons.
- The overspend on Members' Finance: the Head of Finance stated that it was due to the unexpected number of sitting days, and the change in travel patterns of members.
- The high turnover of Staff within Facilities (21%): the turnover was mainly due to the number of retirements this year and not a specific trend in the team.
- The corporate initiative to create a "Covid-secure workplace": this was a target at the start of the year, having been set when Covid-19 was still a risk to the effective functioning of the House, but it would be closed out.
- The red rating on the internal audit recommendations: the Committee was assured that they would be cleared soon and that the level of vacancies being carried was the main reason for delays. The Audit Committee was satisfied that the recommendations would be taken forward.

The Chair noted concerns on the trend of amber-reds for the health and safety KPI, and invited the new Director of Facilities to a future meeting, once they had taken up post, for a more detailed breakdown of the issues.

The Committee requested in future the catering costs be provided showing the split between income and expenditure. It was agreed the figures would be circulated in addition to the performance pack at future meetings.

The Committee took note of the Combined Performance Pack.

Zero Based Budget Review Update F/22-23/49 RESTRICTED

The Committee considered a paper on the findings from Tranche 1a of the Zero Based Budgeting Reviews (ZBBR) and a summary of the discussion of the paper at the Management Board. No major decisions will be made on the approach until the end of tranche 2 so that the Finance team can look at the dependencies between offices within different tranches.

The Committee asked about the role the Lords will have in the ZBBR of bicameral offices. The Lords would be part of the process. The Director of Finance and Procurement would

sit on the Senior Challenge Review panel in the Commons to be able to provide a Lords perspective.

The Chair noted that they expected to see a reduction in budgets as an outcome of the ZBBR work.

The Committee:

- noted the process followed since the Updated Terms of Reference were approved;
- discussed the opportunities identified to progress;
- noted the financial impact of the Tranche 1a submissions as reflected in the FY2023-24 to 2025-26 MTFP;
- noted the limitations of the process;
- discussed the wider considerations to deliver benefits; and
- noted the main points from the presentation to the Lords Management Board on 24 May.

Verbal Update on Parliamentary Commercial Directorate Recruitment

The Director of Finance and Procurement presented an update on the recruitment drive in the Commercial Directorate (PCD). There had been a targeted piece of work focused on developing the commercial function which had resulted in the recruitment of 17 roles. PCD was working with Security on making the clearance process for contractors as efficient as possible.

A wider update from PCD would come to the September meeting.

Q4 EPMO Quarterly Portfolio Performance Report F/22-23/50 RESTRICTED

The Director of EPMO introduced the report. This had been the first full year of the redesigned report and they noted that EPMO were planning to develop the report further. There would be a user needs questionnaire which would go out to the Management Boards and Finance Committees of both Houses to aid that development.

There had been an improvement in SRO delivery confidence compared to Q3, and the forecast costs for projects were on track. The biggest challenge across the portfolio had been agreeing requirements for projects due to the complex stakeholder environment of Parliament. In response to a question the Director of EPMO noted there was opportunity to further improve clarity over the governance and decision-making processes in Parliament. A new Business Case Manager had recently started and was mapping out the current process, looking for opportunities to streamline and make it more efficient.

The Committee was updated on the ongoing work with Senior Responsible Owners (SROs). EPMO had set up a buddy scheme for SROs, including those external to Parliament, they were looking into the capacity of current SROs, and introducing new SROs through smaller, lower risk projects to further develop the pool of SROs available.

The Committee considered the Q4 Quarterly Portfolio Report and noted the Joint Investment Board's assessment of the Enterprise Portfolio Delivery Confidence Assessment at Q4 and discussed Q4 Portfolio themes.

Victoria Tower Project Update F/22-23/51 RESTRICTED

The Clerk of Committees introduced an update on the Victoria Tower Project, as its Executive Sponsor. The project aims to conserve and secure the stonework of the tower following a number of stone falls, and would take the opportunity to undertake other repairs including the flagpole and cast-iron roof. The project is planned to start on site in 2024.

The Committee asked the Project team how they were engaging heritage contractors. The team responded that they planned to hire a Tier 1 contractor who would manage heritage subcontractors.

The Committee raised the potential disruption to the Education Centre and surrounding areas. In order to mitigate disruption on the roads, there were ongoing discussions with Westminster City Council.

The Committee asked whether the project could cover works on the inside of the tower (which are outside the agreed scope of the project). The project team responded that they would co-ordinate with R&R to look at the opportunities, but that internal works were not typically done using scaffold. The R&R Programme Board would need to take a decision on what the future use of the inside of the tower would be and therefore what should be done to the inside of the tower. This internal work may be taken on as part of early works under consideration by R&R, in a separate but related programme. The Committee noted the importance of the R&R governance system working together with Parliament to decide the future use of the inside of the Tower.

The Committee was presented with the working scenarios for the project. Results from noise surveys indicate that working overnight would be disruptive to neighbours, therefore the Project team were suggesting an approach where noisy works were carried out during the day before the Houses sits, with quieter less disruptive works taking place during sitting hours where possible. The project had been engaging senior members and officials through briefings on the options under consideration. The project had also begun engagement with the market, holding an industry day and subsequently 1-2-1s with contractors who had shown interest in the work. The project was looking at the different possibilities for mitigating disruption, such as the option to sequence works, by working on the areas further away from the chamber during sitting times.

The Committee encouraged the continued engagement with senior leaders across the membership.

The Committee noted the update and provided feedback on the suggested working times scenarios and approaches.

Parliamentary Digital Service and Transforming Digital Programme: six-month update F/22-23/52 RESTRICTED

The Committee was provided with an overview of the work and expenditure of the Parliamentary Digital Service (PDS) between October 2022 and March 2023 and the Committee was updated on progress on the Transforming Digital programme, outlining the

current financial position. PDS had begun implementing a number of the recommendation in the Independent Review of Financial management. PDS Finance was holding quarterly deep dives with Directors to review budgets and after baselining in Q2 spend had stayed within 2% of the budget.

The Committee discussed a number of PDS projects, including:

- Work with Microsoft to get good value for money and to understand their evolving licensing. PDS has been considering lessons learnt from the recent retendering and are using the Morse recommendations to develop contract management plans. Recent work on unused user licenses has also helped with this.
- The HR and Payroll programme. The Chair noted concerns about the programme and the Committee was informed that there had been complexities on the way to reaching a solution, in part due to the complexities of the Civil Service pension system. Once rolled out the system would be shared with the Commons and the costs divided 70/30. An off-the-shelf cloud-based system had now been agreed on.
- The Voice Programme. One of the aims of the project was to reduce the frequency of sign-in requirements for desktop phones. The project had not yet settled on a permanent solution to the issue, but there would be incremental updates in the meantime.

The Committee took note of the 6-month update.

Any other business

The Committee would next meet jointly with the House of Commons Finance Committee on Tuesday 4 July at 12.30pm in Committee Room 4a.

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