Finance Committee

Minutes

Wednesday 15 November 2023 at 3.45pm in Committee Room 2A

Present:

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

together with the Clerk of the Parliaments.

Fehintola Akinlose (Finance and Procurement Director) and Andy Helliwell (Chief Operating Officer) were in attendance. Claire Arlington (Head of Finance Business Partnering) and Jonathan Smith (Head of Finance) attended for item 4. Chloe Mawson (Clerk Assistant) and Jake Vaughan (Clerk of Committees) attended for item 5. Frances Jeens (Head of Education and Engagement) attended for item 6.

Apologies

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

Agreeing the minutes of the previous meetings and matters arising

The Committee agreed the minutes of the 14th and 15th Meetings.

Action Log F/23-24/1

An update on the phasing of the Lifts Programme and the Procurement Pipeline had been circulated at the request of the Committee.

The Committee noted that the lifts underwent regular maintenance outside the upcoming Lifts Programme.

For Discussion: Medium Term Financial Plan F/23-24/2 HIGHLY RESTRICTED: MANAGEMENT

The Committee was provided with the first review of the emerging Medium Term Financial Plan (MTFP) which covers financial years 2024-25 to 2026-27, and incorporates the submissions of the Zero Based Budgeting Reviews of the offices in Tranches 1b and 2. The MTFP would return to the Finance Committee for a second review and for recommendation to the Commission in December.

The Committee supported the Management Board's view to not include estimates for the relocation of the House of Lords in the MTFP. **REDACTED.**

The Committee discussed the proposed interparliamentary grant increases. The Committee noted the range of increases requested across the different bodies, from 2-18%. The Chair would discuss grant increases further with the Chair of the Commons Finance Committee before the December meeting.

The Committee noted that the Zero-Based Budgeting Review (ZBBR) challenge meetings with budget holders had concluded, the next stage is the Senior Group Review. The Committee noted concerns about the increase in staffing as an outcome of ZBBR and the risk that there would be no savings from the process. The Committee noted that all staffing changes would be subject to the usual scrutiny process for new posts. The requests for additional resource would be prioritised by necessity and urgency. In addition, the benefits from the extra staffing and other emerging opportunities would be realised in the long term and not as immediate savings.

The Committee requested to see the forecast outturn for 2023-24 in comparison to the baseline budget figure and proposed budgets. A more detailed breakdown on the House's current position in relation to the budget would be included in the Q2 Combined Performance Pack due to come to the Finance Committee in December, at the same time as the second look at the MTFP.

The Committee questioned the increase in catering expenditure. It was explained that it had increased with food price inflation and due to the uncertainty of banqueting events after the pandemic. The Finance Department highlighted that they were anticipating more income from banqueting in the long term.

The Committee noted the approach used for this financial planning cycle, on the condition that additional increases should be justified and scrutinised further. The Committee requested that the next draft have further information on the rationale behind the staffing increases. In addition, the Committee:

- supported the Management Board's recommendation to not to include estimates relating the preferred relocation option for the House of Lords.
- noted the change to the areas included within the Medium-Term Investment Plan.
- considered what level of increase in grants would be appropriate for financial planning purposes and agreed to discuss it further in December.
- considered the assumptions used to calculate the pay and inflation reserves, vacancy factor and the discount factor for ring-fenced staff. The Committee noted that the vacancy level looked as if it had been slowly improving.
- noted the change in Employer's pension contribution rates. The Committee raised concern around the high pension costs but noted that this could not be changed.
- considered the level of centrally held reserve resource and capital funds.

For Endorsement: New Committee on Financial Regulation F/23-24/3
RESTRICTED: MANAGEMENT

The Committee was asked to endorse an enhanced resourcing model for a new committee on the regulation of financial services. The new committee would require extra resourcing since the function of the committee would include thematic enquiries in addition to scrutiny. The Liaison Committee agreed to establish the committee at its meeting on 26 October 2023, the plans were shared during the Zero-Based Budgeting Review challenge meetings and the new committee was accounted for in the MTFP.

The Chair noted that he had previously expressed his support for the proposal during the debates on the Financial Services and Markets Act 2023.

Lord Reay noted that he sat on the Regulation and Industry Committee, which included Financial Regulation as part of its remit. Lord Altrincham declared an interest as a director of the Co-operative Bank and a director of South Molton Street Capital Ltd.

The Committee noted that a joint committee was one of the options for parliamentary scrutiny set out in the Act. However, the Commons did not want to move forwards with a joint committee. The Committee noted that the Commons Treasury sub-committee had a slightly different remit from the proposed Lords committee and that it was not unusual for two committees to work in parallel across the two Houses. However, the Committee expressed disappointment that plans for a joint committee could not go any further.

The Committee highlighted that the resourcing of the Committee itself could be an issue, as a high level of expertise would be needed.

The Committee endorsed an enhanced resourcing model for the new committee on financial services regulation; but noted its preference for a joint committee and the importance of ensuring that the two committees worked closely together to minimise duplication of work.

For Endorsement: School Travel Subsidy – Change of Terms and Budget
F/23-24/4 RESTRICTED: MANAGEMENT

The Committee was provided with a paper outlining the changes to the terms and budget to the School Travel Subsidy to remove barriers that had created unintentional bias in those schools who had been visiting UK Parliament.

The Committee noted that the subsidy bands were allocated by proximity to Westminster, with those schools the furthest away able to claim full travel expenses. There had been ongoing work to look at other factors which could affect subsidy bands, such as the percentage of free school meals. A fuller review of the subsidies and support provided would be undertaken in the new year.

The Committee endorsed the change the terms and conditions of the School Travel Subsidy scheme and endorsed the increase in budget allocation from £750,000 to £1,500,000 per annum. This would require an additional funding allocation of £525k from the Commons and £225k from the Lords.

Any other business

The Chair highlighted that the second look at the MTFP, the forecast outturn and the Supplementary Estimate would come to the next meeting on Wednesday 6 December.

A Member asked whether an update on the Victoria Tower Project would return to the Finance Committee. The Chair responded that it would likely return at a later date, once there was a sufficient update available.

Small sections of these minutes have been redacted, usually for reasons such as commercial confidentiality and sensitive management information.

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