Finance Committee

Minutes

Wednesday 16 December 2020 at 4.15pm on Microsoft Teams

Present:

Lord Colgrain
Lord Collins of Highbury
Earl of Courtown
Lord Cromwell
Lord Cunningham of Felling
Baroness Doocey (Chair)
Baroness Goudie
Lord Kerslake
Baroness Noakes
Lord Stoneham of Droxford

together with the Clerk of the Parliaments.

Fehintola Akinlose (Finance and Procurement Director) and Carl Woodall (Director of Facilities) were in attendance. Alison Giles (Director of Parliamentary Security) and Fay Tennet (Deputy Director (Operations), Parliamentary Security Department) attended for the item on the Metropolitan Police contract; Claire Arlington (Head of Finance Business Partnering) attended for the quarterly finance update; Jonathan Smith (Head of Finance) attended for the item on the supplementary estimate and; Beverley Weston (Director of Capital Investments, In House Services and Estates) and Robert Noye-Allen (BDO) attended for the update on the impact of COVID-19 deep dives.

Agreeing the minutes of the last meeting, and matters arising

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

The Chair noted that the current membership of the Committee would continue into the new year for the Committee's January meeting and therefore the findings of the Westminster Hall review had been postponed until January, in order that details around the future of the role of Senior Responsible Owners could be settled before the Committee considered the report.

Zero-Based Review of Metropolitan Police Special Services Agreement (F/19-21/43)[HIGHLY RESTRICTED]

The Chair welcomed Alison Giles, incoming Director of Parliamentary Security, who introduced herself.

The purpose of the review was to ensure the Parliamentary Security Department (PSD) fully understood the costs included in the Metropolitan Police Special Service Arrangement (SSA), and to ensure it was providing value for money. It offered the opportunity to consider how PSD may be able to work differently, without compromising security, and to review the parameters within which PSD was asked to work, considering all the functions it provided.

The Committee discussed the report in full. [REDACTED]

The Committee reviewed the options presented in the paper and considered the impact upon safety, security and service for each of the options presented. The Committee's feedback would be shared with the Commission when the paper was presented to it in the new year.

Financial Monitoring Report – Quarter 2 (F/19-21/44) [RESTRICTED]

The Committee received an outline of the Financial Monitoring Report for Quarter 2. COVID-19 continued to have a significant impact on Catering and Retail Services budget; income was £2.7m under budget which was partially offset by an £877k underspend in trading costs. £267k of costs had been attributed to COVID-19 including Catering and Retail variable hours staff payments, Hansard freelance payments and the cost of additional cleaning products and home working equipment provided to staff.

The Committee questioned whether the ongoing costs of the hybrid Chamber would now reduce following investment in equipment. The costs would reduce as the House was no longer paying for rented equipment. The capital costs for the equipment would be addressed in the forecast outturn.

The Committee took note of the update.

2020-21 Forecast Outturn and Supplementary Estimate (F/19-21/45) [RESTRICTED]

The Supplementary Estimate provided an opportunity to adjust the current position. The valuation of the Estate's outbuildings had required an adjustment; values had decreased in line with other office space in central London. The categorisation of COVID-19 related costs on Capital Projects had yet to be determined, and accordingly budget cover was included for both capital and resource costs.

The underspend on members' finance would be reviewed in January once there was further data on the current scheme, which had only been reported for a month and a half.

The Committee took note of the current forecast outturn; the impact of the Parliamentary Estate draft valuation report on the forecast outturn; and agreed the adjustments to the forecast outturn in relation to those valuations and in relation to the classification of capital costs. The Committee agreed to recommend to the Commission that a prudent Supplementary Estimate be submitted.

Oral update on In-House Services and Estates Project Deep Dives (Financial Impact of COVID-19)

The Committee had previously been made aware of plans to undertake deep dive audits of the impact of COVID-19 on Category A projects and programmes. The first of those audits had now begun on the Cast Iron Roofs Programme. BDO had been contracted to provide assurance for the process In House Services and Estates (IHSE) was taking; ensuring the process was consistently applied and providing support and challenge to contractors.

The additional costs relating to COVID-19 would not entirely be borne by Parliament as the client; contractors had a responsibility for minimising cost by redeploying staff, but it was expected that Parliament would be responsible for costs relating to the retention of specialist skills. Once the first audit was complete it was planned that any learning would be used to roll out the process to further Category A projects and Programmes.

Oral update from the Chair on Expert Panel to support SROs

The Chair had circulated a paper to the Committee on the proposals for the Expert Panel and other changes to the project leadership and governance structure. The Committee had made a recommendation to the Commission about the introduction of an expert panel to support SROs . The Commission supported the recommendation and appointed a sub group of the Commission to take forward the proposal, who had met a number of times with the Managing Director of IHSE and her senior staff to discuss how the recommendation could be implemented.

As set out in the paper, the Chair explained that the subgroup had welcomed the plans to professionalise the SRO function and bring it 'in house' under the control of IHSE. *[REDACTED]*

The sub group was also concerned at the suggestion that any budgetary resources to implement and fund the necessary changes was to be dependent on savings being made within IHSE. The subgroup welcomed any savings that could be made from current resources but felt strongly that inadequate or delayed resources would prevent the changes being effective, as they had so many times in the past four years. It was essential that adequate additional financial resources were allocated to IHSE to enable the department to be able to recruit and retain the necessary professionally qualified staff. After discussion, IHSE and the sub group reached agreement that a sufficient number of professionally qualified staff, experienced in running major projects should be recruited to act as SROs.

The Committee recorded its view that for the proposals to be successful, adequate additional financial resources needed to be allocated to IHSE to ensure that appropriate funding is available to enable the department to be able to recruit and retain the necessary professionally qualified and experienced staff.

The Committee supported the changes proposed in the paper and agreed that the Chair should present a version of the paper to the Commission in January.

Any other business

The forward work programme and future meeting dates were circulated for information.

The Committee would next meet on Wednesday 20 January 2021 at 4.15pm.

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

Gabrielle Longdin
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