Finance Committee

Minutes

Wednesday 20 January 2021 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. Bill Yardley and Isabel Coman (Managing Director of IHSE) attended for the item on Westminster Hall; Jonathan Smith (Head of Finance) attended for the item on the Medium Term Financial Plan; and Alison Giles (Director of Parliamentary Security) and Elaine Thain (Business Management Director, PSD) attended for the item on the Parliamentary Security Department.

Agreeing the minutes of the last meeting, and matters arising

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

A table which detailed the outcome of the Committee's discussion on the Zero Based Review of the Metropolitan Police Agreement at its December meeting had been circulated for information.

The paper from the Chair summarising discussions with In House Services and Estates on changes to the role of the Senior Responsible Owner (SRO) and providing a summary of the work of the Finance Committee over the last four years, had been agreed by correspondence and would be discussed by the Commission at its meeting on 22 January.

Westminster Hall Project Independent Review (F/19-21/47) [HIGHLY RESTRICTED]

Bill Yardley introduced the report. The report had not focussed on again rehearsing what had gone wrong but looked at the wider context the project had operated in and the changes in processes and procedures over the years. There had been a number of Gateway and Audit reviews during the lifetime of the project; some of the recommendations from those reviews had been slow to be implemented. The introduction of an SRO and governance structure had significantly improved the operation of the project; however by this point many of the major issues with the project had already been 'baked in'.

There were signs of improvement on other similar projects which should provide the Committee with a degree of reassurance. The IHSE Project Delivery Handbook, if properly used, represented a step forward; and the focus of the leadership and management was now rightly on instilling a learning culture. Given the progress and changes already underway in IHSE the recommendations made in the report were intended to supplement rather than replace them.

The Committee discussed the contents of the report, including:

- The personal responsibility for individuals in delivering projects;
- The risks that the improvements already in train and the recommendations made in the report would not be consolidated; the Committee was told that the biggest factor in ensuring success would be the leadership driving forward the changes and Parliament more widely acting as a good client and holding IHSE to account;
- The challenge of operating in Parliament was a difficult one due to the nature of the work, its location and the stakeholders involved;
- The Committee was informed that in using the 'Lean Client' model effectively, IHSE had progress to make on managing relationships with contractors and consultants effectively. The Handbook provided a framework for doing this but could go further on the standards that need to be met by third parties and performance management of contracts;
- The report suggested there had not been a culture of wanting to learn lessons from previous projects and that had to change; exercises such as peer reviews offered the opportunity to learn lessons and collaborate;
- The Committee questioned what relationship existed between the IHSE Capital Investment Board (CIB) and the Finance Committee; it was noted that the CIB was newly established and had been set up for more direct oversight of project delivery. Consideration would be given as to how best to sight the Committee on the work of the CIB.

The report and discussion had highlighted that the leadership had a fundamental role in driving forward change in IHSE and improving the processes and procedures in the delivery of projects, to ensure lessons were learned and projects were delivered on time and on budget. The Committee had seen successive plans to make changes, some of which had highlighted the need to attract and retain talented and qualified staff but the resources to do this had not been provided. In order for the changes to take place in IHSE they must be given additional financial resources to engage appropriately qualified and experienced staff, as supported by the Committee.

The IHSE Managing Director welcomed the report, fully endorsed its recommendations and offered to return to the Committee periodically to report on their implementation. The planned changes to the SRO role, to bring it within IHSE would make the delivery of projects accountable to the MD and Director of Capital Investment and through them up to Committees, Commissions and the Clerks of both Houses.

The IHSE Project Delivery Handbook continued to be refined through the systematic incorporation of lessons learned. Work continued to make ensure it was as usable as possible and all Project Leaders were enrolled on the Project Management Academy, an upskilling training regime of which the Handbook formed a key part. The Handbook formed part of the governance check points undertaken by all projects at various points before they were able to progress.

There was further work to do on the incorporation of performance management KPIs and reporting requirements for third parties. As part of the 'Thin Client' model, there was progress to be made ensuring that staff have the capability and understanding of IHSE's own requirements and how to manage contractors effectively. Support from the Committee to ensure the changes were properly resourced was welcomed.

Bill Yardley thanked the Chair, the Clerk of the Parliaments and Committee Clerk for their support in delivering the report.

The Committee recorded its thanks for the report.

Medium Term Financial Plan (F/19-21/48) [HIGHLY RESTRICTED]

This was the Committee's second chance to review the Medium Term Financial Plan (MTFP). Since the Committee had last seen the MTFP, robust departmental budget review meetings had been held and the Medium Term Investment Plan had been approved by the Joint Investment Board and incorporated into the MTFP.

The loss of income in Visitors Services and Catering was expected to continue into the next financial year, as was the cost of supporting hybrid proceedings in the chamber and Grand Committee. The impact of the valuation of the Estate had largely focussed on the current year's budget.

The MTFP covered the next three years but focussed on the first year, this year's budget had been used as the starting point in line with Central Government financial practice. There had been increases to the Estates and Digital budgets, both areas undergoing significant change. Decisions made by bodies such as the Commission had financial implications which also had an impact on the financial plan.

In response to a question on whether the Estates budget included the financial resourcing requirements to deliver what the Committee had agreed was needed to improve how projects were managed, it was confirmed that provision for an additional 15 staff in IHSE PMO had been incorporated into the budget.

The Committee agreed that the MTFP be submitted to the Commission for consideration and approval.

Parliamentary Security Department Update (F/19-21/49) [HIGHLY RESTRICTED]

The Committee received the six monthly update on the Parliamentary Security Department (PSD). The key variances reported in the budget were due to the impact of COVID-19 both directly on PSD and indirectly through its impact on the Metropolitan Police and works programmes supported by PSD.

The Committee discussed the report. [REDACTED]

The Committee took note of the update.

Any other business

This was the last meeting of the current membership, the Chair thanked the staff of Committee secretariat over the last four years and the members of the Committee for their hard work, enthusiasm and support since the Committee had begun.

The Committee would next meet on Wednesday 3 March 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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