Finance Committee

Wednesday, 17 December 2025

Rt Hon Sir Lindsay Hoyle MP,
Speaker and Chair of the House of Commons Commission

Finance Committee Savings Inquiry

Dear Mr Speaker

1. The Committee held a public evidence session on 25th November 2025 to consider the forthcoming savings and efficiency programme, and also received written evidence from the House Administration. It was an important first step in being more open about how the House of Commons uses public funds.

Transparency

2. During our evidence session we noted opportunities for greater transparency – for example on the cost of security infrastructure which has recently been installed, on areas of increased headcount particularly where this does not relate to new activity, and on communicating the rationale for operational changes being made on the Parliamentary estate, such as removing Commons catering venues making significant losses or retail outlets running at a loss.
3. As part of the Committee's commitment to greater transparency, we are publishing this week two letters and three briefings setting out more detail on three significant capital projects, including the following detail:
    - the total cost of the recent New Palace Yard works (£62 million), alongside the future cost of Derby Gate works (£24m), and
    - the cost of requiring a second procurement exercise on the Victoria Tower project, where the total cost of the scheme when first tendered was £231 million compared to the total cost of the business case after the second tender of £253 million, suggesting errors with the first tender have cost the taxpayer £22 million**.**
4. **The Committee's view is that publishing the total costs alone is insufficient, and that security or commercial confidentiality are not compromised by providing more detail. We therefore request that the Accounting Officer now makes public a more detailed breakdown of the costs relating to these three schemes.**

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Savings and Improvement Programme

5. The Savings and Improvement Programme is due to start in full with the new financial year in April 2026. It is a welcome step, and I have previously communicated the Committee's strongly held view that it should be more ambitious both in scale and speed.

6. Despite these reservations, we were pleased to hear in the oral evidence session that due to the implementation of the Independent Review of Financial Management, the Administration feels it is well prepared to deliver the programme, and that a success measure should be a falling budget in real terms while continuing to deliver excellent services. We were told in our evidence session that the Committee and Commission would be presented with a clear budget plan that aligned with a workforce plan and revised strategy.

7. The Committee notes that 11% of savings have been identified (including those rated by the House Administration as green and amber) and that further work is planned on cross-cutting measures and technology related savings. The Committee **recommends that the Commission ask for plans on technology to be prioritised for the first half of 2026/27.**

8. Ensuring the Administration is equipped with technology that drives best practice and efficiency is crucial. For example, the House runs a finance system that is more than 20 years old and upgrades to this, and combining it with the HR system, must be prioritised and accelerated.

9. Some additional work is also needed on savings proposed, because charging more for a service should not be confused with making a saving. Likewise, the largest savings proposed, in the biggest budget area of Strategic Estates, comprised an accounting switch from revenue to capital by capitalising staff costs. The second largest proposal comprised the absorption of £3m of risks. Both raise concerns which the Committee highlighted in our session.

10. The pace of implementation continues to be a concern, with the Administration planning to deliver these savings over three years to 2028/29. We think this is too slow. **The Committee recommends the Commission confirms the 11% figure of savings set out but requests that they be delivered in the next 15 months, ie by the end of 2026/27.** Taking a faster approach is deliverable as shown by changes made during the pandemic. This will in turn deliver benefits sooner, both in earlier savings - the current trajectory is backloaded - and by allowing re-investment earlier, in financial year 2027/28.

Workforce

11. When the Committee started its work, a driver for the organisation's costs – workforce - quickly emerged as key areas of focus. Our requests on workforce changes in Spring 2025 were published in September and form part of the written evidence submitted to the Committee. This shows that from 2014/15, the FTE

workforce grew from 1776.2 to 3377.7 in 2025/26, an increase of over 90%. 65% of this growth related to new functions and 35% related to the growth in existing services and functions.

12. The Administration now expects this to fall. **We recommend to the Commission that quarterly reporting on workforce numbers by team are published by the Committee.**

13. As stated in paragraph 6, the Administration has committed to providing a workforce plan alongside its savings plan, and this will mean we can regularly assess the shape of the organisation against its long term aims and we welcome this development. It would be helpful if the Commission could set out its expectations, with scope to move quickly on headcount reduction. The Committee thinks the executive team need to review headcount in specific areas, for example communication staff (currently 120FTE), security staff (where physical infrastructure has been put in place), and catering and retail (where the catering workforce costs of £2.5 million above total turnover are not acceptable and where the losses of £7.8 million in previous years are being addressed).

14. However, the Savings and Improvement Programme should not be all stick and no carrot. Recent evidence sessions of the Administration Committee have highlighted issues around health and wellbeing, and particularly issues with the Parliamentary Gym. **We support this work and recommend that some of the savings generated by this programme, and particularly if it is accelerated, should be targeted at the health and wellbeing of staff. Taking action here re-enforces the House as a good employer and spending on wellbeing will reduce sickness and ill health and boost productivity.**

15. Subject to the conclusions of the Administration Committee's inquiry into health and wellbeing, the Finance Committee would support using savings achieved in the Savings Programme in the next financial year to investigate and implement a larger and more appropriate location for the gym, which would offer increased capacity and upgraded equipment, and to consult on ways to make the facility more affordable. There may be other steps the Commission wishes to take, and these will also be supported by the Committee. This should be funded by rolling out the savings programme more quickly, and demonstrating the link between savings and an improved health and wellbeing staff offer.

Catering

16. The Committee has prioritised supporting the implementation of the catering review over the last year. In 2023/24 the catering operation operated at a loss of £7.8 million which is too high, and has caused significant concern to the Finance Committee. Following an independent catering review, the Committee was presented with the findings in March 2025 which suggested savings of £1.6m were possible. Our consistent advice to the Commission has been that greater savings should be made and can be delivered at greater pace. We advised that a

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first phase target to reduce losses from £7.8 million to £2.5 million should be set (the pre-covid level of losses) and continue to believe that the target for the end of this Parliament should be to operate at break even, ending the need for taxpayer subsidy of catering.

17. In our oral evidence session we were told that following the Committee's focus on this issue, more progress than initially forecast has been made with £1.9 million in savings this financial year and a further £2.5 million planned in 2026-27. The fact that the Administration will have reduced the cost of catering to the taxpayer by £4.4million is a significant achievement and welcome progress. The evidence to the Committee noted that further changes to the workforce would be needed to make further savings and we support this.

18. Morgan Edwards and his team are to be congratulated on the way they have responded to the challenge to reduce the cost of catering. The Committee continues to believe that a target of zero net cost should be the target for this Parliament. **We recommend the Committee continues to receive regular updates on the cost of catering and the Commission supports a zero net cost target. We also recommend that information is regularly shared with all users of the estate on this work and the current cost of providing catering services.**

Strategic Estates

19. This is the largest budget item considered by the Finance Committee. We are concerned with the number of contract variations currently experienced on construction projects, with an average of one contract change a day common on a number of projects and an average of three contract changes a day reported on one specific project. This drives unnecessary cost, complexity, is bureaucratic, and makes contracts more difficult to enforce. **The Commission is asked to set an objective for the Accounting Officer to reduce the number of contract variations on Strategic Estate contracts.**

20. The Committee is also concerned at the rapid escalation in costs on programmes like the Elizabeth Tower and New Palace Yard, where the outline business case costs, full business case costs, and final scheme cost differ significantly. This also raises issues that apply more widely to the Restoration and Renewal Programme.

21. The Finance Committee has also received recent information regarding potential poor value for money from the number of contracts which apply across the Parliamentary Estate under an exemption, because the initial contractual term has ended but the contract remains in place. I know this is an issue you have personally raised as a concern as Mr Speaker and will be a focus for the committee in 2026. **We would welcome the Commission setting an early expectation of the executive team, to provide timely information on any contracts currently operating under an exemption.**

On a personal level, I would like to thank you Mr Speaker for your continued interest and support for the work of the Finance Committee, and the way you have encouraged a greater focus on value for money across the workings of the House. In our first year the Committee has worked effectively and with a cross-party consensus. The progress made in reducing losses within the catering function demonstrates that improvements to value for money can be delivered, but it requires precision and persistence to do so. In 2026 this needs to be applied in particular to the largest budgetary items relating to construction work across the Parliamentary estate.

Yours sincerely

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