Finance Committee

Minutes

Wednesday 11 March 2020 at 4.15pm in Residence Room 1

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) was in attendance. Bev Weston (Director of Capital Investment, Strategic Estates) and Carl Woodall (Director of Facilities) attended for the Portfolio Performance Report; Richard Blake (Head of Parliamentary Procurement and Commercial Service) attended for the Parliamentary Procurement and Commercial Service quarterly report; Martina Hunter (Head of Financial Reporting) attended for the House of Lords Estimate item; and Sarah Johnson (CEO Designate, shadow Sponsor Body) attended for the quarterly R&R shadow Sponsor Body update.

Agreeing the minutes of the last meeting, and matters arising

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

The Chair advised that Lord Cope of Berkeley had stood down as a member of the Committee. The Committee wished to place on record its thanks for his valuable contribution. The Chair welcomed Baroness Noakes as a new member of the Committee.

Parliamentary Portfolio Performance Report (Category A Projects/ Programmes) (F/20-21/8) [HIGHLY RESTRICTED]

The Committee was advised that a new Head of Service in the Enterprise Portfolio Management Office (EPMO) had been appointed, with accountability for development of the Portfolio Performance Report.

Since the Committee last received the Portfolio Performance Report, work was ongoing across the portfolio to improve predictability and ensure consistency of approach. This included improving the structure of cost plans and reviewing how Optimism Bias (OB) was being used. The Director of Capital Investment explained that the project handbook was an important tool to help deliver improvements.

The Committee expressed particular concern at the presentation of the figures in respect of the Fire Safety Improvement Works Programme, which did not reflect the figures previously provided to the Committee in a paper on the programme in June 2019. The Director of Facilities explained that assumptions previously made about how the project could work had changed; work was only possible at night and certain areas of the Palace had been difficult to reach. The scope of the programme had increased with the addition of a resilient supply to the high pressure water mist system in the basement, fire life safety work to the Victoria Tower wet riser involving a tank and pump set, and further design requirements for the mobility impaired. This had resulted in approval of a Strategic Outline Programme (SOP). The Committee was informed that the programme had delivered a high proportion of its original scope, including installation of automatic fire detection, emergency lighting, and fire safety signage. It was agreed that the June 2019 paper on the programme should be updated and circulated to the Committee, outlining specifically how much of the work planned and included in the original Full Business Case had been included in the SOP.

The Committee continued to express concern about the quality of the SRO commentary throughout the report, some of the narrative was clearly outdated. The Director of Capital Investment confirmed that she was continuing to work with projects to seek improvements.

The Committee also discussed:

- The use of the term 'original SOP closure date' for the EWEIR programme; it was confirmed that this was the date when benefits of the programme were to be realised.
- The figures and commentary for the Cast Iron Roofs Programme which were contradictory; it was explained that project 3 predicted an overspend but the overall forecast for the programme forecasted an underspend.
- [INFORMATION REDACTED]
- The importance of intrusive surveys; this learning was being applied to the MEPFS programme.

The Committee took note of the update.

Parliamentary Procurement and Commercial Service Quarterly report – alternative methods for reviewing contract information (F/20-21/9) [HIGHLY RESTRICTED]

The Head of Parliamentary Procurement and Commercial Service (PPCS) explained that he had previously met with the Chair to discuss her concerns about the existing structure and volume of information the Committee received in the quarterly contracts update.

A discussion ensued on the effectiveness of the PPCS reporting line; it was confirmed that the current method was a proportionate way of reporting, which included regular meetings, SRO feedback on the team's performance and significant procurement issues escalated to the Clerk of the Parliaments. There were also always various levels to the approval process, all of which are published online, and wider assurances such as award reports which included customer satisfaction surveys.

The Committee was advised that the Audit Committee engaged with the work of PPCS on a regular basis, with two recent presentations. The Chair received all Audit Committee papers and any internal audit reports of particular concern were flagged to the Committee.

The Committee agreed to the recommendation to replace the current quarterly contract update with a 'top 10' procurement issues report, on a trial basis.

House of Lords Estimate: Financial Monitoring Report – Quarter 3 (F/20-21/10) [RESTRICTED]

The Quarter 3 report compared the actual spend to the forecast outturn, quarters 1 and 2 had been compared to the Estimate. The year end accounts would be produced against the supplementary Estimate. The chair had expressed disquiet about the fact that the forecast outturn for departmental expenditure was shown against an updated forecast, which departments provided mid-way through the year, rather than the original budget figures. In response the Finance Department was looking at ways to provide a comparison to both sets of figures – the original budget figure and the updated mid-year figure. It was hoped that this would provide the Committee with the clearest comparison of changes to budgets.

Recent newspaper reports on Members' Finance were discussed. The reports were robustly challenged by the Lord Speaker who had made corrections as appropriate.

The overspends detailed in the figures were all minimal, any significant overspends would be fully reported to the Committee.

The Committee took note of the financial monitoring report.

Quarterly progress report from the R&R shadow Sponsor Body (F/20-21/11) [RESTRICTED]

The Chair updated the Committee on the joint meeting of the two Commissions on 9 March, which had been arranged to discuss the proposed R&R phase 1 expenditure limit and estimate for 2020-21. Concerns raised by the Commons Finance Committee Chair had included the calculation of inflation, whether lessons had been learnt from previous projects and the lack of sufficient scrutiny arrangements. The Commissions did not reach agreement on the proposed phase 1 expenditure limit and would discuss this again separately towards the end of March. It was hoped a common ground could be sought prior to 8 April when the Sponsor Body became a statutory entity.

The Chair reminded the Committee that the R&R figures had been included within the MTFP, which the Committee had recommended to the Commission for approval at its January meeting. This was on the basis that the figures had been incorporated for planning purposes and would be transferred to the new body once established, the Committee had not delved in detail into the figures.

In response to a question on the Sponsor Body's remit, it was explained that a clear process was set out in the Act. It had its own board charged with overseeing the work of the Delivery Authority, who would be delivering the work, including financial scrutiny.

The Chair reiterated that the Committee had been supportive of full decant as the most cost-effective option. The Committee agreed to write a letter to the Lords Commission to place on record their view that the R&R programme should go ahead as agreed by both Houses in 2018 and to raise concern at the consequences that would result from not reaching agreement, which included uncertainty for the staff who were currently being consulted about transferring to the new body.

Oral update from the Chair on progress with the Westminster Hall project independent review

The Chair updated the Committee on progress with the independent review of Westminster Hall; three candidates had been put forward and two were being invited for an informal discussion. It was hoped that a candidate would be in place to begin the review within the next month. A report summarising the findings would come back to the Committee, this would be added to the Committee's forward work programme.

Any other business

It was confirmed that an update on the Property Asset Management Plan was expected to the next meeting. An update on the Archives Accommodation Programme had been added to the forward work programme for June.

The Committee would next meet on Wednesday 29 April at 4.15pm.

Gabrielle Longdin
Clerk
HLFinanceCommittee@parliament.uk