Finance Committee

Minutes

Wednesday 3 November 2021 at 3.15pm in Committee Room G and on Microsoft Teams

Present:
Lord Vaux of Harrowden (Chair)
Lord Colgrain
Lord Collins of Highbury
Earl of Courtown
Lord Davies of Brixton
Lord Lee of Trafford
Lord Levene of Portsoken
Lord Stoneham of Droxford

together with the Clerk of the Parliaments.

Fehintola Akinlose (Finance and Procurement Director), Claire Arlington (Head of Finance Business Partnering) and Jonathan Smith (Head of Finance) were in attendance. Richard Blake (Director, Parliamentary Procurement and Commercial Service) attended for the item on procurement; and Aisha Bi (Governance Support Officer) and Emma Gendall (Head of HR Systems and Information) attended for the item on the quarterly performance pack.

Apologies
Apologies were received from Lord Campbell-Savours and Baroness Noakes.

The Committee was informed that Lord Collins of Highbury would be leaving the Committee to be replaced by Lord Kennedy of Southwark. The Chair thanked Lord Collins for his contribution to the Committee. The Chair had also been informed that Lord Campbell-Savours also intended to leave the Committee and thanked him for his service.

Agreeing the minutes of the last meeting, and matters arising

The minutes of the Committee's October meeting were agreed with two amendments.

Parliamentary Procurement and Commercial Service F/21-22/17 [HIGHLY RESTRICTED]

Richard Blake introduced the Parliamentary Procurement and Commercial Service (PPCS) update. It was the usual update but now included the key performance indicators (KPIs) as agreed in the PPCS Service Level Agreement. Contracts had been agreed on for the new travel office supplier and requirements set for Transforming Digital. There had been issues in producing a procurement pipeline, which was best practice; In House Services and Estates (IHSE) had agreed to provide additional resource to support this work.

Widely publicised issues with global supply chains had impacted on contracts in discrete areas, particularly around steel and construction materials. PPCS was pushing back on request from suppliers for Parliament to accept the risk relating to these contracts as the suppliers were in the best place to manage the risk.

The Broadcasting contract had made progress since the paper was produced: an extension had been agreed with the current supplier and the competition had been launched. *[REDACTED]* The broadcasting service remained in a position to support a return to virtual proceedings if it were needed.

The Outline Business Case for the Transforming Digital Programme had been agreed and a small number of contract requests had been received. The Committee requested a fuller update on the programme at a future meeting.

A question was asked as to whether the waiver target of less than 10% of contract value was too high, the Committee was told that the focus was on ensuring sufficient competition and the target would be reviewed at the end of the first year of it being in place. Further detail was provided on the access procurement highlighted in the paper and members questioned the cost of the proposed furniture contract.

The Committee took note of the update.

Quarter 2 Combined Performance Pack F/21-22/18 [RESTRICTED]

Claire Arlington introduced the new performance pack; the Committee had seen the new format before the summer but this was the first time it would be reviewing live data. Emma Gendall provided an update on vacancies and Aisha Bi updated the Committee on performance measures and initiatives.

The number of leavers was higher this year than last year but not against pre-pandemic years. The 90 vacancies noted in the update did not necessarily mean these posts were all still required; HR and Finance business partners were working together to allow for this to be reflected better in budgets. Salary restrictions were not generally an issue in recruitment but have often been mentioned in exit interviews, along with career progression, as reasons to move on. It was noted that when recruiting for highly technical roles offers tended to be at the lower end of the market which can lead to retention issues.

Arrangements for the Chief Operating Officer's (COO) Private Office would be finalised once the COO was in post. The incoming COO would provide an opportunity for the structure of the Clerk of the Parliaments' Office to be reviewed.

Expected reviews of the Committee Office and Lord Speaker's Office would be closely monitored as part of the financial planning and budget setting process. Depending on the point of the review central contingency could be built into the budget. The Lord Speaker's Office budget formed part of the Clerk of the Parliaments' Office budget; it had been identified that it may be beneficial for the budget to be a stand-alone budget within the House of Lords Administration.

A new steering group of senior leaders had been set up to review Parliament's requirements for Restoration and Renewal (R&R). Processing of member payments had been below target: this was due to two long serving members of staff leaving the team at the start of the year, one had been replaced and recruitment for the other was underway. Digitisation of the process had been considered in the past but had been found to be slower than the current paper method. It would be looked at again when the next system review was due.

The performance of the Catering and Retail Service had been measured against 19/20 rather than 20/21. *[REDACTED]* It was felt this was a more honest reflection of the current performance but was noted that COVID restriction still had an impact on the service.

The Chair felt it would be helpful for the Committee to have sight of the outstanding Internal Audit recommendations; of the 7 currently outstanding 6 were expected to be completed in Q3. The Management Board received regular updates on outstanding actions and members of the Board attended the Audit Committee where required.

The reclassification of items from capital to resource related to the further development of early business cases in IHSE. It was felt that forecasting of projects and programmes had been more realistic, but the changes in IHSE including the Project Academy still had to filter through and bed in. There was an awareness that where there may be delays to project timelines this may also result in increased costs for materials based on current trends. It would be expected this would be covered in the risk and optimism bias included in the budget. The Finance Department holds monthly meetings with their counterparts in IHSE.

[REDACTED] The Committee asked for details of the current House of Lords costs of R&R.

The Committee took note of the update.

Medium Term Financial Plan – 1st review F/21-22/19 [HIGHLY RESTRICTED]

Jonathan Smith introduced the Medium Term Financial Plan (MTFP). This would be the Committee's first look before it returned in December for recommendation to the Commission. It was the first draft having collated the numbers and completed the challenge meetings; it was missing the final figures from the Medium Term Investment Plan (MTIP) which was still to be approved by the Joint Investment Board. Overall, the MTFP was broadly in line with the current year but with a shift of funds between resource and capital. The numbers would be refined before its return in December but there were a few known costs that had not made it into these figures. The non-cash figures would be separated out in the December paper along with a detailed breakdown by department.

The 2020/21 budget had been used as the baseline rather than the forecast. Given the uncertainty during the financial year there would be positives and negatives to both approaches.

The challenge process included a line by line review of budgets including looking at actual spend over the last three years: although not a fully zero based approach it was thorough. The focus of the MTFP had again been on Y1 but the subsequent years had been reviewed and challenged.

Resource cost increases against the 21/22 baseline had been as a result of the Archives Relocation Programme developing the Outline Business Case into the Full Business Case, and the increase in the Clerk of the Parliaments' Office was as a result of the incoming COO and other additional roles that had been assigned to the office.

Challenge meetings had been undertaken with the Metropolitan Police Service (MPS) for the first time this year. Final numbers were expected shortly. The process had been successful but there would be increases particularly for members security.

The review of the Remit was expected to start in January and would be in place for the next financial planning round.

The Committee discussed the bids receive for grants. It felt that increases of up to 2% were appropriate but did not feel comfortable with anything higher than that, *[REDACTED]*. The proposals would also go to the Commons and a final recommendation made to the Commission in December.

Regarding the assumptions underpinning the reserves and contingencies within the MTFP, the vacancy rate of 3% was felt sufficient as vacancies often fell in lower paid roles, but it would be reviewed ahead of December. The Committee felt that the reserves and contingencies recommended in the paper were appropriate for the financial plan.

The Committee took note of the current position of the MTFP.

Any other business

The Committee would next meet on Tuesday 7 December at 3.15pm.

The Forward Work Plan and future dates had been circulated. It was expected an additional date would be required for discussions on R&R Phase 1 funding; the Chair confirmed that the Committee would provide commentary on the budget for the Commission, it would not be asked to make a recommendation.

There would be a further informal session from the Enterprise Portfolio Management Office next Wednesday.

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

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