

## Finance Committee

### Minutes

Tuesday 7 December at 3.15pm in Committee Room G and on Microsoft Teams

Present:

Lord Vaux of Harrowden (Chair)  
Lord Colgrain  
Earl of Courtown  
Lord Davies of Brixton  
Lord Kennedy of Southwark  
Lord Lee of Trafford  
Lord Stoneham of Droxford

together with the Clerk of the Parliaments.

Fehintola Akinlose (Finance and Procurement Director) and Claire Arlington (Head of Finance Business Partnering) were in attendance. Alison Giles (Director of Security for Parliament) and Will Norman (Mayor's Commissioner for Walking and Cycling) attended for the item on the Parliament Square Streetscape Project; Gavin Woods (Head of Enterprise Portfolio Management Office), Isabel Coman Managing Director, In House Services and Estates) and David Smith (Managing Director, Parliamentary Digital Service) attended for the item on the Portfolio Performance Report; and Isabel Coman and Catherine Hallett (Director of IHSE Portfolio Management Office) attended for the item on SRO/Executive Sponsors.

### Apologies

Apologies were received from Lord Campbell-Savours, Lord Levene of Portsoken and Baroness Noakes.

The Chair welcomed Lord Kennedy of Southwark to his first meeting.

### Agreeing the minutes of the last meeting, and matters arising

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

The Chair [REDACTED] noted that the Committee's request for details on the House of Lords' R&R costs is covered by the supplementary paper (F/21-22/26).

### Parliament Square Streetscape Project F/21-22/21 HIGHLY RESTRICTED

Will Norman introduced an update on the Parliament Square Streetscape Project. The project came about after the Westminster terror attack in 2017, with the aim of improving security, safety and heritage in the area around Parliament Square. The project began by investigating a range of options, and has now identified a single option to take forward. The next steps were to progress that option to concept design stage (including, for example, 2D

highway design, traffic modelling, engagement, and developing a full business case) and further explore the costs involved.

Alison Giles elaborated the security benefits of the project for Parliament, particularly by pushing the perimeter of the Estate further away from the Palace and creating a spine road, the latter providing additional protection from pedestrian attacks.

A wide range of affected parties were involved in developing the plans, including the Speakers of both Houses, the Greater London Authority, Transport for London, the Highways Authority, Westminster Abbey, the Supreme Court, local schools, the R&R Sponsor Body and Delivery Authority, Westminster City Council and UNESCO. The intention is that the overall project costs would be shared between Westminster City Council, Transport for London and Parliament; but COVID-19 has affected the financial position of the former two bodies, so Parliament was being asked to fund the next stage of the project, while Westminster City Council and Transport for London continued to contribute staff time and expertise.

The Chair informed the Committee that the House of Commons' Finance Committee had declined to recommend approval of the costs for the next phase until they received additional reassurances that Parliament, having covered the £3m for the next phase of the project, would not be expected to pay the estimated £80m for the delivery phase in full; and about interactions with R&R.

The Committee took note of the update, and asked the project team to return with their request after they had re-sought approval from the House of Commons' Finance Committee.

### **Forecast Outturn and Supplementary Estimate F/21-22/22 HIGHLY RESTRICTED**

Claire Arlington introduced the 2021-22 Forecast Outturn and Supplementary Estimate. The Supplementary Estimate provided an opportunity to adjust the current position, and return any unspent funds to the Treasury if the Administration was not expecting to use it this financial year.

Some underspending had been offset by overspending in other areas, most notably arising from a loss of Catering and Retail Services income as a result of COVID-19 restrictions, and increased staff costs in the Clerk of the Parliaments' office. [REDACTED]

A question was asked about the process for assessing whether individual projects should proceed where costs increase after initial approval. The Committee was told that a Business Case addendum is put forward for reconsideration alongside advice from the Finance Director and Investment Committee, and that gateway reviews are sometimes also conducted. The Committee emphasised that ensuring adequate survey work has been completed needs to be a factor in the approval process.

The Committee noted the current forecast outturn, noted the impact of the Parliamentary Estate draft valuation report on the forecast outturn, and agreed to recommend to the Commission that a Supplementary Estimate be submitted.

## **Medium Term Financial Plan – 2nd review F/21-22/23 HIGHLY RESTRICTED**

This was the Committee's second opportunity to review the Medium Term Financial Plan (MTFP).

[REDACTED]

The Committee was of the view that the two Houses should be in step to keep pay competitive, and to support the External Management Review finding relating to the movement of staff between Houses.

A question was asked about the degree of confidence in reducing In-House Services and Estates' (IHSE's) capital budget, and why that department's resource costs were increasing. The Committee was told that they have done work to improve their project planning, so are confident in next year's figures; and that the increase in resources was designed to increase their resilience and allow them to continue business as usual work while also managing emergency work arising from extreme weather or building fragility.

The Committee noted the overall MTFP figures and agreed to recommend that the financial plan be submitted to the Commission, with the caveat that should the House of Commons Commission approve the increased figure for pay and inflation, the House of Lords' figure should be adjusted to match it.

## **Portfolio Performance Report F/21-22/24 RESTRICTED**

Gavin Woods introduced the Portfolio Performance Report. [REDACTED] Senior Responsible Officer training is being developed to support the new project management model. The IHSE programme was nearing capacity in relation to both space within the Estate and the appetite for disruption; while prioritisation of projects within that programme is currently conducted, the envisaged Masterplan would allow for a more holistic view to be taken.

[REDACTED] The Committee was informed that its risk level had now reduced as the data centre had been moved to a temporary location until its permanent location was ready, so the House would not be reliant on a single data centre.

A question was raised about the projects behind the scaffolding present around the Palace, and when it would be removed. The Committee was informed that much of the scaffolding is required to access the stone facades and the roof; and that the Cast Iron Roofs project would finish in summer 2022.

The Committee discussed the statement in relation to the West Front Perimeter Project that "stakeholders currently will not allow works outside recess", in particular the time and cost implications of that position. While the Committee supported doing works in recess where possible, it was of the view that term-time works may be appropriate where they lead to significant cost or time savings, and offered to support the Clerk of the Parliaments in scheduling work accordingly.

A question was asked about the £443m cost for Transforming Digital; it was clarified that this covers both the implementation cost and the 10-year running cost of the Parliamentary Digital Service.

A question was asked about whether a lessons learned exercise had been completed on Elizabeth Tower and applied to the Victoria Tower project before the business case was signed off. It was clarified that at present only the Outline Business Case had been signed off, allowing funds to be spent to prepare the Final Business Case, which would be expected to reflect that learning. An update on the Victoria Tower project would come to the Committee in the new year, and that update would set out the conclusions of the Elizabeth Tower audit and how those lessons were being incorporated.

The Committee took note of the report.

### **Verbal update on SRO/Exec Sponsor model**

Isabel Coman informed the Committee that the independent review of the new governance model had been completed, and its feedback presented to the Joint Investment Board in November.

The review noted the benefits of the model; that it would enhance ownership of and accountability for projects and should improve their delivery; and that it delivered the necessary underlying principles of financial best practice. It also noted that within the pilots which were underway, some were diverging in terms of how they were implementing the Senior Responsible Owner and Executive Sponsor roles, so the IHSE team took away an action to map why that was happening; to improve their measures for demonstrating the benefits of the model; and to incorporate digital projects into the pilots.

The IHSE team would update the Joint Investment Board on its progress around Easter 2022. The pilot was initially due to end in summer 2022, but in light of the changes to their success measurements it may take longer to obtain the necessary data, and the pilot would now end when they have the information they need.

The Committee noted the update.

### **Any other business**

The Committee would next meet on Wednesday 26 January 2022, to discuss the R&R phase One expenditure bid. This meeting will start later than usual as the core presenting team will be coming straight from another meeting.

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

Clerk  
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