HOUSE OF LORDS

HOUSE OF LORDS FINANCE COMMITTEE

Committee operating framework

Paper from Lord Vaux, Chair of the Finance Committee

Purpose

1. The purpose of this paper is to propose a Committee Operating Framework which makes it clear to committee members and those bringing matters to them how the Finance Committee works and what the expectations are on all parts.

Decision for the Committee

2. The Committee is asked to discuss and agree the draft Committee Operating Framework provided in Annex 1.

Background

3. The External Management Review (EMR) made a variety of comments about how the House of Lords Administration interacts with the member-led governance bodies of the House. In the main, these were focussed on senior management and the Commission, but the Commission Group (a sub-group of the Commission developed in part to help implement the EMR) has considered whether any of its findings also apply to other levels of governance, including the domestic committees.

4. One issue arising from the Commission Group's discussions is the possibility of the Finance and Services Committees adopting Operating Frameworks, which set out their roles and expectations regarding both their members and those who bring matters to them, to make sure those expectations are shared. A similar process may also be proposed for the Commission.

5. Committee staff have therefore drawn up the draft Framework provided in Annex 1. In the main it codifies current working practices; but there are elements that seek to improve those practices or make them more consistent. For example:

   - It clarifies that all papers should set out any interactions with the Restoration and Renewal programme.

   - To minimise the Committee being used as a proxy for wider engagement, it sets out that papers must fall into one of three categories: information, guidance or agreement to recommend to the Commission. Guidance papers may be used where the Committee's view would be useful to inform implementation of a policy or later decision-making (see below), but would not constitute having received the Committee's endorsement or approval.

   - It also asks that requests for a recommendation to the Commission are in general preceded by papers for information or guidance, to ensure that the Committee is sufficiently sighted on a topic to provide an informed view. This may be waived in cases of urgency or extremely straightforward matters.

6. Drawing on best practice in central government and the recommendations of the 2016 Leader's Group on Governance,[1] the draft framework is similar to the one also drafted for the Services Committee, and to the one already in place for the Management Board; but it does differ where appropriate, for example to ensure that the proposed paper categories reflect the Committee's role.

7. If the framework is agreed it will be published on the committee's website. Operationally, staff will share it with department heads along with a revised paper template that reflects the newly-agreed operating model, and ask that they ensure their teams implement the arrangements it contains.

8. As noted in the Framework itself, it is intended that the Committee reviews the document once a year to discuss whether it is operating as intended, and whether any changes are needed.

Lord Vaux
Chair of the Finance Committee
March 2022

[1] https://publications.parliament.uk/pa/ld201516/ldselect/ldleader/81/81.pdf

Annex – draft Finance Committee Operating Framework

Introduction

1. The role of the Finance Committee is to support the House of Lords Commission by considering annual financial plans, monitoring the financial performance of the House Administration, and considering the financial implications of significant proposals.

2. The formal terms of reference and membership of the Finance Committee are set out in the appointment motions agreed by the House. The purpose of this document is to describe the Committee's membership, role and working practices in more detail.

Membership

3. The Finance Committee is appointed by the House.

4. It has the following members:

   - A frontbench or senior member from each of the Conservative, Labour and Liberal Democrat party groups,
   - Two backbenchers from each of the Conservative and Labour groups,
   - Two members from the Crossbench group,
   - One backbencher from the Liberal Democrat group.

Remit of the Finance Committee

5. The Commission has delegated the following functions to the Finance Committee, within the strategic parameters the Commission set:
   - Consideration of annual financial plans and draft Estimates, for agreement by the Commission based on selective examination and enquiry
   - Monitoring spending against budgets (including the outturn forecast) and receiving financial progress reports on major ongoing programmes
   - Receiving reports on the use of the Reserve
   - Advising the Commission on proposals for:
     - significant changes in spending or revenue-raising which affect the House and are not covered by the financial plans for future years, including proposals from other committees or from the Government;
     - major new savings initiatives brought forward by the House of Commons or the House of Lords Administration;
     - new expenditure on additional services and novel or contentious expenditure; and
     - transfer inter-office of budget greater than £100k.
   - Monitoring specific areas of spending, as requested by the Commission
   - Consideration of any other financial matter referred by the Commission.

Roles of certain Finance Committee members

6. The Chair of the Committee should:

   - ensure a high standard of discussion;

- facilitate collective working and decision-making;
- work to ensure Committee discussions reach clear outcomes;
- uphold other agreed ways of working; and
- take the lead in communicating the work and decisions of the Committee to the House.

7. All members of the Committee—frontbench and backbench—have a responsibility to carry the House with them. Their role is to act corporately on behalf of the House as a whole. In so doing, they need to be prepared to explain their decisions to other members of the House and to take part in communicating decisions to members.

8. All members of the Committee have a responsibility to support the Chair in enabling a high standard of discussion, and collective working and decision-making.

Finance Committee Ways of Working

9. The Finance Committee shall seek to adhere to the following ways of working:

   - the Committee will typically meet at least once every sitting month, except where the Chair deems a meeting to be unnecessary.
   - decisions should be made by the Committee collectively, with divisions only where unavoidable and necessary.
   - the Committee shall be supported by the Committee Secretariat, who shall work closely with the Chair on setting the forward agenda; processing high quality and timely papers; taking accurate minutes; and monitoring the implementation of agreed actions.
   - the Committee Secretariat shall aim to circulate papers one week before the Committee meeting.
   - agreed minutes and agendas of Committee meetings, as well as forward workplans and unrestricted papers, will be published on the parliamentary website.
   - apologies for absence should be notified to the Committee Secretariat at the earliest opportunity.
   - the Committee Secretariat will inform the Chair of the views of any absent Committee members submitted in advance.
   - matters may be dealt with by correspondence where there is an urgency to resolve a matter and/or where it makes practical sense to do so.

Finance Committee papers

10. All papers should be presented in a clear, concise format, following an agreed template unless it has been agreed with the Chair that they will be presented as they are used elsewhere in the Administration. All papers and annexes should feature page numbers on every page.

11. In general, papers should set out the issues, the background, the options available, resource implications, the links to the House's strategic priorities, next steps and the

action required from the Committee. They should also be clear about any interactions with the Restoration and Renewal Programme.

12. Papers should be drafted with regard to the remit of the Committee. They should be focussed on providing the detail necessary for the Committee to reach an appropriately informed decision.

13. Papers may be:

- for information – no action required, but making clear why the Committee has been provided with the information;
- for guidance – no decision required but the Committee's views on an issue would be useful to inform implementation or later decision-making. Having consulted the Committee would not constitute having received the Committee's endorsement or approval;
- for agreement to recommend to the Commission – requiring a clear decision from the Committee to recommend a position (or not) to the Commission, typically preceded by papers for information and/or guidance.

Interests

14. It is the responsibility of members of the Committee to declare any relevant interests when discussing Committee matters and to take appropriate action in the light of those interests, including withdrawing from any discussion. The test of relevance is comparable to the test in the Code of Conduct for Members of the House: whether the interest might be thought by a reasonable member of the public to influence the way in which the Committee member discharges his/her role on the Committee.[2]

15. Declared interests, and any steps taken as a result, will be included in the minutes.

Review

16. The Committee shall review this document annually.

[2] www.parliament.uk/hl-code