



## Finance Committee

### Minutes

Wednesday 9 March 2022 at 3.15pm in Committee Room G and on Microsoft Teams

Present:

Lord Vaux of Harrowden (Chair)  
Lord Altrincham  
Earl of Courtown  
Lord Davies of Brixton  
Lord Lee of Trafford  
Lord Levene of Portsoken  
Baroness Noakes  
Lord Stoneham of Droxford  
Lord Tomlinson

together with the Clerk of the Parliaments.

Fehintola Akinlose (Finance and Procurement Director), Andy Helliwell (Chief Operating Officer) and Carl Woodall (Director of Facilities) were in attendance. Gavin Woods (Head of Enterprise Portfolio Management Office), Isabel Coman (Managing Director, In House Services and Estates), James Deane (Business Finance Director, IHSE) and David Smith (Managing Director, Parliamentary Digital Service) attended for item on the Portfolio Performance Report; Donald Grant (Director of Property, Planning and Design, IHSE) attended for the items on the Parliamentary Asset Management Plan and Property Review; and Michael Winders (Director of Communications) attended for the Communication overview.

### Apologies

Apologies were received from Lord Kennedy of Southwark.

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

The Committee agreed the minutes of the last meeting subject to the strengthening and clarification of the Committee's thoughts on how the costs of the Parliamentary Streetscape project should be split between the parties.

### Verbal update: R&R

The Chief Operating Officer provided an update on Restoration and Renewal (R&R). The Sponsor Body had met on Monday and agreed a revised Estimate for 2022/23; this would be adjusted further at Supplementary Estimate stage, once a clearer picture was available on the future of the programme. The operating costs had been reduced by 53% in the Sponsor Body and 36% in the Delivery Authority compared to the original Estimate.

The Estimate would go to the Commissions of both Houses in March and the Finance Committee would have the opportunity to consider it ahead of the Supplementary Estimate if the Commission wished it to.

The Commissions of both Houses were due to meet jointly on 17 March to agree how to move forwards. Ahead of the joint meeting of the two Commissions, **REDACTED** and the Delivery Authority had refocussed its work on surveys.

The Clerk of the Parliaments would attend the Public Accounts Committee next week to discuss R&R.

The Committee noted that there must not be a mentality that the programme has spent so much it cannot stop now and must continue as is.

### **Portfolio Performance Report F/21-22/37 RESTRICTED**

The Head of the Enterprise Portfolio Management Office introduced the item, noting progress in both the House of Lords Chamber Roof and Victoria Tower projects. He also highlighted the impact of high inflation and market volatility, alongside project management resourcing issues.

From April the Enterprise Portfolio Management Office would have a dedicated resource to manage the Portfolio Performance Report. It was hoped that this would allow for further development of the report. The Committee noted that a more focussed executive summary would be beneficial.

The £100m underspend was largely a combination of the impact of the constraints of Parliament and capacity issues. The Committee felt it could be made clearer in future updates whether the underspend was a genuine saving or would result in further costs at a later date.

The new In House Services and Estates (IHSE) Finance Director was identifying challenges and developing an IHSE finance action plan. Focus to date had been on predicting the cost of individual projects correctly, with this additional resource, the wider financial picture would be picked up better going forwards. The action plan included a full re-evaluation of all projects including considering inflationary pressures and other external factors. The control environment needed to be enhanced in order to provide meaningful challenge to projects.

The implications of the current market varied depending on the stage of the project. The majority of projects completed by IHSE were done out of necessity, however value was being reviewed at each stage of the business cases to ensure they continue to make financial sense.

For those projects already in flight, inflation had not reached the point that would require projects to stop or change scope. However, it may be the case that if resource becomes an issue a process of prioritisation would have to take effect. Inflation cost and underspends were kept separate as each project was monitored individually; this would be brought out more in future reports.

In the last year IHSE had begun to look at projects in the Palace through to 2030/35 and prioritise accordingly. Projects had been put into priority order, agnostic as to who would deliver them, meaning that IHSE could continue to deliver works until that responsibility transfers to R&R. This has put IHSE in a good position to support and share its learning with the Delivery Authority.

Individual performance reviews were not currently linked to the financial performance of projects. The benchmarking exercise of IHSE roles had been completed and revealed an average difference of 18% against market value; next steps were being considered.

The Committee took note of the update.

### **Parliamentary Asset Management Plan F/21-22/38 RESTRICTED**

The Director of Facilities introduced the item. Whilst the Masterplan provided an overarching strategy for the estate, the Parliamentary Asset Management Plan (PAMP) sat beneath it and provided a framework for how to action the Masterplan and achieve value for money in property decisions.

The PAMP proposed a Property Board would provide bicameral oversight, particularly useful for requests for space from bicameral teams.

The Committee felt that the document needed more focus and to better draw out the actions and recommendations of the plan which were lost in too much information. It was requested that future iterations of the PAMP and reports in general should look to be shorter, more succinct and reduce unnecessary detail.

The Director of Property, Planning and Design highlighted two key points from the plan: what would people want after COVID (i.e. how will office space operate and how can this be used to drive efficiencies); and the requirements from Restoration and Renewal would define the requirements for the buildings in the future.

The Committee took note of the update.

### **Property Review F/21-22/39 RESTRICTED**

The Committee was informed that the review was commissioned following the completion of a review in the Commons. The price **REDACTED** had been picked as an average of other commercial office space rented by Parliament in the area. The Committee felt it was difficult to see how this figure had been reached given the unique nature of the buildings, which included the Chamber. The maintenance cost referenced only included resource costs; this was to be reviewed. It was felt that there should be differentiation between the requirements of members and staff.

It was noted that Fielden House would be a valuable strategic asset for Parliament, whilst works were undertaken on other areas of the estate and during R&R, in providing a flexible work space close to the main estate.

The Committee was informed that the Committee Office would be moving into Fielden House in October, with the space they vacated in Millbank House initially retained by the Administration to act as decant space for intrusive R&R surveys and business continuity in case of flood, fire, etc.

The Committee took note of the update.

### **Communication department overview F/21-22/40 RESTRICTED**

The Director of Communications introduced the item. All the work of the Communications Team was governed by the Communications and Engagement Strategy signed off by the Commission two years ago.

The Committee discussed a number of points:

- How the press team builds relationships with journalists;
- Whether the public perception of the House was measured;
- When press coverage may be challenged; and
- The team's involvement in the Parliamentary website.

Reservations were expressed about the effectiveness of the spend.

The Committee took note of the update.

### **Committee operating framework F/21-22/41 UNRESTRICTED**

The framework had been put together in part to try and prevent the Committee being used as a proxy for consultation with the wider membership. Papers would be brought for Information, Guidance or Recommendation to the Commission.

It was for each committee to be able to set its own framework. A member questioned some of the content, it was agreed it would be revised.

Subject to those revisions the Committee agreed the framework.

### **Any other business**

The Forward Work Programme had been circulated for the Committee's information.

The Finance Director confirmed there would be a verbal update on zero based budgeting at the next meeting and a paper later in the year.

The Committee would next meet on Wednesday 6 April at 3.15pm.

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

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