



House of Commons
Finance and Services
Committee

**House of Commons
Administration:
Financial Plan 2013/14
to 2016/17,
including draft
Estimate for 2013/14**

First Report of Session 2012–13

Report, together with formal minutes

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Finance and Services Committee

The Finance and Services Committee is established under Standing Order No 144. It considers expenditure on, and the administration of, services for the House of Commons.

The Committee:

- prepares, with the assistance of the Management Board, Estimates for House of Commons: Administration for submission to the House of Commons Commission;
- monitors the financial performance of the House Administration; and
- advises the Commission and the Speaker on the financial and administrative implications of any recommendations made by the Administration Committee.

The Committee has eleven members, and is chaired by a member of the House of Commons Commission. It meets approximately once a month when the House is sitting. Meetings are usually held in private and the Committee is assisted by the Director of Finance and other House staff as appropriate.

Current membership

John Thurso MP (*Liberal Democrat, Caithness, Sutherland and Easter Ross*)
(Chair)

Sir Paul Beresford MP (*Conservative, Mole Valley*)

Clive Betts MP (*Labour, Sheffield South East*)

Geoffrey Clifton-Brown MP (*Conservative, The Cotswolds*)

Robert Ffello MP (*Labour, Stoke-on-Trent South*)

James Gray MP (*Conservative, North Wiltshire*)

Sir Alan Haselhurst MP (*Conservative, Saffron Walden*)

George Howarth MP (*Labour, Knowsley*)

Lindsay Hoyle MP (*Labour, Chorley*)

Shailesh Vara MP, (*Conservative, North West Cambridgeshire*)

Iain Wright MP (*Labour, Hartlepool*)

Committee staff

The current staff of the Committee are Robert Twigger (Clerk) and Louise Sargent (Committee Assistant).

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1 Introduction

1. One of the functions of the Finance and Services Committee is to prepare a draft Estimate (the annual financial provision) for the House of Commons Administration, with the assistance of the Management Board. This is submitted to the House of Commons Commission, which has the responsibility under the House of Commons (Administration) Act 1978 of laying the Estimate before the House of Commons alongside the Estimates for Government departments.

2. In June 2012 the House of Commons Commission agreed that it would seek a debate on the draft House of Commons: Administration Estimate and the House's Medium Term Financial Plan. This report provides the background to the debate.

3. The House of Commons Commission is committed to reducing the costs of the House Service by at least 17% by 2014/15, from a baseline of £231 million (in 2010/11). This is in line with reductions being made across the wider public sector. The financial plan is reflected in the reducing annual Estimates for the House of Commons Administration laid before the House for 2011/12 and 2012/13. This means that clear decisions are required about how taxpayers' money is spent in administering the House and supporting Members in their role, as well as about how progressively to increase income. To be in line with expenditure reductions elsewhere in the public sector, and to achieve Estimate targets, any increase in expenditure or reduction in income from the proposed plans will clearly need to be compensated for by increased income and/or reduced expenditure in other House budgets.

4. The appendices to this report reproduce the advice that the Committee has received from the Management Board on the medium-term plan for the House's finances and progress with the various strands of the Savings Programme. This material has provided the background for the Committee's consideration of the draft Estimate.

5. To put the plan in context, there was a steady increase in expenditure in the five years 2004/05 to 2009/10—roughly the period of the 2005 Parliament. Once adjustments are made for non-cash items and grants, and the impact of inflation using the GDP deflator, total spending rose by some 14% or 2.7% per annum in real terms. This was a period when the House Administration faced a number of additional requirements, mainly driven by decisions of the House or its committees. Examples include decisions to expand public engagement and improve ICT provision. Another significant driver of spending was levels of activity, for example increases in the number of written Parliamentary Questions and Early Day Motions. External factors such as increased security requirements also added to total spending.

2 Draft Estimate and Medium Term Plan

6. In December 2010 the Commission agreed provisional totals for the resource element of the Estimate of £220 million for 2013/14 and £210 million for 2014/15. This path will achieve the Commission's savings target and is consistent with the reducing Estimates already laid before the House for 2011/12 and 2012/13. The Committee's view is that, if the target is to be achieved, the Estimate for 2013/14 can be no higher than £220 million as this still leaves a significant reduction in spending to be achieved in the final year of the Savings Programme. There are no targets for capital spending.

7. For planning purposes the Estimate is assumed to be flat in real terms after 2014/15, with inflation being added at 2%, but as yet no decision has been taken by the Commission on what should happen once the current savings programme comes to a conclusion.

8. Following the debate on this report, the Finance and Services Committee is proposing to recommend to the Commission in December 2012 the draft Estimate for 2013/14 and Medium Term Financial Plan (MTFP) for Resource and Capital as summarised in tables 1 and 2 below. Further detail is provided in Appendix A. The figures are correct as at October 2012 and take account of inflation and other upward pressures (see planning assumptions). For services shared with the House of Lords, the figures shown are for the House of Commons only.

9. The plan reflects:

- Inflation uplifts (pay and prices);
- Growth pressures/new activities identified by Departments;
- Savings agreed to date (the initial tranche, plus savings agreed as part of the 2012/13 budget round);
- The latest assessment of delivery by the savings strands (see Appendix B). This includes plans for improved income streams, following the report by the Administration Committee on *Visitor Access and Facilities* (HC13 2012–13) and as debated in Westminster Hall on 4 September 2012.

10. The plan shows that a further £2.2 million is required to meet the target by 2014/15. Furthermore, were the Commission to keep the Estimate flat in real terms for 2015/16 and 2016/17, significant further savings might be required in 2016/17. This is masked in 2015/16 by the anticipated dip in spend around election time.

11. The increase in capital expenditure from £33 million in 2013/14 to £43 million in 2016/17 relates to additional work on the Estate and the Network Consolidation Programme—an upgrade and rationalisation of Parliament's ICT infrastructure. All the investment programmes are subject to approval of a detailed business case before they can proceed.

Table 1: Medium Term Financial Plan 2013/14 to 2016/17: Resource

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Target	220.0	210.0	214.0	218.0
Medium term financial plan (including planned savings)	220.0	212.2	216.8	222.2
Election impact			(4.5)	
Minimum level of further savings required	0.0	2.2	(1.7)	4.2

Table 2: Medium Term Financial Plan 2013/14 to 2016/17: Capital

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Capital plan	32.8	38.8	42.5	42.5

3 Savings Programme

12. In line with reductions being made across the wider public sector, the plan is to reduce the costs of the House Service by at least 17% by 2014/15, from a baseline of £231 million (in 2010/11). The fundamental principle is that cost reductions will not adversely affect the ability of the House and its Members to carry out their Parliamentary functions. Members will continue to be well supported in performing their parliamentary roles, and staff will be enabled to provide the most effective and efficient services possible, while the public will have greater access.

13. Taking account of upward cost pressures, the target means making savings in the order of £45 million per annum in total by 2014/15 (the exact figure fluctuates depending on the rate of upward pressures). The strategy for meeting the savings target has been carefully planned. Initially, savings were identified in departmental expenditure that had a low impact on Members, staff or services. These savings were subject to consultation in November 2010 and agreed by the Commission in December 2010.¹ Examples of changes already made include reducing staff costs through voluntary exits, discontinuing hard copy printing of some documents (for example, the Question Book and the Thursday Early Day Motions paper), improving contract management to reduce contract expenditure, improving energy efficiency, and reducing departmental expenditure in areas such as office supplies and training. So far, savings of £24 million a year have been made.

14. To deliver the further savings required the Commission agreed to concentrate on areas of greatest potential for reducing costs, while seeking to improve the effectiveness of House services and examine options for generating income. Plans focus on three themes: harnessing technology, making better use of the Estate, and changing and simplifying the ways in which services are delivered. The strands of work within each area, along with their estimated annual contribution to the savings target, are explained in Appendix B.

15. A number of the proposals under the income generation strand affect facilities and services shared with the House of Lords. Consultation with counterparts in the House of Lords has begun, and further analysis of some of the proposals is being undertaken.

16. As part of its consideration of the Estimate, the House of Commons Commission will be considering the Savings Programme in December. In preparing its advice to the Commission, the Finance and Services Committee will take into account the views expressed by Members in the debate and other feedback that it receives.

¹ See Commission decisions, 13 December 2010: <http://www.parliament.uk/mps-lords-and-offices/offices/commons/house-of-commons-commission/minutes/hccminutes2010/hcc-131210/>

Appendix A: Draft Estimate for 2013/14 and Medium Term Financial Plan 2013/14 to 2016/17

Strategy for the House of Commons Service 2010 to 2015²

1. The strategy for the House of Commons Service is that by 2015:

- The House of Commons will be valued as the central institution in our democracy: effective in holding the government to account, scrutinising legislation, and representing the diverse views of the electorate. It will be seen both in the UK and abroad as a model of good practice and innovation and will cost less money;
- Members of Parliament will have the information, advice and support and technology they need to be effective in their work and to engage closely with their constituents;
- The House Service will have earned the respect of MPs and of the public for our independence, integrity, and professionalism, and for our commitment to making Parliament work ever more effectively. We will be seen as modern, efficient and responsive. We will feel proud to work here and confident that our contribution is valued;
- We will be engaged on an agreed plan of work to ensure both that the Palace of Westminster is preserved for future generations and that Parliament has the accommodation it needs to operate in a modern democracy.

2. To achieve this aim the House Service:

- Will work at every level to earn **respect** for the House of Commons;
- Will make the House of Commons more **effective**;
- Will make the House Administration more **efficient**;
- Will ensure that Members, staff and the public are **well-informed**.

3. The medium term financial plan supports delivery of the strategy.

Policy Context

4. There are a number of significant policy matters and events on the horizon that may have a bearing on the budget. It is not possible to quantify the financial impact of these at the moment:

- Palace of Westminster restoration and renewal;

² *New Parliament: Strategy for the House of Commons Service 2010–2015*, June 2010 (<http://www.parliament.uk/mps-lords-and-offices/offices/commons/management-board/management-board-publications1/hoc-strategy/>)

- Whether there is further progress in achieving the objective of increasing the proportion of the Estate that is freehold property;
- Any further significant changes to sitting hours;
- Developments in public engagement (public reading stages for bills, e-petitions expanding education and outreach and increasing visitor numbers);
- Spending implications of the end of the 2010 Parliament and the start of the 2015 Parliament;
- Staff pay and pensions issues;
- Plans to mark significant anniversaries in 2015, such as Magna Carta and De Montfort's Parliament.

Economic Context

5. The economic context is challenging, and recovery from the recession is slow, with a major programme of public sector deficit reduction in the UK and severe problems in the Eurozone. The next government Spending Review is likely to result in further reductions in Departmental Spending at least until 2016/17.

Draft Estimate 2013/14 and Medium Term Financial Plan

6. Subject to the outcome of the debate on this report, the Finance and Services Committee is proposing to recommend to the Commission in December 2012 the draft Estimate for 2013/14 and Medium Term Financial Plan (MTFP) as shown in tables 1 and 2 below. The table presents the same figures in two ways: firstly by category; secondly by department. The figures take account of inflation and other upward pressures (see planning assumptions), paragraphs 9–14 below. In relation to shared services, the figures shown are for the House of Commons only.

7. The plan reflects:

- Inflation uplifts (pay and prices);
- Growth pressures/new activities to meet the requirements of the House and its Committees or imposed from outside (such as business rates);
- Savings agreed to date (the initial tranche, plus savings agreed as part of the 2012/13 budget round);
- The latest assessment of delivery by the savings strands (as explained in Appendix B).

Table 1: Draft 2013/14 Estimate and Medium Term Financial Plan: Resource

Resource	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s
2012/13 Budget Baseline		224,000	224,000	224,000	224,000
Uplifts		3,012	6,067	9,464	14,367
Initial Savings Programme		(50)	(212)	(212)	(212)
Savings agreed in 2012/13 round		(443)	(2,230)	(1,968)	(1,968)
Savings Strands		(6,313)	(16,205)	(16,241)	(16,241)
Reverse out one-off growth in 2012/13 ³		(1,111)	(1,187)	(1,187)	(1,187)
Adjustments to central provision		(1,800)	(2,050)	(2,300)	(2,300)
Growth		2,725	2,911	2,878	2,778
Adjusted baselines		220,020	211,094	214,434	219,237
General Election		0	0	(4,500)	
Further savings sought		0	(2,165)	1,690	(4,204)
Resource Risks (see Central Provision)		(20)	1,071	2,376	2,967
Target resource baseline	224,000	220,000	210,000	214,000	218,000
By department:⁴					
Chamber & Committee Services	48,289	46,338	45,158	46,283	47,330
Facilities	68,580	68,594	67,064	69,010	71,160
Finance	3,485	3,333	3,267	3,000	3,070
Human Resources & Change	6,956	6,588	6,135	6,196	6,367
Information Services	17,574	15,496	13,649	14,070	14,496
Office Chief Executive	2,017	2,058	1,994	1,945	1,985
Parliamentary Security Director	22,855	23,260	23,589	23,999	24,441
Parliamentary ICT	18,479	19,172	17,049	17,479	17,923
Speaker's Office	592	530	538	551	564
Central Provision	28,173	28,631	28,722	29,277	29,868
Project Provision (ICT Programmes)	7,000	6,000	5,000	5,000	5,000
	224,000	220,000	212,165	216,810	222,204
Possible General Election	0	0	0	(4,500)	0
Further savings sought		0	(2,165)	1,690	(4,204)
Target resource baseline	224,000	220,000	210,000	214,000	218,000

3 Short-term costs have been removed for items not required in later years, for example the cost of changes to the website.

4 Reductions in Departmental spending totals for 2013/14 and 2014/15 reflect delivery of the savings strands, namely P2W in DCCS, Market Testing in DCCS and Facilities, Income Generation in Information Services and ICT Strategy in PICT. The Operations Strand savings affect all Departments.

Table 2: Draft 2013/14 Estimate and Medium Term Financial Plan: Capital

Capital	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s
Estates Portfolio	30,388	35,209	34,859	36,274
Network consolidation	0	800	5,600	5,600
ICT Portfolio	280	2,134	1,613	151
	30,668	38,143	42,072	42,025
Other:				
Broadcasting routine investment	75	75	75	75
Works of Art	75	75	75	75
PICT routine investment	200	200	200	200
Contingency	1,782	307	78	125
	2,132	657	428	475
Target capital baseline	32,800	38,800	42,500	42,500

8. The resource plan achieves the provisional target for 2013/14 of £220 million. It also shows that a further £2.2 million is required to meet the provisional target of £210 million by 2014/15. Furthermore, were the Commission to keep the Estimate flat in real terms for 2015/16 and 2016/17, further savings might be required. This is masked to an extent by the anticipated dip in spend around election time.

Planning assumptions

9. The financial plan for the next two years, to 2014/15, assumes that the savings proposals outlined in Appendix B will be delivered, to meet the target set by the House of Commons Commission in October 2010.⁵ Changes to the proposals may mean amending the financial plan and finding savings elsewhere.

10. In December 2010, the Commission agreed the following provisional figures for future years, which, when anticipated inflation was taken into account, achieved the planned 17% resource saving by 2014/15: 2012/13 £224 million, 2013/14 £220 million, 2014/15 £210 million.⁶ The assumption is that the financial plan should aim to achieve these figures.

11. Inflation has been budgeted for at 2.0% on relevant budgets from 2012/13. This is reasonable given the summary of independent forecasts published by the Treasury.

12. The House has, by law, to maintain pay broadly in line with Civil Service pay. The financial plan reflects a 1% increase for 2013/14 and 2014/15 and a 2% increase for 2015/16 and 2016/17.

⁵ See Commission decisions, 18 October 2010: <http://www.parliament.uk/mps-lords-and-offices/offices/commons/house-of-commons-commission/minutes/hccminutes2010/hcc-181010/>

⁶ See Commission decisions, 13 December 2010: <http://www.parliament.uk/mps-lords-and-offices/offices/commons/house-of-commons-commission/minutes/hccminutes2010/hcc-131210/>

13. There has been considerable fluctuation in staff pension costs in recent years. For the financial plan, the departmental contribution has been maintained at 23.5% and the interest at £22.7m, pending discussions with the actuary. The changes in employee contributions in 2012, 2013 and 2014, and the major scheme changes expected in 2015, such as the move to career averaging rather than final salary (subject to enactment of the forthcoming Public Sector Pensions Bill), are designed to reduce the liability and make the scheme more affordable in the longer term.

14. Depreciation has been included at £16 million across the four year period. Future costs will be dependent on new capital investment and estate valuation fluctuations.

Pressures

15. Growth pressures, as well as savings, have been considered in detail. In total growth of £2.7 million has been built into the 2013/14 Estimate. The main pressures include:

- Property costs including utility prices, rents and business rates (Cross Rail), £1.6m;
- Expansion of educational visits, £0.1m;
- Ongoing support costs arising from ICT investment, £0.6m.

Risks

16. There are some notable risks in relation to the MTFP that are set out below with examples:

- Staff related: pay deals, pension costs, recruitment and retention issues resulting in additional costs;
- Demand for services: an increase in the volume of requests for Library services, additional demand for IT services, increases in select/joint committee activity or new committees;
- Delivery of savings;
- Economic risks: price inflation (running above 2%), particularly volatile items such as utilities, income levels (eg number of visitors);
- Policy developments: see examples in paragraph 4.

17. There are particular risks associated with the non-cash part of the Estimate:

- Staff Pensions: there is uncertainty about pension interest and employer contributions over the medium term;
- Asset valuations may result in significant positive or negative impacts;
- Depreciation costs are affected by valuations and also reflect the investment programme;
- Property dilapidations and onerous lease contract costs may arise.

18. The draft Estimate for 2013/14 includes a contingency in the order of £1 million to cover these risks.

Timetable for finalising and laying the Estimate

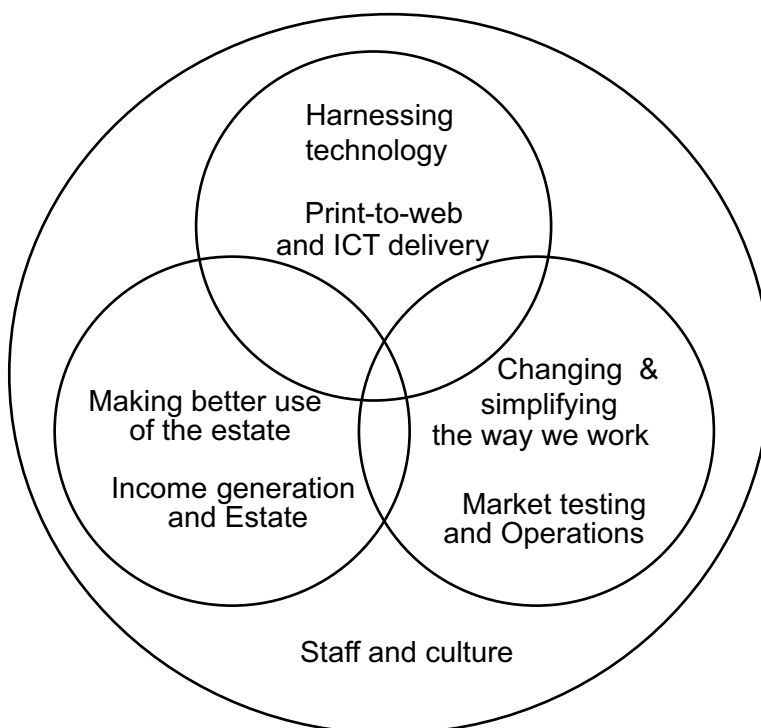
19. The House of Commons (Administration) Act 1978 states that “the Commission shall prepare and lay before the House of Commons an estimate for that year...”. The Commission aims to agree the Estimate for 2013/14 in December 2012 for laying before the House in the spring. This report from the Finance and Services Committee forms the basis for a debate on the draft Estimate and financial plan to inform the Commission’s deliberations in December.

Appendix B: Savings Programme

1. The work to deliver the remaining savings is being carried out in separate strands, each focusing on a different area of the business. The strands sit within three broad themes: harnessing technology, making better use of the estate and changing and simplifying the way we work (see figure 1 below). The remainder of this appendix explains the changes proposed, all of which underpin the financial plan presented in Appendix A. Members, their staff and staff of the House were consulted on outline plans for these strands in autumn 2011.

2. The estimated annual savings and target net annual income from these plans amount to £20 million from 2014/15. As noted in the financial plan, this leaves a gap of £2.2 million if the target Estimate for 2014/15 of £210 million is to be achieved. This will be closed by driving out financial benefits from programmes and projects, by containing upward cost pressures and by reviewing further our non-cash costs.

Figure 1: Savings strand



Strand 1: Print to web

Estimated annual saving: £2 million

3. The Print to Web (P2W) strand of the Savings Programme aims to redesign services relating to business papers and official publications so that they not only cost less but are also more effective. These changes capitalise on existing trends in the ways in which Members and others are choosing to access information on parliamentary proceedings, allowing, for instance, wider and more effective use of mobile devices. The interests of those who require printed copy will continue to be catered for by taking an incremental approach to change and by balancing the delivery method with demand.

4. Between February and April 2012, Members were consulted on specific changes to the arrangements for publishing the House's business papers (each of the proposals, which together comprise the print to web package, is set out in table 1 below). Every Member of the House was invited by an email from the Chairman of the Finance and Services Committee to comment on specific proposals and, a month or so later, subscribers to the Hansard Bound Volume Service and the Weekly Edition of Hansard were invited to comment on the changes proposed to those services by letter. The proposals were also presented to the Liaison Committee, the Administration Committee and the Chairman of the Procedure Committee.

Table 1: The package of print to web proposals

	Change	When	Expected saving	Notes
1	Ending the hard back Hansard bound volume service, including provision to Members, for all but reference and archival purposes	2012/13 Expected savings assume ending with the last volume of the 2010–12 session	£715,000 in 2012/13, rising to £970,000 a year by 2013/14	Library volumes will be available to Members for reference. Individual Members will have option to purchase personal copies at a discount of 20% from the public cover price.
2	No longer binding Hansard daily parts into a soft back Hansard weekly volume	2012/13 Expected saving reflects halting the service at the end of 2010–12 session	£158,000 on 2012/13, rising to £189,000 a year by 2013/14	Specially designed box files to make storage and retrieval of daily parts easier to be available to Members from the Vote Office
3	Publishing Select Committee oral evidence electronically	2014/15	£470,000 a year	Better delivery, functionality, presentation and indexing of digital alternatives prior to 2014/15; provision of print on request service
4	Reorganising and reducing the frequency with which some sections of the Order Paper relating to Future Business are printed	2014/15	£112,000 a year	Updating on line at least as often as now. Better delivery, functionality, presentation and indexing of digital alternatives prior to 2014/15
5	Not printing written answers to Parliamentary Questions in daily Hansard	2014/15	£300,000 a year	On line and other digital versions published overnight or faster prior to change
6	Reducing expenditure on purchasing Government publications	On going from 2011/12	Additional reductions of £51,000 in 2012/13, rising to £126,000 a year by 2013/14	Improved access to on line and other digital versions complemented by on request printing

5. The Finance and Services Committee considered carefully the points raised by those few Members who told the Committee that they would regret the provision of Hansard Bound Volumes being ended. The Committee was sensitive to the views of those who value these volumes as a testament to their time in Parliament or as a physical demonstration of the dignity of Parliament. It is because the force of these arguments is recognised that Members who wish to continue to receive Bound Volumes will be able to do so, and at a discount from the public price. But, in recommending the changes in table 1 above, the Committee weighed these concerns against other factors.

6. The Finance and Services Committee therefore recommended to the Commission that changes to printing, publishing and purchasing arrangements be made as set out in table 1 provided that:

- Where relevant enhancements to the digital version of a publication are in place prior to changes in printing arrangements being made;
- confidence remains high that the estimated savings will be realised by the change;
- where printed versions of publications are weekly, the aim should be that each is published in print on the same day of the week; and
- the print to web strand of the Savings Programme continues to address the concerns of those Members who do not favour a particular change where to do so is consistent with the overall aim of redesigning printing and publication services so that they not only cost less but are also more effective.

7. The Commission agreed the package of changes in June 2012.⁷

Strand 2: ICT strategy

Estimated annual saving: £3 million

8. Parliament's new strategy for information and communications technology (ICT) will enable Members and staff to access information and communications at speed, at any time of day, from any location and on the move. Devices that facilitate these new more mobile ways of working are entering the market all the time, and the ICT strategy responds to people wanting the flexibility to be able to use a wider range of devices. The strategy also seeks to exploit the rapid advances in 'cloud computing' whilst meeting Parliament's security requirements. Cloud computing can be described as the ability to access services and products via the internet, reducing the need for infrastructure on site. The ICT strategy aims to use these developments to improve flexibility and choice whilst transforming PICT and reducing costs. Work in this area applies to the House of Commons and House of Lords, as ICT services are provided by PICT as a joint department.

9. A saving of £800,000 a year has already been achieved by reducing the requirement for contractor and specialist support, decommissioning legacy systems and some restructuring within PICT. This contributes to an overall savings target of £3 million (House of Commons share). Pending a decision on the business case for cloud computing in January 2013, a further £2.4 million of savings is projected to be achieved by 2014/15.

10. The implications for users of implementing Parliament's ICT strategy are explained in table 2 below:

⁷ See Commission decisions, 25 June 2012: <http://www.parliament.uk/mps-lords-and-offices/offices/commons/house-of-commons-commission/minutes/decisions-2012/hcc-250612/>

Table 2: Implications of ICT strategy for users

	Better customer service
1	PICT Local, Commons Members Centre and x2001 service will still be provided.
2	Members of the two Houses and their staff, as well as an increased proportion of Administration staff, will be able to choose the mix of equipment that suits their way of working including using their own devices instead of taking PICT provided devices.
3	Users will be able to print on demand but overall there will be less printing and a rationalised portfolio of printers.
4	Users will be able to access PICT's services online via a PICT service portal, which will offer users fast access to information about the services they have / can have from PICT in a single consolidated personalised view. The online PICT service portal will provide users with a single gateway to all PICT services, and allow them to interact with PICT's advisers through live feed or chat, and search a knowledge base through a user-friendly site.
	Improved access to services
5	Email will be provided by a cloud-based supplier, if the business case is approved by the two Houses in January 2013. If approved, 100% of email services will be cloud-hosted.
6	Wireless internet will be available everywhere across the Parliamentary Estate.
7	By April 2014 Members, their staff and House staff will be able to connect to the information and services they need from anywhere at any time and from any device.
8	The shift towards cloud hosting will be greater than 80/20 in favour of the cloud, meaning fewer than 20% of Parliament's ICT services will be hosted on the premises.
9	Office productivity tools (applications for viewing, creating and modifying general documents, such as spreadsheets, presentations, letters etc) will be cloud-hosted along with the associated file storage.
10	Users will be able to launch their applications from any device via an online application portal.
11	PICT will have the capability to integrate and consolidate data and applications using a common proven architecture, improving the availability, reliability and accuracy of data and reducing the length and cost of projects involving ICT that use those data and applications.
12	There will be no customisation of non-bespoke applications.
13	Voice over internet protocol (VoIP) may have replaced analogue reducing communication costs and increasing the flexibility of devices users can use to make calls and send messages.
	Transformed PICT
14	PICT will have increased ICT security and will operate a new set of ICT security standards and policies.
15	PICT staff will have an increased understanding of Parliament and of its users.
	Reduced costs
16	From 2014/15 PICT will deliver £3 million of savings from its annual resource budget (House of Commons share).

17	A significant proportion of those savings will come from reducing the number of posts in PICT, some of which have already been made by voluntary exit schemes.
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Strand 3: Income generation

Target net annual income: £3 million

11. For many years the House has carried out revenue raising activities notably through catering, retail and visitor services. These have been expanding in recent years, for example through Saturday opening for visitors.

12. At its meeting in July 2012, the House of Commons Commission considered the Administration Committee's *Report on Visitor Access and Facilities* (HC 13 2012–13). The Commission agreed that there should be a clearer separation between Parliament as a working body and Parliament as a visitor attraction and agreed that the financial plans should be based on developing a number of activities for the House to operate more commercially as a visitor attraction. The issue of income generation was aired in the debate on the floor of the House on 15 March 2012 (HC Deb, cc400–430) on the question of charging for Clock [Elizabeth] Tower tours. The Administration Committee's report was debated in Westminster Hall on 4 September 2012.

13. Three guiding principles have underpinned the development of the plans:

- Parliament is a working institution and income generation must not impede Members of Parliament in carrying out their duties;
- Citizens have a right to engage with Members and with parliamentary business without charge;
- The Houses of Parliament are one of Britain's leading visitor attractions and have the potential to raise revenue to reduce costs that would otherwise fall on the taxpayer.

14. The plans are as follows, for which the target net annual income is £3 million from 2014/15:

- a) To open for commercial tours during all recesses, on non-sitting Fridays and on Bank Holidays and Sundays between April and October;
- b) To open for an extra hour on each commercial day of opening;
- c) To increase the range and frequency of specialist tours;
- d) To introduce a tiered visitor admission offer including a short tour of Westminster Hall, an audio-guided tour and a premium tour with a guide;
- e) To relocate the St Stephen's Shop to the Westminster Hall area;
- f) To relocate the bookshop to a new retail unit at 49/50 Parliament Street;
- g) To introduce an online retail facility;
- h) To develop the range of guidebooks etc offered for sale;

- i) To develop filming possibilities in the Elizabeth Tower;
- j) To offer afternoon teas to those taking tours;
- k) To offer the Atrium in Portcullis House, the dining rooms in the Palace of Westminster, the Pugin Room, the Jubilee Room and the Terrace Pavilion for commercial hire on an experimental basis for two years on a limited number of occasions when they are not expected to be used by Members.

In addition, the Commission agreed to establish or work with an existing small scale charitable body to raise funds to support the advancement of public information and access to the history of UK parliamentary democracy and its processes.

15. The proposals have been subject to further financial analysis by officials to assess whether each one would generate a net income for the House. Any proposition that fails at the least to break even will not be implemented. These assessments indicate that opening on Sundays and Bank Holidays will not be implemented initially, until and unless more cost-effective ways of operating can be found.

16. Preliminary assessments of the security, works, heritage and equality implications have been carried out. On security, works and heritage issues, the existing arrangements in place already cater for large numbers of visitors to the Estate. The main impact of these proposals is the need to cover the additional costs associated with the provision of additional services which generate income. In relation to safety and security this means the costs of additional personnel. In relation to works and heritage it means taking into account additional wear and tear on the fabric of the buildings and also the impact on the timing of work given the flow of visitors. In relation to equality, the expansion of the visitor offer to date has already been accompanied by improvements in the diversity of services available. These proposals provide further opportunities to provide a wider range of offerings to visitors catering for diverse audiences. Opportunities include availability of information in different formats, improved signage and a wider range of times and dates on which visiting is possible. Equality analysis will be carried out for each project as part of planning and implementation. This will include both the impact on visitors and those working in the House.

Strand 4: Estate

Annual saving (already factored into 2012/13 Estimate): £1.9 million

17. The aim of the Estate strand is mainly to reduce the overall footprint of the space occupied by the House of Commons while still allowing refurbishments to take place. The strand has already delivered its main contribution, which was to relinquish the leases of 4 Millbank and 2 The Abbey Garden, achieving a full-year annual saving of £1.9 million from 2013/14. Other areas where savings are being investigated include:

- Savings from more efficient use of energy and storage space;
- Exploring whether savings can be made if 7 Millbank reception/security arrangements can be rationalised (subject to security requirements);

- Exploring longer term savings arising from more efficient use of space in line with the agreed accommodation policy, or from buildings being partially closed out of hours.

Strand 5: Market testing

Estimated annual saving: £2.5 million

18. The aim of the market testing strand is to identify improvements to services while making savings in areas where outside comparators are available. Four areas were identified for examination: print services, cleaning, catering (which had already been recommended in the Administration Committee's catering inquiry);⁸ and reception services (attendants and office keepers).

19. A detailed plan for making business improvements internally has been developed for each of these four areas, market research has been conducted and the risks and benefits of market testing have been examined. The Commission will be asked to decide in December 2012 whether or not to proceed to a full market test in any of the four areas. The alternatives to a market test are to do nothing (not an attractive proposition in any area), or to implement cost and service improvements to the in-house service that satisfy the requirements of the House. The test to be applied in making this decision is: can this service be improved to such an extent that, according to our market research, it would be broadly comparable with what the market could offer in terms of price, whilst maintaining or improving the quality?

Print services

20. The strong dependencies of the House's print services with other initiatives (notably the print to web strand, and the requirement to review and retender the printing contract in 2016) mean that a market test could not sensibly be conducted in the immediate future. The Management Board will therefore be recommending that print services should not be market tested but that in-house improvements should be made which more closely align the capacity of the service with the demand. Proposed changes would include bringing the closing time forward in line with House sitting hours, centralising the operation to a single location and expanding the services to include scanning/digitisation primarily during recess periods when machines and staff are less busy. If agreed by the Commission, the changes would be implemented as an efficiency programme, on the understanding that print services will be reconsidered in the round in 2015.

Cleaning

21. The majority of cleaning is already contracted out. The contract is due to be re-let in summer 2013. This offers an important opportunity to sharpen the output focus and delivery standard of this work and achieve savings through appropriate commercial mechanisms. The emphasis will be on payment for results. An external facilities management specialist, with strong support from our own conservation architects, has advised that we retain an in-house team specialised in cleaning rooms and offices in the

heritage areas of the Palace. The Cleaning Business Improvement Plan recommends therefore that we reduce the numbers of our own staff by not renewing existing fixed term employment contracts, and train those remaining for this specialist purpose. All cleaning in the outbuildings, including Members' offices in those buildings, would be undertaken by cleaners working under contract, as would clearly delineated areas of the Palace, including the lavatories.

Catering

22. The internal business improvement plan for catering offers significant savings and service improvements. The plan involves the transition to a smaller core team that is supported by a pool of highly trained casual staff who can be called upon to meet the fluctuating demands that are inherent in any catering operation, but particularly at the House of Commons. These changes can be delivered over the next year, to meet the target date for the savings programme.

23. Wide-ranging market research has been conducted. The various companies that were approached noted the broad range of catering services that are supplied at the House; the severe fluctuations in customer demand over the course of the year, and within any given week; and the reputational risk of being so closely in the political eye.

24. One option that has been considered is offering some or all of the Portcullis House Atrium services to a commercial operator. This idea has been put forward by a number of Members. Industry has not expressed enthusiasm largely given the demand variability. Industry contacts also expressed some surprise that we would consider outsourcing only our most successful outlets.

25. Taking all these factors into account, the Management Board will be recommending that catering services remain in-house on the strict condition that the in-house improvement plan is fully implemented.

Office Keepers and Attendants

26. The internal improvement plan in this area is largely concerned with eliminating structural and process inefficiencies. It does offer some service improvements, not least in emphasising the role of Office Keepers as managers responsible for ensuring cleaning and maintenance standards in their respective areas. It also provides a more flexible, skilled and visible workforce, but in some places Members will notice a reduction in Attendant presence.

27. The arguments for and against a market test in this function are much the same as for catering. The Management Board will therefore be recommending that the in-house improvement plan is accepted with no market test.

Strand 6: Operations

Estimated annual saving: £9 million

28. The aim of the Operations strand is to challenge departments to review budgets and processes to achieve simpler, more economical and more rewarding ways of working.

Departments have identified ways of delivering a further 10% from those parts of their budgets not within the scope of one of the other savings strands (referred to as the “10% challenge” in this section), amounting to an estimated annual saving of £9 million.

29. The savings fall into three main categories, as summarised below. The specific items of most relevance to Members are listed in table 3. Type of saving:

- The largest number derive from items which can deliver savings without any noticeable effect on service delivery or staffing and are able to be reflected in budgets immediately. For example, departments have taken a critical look at their cash allocation against their expenditure trends and have identified areas of underspend where budgets can be shaved without undue risk to delivery of services. Departments have looked also at opportunities to reduce budgets for items such as staff travel and subsistence, training and consultancy and office supplies, and by more effective procurement across a whole range of goods and services. They have looked also at squeezing more from existing income sources such as rent receipts for the shops in Bridge Street.
- Further savings come from areas where some, mainly back-office, changes will need to be put into place to generate the savings. These are currently being pursued with the relevant staff. Examples would be reductions in posts arising from changes to working practices that are already in train, process reviews designed to streamline services, or posts that can be saved as a result of minor office reorganisations. These items require consultation with the teams affected and/or the House’s Trade Union Side (TUS) but do not generally affect services to Member.

30. A very small number of the Operations proposals, amounting to some £1 million out of £9 million, come from areas which may be of interest to or potentially have some effect on Members. They are listed below and will be implemented subject to the views of Members, including through relevant Committees:

Table 3: Operations proposals—items on which Members’ views are sought

	Department	Description	Estimated annual saving by 2014/15 (£000)
1	Information Services	Changes to front desk staffing in Members’ Centre, Portcullis House The aim is to provide one reception service on the ground floor of the Portcullis House Atrium by consolidating the Attendants reception and the Members’ Centre reception, and so reducing the total staffing required. This is contingent on changes in the reconfiguration of the ground floor area in Portcullis House, endorsed by the Administration Committee.	93
2	Information Services	10% cut in works of art maintenance and conservation budget The aim will be to ensure that no essential work is postponed, but some less urgent work may need to be deferred. The proposal will be discussed with the Works of Art Committees in both Houses.	15
3	Information Services	Improving coordination within Library research sections and POST There is scope for better co-ordination on science and technology issues between POST and the Library which would mitigate any reduction in services to Members. The saving represents around 1.4% of the combined Library research and POST budget and would mean some savings in staff and/or non-staff costs.	98

4	Information Services	<p>Recent switch to new provider for online news aggregation service</p> <p>The change from Factiva to the Lexis Nexis online news service and the ending of the Enterprise Agreement for provision of the FT online were both endorsed by the Administration Committee before the changes were implemented. In both cases, the savings delivered were as a consequence of broader decisions, rather than savings being the key driver: Lexis Nexis won the contract for the provision of online news as a result of a competitive retendering process but they do not distribute the Times who have an exclusive contract with Factiva. The decision to end the FT agreement was caused by the FT raising their subscription price to a level that was unaffordable within the Library's budget.</p>	115
5	Chamber and Committee Services	<p>Improved management of the budget for select committee specialist advisers, alongside other means of specialist support for select committees, to reduce expenditure incurred on their fees and expenses by 10%.</p>	31
6	Chamber and Committee Services	<p>Committee office—web-based evidence</p> <p>Introduction of a system whereby witnesses submit written evidence to select committees on a standard template through a web-based portal, with a consequential reduction in the requirement for sub-editing evidence for publication, saving the equivalent of up to 6 posts (to be achieved through natural wastage). This change also creates an opportunity to increase job satisfaction and interest for staff handling written and oral evidence.</p>	215
7	Chamber and Committee Services	<p>Ending of hard copy printing of evidence submitted to select committees (over and above the target reduction in such printing to 20% of current levels already envisaged as part of the Print to Web savings strand) and ending of proofing and formatting as virtual volumes. Such evidence will remain available and accessible online.</p>	386
8	Facilities	<p>10% reduction in maintenance overtime costs</p> <p>This may involve more maintenance being done in working hours—carrying out maintenance work during silent hours is expensive because staff time is paid at overtime rates. Noisy and disruptive work will always need to be done at weekends and when the House is not sitting but if more non-disruptive routine tasks were carried out during the working day, it is estimated that an annual saving of £21,000 could be made to the overtime budget. There would be some effect on the timing of work but this would not be allowed seriously to disrupt the service to Members and others on the parliamentary Estate. This item is dependent on a current review of the Parliamentary Estates Directorate.</p>	21
9	Facilities	<p>5% reduction in the budget for discretionary maintenance and 10% in the budget for furnishing items.</p> <p>The discretionary maintenance budget covers minor requests for improvements or enhancements to facilities across the parliamentary Estate. It covers items such as redecorating of small areas but not essential maintenance such as the replacement of light bulbs or urgent repairs. The discretionary furnishing budget covers maintenance of furniture and furnishings and requests for additional small furniture items such as shelving and notice boards.</p> <p>A 5% reduction in the maintenance budget and a 10% reduction in furnishings may mean that the very lowest priority requests have to be met in other ways or have to await the availability of funds. But this would not be allowed seriously to disrupt the service to Members and others on the parliamentary Estate and would make an annual saving of £60,000. This item is dependent on a current review of the Parliamentary Estates Directorate.</p>	60

10	Human Resources and Change	Encouraging online travel office bookings The Parliamentary Travel Office is run by Hillgate Travel, who provide both Houses with a face-to-face booking service and an online booking portal. Two-thirds of the cost of the service is for staff, and this element should fall as more bookings are made online through the portal. It will thus be cost-effective to encourage greater use of the portal for single point-to-point journeys, such as London-Edinburgh/Glasgow/Belfast (Easy Jet was added to the portal this autumn). There are no plans to withdraw the face-to-face service.	100
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Strand 7: Staff and culture

31. The savings programme will result in a leaner organisation, with some different and more flexible ways of working. Some reductions in staff numbers have already been made, through two voluntary exit schemes, one in 2011 and the second in 2012. A total of 107 staff have left through those schemes. The Management Board has also decided that the numbers and costs of the Senior Commons Structure should be reduced by up to 15% by 2014/15. This means further reducing SCS numbers in the House of Commons and PICT from 88 posts (as at 1 April 2010) to 75. So far SCS numbers have reduced by a net of eight, with the remaining reduction being on track as fixed term posts come to an end.

32. The implications and opportunities for House of Commons staff will be considerable, with new ways of working, new organisational structures, fewer staff and new skills all being possibilities. The aim is to ensure that the House of Commons Service remains an attractive career choice for capable and motivated people from all backgrounds, and that we continue to develop skills and opportunities for the longer term. This all requires careful change management and HR leadership which is being taken forward through a further strand of work entitled staff and culture. The Trade Union Side have been kept informed of developments and are being consulted as plans develop. Equality impact assessments are being conducted on savings proposals and action plans will be developed as required.

House of Lords

33. The House of Lords has its own financial strategy agreed by its House Committee in 2010, with the following target: "We will aim not to increase our resource costs in real terms throughout the period of the plan, despite the increased size of the House, and will reduce them where possible by reviewing what we do and how we do it." There is no House of Lords Savings Programme but the House of Commons Savings Programme is bicameral to a significant extent, with every strand involving shared services to some degree. House of Commons officials are working closely with officials from the House of Lords.

Formal Minutes

Wednesday 24 October 2012

Members present:

John Thurso, in the Chair

Sir Paul Beresford

Clive Betts

Geoffrey Clifton-Brown

Robert Ffello

Sir Alan Haselhurst

George Howarth

Iain Wright

House of Commons Administration: Financial Plan 2013/14 to 2016/17, including draft Estimate for 2013/14

The Committee considered informally the Chair's draft Report.

Draft Report (*House of Commons Administration: Financial Plan 2013/14 to 2016/17, including draft Estimate for 2013/14*), proposed by the Chair, brought up and Read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 16 read and agreed to.

Resolved, That Appendix 1 be added to the Report.

Resolved, That Appendix 2 be added to the Report.

Resolved, That the Report be the First Report of the Committee to the House.

[Adjourned till Tuesday 13 November at 2 pm]