



HOUSE OF LORDS

Resource Accounts 2012-13

(For the year ended 31st March 2013)

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Foreword to the Accounts

Scope

The House of Lords Administration presents the accounts of the House of Lords for the financial year ended 31 March 2013. The House of Lords is funded by Supply Estimates, the means by which public expenditure is authorised and voted by Parliament. The Resource Accounts contain the financial statements relating to the House of Lords' Estimate, which includes expenses and allowances paid to Members of the House of Lords. The Estimate also includes administrative and accommodation costs, such as security, catering, estates and works services expenditure. Information is also included, by way of notes, on the House of Lords Works of Art Collection Fund and the House of Lords Catering and Retail Services trading activities.

Aims and Objectives

The aim of the House of Lords Administration is:

- to enable the House and its Members to carry out their parliamentary functions effectively.

The objectives of the House of Lords Administration are:

- to provide the House and its committees with the advice and services they need for the effective conduct of business;
- to provide individual Members of the House with the advice and services they need for the effective performance of their parliamentary duties (regardless of party or office);
- to make the House and its work accessible to the public; and
- to maintain the House's buildings and collections, having regard to the heritage they represent.

Principal Activities

The House of Lords is the second Chamber of the United Kingdom Parliament and as such is one of the busiest parliamentary chambers in the world. As a constituent part of Parliament, the House of Lords makes laws, holds government to account, and debates issues of public interest. It plays an important part in revising legislation and scrutinising Government policy.

Management Commentary

a. Significant events during the year

Reform of the House of Lords

In May 2011 the Government published the *House of Lords Reform Draft Bill* (Cm 8077) which proposed a reformed House of Lords of 300 members. The draft bill was examined by a Joint Committee, which reported on 23 April 2012. The Queen's Speech on 9 May 2012 said, "A Bill will be brought forward to reform the composition of the House of Lords". The House of Lords Reform Bill was introduced in the House of Commons on 27 June 2012. The Bill was dropped by the Government on 3 September 2012.

Restoration and Renewal of the Palace of Westminster

During 2012-13 a Pre-Feasibility Study addressing options for securing the long-term future of the Palace of Westminster was carried out by a study group of officials from both Houses of Parliament, advised by two Members of each House. In October 2012, the House of Commons Commission and the House of Lords House Committee each considered the report of the study group and agreed to the report being published. It is available via the Parliamentary website¹.

The report outlined various options on how to undertake the essential refurbishment of the Palace of Westminster, including a possible temporary relocation of Parliament. Officials were asked to commission a fully costed appraisal of the three high-level options that would retain the Palace of Westminster as the long-term home of Parliament and as an iconic building for the nation.

The aim is to complete the report by summer 2014 and further information on the Restoration and Renewal of the Palace of Westminster is available via the Parliamentary website².

b. Important events which have occurred since the financial year end

Intelligence and Security Committee of Parliament

The Justice and Security Act 2013 received Royal Assent on 25 April 2013. The Intelligence and Security Committee (ISC) was established by the Intelligence Services Act 1994 to examine the policy, administration and expenditure of the Security Service, the Secret Intelligence Service and the Government Communications Headquarters. The Prime Minister appoints the members after considering nominations from Parliament and consulting the Leader of the Opposition. The Committee reports directly to the Prime Minister, and through him to Parliament by the publication of the Committee's reports. The Justice and Security Act changes the existing Intelligence and Security Committee into the Intelligence and Security Committee of Parliament (ISCP) and certain elements of its cost will, in the future, be funded by Parliament. This has been agreed in principle by the House Committee; the exact nature of the funding is subject to ongoing discussions between the ISCP, the two Houses of Parliament, the Cabinet Office and the Foreign and Commonwealth Office.

c. House of Lords Annual Report and Business Plan

Further details on the activities of the House of Lords in 2012-13 are contained in the *Annual Report 2012/13*. Additionally, the *House of Lords Business Plan 2013/14* (HL Paper 149) was published in March 2013. It included the Administration's Strategic Plan for 2011-15 and the business and spending plans for 2013-14 onwards. The Annual Report and the Business Plan are published on behalf of the House of Lords by The Stationery Office and are available from bookshops and via the Parliamentary website.

d. Operating and Financial Review

The 2012-13 Resource Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies set out in Note I.

¹ <http://www.parliament.uk/documents/commons-commission/PED-Modernisation-Report-Oct12.pdf>

² <http://www.parliament.uk/restoration-project>

Savings

The House of Lords Administration is delivering the Savings Strategy agreed by the House Committee in 2010, with the following target for the period to 2014-15: “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.”

The baseline was set in 2010-11 at £102m, equating to a target of £110m for 2012-13. Disregarding exceptional and technical accounting adjustments, the Administration was within target.

<i>Table 1 - Resource costs compared to target</i>	2012-13 Outturn £m	2011-12 Outturn £m
Net operating costs	87.6	108.8
Exceptional items and technical accounting adjustments		
Property revaluation gain/(loss)	3.7	(14.0)
Underlying Resource expenditure before exceptional items and technical accounting adjustments	91.3	94.8
Resource target	110.0	105.0
Inflation (<i>Consumer Prices Index</i>)		4.2%

The 2012-13 annual valuation of the Parliamentary Estate resulted in a net gain on revaluation of property, plant and equipment of £4.0m. The gain on the valuation of freehold land credited net operating costs by £3.7m, the net gain on revaluation of land and buildings other than freehold land credited the revaluation reserve by £0.3m.

The resource outturn in 2011-12 included a significant accounting adjustment of £14.0m relating to the annual revaluation of the Parliamentary Estate. The net loss on revaluation resulted from a combination of a gain on the valuation of freehold land totalling £2.5m netting against a £16.5m loss on revaluation of Millbank House.

Comparison of the 2012-13 outturn with the 2012-13 Estimate

The elements of Parliamentary Supply Estimates are resource and capital Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). For the House of Lords in 2012-13 Parliament voted limits on:

- the net resource DEL requirement,
- the net resource AME requirement,
- the net capital DEL requirement,
- the net cash requirement for the Estimate as a whole.

The House of Lords Administration’s outturn on net total resources (DEL and AME) for 2012-13 was £87.9m, recognising a £14.0m underspend against the Estimate, including the Supplementary Estimate, of £101.9m.

