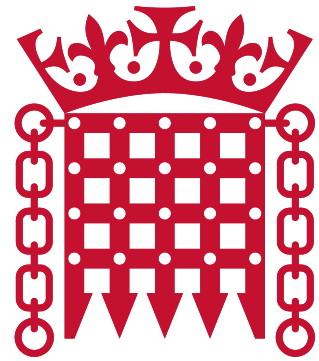


House of Lords



Annual Report 2007/08

House of Lords



Annual Report 2007/08

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Foreword by the Lord Speaker

This year's Annual Report focuses particularly on strategic developments and actions arising out of the Business Plan 2007 / 08. The design and format of the Report have also been adjusted so that in future it will more obviously be the partner volume to the Business Plan.

Because of this change in emphasis, some of the descriptive material relating to the legislative, political, deliberative and judicial work of the House has not been included. This year, much of this information can be found in the popular publication, *The Work of the House of Lords*. Nevertheless, it is still important to emphasise that the fundamental purpose of the work and developments chronicled in this Report support the core business of the House of Lords – to be an effective and efficient second chamber.

The scale of the task is shown by the basic statistics which relate to the year covered in this Report. The House sat for 148 days – some 959 hours spread over 37 weeks, with an average sitting time of 6.5 hours per day. Over half the time of the House, 56.5%, was spent on legislation and in addition, the Grand Committee also spent 132 hours discussing bills. In all, 5975 amendments were tabled and 2142 amendments made. 62 debates were held on general matters, 18 on Select Committee reports and 56 Questions for Short Debate were considered. In addition, four questions were answered orally each day, and nearly 5000 Written Questions were answered.

These bald statistics represent much hard work by staff and members alike, and set the context in which the House administration and domestic committees function. They represent the principal parliamentary activities for whose furtherance our corporate planning and reporting regime exists.

Could I end with my thanks, not only to all those who work in the administration of the House, but also to all those Members who give their time and support to our committee and governance structures.



Preface by the Clerk of the Parliaments

This is the 17th Annual Report of the House of Lords. The first modest report appeared in 1992. It was published in black and white, without

illustrations and reflected the first tentative steps towards strategic objectives and financial planning. The House and the Administration have come a long way since then and successive reports have described the work of both in detail. As the Lord Speaker indicates in her Foreword, this report represents a departure and concentrates on the achievements against the Business Plan for 2007-08.

The Report begins with a description of key developments. These include the proposed renovation of 1 Millbank to provide much needed improvements in accommodation for Members; the establishment of the first joint department (the Parliamentary ICT service); and Investors in People re-accreditation for the Administration, reflecting the importance which the House and the Administration placed on the staff, their training and development. It goes on to describe progress against the 8 strategic objectives in the Business Plan – a section which illustrates the great range of activities undertaken by Members and staff on behalf of the House.

The Report was approved by the House Committee. It includes a breakdown of expenditure by the House in 2007-08, although the full Resource Accounts are published separately, and it incorporates the Annual Report of the Audit Committee.

I succeeded Sir Paul Hayter as Clerk of the Parliaments in November 2007 and it is a privilege to make this first contribution to the Annual Report. I would like to express my thanks to my many colleagues on the staff of the House for their support in what is proving to be a busy and challenging session of Parliament. Together, we will continue to provide and seek to improve the range of services which the House requires to carry out its functions effectively.

Michael Pownall

Clerk of the Parliaments and Accounting Officer

Strategic Developments for the Administration

Introduction

1. This Annual Report is for the financial year from 1 April 2007 to 31 March 2008 and relates to the *House of Lords Business Plan 2007*, published on 28 March 2007 as HL Paper 87 (of session 2006-07). The report takes a different form from the reports of previous years, following the decision of the House Committee in April 2008 that the Annual Report should focus primarily on strategic developments for the administration of the House during the year and a brief assessment, by strategic objective, of developments in fulfilment of the Business Plan for the year. It reflects the greater focus now accorded to tasks and deliverables in the *House of Lords Business Plan 2008* (HL Paper 80 of session 2007-08). Much of the descriptive material previously included in the Annual Report can be found in the publication *The Work of the House of Lords*¹.

2. The main strategic developments in 2007/08 related in the main though not exclusively to governance:

- the development of new accommodation.
- the decision to appoint a Director of Facilities to assume some of the functions currently exercised by Black Rod.
- the establishment as a joint department of the Parliamentary ICT service (PICT).
- a restructuring of the Management Board following an external review.
- a “post-implementation” review of internal governance structures by Lord Tordoff and Lord Hunt of Wirral, leading to amended terms of reference for the House Committee and other domestic committees.
- staff.
- use of the Chamber.

1 Published by the Information Office, available on request.

Works and accommodation



14 Tothill Street

3. During the year the House of Lords joined the House of Commons in taking a 15 year lease of 14 Tothill Street – an eight floor office building with storage basement. The House of Commons is lessee and proposes to use floors 1 – 4. The House of Lords will sub-lease the office space on floors 5 – 7 from the Commons. The ground floor will be shared and will include meeting rooms and a small refreshment facility. The office space on floors 5-7, which is largely open plan, will provide temporary decant space for staff currently accommodated in 2 Millbank during the renovation of 1 Millbank. By the end of the reporting period plans for the fit-out of the Tothill Street accommodation were still being evolved.

4. Meanwhile, detailed design work for the fit-out of 1 Millbank and consequential works to 2 Millbank was undertaken during the summer, culminating in presentations of a proposed design plan to the Administration and Works Committee and the House Committee in the autumn. The House Committee subsequently agreed that the design plan should go ahead at a total cost of £31.8m for the core renovation and additional works. While the Administration and Works Committee has taken the lead in ensuring the project meets Members' needs, the Information, Refreshment, and Works of Art Committees are being consulted on relevant aspects of the design plans.

5. The renovation of 1 Millbank is expected to have such a disruptive impact on 2 Millbank that the building will have to be vacated for the duration of the works. In order to avoid the relocation of Members of the House to Tothill Street, in April 2008 the House Committee reviewed the timing of the Millbank project and agreed to align the commencement of works on 1 Millbank with the inauguration of the Supreme Court – and departure from the House of Lords of the Law Lords – in the autumn of 2009. Members of the House can then be moved from 2 Millbank into the offices vacated by the Law Lords for the duration of renovations.

Director of Facilities

6. In March 2008 the House Committee discussed the recommendation of the Clerk of the Parliaments that a new post of Director of Facilities should be established to assume responsibility for certain functions currently carried out by Black Rod. This reflected the very significant increase in Black Rod's responsibilities in recent years, following the acquisition of additional buildings and heightened security. The creation of the new post would allow Black Rod to focus on the traditional aspects of the role as Secretary to the Lord Great Chamberlain and Serjeant at Arms – responsible for security, order in the House and the Doorkeepers, ceremonial duties, events, public access and the Sovereign's residual estate at Westminster. Black Rod would continue to be a member of the Management Board and report to the Clerk of the Parliaments.

7. The new post of Director of Facilities would have responsibility for works, accommodation, facilities and services including the attendants and housekeepers. The post-holder would be a member of the Management Board and will report to the Clerk of the Parliaments.

8. The Head of Catering Services, who at present reports to the Director of Human Resources, would report in future to the new Director of Facilities. The Head of Catering Services would continue to manage the Refreshment Department operations day-to-day.
9. The House Committee agreed that changes on these lines – designed to strengthen the services provided to Members – were desirable and reported to the House in these terms. The proposals were debated by the House on 31 March 2008 when the alternative case, that the proposed Director of Facilities should report to Black Rod, was made. The House agreed to the House Committee’s proposals on division, by 194 votes to 47. The changes will take full effect on the retirement of Sir Michael Willcocks KCB as Black Rod in 2009.

Parliamentary ICT Service

10. The Parliamentary ICT Service (PICT) was formally established as a joint department of the two Houses on 1 April 2008. Eight Lords staff transferred to the joint department on that date. During the run-up to the transfer, detailed consideration was given to transitional issues by officials of both Houses working as the Joint Department Implementation Board. The Board reported to the two Corporate Officers in October 2007 and their recommendations were considered by the Management Board and are now being taken forward.
11. The establishment of PICT as a joint department has reinforced the need across the two Houses for clear governance arrangements for PICT services. The Joint Business Systems Board (JBSB) is responsible for ensuring that the business plans of both Houses are reflected in and supported by a viable and affordable ICT strategy for both Houses and that programmes of activity to realise the benefits of this strategy are being managed in a coherent and cost effective way. JBSB is a cross-parliamentary body of the two Management Boards and consists of two members from each board, the Director of PICT and an external member. It is currently chaired by the Reading Clerk. PICT’s budget is agreed by the Finance Directors of the two Houses as part of the annual business and financial planning process. The Director of PICT attends the Management Boards of both Houses and attends other meetings as required. The Audit Committee of both Houses have agreed a joint audit plan for shared services which includes ICT.

Management Board restructuring



The Management board: from left to right, Audrey Nelson (Secretary), Elizabeth Hallam-Smith, Phillipa Tudor, Rhodri Walters, Michael Pownall, David Beamish, Sir Michael Willcocks, Simon Burton, Joan Miller

12. In April 2007 the House authorities received the Review of the Management Board which had been conducted by Sir John Parker, Chairman of National Grid plc, and Helen Mahy, Group Company Secretary. The Review made a number of recommendations covering all aspects of the work of the Board. In particular, it was suggested that membership of the Board might be reduced by two or three Members and that two non-executive members should be appointed. These suggestions were in line with the Treasury's Code of Corporate Governance for Central Government Departments issued in July 2005, and were also consistent with the view of the House administration's own Business Planning Group.

13. Thus, following the retirement of Sir Paul Hayter as Clerk of the Parliaments in November 2007, the opportunity was taken to reduce the size of the Board by one. The proposal for non-executive representation was however rejected by the House Committee. The House Committee took the view that the Committee itself fulfils the role of providing non-executive support and challenge to the administration. The size of the Board stands at eight, including the Director of PICT.

Terms of reference of the House Committee and Domestic Committees

14. In June, following the House Committee's consideration of the Parker-Mahy Review of the Management Board, the two members of the Committee who had been closely involved in the 2002 changes to the internal governance structures, Lord Hunt of Wirral and Lord Tordoff, were invited to conduct a brief "post-implementation review" of those changes. Their short report concluded that there had been significant successes since 2002, and that the present governance arrangements required only minor adjustment.

15. They confirmed the view that the members of the House Committee should provide a non-executive challenge to the Management Board and suggested ways in which the Committee's role of "critical friend" might be enhanced. Accordingly, their report proposed that the terms of reference of the House Committee should better reflect its non-executive role vis-à-vis the Management Board and its function in setting strategic direction. It also suggested that the terms of reference should make specific reference to the Committee's role in supervising arrangements relating to Members' expenses. These proposals were accepted by the House Committee and agreed to by the House on 5 December (HL Paper 13 of session 2007-08). Accordingly the House Committee's terms of reference are now:

"To set the policy framework for the administration of the House and to provide non-executive guidance to the Management Board;
to approve the House strategic, business and financial plans;
to agree the annual Estimates and Supplementary Estimates;
to supervise the arrangements relating to Members' expenses;
and to approve the House of Lords Annual Report".

16. The report also analysed the relationships between the House Committee as the strategy-setting body and the work of the other domestic committees with responsibilities for the House's internal affairs as "user groups" and concluded that the terms of reference of the other domestic committees could better reflect the House Committee's strategic role. Therefore the House also agreed that their terms of reference should all be amended with the insertion at the end of the relevant words as follows:

".....within the *strategic framework* and limits approved by the House Committee".

Staff

17. The continuing commitment of the House administration to Investors in People (IiP) was recognised in October 2007 when IiP re-accreditation was successfully achieved. The IiP report concluded that “The Assessor is totally satisfied that the House of Lords continues to meet the requirements of the Investors in People National Standard”. As has been the case with previous IiP reports, further developments in a number of areas were suggested, which are being taken forward by the Human Resources Strategy Group.

18. A staff survey was carried out by a market research company during February and March 2008 and a report presented at the beginning of April. All staff were given the opportunity to complete the survey either online or on paper. 325 out of 490 employees (66%) responded. The results were benchmarked both against the last Survey (2005) and against a group of similar surveys from central government. Results showed that engagement levels within the House of Lords are high, with strong feelings of belonging and levels of pride in the work. The Management Board has asked Heads of Office to discuss the results in depth with staff and on the basis of feedback received, steps will be taken to identify problems and bring forward suggestions for change. These will then be discussed with staff and representative groups.

Use of the House of Lords Chamber

19. With the agreement of the Administration and Works Committee and the Information Committee, the finals of the English-Speaking Union’s schools debating competition were held in the Lords Chamber on 12 May 2007, on a trial basis. The House hosted the team members, their fellow pupils and families from the United Kingdom and Ireland – some 300 people in all – debating, among other topics, reform of the House of Lords. Several Members of the House also attended. The proceedings were broadcast by BBC Parliament the following week. An impact assessment by the Hansard Society showed that the debating contest was very well-received by participants. Following this very positive feedback, the committees agreed in January 2008 that a further trial be held to enable pupils from a wider range of schools and backgrounds to take part. Accordingly, the UK Youth Parliament was invited to hold its annual agenda setting debates in the Chamber on 2 May of this year. It is expected that the relevant committees will once again review the outcome with a view to agreeing whether as a matter of principle the Chamber should be used for this kind of outreach activity on - say - an annual basis.

Implementation of the Business Plan

Introduction

The fourth *House of Lords Business Plan 2007* (HC Paper 87 of Session 2006-07) was published in March 2007 and related to the financial year from 1 April 2007 to 31 March 2008. This part of the Annual Report relates to the eight strategic objectives in that plan. While the administration devotes most of its administrative resources to carrying out the House's core business as the second chamber of the United Kingdom legislature, the emphasis in this part of the Annual Report is on new developments in 2007/08.

Objective 1:

Ensure that the procedural advice, research, administrative support and reporting services for the House and its committees are timely, impartial, and of high quality, and are provided in a way which is responsive to Members

Chamber, Committees and Procedure

- Joint Select Committees were appointed to give pre-legislative scrutiny to two draft bills (Climate Change, and Human Tissue and Embryos) in the summer of 2007. Both bills were subsequently introduced into the Lords early in the 2007-08 session.
- The Crossrail Bill, a hybrid bill to construct a major cross-London rail link, was received in the Lords on 14 December 2007, having been introduced in the Commons in February 2005. The bill was given a Second Reading on 9 January 2008, and committed to a Select Committee which began work on 19 February 2008. (The Committee's task was to consider petitions against aspects of the planned railway line, with power to amend the bill or require the promoters to give undertakings to mitigate any adverse effects of the construction). 113 petitions were received against the bill, and up to the end of the financial year, 17 sittings of the Committee and 3 site visits had taken place. The Committee

finished its work in May 2008, and thereafter the bill is expected to proceed through its final stages in the House. Proceedings of the Committee were greatly facilitated by the sophisticated IT facility with which Committee Room 4A has been provided, with use of individual monitors for Members and wall screens.

- The Select Committee on the European Union completed a major and unusual piece of work, *The Treaty of Lisbon: an impact assessment* (10th Report 2007-08, HL Paper 62). The report set out to assist the House in its consideration of the European Union (Amendment) Bill by assessing the impact of the Lisbon Treaty, which the Bill enabled the Government to ratify. The exercise involved the Select Committee and all seven of its Sub-Committees, a total of 80 members of the House supported by 25 Committee Office staff. The report set out to be an objective assessment: it highlighted and explored significant provisions of the Treaty, but deliberately made no value judgments and few recommendations – taking the view that these were issues which the House itself would wish to decide, assisted by the Committee’s analysis.
- During the year, an opposed bill committee considered two private bills to regulate street trading, in Bournemouth and Manchester. The committee allowed the bills to proceed, with undertakings given by the promoters, but reported that the regulation of pedlars and other street traders was a matter on which the Government should take nationwide action, rather than leaving it to individual councils to seek private legislation.
- In 2007, the House published Written Statements and Answers throughout the summer recess for the first time. Once a week throughout August and September, all Statements and Answers that had been received were collated, processed and posted on the parliamentary website rather than leaving everything until the House returned. This ensured that all relevant information was put in the public domain as early as possible. A single compilation volume, containing all 313 answered Questions and 15 Statements, was produced on the last Monday of the summer recess.
- The Management Board agreed that a study be conducted of the options for future provision of committee transcription services after expiry of the current contract in 2010.
- Revised manuals of judicial procedure were produced and Judicial Office staff have been active in advising the Ministry of Justice on the arrangements for the new United Kingdom Supreme Court.

- The Procedure Committee agreed a further modification in the procedure of the House relating to Law Commission bills, enabling the Second Reading of such bills to be taken in Grand Committee.

Services

- Preliminary planning took place for a second Members' survey of facilities and services. The survey itself will take place in the summer and autumn of 2008.
- A facility to enable Members to request publications from the Printed Paper Office electronically via the intranet has not yet been achieved because of technical problems.
- A procedure was established to ensure swift and appropriate responses to Members' comments and feedback about services provided for them.
- The corporate credit card scheme for Members' travel was reviewed and some minor changes made. 171 Members are now in possession of a card.

Objective 2:

Improve the provision of accommodation and facilities to enable Members, Members' staff and the staff of the House to work in an efficient and safe environment

Accommodation

- The House has joined with the Commons in leasing an office building, 14 Tothill Street, of which three floors will be used as offices for Lords staff during the renovation of 1 Millbank (see p7).
- Design work for the fit-out of 1 Millbank culminated in a detailed design plan. Key offices (Library, Refreshment Department, Printed Paper Office) have been involved; and the House Committee decided to synchronise the commencement of works with the departure of the Law Lords in autumn 2009 (see p8).

Works

- Work began to draft a 25 year estate strategy and a 5-year Estates and Works Plan to facilitate short to medium term business planning.

- The Administration and Works Committee agreed in November 2007 to the tender of further consultancy work relating to the repair and replacement of the Palace's mechanical and electrical equipment.
- The Project Board for the major programme to repair the Palace's cast iron roofs has agreed that a pilot project should be undertaken in Speaker's Court (HoC) beginning at Easter 2009.

Sustainability

- 100% of electricity has been sourced from renewable sources since early 2007, thus exceeding the 10% target originally set.
- Following the purchase of 100% electricity from renewable sources early in 2007, annual absolute carbon emissions from fuel and electricity used in buildings were reduced by more than half thus exceeding the target of a 12.5% reduction by 2010/11.
- No progress was made in reducing energy consumption measured in terms of kWh of fuel and electricity used per square metre of building floor area. Greater use of ICT equipment and air conditioning cancelled out improvements in lighting and various plant efficiencies. The target is a 15% reduction by 2010/11 below 1999/2000 levels.
- No electricity is presently sourced from combined heat and power (CHP). Consideration is being given to connecting the Palace to the Whitehall central government CHP in order to reach the target of 15% by 2010/11 over 1999/2000 levels.

Objective 3:

Ensure that security arrangements are appropriate to the assessed level of threat and allow the House to function effectively; and develop contingency plans to enable the House and its committees to continue their work under any circumstances

Security

- The new pass access control system for the Parliamentary Estate was delivered in March and has proved successful.
- The opening of the new visitor reception building – Cromwell Green Entrance – in April 2008 provided improved access arrangements for admitting large

numbers of visitors to the Palace. As part of the project, new emphasis has been placed on improving the outward face of Parliament towards visitors through the deployment of new staff, specifically charged to assist those visiting the Palace and to explain the work of Parliament. This joint project with the Commons was subject to considerable overrun in both time and cost.

Contingency and business continuity

- Work has continued on the preparation of disaster recovery and business continuity plans, in conjunction with the Commons. During the year, offices in the two Houses produced plans in an agreed and consistent format, under the direction of a bi-cameral Business Continuity Steering Group.
- The House has improved its collaboration with the Commons in contingency planning and off-site relocation of the two Houses.

Objective 4:

Improve public access to, and understanding and knowledge of, the work of the House of Lords and its heritage

Physical access

- The opening of Cromwell Green Entrance (the new visitor reception building) in April 2008 provided greatly improved access arrangements for large numbers of visitors to the Palace (see p16).
- Outline business case approval was obtained in November 2007 for a three year works programme 2008-2011 which will ensure compliance with disability discrimination legislation.

Parliamentary heritage

- The Curator of the Works of Art's Office planned the exhibition *The British Slave Trade: Abolition, Parliament and People* held in Westminster Hall from May to September 2007 and the Parliamentary Archives set up a website of materials illustrating Parliament's relationship with the slave trade.
- The Parliamentary Archives collaborated with the National Archives of Scotland and the Scottish Parliament in staging the exhibition *Making the Act of Union 1707* to mark the 300th anniversary of the Act of Union, held in the Royal Gallery from June until August. The exhibition then transferred to the Scottish Parliament. A related website was also established.

- The Portcullis 2 archive cataloguing project was successfully completed on time and on budget. The project cleared a backlog of 240 jobs relating to uncatalogued historic archives held by the Parliamentary Archives, opening them to the public and in the process helping Parliament to comply with freedom of information legislation in relation to making historic archives as accessible as possible.
- A digitisation policy and guidelines were devised by the Archives, in consultation with stakeholders in both Houses, to ensure that future parliamentary digitisation projects create sustainable assets which are managed in accordance with best practice.
- In June 2007 the Works of Art Committee agreed to commission paintings of five of the Armada Tapestries destroyed in the fire of 1834. These paintings will complete a project started by the Fine Art Commission in the 1850s but left uncompleted following the death of the Prince Consort. The paintings, which will be largely funded by a generous private donation, will hang in the Prince's Chamber.
- Work began on compiling an online catalogue of the parliamentary art collection as part of the wider Works of Art Website Project. This work will be completed in autumn 2008.

Outreach and public awareness

- The House participated with the Commons in a pilot scheme of regional outreach officers with the remit to establish links with stakeholders in specific regions of the UK. Four appointments were made, two for the East of England and two for Yorkshire and Humberside.
- The appointment of an additional Press Officer in October 2007 has enabled better promotion of debates.
- The English-Speaking Union Schools Mace debating competition finals were held as a trial event in the Chamber on 12 May 2007. Feedback from all participants was extremely positive and the Information and Administration and Works Committees took the view in January 2008 that a second trial event should be held involving the UK Youth Parliament (see p12).
- 2007/08 was the first full year of the Peers in Schools Project run by the Lord Speaker's Office and involved some 60 Members of the House visiting over 100 schools across the UK.
- In March 2008 *Lords of the Blog* was launched. Commissioned by the House, it is conducted and hosted by the Hansard Society to raise awareness of the work

and role of the House of Lords. It is being run on a trial basis for six months and involves ten Members of the House.

- Five short videos about the House of Lords were created between Autumn 2007 and Spring 2008 and launched on Parliament's YouTube channel in June. These aim to explain the role, impact and relevance of the House and encourage young people to get involved in politics. Within two weeks of their launch the videos had received nearly 20,000 views.
- The '*What a Waste!*' competition for schools enabled students to participate in an inquiry by the House of Lords Science and Technology Committee into waste reduction.
- Substantial progress was made towards improving the navigational structure of the Parliamentary website and a number of new features were introduced, including a calendar of business, a bill tracker and enhanced searching. The first of a series of virtual tours of the Palace was placed on the website.



The Chamber is used for the ESU Schools Mace competition

Objective 5:

Pursue Human Resource Policies which promote the recruitment, retention and development through training of staff of high calibre; which encourage diversity and support innovation; and which provide staff with the skills and motivation to meet the needs of the House

Personnel

- PICT was formally established as a joint department of the two Houses on 1 April 2008 (see p9).
- The all-staff survey took place in February and March 2008 (see p12).
- Three members of staff serving in the Parliamentary Archives, but hitherto employed by The Stationery Office, transferred into service of the House.
- Michael Pownall was appointed Clerk of the Parliaments with effect from 4 November 2007. David Beamish was appointed Clerk Assistant and Rhodri Walters was appointed Reading Clerk. A number of other senior appointments were made.
- Progress was made in developing the interface between the pension database (Penserver) and the general human resources and finance database (Agresso) to enable pension benefit statements to be delivered annually to all members of staff by July 2008.
- A two year pay deal for staff in grades A to D was negotiated and the 1996 pay and grading agreement for staff in those bands was revised and up-dated.

Training and development

- IiP re-accreditation was successfully achieved until 2010 (see p12).

Diversity

- In line with Management Board policy on diversity in the workplace, mandatory training in diversity issues was provided to all staff. (Diversity statistics relating to staff appointments are printed at Appendix C.)
- For the first time the House of Lords offered a placement for one month to a participant in the Civil Service Fast Stream Summer Development Programme, an annual scheme designed to encourage applicants from ethnic minorities and those with a disability.

Objective 6:

Ensure a system of corporate governance and internal control which is open, effective and accountable, which delivers value for money and which is based on sound financial management

Corporate governance

- In April 2007 the House authorities received the *Review of the Management Board* by Sir John Parker following which the size of the Management Board was reduced (see p12). The Management Board also acted upon a number of other recommendations: an improved model has been adopted for the 2007/08 Business Plan; an improved strategic focus has been given to discussion by an increased use of Management Board sub-groups (particularly the Human Resources Strategy Group) and timed agendas; a Management Board away day has been instituted.
- The terms of reference of the House Committee and the other domestic committees were modified following receipt of a “post-implementation” review by Lord Hunt of Wirral and Lord Tordoff of the 2002 management changes (see p11).
- The House agreed to the appointment of a Director of Facilities to be responsible for accommodation, works, facilities and services following the retirement of Sir Michael Willcocks in 2009 (see p8). These proposals complement in part those implemented by the House of Commons following Sir Kevin Tebbit’s review of the House of Commons administration (*Review of the Management and Services of the House of Commons* (HC Paper 685 of session 2006-07)).
- The Parliamentary Works Directorate and the Estates Directorate were reunited with effect from 1 January 2008, following Sir Kevin Tebbit’s review of House of Commons management and services.

Financial Management

- Publication of the Resource Accounts (HL Paper 63 of session 2006-07) was brought forward to July in accordance with the general initiative to bring forward publication of accounts of government departments.
- The new integrated finance and human resources information system (HAISL) was successfully rolled out to the Refreshment Department and went live on 1 April 2008.
- Procurement guidance for the Refreshment Department was prepared.

Project Management

- PICT has grouped all significant project management into six sub-programmes following procedures based on Prince 2 and MSP (Managing Successful Programmes) methodology. An audit in late 2007 made further recommendations which are now being acted upon.

Objective 7:

Develop information and communication strategies to give parliamentary and public users ready access to parliamentary information, when they want it and without having to know where it is held

Information Services

- The Library commissioned a survey of the views of Members on their detailed needs for Library research and information services. Arising from this, the Information Committee agreed to expand research services with additional staff resources based in new facilities in the refurbished 1 Millbank building; and a number of enhancements to existing services were implemented during the year, including the introduction of email alerts to subscribing Members, a generic email contact address, and the production of Library Notes for forthcoming debates.
- The format of Lords Library Notes was redesigned.
- The layout of the Queen's Room was changed to enhance the ability of staff to assist Members; and ICT facilities were introduced in the Truro Room.
- Members of the Library's Technical Services section worked closely with colleagues in the House of Commons Library and PICT to devise and implement a successful strategy for the electronic receipt, processing and storage of papers deposited in the Libraries by government ministers which had hitherto been received and stored in hard copy format.
- The initial stage of a new virtual Library was launched in January 2008 with enhanced website features including a 'What's new' front page containing links to the latest email alerts, recently acquired information resources, quick links to current major news items and the virtual online tour of the Library, and restructured Library Notes pages.
- Work on enabling simultaneous online searching of the catalogues of the

Libraries of both Houses was taken forward in conjunction with the House of Commons Library.

- The Director of Information Services and Librarian acquired increased responsibility for the bicameral website and intranet programme on becoming Chairman of the Web and Internet Programme Board.
- A digital preservation strategy and roadmap relating to the long-term custody of Parliament's digital resources were devised, following a scoping report and detailed audit and consultancy. The strategy covers seven areas of activity to 2012/13, concerned with the information environment, policy, preservation, presentation, standards, skills, and communications.
- The House's notification under the Data Protection Act has been re-approved by the Information Commissioner.

ICT

- A new more resilient IT architecture was designed; and a full audit of core technical infrastructure undertaken.
- The expected roll-out of Windows XP did not take place due to weakness of the infrastructure. The alternative up-grade to Office 2003 was successful.
- A PICT local service was opened in Millbank House.
- In a drive to meet IT industry benchmark standards (ITIL standards), Service Desk performance improved markedly with a 74% reaccreditation score.
- The PICT IT Training team became accredited to the Institute of IT Trainers and were included in the top six teams for the Institute of IT Training 2008 public sector Training Team of the Year Awards for 2008.

Objective 8:

Strengthen working relationships with the House of Commons, devolved parliaments and assemblies, Commonwealth Parliaments and European Union institutions and national parliaments

Working with the Commons

- The Parliamentary ICT service was established as a Joint Department of the two Houses (p9).
- A joint meeting of the House of Lords Management Board and the House of Commons Board of Management was held for the first time in June 2007.

- Following the recommendation of Sir Kevin Tebbit's review of the House of Commons administration, the Parliamentary Estates Directorate and the Parliamentary Works and Services Directorate were reunited and in January 2008 the new Parliamentary Director of Estates (Melvyn Barlex) took up his post. The Parliamentary Estates Directorate (PED) serves both Houses and forms part of the House of Commons Department of Facilities rather than the Department of the Serjeant at Arms as before. In line with the Tebbit recommendations, PED realigned its project management and project sponsor capabilities to create an integrated project leadership role; started to develop its asset management and programme and planning roles to meet future demands of better managing the Parliamentary Estate; and is preparing a 25 year estates strategy plan.

Overseas and Commonwealth



Opening ceremony of the Commonwealth Speakers Conference, January 2008

- In conjunction with the House of Commons, the House hosted the biennial Commonwealth Speakers' Conference in the Royal Gallery, House of Lords, between 2 and 6 January 2008.
- The Lord Speaker attended the annual Conference of Speakers of European Union Parliaments in Bratislava in May 2007. Lord Grenfell represented the House at the annual meeting of the Association of European Senates in Budapest in October 2007.

- The Lord Speaker visited the Canadian Senate and the Legislative Assembly of British Columbia in September 2007.
- In February 2008 the House agreed to take over 30% of the funding of the Commonwealth Parliamentary Association UK Branch (CPA), the British Group of the Inter-Parliamentary Union (IPU), the British-American Parliamentary Group (BAPG) and the British-Irish Inter-Parliamentary Body (BIIPB). (The House of Commons assumed responsibility for the remaining 70%). These arrangements replaced Treasury funding through grants-in-aid and took effect from the start of the 2008/09 financial year. The House also agreed that a senior official of the House should represent the House's interests at meetings of the Executive Committee of each group; and that participation of Members of the House of Lords in the activities of the group and their executive committees should be not less than 30% over the year.
- An extensive programme of inward and outward visits took place involving Members of the House and senior staff.

Expenditure

Net provision for Members' expenses and general administration costs in 2007/08 was £63,187,000. Net expenditure totalled £59,277,708. The administration provision for 2008/09 was set by the House Committee at £66,542,000.

Net provision for works services in 2007/08 was £64,487,000 and net expenditure was £62,222,049. Works services and other capital provision in 2007/08 was £34,350,000 and expenditure was £31,052,085.

The works services provision for 2008/09 was set by the House Committee at £44,296,000. Works capital projects and other capital provision was set at £9,825,000.

A detailed breakdown of expenditure by core task as described in the House of Lords Strategic Plan 2006-11 (see p39) is set out below in Table 1, and by type in Table 2.

Table 1: Expenditure by core task	2007/08	2006/07	2005/06
	£000	£000	£000
Core task 1			
To meet the needs of the House and its committees.	25,884	25,051 ¹	14,031
Core task 2			
To meet the parliamentary and judicial needs of individual Members regardless of party or office.	40,840	34,868 ¹	43,636
Core task 3			
To make the House and its work accessible to the public.	4,255	3,883	3,765
Core task 4			
To maintain the heritage and integrity of the House's buildings and collections.	50,521	34,820	44,950
Net Operating Costs	121,500	98,622	106,382

Source – House of Lords Resource Accounts, Statement of operating costs by aim and core tasks. The figures are in resource terms.

1. Reflects a reclassification of Members' Expenses between Core Task 1 and Core Task 2 in 2006/07

Table 2: Expenditure by type	2007/08	2006/07	2005/06
	£000	£000	£000
Staff costs	20,976	19,651	16,547
Members' Expenses	18,399	17,718	15,613
Security	9,427	9,313	9,112
Property Costs	13,978	19,379	19,068
Other expenditure	13,107	12,510	10,338
Non-cash items	51,730	27,354	41,070
Income	(6,117)	(7,303)	(5,366)
Total	121,500	98,622	106,382

Source – House of Lords Resource Accounts, notes 5-7 (2005-06) and 6-8 (2006/07 & 2007/08). The figures are in resource terms.

Audit Committee Annual Report for 2007-08

Introduction

1. 2007/08 was the Committee's sixth year in operation and this is our sixth Annual Report to the House Committee. During the past year Lord Shaw of Northstead's tenure came to an end and he was succeeded by Lord MacGregor of Pulham Market. We place on record the Committee's appreciation for the work of Lord Shaw of Northstead.

Review of the year

2. The Committee met four times during 2007/08. It held its second annual private meeting with the Clerk of the Parliaments in January 2008. The Committee is satisfied that the Administration is continuing to make good progress across a number of areas. Alongside the ongoing "business as usual" work of the Committee in maintaining oversight of risk, audit, governance and financial management, there were a number of areas where we have taken a particular interest. The main areas of our work in 2007/08 are set out below.

Working with the House of Commons

3. During the year the Committee prioritised areas of joint working with the House of Commons. There are many aspects to this working relationship. The House of Lords sometimes acts as service provider for both Houses (for example, for the Parliamentary Archives); sometimes as the receiver of services provided by the House of Commons; and sometimes as partner (for example, the shared contract with the Metropolitan Police Service). The external members of the Audit Committees of both Houses have held joint meetings and a meeting was also held between the Chairmen of the Committees. A joint audit programme for shared services, including a review of shared services themselves, is planned for the 2008/09 financial year. The Committee welcomes the improvements in joint working between the audit facilities, through meetings of the Audit Committees and of their external Members as well as meetings of the internal audit teams, and looks forward to working more closely with the House of Commons in the future.

Security and business continuity planning

4. The Committee has maintained its interest in security expenditure and management and continues to regard the security threat as the most important risk facing the House. The Committee is aware of several ongoing projects which aim to minimise the security risk as far as possible. The Committee is briefed on security by Black Rod and by the Parliamentary Security Co-ordinator who attends Committee meetings to report on security co-ordination and proposals for improvements in security. Business continuity has also been an item of some interest to the Committee. Changes to the administration of business continuity, in particular joint working with the House of Commons, are in train and the Committee will keep this important aspect of risk management under review.

Refreshment Department

5. The Committee has had concerns about aspects of the operation of the Refreshment Department for some time. Several changes in that Department, including on working hours and staffing structures, have been made. The Committee was particularly concerned with outstanding audit items, for example on procurement and staff overtime. The Head of the Refreshment Department reported to the Committee at its meeting in April 2008 and the Committee looks forward to the results of the forthcoming departmental 'health check' exercise.

Corporate Governance

6. In April 2007 the Committee considered the administration's review of Corporate Governance which was conducted following the publication of HM Treasury's Code of Corporate Governance for Central Government Departments. The Committee considered the House Committee's conclusions on Corporate Governance in January 2008 and will maintain an interest in these issues. The Committee has also considered the risk management, fraud and whistle blowing policies for the administration.

Internal and external audit arrangements

7. During the year, the Committee considered seventeen internal audit reports including both new reviews and follow-up exercises. This represents a significant increase in the output of the Internal Audit team following the appointments of an Internal Auditor and a trainee Internal Auditor in late 2006 and early 2007. For all Internal Audit reports, the Committee was satisfied with the management response and with subsequent action taken. The Committee is informed regularly of the progress of all outstanding audit issues. The Committee approved the

draft internal audit programme for 2008/09. It also noted the Head of Internal Audit's partial assurance in respect of the overall adequacy and effectiveness of the House of Lords' risk management, control and governance processes for 2007/08; and the Clerk of the Parliaments' undertaking that he would work with the Management Board towards improving the level of assurance for 2008/09.

8. As well as greatly appreciating the effective work of the Internal Audit team, we continue to value the work of the NAO as the House's external auditors and their involvement in the work of the Committee. The Committee will continue to monitor how the administration responds to the findings of the internal and external audit teams in order to ensure that recommendations are followed up by appropriate and timely actions by management.

Resource Accounts for 2006/07

9. The Committee considered the draft Resource Accounts for 2006/07 in July 2007 in line with the Treasury's early closing initiative. The Accounts were issued with an unqualified opinion, as they have been since they were introduced. The Committee also agreed the NAO's Audit Strategy for the 2007/08 Resource Accounts and was satisfied with the NAO's intention to place reliance on other sources of assurance where it was reasonable to do so.

Project Management

10. The Committee continued to take an interest in the management of projects, in particular those which involved estates and works. The Committee was also briefed on significant ongoing projects including 1 Millbank and the Visitor Reception Building. Black Rod has agreed to return to the Committee to provide progress reports on works projects which fall under his responsibility including the Mechanical and Electrical modernisation and the Automatic Fire Detection and Voice Alarm System projects for both of which the Finance Director is currently senior responsible owner. The Committee will continue to maintain a close watching brief on works projects.

PICT

11. The Committee was pleased that legislation which allowed for the creation of a joint Parliamentary Information and Communications Technology (PICT) department of the House of Commons and House of Lords was given Royal Assent in July 2007. PICT was established as a joint department on 1 April 2008. The Committee has been briefed on arrangements for auditing PICT and will maintain its interest in the work of, and value added by, the new joint department.

The Year Ahead: 2008/09

12. Maintaining a critical overview of the processes involved in the acquisition and refurbishment of the 1 Millbank site will be an important role for the Committee in the forthcoming year. The Committee will also look at the operations of the Refreshment Department, business continuity, and governance.

13. The Committee also has a particular interest in projects which fall within the Parliamentary Works Services Directorate and in other areas of joint working with the House of Commons.

14. We continue to welcome suggestions by other Members of the House for issues within our terms of reference which might merit our consideration; and welcome the views and comments of Members on this report.

May 2008

BEST
Chairman of the Audit Committee

Audit Committee Membership:

The Audit Committee was re-appointed by the House Committee on 13th November 2007. The membership of the Committee during 2007/08 was:

Lord Best (Chairman)

Lord Cotter

Geoffrey Dart (external member)

Lord MacGregor of Pulham Market (from November 2007)

Lord Shaw of Northstead (until November 2007)

Dame Valerie Strachan (external member)

Lord Tunncliffe

Terms of Reference:

The Audit Committee is appointed by the House Committee. Its terms of reference are:

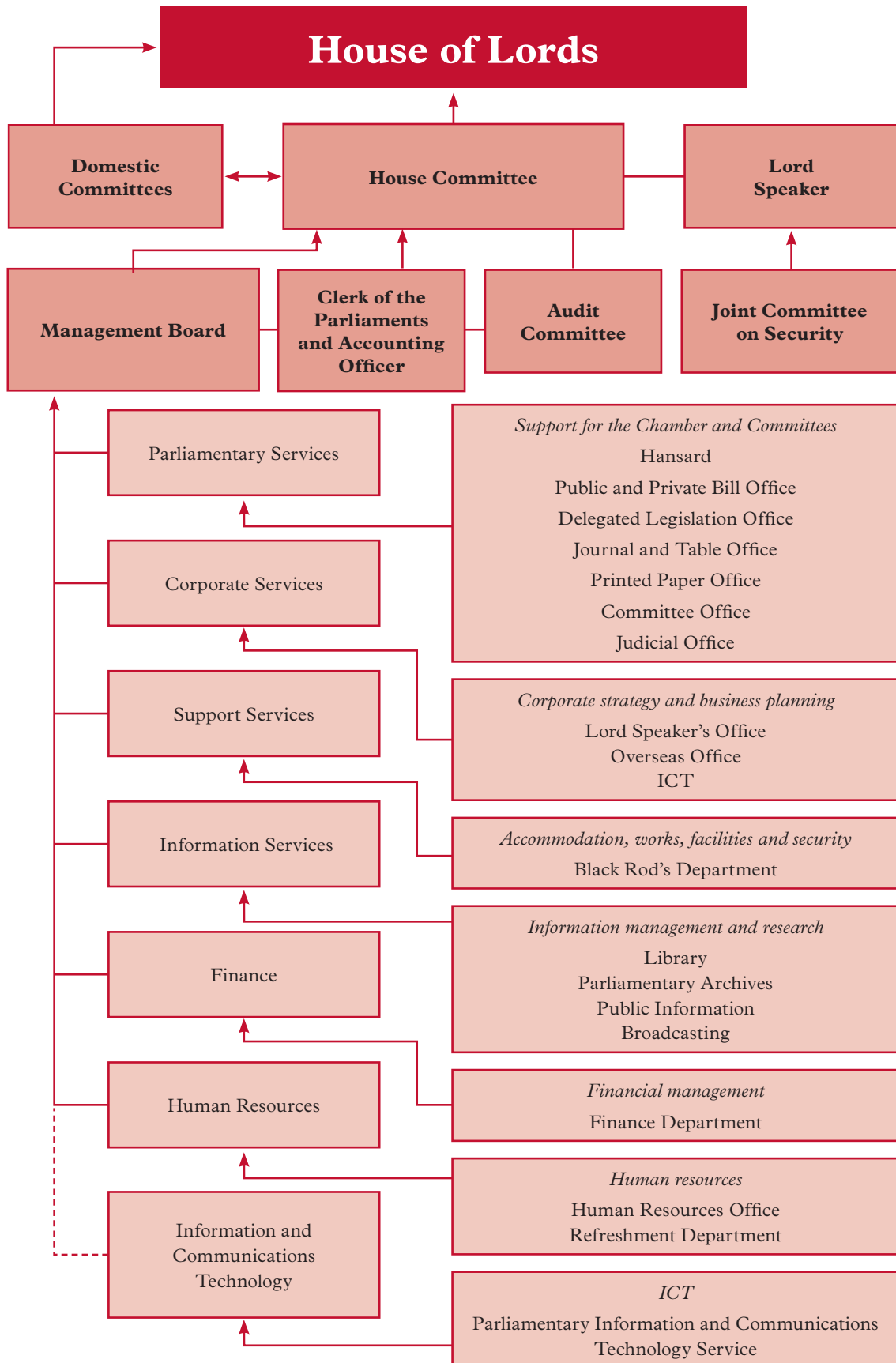
1. To consider internal and external audit reports and other material, and to assess management responses thereto;
2. To recommend to the Accounting Officer a suitable annual internal audit work programme and to monitor progress against the audit plan;
3. To provide advice to the Accounting Officer in the exercise of his responsibilities;
4. To evaluate the adequacy of the risk management system and the suitability of the control arrangements reported to it, and to advise the Management Board accordingly;
5. To monitor value for money, good financial practice, appropriate internal controls, and effective governance throughout the administration of the House;
6. To make an annual report to the House, to be submitted, in the first instance, to the House Committee and to be published with the House of Lords' Annual Report.

Declarations of Interest:

The relevant financial interests of internal Members of the Committee are listed in the Register of Lords Interests. An up-to-date version of the Register can be found at: <http://www.publications.parliament.uk/pa/ld/ldreg.htm>

Appendix A

House of Lords Organisation Chart



Appendix B

Composition of the House of Lords 2007/08

1. During the year the size of the House fell slightly, though average daily attendance – at 411 – was identical to that for 2006/07.

Composition of the House as at 1 April 2007

	Men	Women	Total
Archbishops and bishops	26	–	26
Life peers under the Appellate Jurisdiction Act 1876	25	1	26
Life peers under the Life Peerages Act 1958	467	139	606
Peers under the House of Lords Act 1999	89	3	92
Total	607	143	750
Of whom:			
Peers on leave of absence from the House	11	1	12

Composition of the House as at 31 March 2008

	Men	Women	Total
Archbishops and bishops	26	–	26
Life peers under the Appellate Jurisdiction Act 1876	22	1	23
Life peers under the Life Peerages Act 1958	462	144	606
Peers under the House of Lords Act 1999	89	2	91
Total	599	147	746
Of whom:			
Peers on leave of absence from the House	12	1	13

2. Twelve new life peers were created during the year, (of whom two were nominated by the House of Lords appointments Commission) and three bishops retired and were succeeded. Sixteen members died.

3. During the year a by-election was initiated to fill the vacancy created by the death on 24 February 2008 of Baroness Darcy de Knayth, one of 28 hereditary peers elected by the Crossbench hereditary peers. The Earl of Stair (Lord Oxenfoord) was elected.

4. At the end of the year the state of the parties in the House was as follows:

Conservative	202
Labour	217
Liberal Democrat	78
Crossbench	196
Other peers	14
Bishops	26
TOTAL	733*

**The figures exclude 13 peers on leave of absence.*

Appendix C

Diversity statistics for House of Lords staff appointments 2007/08

Ethnicity

Ethnicity of Applicants



White	51%
Asian	17%
Black	17%
Other	3%
Not Supplied	12%

Ethnicity of Shortlisted Candidates



White	53%
Asian	10%
Black	13%
Other	2%
Not Supplied	22%

Ethnicity of Candidates Offered Jobs



White	60%
Asian	8%
Black	10%
Other	3%
Not Supplied	19%

Gender



Gender of Applicants

■ Female	55%
■ Male	43%
■ Not Supplied	2%



Gender of Shortlisted Candidates

■ Female	75%
■ Male	23%
■ Not Supplied	2%



Gender of Candidates Offered Jobs

■ Female	59%
■ Male	41%
■ Not Supplied	0%

Age



Age of Applicants

16-24	23%
25-34	27%
35-44	15%
45-54	11%
55+	5%
Not Supplied	19%



Age of Shortlisted Candidates

16-24	12%
25-34	28%
35-44	17%
45-54	17%
55+	7%
Not Supplied	19%



Age of Candidates Offered Jobs

16-24	18%
25-34	34%
35-44	12%
45-54	12%
55+	4%
Not Supplied	20%

Note: These statistics are based on 35 appointments made following 2,396 applications.

Appendix D

House of Lords Strategic Plan 2006-11

Aim

The aim of the House of Lords administration is:

To enable the House and its Members to carry out their parliamentary and judicial functions fully and effectively.

Core tasks

The core tasks of the House of Lords administration are:

1. To meet the needs of the House and its committees
2. To meet the parliamentary and judicial needs of individual Members regardless of party or office
3. To make the House and its work accessible to the public
4. To maintain the heritage and integrity of the House's buildings and collections

Strategic Objectives

The following objectives are intended to contribute to the core tasks set out above. The annual business plans will set out how these objectives will be met.

Delivery objectives

1. Ensure that the procedural advice, research, administrative support and reporting services for the House and its committees are timely, impartial, and of high quality, and are provided in a way which is responsive to Members. [Links to core task 1]
2. Improve the provision of accommodation and facilities to enable Members, Members' staff and the staff of the House to work in an efficient and safe environment. [Links to core tasks 2 & 4]
3. Ensure that security arrangements are appropriate to the assessed level of threat and allow the House to function effectively; and develop contingency plans to enable the House and its committees to continue their work under any circumstances. [Links to all core tasks]

4. Improve public access to, and understanding and knowledge of, the work of the House of Lords and its heritage. [Links to core tasks 3 & 4]

Supporting objectives

5. Pursue human resources policies which promote the recruitment, retention and development through training of staff of high calibre; which encourage diversity and support innovation; and which provide staff with the skills and motivation to meet the needs of the House. [Links to all core tasks]

6. Ensure a system of corporate governance and internal control which is open, effective and accountable, which delivers value for money and which is based on sound financial management. [Links to all core tasks]

7. Develop information and communication strategies to give parliamentary and public users ready access to parliamentary information, when they want it and without having to know where it is held. [Links to all core tasks]

8. Strengthen working relationships with the House of Commons, devolved parliaments and assemblies, Commonwealth parliaments and European Union institutions and national parliaments. [Links to all core tasks]

Core Values

The administration will be guided by the following core values and principles:

- Respect for the constitutional importance and dignity of Parliament
- Professional excellence
- Honesty, impartiality and integrity
- Openness and accountability
- Obtaining value for money
- Fairness and respect for all staff

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