



HOUSE OF LORDS

Annual Report 2009/10

Published by the Authority of the House of Lords

London: The Stationery Office Limited

£8.50

HL Paper 20

Ordered to be printed 15 July 2010

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Foreword by the Lord Speaker

The 2009/10 financial year has been a busy and challenging time for the House of Lords with the need to rebuild public trust and confidence in our governance arrangements at the heart of much of our work. I believe substantial progress has been made, particularly with reforming the conduct and financial

support regimes for members. We have revised and strengthened the Code of Conduct, following work of a Leader's Group, led by Lord Eames, and recruited an independent Commissioner for Standards to investigate any alleged breaches of the Code.

Furthermore, it is anticipated that a new system of financial support for members will be in place when we return after the summer. Together, these reforms will help ensure that our arrangements meet the standards rightly demanded by the public.

Beyond these issues of standards and propriety, the House continues to show itself as an effective second chamber carrying out its fundamental tasks of holding the executive to account and scrutinising and improving legislation. The basic statistics illustrate the scale of the work the House has undertaken. In 2009/10, the House sat for 142 days, with an average sitting time of 6.5 hours per day. In all, 5597 amendments were tabled and 1807 amendments made. A total of 138 debates were held and nearly 6300 written questions were answered. 103 influential select committee reports were also published.

This demonstrates a great deal of hard work and I would like to thank all members for their contribution. My thanks must also go to the dedicated staff who work for the House and continue to serve us so professionally.



Preface by the Clerk of the Parliaments

This is the nineteenth annual report of the House of Lords administration.

The focus of the report is on strategic developments and on the fulfilment of tasks set out in the 2009/10 Business Plan. It does not seek to describe the full extent of the work of the House or the House administration; this information can be found in other sources, such as *The Work of the House of Lords*, available from the House of Lords Information Office.

As the Lord Speaker indicates in her Foreword, 2009/10 was busy and challenging and involved some major changes. Nonetheless, a great number of the objectives for the year were achieved; and this is due in large part to the resilience and adaptability of the staff of the House.

In July 2009, the last judicial sitting of the House took place and the historic appellate jurisdiction of the House was transferred to the Supreme Court, along with several staff in the former Judicial Office. This important constitutional change was successfully managed by all concerned.

The administration was heavily involved in the work associated with reform of financial support for members and members' conduct. The report covers this and many other aspects of the varied work of the administration.

The end of the financial year coincided almost exactly with the end of the 2005-10 Parliament. Since then, the administration has responded to the first change of Government since 1997. There will be much to do in the months ahead, not least following the coalition Government's plans for reform of the House and the arrival of many new members, the induction of whom represents an important new area of work.

The report, which includes the annual report of the Audit Committee, was approved by the House Committee on 13 July. It includes a breakdown of House expenditure in 2009/10. The full Resource Accounts will be published separately.

Michael Pownall

Strategic Developments for the Administration

Introduction

This annual report by the House of Lords administration is for the financial year from 1 April 2009 to 31 March 2010 and relates to the *House of Lords Business Plan 2009/10*, published on 24 March 2009.¹ The report focuses primarily on strategic developments for the administration of the House and a succinct assessment, by strategic objective, of the fulfilment of tasks prescribed in last year's Business Plan. Other strategic developments, which may not have been foreshadowed in the Plan, are also included.

Much of the narrative material relating to the core business of the House can be found in the annual publication *The Work of the House of Lords*, available from the House of Lords Information Office. Work is currently in hand under the direction of the new Director of Public Information to build on the success of this document so that, by adding to its qualities as a valuable outreach tool, it also serves as a complementary publication to this Annual Report.

The main strategic developments in 2009/10 related to:

- Accommodation
- Judicial Office
- Works and maintenance
- Conduct
- Registration of Members' Interests
- Members' Expenses
- People and Parliament
- Strategic Plan

Accommodation

Last year's Annual Report described how the House Committee had decided that the renovation of 1 Millbank should be synchronised with the vacation of the Law Lords' accommodation in October 2009. During August and early September 2009 the Law

¹ HL Paper 64, (Session 2008-2009)

Lords moved to the Supreme Court building; the Members and library staff located in 2 Millbank moved into the second floor West Front; and the staff of the Committee Office, Finance Department and some PICT staff moved to the top three floors of 14 Tothill Street. Renovation work on the Millbank site began in October. At the end of the reporting year it was expected that the project would be delivered on the target date and – thanks to continuing value engineering – within budget.

Judicial Office

The last judicial sitting of the House took place on 30 July 2009 and the Judicial Office closed, thus bringing to an end a judicature which had been exercised by the House for centuries. Of the 20 staff then in post, all but 5 transferred to the new United Kingdom Supreme Court.

Works and maintenance

The primary mechanical and electrical building services infrastructure (“M&E”) consists of pressurised steam, heating, hot and cold water, ventilation, IT and telecommunications cabling and electrical power, located in the basement of the Palace of Westminster. Some of the plant and equipment is 110 years old and much is well in excess of its predicted lifespan. Parts of the infrastructure system are not easily modified: risers are crowded with unidentified service cables, and in some cases services are encapsulated in asbestos or so crowded together as to prevent access for maintenance and repair.

In June 2009 the Management Boards of both Houses, advised by the Parliamentary Estates Directorate (PED), took the strategic decision to embark on a medium term “Aggressive Maintenance” project to secure the operation of the Houses within the Palace of Westminster for a period of 10 years from risk of interruption arising from failure of primary M&E plant. The project will reduce the risk of failure to identified M&E components & systems to provide a 10 year window (to 2020) in which to plan, prepare and commence subsequent works which will form the long-term M&E Project.

The project is divided into the following elements, designed to tackle some of the biggest problems:

- Plant room B, where asbestos has prevented proper maintenance
- J riser, a principal service conduit so full of pipes and cables that it is inaccessible
- Chilled water system upgrade
- Power capacity of the Palace

- Various plant room upgrades
- Specific M&E maintenance projects
- A programme of condition monitoring (i.e. non-destructive testing)
- Upgrading the schematic drawings for current primary services to begin the process of developing complete service drawings.

Conduct

On 20 May 2009, following a detailed investigation by the Sub-Committee on Lords' Interests, the House suspended two of its members for the remainder of the 2008-09 session. The following day the Leader of the House announced a review of the House's Code of Conduct, to be conducted by a Leader's Group, chaired by Lord Eames.² The Group, supported by the Journal Office, held 13 meetings in the course of the summer and early autumn, publishing its report on 29 October 2009.³

The Group proposed a new Code of Conduct, which was agreed by the House on 30 November 2009. The Group also proposed an accompanying *Guide to the Code of Conduct*, containing more detailed rules governing members' conduct. This Guide was referred to the Sub-Committee on Lords' Interests for further review, and an amended text was formally adopted by the House on 16 March 2010,⁴ to come into effect from the start of the 2010 Parliament.

Among the key elements of the new rules are the appointment of an independent House of Lords Commissioner for Standards to conduct investigations; a requirement that members sign an undertaking to abide by the Code of Conduct as part of the ceremony of taking the oath; a ban on "parliamentary consultancies"; and more extensive requirements on the registration and declaration of interests. The new Code came into effect at the start of the new Parliament and Members of the House began to sign the undertaking at the Table of the House immediately after taking the oath.

Registration of Members' Interests

Following the House's agreement to the *Guide to the Code of Conduct* in March, the Registrar of Lords' Interests had two months in which to collect from Members all the information necessary to assemble and publish an entirely new Register of Lords'

2 HL Deb., 21 May 2009, cols 1434-1435

3 Report of the Leader's Group on the Code of Conduct, HL Paper 171. See <http://www.publications.parliament.uk/pa/ld/ldlead.htm>

4 Committee for Privileges, 2nd Report, 2009-10, HL Paper 81. HL Deb., 16 March 2010, cols 567-588.

Interests, reflecting the different categories and requirements contained in the new rules. The Leader's Group had sought to simplify the process of registration of financial and other interests while at the same time making the Register more transparent and useful. The number of categories of interest was reduced from 19 to 10. Certain interests were declared no longer registrable, for example, honorary and ex-officio posts and the post of Patron. Greater disclosure of interests such as shareholdings is required. The online edition can be updated very quickly. The software also enables the Table Office to implement the new rules requiring Members to notify their relevant interests when tabling questions, motions etc, and the new symbol [I], which indicates an interest in the register, is inserted in *House of Lords Business* as appropriate. The new Register was published online on 18 May, to coincide with the start of the new Parliament and printed on 25 May.⁵

Members' Expenses

The issue of financial support for members has dominated the work of the administration in a number of areas over the past year. On 9 June 2009, the Prime Minister, at the request of the House Committee, commissioned the Review Body on Senior Salaries ("SSRB") to conduct a review of the financial assistance available to members of the House. This review was conducted over a period when allegations were being made in the press concerning the use of existing subsistence and other allowances by certain Members of the House. Some of these allegations resulted in criminal investigations, and some resulted in internal investigations being carried out by the Clerk of the Parliaments as Accounting Officer for the House of Lords.

The SSRB published its review on 25 November 2009.⁶ The core recommendations of the review were the merging of the existing day subsistence and office costs allowances into a new single daily attendance fee of £200; and putting in place an overnight accommodation allowance of up to £140, subject to receipts, to support those needing to stay in London. The SSRB also recommended a new definition for principal residence based, among other factors, on where members spend most of their time when the House is not sitting.

On 14 December,⁷ the House agreed to the "principles and architecture" of the SSRB review and agreed to appoint an ad hoc group of members, chaired by Lord Wakeham, "to consider and consult on issues in the report and advise on their implementation". It

5 Register of Lords' financial and other interests, 2010-11, HL Paper 3.

6 Review of Financial Support for Members of the House of Lords, 24 November 2009, Cm. 7746.

7 HL Deb., 14 December 2009, cols. 1317-1384.

was envisaged in December that, in light of the group's recommendations, the House Committee would be in a position to make comprehensive recommendations to the House for a new scheme by the end of that Parliament. In the event, it was not possible to bring forward comprehensive recommendations to that timetable.

On 22 March 2010,⁸ the House agreed to the introduction of two interim measures: new and tighter arrangements for the designation and certification of principal residences outside London; and more frequent publication of information relating to members' expenses. (Following the report of Lord Wakeham's group⁹ and on the basis of a report from the House Committee¹⁰, the House resolved on 20 July 2010 to institute in place of the current scheme a daily flat rate allowance of £300 to which Members are entitled on the basis of attendance. Members may also elect to receive a reduced rate of £150 where they consider it appropriate. The new scheme will take effect on 1 October 2010.)

People and Parliament

Between January and June 2009, the Information Committee conducted an inquiry on better connecting the House of Lords with the public. As well as taking evidence from witnesses, the Committee ran an online consultation on the Parliamentary website, and also used YouTube and the Lords of the Blog website to gather evidence. The Report *Are the Lords Listening? Creating Connections between people and Parliament*¹¹ was published in July 2009 and a number of related debates took place in the House.

Actions arising out of the report include:

- A new set of curriculum-focused print publications for schools has been published.
- The Peers in Schools Programme has been promoted to schools, increasing demand for it.
- Embedding of the House's proceedings on other websites is now permitted.
- 'Parallel debates' involving the public will be run through the BBC's 'Have Your Say' website and the results circulated to Members speaking in Thursday debates.
- The texts of bills are now produced and made available online in an open standardised electronic format that enables people outside Parliament to analyse and re-use the data; other core parliamentary material will follow.

8 HL Deb., 22 March 2010, cols. 758-784

9 Financial Support for Members of the House of Lords: Report of the ad hoc group, HL Paper 13, Session 2010-11

10 HL Paper 18, Session 2010-11

11 HL Paper 138 I-II, Session 2008-09

- The bills pages on the parliamentary website have been improved and an online guide to the passage of a bill has been completed.
- People can sign up to receive e-mail updates about particular bills or portions of bills.
- Parliamentary officials have initiated discussions with government departments on streamlining and simplifying data flows between government and Parliament and on adopting common data standards.
- The rules for filming have been simplified and a new leaflet has been sent out to broadcasters.
- The Parliamentary Visitors Board is developing a Parliament-wide strategy for improving access for people with disabilities.

The Lord Speaker's Outreach Programme has continued to flourish, including a well publicised debate by young people in the Chamber and more than 125 visits by peers to schools during the year; the Lords of the Blog site has also attracted considerable interest from the public, bringing in up to 4,000 visits to the site each week.

Through steps like these the administration continues in its efforts to improve the House's connections with the public, through enhancing the experience of visitors, through outreach, education, social media and the website and through working with the press, media and broadcasters.

Strategic Plan

The new Strategic Plan for the House of Lords administration for the period 2010-15 was agreed by the Management Board and House Committee and applied for the first time in connection with the business and financial planning round in October to December 2009. While the overall structure of the new Plan resembles its predecessor, there are some important changes. Judicial work is removed from House objectives and tasks. Sustainability is introduced, both as a task and core value. Reference is now made to individual members in the provision of procedural services. Business continuity is introduced as a task alongside contingency planning. Exploitation of ICT is included for the first time, as is a distinction between information and outreach. The new Strategic Plan is printed at page 46.

Core business

This report concerns itself with strategic issues and the securing of change. It is not a description of the work of the House and the administration across the whole spectrum of its activities – it does not, in other words, seek to replicate everything contained in office business plans. The Management Board recognises that, in fulfilling the aim of enabling the House and its Members to carry out their parliamentary and functions fully and effectively, the administration's support of the House's core business is paramount.

Implementation of the Business Plan

Introduction

*The House of Lords Business Plan 2009*¹² was published in March 2009 and related to the financial year from 1 April 2009 to 31 March 2010. This part of the Annual Report relates to the eight strategic objectives in that plan. While the administration devotes most of its 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 2009/10 and in particular on those developments foreshadowed by last year's Business Plan – almost all of which were wholly or in large measure achieved.

House and Committees

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.

Judicial Office

- The last judicial sitting of the House took place on 30 July 2009 and the Judicial Office closed on 30 September 2009.

Select Committees

- The activity of the investigative committees remained high and over 160 Members were involved as members.
- The main focus of activity remained scrutiny of the European Union; 85 members were engaged in the work of the European Union Committee and its sub-committees. Major inquiries included investigations of aspects of the financial crisis, consumer rights, use of animals in scientific experiments, money laundering, relations with China and rules on inheritance. In addition the Committee conducted detailed scrutiny of

¹² HL Paper 64, Session 2008-09

individual documents – leading in one case to the withdrawal of a legislative proposal by the European Commission, the first time this has been recorded following scrutiny by a national parliament – held one-off meetings with Ministers, and cooperated with their counterparts in other Member States in scrutiny activities.

- Following the coming into force of the Treaty of Lisbon, the Procedure Committee agreed new procedures for opt-ins and application of the Protocol on subsidiarity and proportionality (February 2010), and a new scrutiny reserve for the House relating to EU legislative and other proposals, together with a resolution relating to opt-ins (March 2010). On 12 January 2010 the Committee first used the new power to secure a debate and vote on a UK opt-in decision.
- A number of other significant inquiries were concluded in the year. The Economic Affairs Committee published two reports, on the regulation of the banking system in the UK and on the private finance initiative (the latter inquiry having been conducted with the assistance of the National Audit Office). The Constitution Committee published reports on fast-track legislation, the Cabinet Office and referendums: the report on fast-track legislation led to a change in the procedure by the Government, which is now committed to producing justification for taking legislation through Parliament quickly, against a checklist proposed by the Committee. The Committee also continued its regular scrutiny work and its report on the Parliamentary Standards Bill was significant in leading to substantial amendment of the Bill in the House. The Science and Technology Committee produced substantial reports on two complex subjects, genomics and nanotechnology, each of which could have a significant impact on society in the future. Finally, the ad hoc committee on the Barnett Formula produced a report suggesting that the mechanism for distribution of money to the budgets of the devolved nations of the UK needs to be amended.

Legislation

- The year was a busy one, covering the last two Sessions of the Parliament. Parliament was dissolved just after the end of the financial year, and this report does not cover the intense period of activity (often referred to as the “wash-up”) from 6-8 April 2010 in which 18 Acts reached the statute book – some passing through all of their stages in one day. During the financial year, 33 public Acts reached Royal Assent, compared to 39 in the previous financial year, and 3 Church of England Measures. The following activity indicators give an idea of the workload during the session. The figures in brackets are the equivalents for 2008/09:

Bills introduced	55 (45)
Amendments tabled/agreed to	5597/1807 (6848/2207)
Days in Grand Committee	29 (41)

- Two new private bills were introduced in January 2010, and two Private Acts received Royal Assent. In addition, 12 private bills from previous sessions were still before Parliament. As in previous sessions, some individual bills were controversial and time-consuming, in particular the Norfolk Broads Bill, which had a 7-day opposed bill committee stage.
- The final Acts in the Tax Law Rewrite project (the Corporation Tax Act 2010 and the Taxation (International Provisions) Act 2010) were passed in March 2010. The Corporation Tax Act was the longest Act passed in the Session at 684 pages. The Tax Law Rewrite Acts were all subject to special procedures in Parliament, including consideration by a Joint Committee. During the year, an experiment was conducted with another special procedure, for two bills originating in reports of the Law Commissions. Under this procedure, the Second Reading debates were held in the Moses Room, followed by a formal Second Reading on the floor of the House. The Committee Stages took place in a Special Public Bill Committee, which was empowered both to take evidence and to amend the bills. Both bills reached the statute book, and became the Perpetuities and Accumulations Act 2009 and the Third Parties (Rights Against Insurers) Act 2010. The procedure will now be subject to review by the Procedure Committee, which will be asked to decide whether to recommend that it should become a permanent feature of the House's proceedings.
- Two initiatives foreshadowed in the 2009 Business Plan – an in-depth survey of stakeholders on Public and Private Bill Office services – had to be deferred following staff changes.
- Following a successful collaboration with TSO, a software programme for marshalling amendments and inserting amendments automatically into public bills was received for testing towards the end of the financial year. Successful acceptance of this programme will enable the Public Bill Office and TSO to streamline the process of typesetting and marshalling amendments, using shared software (Framemaker). In due course these developments will have to be reconciled with any proposals emanating from the ambitious bicameral Procedural Data Programme which includes a project to consider all aspects of the electronic handling of bill data.

New arrangements for reporting services

- The contract for transcription services for House of Lords Committees was retendered, on a new basis which involved the Official Report taking over management of the contract, and conducting a proportion of the transcription work in-house. A full OJEU procurement process was run, with representation from the Official Reports and Committee Offices of both Houses. New contracts were awarded in April 2010 and preparations are on track for the handover of responsibility to the contractors on 1 August 2010. Extensive building work was also carried out on the existing Official Report accommodation during summer 2009, to ensure that the working environment was fit for purpose to take on this expanded role. The key post of contract manager was appointed.
- Initial steps were taken to replace the current digital audio system with a new bicameral solution. An interim upgrade was found to be incompatible with desktop software and is not reliable. Work continues on a long-term solution.

Library services

- Additional online resources and subject pages were added to the Library's intranet site to create a virtual library. Work was started on moving these pages to the new Content Management System.
- Consultations have begun with the Department of Facilities, Curator's Office and the architects to develop plans for new library accommodation in Millbank. A business case has been outlined to the Staff Adviser and further plans for research and information provision are in hand. Meetings and workshops have been held with staff to inform the planning process.
- Steps were taken to develop a collections management strategy for acquisition and retention of books based on the needs of the House; further progress was made in rationalising the location of collections; and weeding and conservation programmes were taken forward.
- Following detailed planning meetings and close collaboration with colleagues from the Supreme Court, the Law Lords' collection and budget transferred seamlessly and to time.
- Workshops with a range of key partners were held in May 2009 on a new library housekeeping management system for all stock and a project board was set up in July. The project has completed the first half of the procurement process within the agreed timeframe.

Procedural advice

- A new edition of the *Companion to the Standing Orders* was issued in May 2010. Changes were included to reflect in particular the end of the historic judicature of the House of Lords, new procedures relating to the conduct of members including a new Code of Conduct, and the exercise of newly asserted disciplinary powers. The new edition also included updated and comprehensive guidance, agreed by the Procedure Committee in February 2010, on the content of Questions and Motions.

Printing and publishing

- Bicameral Electronic Liaison meetings have re-commenced after a gap of several years and discussions with the Commons on issues relating to the contract for Printing and Publishing are frequent. A Printing and Publishing Steering Group was set up to help to inform the decision on whether or not to extend the existing contract.

Accommodation and Facilities

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.

Improving services

- An internal review by the Change Manager showed that the administration had responded as far as was practicable to the findings of the second survey of facilities and services offered to Members carried out in the latter part of 2008.

Accommodation

- The top three floors of 14 Tothill St. were fitted out in time to accommodate the Committee Office, Finance Department and part of PICT with effect from early September 2009. On the same timescale Members were moved from 2 Millbank to rooms in the Palace of Westminster vacated by the Lords of Appeal in Ordinary. Work began on renovation of the Millbank site in October 2009.



The mock-up of a Member's office in 1 Millbank

Committee Rooms

- The modernisation of Committee Rooms 1 and 2, formerly used by the Law Lords, was completed and the rooms restored to general use as committee and meeting rooms.

Shared maintenance projects with Commons

- The Director of Facilities is senior responsible owner of the Palace of Westminster Roofs Programme Board overseeing the renewal of the cast iron roofs. Renovation of the worst roofs around Speaker's Court will now be completed in January 2011, later than planned, due to the unexpectedly bad condition of part of the roof. In some places over 40% of the iron plates, which are original features of the Palace, needed replacement as opposed to only 5% in the early part of the project.
- Preparations were made for the renewal of mechanical and electrical services. A High Risk Maintenance Programme will run in 2010/11 and 2011/12 and an Aggressive Maintenance Programme will continue until 2015 (see p.7). The highest risks will be mitigated by works in the initial period, then the Aggressive Maintenance period will address intermediate risks, conduct non-destructive testing, and scope the major challenges which will remain after 2015. The Director of Facilities acts as Deputy SRO.
- In 2009, smoke detection equipment was installed above and below the Chamber.

Security

Objective 3(a): Ensure that security arrangements are appropriate to the assessed level of threat and allow the House to function effectively.

Mitigation of vehicle-borne attack

- Progress has been made with the bicameral project to extend protection in mitigation of the possibility of a vehicle-borne attack on the Parliamentary Estate.
- Considerable progress was made towards establishing a specialist off-site commercial vehicle search facility. The Director of Facilities has represented the House in this key project. A logistics manager was appointed, and an invitation to tender issued.

Mail screening

- The current Mail security screening contract expires on 1 September 2010. Work began in January 2010 on the process to review and define the Statement of Requirement. An invitation to tender has been issued and a contract will be let in time to meet the 1 September 2010 deadline.

Police and security

- A new contract was entered into by both Houses with the Metropolitan Police for the provision of security services. The contract came into effect on 1 April 2010 and is expected to deliver more robust security and value for money both immediately and over the life of the contract. In addition to the usual annual report, regular reports will be made to the House and Audit Committees. The human resources aspects included the TUPE transfer in-house to the House of Commons of the fire section and the introduction of fitness tests for newly recruited security staff.

Contingency Planning and Business Continuity

Objective 3(b): Develop contingency plans to enable the House and its Committees to continue their work under any circumstances.

Development of contingency and business continuity plans.

- The Business Risk and Resilience Group, comprising officials from both Houses (including the Clerk Assistant and Black Rod from the House of Lords), was appointed in the autumn of 2008. The Group has continued to co-ordinate the business continuity plans of both Houses. An Incident Management Framework was developed, with support from consultants, and tested in a bicameral exercise in June 2009. Further bicameral testing of the Framework will now take place regularly. The Group has also overseen the creation of business continuity plans for each office; established rotas of senior staff to be on call in case of an emergency; begun a systematic review of the business continuity elements of the two Houses' registers of corporate risks; and responded to specific incidents, including power outages and an incursion by protesters in October 2009, to ensure that appropriate lessons were learned.

Outreach and Access

Objective 4: Improve public access to, and understanding and knowledge of, the work of the House of Lords and its heritage.

Heritage

- Under the oversight of the Works of Art Committee, the Armada paintings project which started early in 2008 was completed. Paid for by a private benefactor, the paintings will be displayed in the Royal Gallery before they are permanently hung in Prince's Chamber in September 2010.



One of the five Armada paintings

- A group portrait was commissioned of the Law Lords depicted delivering their final judgments in the Chamber. This will be hung in Committee Room 1 – the home of the former Appellate Committee – in July 2010.
- The new Living Heritage and Works of Art sites were put up on www.parliament.uk

Outreach

- As part of the efforts to engage school-age children around the country, the Lord Speaker's Competition for Schools focused on the portrayal of young people in the media. 470 entries to the competition were received, with three groups discussing their submissions with members of the Communications Committee. Finally, 250 young people from across the UK took part in a series of debates in the Chamber as part of Shine Week 2009 – the third annual event for schoolchildren held in the Lords Chamber. The Lord Speaker chaired the debates which were attended by Members of the House of Lords, celebrity supporters and the media.
- Jointly with the Commons, five regional outreach officers were appointed (bringing the Parliamentary Outreach team up to thirteen full time employees in all).
- The Peers in Schools programme organised 125 visits by Members to schools and demand for it is continuing to increase.
- Following the report of the Information Committee (*Are the Lords Listening? Creating Connections between people and Parliament*) a series of actions were embarked upon to improve connections with the public (see page 10).
- The three year programme, *People and Parliament: Connecting with Communities*, began in January 2010. The purpose of the programme is to engage the public across England and Wales with the history and work of Parliament through community-based activities. These explore the interaction of people and Parliament using historic records held at Westminster and in regional archives. The programme was launched in July 2009 with an exhibition in Westminster Hall which was opened by the Lord Speaker and the Speaker of the House of Commons. The exhibition included the longest Act of Parliament held by the Parliamentary Archives, the Land Tax Act of 1821, as well as exhibits loaned by the six regional partners who are participating in the programme. The first regional phase of the programme has successfully been undertaken at the Norfolk Record Office.

Education

- Planning for the proposed new Education Centre continued and the bicameral Education Service passed through the second of a three-year expansion programme.
- A new set of schools publications was made available for Key Stage 2-4, and work on Key Stage 5 almost completed. The *House of History* web resource for schools (<http://bit.ly/cNdZwh>) was published.
- Over 40,000 children took part in education visits, with the involvement of just over 1,000 teachers.
- The "Training the Trainer" programme for education and outreach staff was launched to improve staff communication skills in these areas.

Websites

- The www.parliament.uk home page was redesigned, giving Lords pages more prominence.
- An interactive explanation of the passage of a Bill was included as part of major improvements to the bill pages.
- Topics pages were developed, grouping content under themes.
- New content was prepared on the transition to the Supreme Court and the State Opening of Parliament and more news content about the House of Lords included.
- Lords of the Blog was redeveloped to improve the interface for the bloggers and their audience. The Lords of the Blog site enjoyed between 3,000 and 4,000 visits each week.
- Stakeholder research was commissioned to evaluate Lords of the Blog and the interactive explanation of the passage of a Bill, and to identify whether there are audiences for these products that have yet to be reached. The outcomes of these research projects will inform future online communications strategy.

Publications

- A number of new printed information products were developed during the year, including a *Facts and Figures* booklet and *Guide to Business* for visitors to the Chamber. The latest edition of *Work of the House of Lords* was published in March for the 2008-09 session, and copies were distributed to schools, libraries and businesses. The House also contributed to the development and evaluation of *Parliament and You* – Parliament's free brochure distributed to all visitors to the Palace.

Press

- The Press and Media Team in the Lords Information Office developed a daily news summary service for Members and the Administration which has proved effective and has been well received, and is piloting a daily report on media interactions to provide intelligence on the subsequent day's stories.

Public enquiries

- The Enquiry Service extended its work on the Calendar and Bills Knowledge Base providing updates to the latest news section of each Bill with information about what had happened and what would happen next.
- An exercise was initiated to capture the requirements of software for storing all the data and information required by the Enquiry Service to record, track and answer questions from the public. The solution will allow the Enquiry Service to consolidate all its data sources onto a single software solution which will ensure that the data can be backed up and more easily searched.

- Support was given to the project to develop a single database of information on Members, including helping identify and define an appropriate taxonomy for capturing information for the public on the expertise of individual Members.

Exhibitions

- An exhibition in the Royal Gallery marking the 500th anniversary of the House of Lords' Journal was opened by the Lord Speaker on 21 January. The display included the first Journal, open at the first entry on 21 January 1510.

Staffing and Training

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.

Supporting and developing staff

- The Management Board agreed to seek renewal of Investors in People (IiP) accreditation. On this occasion, the IiP process will link closely to the administration's capacity for meeting business needs.
- The third Staff Survey was carried out in March 2010. The Survey results were presented with links to the IiP criteria and thus provide useful data to inform the IiP reaccreditation later in the year. The results showed that levels of staff engagement remained high and that staff feel that their work gives them a real sense of accomplishment. Some areas for improvement were identified, including upward communication and the evaluation of the effectiveness of training.
- A number of measures were introduced to increase staff engagement, including the institution of open meetings allowing all staff the opportunity to raise human resources issues with senior management.

Training and development

- Following a significant re-writing in 2008/09, a further review of the Training and Development Strategy was postponed to 2010/11 to ensure alignment with Investors in People re-accreditation. Training and development were made available to staff to meet skills gaps, with a focus on training in project management.

Recruitment and retention of staff

- Following an Internal Audit review of recruitment, significant in-year savings were achieved in the recruitment budget, principally by continuing to increase focus on web based recruitment. Enhanced procedures for vacancy management were introduced and vacancies filled in line with agreed targets. Staff were for the first time given access to vacancies posted on the Civil Service Gateway. Discounting the effect of the transition to the Supreme Court, staff turnover remained largely unchanged from recent years.
- The House's retirement age policy was reviewed following the decision by the Civil Service and the House of Commons to abolish a mandatory retirement age with effect from 1 April 2010. The Management Board agreed that the House should stay in line with the Civil Service and follow suit. This decision was endorsed by the House Committee.

Corporate Governance

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.

Value for money

- In December 2009, the House Committee agreed to a proposal from the administration for a 10% reduction (£15m) to the baseline for the administration's budget for 2010/11. The House of Lords administration thus began the financial year having already borne down on its financial plans.

Trading

- Between 2007/08 and 2008/09, the catering and retail subsidy was reduced from £1.99m to £1.59m. In 2009/10 the subsidy was further reduced to £1.52m (unaudited), some £100k below forecast.
- A review was commissioned on all aspects of the House of Lords catering and retail business. As a result the catering plan for 1 Millbank was revised.

Management information

- A new Strategic Plan for the administration was agreed (see page 46).
- The Management Board in June 2009 agreed a new corporate risk register and

reporting template. The new register highlights the real and important risks. The opportunity was taken to align Lords risks more closely to those of the Commons, and to adjust the risk register matrix (the colours attaching to the different risk scores) to HM Treasury guidance. The risk register is up-dated monthly for the Management Board to consider and is proving itself as a valuable reporting tool.

- Improved standards were applied to the Statements of Internal Control, prepared by Board Members for the Accounting Officer in respect of the offices under their control.
- “Shadow” accounts were prepared by the House of Lords for 2008/09 based on International Financial Reporting Standards (IFRS) principles as set out in the Treasury’s Financial Reporting Manual. These accounts, which are not published, will form the comparative information for the 2009/10 financial statements, which will be the first set of IFRS based accounts to be prepared and published by the House of Lords, in line with the Treasury’s timetable for IFRS implementation. The National Audit Office (NAO) audited these shadow accounts and concluded that a clear audit opinion would have been appropriate for them.

Corporate responsibility

- At the very end of the last financial year the Management Boards of both Houses agreed an environmental strategy for the Houses of Parliament. While work was being completed on establishing reliable baseline data for Parliament based on 2008/09, interim environmental goals were set for the year 2009/10, all of which have been achieved. Short (2010/11) and long (2020/21) term targets have been set for future years. Progress so far and the future targets are set out in the table below.

Impact area	2009/10 Target	2009/10 Performance ¹	2010/11 Target	2020/21 Target
Absolute carbon dioxide emissions	3% reduction	Achieved – 3% reduction	7% reduction	34% reduction
Weather corrected electricity consumption ²	--	1% reduction	--	--
Weather corrected gas consumption ²	--	9% reduction	--	--
Water consumption	2% reduction	Achieved – 10% reduction	12% reduction	25% reduction
Waste generation	5% reduction	Achieved – 13% reduction	10% reduction ³	25% reduction
Recycling rate	50%	Achieved – 56%	60%	75%

- Under the direction of the bicameral Head of Fire Safety and Environment a number of staff workshops were held in summer 2009 which in turn fed into the rewriting of Parliament's environmental policy. Work is currently in progress to establish a bicameral Environmental Staff Action Group.
- The Carbon Reduction Commitment Energy Efficiency Scheme, made in 2009 under the Climate Change Act 2008, does not, for reasons of exclusive cognizance, apply to Parliament. However, both Houses have agreed to act in accordance with the spirit of the scheme and informal collaboration takes place with the Government's watchdog, the Sustainable Development Commission.
- A practical outcome of Parliament's interest in sustainability is that all major building works are required to obtain BREEAM (Building Research Establishment's Environmental Assessment Method) certification. The Millbank Island project has received a Very Good BREEAM design rating – the best available for a refurbishment project of this nature. Research was also set in train to find an appropriate means of roof insulation for the Palace, for installation in conjunction with the cast iron roofs project.

1 Subject to independent validation

2 Separate targets were not set for electricity and gas consumption as they contribute directly to the carbon emissions reduction target

3 This target recognises the increasing waste volumes expected as a result of office clearance during a General Election

Information and Communications

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.

Accessibility of procedural information

- The Lords Business project, which has led the way in the bicameral Procedural Data Programme, involved the replacement of the existing Microsoft Word templates with a new system for the production of *House of Lords Business*. The new system generates XML content at the point of creation, which can then be reused and published in various ways. One example of the system's potential is the ability to create links between the online *House of Lords Business* and specific interests which Members have declared when tabling business – a requirement arising out of the new Code of Conduct.
- Phase 1 of the review of the Registry Database was completed in March 2010, with the agreement of the Procedural Data Programme Board to the Project Initiation Document for phase 2 (delivery of a replacement system). The new system is scheduled for delivery in February 2011.

Accessibility of Parliamentary information

- The three year bicameral project to deliver replacement services for the current Parliamentary Information Management System began in April 2009. In the course of the year, a new thesaurus management tool was put in place, an enquiries system completed, and development of a briefing papers system got underway.
- Parliament is currently undertaking a number of programmes in which ICT is being used to improve business performance. They are increasingly working together to reduce overlaps and simplify flows of information.
- The first stage of the Members' Names project to rationalise and improve identity management was completed to target.
- The Parliamentary Archives continued to participate fully in the bicameral SPIRE programme with representation on the Programme Board where it is a senior supplier. From the autumn, two members of the Records Management Team were seconded full time to the Programme team and all other members of the Records Management Team (and some from the Preservation and Access team) are involved in the work

needed to ensure a successful implementation of electronic document and records management. The business case for an Electronic Document and Records Management System was approved.

- This was the second year of implementing the Digital Preservation Strategy. Digital Preservation ensures that digital resources remain accessible over time despite obsolescence of the hardware and software which created them. A pilot project to archive the Parliamentary web estate was completed in summer 2009, and a contract to undertake web archiving as a business-as-usual activity was established. Detailed requirements for digital preservation facilities were developed in consultation with staff across both Houses. A digital preservation laboratory was established to test tools and techniques. Ongoing work to secure digital resources at immediate risk of loss continued. The business case for the next stages of the project, including procurement of a digital repository, was developed and submitted for approval.
- A digitisation strategy was developed for the Parliamentary Archives to inform how the House can meet user expectations for online access to its collections, and capitalise on the opportunities provided by new technologies. (Digitisation is the scanning of paper and parchment records to enable online access, or to provide business continuity surrogates in case of disaster.) The strategy will enable the Archives to move from purely reactive digitisation work (in response to digital copying requests by the public) to the proactive digitisation and online presentation of high priority historic collections. The business case for a three-year project to implement the strategy was developed and approved, and the project will begin in 2010/11.

Information Assurance

- Following interim guidance issued to Lords staff in May and July 2009, a bicameral information security leaflet was distributed this year to staff of each House and PICT. The leaflet further defined sensitive Parliamentary information and set out staff responsibilities for the handling of this whether held on paper or in electronic form.
- In parallel to the production of this guidance new intranet pages have been developed which provide additional guidance for staff, and each office in the Lords has named an Information Security Coordinator.
- A House of Lords wide records management compliance audit was completed in March 2010 and this included a specific information security component. The results of this exercise will form the basis for the creation of a House of Lords register of sensitive information held by each office to be completed by December.
- A bicameral protective marking scheme for sensitive information was approved by each House and its use will become mandatory for the House of Lords administration in November 2010.

Improve PICT service delivery

- A follow-up exercise was conducted on the implementation of the findings of the 2008 “Health Check” of PICT. The follow-up report found:
 - a more pragmatic, orderly and predictable budget-setting mechanism had led to an improved relationship between PICT and the finance departments of the two Houses;
 - with most of the renewal of infrastructure completed, greater focus was now being placed on business requirements with improved customer focus;
 - the metamorphosis of the Joint Business Systems Board into the PICT Advisory Board (PICTAB) had helped to clarify roles, though there remained a tension between the two views of PICT as a “supplier” or a “partner”.
 - relations between PICT and the business had improved, thanks in the main to the work of the Business Relationships Managers and Account Managers.

The overall view was one of improvement, but with need for continued effort against agreed actions, rather than any change of direction or new initiatives.

External Relations

Objective 8: Strengthen working relationships with the House of Commons, devolved parliaments and assemblies, Commonwealth Parliaments and European Union institutions and national parliaments.

International Relations

- On 23 March 2010 the House Committee agreed to participation by the Overseas Office in working towards the establishment of a bicameral International Relations Directorate, to undertake certain functions relating to delegations to international assemblies, representative travel, outward and inward delegations, and the functions of the four inter-parliamentary bodies supported by the House (British-American Parliamentary Group (BAPG), British-Irish Parliamentary Assembly (BIPA), Commonwealth Parliamentary Association (CPA), and Inter-Parliamentary Union (IPU)). The initiative, which was first approved by the House of Commons Commission, is aimed at providing greater strategic direction to the international work of Parliament, while preserving member involvement in decision making. The Reading Clerk is a member of the Working Group currently developing the proposals.

Meetings of Speakers

- The House continued to be represented at meetings of Speakers of overseas parliamentary chambers. The Lord Speaker represented the House at meetings of the Association of European Senates in The Hague in April 2009 and at the biennial Commonwealth Speakers Conference in New Delhi in January 2010. In June 2009 the Lord Speaker took part in the 20th Anniversary of the Demolition of the Iron Curtain held in the Hungarian Parliament in Budapest and Baroness Gibson of Market Rasen deputised for the Lord Speaker at the 5th Annual Meeting of Women Speakers of Parliament in Vienna in July 2009.
- Lord Roper, Principal Deputy Chairman of Committees, represented the Lord Speaker at an extra-ordinary meeting of Speakers of the European Union Parliaments held in December 2009 and at the annual conference held in May 2010, both in Stockholm.
- At home the Lord Speaker received a number of visiting speakers and presidents of parliaments including speakers from Angola, Pakistan, Thailand, Australia, Japan, Ukraine and Afghanistan.



The Lord Speaker meets HE Younus Qanooni, Speaker of the Wolesi Jirga (Afghan Lower House); Hon Sharifa Zurmati, MP for Paktia province; Hon Shakiba Hashemi, MP for Logar province.

UK conferences

- The 55th Annual Session of the NATO Parliamentary Assembly was held in Edinburgh in November 2009. The Overseas Office, together with the Commons, gave budgetary and administrative support. Over 50 Westminster staff went to Edinburgh to run the event. The Lord Speaker attended the Standing Committee dinner at Holyrood House, in the presence of the Princess Royal. This meeting of the Assembly was deemed to have been a great success. The whole event was delivered well within budget.

Inward visits and representative travel

- During the year 32 programmes of varying duration were arranged for speakers, members and officials on attachment from overseas legislatures and other dignitaries. These included Sra Margarita Zavala, who was accompanying her husband the President of Mexico on a State Visit, Mrs Svetlana Medvedeva, whose husband the President of Russia was attending a meeting of the G20 in London, and the President of the UN General Assembly. Amongst others, programmes were arranged for members of the Committee on Legal and Parliamentary Affairs and Rules, Privileges and Discipline from the Ugandan Parliament, the Delegated Legislation Committee from the National Assembly of Kenya, and the Canadian Senate Committee on the Internal Economy, Budgets and Administration.
- The Overseas Office facilitated participation by members in a representative capacity at numerous international meetings of parliamentarians. These focused on a wide range of issues such as climate change (GLOBE 6th Parliamentary Forum on Climate Change G8+5), inter-parliamentary co-operation and democracy (Eastern Partnership Parliamentary Forum and the Council of Europe Forum on the Future of Democracy) and the third world (25th AWEPA Anniversary Conference, Cape Town; Consolidating Political Will for Child Well-Being, Kampala). In all, arrangements were made for 15 members and officials of this House to attend meetings overseas in a representative capacity. A further 18 meetings in the framework of EU interparliamentary cooperation were attended by members of the EU Select Committee.

Improving shared services with the House of Commons

- For the first time in several years, the House of Lords Audit Committee met concurrently with the House of Commons Administration Estimate Audit Committee. The meeting considered the internal audit of joint services as well as the governance arrangements for the areas of significant joint spend (ICT, Estates and security). The committees also agreed a programme of internal audits of joint services for the 2010/11 financial year. At present, the findings of audits of joint services are considered separately by the two committees but it is hoped that future concurrent meetings will be held to enable the committees to do this together.

Expenditure

Net provision for Members' expenses and general administration costs in 2009/10 was £76,515,000. Net expenditure totalled £73,682,415. Net provision for works services in 2009/10 was £41,830,000 and net expenditure was £37,972,699. Capital works services and other capital provision in 2009/10 was £15,309,000 and expenditure was £10,311,693.

The administration provision for 2010/11 was set by the House Committee at £80,501,000. The works services provision for 2010/11 was set at £21,525,000 and capital projects and other capital provision was set at £26,727,000. Figures for 2010/11 are stated based on the HM Treasury 'Clear Line of Sight' changes.

A detailed breakdown of expenditure by objective is set out below in Table 1, and by type in Table 2.

Table 1: Expenditure by objective	2009/10	2008/09	2007/08
	£000	£000	£000
Objective 1 To provide the House and its committees with the advice and services they need for the effective conduct of business.	30,884	29,696	25,884
Objective 2 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).	36,553	35,021	40,840
Objective 3 To make the House and its work accessible to the public.	6,160	5,682	4,255
Objective 4 To maintain the House's buildings and collections, having regard to the heritage they represent.	38,058	33,519	50,521
Net Operating Costs	111,655	103,918	121,500

Source – House of Lords Resource Accounts, Statement of Operating Costs by Aim and objectives. The figures are in resource terms. Figures for 2009/10 are under International Financial Reporting Standards.

Table 2: Expenditure by type	2009/10	2008/09	2007/08
	£000	£000	£000
Staff costs	21,883	22,964	20,976
Members' Expenses	17,237	18,988	18,399
Security	10,123	9,774	9,427
Property Costs	16,261	15,060	13,978
Other expenditure	17,227	15,172	13,107
Non-cash items	35,338	29,513	51,730
Income	(6,414)	(7,553)	(6,117)
Total	111,655	103,918	121,500

Source – House of Lords Resource Accounts, notes 6-8 (2007/08; 2008/09 & 2009/10). The figures are in resource terms. Figures for 2009/10 are under International Financial Reporting Standards.

Audit Committee Annual Report for 2009-10

Introduction

1. This is the first Audit Committee Annual Report to be published since Lord Best stood down as Chairman of the Committee in July 2009. Lord Best had been a member of the Committee since its introduction in 2002, and undertook the role of Chairman for five years. The Committee places on record its appreciation for his dedicated and assiduous contribution. Lord Turnbull joined the Committee in place of Lord Best, and Lord MacGregor of Pulham Market took the chair.
2. During the past year, Geoffrey Dart's tenure as an external member of the committee came to an end and he was succeeded, following an external recruitment process, by Ian Luder. Geoffrey's contribution to the Committee has been invaluable and we take this opportunity to express our appreciation.

Review of the year 2009/10

3. The Committee met five times during 2009/10, including one meeting in March 2010 which was held concurrently with the House of Commons Administration Estimate Audit Committee. A private meeting was held with the Clerk of the Parliaments in January 2010. 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 2009/10 are set out below.

Joint audit programme

4. Following preparatory actions over the last three years, there has been a welcome increase in the coordination of audit work between the internal audit teams of the House of Lords Administration and the House of Commons Service. This reflects the increasing importance of bicameral services, either provided by one House on behalf of Parliament, or by an external contractor (e.g. the Metropolitan Police). In turn, it seems fitting that the Audit Committee should meet with the Commons Administration Estimate Audit

Committee: the external members of each committee already meet regularly to discuss co-ordination of activities, and I have had meetings with the Chairman of the House of Commons Committee prior to the General Election to identify and agree on regular meetings of our Committees concerning joint services and areas of common interest.

5. The outcome of these actions was a concurrent meeting of the Committee with the Administration Estimate Audit Committee. The meeting, which was productive, discussed the programme for internal audits of shared services in 2010/11 and the governance arrangements for some of the more significant areas of joint expenditure: security; estates & works; and ICT.

6. The Committee and I look forward to maintaining this close working relationship this year and in the future. We hope that the concurrent meeting will become at least an annual and possibly more regular event at which the programme for internal audits of shared services can be set, and some of the internal audits reports on more significant areas of shared activity can be reviewed.

Infrastructure: Palace of Westminster

7. Earlier this year, Committee members received tours of the work being undertaken on the Cast Iron Roofs above Speakers' Court, and of areas of the basement where work is required on the mechanical and electrical services to the Parliament. Each project is a significant risk to the administration, representing a substantial proportion of the House's budget over several years – but the risks of inaction are greater. We have discussed with the internal audit team the best means of ensuring that the work is audited while it is in train, rather than after completion. We are also convinced of the necessity for further expenditure in both of these areas.

Financial Support for Members

8. We have considered from the audit point of view the reforms to the system of financial support for Members that have arisen during the year. The allegations against Members have damaged the reputation of the House, and we have monitored the work of the Clerk of the Parliaments to examine whether there had been breaches of the rules. While the Committee did not consider the policy aspects of the new system, we sought assurance that the new rules would be workable and auditable. We have received that assurance and commend the work of the Administration to prepare for the new system, and in particular the measures taken to establish Peers' principal addresses.

Internal and external audit arrangements

9. During the year, the Committee considered sixteen internal audit reports covering both new reviews and follow-up exercises. The Committee was satisfied with the management responses to the reports and continues to push for prompt resolution of the recommendations. The Committee is also informed regularly of the progress of all outstanding audit issues and receives an annual update on fraud as well as all reports on corporate risks that are submitted to the Management Board. The Committee endorsed the draft internal audit programme for 2010/11 and noted the Head of Internal Audit's substantial assurance in respect of 2008/09.

10. I follow my predecessor in publicly thanking the National Audit Office for their work as the House's external auditors and their involvement in the work of the Committee. We are grateful for their support. In addition, during 2010/11 the Committee will undertake a self-assessment exercise based on a checklist produced by the NAO.

11. 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.

Resource Accounts for 2008/09

12. The Committee considered the draft Resource Accounts for 2008/09 in July 2009 and will consider the 2009/10 draft Resource Accounts in July 2010. The 2008/09 Accounts were issued with an unqualified opinion. The Committee also agreed the NAO's Audit Strategy for the 2008/09 Resource Accounts and was satisfied with the NAO's intention to place reliance on other sources of assurance where reasonable to do so.

13. In respect of the House of Lords risk management, control and governance processes in 2008/09, the internal auditor was able to provide substantial assurance, albeit with clear opportunities for improvement. The Committee was content that the assurance was based on a sufficiently broad and comprehensive audit programme. The Committee was pleased to note at its meeting in June 2010 that improvement had been recorded, and substantial assurance was given for 2009/10.

The Year Ahead: 2010/11

14. The Committee will continue to focus both on major projects which aim to modernise the Parliamentary Estate, as well as management within, and governance of, the Estates Department. In increasingly difficult economic conditions, the Committee will also examine the administration's corporate governance and efforts to improve efficiency and value for money.

15. 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.

June 2010

Lord MacGregor of Pulham Market
Chairman of the Audit Committee

Membership:

The Audit Committee was re-appointed by the House Committee on 27 October 2009. The membership of the Committee during 2009/10 was:

Lord Best (Chairman) (until May 2009)

Lord Cotter

Geoffrey Dart (external member) (until October 2009)

Ian Luder (external member) (from October 2009)

Malcolm McCaig (external member)

Lord MacGregor of Pullham Market (Chairman from May 2009)

Lord Tomlinson

Lord Turnbull (from May 2009)

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.

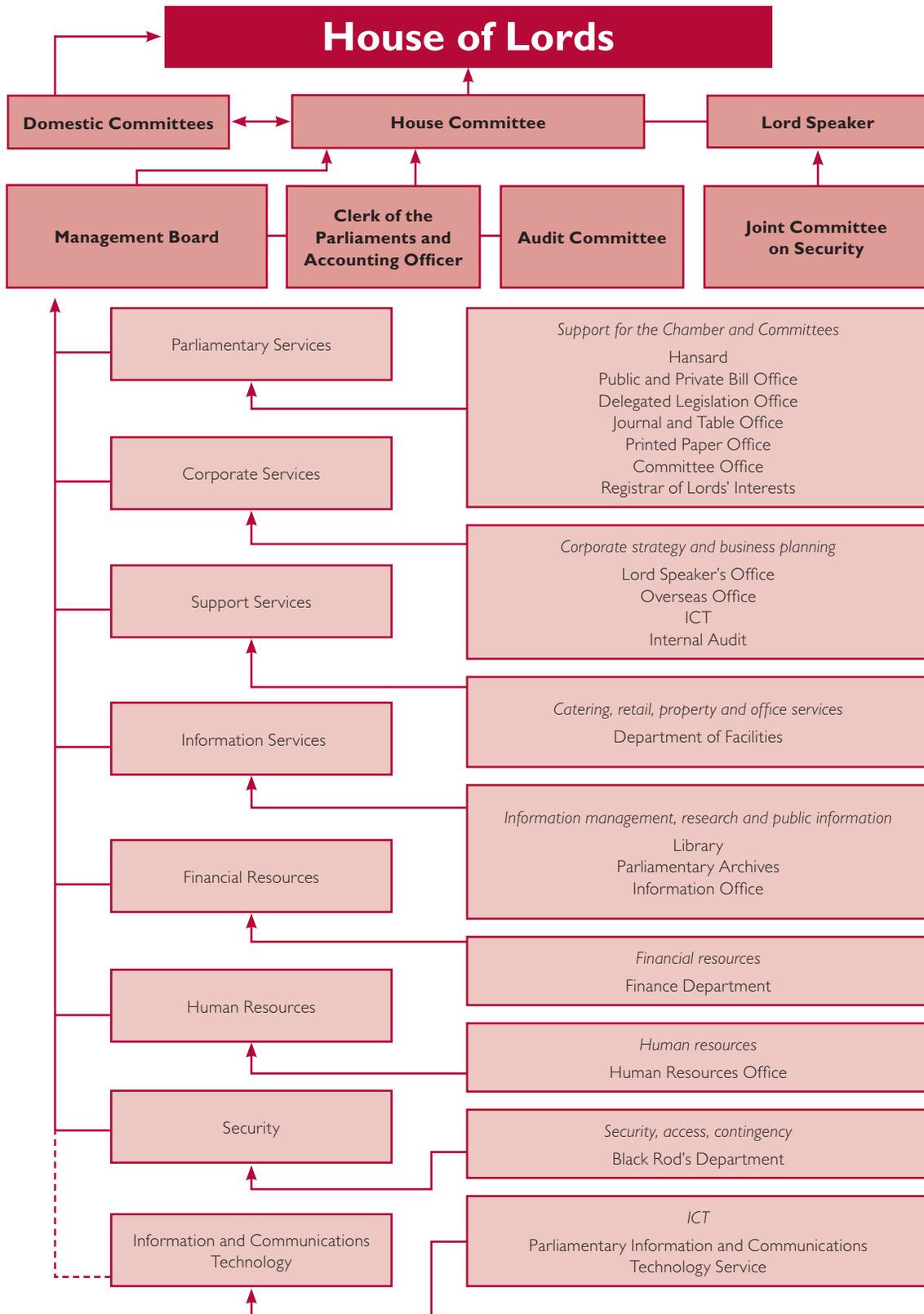
Declarations of Interest:

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 Governance Structure



Appendix B

Composition of the House of Lords 2009/10

1. During the year the size of the House fell slightly, and the average daily attendance – at 388 – was slightly below the figure for 2008/09 (411).

Composition of the House as at 31 March 2009

	Men	Women	Total
Archbishops and bishops	26	–	26
Life peers under the Appellate Jurisdiction Act 1876	21	1	22
Life peers under the Life Peerages Act 1958	456	145	601
Peers under the House of Lords Act 1999	90	2	92
Total	593	148	741
Of whom:			
Peers on leave of absence from the House	10	1	11

Composition of the House as at 31 March 2010

	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	452	144	596
Peers under the House of Lords Act 1999	89	2	91
Total	589	147	736
Of whom:			
Peers on leave of absence from the House	8	4	12

2. Thirteen new life peers were created during the year (of whom six were nominated by the House of Lords Appointments Commission), seven bishops retired and were succeeded, and one bishop died and was succeeded. Nineteen other members died.

3. During the year two by-elections were initiated. A vacancy was created by the

death on 12 May 2009 of Viscount Bledisloe, one of 28 hereditary peers elected by the excepted Crossbench hereditary peers, and Lord Aberdare was successful in the subsequent by-election. Secondly, a vacancy was created by the death on 28 March 2010 of the Earl of Northesk, one of 42 hereditary peers elected by the excepted Conservative hereditary peers; the Viscount Younger of Leckie was successful in the subsequent by-election, held in June.

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

Conservative	186
Labour	211
Liberal Democrat	72
Crossbench	186
Other peers	43
Bishops	26
TOTAL	724*

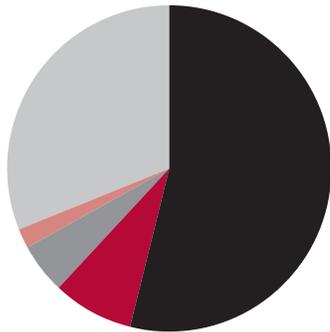
*These figures exclude 12 peers on leave of absence.

Appendix C

Diversity statistics for House of Lords staff appointments 2009-10

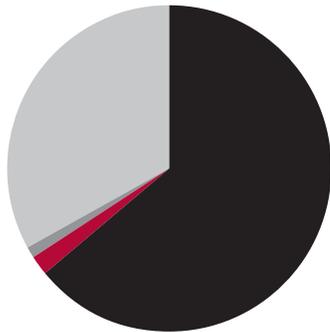
Ethnicity

Applicants



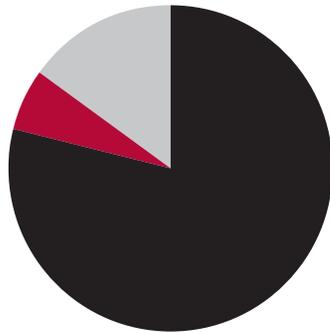
White	54%
Asian	8%
Black	5%
Other	2%
Not Supplied	31%

Interview

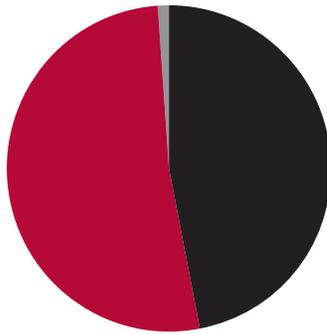


White	64%
Asian	2%
Black	1%
Other	0%
Not Supplied	33%

Successful



White	79%
Asian	6%
Black	0%
Other	0%
Not Supplied	15%



Gender

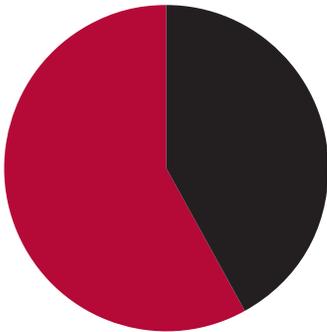
Applicants

	Female	47%
	Male	52%
	Not Supplied	1%



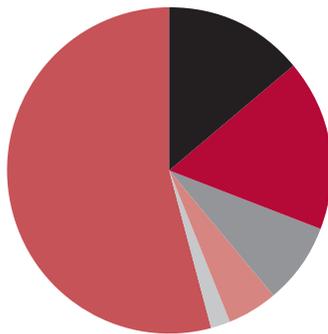
Interview

	Female	49%
	Male	51%
	Not Supplied	0%



Successful

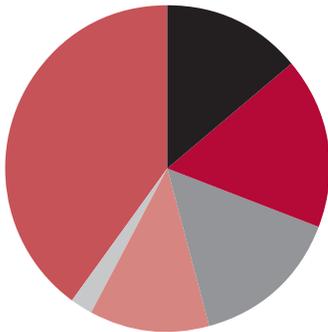
	Female	42%
	Male	58%
	Not Supplied	0%



Age

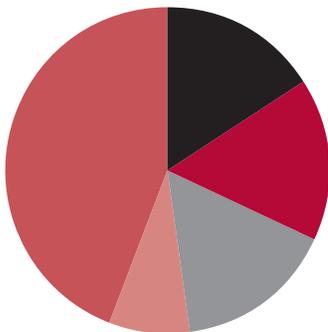
Applicants

16-24	14%
25-34	17%
35-44	8%
45-54	5%
55+	2%
Not Supplied	54%



Interview

16-24	14%
25-34	17%
35-44	15%
45-54	12%
55+	2%
Not Supplied	40%



Successful

16-24	16%
25-34	16%
35-44	16%
45-54	8%
55+	0%
Not Supplied	44%

Appendix D

House of Lords Strategic Plan 2010-15

Aim

The aim of the House of Lords administration is:

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

Objectives

The objectives of the House of Lords administration are:

1. *To provide the House and its committees with the advice and services they need for the effective conduct of business.*
2. *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).*
3. *To make the House and its work accessible to the public.*
4. *To maintain the House's buildings and collections, having regard to the heritage they represent.*

Tasks

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

1. Ensure that the advice, research, administrative support and reporting services for the House, its committees and individual Members are timely, impartial, responsive and of high quality. *[Links to objectives 1 & 2]*
2. Improve accommodation and facilities to enable Members and staff to work effectively, and in a safe, healthy, and sustainable environment. *[Links to objectives 2 & 4]*
3. Ensure that security arrangements are appropriate to the assessed level of threat and the effective conduct of business; and develop and maintain contingency and business continuity plans so as to minimise the impact of disruption caused by unplanned incidents. *[Links to all objectives]*
4. Facilitate public access to, and understanding and knowledge of, the work of the House of Lords, its heritage and collections. *[Links to objectives 3 & 4]*
5. Recruit, develop and retain staff with the capability and motivation to meet the needs of the House; encourage diversity and innovation; and approach tasks with a sense of common purpose. *[Links to all objectives]*

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 objectives]*

7. Ensure that information produced in support of objectives is well-managed, and that for all information requirements ICT is effectively exploited. *[Links to all objectives]*

8. Maintain good working relationships with the House of Commons, particularly in the provision of shared services; share information and best practice with other parliaments and assemblies within the United Kingdom and overseas; and co-operate with other organisations that can assist the work of the House and its administration. *[Links to all objectives]*

Values

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

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