

HOUSE OF LORDS

Leader's Group on Governance

---

Report of Session 2015–16

# Governance of Domestic Committees in the House of Lords

---

Ordered to be printed 13 January 2016

---

Published by the Authority of the House of Lords

### *Leader's Group on Governance*

The Leader's Group on Governance was appointed by the Leader of the House on 23 March 2015 with a remit "to consider governance arrangements in the House of Lords".

### *Membership*

The Members of the Leader's Group on Governance were:

[Baroness Doocey](#)

[Lord Kirkham](#)

[Baroness McIntosh of Hudnall](#)

[Baroness Shephard of Northwold](#) (Chair)

[Baroness Taylor of Bolton](#)

[Lord Turnbull](#)

### *Declaration of interests*

A full list of Members' interests can be found in the Register of Lords' Interests:

<http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests>

### *Staff*

The staff who worked on this inquiry were Judith Brooke and Frances Parker.

### *Contact details*

All correspondence should be addressed to Judith Brooke, Clerk to the Leader's Group on Governance, Clerk of the Parliaments' Office, House of Lords, London SW1A 0PW. Telephone 020 7219 3983. Email [brookej@parliament.uk](mailto:brookej@parliament.uk)

## CONTENTS

---

	<i>Page</i>
<b>Summary</b>	<b>3</b>
<b>Summary of conclusions and recommendations</b>	<b>4</b>
<b>Chapter 1: Introduction</b>	<b>7</b>
Background	7
Our inquiry	7
Context	8
Current governance in the House of Lords	8
Figure 1: Current House of Lords governance structure	9
Box 1: Terms of reference of the House Committee and the domestic committees	10
Previous governance reviews	10
The Tordoff Review	11
The Tordoff-Hunt Review	11
Governance in the House of Commons	11
Figure 2: Governance structure of the House of Commons	12
The Executive Committee	12
Domestic committees in the House of Commons	13
<b>Chapter 2: Our findings</b>	<b>14</b>
Common themes	14
Roles, remits and terms of reference	14
Number of committees	14
Good practice	15
Appointment process	15
Roles and responsibilities of committee members	15
Communications	16
Select committee model	16
Relationships between members and staff	17
Management Board and House Committee	17
Sharing services and joint working with the Commons	17
What needs to change	18
Constraints	18
A common goal	19
<b>Chapter 3: Proposals for change</b>	<b>20</b>
A package of reforms	20
Structure	20
Figure 3: Proposed new governance structure	20
The Chairman of Committees	21
Audit Committee	22
Works of Art Committee	22
Membership	23
The senior committee	23
The supporting committees	24
Appointments	25
Appointment of the Chairs	25
Ways of working	26
Relationships between members and staff	26

Communication with the House	27
Meetings	27
Working with the House of Commons	27
Timetable for implementation	28

## SUMMARY

We were asked by the Leader of the House to review the governance arrangements in the House of Lords. In particular, we were asked to consider what arrangements were necessary to ensure that domestic committee decision-making was effective, transparent and accountable. All organisations, including a legislative chamber such as ours, need to review their governance arrangements from time to time. There has been increasing scrutiny of the House of Lords in recent years, which has given rise to greater public interest in all aspects of the work of the House. Such interest rightly extends to the way in which decisions are made about the facilities and services that support members in their work as parliamentarians. It is important therefore that those decisions are effective, transparent and accountable, as befits a 21st century legislature.

We have heard from a wide range of members and staff of the House; we are extremely grateful to all those who took the time to speak to us or to make a submission. There has been a high degree of consistency in the views expressed.

Our report proposes a package of reforms which together will bring greater effectiveness, transparency and accountability to our governance structure. The proposed reforms should therefore be considered in their entirety, and not in a piecemeal fashion.

Our aim is to achieve clarity of remits for the domestic committees, and clarity of roles for committee members. We propose a smaller number of committees, with clear demarcations of responsibility, formal delegations of authority, and a clear hierarchy. Our vision is for a small cadre of members with the time, interest and expertise necessary to engage with domestic committee matters on behalf of the House, working in partnership with the staff of the House.

To give effect to our vision we recommend the following structure:

- A senior committee to set the strategy of the House and the Administration and to monitor the performance of the Administration against agreed targets;
- Two supporting committees, one dealing with all aspects of services for members to be called the ‘Services Committee’; the other a Finance Committee;
- Three new posts: a chair for each of the Services Committee and the Finance Committee, and a new role entitled Senior Deputy Speaker, to replace the Chairman of Committees.

We make several other recommendations about membership and ways of working which we set out in detail in our report. Underpinning our proposals is the belief that no governance structure, however well thought-out, can work without a sense of shared purpose and commitment from those involved. We look to the Leaders of the party groups, to the Convenor of the Crossbench peers, to the office-holders, and to all those members and staff involved in governance to make the new arrangements as effective as possible. A common goal must be the starting point for the change that we envisage.

We make this report to the Leader of the House and look to her to put our report before the House as a whole and to take forward our recommendations.

## **SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

---

### **Our conclusions on the current governance structure**

1. The current terms of reference for the committees and the relationships between them are unsatisfactory and in urgent need of review.(Paragraph 28)
2. There are too many domestic committees. (Paragraph 30)
3. The current governance arrangements do not meet standards of best practice in a number of respects. (Paragraph 34)
4. The process by which members are appointed is unsatisfactory and does not always make the best use of existing expertise within the House. (Paragraph 36)
5. The roles and responsibilities that committee members are expected to undertake are unclear. (Paragraph 41)
6. There is a need for significant improvement in communications between domestic committees and the House. (Paragraph 44)
7. The select committee style of conducting meetings is inappropriate for domestic committees. (Paragraph 46)
8. Relationships between members and staff could be improved. (Paragraph 48)
9. The Management Board and the House Committee could work more effectively together for the smooth delivery of services to members. (Paragraph 51)
10. Although joint working is rightly increasing across the two Houses, the governance of joint and shared services has not kept pace with these developments. (Paragraph 55)

### **Our proposals for change**

1. We recommend the following new governance structure:
  - A new senior committee to set the strategic direction for the House and the Administration and to monitor the performance of the Administration against agreed targets;
  - Two new supporting committees:
    - a Services Committee dealing with services for members, and
    - a Finance Committee;
    - each with clearly defined terms of reference agreed by the senior committee.
  - Appropriate delegations from the senior committee to the Services Committee; and from the Services Committee to its Chair and to the Management Board.
  - Two new posts to chair the Services Committee and the Finance Committee;

- A third new post entitled Senior Deputy Speaker to focus on matters relating to proceedings of the House and to deputise for the Lord Speaker, to replace the Chairman of Committees;
  - A change to the title of the Principal Deputy Chairman of Committees to ‘Chair of the European Union Committee’. (Paragraph 73)
2. We recommend that the Audit Committee be formally designated as a sub-committee of the senior committee; that its members should be appointed by that committee; and that its Chair be invited to attend the meetings of the senior committee. (Paragraph 75)
  3. We recommend that the Works of Art Committee be reconfigured as an advisory panel with power to make recommendations, reporting to the Lord Speaker. (Paragraph 77)
  4. We recommend that the senior committee should have the following membership:
    - Lord Speaker (Chair)
    - The Senior Deputy Speaker
    - The three Leaders, or their delegated representatives
    - The Convenor of the Crossbench peers
    - Four backbench members including
      - Chair of the Services Committee
      - Chair of the Finance Committee
      - Two other backbench members drawn from the groups not holding the Chair of either the Services Committee or the Finance Committee
    - Two external non-executive members (Paragraph 82)
  5. We further recommend that:
    - the membership of the supporting committees should be composed of three members from each of the Labour and Conservative groups, and two each from the Liberal Democrat group and the Crossbench peers;
    - the Chair of the Audit Committee should be an additional member of the Finance Committee;
    - the supporting committees should have the powers to call on external advisers. (Paragraph 87)
  6. We recommend that nominations to the domestic committees are made by the party groups, subject to criteria designed to deliver effective and engaged committees. (Paragraph 90)
  7. In order to make the best use of the expertise of members we recommend that the senior committee should keep under review the optimum length of service on domestic committees. (Paragraph 91)

8. We recommend that the induction of committee members should be further developed, with support from the Leaders of the party groups and the Convenor of the Crossbench peers, as well as the Chairs of the new Committees. (Paragraph 93)
9. We recommend that the new Senior Deputy Speaker and the new Chairs of the Services Committee and the Finance Committee should:
  - be nominated by the party groups, following a process of selection;
  - have job descriptions and agreed terms of office;
  - work closely with the Lord Speaker to ensure the effective governance of the House. (Paragraph 99)
10. We further recommend that the chair of the Services Committee should be accountable to members for the work of that Committee through written and oral questions. (Paragraph 100)
11. We recommend that the senior committee and the two supporting committees should ensure that the format of all their meetings encourages a sense of shared purpose and partnership. (Paragraph 103)
12. We recommend that there should be regular joint meetings between the senior committee and the Management Board. In addition we recommend a joint annual away day at which strategy and priorities should be discussed, to feed into the development of business and financial plans. (Paragraph 105)
13. We recommend that there should be a detailed memorandum of understanding between the senior committee and the Management Board to specify what matters are delegated to the Management Board, and what matters require endorsement from the senior committee. (Paragraph 106)
14. Whatever the means chosen, we recommend that planning for routine and effective communication with the House is considered a matter of utmost importance for the new committees, once established. (Paragraph 109)
15. We recommend that the new committees, once established, explore the appetite among their Commons counterparts for regular joint meetings at which issues of common concern could be discussed and decided. (Paragraph 113)
16. We recommend that the revised structure is implemented without delay. (Paragraph 116)



# Governance of Domestic Committees in the House of Lords

## CHAPTER 1: INTRODUCTION

---

### Background

1. The Leader's Group on Governance was established by written ministerial statement by the Leader of the House, Baroness Stowell of Beeston, on 23 March 2015 with a remit to "consider governance arrangements in the House of Lords".<sup>1</sup>
2. The detailed terms of reference for the Group were: "to consider how to ensure that domestic committee decision-making in the House of Lords is effective, transparent and accountable". In particular, the Group was asked to:

"examine domestic committee decision-making structures, including which decisions go to which committee, or are referred between committees, and which decisions are remitted to the House; and consider what arrangements are necessary to uphold the interest of the House of Lords as an equal partner when making decisions alongside, or sharing services with, the House of Commons".<sup>2</sup>

This report sets out our findings and proposals for change.

### Our inquiry

3. Our inquiry does not concern the work of the House as a legislative chamber. We were not asked to consider matters relating to procedure, the size of the House, its composition, or the conduct of members. Our remit is to examine the governance of services and facilities provided to members of the House to support them in their capacity as legislators. We acknowledge that not all members will be interested in such matters. However, these services and facilities exist for the benefit of all members and they underpin the smooth and effective running of a legislative chamber. It follows that the decision-making structures which govern the provision of such services and facilities are as vital to the work of the House as a whole, as to the effective participation of individual members. It is important therefore that the decisions governing such services are effective, transparent and accountable, as befits a 21st century legislature.
4. We began meeting in June 2015 and concluded our work in December. We have met more than twenty times. Over the course of our review we spoke to many members of the House, including the Leaders of the party groups and office-holders, as well as backbench members, and members of staff. We invited written comments and we held four informal drop-in sessions, open to members and staff, in July and October. In addition we have had countless impromptu conversations with members that have arisen as a result of our appointment. We are enormously grateful to all those who have taken the time to speak to us or to make a submission.

---

1 HL Deb, 23 March 2015, [HLWS425](#)

2 *Ibid.*

5. **We make this report to the Leader of the House and look to her to put our report before the House as a whole and to take forward our recommendations.**

### Context

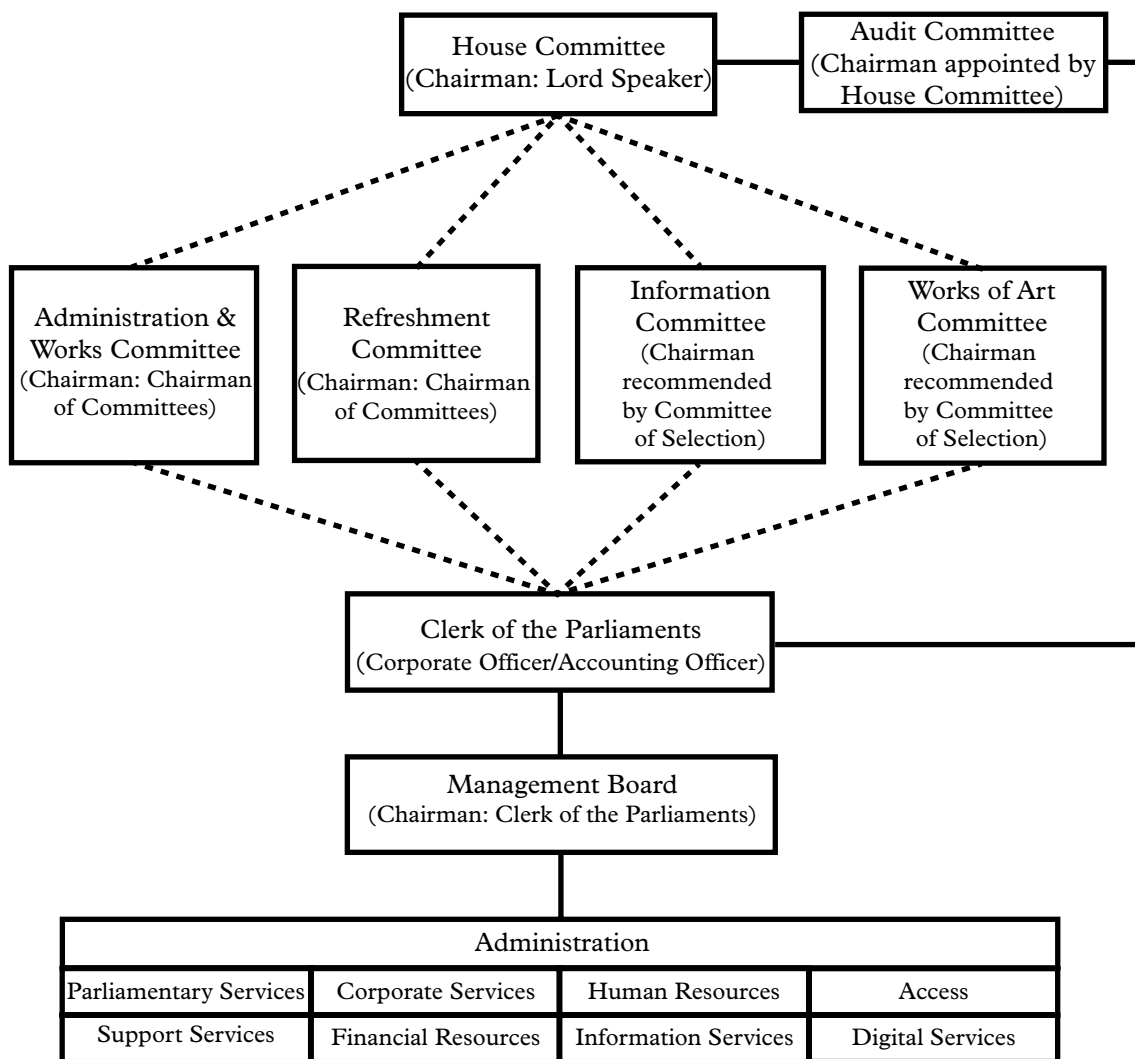
6. The backdrop to our inquiry is one of continuing change and significant challenge for Parliament as a whole, and for the House of Lords in particular. The House of Lords has changed considerably since its governance arrangements were last reviewed in 2001–02. The House is much busier than before: the average daily attendance is now 483 members, compared to 370 members in 2001–02.<sup>3</sup> With increased attendance comes an increased demand for services and facilities; those demands need to be balanced against the need for efficiency and cost-effectiveness, at a time of budgetary restraint.
7. There has been increasing scrutiny of the House of Lords in recent times. Questions concerning the size, composition and constitutional role of the House have given rise to closer public interest in all aspects of how the House works, and how its members conduct themselves. This scrutiny should rightly extend to the way in which decisions are made about the facilities and services which support members in their work as parliamentarians.
8. There is a growing need for a sense of cohesion and shared purpose between the two Houses of Parliament. In day-to-day operational matters there is already a high degree of collaborative working between the two Houses. A bi-cameral review of shared services, which sought to identify the current extent of joint working, as well as opportunities for its expansion, found that 64% of the aggregated resource spend of the two Houses is already managed through some form of shared services. Further work has now been commissioned to establish the steps necessary to join up more services, prioritising those areas where significant benefits have been identified. These include Hansard, catering, in-house cleaning, diversity and inclusion, learning and development, and internal audit. Recently, the Restoration and Renewal programme, established to tackle the work required to maintain the Palace of Westminster as the home of the UK parliament, has given the two Houses the responsibility for making a decision of an unprecedented complexity, scale and significance. It has underlined the importance of the two Houses being able to act together when appropriate, in the interests of Parliament as a whole.

### Current governance in the House of Lords

9. We set out below for reference the current governance arrangements in the House of Lords (see Figure 1).

---

3 House of Lords [Annual Report 2002–03](#), Appendix D, Business of the House Statistics; House of Lords Journal Office, Business Statistics [Session 2014–15](#)

**Figure 1: Current House of Lords governance structure**

Source: House of Lords [Annual Report, 2014-15, Appendix B](#)

10. The House Committee sets the policy framework for the administration of the House and has responsibility for financial matters. It is chaired by the Lord Speaker. The Leaders of the three main parties, the Convenor of the Crossbench Peers and the Chairman of Committees are members on an *ex officio* basis. There are also six backbench members.
11. There are four domestic committees concerned with the governance of the House, whose terms of reference are set out below (see Box 1). The Chairman of Committees currently chairs the Administration and Works Committee and the Refreshment Committee. The Committee of Selection nominates the chairs of the other committees.

### **Box 1: Terms of reference of the House Committee and the domestic committees**

#### *House Committee*

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's 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.

#### *Administration and Works Committee*

To consider administrative services, accommodation and works, including works relating to security, within the strategic framework and financial limits approved by the House Committee.

#### *Refreshment Committee*

To advise on the refreshment services provided for the House, within the strategic framework and financial limits approved by the House Committee.

#### *Information Committee*

To consider information and communications services, including the Library and the Parliamentary Archives, within the strategic framework and financial limits approved by the House Committee.

#### *Works of Art Committee*

To administer the House of Lords Works of Art Collection Fund; and to consider matters relating to works of art and the artistic heritage in the House of Lords, within the strategic framework and financial limits approved by the House Committee.

Source: House Committee, *Domestic Committees' Terms of Reference*. (1st Report, Session 2007–08, HL Paper 13), agreed by the House on 5 December 2007, see HL Deb 7 December 2007 [col 1702](#)

12. There are in addition four other domestic committees currently chaired by the Chairman of Committees—Liaison Committee, Procedure Committee, Committee for Privileges and Conduct, and Committee of Selection. They have not formed part of our inquiry as they concern proceedings of the House, rather than governance of its facilities and services.
13. The House of Lords Management Board is made up of senior members of staff and is chaired by the Clerk of the Parliaments. It takes strategic and corporate decisions for the House Administration within the policy framework set by the House Committee, and prepares the plans, estimates and reports that require approval by the House Committee.

#### **Previous governance reviews**

14. There have been several reviews of governance in the House of Lords in the last 20 years. The most recent significant review in 2001–02, known as the 'Tordoff Review' after the then Chairman of Committees, led to the establishment of the House Committee and the other domestic committees as currently constituted.<sup>4</sup>

<sup>4</sup> Select Committee on House of Lords Offices, *Report by the Working Group on Management and Services* (5th Report, Session 2001–02, HL Paper 105), Appendix 2

*The Tordoff Review*

15. The structural problem identified by the Tordoff Review was that the Select Committee on the House of Lords' Offices, the predecessor to the House Committee, had largely delegated its authority to its sub-committees. The sub-committees did not have powers to report to the House; and the Offices Committee acted as little more than a "post-box",<sup>5</sup> receiving reports of decisions and where necessary reporting them to the House. There were no explicit terms of reference, and there was no clarity about what decisions needed to be referred upwards to the Offices Committee, and which needed to be referred upwards to the House.
16. The solution proposed by Tordoff underlies the system as it exists today. The principal objective was that "there should be a coherent strategy covering domestic management and services and the financial arrangements of the House."<sup>6</sup> There was to be a single committee providing leadership and strategic planning for the entire Administration, including for the other domestic committees and the staff of the House. It would be composed of the Leaders of the main political groups and the Convenor of the Crossbench peers, the Chairman of Committees, and four backbench members.<sup>7</sup>
17. The sub-committees were transformed into full committees. Tordoff envisaged their primary purpose primarily as "user groups", canvassing the views of members and making policy recommendations.<sup>8</sup> They were to play a vital role in providing a channel for members to make complaints or suggestions about the services in the House.

*The Tordoff-Hunt Review*

18. A review in 2007 by Lord Tordoff and Lord Hunt of Wirral at the request of the then Lord Speaker in her capacity as Chair of the House Committee, suggested that the structure was sound and required only minor tweaks.<sup>9</sup> The role of the domestic committees as user groups was reinforced; wide consultation with members, whether informal or formal, and regular reporting back to the House, were considered essential if the existing arrangements were to work to their full potential.<sup>10</sup>
19. Very few of those who spoke to us, or made a submission, believed that the ambitions of the Tordoff Review had been realised by the governance arrangements currently in place. The findings of the Group serve to reinforce this point.

**Governance in the House of Commons**

20. The need to work cooperatively and collegiately with the House of Commons is clear. Following the report by the Committee on House of Commons Governance in December 2014,<sup>11</sup> a series of changes have been implemented to its governance and management structure, which are still in the process of

---

5 *Ibid.*, para 11

6 *Ibid.*, para 22

7 The current composition of the House Committee differs from this proposal in that it comprises six backbench members and in addition the Lord Speaker, whose election the Tordoff Review preceded.

8 Select Committee on House of Lords Offices, *Report by the Working Group on Management and Services (5th Report, Session 2001–02, HL Paper 105)*, Appendix 2, paragraph 39

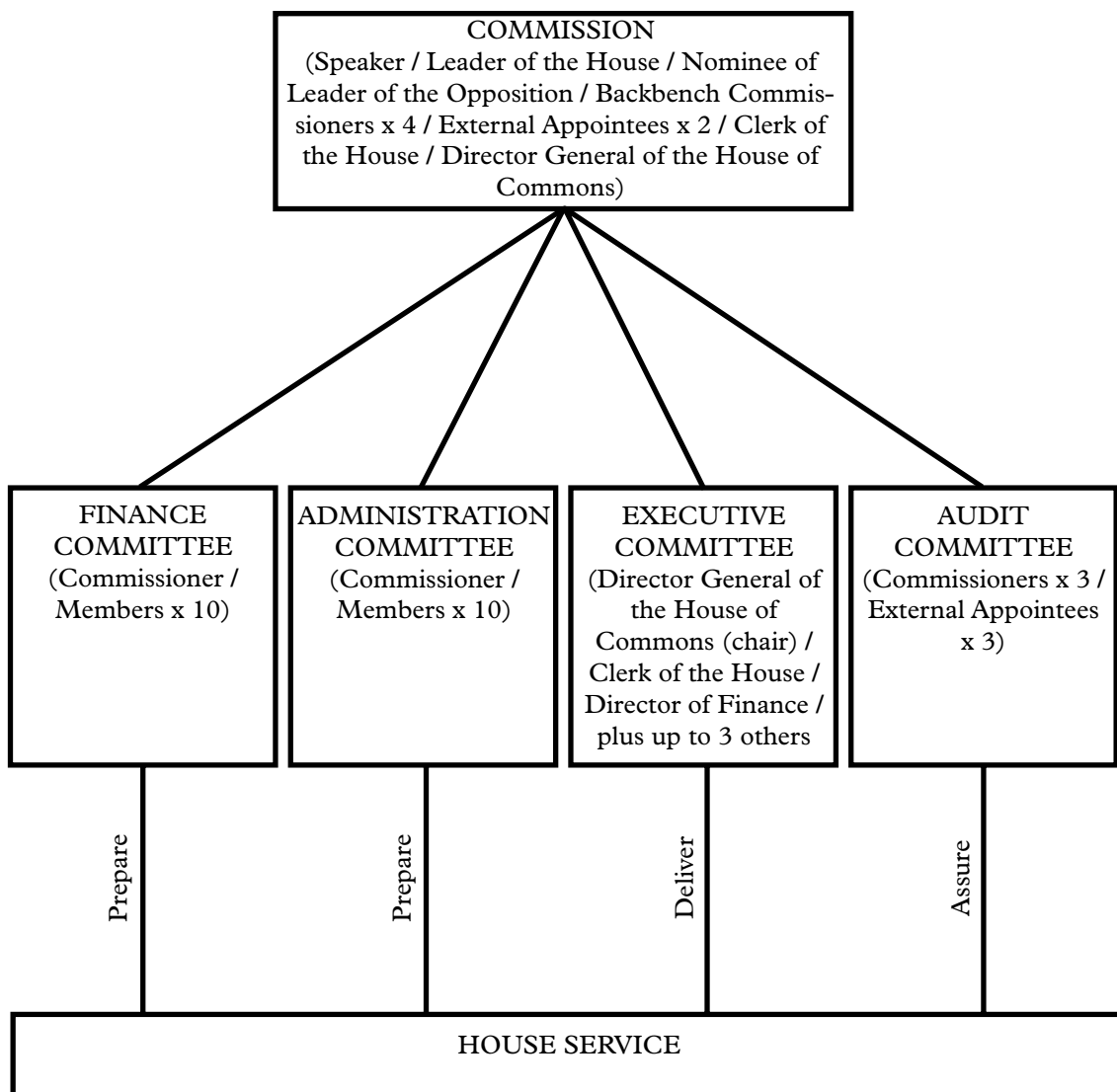
9 House of Lords, House Committee, Internal Governance, [H/07-08/1](#), November 2007

10 *Ibid.*, [paras 27 and 32](#)

11 House of Commons Governance Committee, *House of Commons Governance* (First Report, Session 2014–15, HC 692)

bedding in. The principal changes have been to the remit and composition of the House of Commons Commission. It has been given a new statutory responsibility to “set strategic priorities and objectives for the services provided by the House departments.”<sup>12</sup> Its composition has been amended to enable it to deliver on its revised remit. Its members are the Speaker, the Leader of the House and the shadow Leader of the House; four backbench members, including the Chairs of the Administration Committee and the Finance Committee; two external members appointed by open competition; and two official members. The official members are the Clerk of the House and the newly-appointed Director-General of the House of Commons.

**Figure 2: Governance structure of the House of Commons**



Source: House of Commons Commission, [Annual Report, 2014–15, HC 341](#)

### *The Executive Committee*

21. The management board of the House of Commons was replaced with an Executive Committee after the Governance Committee found that there was a “dysfunctional relationship” between it and the Commission.<sup>13</sup> The

12 House of Commons Commission Act 2015, [section 2](#)

13 House of Commons Governance Committee, [House of Commons Governance](#) (First Report, Session 2014–15, HC 692), para 57

new Executive Committee is a formal sub-committee of the Commission, and is chaired by the new Director-General of the House of Commons. It is made up of the Clerk of the House and the five heads of departments (Information, Human Resources, Finance, Facilities and Committee and Chamber Services). The Director of the Parliamentary Digital Service is a co-opted member. It has specific responsibilities delegated to it by the Commission in a formal instrument of delegation under the House of Commons Administration Act 1978.

*Domestic committees in the House of Commons*

22. The Commission is supported by two domestic committees: the Administration Committee and the Finance Committee (previously the Finance and Services Committee). The Administration Committee was established in 2005 to incorporate the remits of five former domestic committees, including Accommodation & Works, Administration, Broadcasting, Catering and Information. It advises the Commission on improvements to services provided to members and the general public. It has some specific executive responsibilities for day-to-day operational matters, agreed formally with the Commission.
23. The Finance Committee considers expenditure on services for the House of Commons and has particular responsibility for the preparation and detailed scrutiny of the House's budgets. It has no executive authority and is not part of the formal approval process for expenditure. In order for the two domestic committees to have equal status the Governance Committee recommended placing the Chairs of both Committees on the Commission; previously only the Chair of Finance had been a member.<sup>14</sup>

---

<sup>14</sup> House of Commons Governance Committee, *House of Commons Governance* (First Report, Session 2014–15, HC 692), para 145



## CHAPTER 2: OUR FINDINGS

---

24. Our findings draw on the views expressed by members and staff of the House during our meetings and informal drop-in sessions, in written submissions, and in informal conversations. The Group heard from current and former office-holders, party group Leaders and backbench members, representing a wide range of professional backgrounds and length of membership of the House. We also heard from a number of staff, ranging from senior management to junior staff, and representing a wide range of outside experience and length of service. Despite the variety of sources there was a high degree of consistency in the themes which emerged.
25. We decided early on to treat all submissions and comments in confidence in order to encourage a free and frank exchange of views. Therefore we will not be quoting from any submissions or comments made. Instead, we have provided a summary of the most salient themes below.

### Common themes

#### *Roles, remits and terms of reference*

26. A strong recurring theme from members and staff was that there was insufficient clarity about the role and remit of the House Committee and the other domestic committees. We were told there was uncertainty over which committee was responsible for considering any given issue. Some issues were considered by two or more committees, and there was potential for contradictory approaches. Several submissions argued for clearer demarcations of responsibilities between the committees.
27. It was unclear who had responsibility for making decisions. Although the House Committee set the policy framework within which the other committees operated, suggesting a position of seniority, there was no scheme of delegation. The terms of reference of the domestic committees referred to their task being “to consider” relevant issues.<sup>15</sup> However, once a committee had considered an issue and reached a conclusion, it was not always clear whether it was necessary to refer that conclusion to other committees or to the House for approval. Some suggested that the domestic committees should be made formal sub-committees of the House Committee, to reinforce its role as the senior committee of the House. There was confusion about the relationship between the domestic committees and about where decision-making power ultimately rested; some suspected it rested with the staff.
28. **It is our view that the current terms of reference for the committees and the relationships between them are unsatisfactory and in urgent need of review.**

#### *Number of committees*

29. Several members and staff told us there were too many committees and too many members involved in domestic issues; this served to exacerbate confusion about remits. There were wide-ranging calls from members and staff to merge the domestic committees into a single ‘administration’ or ‘services’ committee.
30. **We conclude that there are too many domestic committees.**

---

<sup>15</sup> See Box 1: Terms of reference of the House Committee and the domestic committees



*Good practice*

31. A number of submissions suggested that the current structure did not meet expected standards of good practice in governance. These pointed out that all members of domestic committees were members of the House, and therefore were directly affected by the decisions being made, which often involved the use of public funds. Other submissions suggested it could be difficult for members to balance impartially the interests of the House, its members, and the general public.
32. The lack of non-executive oversight was a concern for many who spoke to us. There was wide-ranging support for the addition of non-executive members to the senior committee. The suggested benefits included an improved dynamic in meetings and valuable outside expertise.
33. There were also concerns about insufficient accountability to the House. The operations of domestic committees appeared shrouded in mystery to many members who had not served on them. It was even suggested that an air of secrecy was deliberately cultivated. Other submissions by members indicated that there was little idea of who could be consulted about any given issue.
34. **We find that current governance arrangements do not meet standards of best practice in a number of respects.**

*Appointment process*

35. Several members and staff commented on the process for appointment to domestic committees. Committee members were nominated by their party groups. This was appropriate in order to ensure representation from across the House, but there were several suggestions that nominations were not treated with the same care and importance as the nominations to the investigative select committees. Not all committee members demonstrated an interest in, or knowledge of, relevant areas. This may have arisen, we were told, from the lack of clarity in the terms of reference—members were less keen to serve on committees whose role and purpose were unclear. In some cases, members agreed to serve on domestic committees in exchange for the promise of a more desirable committee when a vacancy next arose.
36. **We conclude that the process by which members are appointed is unsatisfactory and does not always make the best use of existing expertise within the House.**

*Roles and responsibilities of committee members*

37. The Tordoff Review had intended the domestic committees to act as user groups, providing a communication channel between the Administration and the membership. Committee members were expected to report to their party groups on the activities of the committees, and to feed back the views of their groups to the relevant committee. Many members of domestic committees were entirely unaware of this expectation. Nor was it supported by the party group meetings; discussion of domestic committee business at such meetings was infrequent, rather than routine, and tended to arise in response to rumours.
38. In the absence of effective terms of reference, committee members were not always clear about their roles and responsibilities. Members often had many

other commitments and sometimes found it difficult to find the time to carry out their responsibilities in relation to domestic committees. Moreover, not all committee members demonstrated a willingness to accept that it was their role to act corporately on behalf of the House as a whole.

39. A number of submissions commented on the very limited process of induction for committee members. We were told that efforts had been made recently to improve on this: the former Chairman of Committees had produced a guide at the start of the current Parliament, and arranged presentations by members and staff for new committee members; unfortunately, these were not well attended. The rotation rule was also cited as militating against continuity and engagement: members did not build up the necessary expertise and as a result, oversight of the Administration was weakened.
40. Concerns were raised by a small number of members and staff about the role of the Leaders on domestic committees. Their many competing priorities could potentially make it difficult for them to engage sufficiently with the detail of management and administration. Some argued that attending meetings of the House Committee was not the best use of time for the Leaders; others disagreed.
41. **We conclude that the roles and responsibilities that committee members are expected to undertake are unclear.**

#### *Communications*

42. It was widely felt by those who spoke to us that communications between the domestic committees and the House were poor. Reliance on the user group model had failed; as mentioned above, few committee members were aware of their role in communicating between the committees and the membership. Red Benches, although a helpful innovation, was not considered enough on its own for communication to be effective. At the same time, there was a recognition that in a House where members had many other calls on their time, it was difficult to find a means of communicating on matters that were not of immediate interest to all.
43. A smaller number of submissions commented that members did not receive notice prior to an issue being considered by a committee; the first indication was when a report was published, for which the House's approval was sought. It was suggested that there should be a mechanism for interested members to be made aware of issues under consideration.
44. **We find there is a need for significant improvement in communications between domestic committees and the House.**

#### *Select committee model*

45. Many people who spoke to us or submitted comments shared the view that the current model for meetings, based on a select committee sitting around a horse-shoe table, required review. Objections were raised on a number of fronts, but the most common was that this was not appropriate to the task in hand. It did not encourage collective, collegiate working. In particular, several submissions referred to the practice of having the staff sit in the seats usually reserved for witnesses, which encouraged an adversarial dynamic. One submission likened it to a Public Accounts Committee hearing, another

to an inquisition. As a result, we were told, staff tended to adopt a defensive stance.

46. **We find that the select committee style of conducting meetings is inappropriate for domestic committees.**

*Relationships between members and staff*

47. A number of submissions made the point that the unique character of the House of Lords sometimes inhibited the kind of frank discussion between members and staff at all levels which is necessary for good decision-making. The sometimes adversarial nature of meetings was cited as militating against constructive relationships. Some submissions suggested that the apparent lack of understanding or interest from some committee members could be dispiriting for staff, and could make it hard to resist the temptation to progress matters without reference to committees. Others felt that the Administration was not working closely enough with the membership and the usual channels, and there was a risk of two systems operating in parallel.
48. **We conclude that relationships between members and staff could be improved.**

*Management Board and House Committee*

49. Fewer comments were made about the relationship between the Management Board and the House Committee. Nonetheless, the comments had a consistent theme. The relationship was ill-defined, distant, and had not developed into a mature executive/non-executive working relationship.
50. It was suggested that formal delegations from the House Committee to the Management Board could be a useful means of clarifying areas of responsibility and decision-making at member level and at staff level.
51. **We find that the Management Board and the House Committee could work more effectively together for the smooth delivery of services to members.**

*Sharing services and joint working with the Commons*

52. There were fewer comments on sharing services and joint working with the Commons. There was evidence of progress in joint working across the two Houses, both formally and informally, at member and staff level. At senior management level there had been joint meetings for some time; the two Management Boards met twice a year, as did the two Audit Committees. Good personal relationships were often the starting point for good practice when cooperation was informal—such as between the Chairs and secretariats of relevant committees, or between the two Finance departments.
53. However, there was concern from members and staff about how to ensure that the House of Lords was treated as an equal partner in its dealings with the Commons. We were told that it was sometimes difficult for the House to ensure that its requirements were fully met when sharing services with the Commons.
54. We were also told that the governance arrangements for shared and joint services lagged behind progress made in joint working. Parallel layers of staff and member committees still had to be negotiated in order to obtain

agreement to proposals from joint services. This rendered decision-making cumbersome and slow. The differing structures for governance in the two Houses added to the bureaucratic burden.

55. **Although joint working is rightly increasing across the two Houses we find that the governance of joint and shared services has not kept pace with these developments.**

#### **What needs to change**

56. Our findings suggest there is both a strong need and an appetite for change. Any proposals must include the following:

- Clearly defined terms of reference for the domestic committees;
- Clearly defined relationships and reporting structures between the domestic committees;
- Fewer committees overall;
- Adoption of best practice in relation to good governance and increased accountability to the House;
- A clearer definition of the roles and responsibilities for members serving on committees;
- An improved appointment process leading to more engaged committee members;
- Improved communications with the House;
- A more collegiate and business-like way of working;
- Constructive working relationships between members and staff;
- A closer working relationship between the House Committee and the Management Board.

#### **Constraints**

57. There are some constraints on the operation of governance and administrative structures in the House of Lords which need to be acknowledged. The House of Lords operates in a political environment, and some decisions are necessarily taken for political reasons. We recognise that there will always be tensions between the different party groups, between the front and backbenches, and between the Commons and the Lords; these are healthy features of a parliamentary legislature. There is therefore a limit to the extent to which any governance structure can be expected to deliver universally welcome outcomes.
58. We accept that the subject of governance will be of variable interest to members. Nonetheless it does affect all members of the House, since they are the users of services and facilities designed to support them in their work as legislators. However, the different degrees of engagement by members can lead to inconsistent decision-making.
59. The business of running a legislative chamber is not so complex nor so specialised that we cannot learn from good practice in other organisations

and sectors. However, we caution against oversimplified comparisons. For example, we have many times heard the House Committee compared to a board of non-executive directors in a PLC model, but we find that the members of the House Committee have far more complex roles. They are users of the services and facilities and, to that extent, they are clients of the Administration. They are the decision-makers with regard to policy and resources, and give direction to the Management Board, and to that extent they are managers of the Administration. They are also directly affected by their own decisions which makes them qualitatively different from non-executive directors. Moreover, the Administration over which they preside has some unusual challenges. It has no control over two factors which influence its expenditure: the number of sitting days per session and the number of nominations to the House. These are of course a matter for the Government. Any governance arrangements must take account of these conflicts and constraints, and work within them.

60. Last but not least, we heard many criticisms relating to the way in which the committees currently operate. This might have prompted the conclusion that committees are not the best vehicle for providing strategic oversight and feedback to the Administration; but that is not our view. There are some inherent limitations: the practice of proceeding by consensus can mean that decisions can lose coherence by trying to accommodate diverse points of view. But we believe that committees are the best means to assemble a representative group of members with a clear mandate from the House to consider issues at a level of detail which it would not be practical for the House to do itself. In any parliamentary legislature there must be delegation of tasks, and there must be representation for the party groups. We conclude that this model should be maintained.

### **A common goal**

61. The Leader of the House asked us to consider the governance arrangements with a view to ensuring that domestic committee decision-making in the House is effective, transparent and accountable. We agree with those aims. To make such an aspiration a reality requires a shared purpose and the concerted effort of all those engaged in the work of governance—members and staff.
62. Over the course of our inquiry we heard examples of governance working well. In each case these were underpinned by close and cooperative working relationships and a sense of shared endeavour, a common goal. Our proposals require the commitment of the Leaders of the party groups, the Convenor of the Crossbench peers, the office-holders, the senior management team of the Administration and all those members and staff involved in governance to make the new arrangements as effective, transparent and accountable as possible. Without that commitment, we see no prospect for meaningful change.

### CHAPTER 3: PROPOSALS FOR CHANGE

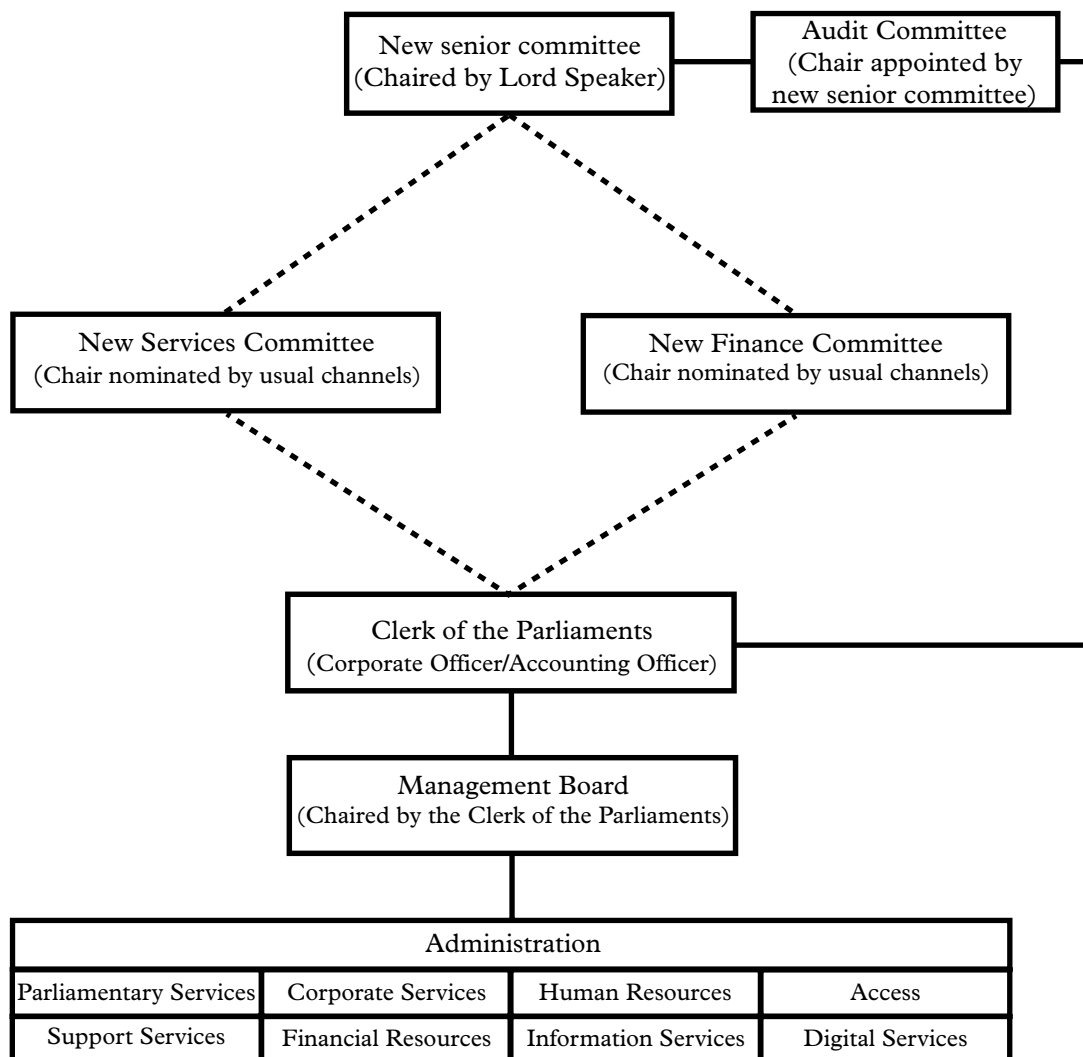
#### A package of reforms

63. We propose a range of changes under three headings—structure, membership and ways of working—which together seek to address the problems identified during our inquiry. We are presenting our proposals as a package of reforms; we hope that members will consider them and their intended effects in their entirety.

#### Structure

64. There should be a senior committee to develop, set and approve, on behalf of the House, the strategic plan and the annual business and financial plans of the Administration, working with the Management Board. Having set the direction for the Administration, an important role of the senior committee will be to monitor the performance of the Administration against agreed targets; it will do so in a high-level, supervisory manner.
65. The senior committee should be assisted by two supporting committees: the Services Committee, dealing with administration, works, catering, retail, and information services; and a Finance Committee; each with its own chair.

**Figure 3: Proposed new governance structure**





66. The efficient delivery of services demands that decisions are taken in good time and at the most appropriate level. The Services Committee should therefore have delegated to it by the senior committee sufficient powers to ensure that decisions can be made in a timely way. We would however expect the Services Committee to refer matters with a clear strategic impact to the senior committee, with recommendations, for a final decision.
67. The Services Committee should agree appropriate delegations to its Chair and to the Management Board where necessary. By this we mean areas of work where the Chair or the professional staff may act without recourse to the Committee. These areas should be formally agreed by the Services Committee once it is established.
68. The role of the Finance Committee should be to commission, examine and make recommendations to the senior committee on the business and financial plans, the annual estimates and supplementary estimates, and any proposals for new expenditure on additional services, or expenditure that is novel or contentious. It would be expected to undertake the detailed financial and technical scrutiny on behalf of the senior committee. This would enable the senior committee to make well-informed decisions, operating at a high, strategic level.
69. We do not wish to be prescriptive in the formulation of exact terms of reference but we have given an indication of the purpose and overall remit which we have in mind. The first task of the senior committee should be to define its own terms of reference and report them to the House for ratification. In so doing, it should bear in mind the need for clarity regarding which decisions will be referred to the House for approval. Thereafter, it should approve the terms of reference of the supporting committees and appropriate delegations.

#### *The Chairman of Committees*

70. The structure which we have outlined, and in particular the creation of two new Chairs for the two supporting committees, clearly implies a re-thinking of the current role of the Chairman of Committees. We propose that, alongside the creation of new posts to chair the Services Committee and Finance Committee, a third new post is created in place of the Chairman of Committees to focus on matters relating to proceedings of the House. He or she will deputise for the Lord Speaker, and chair the Procedure Committee, the Committee for Privileges and Conduct, the Liaison Committee and the Committee of Selection. The transfer of responsibility for administration, works, catering and retail to the Chair of the new Services Committee will allow this new post to concentrate on areas of procedure and conduct. He or she would be a member of the senior committee to ensure a flow of information between that committee and the committees concerned with procedure and privilege.
71. In order to avoid confusion with the Chairs of the two new committees and to emphasise the importance of this third new post we suggest a new title of Senior Deputy Speaker.
72. We recognise that removing the title of Chairman of Committees from the list of office-holders in the House of Lords will have an impact on the Principal Deputy Chairman of Committees. This role is not within our terms of reference since it is the formal designation of the Chair of the European Union Committee. If our proposal to appoint a Senior Deputy Speaker in

place of the Chairman of Committees is accepted, we think it would be appropriate to change the formal title of the Principal Deputy Chairman of Committees to Chair of the European Union Committee. This title has the merit of describing the work that is undertaken.

73. *In summary, we recommend:*

- *A new senior committee to set the strategic direction for the House and the Administration and to monitor the performance of the Administration against agreed targets;*
- *Two new supporting committees:*
  - *A Services Committee dealing with services for members, and*
  - *A Finance Committee;*

*each with clearly defined terms of reference agreed by the senior committee.*
- *Appropriate delegations from the senior committee to the Services Committee; and from the Services Committee to its Chair and to the Management Board.*
- *Two new posts to chair the Services Committee and the Finance Committee;*
- *A third new post entitled Senior Deputy Speaker to focus on matters relating to proceedings of the House and to deputise for the Lord Speaker, to replace the Chairman of Committees;*
- *A change to the title of the Principal Deputy Chairman of Committees to ‘Chair of the European Union Committee’.*

*Audit Committee*

74. We have not examined the work of the Audit Committee but thought needs to be given to how it relates to the new structure. The Audit Committee differs from the domestic committees in a number of ways: its Chair and members are currently appointed by the House Committee, and they normally serve for six years rather than three; it has two external non-executive members; and the Chair has recently been invited to attend meetings of the House Committee, as an observer.

75. *We recommend that the Audit Committee be formally designated as a sub-committee of the senior committee; that its members should be appointed by that committee; and that its Chair be invited to attend the meetings of the senior committee.*

*Works of Art Committee*

76. We have considered the position of the Works of Art Committee. It does not form part of the mainstream of governance matters. It is in a category of its own, not least due to the expertise of its members, and because it has its own fund to administer. Given our proposal for merging the work of the three current domestic committees into one overarching Services Committee, it would appear disproportionate to continue with a committee for the sole



purpose of considering works of art. Nonetheless, there are some functions that need to be discharged on behalf of the House in relation to the Works of Art Collection Fund, and it is unlikely that the skill-set required for this task would be the same as that required for membership of the Services Committee. We do not propose therefore that the Works of Art Committee should be subsumed into the new Services Committee. It strikes us as more appropriate given the unique nature of the work and the expertise required for it, for that committee to be reconfigured as an advisory panel with power to make recommendations, reporting to the Lord Speaker as Chair of the senior committee.

77. ***We recommend that the Works of Art Committee be reconfigured as an advisory panel with power to make recommendations, reporting to the Lord Speaker.***

### **Membership**

#### *The senior committee*

78. The senior committee should be composed of the Leaders of the party groups, the Convenor of the Crossbench peers and the Lord Speaker and Senior Deputy Speaker. The political Leaders should be able to nominate a delegated representative to attend on their behalf. This should be either the Deputy Leader or the Chief Whip of the party group concerned. It is important that when attending they are able to speak with authority on behalf of the relevant Leader. For the senior committee to provide clear strategic and political direction, the continued input of the Leaders will be essential. Not all Leaders will wish to take up the opportunity to nominate a delegated representative, but we believe that it should be made available.
79. The Chairs of the Services Committee and the Finance Committee should be members of the senior committee. This will tie the work of the supporting committees into the work of the senior committee, ensuring the flow of information in both directions.
80. We are persuaded by the arguments that there should be non-executive members on the senior committee. We therefore recommend that there should be two such non-executive members, chosen by standard public sector appointment processes.
81. While the Clerk of the Parliaments would not have a voting role, he should attend all meetings of the senior committee and feel free to offer his advice on any matters before it. This is consistent with the Clerk's role as Chair of the Management Board. We recommend that the committee should not normally meet without the Clerk of the Parliaments present. The committee should draw on the professional expertise of other members of staff, as and when required.
82. ***We therefore recommend that the senior committee should have the following membership:***
- ***Lord Speaker (Chair)***
  - ***The Senior Deputy Speaker***
  - ***The three Leaders, or their delegated representatives***

- *The Convenor of the Crossbench peers*
- *Four backbench members including:*
  - *Chair of the Services Committee*
  - *Chair of the Finance Committee*
  - *Two other backbench members drawn from the groups not holding the Chair of either the Services Committee or the Finance Committee*
- *Two external non-executive members*

#### *Nomenclature*

83. In order to establish that the senior committee will be different from the current House Committee, in its remit and way of working, we recommend that it be given a different name. Views will differ on what is an appropriate name. The name which found most favour in our discussions was ‘Policy and Resources Committee’.

#### *The supporting committees*

84. The Services Committee and the Finance Committee should be composed in the standard manner of the current domestic committees, with three members from each of the Labour and Conservative groups, and two members from each of the Liberal Democrats and the Crossbench peers.<sup>16</sup> The total number of members would be ten, and this number would include the Chairs.
85. We are not persuaded of the need for external members on the Services Committee or the Finance Committee; however, we believe the committees should have the powers to call on external advisers as and when necessary.
86. It will also be important to align the work of the Finance Committee and the Audit Committee. There are areas of work which could be assigned to either, such as preparation of the Annual Report and Accounts and scrutiny of the risk register. The two committees will need to agree their respective responsibilities. To facilitate this we recommend that the Chair of the Audit Committee should be a member of the Finance Committee, bringing the total number of members on that committee to eleven.
87. *We therefore recommend that:*
- *the membership of the supporting committees should be composed of three members from each of the Labour and Conservative groups, and two each from the Liberal Democrat group and the Crossbench peers;*
  - *the Chair of the Audit Committee should be an additional member of the Finance Committee;*

---

<sup>16</sup> There is currently no formal mechanism for placing non-affiliated members or Bishops on committees. However, it would be open to such members to approach the Senior Deputy Speaker directly, as Chair of the Committee of Selection, about a committee on which they wished to serve. This would mirror the current arrangements with the Chairman of Committees.

- *the supporting committees should have the powers to call on external advisers.*

### *Appointments*

88. The effectiveness of committees rests on their membership and we take this point seriously; we hope the party groups will too. Members should continue to be nominated to committees by the party groups. However, we believe there is a good case for more stringent criteria to be applied to nominations. Being willing and able to attend meetings regularly is a *de minimis* requirement. Furthermore, an expressed interest and/or knowledge, expertise or experience of the subject at hand should be necessary to serve on these committees. Ideally the new committees should be composed in such a way as to ensure that the senior committee usually accepts any advice offered, and does not seek to unpick decisions or return to first principles.
89. We are attracted to the idea that the new Chairs should have input to the nominations to the two supporting committees in relation to the skills or experience which might be required when other members are rotated off. We note that in the case of the Audit Committee, it has been the practice for the Chair to be involved in helping to find replacement members when the need arises. While we are not proposing any change to the formal mechanism for nominating members, we hope that party Leaders will be open to informal approaches by the Chairs in the interests of an effective system.
90. *We recommend that nominations to the domestic committees are made by the party groups, subject to criteria designed to deliver effective and engaged committees.*
91. *In order to make the best use of the expertise of members we recommend that the senior committee should keep under review the optimum length of service on domestic committees.*
92. The usual channels and the new Chairs will need to play their part in ensuring that committee members understand the role and purpose of the committees, and that their role is to act corporately in the interests of the House as a whole. The former Chairman of Committees made some efforts at induction for new members, including producing a guide for committee members, and arranging introductory presentations by members and staff.
93. *We recommend that the induction of committee members should be further developed, with support from the Leaders of the party groups and the Convenor of the Crossbench peers, as well as the Chairs of the new Committees.*

### *Appointment of the Chairs*

94. The Chairs of the new committees and the new Senior Deputy Speaker should be nominated by the usual channels. We would expect the nominations to result from some form of selection process within the party groups. Each group will wish to determine its own process. However, all three posts—the Senior Deputy Speaker and the two new Chairs—should have job descriptions and agreed terms of office.
95. In light of the duties which we propose for the new Senior Deputy Speaker we think it would be appropriate to review the salary that is currently attached to the post of Chairman of Committees. If our proposal for a Senior Deputy

Speaker is accepted, there would be a significant alleviation of duties which ought to be reflected in the level of remuneration for the new post.

96. Although an argument could be made for some form of additional remuneration for the new Chairs, we note that many members undertake significant roles on behalf of the House without such additional compensation—including the Leader and Chief Whip of the Liberal Democrats, the Convenor of the Crossbench peers, and the chairs of select committees other than the European Union Committee. We therefore do not recommend any additional remuneration for the new posts.
97. Relationships between the Lord Speaker, the new Senior Deputy Speaker and the new Chairs of the two supporting committees will be important in ensuring the smooth conduct of governance matters and related decision-making.
98. The chair of the new Services Committee should be the first port of call for members with questions or comments about services and facilities. The Chair should also be accountable to the House through the formal mechanisms of oral questions and questions for written answer.
99. ***We recommend that the new Senior Deputy Speaker and the new Chairs of the Services Committee and the Finance Committee should:***
  - *be nominated by the party groups, following a process of selection;*
  - *have job descriptions and agreed terms of office;*
  - *work closely with the Lord Speaker to ensure the effective governance of the House.*
100. ***We further recommend that the chair of the Services Committee should be accountable to members for the work of that Committee through written and oral questions.***

### **Ways of working**

101. Fundamental to the proposals we make is a new way of working. There are two goals—to ensure a better working relationship between members and staff, and in particular between the Management Board and the senior committee; and to ensure better communication between the domestic committees and the House. Our proposals for addressing these issues are below.

#### *Relationships between members and staff*

102. It will be important for committees to meet in a setting that is conducive to collegiate working with the Administration. The formality of committee rooms, where staff are seated in the witness seats, is not appropriate. While we recognise that there are restrictions in our environment there are alternative meeting rooms on the Parliamentary estate, such as in Millbank House for example, which would be suitable.
103. ***We recommend that the senior committee and the two supporting committees should ensure that the format of all their meetings encourages a sense of shared purpose and partnership.***

104. A much closer working relationship is required between the senior committee and the Management Board. This relationship is key to the successful delivery of governance arrangements that are effective, transparent and accountable.
105. ***We recommend that there should be regular joint meetings between the senior committee and the Management Board. In addition we recommend a joint annual away day at which strategy and priorities should be discussed, to feed into the development of business and financial plans.***
106. ***We recommend that there should be a detailed memorandum of understanding between the senior committee and the Management Board to specify what matters are delegated to the Management Board, and what matters require endorsement from the senior committee.*** This should remove the current confusion about who has decision-making power in relation to any given issue.

#### *Communication with the House*

107. Communication, or rather the lack of it, has been a recurring theme of our inquiry. Members of the new senior committee and the new supporting committees will have a responsibility to carry the House with them. Their role will be to act corporately on behalf of the House as a whole. In so doing, they will need to be prepared to explain their decisions; that will be a matter for all committee members, not only the Chairs. We note and support the initiative of the current Chairman of Committees to ensure that the work of the domestic committees is conducted in a manner which allows everyone to be fully informed, and which stresses the need for wide consultation by committee members.
108. How exactly the new domestic committees set about communicating with the membership of the House is a matter for them. Options include holding regular informal drop-in sessions, asking members to speak at party group meetings, publishing agendas before committee meetings, or establishing a system whereby individual committee members take responsibility for providing answers to specific questions.
109. ***Whatever the means chosen, we recommend that planning for routine and effective communication with the House is considered a matter of utmost importance for the new committees, once established.***

#### *Meetings*

110. We assume that the Services Committee would meet more frequently than either the senior committee or the Finance Committee. However, we do not wish to be prescriptive about the frequency of meetings. We expect this to be decided by the committees themselves, in light of experience and with a view to keeping agendas manageable.

#### *Working with the House of Commons*

111. Our proposals for reforming the structure of governance in the House of Lords present an opportunity to improve the governance of shared and joint services as well. At present, the efficiencies made at service delivery level are not matched by the decision-making structures. While there are many services that are shared, or delivered jointly, the decision-making governing

those services continues to be separate, with proposals requiring approval by parallel committees in the two Houses.

112. Under our proposals there will be greater clarity in the structures and remits of the committees. There is potential for the new Services Committee and the new Finance Committee to have areas of common concern with the Commons Administration and Finance Committees. Greater similarity between the two Houses in the remits of their respective committees, as well as in the overall structure of committees, should make decision-making processes for shared and joint services far simpler. Furthermore, there is potential for joint working at member level: presentations from the heads of joint or shared services could be delivered to joint meetings of the relevant committees, for example.
113. ***We recommend that the new committees, once established, explore the appetite among their Commons counterparts for regular joint meetings at which issues of common concern could be discussed and decided.***
114. We understand that regular joint meetings are planned between the current House Committee and the Commons Commission. We would expect such plans to continue under our proposals for a new senior committee to replace the House Committee. We fully endorse the intention for more joint meetings and hope that this will lead to joint decision-making where appropriate.

#### **Timetable for implementation**

115. We recognise that changes to the governance structure and ways of working will take time to implement. There is a significant amount of detail to be settled before the changes can be made. However, we urge against any temptation to defer difficult decisions to a later date. Changes are needed to render our governance sufficiently effective, transparent and accountable. There is no merit in delay. The changes in the House of Commons, more far-reaching than our own proposals and requiring primary legislation, have been largely implemented in less than 12 months.
116. ***We recommend that the revised structure is implemented without delay.***