



## MANAGEMENT BOARD

20 October, 10am to 12noon in Room G01, 14 Tothill Street

### Agenda

- 1. Corporate Risk Register at 10 October**  
*RESERVED RESTRICTED ACCESS: MANAGEMENT*  
**Oral Updates** **MB/2010/122a**
  - 2. House Committee meeting on 2 November**  
Oral Update
  - 3. Draft Financial Plan 2011/12** **MB/2010/122**  
*RESTRICTED ACCESS: MANAGEMENT*  
Memorandum by Philippa Tudor to follow
  - 4. Funding for ICT-related programmes and projects in 2011/12** **MB/2010/123**  
*RESTRICTED ACCESS: MANAGEMENT*  
Memorandum by the Chairman of PICTAB
  - 5. Staff Survey 2010: Update on actions** **MB/2010/124**  
Memorandum by Simon Burton
  - 6. Connecting staff with the Management Board** **MB/2010/125**  
Memorandum by Rhodri Walters
  - 7. Risk Report: Reputation** **MB/2010/126**  
*RESTRICTED ACCESS: MANAGEMENT*  
Memorandum by Liz Hallam Smith
- For formal decision/information:
- 8. Draft Minutes of Meeting on 28 July**
  - 9. Draft Agenda for the Audit Committee on 4 November** **MB/2010/127**  
*RESTRICTED ACCESS: PRIVILEGE*
  - 10. Minutes of House of Commons Management Board on 22 July and 16 September**
  - 11. PICT Annual Report** **MB/2010/128**  
Memorandum by Joan Miller
  - 12. Proposed Learning and Development Strategy 2010-14** **MB/2010/129**  
Memorandum by Simon Burton
  - 13. Resource Accounts and Final Outturn 2009/10** **MB/2010/130**  
Memorandum by Philippa Tudor

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| <b>14. Offsite Consolidation Centre Update</b><br><i>RESTRICTED ACCESS: SECURITY</i><br>Memorandum by Carl Woodall                | <b>MB/2010/131</b> |
| <b>15. Medium Term M&amp;E project update</b><br><i>RESTRICTED ACCESS: COMMERCIAL</i><br>Memorandum by Andrew Peck & Carl Woodall | <b>MB/2010/132</b> |
| <b>16. Parliamentary Estates Directorate Business Plan</b>  | <b>MB/2010/133</b> |
| <b>17. Progress Against 2010/11 Business Plan</b><br><i>RESTRICTED ACCESS: MANAGEMENT</i><br>Memorandum by Simon Blackburn        | <b>MB/2010/134</b> |
| <b>18. Management Board Forward Plan</b><br><i>RESTRICTED ACCESS: MANAGEMENT</i>  | <b>MB/2010/135</b> |
| <b>19. Any Other Business</b>   |                    |



## Staff Survey 2010: Update on actions

*Responsible Board Member(s)* Simon Burton  
*Paper prepared by* Simon Burton, Alison Couch and HRSG  
*Date* 13 October 2010

*Summary:* An update on Office discussions of the Staff Survey and some proposed “quick wins”.

*Summary of actions requested:*

- HRSG to prepare for the Board by December a clear statement on the House’s policy on career progression

- announce in-house Fast Stream to be held in 2011
- announce a review of pay systems in the light of developments in the Civil Service
- enhanced communication of the provisions in the Members Handbook concerning Members’ relations with staff
- Board to receive regular reports on progress with environmental and sustainability issues (also in RCN)

### Progress with consideration of Survey results

1. Since I last reported to the Board, most Offices have considered the Survey results in detail with staff, covering both issues specific to individual offices and suggestions for corporate improvements. The Internal Communications Group has considered issues within its terms of reference. An All Staff Seminar has been held on the Survey and liP. The Survey comments report has been made available to staff.
2. A couple of Offices have not yet finished their consideration of the results but plan to do so during October. It is important that all staff feel engaged in the Survey process so the final list of actions cannot be agreed just yet. On the other hand, it is important, and a key theme of discussions so far, that staff see that action is being taken on the Survey results. For these reasons, this paper proposes some “quick wins” the Board may wish to set in train now. Doing so will help prepare the ground for liP assessment. I am confident that none of these “quick wins” will be countered by the feedback from the remaining offices.

### Proposed quick wins

#### *In House Fast Stream*

3. A number of Offices have expressed interest in the in-house Fast Stream (which has been run twice before) and staff would clearly welcome the competition being run again in 2011. The scheme is not perfect for our needs: for example, the Cabinet Office timetables have meant that a successful candidate is identified late in the year and a decision to recruit through the regular Fast Stream may have to have been taken already. And it could be argued that there is no need to run an in-house scheme as staff already have access to the regular Fast Stream. On the other hand, given the importance staff attach to the scheme, an announcement would be welcome news. A

successful candidate would only take up post once the business need for a post to be filled was established, and after assessment by the Final Selection Board, as is the case for candidates in the Lords coming through the regular Fast Stream.

4. **The Board is invited to agree that an in-house Fast Stream competition be held in 2011.**

#### ***Relations with Members***

5. Some offices also discussed the relationship between staff and Members. Issues of staff leadership and behaviours are covered in the review of competences which will be the subject of a separate paper to the Board. The 2010 Members Handbook clearly sets out what is expected of Members but it was suggested that more could be done to communicate those provisions to Members and staff. **I invite the Board to agree that the Group on Communications with Members review the mechanisms by which provisions of the Members Handbook are promoted to Members; and the Internal Communications Group (ICG) be invited to consider how these provisions could be promoted to staff. A link to the relevant provisions of the Members Handbook will be added to the Staff Handbook at its next revision.**

#### ***Environment/Sustainability***

6. It was suggested that environmental and sustainability issues could be more visibly supported from the centre. The Annual Accounts will in the future include more information on sustainability issues. **The Board may wish to ensure it receives regular reports on progress with environmental and sustainability issues; and these could be the subject of a regular slot in Red Carpet News.**

#### ***Other quick wins in hand***

7. The Board is due to consider a paper on improving communication between the Board and staff. If these changes are agreed, promoting them should help address a concern in the Survey that the Board do not demonstrate as much visible leadership as we might. One office also suggested that annual All Staff meetings are not regular enough. Over the last year, a number of HR All Staff meetings have been held to supplement the annual All Staff meeting led by the Clerk of the Parliaments. A further All Staff HR meeting is planned for before Christmas.
8. The ICG has been considering a range of actions to improve communications, including reviewing the value of meetings in Offices (meetings training being offered by HR will help here); reviewing internal communication channels within Offices; and reviewing corporate communications channels. The ICG has also drawn attention to the Administration's score (under the Survey question on values) for treating staff with fairness and respect as an issue which should feature in the action plan. HRO will come forward with proposals to address any issues arising.
9. Finally, one office proposed working with HR to develop training profiles for staff in that office. This would fit very neatly with liP principles and HRO is already assisting offices in this way.

#### **Longer term: Career progression**

10. As with the 2008 Staff Survey, some staff again report concerns with career progression and a sense that some groups of staff are treated differently from others.

Much progress has been made since 2008, including through the number of posts advertised for open competition (on a permanent or temporary basis) and the provision of staff access to job opportunities via the Civil Service Gateway. A number of secondments have also been agreed and a staff mobility scheme has been introduced whereby staff can request a level transfer within the House (this will be promoted further through this year's Autumn Development Reviews).

11. There are of course well recognised constraints in this area: we are still a relatively small organisation with a number of specialist streams, some of them very small. Progression opportunities within the House service are always going to remain limited. In addition, secondment opportunities into the Civil Service are becoming increasingly rare. Hence while progression opportunities have been proportionately better in recent years, in absolute terms there remain fewer opportunities than in the Civil Service or even the Commons and this issue clearly remains live. Staff may welcome more transparency in this area: for example by listing the posts which have been advertised for open competition; explaining clearly the interaction between the Fast Stream and Band A; and identifying posts which are part of the AFS training grade.
12. **I invite the Board to agree that HRSB should prepare a clear and realistic statement of the House's position on career progression in time for the December meeting of the Board, for subsequent publication to staff.**

### **Lessons learned from the process of consideration in offices**

13. Staff have welcomed the opportunity to put their views on the Survey. The following examples of "good practice" may help Heads of Office to plan further discussions on these and related issues:
  - some staff like to meet in smaller groups;
  - presentation by different functional groups in an office can help staff, particularly in larger offices, to appreciate the roles and constraints of other teams;
  - short weekly update meetings, perhaps in smaller teams, can be a useful way of capturing feedback on lessons learned each week; and
  - every office is different, so team meetings etc need to be tailored to the needs of that office.

### **Finance and communications**

14. The proposals in this paper are covered by resources in existing financial plans. Communications plans have been covered under the individual recommendations above or will come forward as part of more substantive proposals. Existing communications channels will be used, on advice from the Internal Communications Manager.

**13 October 2010**

**Simon Burton**



## Connecting staff with the Management Board

*Responsible Board Member(s)* Rhodri Walters  
*Paper prepared by* Alison Couch, Internal Communications Manager, and the  
Internal Communications Group  
*Date* 23 August 2010

*Summary:* Three initiatives to improve upward communications between staff and the Management Board as recommended by the Internal Communications Group.

*Summary of actions requested:* • For the Management Board to support the pilot of the three proposed initiatives.

### Background

1. Extract from Management Board paper (January 2010): The Internal Communications Manager to bring a proposal to the Board for an “Ask the Management Board” activity, whereby staff are able to ask questions or make suggestions directly to Board members, one-to-one, at a given time and through agreed channels.
2. The reasons for new initiatives are that staff should be able to pass comment to the Management Board on how the administration is run outside of the business planning process. Staff should also have more opportunities to understand and influence developments and changes made to the administration by the Management Board.

### Existing activities providing access to the Management Board

3. The following activities provide staff with an opportunity to communicate with Management Board members:
  - Annual All Staff Meeting
  - HR All Staff Meeting
  - Regular All Staff Seminars (some attended by Board members)
  - Office meetings (some attended by Board members)
  - Staff suggestion form
  - Staff survey
  - Meet the Clerk of the Parliaments’ social events.
4. Two gaps that have been identified in these existing activities: (i) a need for a continuous channel to facilitate a direct dialogue between staff and Board members; (ii) a regular opportunity for staff to meet informally with Board members.

### New initiatives

5. The following three initiatives proposed by the Internal Communications Group will help to bridge the gaps identified:

- i. *Take it to the Top* – A monthly activity, promoted in advance, where staff can email or visit a Board member to raise issues, make suggestions or ask questions. The Board member can be in their office, or another location, within a one-hour period on a certain day of the week (alternate Wednesdays and Fridays should suit most offices and part time staff). There is a two-week turn around for the recording of questions and answers (Q&As) on a feedback form completed by the Board member. If appropriate, the Q&As will be published on the intranet and summaries will appear in Red Carpet News. The activity is organised by the Internal Communications Manager. (This initiative is similar to the one run by the Office of the Chief Executive in the House of Commons.)

A supplementary activity under this initiative will be the provision of an email inbox (HoLManagementBoard@parliament.uk) which will enable staff to send questions to the Management Board at anytime. This activity will be coordinated by the Internal Communications Manager.

- ii. *Meet the Board* – One or more Management Board members to meet with a small group of staff from a particular office informally to discuss topical issues or subjects suggested by staff in advance. Staff can be invited from a range of grades and areas or a group of staff from the same area, as preferred by the staff involved. Staff should be offered the chance to meet Board members at least once a year; more opportunities should be arranged for larger offices. The activity is organised by the office's Internal Communications Representative, who will attend the meeting. Any action points are captured by the representative, shared with others in the office and sent to the Internal Communications Manager for publishing if appropriate.
  - iii. *Management Board Diaries* – Regular Board contributions to Red Carpet News as arranged by the Internal Communications Manager. The Board members take it in turns to outline their role, the working practices of the Board or to share insights on any recent activities in the administration or within their office. Staff can channel any questions or comments about the points made in the Management Board Diaries feature through the Take it to the Top or Meet the Board activities.
6. All three activities should run concurrently in a six month pilot and then be reviewed by the Internal Communications Group. The long term impact of these initiatives will be measured in the 2012 All Staff Survey..

### **Additional activities**

7. There were a number of activities supported by the Management Board – in a paper by the Reading Clerk "*Activities to improve staff access to the Management Board*" – in July 2008 and the Board is reminded of the following actions:
  - i. On at least an annual basis, Management Board members and senior managers are to attend other office meetings when there is a business need. On the request of Heads of Office, secretaries will be asked to make the appropriate arrangements.
  - ii. Board members will have the dates of the All Staff Seminars in their diaries. While it is not practical to attend every meeting, the Human Resources Office will check attendance before each seminar to ensure a few Board members are present to sit in the audience among other staff.

## **Principles and benefits of new initiatives**

8. The principles of the new initiatives are:
  - Staff can ask questions about any issues or developments
  - Answers are provided quickly
  - Staff cannot raise an issue or ask a question about individual staff or Members
  - Conversations can be confidential if requested
  - Questions cannot be anonymous because it is important that staff take ownership of issues they raise
  - Q&As should be published, if agreed by the parties involved.
9. The benefits of the new initiatives are:
  - Facilitates a direct dialogue between staff and the Management Board members, so enabling a greater familiarity and understanding of the role of the Management Board
  - Develops a more open culture and with better understanding of how decisions are made and what are the priorities of the Management Board
  - Provides year-round channel for staff to communicate with the Management Board on issues of interest or concern.

## **Recommendations**

10. **The Management Board are asked to support the six month pilot of the three proposed initiatives to run concurrently from November 2010 to April 2011.**
11. **Management Board members are reminded: (i) to invite other senior managers to their office meetings on a fairly regular basis, according to business need; (ii) to ensure their secretaries put the dates of All Staff Seminars in their diaries.**

**23 August 2010**

**Rhodri Walters**





# Parliamentary ICT Annual Report for 2009/10

Version	Date	Author	Comment
1-5	March –June 2010	Elizabeth Honer and Others	Creation of a draft version for PICT Directors Board 22 June 2010.
6	22 June 2010	Peter Lamb	Updates post Directors Board
7	9 July 2010	Peter Lamb	Final updates Post director's Board review
8	July-Sept	Fergus Reid & Alison Penman	Revisions and updates for directors' review prior to submission to PICTAB on 1 October

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## PREFACE BY JOAN MILLER

This is PICT's fourth annual report. It sets out the activity and achievements of 2009-10, the second year of PICT's operation as a formal joint department under statute (1<sup>st</sup> April 2008).

PICT was formed from a disparate collection of IT functions distributed throughout the departments and offices of both Houses in recognition of the need to concentrate expertise and resources in a single organisation to provide better services. In terms of the nuts and bolts of staff and teams, functions and governance, this transformation has been largely accomplished.

The next stage has been a re-examination of the overall picture of services and functions being undertaken by PICT in support of Parliament's work. In other words, we have been looking at what has been gathered together in this single organisation and seeking to identify our strengths and weaknesses—technical, managerial and strategic—and just what the real value is that it can add to Parliament's ICT capacity over the longer term. This work kicked off this year and will continue into 2010-11 with the aim of producing a vision, a strategy and finally a delivery plan, for the best and most cost-effective ways of meeting Parliament's ICT needs in the future.

In the meantime, our key work this year has been around the renewal and improvement of our core technical infrastructure on which so much depends and the implementation of a remote data centre. We have made significant progress: approximately two-thirds of the server infrastructure has been modernised so that critical House services rest on a more resilient, robust and managed service and we have replaced the core switches that support the Parliamentary Network. There remains, however, a substantial piece of work—to be undertaken in coordination with the Parliamentary Estates Directorate—on renewing and enhancing the remainder of the network. We also started planning for the work that would arise from a general election and, of course, continued to respond to the day-to-day issues arising from our customers' use of systems and software.

We also recognise the need to continue to engage with our various customer groups across both Houses to understand their needs better and to be able to assist and advise them on relative priorities as PICT is often a central nexus where multiple competing demands from disparate parliamentary activities come together. In July 2009 the independent "health check" of the 'PICT' model's capacity to deliver a fully joined-up ICT service for Parliament was followed up. This review indicated a "long path" to full maturity but concluded that the current direction of travel was the right one and the overall impression of progress was favourable. We have continued to build strong relationships within Programmes, supporting them in developing new applications to support the business requirements.

## OVERVIEW OF ACHIEVEMENTS AND CHALLENGES

It has been another busy year for PICT in which we have achieved much. Our Infrastructure Programme has made steady progress towards the renewal and improvement of our core technical infrastructure, the creation of a remote data centre and the transfer of some services into the remote data centre. Implementation of these programmes will offer a more reliable ICT service to our customers in addition to improved business continuity and disaster recovery services.

We introduced a new set of core parliamentary network switches to improve the resilience of the core network and to ensure the new switches can operate with significantly increased traffic to future-proof for the years ahead.

We introduced the new Vista operating system and Office 2007 software, with its associated collaborative tools, to staff of both Houses and we upgraded to the Microsoft Exchange 2007 email system.

While many of the objectives in our Members' Programme were not due to be implemented until after the general election, the programme staff spent time planning and organising for the election. The detailed preparations allowed us to introduce our new and improved services swiftly, meeting the needs and expectations of our customers.

Significant achievements were also made in PICT's other programme areas: the Procedural Programme introduced the new Members' Name Service and work continued to improve the Hansard Reporting Suite.

Despite only being initiated in April 2009, the Core Parliamentary Information Management Framework (CPIMF) has also had a successful year with considerable progress being made in the development of a replacement enquiries management system for the Commons Library, with planned implementation in June 2010.

The priorities of the Commons HR and Finance Programme were adjusted following developments that affected the Commons service during the year. As a result, new business case options were developed and we were awaiting final decisions of the House Service as to the way forward at year end. However, the programme was successful in producing a new suite of management reports for HR and workforce information. The reports are based on a robust data set which is updated monthly to enable comparison and analysis of trends.

The operations/business-as-usual area of PICT has also had a busy year during which we have faced and overcome many challenges. We implemented the provision of the new Vista operating system and Office 2007 software, with its associated collaborative tools, to staff of both Houses. This was a huge task that was accomplished effectively. We also met a significant increase in demand from our customers to the extent that we dealt with almost 11,500 more support cases than we did in the previous financial year, an increase of 20%. Despite this increase in activity, we improved upon our incident management performance.

Overall, it has been a successful year for PICT and the following comments from some of our customers demonstrate our hard work has produced the desired results for them:

*Liz Blackman has asked me to thank everyone in PICT and the helpdesk for all their help over the 13 years. Many thanks for your help and patience you have been great!*

*Marietta for Liz Blackman MP*

\* \* \* \* \*

*I have nothing but praise for the very real help provided by PICT.  
Lord Geddes*

\* \* \* \* \*

*I just wanted to send you a quick email to let you know that everything has gone very well with the change to Vista here in the Scrutiny Unit. The rollout went very smoothly on the day and the floorwalkers were very helpful and really quick on the Tuesday and Wednesday. I think everyone is happier with the new monitors and with the new applications available in Vista.*

*I know that this has been a major operation for PICT and we certainly are very happy with the service provided to us. Also, I think everyone in the team has enjoyed the Vista training and found it to be relevant to our work.*

*Paul Simpkin*

DRAFT

## INTRODUCTION

### WHY AN ANNUAL REPORT?

*The Joint Department Implementation Board (JDIB) report says (paragraph 54): "The work of PICT will be summarised in the annual reports of both Houses .... and presented in more detail each year to the appropriate committees in both Houses."*

In line with last year, this year's report is made to the Administration Committee of the House of Commons and to the Information Committee of the House of Lords. The report provides information about PICT's achievements, and challenges, against its business plan for 2009-10.

### CONTEXT

PICT became a formally constituted joint department on 1 April 2008 under the Parliament (Joint Departments) Act 2007. This means that it is a department of the Corporate Officers of each House, acting jointly; especially for the purposes of employing staff; but it does not have a separate legal identity. The financial year 2009-10 was the second full year of this arrangement, although PICT was created on 1 January 2006.

### THE PRIORITIES FOR THE YEAR (AS AGREED IN BUSINESS PLAN)

1. Supporting existing systems so that users can get on with their jobs.
2. Developing systems for the future, in particular:
  - a) Creating a reliable and resilient ICT infrastructure by replacing and updating the underlying software and hardware, and updating telecommunications facilities.
  - b) Understanding the impact of accommodation changes and equipping facilities as necessary.
  - c) Improving ICT services for Members<sup>1</sup> and those working away from Westminster.
  - e) Supporting enhancements to data security.
3. Ensuring good value is achieved for investment in ICT by conducting research into the specific benefits offered by new technology.
4. Improving engagement between PICT and the two Houses in response to the PICT "health check".
5. Ensuring PICT has the people and processes to deliver.

## REPORT AGAINST PLAN

This section provides highlights against each of the five priorities, with detail provided in the Annexes.

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<sup>1</sup> The term "Members" refers to Members of both Houses of Parliament unless otherwise specified.

## 1. SUPPORTING EXISTING SYSTEMS SO THAT USERS CAN GET ON WITH THEIR JOBS

Of particular importance to users is having systems that work day-to-day so that they can get on with their jobs, with ready access to knowledgeable support if things go wrong.

There are over 7,500 users of the Parliamentary network, over 2,500 of whom are not located on the Parliamentary estate. PICT supports 110 software applications and receives over 300 calls to its service desk each day. The day-to-day support we provide to our colleagues and customers across both Houses accounts for the majority of our expenditure. It covers the following activities:

- First line support via the Service Desk (extension 2001) open round the clock from 8.00 am on a Monday until 6.00 pm on a Saturday and between 8.00 am and 6.00 pm on Sunday are 08:00-18:00<sup>2</sup>
- Desk-side support from the Service Engineers team
- Support for specialist applications (e.g. PIMS, Archibus, Agresso, FrameMaker, PAD, internet) from the applications teams
- Support for enterprise systems, servers and the network, from the Technical Services teams
- ICT risk management and security, business continuity and disaster recovery
- A wide range of telecommunications services (operator bureau, voicemail and messaging services, mobile phones, personal digital assistants (PDAs))
- Customer relations (Members' computing, account management, service level management and business relationship management);
- ICT training (classroom, one-to-one and floor-walking);
- Business management (software licensing, procurement and contract management)

During the year PICT completed a wide range of work aimed at reinforcing and improving the quality of support we offer to colleagues and Members and their staff of both Houses.

The three-year Service Improvement Programme (SIP) within PICT ensured a substantial upgrade to our case management system went smoothly. The work of the programme was supplemented by the continued development of our Incident, Change and Problem Management processes. These processes have: improved the handling of incidents (support cases raised by customers reporting interruptions to their ICT services); placed a focus on identifying linked or repetitive incidents in order that the underlying root cause can be investigated and resolved; and improved the handling of system changes, all in accordance with ITIL<sup>3</sup> standards.

The processes are now more mature and improvements in performance across the department are now visible. PICT regularly exceeds its incident management target and we achieved our best ever performance in this respect during the year. These achievements are significant as they occurred during a period where we were faced with a significant increase in demand from our customers: in the latter half of the year, we resolved on average 20% more incidents and requests each month than the numbers resolved in 2008-09.

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<sup>2</sup> The core hours of service were extended during 2009-10.

<sup>3</sup> ITIL (Information Technology Information Library): an internationally recognised series of concepts and standards for managing ICT operations.

The Service Desk in particular regularly meets all targets. During the last year, analysts working on the desk resolved on average 55% of all incidents and requests resolved by PICT as a whole. Of these, 96.6% were resolved within the target resolution time. The Service Engineers team has seen a substantial and sustained improvement in their response and fix times and the Telecommunications team has been a consistently high-performing team for many years.

Performance is reviewed each month at Board level. This scrutiny process looks at PICT's performance from a number of angles. First, statistical measures of our compliance with agreed targets; second, the perception of our service as reported by account managers and other customer facing staff (that also includes consideration of any complaints and compliments received); and third from the customers' experience based on a random sample of users who are surveyed every 3 months via an online questionnaire. The survey started in the 2009 and three have now been conducted. The results are beginning to provide trends and are highlighting areas PICT can focus on for further improvement. PICT's systematic and focussed approach to performance management is key to our continued support to existing systems and ensuring that users can get on with their jobs.

## 2. DEVELOPING SYSTEMS FOR THE FUTURE

### A) CREATING A RELIABLE AND RESILIENT ICT INFRASTRUCTURE BY REPLACING AND UPDATING THE UNDERLYING SOFTWARE AND HARDWARE, AND UPDATING TELECOMMUNICATIONS FACILITIES.

#### *IT Infrastructure*

See separate report included at Annex 4 on the Infrastructure Programme, the major successes of which were:

- The rollout of the new Vista operating system, Office 2007 and associated new collaboration tools to 2,507 machines for the Parliamentary Administration, a significant proportion of which were new machines.
- Upgrading the underlying email system software;
- Through a significant investment in Parliament's server and data storage infrastructure, a highly resilient and scalable Virtual server farm has been deployed and services are being migrated into this new environment.
- Associated with the last item has been the procurement of a Remote Data Centre that provides not only increased hosting capacity but true offsite resilience for core Parliamentary ICT Services.

The establishment of a User Experience Board as part of the Infrastructure programme and the identification of a Senior User Group (SUG), with a Senior User to represent each Department and Office, was a key element in the successful deployment of the Vista desktop. The senior users have been invaluable in highlighting the unique requirements of their respective user communities thereby allowing the Project team to adapt accordingly.

#### *Core Network Refresh*

Towards the end of 2009 PICT was able to bring forward planned spend to replace the core Parliamentary network switches. This work was completed by the end of March 2010 and covered the installation of ten state of the art core switches on the Parliamentary Network (PN.) This will allow for significant network capacity to be added in 2010/11 and in future



years. It is planned that the four main switches within the core will have a life expectancy of between ten and fifteen years.

To illustrate the improvement in capacity the current core operates at 1Gbps which is well within the requirements of all current services whereas the new switches offer 10Gbps core as standard, upgradeable to 100Gbps. This provides significant future proofing and for growth of new bandwidth demanding services such as VoIP<sup>4</sup> and video streaming.

### *Software Development*

The software development team is now fully capable of supporting the broad range of projects, largely in support of the procedural area, that are being developed over the next few years.

There have been a number of highlights in this area.

- The development of Parliamentary principles of data and systems design that are in essence the basic architectural building blocks for the future of the critical in-house written systems that support the Parliamentary procedural and knowledge systems. These were developed with the assistance of external specialist consultants.
- Gaining agreement to the use of an interface standard - using XML over web technology (called ReST) - to improve the re-use of data between systems and help improve the quality of parliamentary data. This also means PICT can develop small, modular, flexible systems rather than large, tightly-integrated monoliths.
- Parliamentary applications are being built around standard tools to save on both direct and longer term support costs
- The PICT Web & Intranet team have worked with the Web Centre to: implement the new content management system; enhance public access to Procedural parliamentary data by publishing that data as XML; and improve how that data is presented (for example, building on Hansard On The Web and Historic Hansard).

### *Telecommunications*

As a result of a strategic telecoms review carried out in mid 2008/09 a number of projects were agreed and have been implemented during 2009/10. These include:

- Extending the telephone numbers available to allow an extra 1000 numbers. This was essential to accommodate demand and also to provide the capacity needed to accommodate the changes made at an election.
- Renewal of the telephone system maintenance contract.
- Dual parenting to provide resilience to the parliamentary telephone system.
- Procurement of a new more reliable and resilient automatic call distribution system (ACD) capable of supporting the requirements of PICT and other users across the Houses and allowing consolidation onto a single system.
- The development of an inbound fax to email service that permits faxes to be screened before printing.

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<sup>4</sup> VoIP: Voice over IP is a general term for a family of transmission technologies for delivery of voice communications over networks such as the Parliamentary network. This could replace the current telephone network in use on the Parliamentary Estate.

**B) UNDERSTANDING THE IMPACT OF ACCOMMODATION CHANGES AND EQUIPPING FACILITIES AS NECESSARY.**

There have been a number of changes to both the equipment available in accommodation across the parliamentary estate and within PICT's accommodation. Wireless access (Wi-Fi) has been extended across the estate to improve mobile access and also to prepare for new Members in temporary accommodation after the general election.

PICT was involved with the move of House of Lords and PICT staff to 14 Tothill Street. The relocation required connecting and setting up of staff equipment, both PCs and phones, and the underlying infrastructure there.

Work has also continued to ensure that suitable ICT facilities are available in buildings under redevelopment such as the Millbank Island site.

**C) IMPROVING ICT SERVICES FOR MEMBERS AND THOSE WORKING AWAY FROM WESTMINSTER.**

Work in 2009/10 focused on preparing for the General Election. This included pre-dissolution, dissolution and post election planning, taking into account the needs of retiring, defeated, newly-elected and returned Members of the House of Commons and their staff. A considerable amount of work had been completed by the end of 2009/10 ranging from policy matters through to detailing the step by step tasks that needed to be undertaken to very specific deadlines. Next year's report will reflect on how well this preparation has gone, but suffice to say that feedback to the time of writing this report has been extremely positive and reflects the hard work put into it by PICT staff.

A priority for the year was to plan to deliver improved ICT services for Members and their staff. These included:

- A new virtual parliamentary network (VPN) based remote access service to replace the previous one, implemented in 2002. The new service will be deployed to newly elected Members as they request their new equipment and was included on the laptops issued to Members of the House of Commons immediately after the election. For returned Members and their staff the new service will be deployed as their old equipment is replaced. The web-based service that required a token for access has been substantially upgraded and includes the replacement of the physical token with a pin number for gaining access.
- During the year the existing broadband contract was re-tendered and a new service provider identified. In future Members will be able to select either ADSL or cable services with higher data speeds in a wired and/or wireless environment. Having a reliable, easy-to-use, well supported broadband service is key to our efforts to improve remote access services.
- The mobile computing (PDA) service has been redeveloped to focus on smartphones. Members are now offered Blackberries as a centrally-sourced service paid for by them. Members and their staff wishing to connect their own Windows Mobile, iPhone or Blackberry devices will be able to do so.
- As well as the new remote access software, Members' new laptop and desktop equipment will be preloaded with MS Windows 7, Office 2007 and Microsoft's Office Communicator Suite (this is an internal instant messenger function).
- PICT has extended the range of printer manufacturers and models which Members can select from for their central allocation, or to purchase.

- As well as these technical solutions PICT has focused on its customer services and its approach to support during the year. Support processes have been reviewed as well as the documentation (user guides, catalogues and forms) relating to them and PICT's branding has been redesigned as has its intranet presence.
- During 2009/10 PICT has been working on an ambitious range of new services and improvements to existing services to be delivered at the next election.

**D) ENHANCING BUSINESS APPLICATIONS, FOCUSING ON SYSTEMS TO PUBLISH AND GIVE ACCESS TO INFORMATION, AND ADMINISTRATIVE SYSTEMS (HR/FINANCE AND FACILITIES).**

Following the 2008 recommendations of the PICT health check regarding business-led programmes, PICT worked hard in 2009/10 to ensure that all of its projects to replace, renew or enhance business applications were shaped into coherent business-led programmes designed to achieve business objectives, and to follow the principles set out in *Managing Successful Programmes* as closely as possible.<sup>5</sup>

The Procedural Data Programme, formally established in May 2009, was created as a vehicle for renewing the systems and tools which capture, manage and prepare for publication information about the core legislative and "holding to account" work of both Houses and their committees. PICT's partners in the two Houses seek to improve accuracy and reusability of information and to make it more accessible to the whole range of internal and external users.

At the same time, PICT has been working to create robust technical platforms, to ensure capture of high quality xml at the earliest possible point and to create common software components and shared data services wherever feasible. During 2009/10 the Lords Business and Members Names (Commons and Lords) projects were prepared for introduction from the beginning of the 2010 Parliament, and major strides were made with the replacement of the Hansard reporting and digital audio tools for both Houses. PICT also led work on data standards for Parliament as a whole and achieved an outline agreement with the Cabinet Office on how these should apply to Parliament/Government data flows.

The Procedural Data Programme meshes with two other programmes supported by PICT, using the same data architecture and tools. One programme, the Core Parliamentary Information Management Framework (CPIMF), ensures that the new generation of procedural data stores can embed added value xml elements (such as subject indexing) without the need for a separate full text library database. It also plans to replace the other functionality of the current PIMS system with more effective tools; so that PIMS can be decommissioned in 2011.

New enquiry management tools were created for both parliamentary libraries during 2009/10, and work to replace other PIMS components is progressing well. Another closely related programme, also business-led and supported by PICT, delivers all public-facing information to the web (intranet and internet): here a new "FindyourMP" service and new search and content management functions were successfully introduced during 2009/10 in partnership with the web centre.

PICT also worked on longer-term programmes to consolidate and renew information tools used for facilities management and for the management of personnel and finance information. Highlights include the implementation of a project management tool for the Estates Directorate and the preparation of a joint EPOS procurement for both catering departments. Work continues on options and scoping for the future development of the Archibus and Agresso systems.

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<sup>5</sup> *Managing Successful Programmes*, published by OGC

PICT has not been passive in analysing future requirements and proposing solutions. Working with its partners, PICT has developed principles and strategies which will gradually build into a much more logical and cost-effective information and applications architecture. This work is presented elsewhere in this report, but it is important to emphasise that it is being done in conjunction with the major programmes described above and is beginning to have an impact in almost every area

#### E) SUPPORTING ENHANCEMENTS TO DATA SECURITY.

The ICT Security Manager has been, and continues to, work with the technical architects to help build a technical security strategy. Work includes input to a recent paper on end-point security and a series of meetings, now concluded, to review the status of current, or outstanding, audit recommendations and their bearing on future work. The ICT Security strategy will support the overall ICT strategy and, while visibility of the latter has been limited to date it is planned that continuing work with the technical architects will close the gap.

A key non-technical strand of current activity is participation, with the Information Rights and Information Security Service (HoC) and Information Security Coordinator (HoL), on information assurance presentations to staff in departments and offices of both Houses. This introduces staff to the new ICT security policy – successfully introduced after extensive consultation with Committees, Departments and Offices – and highlights key ICT security risks and how to mitigate them.

The ICT Security team has also contributed to Members staff induction materials.

Progress was made during the year on:

- Improving the security of Parliamentary material on the internet;
- Penetration testing of new applications (now an accepted part of the quality assurance and security standard.);
- Embedding the new, systems ICT risk analysis process; and,
- Contributing to both PICT's and Parliament-wide business continuity and disaster recovery activity.

CESG, The National Technical Authority for Information Assurance, were engaged in late autumn 2009 to undertake, with participation of senior PICT managers, a customised version of HMG's Information Assurance Maturity model. This complemented a busy year in terms of audit assessments, and produced a number of thoughtful recommendations regarding policy and governance which were subsequently reflected in a paper to the PICT board in December. A recommendation that PICT engages CESG to undertake a threat assessment – currently a zero-cost service offering – is being taken forward in 2010/11.

In parallel, the PICT general risk management process has been reviewed for substantive risks and methods of assessment and presentation, and was ready for re-implementation within the year.

### 3. ENSURING GOOD VALUE IS ACHIEVED FOR INVESTMENT IN ICT BY CONDUCTING RESEARCH INTO THE SPECIFIC BENEFITS OFFERED BY NEW TECHNOLOGY.

In response to the PICT Health check, 2009/2010 was the first year that PICT had a dedicated budget for research and development (R&D). This has allowed PICT to look at a range of new

and different areas of technology that could add value to Parliament in the short and longer term. The following lists some of the benefits arising from R&D work in 2009/10:

- The ability to support access to Parliamentary email, calendar and contacts from a wide range of devices including iPhones and Blackberry devices;
- Microsoft Windows 7 was evaluated, helping inform the decision to progress with this new Operating System for Members post general election and potentially for staff of both Houses in the longer term;
- Development of a number of intranet based mobile applications. The result of which has spawned that creation of the Parliamentary mobile intranet offering;
- Testing of mobile broadband solutions to help understand how this could improve remote working; and,
- Developed and tested a solution that will support low bandwidth video conferencing and online meetings from a laptop.

#### 4. IMPROVING ENGAGEMENT BETWEEN PICT AND THE TWO HOUSES IN RESPONSE TO THE PICT “HEALTH CHECK”<sup>6</sup>.

The report of the 2008 PICT health check identified that engagement between PICT and the business—i.e. each House and the various departments within them—needed attention in terms of both strategic governance and management of tactical and day-to-day relationships. From a range of departmentally-related IT units, PICT had deliberately been set up as a single arms-length provider for a number of separate and asymmetrical business constituencies with “no strong track record of collaborating to synthesise and prioritise their requirements”.<sup>7</sup>

In April 2009, PICT’s governance was reformed when the existing Joint Business Systems Board became the PICT Advisory Board (PICTAB), formally a sub-committee of both Houses’ management boards. PICTAB has explicit responsibilities to advise PICT on its strategic direction and, going the other way, to advise the management boards on the priorities for ICT. The 2009 health check follow-up report summarised PICTAB’s role, with approval, as to “integrate PICT into the business of the both Houses”.<sup>8</sup> The follow-up review concluded that “sensible plans have been set, which need time to work”.

At the tactical day-to-day level, the developing functions of ‘business relationship manager’ and ‘account manager’ for each business constituency—as well as an increasing focus on gathering, and responding to, performance data and customer perception surveys—have been recognised as making significant contributions to the responsiveness and business awareness of PICT.

The overall conclusion of the 2009 independent review of the ‘PICT’ model’s capacity to deliver a fully joined-up ICT service for Parliament was that: there was a “long path” to full maturity but the current direction of that path was the right one and the overall impression of progress was favourable.

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<sup>6</sup> *PICT Review: A report to the Joint Business Systems Board*, June 2008, by external consultants John Yard and Ron Skelley, referred to informally as the PICT health check. It reviewed Parliament’s plans for ICT development and its capacity to deliver to those plans.

<sup>7</sup> *Ibid*, para 6.1

<sup>8</sup> *Op. cit.*, para 6.3

## 5. ENSURING PICT HAS THE PEOPLE AND PROCESSES TO DELIVER.

### HR STRATEGY

PICT has come a long way in building a single department out of the previous array of offices roles and functions distributed across Parliament. We have built up a strong team of people and, more and more, they are facing in the same direction. But we can and are planning to do better.

The PICT HR & Development team have created a long-term HR strategy for the department aimed at delivering the right people with the right skills to meet the organisation's priorities for supporting Parliament's work. It will continue to develop alongside, and reflect, the emerging overall strategy for ICT in Parliament, which will itself map out the roles and responsibilities required of PICT within a five year horizon.

#### *The priorities are:*

- *Leadership development* has come into focus with the directors undertaking a development programme as a group and individually. A programme is also taking shape for improving senior managers' capability in terms of performance management. These initiatives are in direct response to internal consultation as well as outputs from liP feedback and staff surveys which flagged clear and strategic direction and effective delegation as vital to get right.
- *Resource planning* is not something that has always been successfully undertaken in Parliament; in terms of matching staff skills and numbers to longer-term requirements and goals (rather than the other way around). In ICT, particularly around the specialist technical areas and project management, it is vital to have the skills, experience and knowledge in place to meet the demands of supporting the systems we have now, and identifying and developing those we will need in the future.
- *Investing in staff development and determining career pathways* are two strands that will allow us to shape our workforce as it changes to meet Parliament's future challenges. This will also keep our staff up-to-date, and marketable, in terms of skills and capabilities demanded by the wider ICT industry. This will maintain realistic options for ICT-related careers both within and outside Parliament.

#### *liP accreditation*

PICT gained liP re-accreditation in 2009 alongside the House of Commons with recommended actions identified by the assessors in areas including: leadership, recognition, performance measurement and learning & development. The HR strategy has been developed to address these areas.

#### *Staff survey*

PICT achieved improved results in the 2009 staff survey on the outcomes for 2008. The areas where most improvements were made were in team working, communication, benefits, decision making, objective setting and managing change.

#### *HR achievements*

The HR team have developed improved recruitment and selection processes through their introduction of an interactive website, technical testing and using CVs for technical roles. The HR team also successfully delivered a rollout of technical training in Vista, Windows 7 and VMWare in preparation for the introduction of these technologies into Parliament.

## FORWARD LOOK

The priorities for next year, 2010-11 are dominated by: delivering against plans for the expected general election; continuing to support the day-to-day work of all our partners and customers; the continued development of procedural systems; consolidation of the modernisation of the underlying infrastructure; improving the return on Parliament's IT spend via a combination of maximising quality, examining costs, and through the use of ICT to facilitate savings elsewhere; and, finally, further development of a long term ICT strategy for Parliament. These issues are set out in more detail in PICT's Business Plan for 2010-11.

### *Members*

A Members' ICT programme has been established in PICT to ensure that the complex logistical exercise associated with an election is executed effectively. The opportunity will be taken to offer an improved range of services to Members with increased flexibility. This includes improving remote access services, simplifying and broadening the access available from the current PDA service, improving broadband services, improving support to locations off the parliamentary estate, and ensuring all services to Members are clearly explained and simple to access.

### *Parliamentary data and business applications*

Parliament's creation, consumption, manipulation and dissemination of data is at the heart of its activities. PICT is therefore supporting and contributing to a wide range of business-led programmes and projects designed to modernise systems holding or publishing information, improving the flow of high quality reliable information and reducing risks of system failure.

### *Network infrastructure and telecommunications*

Following the upgrade of the desktop operating system, renewing the underlying network infrastructure – switches on the network and the cabling of the core network – to meet increased demand for capacity becomes the focus. This will be taken forward in coordination with works being undertaken by PED and others on other networks on the estate. Further extension of the current wireless cover will also be pursued (helping with immediate network access problems and enabling greater flexibility of working).

Migration of existing ICT servers and services into a new greener virtual environment will continue (making better use of space, power and air cooling). Migration of key ICT services to the remote data centre will also continue, to provide further resilience and introduce improved BC/DR capabilities.

There will be a number of on-going improvements and renewals to telecommunications, including a tactical deployment of Voice over Internet Protocol (VoIP) as both a proof of concept and to provide further resilience for BC/DR.

### *ICT Security*

There will be an on-going emphasis on ICT security, for example to improve intrusion detection and prevention, and system administration management, and to make users more aware of their responsibilities through training and guidance.

### *Accommodation*

PICT will continue to work with the Facilities areas in both houses to provide support to the major accommodation changes being made over the planning years.

*Research and Development*

The programme will continue on from work started in 2009/10 in consultation with the PICT Advisory Board. The development of the overall ICT strategy for Parliament will also be a core feature.

DRAFT



**ANNEX 1 - FINANCIAL INFORMATION: SUMMARY**

	<b>Budget (Final)</b>	<b>Outturn</b>	<b>Variance</b>	<b>% Var.</b>
Resource (ex. Dep'n)	20,480.9	20,914.3	433.4	2.1%
Depreciation	3,088.3	2,843.4	(244.9)	(8.6%)
<b>Total Resource</b>	<b>23,569.2</b>	<b>23,757.7</b>	<b>188.5</b>	<b>0.8%</b>
Capital	3,322.0	3,008.4	(313.6)	(10.4%)

- Overall PICT under spent by around £189k against the final total resource allocation. The figures in the table above are the total Parliamentary cost (i.e. including House of Lords and House of Commons share of PICT's cost)

**MAIN VARIANCES AROSE AS FOLLOWS:**

**RESOURCE**

*Communications – under-spend £172k, 7.1%*

The core BAU costs were slightly over the internal PICT budget allocation as there were some increases in costs related to: the renewed telephone maintenance contract; and upgrading the link to the ISP to provide greater bandwidth. On the other hand, funding nominally allocated against minor telecoms projects was not fully used. The reductions in telecoms costs over recent years are unlikely to be sustained and we may see upward pressure on costs in the next period.

*Computer – under-spend £263k, 4.2%*

Some anticipated maintenance work was cancelled due to decisions to upgrade or decommission the systems involved in the near future. There were also areas where the resource/capital split had not been entirely predictable when budgets were set.

*Specialist Advice etc. – over-spend £118k, 337.1%*

This was for work on a number of strategy streams including review of the SharePoint strategy, development of the PICT HR Strategy and a review of ICT security carried out by a specialist external organisation. This was all work arising in-year.

*Non-cash Expenditure – over-spend £245k, 8.6%*

This arises from accounting for depreciation as between PICT and Commons departments in the draft accounts. The final figure is likely to be significantly lower.

**CAPITAL**

*Capital Expenditure – over-spend £314k, 10.4%*

Over half the over spend shown was directly related to the replacement of the core network switches. The costs of those were approximately £150k higher than anticipated.

Other costs relate to: R&D where budget was held against current costs as it was not know how much or what capital would be required; some slippage on part of the Infrastructure Programme; Members Programme work ;and also some essential replacements that had not originally been budgeted for.

**Chart 1: Projected outturn vs. Budget (unadjusted)**

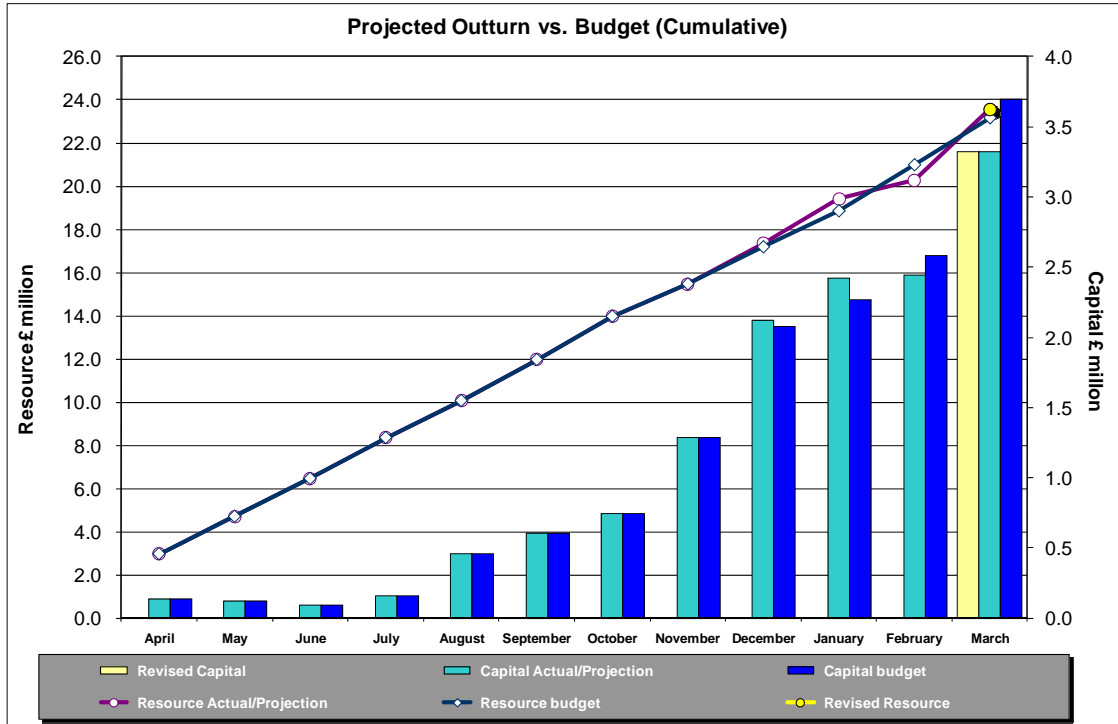


Table 1: PICT - Comparison of Budget, revised budget and final forecast and Outturn for 2009/10

	Original Budget	Revised Budget	Final Forecast	Outturn	Var against original budget		Var against Revised budget		Var against final Forecast	
	Total £000s	Total £000s	Total £000s	Total £000s	Total £000s	Total %	Total £000s	Total %	Total £000s	Total %
<b>RESOURCE COSTS</b>										
Receipts	0	2	2	2	(2)	0.0%	0	0.0%	0	0.0%
Salaries	11,600	11,536	11,561	11,516	84	0.7%	20	0.2%	45	0.4%
Other Staff Costs	500	447	420	430	70	14.0%	17	3.8%	(10)	(2.4%)
Travel and Subsistence	46	26	30	26	20	43.5%	0	0.0%	4	13.3%
Information	157	177	179	110	47	29.9%	67	37.9%	69	38.5%
Communications	2,405	2,416	2,202	2,244	161	6.7%	172	7.1%	(42)	(1.9%)
Computers	5,923	6,194	5,764	5,931	(8)	(0.1%)	263	4.2%	(167)	(2.9%)
Office Supplies	43	32	30	26	17	39.5%	6	18.8%	4	13.3%
Specialist Advice & Work Committed	21	35	78	153	(132)	(628.6%)	(118)	(337.1%)	(75)	(96.2%)
Accommodation	45	50	50	42	3	6.7%	8	16.0%	8	16.0%
Depreciation and other non-cash costs	3,456	2,843	2,832	3,088	368	10.6%	(245)	(8.6%)	(256)	(9.0%)
	<b>24,196</b>	<b>23,758</b>	<b>23,148</b>	<b>23,568</b>	<b>628</b>	<b>2.6%</b>	<b>190</b>	<b>0.8%</b>	<b>(420)</b>	<b>(1.8%)</b>
<b>CAPITAL</b>	<b>2,508</b>	<b>3,008</b>	<b>3,699</b>	<b>3,322</b>	<b>(814)</b>	<b>(32.5%)</b>	<b>(314)</b>	<b>(10.4%)</b>	<b>377</b>	<b>10.2%</b>
<b>Summary level</b>										
Resource	20,740	20,915	20,316	20,480	260	(8.1%)	435	9.4%	(164)	7.2%
Depreciation	3,456	2,843	2,832	3,088	368	10.6%	(245)	(8.6%)	(256)	(9.0%)
Total	24,196	23,758	23,148	23,568	628	2.6%	190	0.8%	(420)	(1.8%)
Capital	2,508	3,008	3,699	3,322	(814)	(32.5%)	(314)	(10.4%)	377	10.2%

## ANNEX 2: STAFF INFORMATION

Tables 1, 2 and 3 provide information on the workforce composition within PICT at the end of 2009/10 and chart 2 provides information on the number of contractors employed by PICT.

### WORKFORCE COMPOSITION

**Table 2: The table below shows the position and number of posts in the PICT core staff group – April 2010:**

Staff Category - Headcount	Target	Actual		Total Headcount
<i>PICT core services</i>			<b>Agency</b>	<b>All</b>
Established posts - Q	<b>210</b>	208	2	<b>210</b>
Recruitment ahead – T posts, waiting to be moved to Q	<b>4</b>	4	0	<b>4</b>
Research & Development – R&D posts	<b>3</b>	3	0	<b>3</b>
PICT Advisory Board – PICTAB post	<b>1</b>	1	0	<b>1</b>
R&D/T posts (on Service Desk to cover for R&D project)	<b>2</b>	2	0	<b>2</b>
<b>Total PICT core staff</b>	<b>220</b>	<b>218</b>	<b>2</b>	<b>220</b>

**Table 3: The table below shows the position and number of posts in PICT projects – April 2010:**

<i>Project posts</i>	Target	Actual	Agency	Total Headcount
Infrastructure Project posts - I	<b>16</b>	13	1	14
Project funded posts – P	<b>25</b>	44	1	45
Other agency staff – project funded	n/a	0	53	53

**Table 4: Additional information to note:**

Type	Actual
Secondments Out	4
Maternity	1
Career Break	2
EBS <sup>9</sup> Redeployment	1

<sup>9</sup> EBS: Extended Business Service – the team that provides 24/7 ICT support

**OTHER WORK FORCE INFORMATION**

*Leavers Year on Year (percentage turnover)*

**Table 5: Staff turnover**

Source	March 2009	March 2010
PICT	12.0%	4.8%
CIPD <sup>10</sup>	17.8%	15.7%

*Absence*

**Table 6: Absence by Directorate – 1 April 2009 – 31 March 2010**

Absence totals by Directorate	March 2009	March 2010
Technology	3.7%	3.0%
Resources	7.4%	5.3%
Projects and Programme	2.7%	2.8%
Operations and Member Services	5.5%	6.3%

**Table 7: Overall absence in March 2009 and March 2010 compared with the IT industry average (Chartered Institute of Personnel and Development)**

Absence days in month	March 2009	March 2010
Overall PICT	4.8%	4.4%
Wider IT industry	4.4%	4.3%

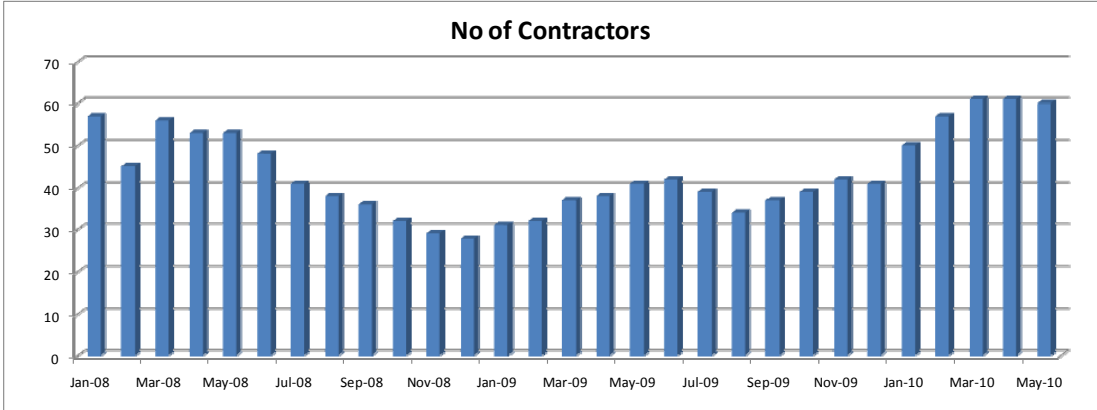
*PICT Recruitment Campaigns (not for contractors)*

**Table 8: Recruitment campaigns Time period 01/04/2009 – 31/03/2010**

Campaign type	Pay Band							
	A1	A2	B1	B2	C	D1	SCS1	Total
External/concurrent	3	5	11	5	6	1	0	31
Internal	0	2	6	6	1	0	0	15
<b>Total</b>	<b>3</b>	<b>7</b>	<b>17</b>	<b>11</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>46</b>

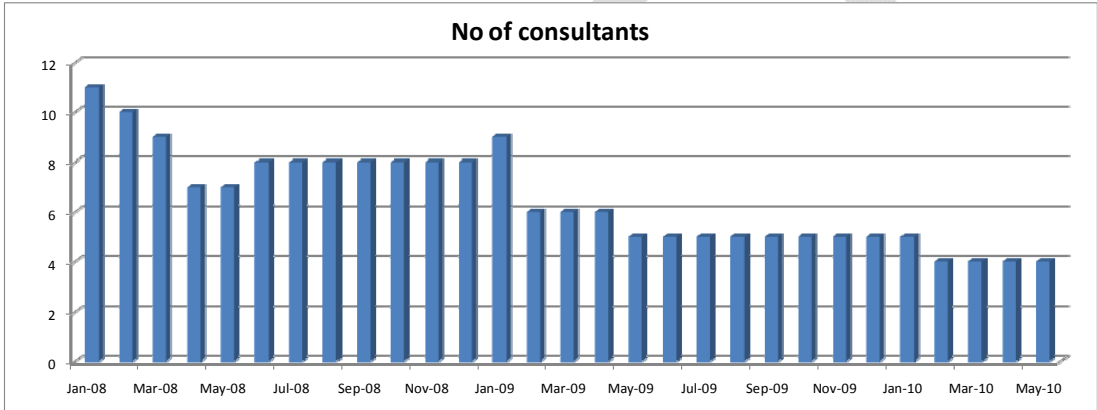
<sup>10</sup> Chartered Institute of Personnel and Development

**Chart 2: The number of contractors employed by PICT**



The increase in contractor numbers from January 2009 onwards is due largely to the increased requirements as a result of preparations for the General Election and to provide resource to the department/office led major ICT projects.

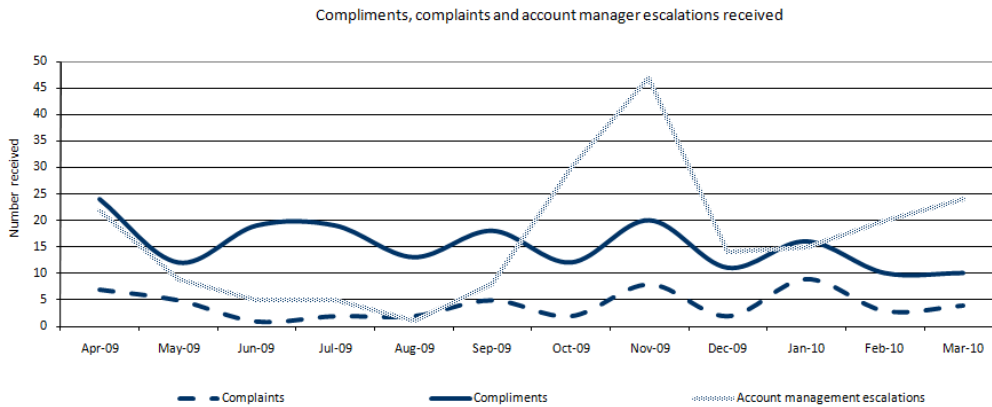
**Chart 3: The number of consultants employed by PICT**



The chart shows a steady reduction in the number of contractors employed by PICT over the period. The majority of remaining contractors are engaged in project work.

### ANNEX 3 – PERFORMANCE INFORMATION, KEY PERFORMANCE INDICATORS

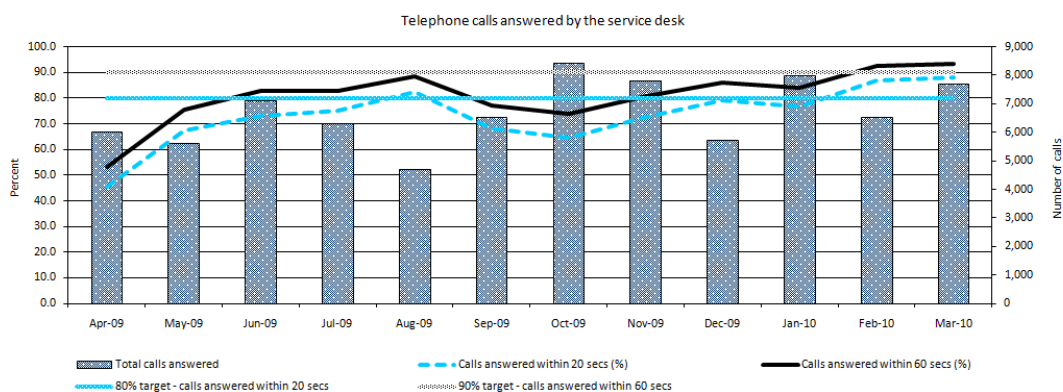
**Chart 4: Compliments, complaints and account manager escalations received**



The chart shows the number of compliments, complaints and account management escalations logged by PICT's customers since April 2009. Account management escalations are issues raised by customers with the relevant PICT Account Manager assigned to their particular Department or Office who will try to resolve the issue to the customer's satisfaction before a complaint is logged.

The chart shows slight but consistent fluctuations in both the number of complaints logged and compliments received over the past year. A higher than usual number of compliments was received in April 2009 reflecting the responsiveness of PICT to the outbreak of the Conficker virus. The high number of account management escalations logged in this month also reflects the effects of the Conficker virus. The increase in the number of escalations logged since autumn 2009 reflects the return of both Houses from the summer recess and covers the period marked by the Vista deployments. Since January of this year, there has been a steady increase in the number of escalations logged reflecting the work being undertaken by the departments of both Houses in preparation for the general election.

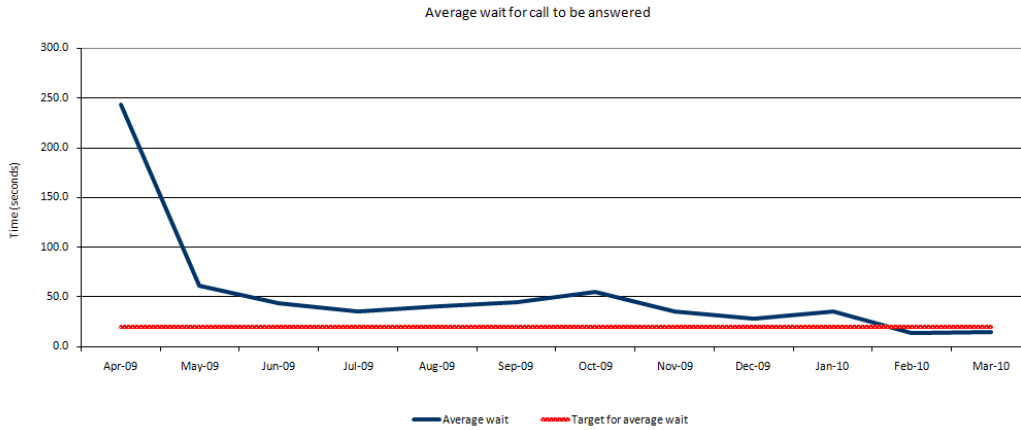
**Chart 2: Service Desk: telephone calls answered within 20 and 60 seconds**



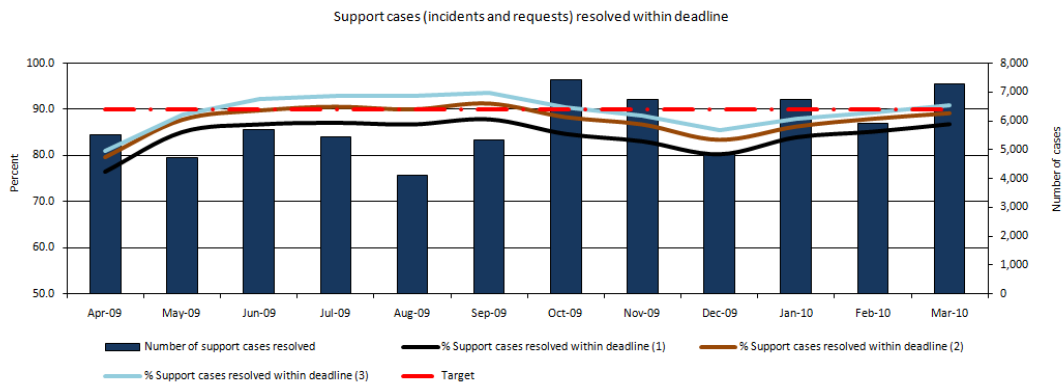
The chart shows the Service Desk's call answering performance since April 2009. The chart shows that the Desk has only recently started meeting its telephony targets. This is due to a number of reasons: for the first half of the reporting period, a number of experienced Service Desk analysts were promoted to other teams within PICT and as a result, the Desk was not operating at full complement. The period since October 2009 has seen a marked increase in the number of telephone

calls to the Desk with the Desk answering, on average, 20% more telephone calls than the number answered during the same period in 2009.

**Chart 5: Service Desk: average wait for telephone calls to be answered**



**Chart 6: Support cases resolved by PICT**

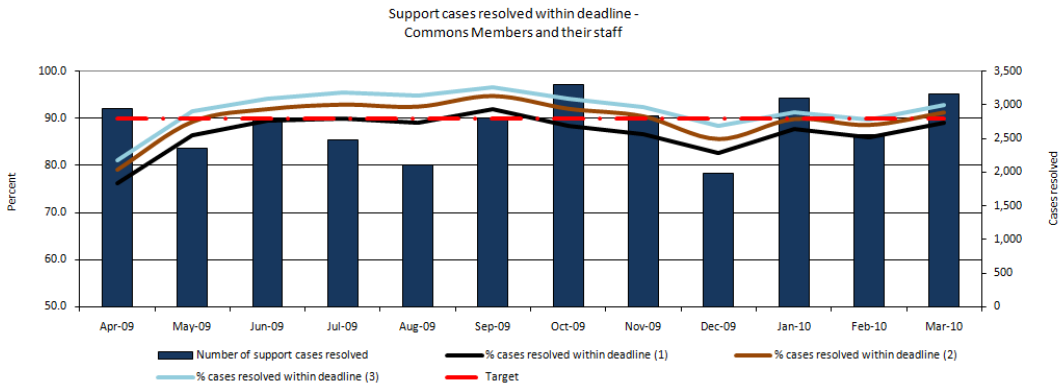


The chart shows the number of support cases resolved each month since April 2009 and the percentage of those support cases that were resolved within the target resolution time using 3 definitions. Definition 1 has not been adjusted for cases that missed their deadlines due to delays caused by PICT not being able to contact the customer and/or third parties. Definition 2 has been adjusted to account for cases that missed the target resolution time as a result of delays caused by PICT not being able to contact the customer while definition 3 has been adjusted to account for cases that missed the target resolution time as a result of delays caused by PICT not being able to contact the customer and/or third parties.

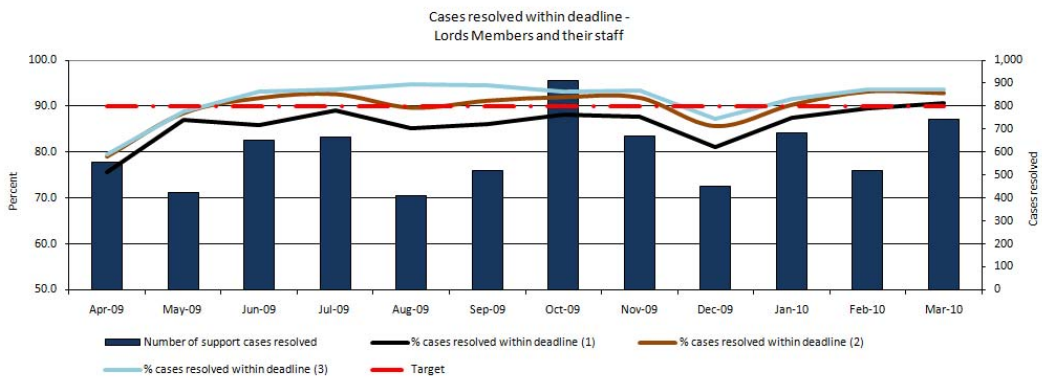
Based on definition 2 and excluding April 2009 when the outbreak of the Conficker virus occurred, the chart shows that PICT was consistently meeting its incident management target in the early part of the reporting year. This period marked PICT's best ever incident management performance. From October 2009, performance dipped as a result of the unprecedented demand on our support services. For the 6-month period starting in October 2009, PICT resolved an average of 1,500 more support cases each month than the number resolved during the same period in the previous year. Performance started to improve once again in January 2010 to the extent that we narrowly missed our incident management target in March 2010 by 62 support cases.



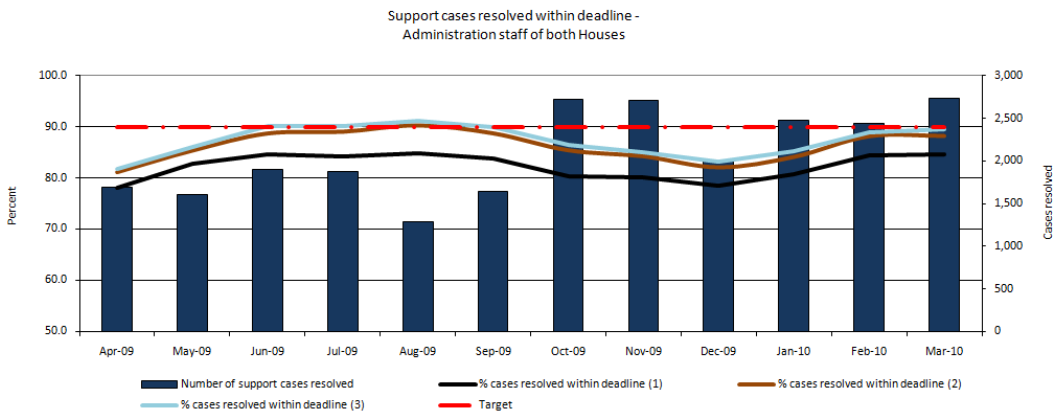
**Chart 7: Support cases resolved by PICT for Commons Members and their staff**



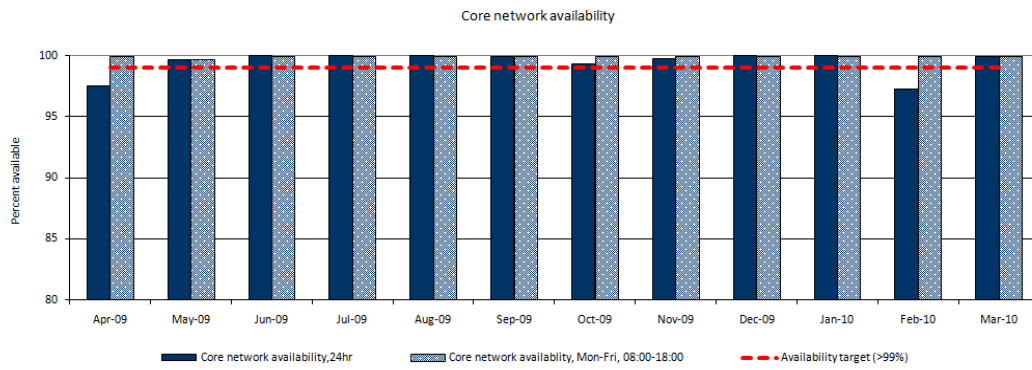
**Chart 8: Support cases resolved by PICT for Lords Members and their staff**



**Chart 9: Support cases resolved by PICT for staff of both Houses**

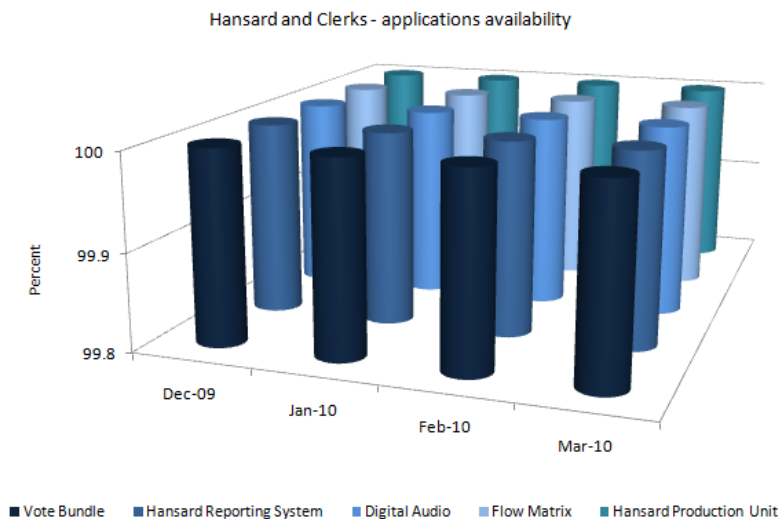


**Chart 10: Core network availability**



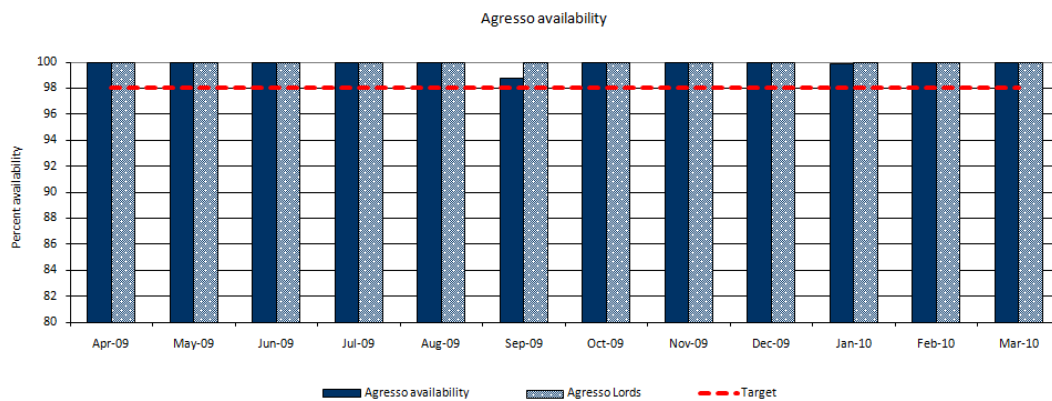
The downturn in performance in February 2010 in the 24hr time frame was the result of weekend maintenance work to upgrade the network switches.

**Chart 11: Hansard and Clerks: applications availability**



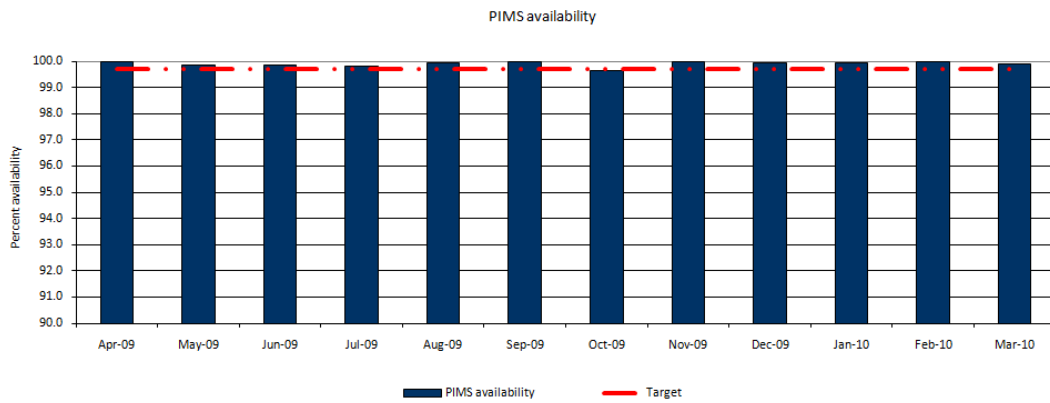
We have recently been able to start capturing availability data for the above business critical applications. The chart shows that all applications were available for 100% of core hours. PICT also met the ICT production deadlines during the reporting period.

**Chart 12: Agresso availability**

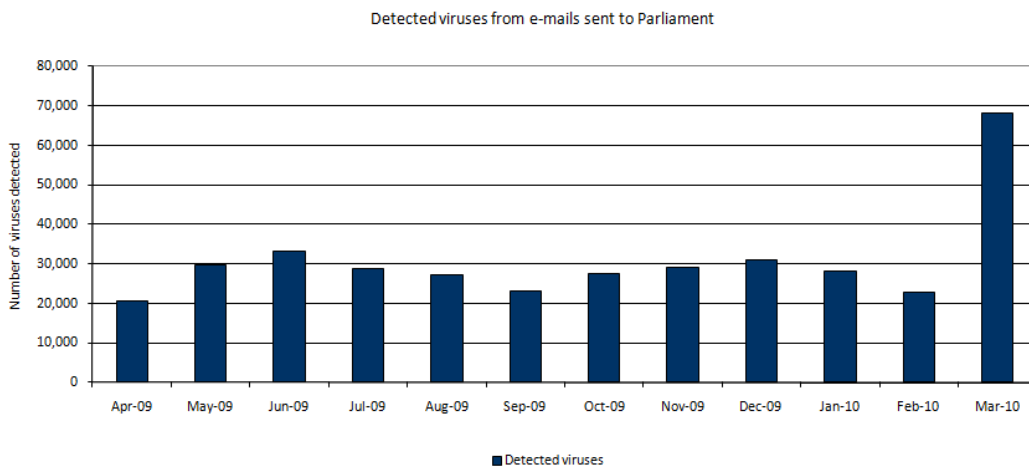


The chart shows the availability of the Commons and Lords Agresso servers since April 2009.

**Chart 13: PIMS availability**



**Chart 14: Viruses detected in in-bound e-mails**



The chart shows the number of viruses contained in external e-mails sent to Parliament that have been detected by Message Labs, the e-mail virus detecting software used by PICT. The chart shows that the number of viruses detected by Parliament's anti-virus detecting software increased dramatically in March 2010. The increase is due to a reclassification of malware threats by the virus-detecting software. Previously, one malware threat affecting 10 files was counted as one threat. However, from March 2010, one malware threat affecting 10 files was counted as 10 separate threats.

## ANNEX 4 – ACHIEVEMENTS AGAINST PLAN OF WORK

### PROCEDURAL PROGRAMME

The focus of this programme's work in the first part of the year was in developing a Business Case which would secure the funding required to meet the business' objectives. Its focus then shifted to ensuring that a suitable 'technical architecture' was in place as well as ensuring that projects were initiated correctly (using the appropriate project documents and following recognised project processes.) The Programme will start the 2010/11 financial year with a new Senior Responsible Owner, David Natzler, Clerk of Legislation in the Commons, in place.

#### *Specific outcomes of the programme to date include:*

- Introduction of the Members' Name Service;
- The initial stage of a new digital audio solution has been procured for Hansard in both Houses and workshops have been held with colleagues from those offices in order to evaluate the detailed technical options against the business requirements;
- Work has progressed on the Hansard Reporting Suite, delivering a new toolset that, as well as supporting the current publishing process, can capture data in a structured way so that it can be easily re-used by the rest of Parliament. This will improve data quality, reduce the need for re-keying, speed up our business processes and reduce costs; and,
- PIDs<sup>11</sup> agreed for the Lords Registry and the European Scrutiny and Information projects.

### MEMBERS SERVICES

During the course of the Business Year 2009-10, PICT launched a "Members' Programme" in order to manage the delivery of many of the objectives originally listed under the Members Services' strand of its 2009-10 business plan. In addition to this the programme sought to plan the work that PICT would have to perform at the time of the general election and to increase the range of services and technologies available to Members of both Houses of Parliament.

#### *Significant developments/plans from the programme include:*

- A new virtual parliamentary network (VPN) based remote access service, deployed to newly elected Members via issue of new equipment and for returned Members as their old equipment is replaced.
- A new broadband provider identified enabling the offer of either ADSL or cable services with higher data speeds in a wired and/or wireless environment.
- A redeveloped mobile computing (PDA) service based around smartphones.
- Pre-loading of Members' new laptop and desktop equipment with MS Windows 7, Office 2007 and Microsoft's Office Communicator Suite.
- Wider range of printer manufacturers and models for Members.

### INFRASTRUCTURE PROGRAMME

Across the Business Year 2009-10 the Infrastructure Programme delivered improvements to the user experience (specifically the desktop environment) and the core infrastructure of the Parliamentary

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<sup>11</sup> PID: Project Initiation Document defines the project as the basis for its management and an assessment defining what its overall success should be.

Network. In addition to this PICT brought forward some of its planned spending to replace the core network switches.

*Significant outcomes/achievements of the programme to date include:*

- The Vista Rollout completed to schedule at the end of March 2010 with a total of 2507 machines moved to Vista and Office 2007. Overall the rollout minimised disruption to users through the overnight deployment process and the transition was smoothed by the extensive 6 week engagement period with the departments and offices. We have gathered feedback on the deployment experience from all users and the results have been positive. Excluding PICT: 71% of users have registered an excellent deployment experience and 27% a good experience, with only 2% registering a poor experience.
- As a result of the Vista Rollout administration staff across both Houses have access to Instant Messaging and Presence, Office 2007, Launchpad and SharePoint.
- The implementation of Microsoft Exchange 2007 email system.
- Creation and deployment of services to a highly resilient and scalable Virtual server farm.
- The delivery of improved monitoring tools for PICT's Business Systems which allows these to be monitored from 'end to end'.
- Procurement of a new Remote data centre offering providing increased hosting capacity and true site resilience for core Parliamentary ICT Services.
- The establishment of ten new state-of-the-art core switches on the Parliamentary Network.

**CORE PARLIAMENTARY INFORMATION MANAGEMENT FRAMEWORK (CPIMF)**

In April 2009 the CPIMF Programme was initiated. This 3 year programme is tasked with developing a new, modular framework for providing parliamentary information in a flexible, timely and user friendly fashion. The lessons learnt by the PIMS project have heavily informed the development of CPIMF. Furthermore, particular attention has been paid to ensuring that it complements other Parliamentary programmes; particularly the Web and Intranet and Procedural Data Programmes.

*Significant outcomes/achievements of the programme to date include:*

- A replacement enquiries management system for the Commons Library (development almost complete and due to go-live by June 2010);
- An improved means of managing and publishing Commons and Lords Library briefing papers (prototyping complete and system due to go live by October 2010);
- A new Thesaurus Management system for managing subject indexing terms (procurement completed in February 2010 and new system being implemented for April 2010);
- An improved means of searching parliamentary information using new database search/reporting tools (preliminary work completed by March 2010, further development underway);
- Dependency management with the Procedural Data Programme and the Web & Intranet Programme carried out;
- The CPIMF Programme received an amber/green rating for its first gateway review; and,
- Programme business case approved in January 2010 and plans for Tranche 2 completed in March 2010.

## COMMONS HR AND FINANCE

The priorities of the Commons HR and Finance Programme adjusted in response to developments which affected the Commons Service over the past twelve months.

### *Significant outcomes/developments from the programme include:*

- Business case options were developed, ranging from tactical options for addressing the known limitations of HAIS through to transformational business change. Final decisions by the House Service on their preferred way forward are pending;
- A robust development and testing infrastructure was set up which will be required for the re-development of HAIS;
- A new suite of management reports for HR and workforce information went live, based on a robust data set which is updated monthly to enable comparison and analysis of trends;
- Electronic self-service statements of Members Allowances were developed and deployed to a pilot group of Members and their staff, overseen by the Committee on Members Allowances (MAC). During the year the decision was made to establish a new Independent Parliamentary Standards Authority (IPSA) and therefore work on other e-services has now ceased as has the self service statements deployment; and,
- Assistance was provided by PICT's HR and Finance Programme Team to the House of Commons Service with managing the publication of information about Members' Allowances.

## LORDS HR AND FINANCE

There is not a formal Lords HR/Finance programme as is in place in the Commons, but towards the end of the year PICT cooperated with the House of Lords finance and HR offices in conducting a review of future options for HR and finance systems.



## Proposed Learning and Development Strategy 2010-14

Responsible Board Member(s) Simon Burton

Date 13 October

*Summary:* A proposed revised learning and development strategy

*Summary* • Adopt the strategy as the basis for consultation.

*of actions* • Commission consultation with HRSG, TLOs and others.

*requested:* • Agree to consider the strategy again after consultation and once business plan priorities are confirmed.

### Why review the strategy now?

1. The Administration's Learning and Development Strategy was last reviewed in 2008 and remained valid for 2009. The Board keeps Learning and Development under review, and by doing so delivers a key Investors in People (IiP) principle. Consulting on a revision now as proposed demonstrates commitment to the principles of IiP.
2. The proposed strategy mostly builds on that adopted in 2008. The opportunity is taken to reflect recent work for the Board including work on senior development and the review of competences (chaired by Ed Ollard). A separate paper on competences will be available to the Board shortly. The proposed Strategy also recognises the need to secure Value for Money, efficiencies and savings in Learning and Development but is also intended to mitigate Corporate Risk 4: (Staffing) - failure to have the appropriate skills within the administration. In a time of low turnover and restraints on recruitment it is more important than ever to show commitment to Learning and Development to ensure that the business needs of the House are met.
3. The proposed strategy explicitly links to business objectives as set out in the business plan and the Commissioning note from the BPG. The final strategy will take account of the agreed priorities in the Business Plan.

### Communications and finance

4. The proposed strategy will be considered by HRSG and the TLO group. Heads of Office and staff will be consulted. The views of the Trades Unions will be sought. The Board will consider the strategy again in due course.
5. There are no financial implications in the proposal for consultation. The strategy will be implemented using funds in office business plans (including funding held centrally) as approved as part of the financial planning round. As part of the IiP action plan, HRO is developing systems to strengthen the evaluation of learning and development.

### Recommendation

6. **The Board is invited to adopt the Strategy as the basis for consultation.**

13 October 2010

Simon Burton

## PROPOSED HOUSE OF LORDS LEARNING AND DEVELOPMENT STRATEGY 2010-2014

### AIMS

1. Learning and development in the House of Lords will be rooted in meeting the business needs of the House and will in particular:
  - support delivery of Task 5 in the House Business Plan: *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;*
  - mitigate Corporate Risk 4: *failure to have the appropriate skills within the administration;*
  - support the priorities of the Administration as set out in the Annual Business Plan, including the need to maintain support for the work of the House as an institution and to provide more efficient delivery of services and savings;
  - support Office objectives set out in office business plans; and
  - ensure that the administration continues to have the flexibility to meet changing needs in a changing environment.

### GUIDING PRINCIPLES

2. Learning and development will:
  - be guided by the values and principles of the administration, including *professional excellence; fairness and respect for all staff; and obtaining value for money;*
  - have regard to the administration's policies and procedures including policies on equality and diversity;
  - recognise the constraints imposed by the size and structure of the administration; and
  - help maintain the reputation of the House.
3. In accordance with the principles of the Investors in People Standard, managers and staff will be encouraged to consider the benefits of learning in terms of self, team and organisation. Account will be taken of the different learning needs and styles of individuals. The Administration is committed to the principle of life-long learning.

### COMPETENCES

4. Learning and development will support staff in developing and maintaining agreed competences. Competences are attributes which help staff to deliver their tasks by enabling them to see what they need to do to help the Administration deliver its objectives. The Administration's competences for groups of staff accordingly reflect:
  - objectives and tasks of the Administration, as set out in the Business Plan;
  - priorities for the administration, as agreed by the Management Board in commissioning the annual Office business plans;
  - corporate risks; and
  - core values of the administration.



## **LEARNING AND DEVELOPMENT ACTIVITIES**

5. In order to support the broad range of the House's priorities, and with a view to staff development against core competences, the Board has identified the following as learning and development activities for the next four years (in line with the business planning cycle and reflecting staff and office requirements). Individual Offices will have their own priorities within this list. Heads of Office will determine those priorities from the House Business Plan and from their own office Business Plan, taking account of the key risks in their business areas.

### **1) MANAGEMENT DEVELOPMENT**

6. Management training is a core component of learning and development. Management training includes learning and development in project management, financial management, risk management, employment law and performance management, as well as general management training, including for those who have previously undertaken a non-managerial role. The Annex contains an outline proposal for management training (Professional Excellence in Management - PoEM) for all staff with senior staff encouraged to participate where appropriate. The content of PoEM will be kept under review in line with the business priorities of the House.

### **2) SENIOR MANAGEMENT DEVELOPMENT**

7. The Administration is committed to the development of all senior staff. The House continues to make provision for senior management training which supplements learning and development activities open to (or required of) all staff. The competences for senior staff will be supported by access to a range of internal and external development opportunities, supplemented by the development of such professional and specialist skills as may be required in different parts of the administration. Learning and Development for senior staff will include:
  - i. internally provided senior management training including regular sessions on employment law, communications, risk management and financial management;
  - ii. where appropriate, individual participation in the successor to the House of Commons Senior Management Development Programme;
  - iii. access to relevant external studies (including Masters degrees and professional qualifications in appropriate subjects), and programmes including those offered by the National School for Government or the Professional Skills for Government Programme; and
  - iv. external placements, such as non-executive roles advertised through the Whitehall and Industry Group, subject to the approval of their line manager and to ensuring that the business needs of the House are met.

### **3) OTHER LEARNING AND DEVELOPMENT**

8. The administration is committed to ongoing statutory training in fire safety, health and safety and in diversity issues. Such training is mandatory for all staff. The next round of diversity training will be in 2011.
9. Many of the learning and development activities necessary to deliver this strategy are covered within the PoEM brief (see Annex). Other learning and development will include the following, some of which may in time be included within PoEM:

- skills in parliamentary business including procedural seminars;
- customer service skills for:
  - i. dealing with the public; and
  - ii. working with Members;
- creativity and innovation;
- time management;
- ongoing ICT training;
- a range of job specific training including minute taking and drafting;
- working with each other, in particular across departments, and with partners, to achieve the business objectives of the House;
- budget management skills; and
- negotiation skills.

#### **4) SECONDMENTS**

10. Staff at all levels are encouraged to seek out and pursue suitable opportunities for secondments in any appropriate organisation in line with the provisions of the Staff Handbook. Staff wishing to undertake a secondment should speak first to their line manager, and consult their Head of Office. While the Administration will aim to facilitate secondments, the priority will be to ensure that the business needs of the House are met. The Human Resources Office is available to offer advice on a case by case basis.

## **DELIVERY OF LEARNING AND DEVELOPMENT**

11. Delivery of learning and development will be based on the principles of equal opportunity for all and will recognise diversity and will be delivered through a variety of methods, wherever possible tailored to the needs and the preferred learning styles of individual members of staff while having regard to value for money. Delivery methods will include or will be a combination of:
- Induction courses and individual briefings for new managers and staff, and newly promoted managers (including senior managers)
  - All staff development events
  - Journal Office procedural seminars
  - In-House training
  - Management Development as set out in the outline brief for PoEM (See Annex 2)
  - Access to learning and development organised in conjunction with the Commons/PICT e.g. SRO and Project Management Training
  - External courses
  - Coaching
  - Work shadowing
  - On the job training
  - e-learning and distance learning
12. Individual courses will be set out in the Training Bulletin, which is maintained by the Human Resources Office and based on the learning and development procurement framework. The Human Resources Office provides support to managers and staff on learning and development.

## WHO IS RESPONSIBLE FOR WHAT?

13. The Management Board is responsible for this Strategy. The Director of Human Resources is responsible for ensuring that training and development activities are planned, co-ordinated and deliver business benefits to the administration. The Human Resources Office will maintain on the intranet a schedule of in-house training.
14. Heads of Office are responsible for training and development within Offices, and in particular for maintaining their Office's Training and Development Priorities, which are developed with Training Liaison Officers (TLOs), managers and staff in the light of the business planning process. Heads of Office should review their Training and Development Priorities each year against their business priorities; against this Strategy; and in the light of training needs for individual staff identified during the performance management process as necessary to deliver on business objectives. Managers should identify development needs in the light of the business planning process, and take steps to enable those needs to be met.
15. Through the Training Liaison Officers (TLO) Group, TLOs support delivery of this Strategy within their Offices. The main responsibility for ensuring effective development, however, lies with line managers and individual members of staff.

## EVALUATION

16. The following KPIs will be assessed to measure the success of this strategy in the first instance and will be reviewed as part of ongoing work on performance measurement:
  - successful delivery of House and Office business plans;
  - % of eligible staff with completed autumn development reviews;
  - staff perceptions of the value of learning and development as demonstrated in the Staff Survey;
  - the impact of training on how staff do their job differently as expressed in evaluation forms and as assessed by line managers;
  - the sums budgeted for, and the sums actually spent, on learning and development each year;
  - satisfaction ratings from course evaluation forms;
  - liP accreditation; and
  - the extent to which lack of development is mentioned in exit interviews
17. The Human Resources Office will evaluate the costs and benefits of learning and development for the Administration. Heads of Office are responsible for evaluating training and development against delivery of business objectives of their Office and for reporting the results to the Director of Human Resources in accordance with procedures determined by the Director of Human Resources. Individuals will complete evaluation forms on training undertaken and TLOs will ensure that evaluation forms are completed and returned to HRO. Heads of Office will ensure that the impact of

learning and development on performance is discussed between line managers and staff during autumn development reviews.

18. This strategy will be kept under review in the light of evaluation of learning and consequent changes to the way people are managed and developed. Reports on the development of this strategy will be made to the Board in reports on Corporate Risk: Staffing.

## **RESOURCES**

19. Office Training Budgets are allocated by Heads of Office and are used to fund training which is related to the work of the Office, including seminars, conferences, courses and awaydays (which are subject to a business case). Mandatory training is funded centrally by HRO. This includes induction courses, and training in diversity and equal opportunities, fire safety, health and safety and performance appraisal.
20. Budgets for further and higher education and senior management training are held by HRO. Access to central funding for individual senior management development will accord with the principles for funding learning and development as set out in the Staff Handbook and will require approval of the Director of Human Resources who may require a business case to be submitted justifying the proposed expenditure.

Director of Human Resources

[October] 2010



## Resource Accounts and Final Outturn 2009/10

*Responsible Board Member(s)* Philippa Tudor  
*Paper prepared by* Martina Marshall

*Date* 6 October 2010

*Summary:* This paper reports on the Resource Accounts for 2009/10 and the financial outturn expenditure figures. The Board has already considered the provisional outturn figures however a few of accounting adjustments were required for the final Resource Account.

In summary, the 2009/10 Resource expenditure was underspent by £6.4m (5.4%), whilst capital expenditure was underspent by £3.1m (23.3%).

*Summary of actions requested:* • The Board is invited to take note of the financial outturn results and Resource Accounts for 2009/10.

### Overview

1. In summary, the 2009/10 Resource expenditure was underspent by £6.4m (5.4%), whilst capital expenditure was underspent by £3.1m (23.3%). As outlined in the Foreword to the Resource Accounts, the under spend is attributable to the movements in the value of the Lords' share of the Parliamentary Estate, operational spend being lower than forecast, lower than anticipated spend on ICT projects and PICT, and staff related costs being lower than forecast.
2. Accounting adjustments between the provisional accounts and the final Resource Account were:
  - Building revaluation adjustment - £0.9m
  - Cost of capital adjustment - £1.0m
  - Pension valuation adjustment - £0.4m
  - Members' expenses accrual adjustment - £0.4m.

### Resource Accounts 2009/10

3. Attached for information are the 2009/10 Resource Accounts. The format has change from previous years as the House of Lords Resource Accounts are now reported under International Financial Reporting Standards (IFRS).
4. The change to IFRS based financial statements has led to a number of presentational changes to the Resource Accounts. There are now six main financial statements, along with the Foreword and several notes to the accounts:
  - Statement of Parliamentary Supply;
  - Operating Cost Statement;
  - Statement of Financial Position;
  - Statement of Cash Flows;
  - Statement of Changes in Taxpayers' Equity; and

- Statement of Operating Costs by Aim and Core Task.
5. The accounts were signed by the Comptroller and Auditor General on the 22 July and were given an unqualified audit opinion.
  6. The figures in the Resource Accounts are as follows (which include the 2009/10 Supplementary Estimate) are as follows:

	Original Estimate £000s	Supplementary Estimate £000s	Final Outturn £000s	Variance against Supplementary Estimate £000s	Spend as a % of Supplementary Estimate
Administration	74,856	68,585	65,470	3,115	95.5%
Estates and Works	42,484	49,458	46,185	3,273	93.4%
Capital Expenditure	15,309	13,099	10,043	3,056	76.7%
<b>Total</b>	<b>132,649</b>	<b>131,142</b>	<b>121,698</b>	<b>9,444</b>	<b>92.8%</b>

7. The primary difference between Original Estimate and Supplementary Estimates was the need for an additional non cash budget to cover the accounting adjustment for the downwards valuation of the Parliamentary Estate.
8. Although the House of Lords forecast a reduction in the original budget for capital expenditure, the HMT rules on the Supplementary Estimate process does not allow for reductions in capital budgets

## Quarter 2 financial results

9. To aid the financial planning cycle the quarter 2 financial results paper will be brought forward from the December Management Board meeting to the November meeting.

## Changes to the Financial Planning process from 2011/12 onwards

10. The Treasury's 'Alignment project', which changes how budgets and Estimates are presented to Parliament, comes in to effect for the 2011/12 financial year. The changes for the House of Lords are mainly technical classification changes and are minor; the Finance Department has been working with the Treasury on this.
11. One change that could impact the Lords is regarding Supplementary Estimates and the move away from 'Winter' and 'Spring' Supplementary Estimates to a single Supplementary Estimate. Exact timing of this has yet to be confirmed but it will probably be in January each year; this would impact the timetable for the forecast outturn process, bringing it forward, though probably not the financial planning process. The Board will be kept informed as more becomes known.

## Recommendation

12. **The Board is invited to take note.**



**HOUSE OF LORDS**

# **Resource Accounts**

**2009-10**

**(For the year ended 31 March 2010)**

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## Foreword to the Accounts

### Scope

The House of Lords Administration presents the accounts of the House of Lords for the financial year ended 31 March 2010. The Resource Accounts contain the financial statements relating to the House of Lords Members' expenses and administration etc. Request for Resources, which includes catering and works services expenditure. Information is also included, by way of notes, on the House of Lords Security Fund, the House of Lords Works of Art Collection Fund and the House of Lords Refreshment Department trading activities.

### Aims and Objectives

The aim of the House of Lords Administration is to enable the House and its Members to carry out their parliamentary and judicial functions fully and effectively.

The core tasks of the House of Lords Administration in 2009-10 have been:

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

### Principal Activities

The House of Lords is the second Chamber of the United Kingdom Parliament and as such is one of the busiest parliamentary chambers in the world. It plays an important part in revising legislation and scrutinising Government policy.

Up until the creation of the UK Supreme Court, the House of Lords was the ultimate court of appeal in the United Kingdom for all cases except Scottish criminal cases. This work was carried out by 12 Lords of Appeal in Ordinary (Law Lords).

### Management Commentary

#### a. Significant events during the year

##### *Law Lords and the UK Supreme Court*

The Law Lords and Judicial Office function transferred to the new UK Supreme Court during the summer of 2009. The last judicial sittings in the House of Lords took place in July 2009, the new Supreme Court subsequently commenced in October 2009.

##### *Works and Accommodation*

The refit of the Millbank Island site has continued during 2009-10. Due to the nature of the renovation and additional works, Members and staff who occupied the building have decanted to 14 Tothill Street for a period of two years until the Millbank Island site renovation is complete.

### *Review Body on Senior Salaries (SSRB) report*

In the light of both the media allegations and concerns over the Members' Reimbursement Scheme during 2009-10, the House Committee of the House of Lords asked the Prime Minister to commission the Review Body on Senior Salaries (SSRB) to carry out a review of the financial support for Members of the House of Lords and to make recommendations. The SSRB's report 'Report no. 71 – Review of financial support for Members of the House of Lords' was published on 26 November 2009.

On 15 December 2009, following the agreement of the House to the principles and architecture of the report by the SSRB, the House appointed an ad-hoc group "to consider and consult on issues in the report and to advise on their implementation". The group is expected to report to the House Committee early in the 2010-11 Parliament.

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

A General Election was held on 6 May 2010 which led to the creation of a new government; a coalition between the Conservative Party and the Liberal Democrats. As a result of the new government there were ministerial changes in the House of Lords and Lord Strathclyde became Leader of the House.

From the start of the new Parliament (on 18 May), all Members seeking to claim night subsistence must sign a declaration stating the location of their principal residence and provide copies of documents to verify that their principal residence is outside Greater London.

A new Code of Conduct for Members, which sets out rules on Members' expenses, interests and employment, was adopted by the House at the start of the new Parliament on 18 May. All complaints about Members' conduct, including complaints about expense claims, will be considered by a new office of Lords Commissioner for Standards. The position of the independent Lords Commissioner for Standards is enshrined in the new Lords Code of Conduct, and Paul Kernaghan, former Chief Constable of Hampshire Constabulary, was appointed as the Lords' first Commissioner for Standards on 2 June 2010.

### **c. House of Lords Annual Report and Business Plan**

Further details on the activities of the House of Lords in 2009-10 are contained in the *Annual Report 2009/10* (HL Paper 20) and in the booklet *The Work of the House of Lords*. Additionally, the *House of Lords Business Plan 2010/11* (HL Paper 71) sets out services to be provided by the Administration for the period 2010-13. Both are published on behalf of the House of Lords by The Stationery Office and are available via bookshops and on the internet ([www.parliament.uk](http://www.parliament.uk)).

### **d. Operating and Financial Review**

The 2009-10 Resource Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), note 2 of the accounts details the transitional amendments required in prior years to move from UK GAAP to IFRS. The House of Lords Administration's outturn on net total resources for 2009-10 was £111.7M which was £6.7M lower than the Estimate. The main explanations for this variation against the Estimate are:

- Movements in the valuation of the Parliamentary Estate led to the associated non-cash expenditure being less than anticipated by £1.1M and £1.9M on depreciation and cost of capital respectively

- Depreciation was underspent by £0.3M as a direct result of lower than budgeted spend on capital investment
- Shared services projects other than PICT and Estates projects were underspent by £0.2M
- Spend on IT related projects and PICT services was underspent by £1.7M primarily due to the provided budget not being required in the current year
- Efficiency savings of £0.3M in relation to the Metropolitan Police Security contract
- Staff pay and related costs were underspent by £0.5M mainly due to vacancies in a variety of posts throughout the year
- Lower than anticipated operational spend led to an underspend of £0.7M

During 2009-10 taxpayers' equity reduced significantly. This was due to the downward revaluation of Parliamentary Estate (£141.4M) and the revaluation and actuarial movements in the pension liability (£27.5M).

### e. Management

Members of the House of Lords (except ministers, certain office holders and Lords of Appeal in Ordinary) do not receive a salary. They are entitled to recover travel and certain other expenses incurred in connection with their parliamentary duties. Members other than ministers and certain office holders are entitled to recover, up to a specified maximum, the cost of overnight accommodation, subsistence and office costs certified by them as incurred for the purpose of their parliamentary duties at sittings of the House and its committees.

Three Members – the Lord Speaker, Chairman of Committees and Principal Deputy Chairman of Committees – are eligible for a salary paid from House of Lords' funds. As at 31 March 2010 the annual salaries for 2009-10 were as follows:

Lord Speaker	£104,368
Chairman of Committees (including £1,667 London Supplement)	£86,191
Principal Deputy Chairman of Committees (including £1,667 London Supplement)	£80,743

Details of the remuneration of the Management Board of the House of Lords are contained in the Remuneration Report.

### f. Pensions

Present and past employees of the House of Lords are covered by the provisions of the House of Lords Staff Pension Scheme (HOLSPS). The scheme is an unfunded defined benefit scheme which is operated 'by analogy' with the Principal Civil Service Pension Scheme. The statement of financial position includes a provision against which future pension benefits will be charged when paid. The annual accruing cost of benefits is charged to the operating cost statement (see notes 1.12 and 18).

## Public Interest and Other

### *Equal Opportunities, Diversity and Disability*

It is House of Lords policy that its staff shall have equality of opportunity for employment and advancement on the basis of their ability, qualifications and suitability for work. There must be no discrimination on grounds of gender, marital status, age, race, colour, disability, religious affiliation or sexual orientation. This policy is in line with Civil Service policy statements, United Kingdom legislation on equality of opportunity and equal pay, and European Union law. Equal opportunities and diversity training are compulsory for all staff and the Equal Opportunities and Diversity Officer is available to advise staff and managers on equal opportunities and diversity matters.

### *Payments to Suppliers*

The House of Lords Administration is committed to the Better Payment Practice Code. The policy is that all bills should be paid in accordance with credit terms, or where no such terms exist, within 30 days of the receipt of the goods or services, or the presentation of a valid invoice, whichever is the later. Payments with regard to Works Services are made in the first instance by the House of Commons.

The calculation of payment performance for 2009-10 has been based on continuous monitoring of payments throughout the year and 97.3% (2008-09 96.3%) of payments made by the House of Lords met the policy criteria.

### *Staff Issues*

The Clerk of the Parliaments attaches importance to ensuring effective consultation and involvement of staff. Certain trade union organisations, and the House of Lords (Parliament Office) Staff Association, have been recognised by the House of Lords for the purposes of negotiating terms and conditions of service, and are represented on the House of Lords Whitley Committee. Additionally, staff involvement is encouraged as part of the day to day process of line management and staff are consulted as part of the annual business planning process.

### *Auditor*

The Comptroller and Auditor General is the external auditor for the House of Lords. The notional audit fee for 2009-10 was £100,000 (2008-09 – £103,000). No further assurance or advisory services were provided by the auditors.

So far as I am aware, there is no relevant audit information of which the NAO are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the NAO are aware of the information.

*Michael Pownall*

Clerk of the Parliaments and Accounting Officer

16 July 2010

## Statement of Accounting Officer's Responsibilities

The Government Resources and Accounts Act 2000 requires government departments to prepare Resource Accounts for each financial year detailing the resources acquired, held or disposed of during the year and the use of resources during the year. The House Committee accounts for the House of Lords Estimate and has determined to apply by analogy the financial reporting provisions of the Act, as required for central government departments. It has delegated responsibility for the preparation of the Annual Accounts to the Clerk of the Parliaments, who is appointed by Her Majesty by Letters Patent and is ex-officio Accounting Officer for the House of Lords.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the House of Lords, the net resource outturn, Statement of Operating Costs by Aim and Core Tasks, Statement of Changes in Taxpayers' Equity and cash flows for the financial year.

The Accounting Officer is responsible for preparing the House of Lords' Accounts. In discharging these responsibilities the Accounting Officer complies with the House of Lords' Financial Reporting Manual, with reference to the *Government Financial Reporting Manual* issued by HM Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the House of Lords' Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the House of Lords assets, are set out in *Managing Public Money*, issued by the Treasury.

## **Statement on Internal Control**

### **Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the House of Lords Administration, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

### **Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify principal risks to the corporate objectives of the House of Lords Administration; to evaluate the likelihood and impact of those risks being realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place throughout the House of Lords Administration during the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords, as far as is practicable, with HM Treasury guidance.

### **Capacity to Handle Risk**

It is House of Lords policy to integrate risk management into all areas of business activity and to ensure that all significant business decisions are informed by appropriate consideration of the likely risk consequences. The risk management system supports this objective. The system is owned by the Management Board and is subject to oversight by the Audit Committee.

Each corporate risk of the House of Lords Administration has a nominated risk owner on the Management Board. These officials are responsible for ensuring that the risks allocated to them are managed effectively in accordance with the Administration's risk strategy, and for reporting relevant risk information to the Management Board according to a defined timetable.

The Secretary to the Management Board is responsible for maintenance of the House of Lords corporate risk register. This is updated on a monthly basis using input provided by corporate risk owners and has, since the Autumn of 2009, been considered at every meeting of the Management Board.

Heads of Offices have been provided with appropriate guidance material and support to allow them to assess risk within their own areas of responsibility. Each Office is asked to identify and assess key risks to the achievement of its strategic objectives. These risks are referred to in the business plans of each Office and are described in detail in Office risk registers.

## **The Risk and Control Framework**

### *Risk Management*

The Management Board, the Audit Committee and the House Committee all contribute to the development of the risk and control framework. The Management Board has primary responsibility for the development of risk management policy and for implementing appropriate and effective strategies for the management of all corporate risks. The Audit Committee has responsibility for reviewing the Administration's approach to risk and for considering and advising on prevailing exposure levels. The Audit Committee provides assurances on the effectiveness of risk management to me, as Accounting Officer, and, via its annual report, to the House Committee. The House Committee is also informed of any substantive change of policy in this area.

All House of Lords Offices are required to maintain separate risk registers; these are the primary means by which Heads of Offices report the management of risk. Each register requires an assessment of the extent to which corporate risks are being managed at Office level. For each risk there is an assessment of exposure and an identified Office level risk owner. Heads of Offices are required to submit updated risk registers on a quarterly basis. These are used to prepare risk reports for all corporate risk owners on the Management Board.

The responsibilities of all involved in the Administration's risk management processes, including the roles exercised by Internal Audit and the Business Planning Group, are included as an annex to the House of Lords risk strategy. The risk strategy document has been circulated to all Offices within the Administration.

I consider that an effective system of risk management is embedded in all significant areas of the House of Lords Administration. I believe it delivers an appropriate and proportionate level of control to all operational activities for which I am responsible.

### *Information Risk*

Work has continued during 2009-10 to strengthen House of Lords management of information and data security risks. Key roles and responsibilities in this area are clearly defined, with primary responsibility delegated to the Reading Clerk as Senior Information Risk Owner. Information assurance arrangements were subject to internal audit review during 2009-10 using current Cabinet Office guidelines as a basis of assessment. Although the report offered partial assurance in terms of the current situation, it pointed to several important initiatives now in train, all of which are expected to be completed during 2010-11. I have asked the Head of Internal Audit to reassess the position at an appropriate point after completion of this work.

### *External Assurance*

Internal financial control is achieved through a framework of regular management information, administrative procedures including segregation of duties, and financial delegation and accountability. However, there are some significant areas of expenditure for which I am responsible but for which day-to-day operational control and financial management has been devolved to external parties. For these areas I seek additional assurances as follows:

- The calculation of certain shared service costs and shared asset values is undertaken in the House of Commons and incorporated into the House of Lords Resource Account. I have received an assurance from the Accounting Officer in the House of Commons regarding the adequacy of the accounting systems used to determine this information.
- Charges under the Palace of Westminster Special Services Agreement include direct and indirect costs, and an apportionment of Metropolitan Police overheads. I have obtained written assurance from the Metropolitan Police concerning the probity of these charges.
- A scheme for providing financial assistance to opposition parties - generally referred to as Cranborne Money - was introduced in 1996. I have no direct control over the expenditure involved but am provided annually with professional audit certificates by each of the main opposition parties and by the Convenor of the Cross-Bench Peers.

I am content to rely on these three sources of external assurance

### **Review of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control and for ensuring continuous improvement. A key source of assurance is the Internal Audit section which operates to defined Government Internal Audit Standards. Based on review work delivered during 2009-10, the Head of Internal Audit has provided a substantial overall assurance on the strength of House of Lords risk management, control and governance processes.

The review of effectiveness is further informed by the work of executive managers within the House of Lords who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. I am also guided by the views of the Audit Committee and the Management Board. All Management Board members have been asked to prepare specific declarations regarding the strength of internal control arrangements in the areas for which they are responsible. These have provided supporting evidence to me as Accounting Officer and have helped to underpin this Statement.

Payments made under the House of Lords Members' Reimbursement Scheme continue to comprise a significant proportion of the expenditure for which I am responsible. Early in the year criticisms were made in the media about the Scheme, in particular the absence of controls over the designation of Members' main residences and of vouching or receipts in support of claims. On the initiative of the House Committee, the Scheme was referred for independent review by the Senior Salaries Review Body which published its report in November 2009.



Responding to the SSRB's recommendations, it was agreed that from the start of the new Parliament (18 May 2010) all Members seeking to claim night subsistence must sign a declaration stating the location of their principal residence and provide copies of documents from an approved list to verify that the principal residence is outside Greater London. These declarations will be published. Under a new Code of Conduct for Members (which also came into effect on 18 May), all complaints about Members' conduct, including complaints about expense claims, will be considered by a new office of Lords Commissioner for Standards. The position of the independent Lords Commissioner for Standards is enshrined in the new Lords Code of Conduct, and Paul Kernaghan, former Chief Constable of Hampshire Constabulary, was appointed as the Lords' first Commissioner for Standards on 2 June 2010. The other SSRB recommendations about expenses remain under consideration.

Several complaints were made against Members of the House of Lords, the investigation of which fell to me as Accounting Officer. As part of the investigative process, and to allow a more objective assessment of complaints about past claims, the House Committee endorsed my proposal for a minimum requirement to reside at an address deemed to be a main residence, below which it would not be acceptable to claim overnight subsistence. All of my investigations are now complete with some having been referred to the Sub-Committee on Lords' Interests (now the Sub-Committee on Lords Conduct).

Control arrangements governing payments to Members are already considerably strengthened and will be reassessed once the House has responded formally to the latest SSRB recommendations.

*Michael Pownall*

Clerk of the Parliaments and Accounting Officer

16 July 2010

## **Certificate and Report of the Comptroller and Auditor General to the House of Commons**

I certify that I have audited the financial statements of the House of Lords for the year ended 31 March 2010. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity, the Statement of Operating Costs by Aim and Core Tasks and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the House of Lords' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the House of Lords; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Opinion on Financial Statements**

In my opinion:

- the financial statements give a true and fair view of the state of the House of Lords' affairs as at 31 March 2010 and of its net cash requirement, net resource outturn, net operating cost, net operating costs applied to the House of Lords' aim and core tasks, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the House of Lords' Financial Reporting Manual.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the House of Lords' Financial Reporting Manual; and
- the information given in the Foreword and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

*Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1W 9SP*

*22 July 2010*

## Statement of Parliamentary Supply

### Summary of Resource Outturn 2009-10

Request for Resources	Note	2009-10 £000			2009-10 £000			Net Total outturn compared with Estimate: saving/ (excess)	2008-09 £000 Outturn
		Estimate			Outturn				
		Gross Expenditure	A in A	Net Total	Gross Expenditure	A in A	Net Total		Net Total
Members' expenses and administration etc.	3	124,910	(6,565)	118,345	118,069	(6,414)	111,655	6,690	103,918
Total resources	4	<b>124,910</b>	<b>(6,565)</b>	<b>118,345</b>	<b>118,069</b>	<b>(6,414)</b>	<b>111,655</b>	<b>6,690</b>	<b>103,918</b>
Non-operating cost A in A		-	-	-	-	-	-	-	-

### Net cash requirement 2009-10

	Note	2009-10 £000			Net Total outturn compared with Estimate: saving/(excess)	2008-09 £000 Outturn
		Estimate	Outturn			
Net cash requirement	5	<b>98,068</b>	<b>86,227</b>	<b>11,841</b>	<b>75,012</b>	

### Summary of income payable to the Consolidated Fund.

(In addition to appropriations in aid, the following income relates to the House of Lords and is payable to the Consolidated Fund (cash receipts being shown in italics))

	Note	Forecast 2009-10 £000		Outturn 2008-09 £000	
		Income	Receipts	Income	Receipts
Total	6	-	-	-	-

Explanations of variances between Estimate and outturn are given in the Management Commentary.

The notes on pages 20 to 40 form part of the accounts

## Operating Cost Statement

for the year ended 31 March 2010

	<b>Note</b>	<b>2009-10 £000</b>	<b>2008-09 £000</b>
<b>Programme Costs</b>			
Staff costs	7	21,883	22,967
Expenditure	8	96,186	87,541
Income	9	(6,414)	(7,553)
<b>Totals</b>		<u>111,655</u>	<u>102,955</u>
<b>Net Operating Cost</b>	4	<u>111,655</u>	<u>102,955</u>

The notes on pages 20 to 40 form part of the accounts

## Statement of Financial Position

as at 31 March 2010

		31 March 2010	31 March 2009	1 April 2008
		£000	£000	£000
	<b>Note</b>			
<b>Non-current assets:</b>				
Property, plant and equipment	10	413,334	558,402	534,764
Intangible assets	11	127	334	635
<b>Total non-current assets:</b>		<b>413,461</b>	<b>558,736</b>	<b>535,399</b>
<b>Current assets:</b>				
Inventories	14	161	190	199
Trade and other receivables	15	2,593	1,150	965
Cash and cash equivalents	16	934	692	479
<b>Total current assets:</b>		<b>3,688</b>	<b>2,032</b>	<b>1,643</b>
<b>Total assets:</b>		<b>417,149</b>	<b>560,768</b>	<b>537,042</b>
<b>Current liabilities:</b>				
Trade and other payables	17	(6,646)	(5,039)	(4,581)
<b>Total current liabilities</b>		<b>(6,646)</b>	<b>(5,039)</b>	<b>(4,581)</b>
<b>Non-current assets plus net current assets</b>		<b>410,503</b>	<b>555,729</b>	<b>532,461</b>
<b>Non-current liabilities:</b>				
Provisions	18	(111,902)	(79,134)	(79,424)
<b>Total non-current liabilities</b>		<b>(111,902)</b>	<b>(79,134)</b>	<b>(79,424)</b>
<b>Assets less liabilities</b>		<b>298,601</b>	<b>476,595</b>	<b>453,037</b>
<b>Taxpayers' equity:</b>				
General Fund		195,819	232,382	235,729
Revaluation Reserve		102,565	243,996	217,091
Donated Asset Reserve		217	217	217
<b>Total taxpayers' equity</b>		<b>298,601</b>	<b>476,595</b>	<b>453,037</b>

Michael Pownall  
Clerk of the Parliaments and Accounting Officer

16 July 2010

The notes on pages 20 to 40 form part of the accounts

## Statement of Cash Flows

for year ended 31 March 2010

	Note	2009-10 £000	2008-09 £000
<b>Cash flows from operating activities</b>			
Net operating costs		(111,655)	(102,955)
Adjustments for non-cash transactions	8	35,338	28,547
(Increase)/Decrease in trade and other receivables	15	(1,443)	(185)
(Increase)/Decrease in inventories	14	29	9
(Increase)/Decrease in trade payables	17	1,365	245
<i>Less (increase)/decrease in amounts due to the Consolidated Fund</i>		-	-
Use of provisions		452	1,949
<b>Net cash outflow from operating activities</b>		<b>(75,914)</b>	<b>(72,390)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(10,203)	(2,604)
Purchase of intangible assets	11	(110)	(18)
Proceeds from the disposal of property, plant and equipment		-	-
Proceeds from the disposal of intangibles		-	-
<b>Net cash outflow from investing activities</b>		<b>(10,313)</b>	<b>(2,622)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		86,469	75,225
From the Consolidated Fund (Supply) – prior year		-	-
<b>Net financing</b>		<b>86,469</b>	<b>75,225</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>			
		<b>242</b>	<b>213</b>
Receipts due to the Consolidated Fund which are outside the scope of the House of Lords' activities		-	-
Payments of amounts due to the Consolidated Fund		-	-
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>242</b>	<b>213</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>692</b>	<b>479</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>934</b>	<b>692</b>

The notes on pages 20 to 40 form part of the accounts

## Statement of Changes in Taxpayers' Equity

	Note	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves
		£000	£000	£000	£000
<b>Balance at 31 March 2008</b>		<b>247,405</b>	<b>232,854</b>	<b>217</b>	<b>480,476</b>
Changes in accounting policy	2	(11,676)	(15,763)	-	(27,439)
Restated balance at 1 April 2008		235,729	217,091	217	453,037
<b>Changes in taxpayers' equity for 2008-09</b>					
Net gain/(loss) on revaluation of property, plant and equipment	10	-	29,144	-	29,144
Net gain/(loss) on pension liabilities due to changes in actuarial assumptions	18	6,516	-	-	6,516
Non-cash charges – cost of capital	8	15,738	-	-	15,738
Non-cash charges – auditor's remuneration	8	103	-	-	103
Transfers between reserves		2,239	(2,239)	-	-
Net operating cost for the year		(102,955)	-	-	(102,955)
<b>Total recognised income and expense for 2008-09</b>		<b>(78,359)</b>	<b>26,905</b>	<b>-</b>	<b>(51,454)</b>
Net Parliamentary Funding – drawn down		75,225	-	-	75,225
Net Parliamentary Funding – deemed		479	-	-	479
Supply payable adjustment		(692)	-	-	(692)
CFERs repayable to the Consolidated Fund		-	-	-	-
<b>Balance at 31 March 2009</b>		<b>232,382</b>	<b>243,996</b>	<b>217</b>	<b>476,595</b>
<b>Changes in taxpayers' equity for 2009-10</b>					
Net gain/(loss) on revaluation of property, plant and equipment	10	-	(141,366)	-	(141,366)
Net gain/(loss) on pension liabilities due to changes in actuarial assumptions	18	(27,521)	-	-	(27,521)
Non-cash charges – cost of capital	8	16,221	-	-	16,221
Non-cash charges – auditor's remuneration	8	100	-	-	100
Transfers between reserves		65	(65)	-	-
Net operating cost for the year		(111,655)	-	-	(111,655)
<b>Total recognised income and expense for 2009-10</b>		<b>(122,790)</b>	<b>(141,431)</b>	<b>-</b>	<b>(264,221)</b>
Net Parliamentary Funding – drawn down		86,469	-	-	86,469
Net Parliamentary Funding – deemed		692	-	-	692
Supply payable adjustment		(934)	-	-	(934)
<b>Balance at 31 March 2010</b>		<b>195,819</b>	<b>102,565</b>	<b>217</b>	<b>298,601</b>

The notes on pages 20 to 40 form part of the accounts



## Statement of Operating Costs by Aim and Core Tasks

for the year ended 31 March 2010

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

	2009-10 £000					2008-09 £000				
	Core task 1	Core task 2	Core task 3	Core task 4	<b>Total</b>	Core task 1	Core task 2	Core task 3	Core task 4	<b>Total</b>
Gross expenditure	31,890	39,913	6,484	39,782	<b>118,069</b>	31,083	38,661	6,145	34,619	<b>110,508</b>
Income	(1,006)	(3,360)	(324)	(1,724)	<b>(6,414)</b>	(1,382)	(3,897)	(461)	(1,813)	<b>(7,553)</b>
<b>Net Expenditure</b>	<b>30,884</b>	<b>36,553</b>	<b>6,160</b>	<b>38,058</b>	<b>111,655</b>	<b>29,701</b>	<b>34,764</b>	<b>5,684</b>	<b>32,806</b>	<b>102,955</b>

The House of Lords' objectives were as follows:

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

See note 19

The notes on pages 20 to 40 form part of the accounts

## Notes to the Resource Accounts

### I. Statement of accounting policies

The financial statements have been prepared with reference to the 2009-10 *Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the House of Lords for the purpose of giving a true and fair view has been selected. The particular policies adopted by the House of Lords are described below. The accounting policies have been applied consistently in dealing with items that are considered material to the accounts. Whilst the House of Lords is not obliged to comply with the HM Treasury's *Corporate Governance in Central Government Departments: Code of Good Practice*, it seeks to apply best practice principles wherever possible.

In addition to the primary statements prepared under IFRS, the Manual also requires the House to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Statement of Operating Costs by Aim and Core Tasks* and supporting notes analyse the income and expenditure by the objectives of the House of Lords Administration.

The Palace of Westminster is a Royal Palace and is under the joint stewardship of the House of Lords and the House of Commons. Responsibility for maintenance of the Palace and the Parliamentary Estate is a function resting with the Parliamentary Estates Directorate and the Director General of Facilities in the House of Commons. Expenditure on the Palace and the Parliamentary Estate is apportioned in a 40:60 ratio (Lords:Commons), or solely allocated to the House of Lords or the House of Commons where appropriate. Expenditure is made on behalf of the House of Lords by the Department of Resources in the House of Commons. Expenditure is then recharged to the House of Lords over the course of the year.

The Parliamentary Archives is a shared facility with relevant costs split in a 60:40 ratio between the House of Lords and the House of Commons.

Security costs are arranged and monitored jointly but are billed separately to the two Houses by the Metropolitan Police, apportioned in 31:69 ratio (Lords:Commons). Additionally, the two Houses incur administration costs on each other's behalf. These are recharged over the course of the year, on the basis of agreed proportions.

Since 1 January 2006 ICT services have been managed by Parliamentary Information and Communication Technology (PICT) service for both Houses. Each House pays for its own ICT hardware with the costs of shared services being split on an 80:20 (Commons:Lords) ratio. Joint ICT development project costs are shared on an agreed project by project basis.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, and inventories, where material, at their value to the House of Lords by reference to their current costs.

#### 1.2 Basis of preparation

These accounts comprise of the House of Lords Members' expenses and administration costs, the transactions of the House of Lords Refreshment Department, and the House of Lords Works of Art Collection Fund.

#### 1.3 Property, Plant and Equipment

The minimum level for the capitalisation for property, plant and equipment, and intangible non current assets is £1,000. Smaller items may be grouped depending on whether such groups have a significant value above the capitalisation threshold.

## Notes to the Resource Accounts - *continued*

### i. Land and Buildings

Land and buildings shown in the accounts are as follows:

- a. property on the Parliamentary Estate administered by the House of Lords;
- b. property on the Parliamentary Estate administered by the House of Lords and House of Commons jointly.

In accordance with IAS 16 property, plant and equipment (excluding the Palace of Westminster) are valued at fair value using a method determined by the Valuation Office Agency (VOA). The Palace of Westminster is valued at Depreciated Replacement Cost due to its specialised nature and all other buildings are valued at fair value using the existing use method.

The Parliamentary Estate is subject to a full professional revaluation every 5 years, supplemented by an annual VOA desktop valuation in the interim years (previously indexed in prior years). The Parliamentary Estate was re-valued during 2009-10 by the VOA using a desktop valuation, the valuation date was as at 31 March 2010. The last full revaluation was as at 31 March 2008.

Revalued losses are taken first to the revaluation reserve and then to the Operating Cost Statement for any loss in excess of previous revaluation gains.

### ii. Long Leasehold Buildings

The House of Lords holds a number of properties on long leaseholds. The building element of the property is capitalised, revalued annually and depreciated over the remaining life of the lease.

### iii. Antique Furniture

Each year the Furniture Manager in the Parliamentary Estates Directorate carries out an internal review to assess if any revaluation adjustment is required. During 2009-10 the furniture was valued by H Blairman & Sons who gave an indicative valuation for purposes of insurance which was the value used at 31 March 2010.

### iv. Plant and Machinery

Plant and Machinery comprises the clock mechanism in the Clock Tower, popularly known as 'Big Ben', and equipment in the Cromwell Green Entrance.

### v. Other Non Current Assets

Other non current assets have been stated at current cost using appropriate indices where appropriate. For 2009-10 other non current assets were not subject to revaluation as the modified costs were not material.

### vi. Assets Under Construction

The Millbank Island site has been transferred to an Asset Under Construction for a period of two years whilst the buildings undergo renovation. The assets were transferred at their current NBV as at 1 September 2009. The assets were last revalued on 31 March 2008 and will be revalued by the VAO once the buildings are back in occupational use. Assets under construction additions have been capitalised at cost.

### vii. Intangible Non Current Assets

Intangible non current assets relate to development costs and licences to use software developed by third parties, which are valued at cost.

## *1.4 Non-Operational Heritage Assets*

The House of Lords has the following categories of non-operational heritage assets – the Works of Art Collection, the Parliamentary Archives, early printed books and Members' Robes. Of these, only the value of the Members' Robes and additions to the Works of Art Collection since 1 April 2000 are included in the Statement of Financial Position. The others are not capitalised as it is not practicable or appropriate to obtain valuations for assets acquired pre 1 April 2000. Additions since 1 April 2000 are valued at cost.

## Notes to the Resource Accounts - *continued*

### i. Works of Art Collection

Parliament has collected Works of Art since 1841, depicting parliamentary institutions and statesmen and stateswomen. The collection originally consisted of works of art commissioned by the Fine Arts Commission, with the purpose of bringing the history of the nation to life on the walls of the interiors of the Houses of Parliament. Many of the works added later were acquired as donations from Members of both Houses. Until 1991 the collection was held jointly by both Houses of Parliament; at that date the works were nominally split between the two Houses on the basis of where works were situated at that date. However, this split did not necessarily reflect actual ownership at the date of acquisition, or the locations for which the works were originally commissioned or intended. The total size of the collection is disclosed in a footnote to note 10. Details of the House of Lords Works of Art Collection Fund are contained in note 27.

### ii. The Parliamentary Archives

The Parliamentary Archives comprise several million documents that have been preserved at the Palace of Westminster from 1497 in a variety of formats, from vellum and parchment to modern computer disk. Parliamentary records prior to 1497 form part of The National Archives. The records are predominantly unique and irreplaceable and have been preserved for their historical, legal and administrative value.

The Record Office was established in the House of Lords in 1946, became a shared facility with the House of Commons in 1999 and was renamed the Parliamentary Archives in 2006. The Parliamentary Archives publishes an Annual Report which is available via [www.parliament.uk](http://www.parliament.uk).

### iii. Early Printed Books

The House of Lords Library holds a collection of early printed books, which dates back to the fifteenth century.

### iv. Members' Robes

The House of Lords holds robes which are lent to Members for ceremonial use on State occasions. These were donated or bequeathed to the House by former Members, are secured within the Palace and cleaned and repaired as necessary. The Donated Assets Reserve is comprised of these robes which, due to their long life, are not depreciated.

## 1.5 Depreciation and Amortisation

Depreciation is charged to expenditure on the historic value of assets. For buildings and a selection of non current assets, that element of the depreciation which relates to the increase in valuation in prior years is charged to the Revaluation Reserve. This amount is realised by transferring the balance in the Revaluation Reserve to the General Fund over the remaining useful life of the asset. Land assets are not depreciated.

Depreciation is provided at rates calculated to write off the valuation of freehold buildings and also for plant, equipment and intangible assets by equal instalments over their estimated useful lives, with the exception of heritage assets with an estimated life of more than 200 years. Heritage assets are not depreciated (as per IAS 16) because the long remaining life or high residual value of the asset makes any such charge immaterial. Capital works on leasehold property are depreciated on a straight line basis over the lease period.

The capitalised costs for assets in the course of construction are not depreciated until the assets are brought into use.

Asset lives are usually in the following range:

Palace of Westminster	86 years
Other buildings	remaining life (between 22-35 years)
Fixtures and fittings	10 years
Refreshment Department silverware	20 years
Broadcasting equipment	10 years
Telephone equipment	5-10 years
General office equipment	5-10 years
Plant and Machinery (excluding clock mechanism)	5-10 years
Computer file servers and software	3-5 years
Other IT equipment	3-4 years

## Notes to the Resource Accounts - *continued*

Non-operational heritage assets are not depreciated as the long economic life or high residual value makes any such charge immaterial.

### *1.6 Inventories*

Inventories include goods for resale and other inventories held by the Refreshment Department. Finished goods for resale are valued at cost or, where materially different, current replacement cost and at net realisable value only when they either cannot or will not be used.

### *1.7 Research and Development*

Any expenditure on research and development is treated as an operating cost in the year in which it is incurred.

### *1.8 Income*

Income relates directly to the operating activities of the House of Lords. It includes receipts from fees from Judicial proceedings and taxation of costs up until July 2009, Private Bill proceedings, and reproduction of parliamentary archives, receipts in connection with the provision of catering facilities, rental income, staff pension contributions and other pension receipts. It includes not only income appropriated in aid of the Estimate, but may include income to the Consolidated Fund, which is treated as operating income.

### *1.9 Administration and programme expenditure*

The House of Lords is outside HM Treasury's administration costs control regime.

### *1.10 Capital charge*

A charge, reflecting the cost of capital utilised by the House of Lords, is included in operating costs. The charge is calculated at the real rate set by HM Treasury, currently 3.5%, on the average carrying amount of all assets less liabilities, except for:

- donated assets and cash balances with the Office of the Paymaster General, where the charge is nil
- additions to heritage collections where the existing collection has not been capitalised

### *1.11 Foreign exchange*

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction.

### *1.12 Pensions*

Present and past employees of the House of Lords are covered by the provisions of the House of Lords Staff Pension Scheme (HOLSPS) described in note 7. The pension scheme is accounted for under the terms of *IAS 19 Retirement Benefits*. The annual accruing cost of providing for future benefits is charged to the Operating Cost Statement and is based upon rates determined by the Government Actuary and advised by HM Treasury. These rates were in the range of 16.7-24.3% of pensionable pay. A provision to meet the liability is included on the Statement of Financial Position. Actuarial gains and losses are recognised as an adjustment to the general fund in the year the gains/losses occur. The HOLSPS contains particular arrangements in respect of employees who retire early on medical or structural grounds. These costs are identified separately in the accounts where appropriate.

### *1.13 Leases*

Operating lease rentals are charged to the Operating Cost Statement over the lease term. The House of Lords holds two properties on 999 year leases and two further leases on leases greater than 100 years. The land element has been treated as an operating lease, whereas the building element has been treated as a finance lease which is capitalised and depreciated over the useful life of the buildings.

## Notes to the Resource Accounts – continued

### 1.14 Grants payable

The House of Lords made the following annual grant payments:

	2009-10	2008-09
	£	£
History of Parliament Trust	581,000	352,000
The Commonwealth Parliamentary Association	584,000	567,300
The Inter-Parliamentary Union	391,000	452,700
The British-Irish Inter-Parliamentary Body	56,000	61,200
The British-American Parliamentary Group	33,000	31,800
	<b>1,645,000</b>	<b>1,465,000</b>

### 1.15 Financial Instruments

Financial instruments are initially recognised at fair value unless otherwise stated. Fair value is the amount at which such an instrument could be exchanged at an arm's length transaction between informed and willing parties.

Cash and cash equivalents include cash in hand and cash at bank. Trade and other debtors are carried at fair value, which is represented by their invoiced value less any subsequent reduction through the provision of bad and doubtful debts. Trade creditors and other liabilities are carried at fair value, based on the invoiced or expected invoice amounts.

### 1.16 Third-party assets

The House of Lords Security Fund Account held monies lodged as security on civil appeals to the House of Lords. Monies held in the account were transferred to the UK Supreme Court during October 2009.

The House of Lords Refreshment Department receives and pays gratuities on behalf of its staff; for 2009-10 the amount paid was £314,112 (2008-09 – £327,000). The balance held at the end of the financial year was £37,890 (2008-09 - £66,889).

### 1.17 Contingent Liabilities

Potential contingent liabilities are reviewed each year and disclosed in a note to the accounts (see note 22). In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*, the House discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money. Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated in the amounts reported to Parliament.

### 1.18 Value Added Tax

Most of the activities of the House of Lords are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

## Notes to the Resource Accounts – continued

### 2. First Time adoption of IFRS

	General Fund £000	Revaluation Reserve £000	Donated Asset Reserve £000
Taxpayers' equity at 31 March 2008 under UK GAAP	247,405	232,854	217
Adjustments for:			
IAS 17 Operating leases – land	(11,417)	(15,763)	-
IAS 19 Employee benefits	(259)	-	-
Taxpayers' equity at 1 April 2008 under IFRS	235,729	217,091	217

There was no change to the cash of cash equivalent balances

	£000
Net operating cost for 2008-09 under UK GAAP	103,918
Adjustments for:	
Cost of capital elimination from land classification as an operating lease and cost of capital on employee benefit liability	(963)
Net operating costs for 2008-09 under IFRS	102,955

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in the spring Supplementary Estimate for 2009-10 on the basis that the PPA numbers could have been misleading, particularly where the transactions may well have pre-dated the 2001-02 cut off point for reporting PPAs, as only part of an obligation would have been included. PPAs arising from a change in accounting policy related to other than IFRS were included in the Estimate in line with conventional arrangements.

The House of Lords has some leasehold properties. In accordance with IAS 17 the land elements have been treated as operating leases and have not been capitalised. The International Accounting Standards Board's *Improvement to IFRSs* has amended IAS 17 for periods starting on or after 1 January 2010. The relevant property leases will be reviewed for the 2010-11 Resource Accounts and some or all of the land elements may be re-capitalised.

### 3. Analysis of net resource outturn by section

						2009-10 £000	2008-09 £000
						Outturn	Estimate
						Net Total	Net Total outturn compared with Estimate
	Admin	Other current	Grants	Gross resource expenditure	A in A	Net Total	Prior-year outturn
<b>Request for resources 1: Members' expenses and administration, etc.</b>							
Administration	-	67,119	1,645	68,764	(5,204)	63,560	61,825
Works Services	-	39,183	-	39,183	(1,210)	37,973	39,623
Administration (AME)	-	10,122	-	10,122	-	10,122	1,507
<b>Total</b>	-	116,424	1,645	118,069	(6,414)	111,655	102,955

Detailed explanations of the variances are given in the Management Commentary.

**Notes to the Resource Accounts – continued****4. Reconciliation of net resource outturn to net operating cost**

			2009-10 £000	2008-09 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate
Net Resource Outturn	3	111,655	118,345	(6,690)
Non-supply income (CFERs)	6	-	-	-
<b>Net operating cost</b>		<b>111,655</b>	<b>118,345</b>	<b>(6,690)</b>
				<b>102,955</b>

**5. Reconciliation of net resource outturn to net cash requirement**

		Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)
	Note	£000	£000	£000
Resource Outturn	3	118,345	111,655	6,690
Capital				
Acquisition of property, plant and equipment	10, 11	15,309	10,313	4,996
Accruals adjustments				
Non-cash items	8	(42,977)	(35,338)	(7,639)
Changes in working capital other than cash		4,266	49	4,217
Use of provision		3,125	(452)	3,577
<b>Net cash requirement</b>		<b>98,068</b>	<b>86,227</b>	<b>11,841</b>

**6. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund**

		2009-10 £000	2008-09 £000
	Note		
Operating Income	9	6,414	7,553
Income authorised to be appropriated-in-aid		(6,414)	(7,553)
<b>Operating income payable to the Consolidated Fund</b>		<b>-</b>	<b>-</b>



**Notes to the Resource Accounts – continued****7. Staff numbers and related costs**

Staff costs comprise:

	<b>2009-10</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	17,008	16,852
Social security costs	1,317	1,308
Other pension costs	3,882	5,101
<b>Sub Total</b>	<b>22,207</b>	<b>23,261</b>
Less recoveries in respect of outward secondments	(324)	(294)
<b>Total net costs</b>	<b>21,883</b>	<b>22,967</b>

The House of Lords Staff Pension Scheme (HOLSPS) is an unfunded defined benefit scheme which is operated 'by analogy' with the Principal Civil Service Pension Scheme. The House of Lords meets the costs of all benefits. A provision to meet the liability is included on the Statement of Financial Position. The Government Actuary's Department has devised a model to assist organisations with small 'by analogy' to the PCSPS schemes to value their liabilities. The amount in the financial statements has been calculated using this valuation method. The date of valuation is 31 March 2010.

For 2009-10, employers' contributions of £2,623,779 (2008-09 - £2,624,539) were accrued at rates in the range 16.7-24.3% (2008-09 - 17.1-25.5%) of pensionable pay, based on salary bands. The rates are reviewed every four years by the Government Actuary and advised by HM Treasury. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred.

Employees joining after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £21,481 (2008-09 - £31,979) were paid to one or more of a panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 3-12.5% (2008-09 - 3-12.5%) of pensionable pay. Contributions due to the partnership pension providers at the Statement of Financial Position date were £nil (2008-09 - £181). Contributions prepaid at that date were nil (2008-09 - nil).

The above amounts are only in respect of staff of the House of Lords. Other pension costs includes some costs of administering the House of Lords Staff Pension Scheme. By agreement between the House of Commons and the House of Lords, the whole of the pension provision for certain staff within shared services falls on the House by whom staff are formally employed, regardless of whether salary costs are shared.

**Average number of persons employed**

The average number of whole-time equivalent (WTE) persons (including senior management) employed during the year was as follows:

	<b>2009-10</b>	<b>2008-09</b>
House of Lords Administration	454	450

The above excludes certain shared services staff, whose salary costs are met in part by the House of Lords.

**Notes to the Resource Accounts – continued****8. Expenditure**

	Note	2009-10 £000	2008-09 £000
Rentals under operating leases		2,283	2,183
Non-cash items			
Depreciation	10	6,306	7,995
Amortisation	11	317	319
Loss on disposal of property, plant and equipment		78	5
Loss on revaluation of property, plant and equipment		7,521	110
Cost of Capital Charges		16,221	15,738
Auditor's remuneration and expenses		100	103
Interest cost on provisions	18	4,795	4,277
<i>Total non-cash items</i>		<i>35,338</i>	<i>28,547</i>
Members' Expenses		17,237	18,988
Security		10,123	9,774
Estates & Works expenditure		13,978	12,877
Printing and publications		4,035	4,040
IT costs		3,987	2,768
Other expenditure		9,205	8,364
<b>Total</b>		<b>96,186</b>	<b>87,541</b>

The auditor's remuneration is made up of £90,000 for the 2009-10 Resource Account audit (2008-09 - £95,000), plus £10,000 for review work in relation to the preparation of transferring the Resource Accounts to International Accounting Standards (2008-09 - £8,000).

Other expenditure includes grants, as detailed in note 1.14 of £1,645,000 (2008-09 £1,465,000).

Further information on Members' Expenses is available at [www.parliament.uk](http://www.parliament.uk)

**9. Income**

	2009-10 £000	2008-09 £000
Refreshment Department sales	4,185	4,107
Pension contributions and transfers in	777	1,680
Judicial fees and taxation	175	516
Fees, charges and rental income	1,277	1,250
	<b>6,414</b>	<b>7,553</b>

The amount applied as appropriations in aid totalled £6,413,645.

## Notes to the Resource Accounts – continued

## 10. Property, plant and equipment

	Land & Buildings excluding dwellings	Dwellings	Fixtures & Fittings	Information Technology	Plant & Machinery	Heritage Assets	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>								
At 1 April 2009	1,009,903	1,700	1,556	7,568	1,734	9,681	997	1,033,139
Additions	5,827	-	744	959	-	43	2,630	10,203
Disposals	-	-	(35)	(365)	-	-	-	(400)
Reclassifications	(25,435)	-	-	-	-	-	25,435	-
Revaluations	(286,404)	(199)	4	-	-	4,506	-	(282,093)
<b>At 31 March 2010</b>	<b>703,891</b>	<b>1,501</b>	<b>2,269</b>	<b>8,162</b>	<b>1,734</b>	<b>14,230</b>	<b>29,062</b>	<b>760,849</b>
<b>Depreciation</b>								
At 1 April 2009	468,557	120	926	5,038	96	-	-	474,737
Charged in year	4,968	79	212	959	88	-	-	6,306
Disposals	-	-	(35)	(287)	-	-	-	(322)
Reclassifications	(3,443)	-	-	-	-	-	3,443	-
Revaluations	(133,086)	(120)	-	-	-	-	-	(133,206)
<b>At 31 March 2010</b>	<b>336,996</b>	<b>79</b>	<b>1,103</b>	<b>5,710</b>	<b>184</b>	<b>-</b>	<b>3,443</b>	<b>347,515</b>
<b>Net book value at 31 March 2010</b>	<b>366,895</b>	<b>1,422</b>	<b>1,166</b>	<b>2,452</b>	<b>1,550</b>	<b>14,230</b>	<b>25,619</b>	<b>413,334</b>
Net book value at 31 March 2009	541,346	1,580	630	2,530	1,638	9,681	997	558,402

## Analysis of Land and Buildings

	Land		Buildings		Total
	Freehold	Freehold	Long Leasehold	Improvements	
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2009	69,049	898,185	42,669	-	1,009,903
Additions	-	3,354	-	2,473	5,827
Disposals	-	-	-	-	-
Reclassifications	-	-	(25,972)	537	(25,435)
Revaluations	(28,474)	(253,466)	(4,464)	-	(286,404)
<b>At 31 March 2010</b>	<b>40,575</b>	<b>648,073</b>	<b>12,233</b>	<b>3,010</b>	<b>703,891</b>
<b>Depreciation</b>					
At 1 April 2009	-	464,259	4,298	-	468,557
Charged in year	-	3,800	959	209	4,968
Disposals	-	-	-	-	-
Reclassifications	-	-	(3,443)	-	(3,443)
Revaluations	-	(131,888)	(1,198)	-	(133,086)
<b>At 31 March 2010</b>	<b>-</b>	<b>336,171</b>	<b>616</b>	<b>209</b>	<b>336,996</b>
<b>Net book value at 31 March 2010</b>	<b>40,575</b>	<b>311,902</b>	<b>11,617</b>	<b>2,801</b>	<b>366,895</b>
Net book value at 31 March 2009	69,049	433,926	38,371	-	541,346

## Notes to the Resource Accounts – continued

	Land & Buildings excluding dwellings	Dwellings	Fixtures & Fittings	Information Technology	Plant & Machinery	Heritage Assets	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>								
At 1 April 2008	950,781	1,689	1,477	7,539	1,734	9,656	58	972,934
Additions	812	-	79	691	-	25	997	2,604
Disposals	-	-	-	(720)	-	-	-	(720)
Reclassifications	-	-	-	58	-	-	(58)	-
Revaluations	58,310	11	-	-	-	-	-	58,321
<b>At 31 March 2009</b>	<b>1,009,903</b>	<b>1,700</b>	<b>1,556</b>	<b>7,568</b>	<b>1,734</b>	<b>9,681</b>	<b>997</b>	<b>1,033,139</b>
<b>Depreciation</b>								
At 1 April 2008	432,502	39	796	4,826	7	-	-	438,170
Charged in year	6,775	79	130	922	89	-	-	7,995
Disposals	-	-	-	(715)	-	-	-	(715)
Reclassifications	-	-	-	-	-	-	-	-
Revaluations	29,280	2	-	5	-	-	-	29,287
<b>At 31 March 2009</b>	<b>468,557</b>	<b>120</b>	<b>926</b>	<b>5,038</b>	<b>96</b>	<b>-</b>	<b>-</b>	<b>474,737</b>
<b>Net book value at 31 March 2009</b>	<b>541,346</b>	<b>1,580</b>	<b>630</b>	<b>2,530</b>	<b>1,638</b>	<b>9,681</b>	<b>997</b>	<b>558,402</b>
Net book value at 31 March 2008	518,279	1,650	681	2,713	1,727	9,656	58	534,764

## Analysis of Land and Buildings

	Land		Buildings		Total
	Freehold	Freehold	Long Leasehold		
	£000	£000	£000	£000	
<b>Cost or valuation</b>					
At 1 April 2008	65,320	843,051	42,410		950,781
Additions	-	812	-		812
Disposals	-	-	-		-
Reclassifications	-	-	-		-
Revaluations	3,729	54,322	259		58,310
<b>At 31 March 2009</b>	<b>69,049</b>	<b>898,185</b>	<b>42,669</b>		<b>1,009,903</b>
<b>Depreciation</b>					
At 1 April 2008	-	429,891	2,611		432,502
Charged in year	-	5,148	1,627		6,775
Disposals	-	-	-		-
Reclassifications	-	-	-		-
Revaluations	-	29,220	60		29,280
<b>At 31 March 2009</b>	<b>-</b>	<b>464,259</b>	<b>4,298</b>		<b>468,557</b>
<b>Net book value at 31 March 2009</b>	<b>69,049</b>	<b>433,926</b>	<b>38,371</b>		<b>541,346</b>
Net book value at 31 March 2008	65,320	413,160	39,799		518,279

## Notes to the Resource Accounts – continued

### Land and buildings

The Parliamentary Estate was re-valued during 2009-10 by the Valuation Office Agency on the basis of Depreciated Replacement Cost for the Palace of Westminster and Existing Use for the remainder of the Parliamentary Estate.

The valuation date was 31 March 2010. The total value of the Palace as at 31 March 2010 was £864,543,727 (House of Lords share £345,817,490).

### Assets Under Construction

The Assets Under Construction consists of two buildings; 1 Millbank and 2 Millbank. The two buildings are undergoing major renovation over a period of two years in order to transform the two buildings in to a single building by the autumn 2011. The assets were transferred at their current NBV as at 1 September 2009.

The assets under construction did not form part of the VOA's valuation of the Parliamentary Estate as at 31 March 2010. The renovated building (formally 1 and 2 Millbank) will be revalued by the VAO once the building is back in occupational use.

Assets under construction additions have been capitalised at cost.

### Fixtures and Fittings

Fixtures & Fittings comprises all office and light equipment, including that of the Refreshment Department.

### Plant and Machinery

The clock mechanism, popularly known as 'Big Ben', was last valued as at 31 March 2006. The total value was £3,234,000 (House of Lords share £1,293,000).

### Works of Art

Works of Art acquired prior to 1 April 2000 are not included on the statement of financial position. The collection held by Parliament, either solely or jointly with the House of Commons, prior to 1 April 2000 can be classified as;

<i>Purchased Works of Art numbering:</i>		<i>And Donated works of art numbering:</i>	
Paintings and Prints	4,796	Paintings and Prints	1,534
Busts	170	Busts and Statues	49
Medieval Statuary	6	Murals and mosaics	17
Murals and mosaics	122	Tapestries	1
Tapestries	9		

Additions purchased since 1 April 2000 are capitalised and included in Heritage Assets. The value of Works of Art as at 31 March 2010 was £462,263 (2008-09 - £403,492). Details of the Works of Art Collection Fund are in note 27.

**Notes to the Resource Accounts – continued****I I. Intangible non current assets**

The House's intangible non current assets comprise purchased software licences and other software.

	<b>Information Technology</b>	<b>Software licences</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>			
At 1 April 2009	14	2,231	2,245
Additions	-	110	110
Reclassifications	-	-	-
Disposals	-	(32)	(32)
Revaluation	-	-	-
<b>At 31 March 2010</b>	<b>14</b>	<b>2,309</b>	<b>2,323</b>
<b>Amortisation</b>			
At 1 April 2009	14	1,897	1,911
Charged in year	-	317	317
Disposals	-	(32)	(32)
Revaluation	-	-	-
<b>At 31 March 2010</b>	<b>14</b>	<b>2,182</b>	<b>2,196</b>
<b>Net book value at 31 March 2010</b>	<b>-</b>	<b>127</b>	<b>127</b>
Net book value at 1 April 2009	-	334	334

**Notes to the Resource Accounts – continued**

	<b>Information Technology</b>	<b>Software licences</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>			
At 1 April 2008	14	2,213	2,227
Additions	-	18	18
Reclassifications	-	-	-
Disposals	-	-	-
Revaluation	-	-	-
<b>At 31 March 2009</b>	<b>14</b>	<b>2,231</b>	<b>2,245</b>
<b>Amortisation</b>			
At 1 April 2008	14	1,578	1,592
Charged in year	-	319	319
Disposals	-	-	-
Revaluation	-	-	-
<b>At 31 March 2009</b>	<b>14</b>	<b>1,897</b>	<b>1,911</b>
<b>Net book value at 31 March 2009</b>	<b>-</b>	<b>334</b>	<b>334</b>
Net book value at 1 April 2008	-	635	635

**12. Financial Instruments**

Because of the largely non-trading nature of its activities and the way in which Parliament is financed, financial instruments play a more limited role in creating risk than would apply to a business entity of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the House of Lords expected purchase and usage requirements and the House of Lords is therefore exposed to little credit, liquidity or market risk.

*Liquidity Risk*

The House of Lords is financed by supply voted annually by Parliament for the House of Lords Members' expenses and administration etc. expenditure. As such it is not exposed to significant liquidity risks.

*Interest rate risk*

All of the House of Lords financial assets and liabilities carry nil or fixed rates of interest. The House of Lords is not therefore exposed to significant interest rate risk.

*Foreign currency risk*

Foreign currency would not normally form part of the House of Lords assets and liabilities, and as such it is not exposed to any significant foreign currency risks.

*Fair Value*

Trade receivables and other current assets are carried at fair value, which is represented by their invoiced value less any subsequent reduction through the provision of bad debts. Trade payables and other current liabilities are carried at fair value, based on their invoiced or expected invoice amounts.

**Notes to the Resource Accounts – continued***Financial assets and liabilities by category*

	<b>31 March 2010</b>		<b>31 March 2009</b>	
	Loans and receivables £000	Other financial liabilities £000	Loans and receivables £000	Other financial liabilities £000
<b>Assets</b>				
Trade and other receivables	1,951	-	921	-
Cash and cash equivalents	934	-	692	-
<b>Liabilities</b>				
Trade and other payables		5,712	-	4,347

**13. Revaluation of the Estate**

The revaluation exercise carried out of the property, plant and equipment during the year resulted in:

£141,366,091 of the revaluation loss has been charged to the revaluation reserve (2008-09 £nil), the remaining loss of £7,521,114 was charged to the operating cost statement (2008-009 £110,000).

**14. Inventories**

	<b>31 March 2010 £000</b>	<b>31 March 2009 £000</b>	<b>1 April 2008 £000</b>
Inventories	161	190	199
	<b>161</b>	<b>190</b>	<b>199</b>

**15. Trade receivables and other current assets**

	<b>31 March 2010 £000</b>	<b>31 March 2009 £000</b>	<b>1 April 2008 £000</b>
<b>Amounts falling due within one year:</b>			
Trade receivables	1,602	787	581
Deposits and advances	349	134	75
Prepayments and accrued income	642	229	309
	<b>2,593</b>	<b>1,150</b>	<b>965</b>
<b>Amounts falling due after more than one year</b>			
Other receivables, deposits and accrued income	-	-	-
	<b>2,593</b>	<b>1,150</b>	<b>965</b>



**Notes to the Resource Accounts – continued****16. Cash and cash equivalents**

	<b>£000</b>
Balance at 1 April 2008	479
Net change in cash and cash equivalent balances	213
Balance at 31 March 2009	692
Net change in cash and cash equivalent balances	242
<b>Balance at 31 March 2010</b>	<b>934</b>

	<b>31 March 2010 £000</b>	<b>31 March 2009 £000</b>	<b>1 April 2008 £000</b>
The following balances at 31 March were held at:			
Government Banking Service (prior years: Office of HM Paymaster General)	654	177	93
Commercial banks and cash in hand	280	515	386
<b>Balance at 31 March</b>	<b>934</b>	<b>692</b>	<b>479</b>

**17. Trade and other payables**

	<b>31 March 2010 £000</b>	<b>31 March 2009 £000</b>	<b>1 April 2008 £000</b>
<b>Amounts falling due within one year</b>			
Trade payables	1,646	863	645
Other payables	1,964	1,833	1,665
VAT	61	64	47
Accruals and deferred income	2,041	1,587	1,745
Amounts issued from the Consolidated Fund for supply but not spent at year end	934	692	479
Consolidated Fund extra receipts due to be paid to the Consolidated Fund – Received	-	-	-
	<b>6,646</b>	<b>5,039</b>	<b>4,581</b>
<b>Amounts falling due after more than one year</b>			
Other payables, accruals and deferred income	-	-	-
	<b>6,646</b>	<b>5,039</b>	<b>4,581</b>

**Notes to the Resource Accounts – continued****18. Provisions for liabilities and charges: pension liability**

The House of Lords Staff Pension Scheme is an unfunded defined benefit scheme ‘by analogy’ to the Principal Civil Service Pension Scheme. A full valuation was carried out at 31 March 2010 by the Government Actuary’s Department in accordance with the Financial Reporting Manual (FreM). The major assumptions used by the Actuary were:

	2009-10	2008-09	2007-08	2006-07	2005-06
	£000	£000	£000	£000	£000
<b>Present value of the scheme liabilities</b>					
Liabilities in respect of:					
Active members	60,714	39,288	40,534	43,627	30,300
Deferred Pensioners	10,341	6,353	6,345	7,018	5,435
Current Pensioners	40,847	33,493	32,545	27,890	23,935
Total present value of the scheme liabilities	111,902	79,134	79,424	78,535	59,670

	31 March 2010	31 March 2009
	%	%
<b>Financial assumptions</b>		
The inflation assumption	2.75	2.75
The rate of increase in salaries	4.30	4.30
The rate of increase for pensions in payment and deferred pensions	2.75	2.75
The rate used to discount scheme liabilities	4.60	6.04

*Analysis of movement in scheme liability*

	2009-10	2008-09
	£000	£000
Value of liabilities at 1 April	79,134	79,424
Current service cost	2,830	3,059
Employee contributions	500	458
Interest on scheme liability	4,795	4,277
Curtailments	(52)	-
Pension transfers in	231	1,175
Benefits payable	(2,630)	(2,561)
Pension payments to and on account of leavers	(427)	(182)
Actuarial (gain)/loss	27,521	(6,516)
<b>Balance at 31 March</b>	<b>111,902</b>	<b>79,134</b>

*Analysis of actuarial (gain)/loss*

	2009-10	2008-09
	£000	£000
Experience (gains)/losses arising on scheme liabilities	16	787
Changes in assumptions underlying the present value of the scheme liabilities	27,505	(7,303)
	<b>27,521</b>	<b>(6,516)</b>
Cumulative total actuarial loss/(gain)	<b>42,036</b>	<b>14,515</b>

*Expenses recognised in the Operating Cost Statement*

	2009-10	2008-09
	£000	£000
Current services costs*	2,830	3,059
Interest costs (note 8)	4,795	4,277
Curtailments*	(52)	-
	<b>7,573</b>	<b>7,336</b>

\* Included within “other pension costs” within note 7.

**Notes to the Resource Accounts - continued***History of (gains) and losses*

	2009-10	2008-09	2007-08	2006-07	2005-06
	£000	£000	£000	£000	£000
Experience (gains)/losses on liabilities					
Amount	16	787	1,062	104	(69)
Percentage of the present value of the scheme liabilities	0.0%	1.0%	1.3%	0.1%	(0.1)%

*Estimate of contributions expected to be paid into the scheme over the year 1 April 2010 to 31 March 2011*

Employer contributions	3,087
Employee contributions	517
	<b>3,604</b>

**19. Note to the Statement of Operating Costs by Aim and Core Tasks**

The House of Lords capital is employed exclusively to enable the House of Lords to meet its core objectives.

**20. Capital commitments**

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Contracted capital commitments at 31 March not otherwise included in these financial statements:			
Property, plant and equipment	127	2,411	2,852

**21. Commitments under leases***Operating leases*

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
<b>Obligations under operating leases comprise:</b>			
Land:			
No later than one year	12	12	12
Later than one year and not later than five years	46	46	46
Later than five years	219	230	242
	<b>277</b>	<b>288</b>	<b>300</b>
Buildings:			
No later than one year	2,087	2,247	628
Later than one year and not later than five years	8,327	8,334	1,977
Later than five years	16,404	18,484	5,993
	<b>26,818</b>	<b>29,065</b>	<b>8,598</b>

**Notes to the Resource Accounts - continued**

Other:

No later than one year	46	12	4
Later than one year and not later than five years	263	28	47
Later than five years	-	-	-
	<u>309</u>	<u>40</u>	<u>51</u>

The House of Lords owns property leases for which the annual commitment is £1.

**22. Contingent liabilities disclosed under IAS 37**

The House has entered into the following quantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort.

	At 1 April 2009	Increase in year	Liabilities crystallised in year	Obligation expired in year	At 31 March 2010
	£000	£000	£000	£000	£000
Works of Art on loan from various collections	2,221	1,000	-	621	2,600

**23. Losses and Special Payments**

There were no exceptional kinds of expenditure such as losses and special payments that require separate disclosure because of their nature or amount (2008-09 – nil).

**24. Related-party transactions**

The House of Lords and the House of Commons share some buildings and services. These include the Palace of Westminster, the Parliamentary Estates Directorate, the Parliamentary Archives and the Parliamentary ICT Service.

These joint arrangements are charged between the two Houses on an agreed percentage basis of underlying costs for each service (certain accommodation and overhead costs are excluded). Each House includes their share of the relevant asset base and/or service cost in their Resource Accounts. The percentage for each House for the key areas is as follows:

Service	House of Lords	House of Commons
Estates and Works services	40%	60%
Information and communications technology services	20%	80%
Parliamentary archives	60%	40%
Visitor Tours	30%	70%
Broadcasting services	40%	60%

The House of Commons incurred expenditure of £34,811,000 (2008-09 - £23,778,000) on behalf of the House of Lords during 2009-10. The balance relating to accommodation, works and other shared services owed by the House of Lords to the House of Commons was £547,000 (2008-09 £722,000). The House of Lords incurred expenditure of £501,000 (2008-09 - £421,000) on behalf of the House of Commons during 2009-10. The balance owed to the House of Lords by the House of Commons was £35,000 (2008-09 - £15,000).

No Management Board member has undertaken any material related party transactions with the House of Lords during the year.

## Notes to the Resource Accounts - *continued*

### 25. The House of Lords Security Fund Account

Prior to 1 October 2009, in all civil cases where an Appeal was laid to the House of Lords under the provisions of the Appellate Jurisdiction Act 1876, Appellants had to provide security for the costs of such Appeals. The House of Lords Security Fund Account recorded the receipt, payment and disposition of the lodgements for each financial year. The sum to be lodged by the Appellants was authorised from time to time by the House Committee. The final revision was in October 2000 when it was increased from £18,000 to £25,000. No other receipts and payments were entered on the account; interest was not paid on the lodgements, nor were any fees deducted. Security Fund monies were payable to the relevant party, usually on issue of the Final Judgement or Taxation of the Bill of Costs.

The House of Lords Security Fund Account was passed over to the UK Supreme Court on 1 October 2009. The amount transferred to the UK Supreme Court was made up of 27 deposits of £25,000.

	2009-10	2008-09
	£000	£000
Opening balance of Fund at 1 <sup>st</sup> April	1,249	1,652
Add: receipts – Lodgements by Appellants	175	535
Less: repayments to Appellants/Respondents	(749)	(938)
Less: amounts paid over to UK Supreme Court	(675)	-
<b>Closing balance of Fund at 31<sup>st</sup> March</b>	<b>-</b>	<b>1,249</b>

### 26. House of Lords Refreshment Department Trading Activities

The House of Lords Refreshment Department provides a wide range of catering facilities to Members and House of Lords staff. Members may sponsor private functions, and this type of service accounted for 56.8% of sales in 2009-10 (2008-09 – 54.3%).

The Refreshment Department operates under a policy first agreed between the House of Lords and HM Treasury in 1981. In accordance with this policy, the department is required to trade on the basis of 50% gross profit on all turnover. Sales of confectionery and goods to be consumed or used outside the department, together with the cost of services at functions, are excluded from the turnover figure against which gross profit is measured for the purpose of this target.

Total trading sales for 2009-10 amounted to £4,171,157 (2008-09 - £4,090,839). Gross profit on sales calculated according to the formula above was 80.3% (2008-09 73.6%) and gross profit on all sales was £2,562,971 (2008-09 - £2,418,607).

Further performance targets for trading in individual outlets of the department have been agreed, and are reviewed annually, by the Refreshment Committee.

**Notes to the Resource Accounts - continued****27. The House of Lords Works of Art Collection Fund**

The Works of Art Collection Fund was established for the purpose of acquiring works of art for the House of Lords. Prior to 1 April 1992, it was funded by grant from the Department of the Environment. For the financial years 1992-93 and 1993-94, provision was made to meet expenditure from the House of Lords Works Services Vote. With effect from 1994-95 an annual grant is made to the Works of Art Collection Fund. The annual grant was increased to £50,000 in April 2004 and unspent balances of up to a maximum of £150,000 may be carried forward. The Fund is regulated by a scheme of delegation agreed by the Works of Art Committee in October 2003.

	<u>2009-10</u>	<u>2008-09</u>
	£000	£000
Opening balance of Fund at 1 April	97	83
Add receipts:		
Grant from RfR	50	50
	<u>147</u>	<u>133</u>
Less: Purchases during the year (see below)	<u>84</u>	<u>36</u>
Closing Balance of Fund as at 31 March	<u>63</u>	<u>97</u>

Purchases during the year (which are included within additions in property, plant and equipment, note 10):

Description	£
View of Black Rod's Garden <i>Pen, ink and wash drawing by Charles Brooker, 1971</i>	215
Ancient...ceremony...proceeding towards Christmas <i>Watercolour drawing by Ronald Searle</i>	1,056
The Palace of Westminster, circa 1857 <i>Oil on canvas by Henry Pether</i>	35,000
Group Portrait Commission of the Law Lords <i>Oil on canvas by Sergei Pavlenko</i>	45,000
Sir John Soane's Royal Gallery <i>Watercolour by Joseph Michael Gandy</i>	2,500
<b>Total</b>	<b>83,771</b>

**28. Events after the reporting period**

In accordance with the requirements of IAS 10 *Events after the reporting period*, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

*Non-adjusting events after the reporting period*

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension scheme that the House of Lords provides to employees. In the Accounting Officer's opinion there have been no other events since 31 March 2010 that would affect the financial statements.

## Remuneration Report 2009-10

The Clerk of the Parliaments, Michael Pownall, is head of the permanent staff of the House of Lords. He is the Accounting Officer and, under the Parliamentary Corporate Bodies Act 1992, he is also the Corporate Officer of the House of Lords.

The Clerk of the Parliaments is supported by a Management Board, which he chairs. The membership of the Management Board is designed to reflect the wide range of services provided to the House and its Members. In 2009-10 members were as follows:

- David Beamish - Clerk Assistant and Clerk of Legislation
- Rhodri Walters - Reading Clerk
- Lieutenant-General Sir Michael Willcocks, KCB - Gentleman Usher of the Black Rod and Serjeant-at-Arms (*retired 8 May 2009*)
- Lieutenant-General Sir Freddie Viggers KCB CMG MBE - Gentleman Usher of the Black Rod and Serjeant-at-Arms (*from 30 April 2009*)
- Philippa Tudor - Finance Director
- Simon Burton - Director of Human Resources
- Elizabeth Hallam Smith - Director of Information Services and Librarian
- Carl Woodall – Director of Facilities
- Joan Miller – Director of Parliamentary Information Communications and Technology

The Clerk of the Parliaments is appointed by the Crown and can be removed from office only by the Sovereign upon an address of the House of Lords for that purpose. The Clerk Assistant and the Reading Clerk are appointed by the Lord Speaker, subject to the approval of the House, and can be removed from office only by order of the House. The Gentleman Usher of the Black Rod is appointed formally by the Crown following a recruitment exercise conducted by the Clerk of the Parliaments. Black Rod also holds the office of Serjeant-at-Arms. All other staff are appointed and removable by the Clerk of the Parliaments as Corporate Officer of the House of Lords.

### Remuneration policy

The salary of the Clerk of the Parliaments is linked to Judicial Salary Group 4. Pay for the Management Board members is in line with the pay bands used in the Senior Civil Service, and pay awards are performance-related. Pay awards are determined annually by reference to the Senior Salaries Review Body recommendations for the Senior Civil Service.

**Remuneration Report 2009-10 - continued****Salary and pension entitlements**

The salary and benefits in kind of the Management Board were as follows:

	2009-10		2008-09	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Michael Pownall <i>Clerk of the Parliaments</i>	170-175	-	165-170	-
David Beamish <i>Clerk Assistant</i>	120-125	-	110-115	-
Rhodri Walters <i>Reading Clerk</i>	110-115	-	110-115	-
Lieutenant-General Sir Michael Willcocks, KCB <i>Gentleman Usher of the Black Rod (retired 8<sup>th</sup> May 2009)</i>	15-20 (95-100 full year equivalent)	see below	95-100	see below
Lieutenant-General Sir Freddie Viggers KCB CMG MBE <i>Gentleman Usher of the Black Rod (from 30 April 2009)</i>	75-80 (80-85 full year equivalent)	see below	n/a	n/a
Simon Burton <i>Director of Human Resources</i>	75-80	-	80-85	-
Philippa Tudor <i>Finance Director</i>	95-100	-	95-100	-
Elizabeth Hallam Smith <i>Director of Information Services and Librarian</i>	105-110	-	110-115	-
Carl Woodall <i>Director of Facilities (from 18 March 2009)</i>	90-95	-	0-5 (90-95 full year equivalent)	-
Joan Miller <i>Director of Information Communications and Technology</i>	100-105	-	105-110	-

*Figures audited by the National Audit Office*

**a. Salary**

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. The report is based on payments made by the House and thus recorded in these accounts.

**b. Benefits in kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as taxable emolument. Black Rod occupies a Parliamentary Residence and for 2009-10 the taxable benefit for the residence was £1,001 (2008-09 - £5,054) for Michael Willcocks and £4,030 (2008-09 £nil) for Freddie Viggers.

**c. Director of Parliamentary Information Communications and Technology**

The salary and pension benefits for the Director of Parliamentary Information Communications and Technology are paid directly by the House of Commons and recharged to the House of Lords at a rate of 20%. The salary and pension benefits disclosed represents the total remuneration package paid between the two Houses.



## Remuneration Report 2009-10 - continued

### Pensions

The pension benefits of the Management Board were as follows:

	Accrued pension and related lump sum at 31/3/10 £000	Real increase in pension and related lump sum at 31/3/10 £000	CETV at 31/3/10 £000	CETV at 31/3/09 £000	Real increase in CETV £000
Michael Pownall <i>Clerk of the Parliaments</i>	80-85 <i>Plus lump sum of 245-250</i>	2.5-5 <i>Plus lump sum of 10-12.5</i>	2,021	1,881	80
David Beamish <i>Clerk Assistant</i>	50-55 <i>Plus lump sum of 150-155</i>	2.5-5 <i>Plus lump sum of 7.5-10</i>	1,150	1,036	58
Lieutenant-General Sir Michael Willcocks, KCB <i>Gentleman Usher of the Black Rod (retired 8<sup>th</sup> May 2009)</i>	5-10 <i>Plus lump sum of 25-30</i>	0-2.5 <i>Plus lump sum of 0-2.5</i>	195	190	2
Lieutenant-General Sir Freddie Viggers KCB CMG MBE <i>Gentleman Usher of the Black Rod (from 30 April 2009)</i>	0-5 <i>Plus lump sum of 0-5</i>	0-2.5 <i>Plus lump sum of 0-2.5</i>	24	-	21
Rhodri Walters <i>Reading Clerk</i>	50-55 <i>Plus lump sum of 155-160</i>	2.5-5 <i>Plus lump sum of 7.5-10</i>	1,249	1,140	63
Philippa Tudor <i>Finance Director</i>	30-35 <i>Plus lump sum of 90-95</i>	0-2.5 <i>Plus lump sum of 5-7.5</i>	591	522	34
Elizabeth Hallam Smith <i>Director of Information Services and Librarian</i>	35-40 <i>Plus lump sum of 115-120</i>	0-2.5 <i>Plus lump sum of 5-7.5</i>	930	834	51
Simon Burton <i>Director of Human Resources</i>	30-35 <i>Plus lump sum of 95-100</i>	0-2.5 <i>Plus lump sum of 5-7.5</i>	501	446	26
Carl Woodall <i>Director of Facilities (from 18 March 2009)</i>	0-5 <i>Plus lump sum of 0-5</i>	2.5-5 <i>Plus lump sum of 0-2.5</i>	-	33	26
Joan Miller <i>Director of Information Communications and Technology</i>	7.5-10 <i>Plus lump sum of 0-5</i>	0-2.5 <i>Plus lump sum of 0-2.5</i>	161	117	2

*Figures audited by the National Audit Office*

Pension benefits are provided through the House of Lords Staff Pension Scheme (HOLSPS). From 30 July 2007, staff may be in one of four defined benefit schemes; either a final salary scheme (**classic, premium or classic plus**); or a 'whole career' scheme (**nuvos**). The statutory schemes are unfunded with the costs of benefits met by monies voted by Parliament each year. Pensions payable under **classic, premium, classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum.

## Remuneration Report 2009-10 - continued

**Classic plus** is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

### *Cash Equivalent Transfer Values*

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with the Occupational Pension Scheme (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### *Real increase in CETV*

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

*Michael Pownall*  
Clerk of the Parliaments and Accounting Officer

16 July 2010



# HOUSES OF PARLIAMENT

Parliamentary Estates Directorate



## The Parliamentary Estates Directorate Corporate Business Plan 2010/2011

*'Delivering a World Class Parliamentary Estate'*



## **PED Business Plan 2010/11**

### **Introduction:**

This is the first of the Business Plans for the Parliamentary Estates Directorate. The purpose of this plan is to give focus to the activities of the Directorate for the coming year, explaining how each major area contributes to the overall plans of the wider organisation. Everything that we do within the Directorate contributes in some way to the overall success of Parliament, either by supporting a corporate task or helping to mitigate or avoid a corporate risk. The Directorate is making an important contribution in these areas and the Business Plan gives us a way of setting our targets, recognising our achievements and identifying any areas for concern for the forthcoming year.

### **What Does the Business Plan Consist Of?**

This Business Plan sets targets for our Directorate for the measurement of key activities/ services that we provide and for a number of areas of development/ improvement. It shows clear alignment with the Corporate Tasks and Goals of the both Houses and with those of the House of Commons Department of Facilities. In this way it is possible to see how the work that is carried out by each of you contributes to the organisation's overall success.

- Business As Usual/ Service Delivery Targets (see Annex A)
- Development Targets (see Annex B)

### **Where We Are Now and The Year Ahead**

There is no doubt that we have made significant advances in the past year. There have been improvements in a number of areas: the establishment of new systems and processes ( in areas such as projects and inventory management), a move to more robust contractual arrangements (with new frameworks and moves contracts), implementation of new IT solutions (such as Estates Project Management system), to name just a few. At the same time, there has been a heavy 'Business As Usual' workload and we were able to deliver a successful Summer Works programme, respond to over 30,000 customer request through the helpdesk and to meet the increasingly-demanding maintenance needs of the Estate.

However, we still have much to do. Where 2009/2010 was focused on 'getting the basics right' and working to put a process or solution in place where the current one was inadequate, 2010/2011 will be focused on improving what we do to ensure that it is not just 'working' but is very effective. 2010/2011 Will be the

year in which we are not just fixing existing problems but looking for opportunities to provide the 'excellent' level of service and support to Parliament that our Directorate Vision suggests. We already have a good idea as to how this can be achieved and this is summarised in the 'Development Targets' in Annex B.

There are new challenges for the year ahead and the most notable of these are:

- Additional work and changes associated with the general election
- Possibility of a limited time available for the Summer Works programme
- The requirement to identify potential revenue savings through increased efficiency

However, we have already carried out work in each of these areas and, whilst they may slow down the pace of progress, there is nothing here that we are not prepared to deal with.

In particular, 2010/ 2011 will be a year where we need an increased emphasis on the following:

- Continuing the momentum in developing the Directorate, making best use of new systems/ technology but paying special attention to the development of our staff
- Strengthening our working relationships with other Directorates & Departments
- Seek to achieve further efficiency/ value for money in all that we do
- Improved trust and confidence through improved governance and more transparent reporting

The 2009/2010 year has given us a firm foundation to build upon and we have an ideal opportunity to build on this success in 2010/2011.

## **PED Vision, Aim and Goals**

### **PED Vision**

- **'To Deliver a World Class Parliamentary Estate'**

### **The Aim of PED**

The Aim of PED is to manage the corporate real estate, delivering sufficient accommodation and services to meet the needs of all who work within, or visit, the Parliamentary Estate, or 'Parliament' and to optimise its use as a healthy, safe, sustainable and effective working environment and, at the same time, to maintain the fabric and heritage of Parliament's buildings, objects and documents for the benefit of future generations.

### **PED Goals**

**Customer Service** – To provide a consistent, high quality, proactive customer service

**Managing the Heritage Site** – Managing the Heritage Site Whilst balancing the operational needs of Parliament

**Value for Money** – Achieving a balance between time, cost & quality

## **PED Risks and Risk Management**

PED – Level Risks are managed by PED Programme Office (with regular reviews of mitigating actions), reviewed by the PED Exec Group quarterly and reported to the Parliamentary Estates Board on a 6-monthly basis.

The main areas of risk represented in the 'Top 10' before and after mitigation fall into the following categories:

- Fire Risk
- Risk to occupants (including health & safety risks or incidents of death/serious injury)
- Risk of Major Utility or Infrastructure Failure
- Risk to Delivery of Projects or Services (including limitations on time or access for project works & availability of resources to meet needs of 25 Year Plan)







