



HOUSE OF LORDS

House Committee

1st Report of Session 2016–17

Implementing the Recommendations of the Leader's Group on Governance

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The House Committee

The House Committee is appointed each session to set the policy framework for the administration of the House and to provide non-executive guidance to the Management Board; to approve the House's strategic, business and financial plans; to agree the annual Estimates and Supplementary Estimates; to supervise the arrangements relating to financial support for Members; and to approve the House of Lords Annual Report.

Membership

The Members of the House Committee who approved this report are :

[Lord Campbell-Savours](#)

[Lord Cope of Berkeley](#)

[Baroness D'Souza](#) (Chairman)

[Lord Hope of Craighead](#)

[Lord Hunt of Kings Heath](#)

[Lord Laming](#)

[Baroness McDonagh](#)

[Baroness Manzoor](#)

[Lord Stirrup](#)

[Baroness Stowell of Beeston](#)

[Lord Wakeham](#)

[Lord Wallace of Tankerness](#)

General information

General information about the House of Lords and its committees is on the internet at:

<http://www.parliament.uk/business/committees/>

Contacts for the House Committee

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Implementing the Recommendations of the Leader's Group on Governance

1. The report of the Leader's Group on Governance, *Governance of Domestic Committees in the House of Lords* published in January 2016¹, set out recommendations for reforms to the governance of Domestic Committees in the House². The Report was debated in the House on 9 May, with broad support outlined for what the Group had recommended.
2. This Report sets out the package of reforms required to implement the recommendations of the Leader's Group, which have been endorsed by the House Committee, with which the House is invited to agree.

The proposed package of reforms

House of Lords Commission

3. A new senior committee will be appointed to replace the House Committee. It will be known as the House of Lords Commission, with the following terms of reference:

“To provide high-level strategic and political direction for the House of Lords Administration on behalf of the House.

As well as providing high-level strategic and political direction, the House of Lords Commission will:

- (1) Agree the annual Estimate;
 - (2) Supervise the arrangements relating to financial support for members; and
 - (3) Work with the Management Board to develop, set and approve the strategic business plan, the annual business and financial plans for the Administration and monitor the performance of the Administration against agreed targets.”
4. At its first meeting, the Commission will agree the responsibilities to be delegated to the Services Committee and the Finance Committee.
 5. The membership of the Commission will be (twelve in total):
 - (a) Lord Speaker (Chairman),
 - (b) Senior Deputy Speaker (see below),
 - (c) The leaders of the Conservative, Labour and Liberal Democrat groups,
 - (d) The Convenor of the Crossbench Peers,

1 Leader's Group on Governance, *Governance of Domestic Committees in the House of Lords* (Session 2015–16, HL Paper 81)

2 HL Deb, 9 May 2016, [cols 1574–1624](#)

- (e) Four backbench members: the Chairman of the Services Committee and the Chairman of the Finance Committee (see below); plus two other backbench members from the groups not holding the chairmanship of either the Services Committee or Finance Committee,
 - (f) Two external non-executive members (see below).
6. The two external non-executive members are appointed as members of the Commission for six years, including a probationary period of one year, on the following basis:
 - (a) External members take part in proceedings of the Commission and may ask questions.
 - (b) External members may not move any motion or any amendment to any motion or draft report, and may not vote.
 - (c) Any external member present at a Commission meeting at which a report is being agreed may submit a paper setting out that external member's opinion on the report. Before the Committee makes a report to the House the Chairman will ascertain whether any external member present wishes to submit such a paper; and any such paper shall be appended to the report in question before it is made to the House.
 7. There is no separate quorum for external members of the Commission. The Commission can meet if it has the standard quorum of three members who are members of the House, even if neither of the external members is able to be present.
 8. The Commission is designated by the House for the purposes of section 2(3) (b) and 2(4) of the Parliament (Joint Departments) Act 2007.³
 9. The Commission will have power to approve delegations to the Management Board specifying what matters are delegated to the Management Board and what matters require endorsement from the Commission.
 10. The Clerk of the Parliaments will attend all meetings of the Commission and the Commission will draw upon the professional expertise of other members of staff, as and when required.
 11. At its first meeting, the Commission will agree its working practices, how it communicates with the House and members, and how it will work with the House of Commons. This will set a blueprint for the Services and Finance Committees.

Audit Committee

12. The Audit Committee is appointed by the Commission on the same basis as the current Audit Committee (i.e. as a body analogous to a select committee). This differs from the recommendation in the Leader's Group report that it be appointed as a formal sub-committee of the Commission. This change allows for one of the two external members of the Committee to be appointed as the Chairman of the Audit Committee. In turn, this will mean that the

³ Section 2(3)(b) of the 2007 Act states that in creating a new joint department the Corporate Officer of the House of may only act in accordance with recommendations made by the House Committee and approved by the House. Section 2(4) provides that the reference in section 2(3)(b) includes a reference to any committee the House designates in place of the House Committee for this purpose.

Audit Committee Chairman serves on the Commission, rather than on the Finance Committee (which was originally envisaged by the Group). These changes collectively raise the profile of the audit function, meet some of the concerns raised in the debate, and reflect governance best practice.

13. The Commission will agree the terms of reference and membership of the Audit Committee at its first meeting.

Services Committee

14. The Services Committee is appointed as a stand-alone committee with the following terms of reference:

“To support the House of Lords Commission by:

- (1) Agreeing day-to-day policy on member-facing services,
 - (2) Providing advice on strategic policy decisions when sought by the Commission, and
 - (3) Overseeing the delivery and implementation of both.”
15. The Commission will agree matters to be delegated to the Services Committee.
 16. The membership of the Services Committee will be (ten in total):
 - (a) A frontbench or senior member from each of the Conservative, Labour and Liberal Democrat party groups,
 - (b) Two backbenchers from each of the Conservative and Labour groups,
 - (c) Two members from the Crossbench group,
 - (d) One backbencher from the Liberal Democrat group.
 17. The rotation rule will apply to backbenchers in the usual way.
 18. The Chairman of the Services Committee is not a remunerated position and is not subject to any further restrictions on holding of certain categories of interests or party or group affiliations, beyond the requirements in the Code that apply to members generally. They will be appointed through the Committee of Selection, and then the House, in the same way as for other chairmen of select committees (as for the Chairman of the Finance Committee below).
 19. The Chairman of the Services Committee presents any Committee reports to the House and replies to debates on those reports. The Chairman may also answer written questions and debates on Services Committee matters where delegated by the Senior Deputy Speaker (see below).
 20. At its first meeting, the Services Committee will agree its working practices, how it communicates with the House and members, and how it will work with counterparts in the House of Commons using the blueprint set by the Commission.

Finance Committee

21. The Finance Committee is appointed as a stand-alone committee with the following terms of reference:
- “To support the House of Lords Commission by:
- (1) Considering expenditure on services provided from the Estimate for the House of Lords,
 - (2) With the assistance of the Management Board, preparing the forecast outturn, Estimate and financial plan for submission to the Commission,
 - (3) Monitoring the financial performance of the House Administration, and
 - (4) Reporting to the Commission on the financial implications of significant proposals.”
22. The Commission will agree delegations to the Finance Committee.
23. The Finance Committee is appointed with the following membership (ten in total):
- (a) A frontbench or senior member from each of the Conservative, Labour and Liberal Democrat party groups,
 - (b) Two backbenchers from each of the Conservative and Labour groups,
 - (c) Two members from the Crossbench group,
 - (d) One backbencher from the Liberal Democrat group.
24. The rotation rule will apply to backbenchers in the usual way.
25. The Chairman of the Finance Committee is not a remunerated position and is not subject to any further restrictions on holding of certain categories of interests or party or group affiliations, beyond the requirements in the Code that apply to members generally. They will be appointed through the Committee of Selection, and then the House, in the same way as for other chairmen of select committees (as for the Chairman of the Services Committee above).
26. The Chairman of the Finance Committee presents any Committee reports to the House and replies to debates on those reports. The Chairman may also answer written questions and debates on Finance Committee matters if delegated by the Senior Deputy Speaker (see below).
27. At its first meeting, the Finance Committee will agree its working practices, how it communicates with the House and members, and how it will work with counterparts in the House of Commons using the blueprint set by the Commission.

Works of Art Advisory Panel

28. The Works of Art Advisory Panel will report and make recommendations to the Lord Speaker as Chairman of the Commission. It is for the Lord Speaker to appoint the membership of the Advisory Panel following discussions with

the Usual Channels and set its terms of reference with advice from the Administration.

Senior Deputy Speaker

29. A new post of Senior Deputy Speaker is appointed by the House. The Senior Deputy Speaker is appointed formally as the Chairman of Committees to avoid the need for legislation⁴ but the appointment motion will make clear that the post is to be known as “Senior Deputy Speaker”⁵.
30. The Senior Deputy Speaker will retain the same salary and pension arrangements as the current Chairman of Committees. As a salaried office holder, the Senior Deputy Speaker is required to lay aside outside financial interests falling into specific categories, including remunerated directorships and other employment; and is also expected to lay aside any party or group affiliation on appointment and for the duration of time in office.
31. The Senior Deputy Speaker has the following role:
 - (a) Deputising for the Lord Speaker in all their duties—the Senior Deputy Speaker is *ex officio* the first of the Deputy Speakers appointed by the Commission and is empowered, for example to recall the House during a period of adjournment in the absence of the Lord Speaker,
 - (b) Chairman *ex officio* of all committees unless the House otherwise directs. The Senior Deputy Speaker is the Chairman of the Privileges and Conduct, Procedure and Liaison Committees, and the Committee of Selection, and retains the power to propose to the House, without reference to the Committee of Selection, members of the House to fill casual vacancies on select committees,
 - (c) General supervision and control over private bills and hybrid measures, as set out in Standing Orders and the Companion,
 - (d) Chairing the Freedom of Information Panel.
32. The Senior Deputy Speaker speaks and answers questions in the House on matters relating to the House of Lords Commission. All business on matters relating to the Services and Finance Committees are tabled to the Senior Deputy Speaker who may delegate responsibility for answering written questions or debates to the relevant Chairmen (see above).

Chairman of the European Union Committee

33. When the next Chairman of the European Union Committee is appointed, the appointment will be made formally with the title of Principal Deputy Chairman of Committees to avoid the need for primary legislation⁶, but the appointment motion will make clear that the post is known as “Chairman

4 The title of Chairman of Committees appears in several places in legislation in relation to private business, Church of England measures and remuneration and pension arrangements

5 The text of the motion would be “The Lord Privy Seal (Baroness Stowell of Beeston) to move that Lord/Baroness X be appointed as Chairman of Committees (to be known as Senior Deputy Speaker) for the remainder of the session.”

6 The title of Principal Deputy Chairman of Committees appears in legislation in relation to remuneration and pension arrangements.

of the European Union Committee”⁷. This will reflect the approach to the appointment of the Senior Deputy Speaker.

Next steps

34. The Procedure Committee will consider the necessary consequential changes to the Standing Orders and the *Companion*. The Leader of the House will then table a series of motions in the House to appoint the new House of Lords Commission, Senior Deputy Speaker, and the Services and Finance Committees, and seek the House’s approval for the necessary changes proposed by the Procedure Committee. The operation of these arrangements will be reviewed in due course.

⁷ The text of the motion would be “The Lord Privy Seal (Baroness Stowell of Beeston) to move that Lord/Baroness X be appointed as Principal Deputy Chairman of Committees (to be known as Chairman of the EU Committee).”