

**The HOUSE of
COMMONS:
*Administration***

Annual Accounts

2015-16

(for the year ended 31 March 2016)

Presented to the House of Commons pursuant to
section 3 (as amended) of the House of Commons (Administration) Act 1978

Ordered by The House of Commons to be printed 18 July 2016

Published by Authority of the House of Commons

HC 480

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Introduction

In 2013-14 the Financial Reporting Manual (FReM) adopted the Companies Act requirements for a Strategic Report and Directors' Report within the Annual Report. As part of the Simplification and Streamlining Project, the 2015-16 FReM introduces changes to the structure of the Annual Report and Accounts. There is now a requirement for these to be split into three parts; the Performance Report, the Accountability Report and the Financial Statements.

This report has been prepared with the changes in mind, but is a transitional report, as work progresses to combine the House of Commons Commission Annual (performance) report with the reports and statements contained within the annual accounts.

Therefore, this report is split into two sections, the accountability report and the financial statements.

Accountability Report

Within the accountability report are statements relating to corporate governance, roles and responsibilities of the accounting officer and the foreword to the accounts. This is followed by the remuneration and staff report, which includes the remuneration policies of the organisation, the remuneration of the board of management, compensation packages, as well as staff reports relating to composition, absence and other staff policies. At the end of the accountability report, there is the Statement of Parliamentary Supply, which measures the outturn against the agreed annual estimate, disclosures on remote contingent liabilities and finally the Certificate and Report from the Comptroller and Auditor General.

Financial Statements

Following the accountability report are the financial statements. This section includes the statement of comprehensive net expenditure, the statement of financial position, the statement of cash flow and the statement in changes of equity. This is followed by a section of explanatory notes, outlining accounting conventions, policies and additional details to explain the numbers within the statements. There is additional breakdown within this section, including a breakdown of expenditure by operating area (segmental breakdown) and by expenditure category.

The House of Commons Commission Annual Report, which is produced concurrently to these statements, reports on; the overall position of the organisation; what performance measures are utilised and how they are measured, key activities in the year and how the organisation is prepared to meet the challenges it faces in the years to come.

Accountability Report

1. Corporate Governance

a) Foreword

Scope of the Estimate

These accounts cover expenditure arising from general administration including staff costs, general expenses, stationery, printing, security, broadcasting, IT, catering and accommodation services. They further include associated non-cash costs, some travel costs of Members of Parliament in connection with select committees and delegations to international parliamentary assemblies, costs incurred on international parliamentary activities, and grants to the History of Parliament Trust, certain parliamentary bodies and to the Association of Former Members of Parliament. Income arising from catering receipts, rental income, sale of goods and services, fees received and receipts in connection with parliamentary activities is used to meet the cost of the goods and services provided.

The cost of Members' salaries, allowances and other related expenditure is borne between both the Independent Parliamentary Standards Authority (IPSA) Estimate and the House of Commons Members Estimate.

Strategic report

Purpose

The House of Commons Service provides a politically impartial service to all Members of Parliament, to support a thriving parliamentary democracy. It facilitates effective scrutiny and debate by supporting, informing and recording the work of the House of Commons as an elected parliamentary Chamber. Whenever feasible it makes the House's work and information about that work accessible to the general public, as we seek to inspire the public and engage them to show how essential the House is to our democracy. The House of Commons service also seeks to secure Parliament's future; maintaining the heritage of parliamentary buildings and documents in trust for the public and future generations. The Service also contributes to parliamentary democracy by sharing its knowledge with parliaments and assemblies worldwide.

Under the Fixed-term Parliaments Act 2011, the previous Parliament was dissolved at the end of the previous reporting year, with the General Election held on 7 May 2015. On its return, the House consisted of 650 members (MPs), with the Service welcoming 182 new MPs, with 177 having no previous House of Commons experience. The House of Commons is constitutionally separate from Government.

The House of Commons and the House of Lords have joint stewardship of the Palace of Westminster. A programme of Restoration and Renewal has been established to tackle the significant work that needs to be done to protect and preserve the heritage of the Palace of Westminster and ensure it can continue to serve as home to the UK Parliament in the 21st century and beyond. A Joint Select Committee on the Palace of Westminster was appointed in July 2015 to consider the Independent Options Appraisal and make recommendations.

The Parliamentary Estate, including the Palace, is maintained by the Parliamentary Estates Directorate within the House of Commons Administration. The House of Lords is recharged for its share of costs relating to the parliamentary estate. In addition, the two Houses also incur administration costs on each other's behalf and these are also recharged. Certain security and mail service operational costs are monitored jointly but billed separately to the two Houses.

Core objectives

The Strategy for the House of Commons Service went through significant review during the year in response to the report of the House of Commons Governance Committee (HC 692). The House took

the opportunity to review its strategic direction, objectives and values. The 2016-2021 House Service objectives are:

- Facilitating effective scrutiny and debate
- Involving and inspiring the public
- Securing Parliament's future

To measure our success against these objectives, four measures have been created;

- Satisfaction of our internal and external customers
- Reputation of the House of Commons
- Sustainability and the value for money of our services
- Impact of MPs' work on Government and wider public debate.

The House of Commons Commission publishes an Annual Report reviewing the performance of the House Administration. The 38th Annual Report, about to be published, contains information from the Executive Committee as well as a statement from the Accounting Officer. The Annual Report of the Administration Estimate Audit Committee is published with the Commission's Report.

Management commentary

Resources

The 2015-16 resource budget was the first of the 2015-2020 Parliament and was set against a backdrop of a changing governance structure as the House responded to the House of Commons Governance Committee and also with the knowledge that the General Election would be held in May 2015, meaning a level of uncertainty on the demand on the House services.

The House of Commons Commission initially agreed to a resource budget (HC219) of £213.7 million (£212.5 million voted, £1.2m non-voted) for the financial year 2015-16. The increase of £10.4 million compared to the prior year budget was driven by the additional accommodation needs of the House, required in order to support various Estates Programmes as well as additional resource for new committees.

There have been significant uncertainties that required close management during the year. The House staff pension scheme transferred to the Cabinet Office administered Principal Civil Service Pension Scheme in the previous reporting year. The final valuation of the transferred amount was not agreed and advised by the Cabinet Office until the end of March 2016. To manage the uncertainty, a supplementary estimate was submitted in February 2016 (HC 750) for £12.2 million based on estimates provided by the Government Actuary's Department. The final agreed balance was £400.2 million (including interest charges), which was £13.2 million more than provided for in the previous year.

The General Election cast a level of uncertainty over demand on services. The 'election shadow' – the time taken to resume full business, lasted longer than expected, leading to significant underspends in Chamber supporting services. Similarly, new committees like the Petitions Committee, Women's and Equalities Committee and the Restoration and Renewal Committee did not require the full budget estimate provided for them. Other notable variances include; a lower than expected use of utilities, leading to a £0.6 million underspend; changes to the estate rateable value, an unbudgeted rebate, plus an over-provision for 39 Victoria Street leading to an £0.8 million underspend in property costs; efficiencies in the print contract contributing a further £0.6 million to the underspend. Many of the services delivered under this contract will be brought in-house from 2016-17, which should yield additional efficiencies. There were also delays to ICT investments in services and equipment in the year following the restructure of the now Digital Service. This led to an underspend of £1.6 million.

The House commissioned a review of joint working which has led to the launch of the Joint Working Programme which seeks synergies in joining up services between the House of Commons and House of Lords, with an aim to align processes, systems and working practices to improve service delivery and

reduce costs for both Houses. In parallel an Efficiencies Programme has been launched. This is also a bicameral programme which for the House of Commons has a £15.5 million saving delivery target over the duration of this Parliament, which equates to 10% of the controllable budget. The Efficiencies Programme incorporates Continuous Improvement, which will contribute to it by continuing to review and improve processes across the Houses throughout the year.

Significant movements in the tender price index and property location factor, which is used to value specialist buildings like the Palace of Westminster, coupled with delays to planned refurbishment projects, have caused additional complications in trying to plan for building valuations and consequential movements. The price index and location factor have increased 21% and 13% respectively, having a combined effect of 37% on building valuations over a three year period. This leads to an increased annual depreciation charge as the assets are depreciated over their remaining useful life. This has been offset by capital works not progressing as fast as expected, meaning planned impairment charges have not been utilised.

The combination of the above led to an outturn of £210.3 million (£209.6 million voted, £0.7 million non-voted) against a final budget of £225.9 million (£224.7 million voted, £1.2 million non-voted), a £16.0 million (or 7.1%) underspend.

Capital

Capital expenditure totalled £38.9 million (£38.6 million voted, £0.3 million non-voted) against a budget of £46.3 million (£45.8 million voted, £0.5 million non-voted). The Northern Estates Programme did not proceed in line with prior expectations, due to the potential to acquire Richmond House meaning a pause to the development of 39 Victoria Street, leading to an underspend of £9.0 million. However, acceleration of works in the restoration and renewal programme and carried forward work from the previous financial year within the estate portfolio mitigated £7.5 million of that underspend. The ICT portfolio and digital underspends represented £3.3 million and the £2.0 million held in central contingency was not required.

Cash

A net cash requirement of £202.3 million was achieved against an Estimate limit of £233.8 million. The underspend of £31.5 million (13.5%) is the accumulation of underspends against the resource and capital budget. Although not included in the cash budget, there was an expectation that the Cabinet Office would return a significant amount of cash during the year in respect of the over-payment made in the last financial year for the transfer of the House Pension scheme. Due to delays in agreeing the final position, the expected cash return did not occur in the year, although the final balance was eventually agreed at the end of March 2016. This uncertainty around the timing of the expected receipt made managing the month to month cash flow requirement more difficult, as the House did not want to unnecessarily draw down cash from the consolidated fund.

Income

In 2015-16 net income of £16.4 million was generated predominantly from commercial activities including retail, tour activities, catering and from property receipts. This exceeded the planned income target of £15.9 million by £0.5 million. However, once one-off items are stripped out from the income figures, operating income (excluding property income) generated £13.8 million, £0.4 million below expectations of £14.3 million, but an increase on the prior year of 1.7%. The election shadow had a £0.4 million impact on catering income when compared to the previous year, but this was partially offset by gains in banqueting (£0.2 million). Income from the Nursery exceeded expectation by £0.2 million, leading to a net contribution from the operation.

Payment of Suppliers

Performance on the payment of supplier invoices within 30 days of receipt of an invoice was 88.9% which was a slight improvement on the previous year's performance of 88.6%. There was a 1% fall in the total amount of invoices paid in the year, with the Financial Services section paying 38,478 invoices in the financial year (38,873 in 2014-15). The work to upgrade the House's finance systems have had a continued impact on the Financial Services area as well as across the House resulting in some targets being missed. This area will continue to seek continuous improvement in performance, working with a number of stakeholders, in future years.

Net Assets

Total assets employed by the House of Commons less current liabilities increased from £1,002.4 million to £1,144.8 million at the year end, an increase of £142.4 million (14.2%). The value of the Estate increased by £172 million (18.0%) to £1,128 million after incurring depreciation charges of £20.0 million. The Estate value now includes the new Education Centre which was opened in July 2015 in Victoria Tower Gardens. Trade receivables has decreased from £27.2 million to £10.6 million in recognition of the balance payment due from the Cabinet Office in regard to the transfer of the pension liability (from £23.0 million to £9.8 million).

With the pension liabilities associated with the House of Commons Staff Pension Scheme (HoCSPS) having been transferred to the Cabinet Office in 2014-15, the net liability position of the Estimate continues to be significantly less than historic levels. There was a significant movement in accruals (£7.4 million), as a result of the rent free period associated with 39 Victoria Street. This will be unwound in future years as the value of the lease is spread equally over the duration of the tenancy agreement.

As part of the House's accommodation strategy it has been recognised that there will be significant demand for decant space in the coming years, to support the Northern Estate and then the Restoration and Renewal Programme. Consequently the office building at 39 Victoria Street was acquired by the House on a lease basis to meet some of this demand. The acquisition of the building is a key enabler for these programmes to proceed, as without available space, delays to the programmes would be inevitable, with costs rising significantly in future years due to the delays. Subsequent to this, an opportunity arose to acquire Richmond House which the House is progressing. In order to facilitate this acquisition there is an agreement in principle for Department of Health staff to move from Richmond House to 39 Victoria Street and assuming the lease obligations.

Restoration and Renewal

The Palace of Westminster Restoration and Renewal Programme has been established to tackle the significant work that needs to be done to protect and preserve the heritage of the Palace of Westminster and ensure it can continue to serve as home to the UK Parliament in the 21st century and beyond. An Independent Options Appraisal (IOA) for the Restoration and Renewal of the Palace of Westminster by a team of independent, external experts led by Deloitte Real Estate and including AECOM and HOK was published in June 2015. Various options have been generated for consideration by a Joint Select Committee, which was appointed in July 2015 to consider the IOA and make recommendations. The cost of the programme has been estimated between a range of £3.5 billion and £7.1 billion, which exceeds the depreciated value. The current valuation takes into account the condition of the building and the need for significant intervention. It also assumes that any replacement would be a modern equivalent asset, and does not assess the value of the historical construction of the building. The House of Commons contribution to date for the programme is £8.2 million (£3.7 million 2014-15). The majority of costs associated with the programme have been treated as capital (£7.0 million capital, £1.2 million resource) due to the direct link to the asset.

The combined impact of the Restoration and Renewal and the Northern Estates Programmes means that additional accommodation will be required in order to meet decant requirements. Preliminary surveys and works have been undertaken to highlight suitable solutions to the requirement, predominantly focusing on the areas surrounding the Parliamentary Estate. Richmond House, which is located on Whitehall and is currently occupied by the Department of Health, has been further considered as accommodation to suit part of the decant requirement.

Supply required for 2016-17

The Commission has agreed to an Estimate with a net resource requirement of £224.7 million (£224.6 million voted, £0.1 million non-voted) for 2016-17. This is £11.0 million more than the previous year (£12.1 million voted increase, £1.1 million non-voted decrease), due to increasing demand to support security priorities, strategic programmes, business continuity developments, additional committees and inflationary pressures.

The capital provision has increased by £37.5 million to £83.3 million reflecting a significant increase in the planned Works programme. This includes further investment in the Palace of Westminster building and the Restoration and Renewal Programme, the Northern Estate Programme, which is the refurbishment of four substantial 19th century buildings on the estate, located north of Westminster Bridge as well as increases in ICT investments.

Auditors

The Comptroller and Auditor General audits the financial statements of the House of Commons by agreement.

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

b) Statement of Accounting Officer's responsibilities

The House of Commons (Administration) Act 1978 gives the House of Commons Commission the power to appoint the Accounting Officer. The Accounting Officer is responsible for accounting for the use of resources for the service of the House of Commons.

The annual accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the House of Commons Administration, the net operating cost, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Financial Reporting Manual as applied by the House of Commons. He should ensure that the accounts:

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

The responsibilities of the Accounting Officer include:

- responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the organisation's assets, as set out in Managing Public Money published by HM Treasury.
- confirming that as far as he is aware there is no relevant audit information of which the auditors are unaware; he has taken all the steps he ought to have taken to make himself aware of any relevant audit information, and to establish that the auditors are aware of that information.
- confirming that the Annual Accounts are fair, balanced and understandable and that he takes personal responsibility for the Annual Accounts and the judgements required therein.

c) Governance Statement¹

Introduction

As Accounting Officer, I am required to prepare an annual governance statement, outlining the governance arrangements of the organisation and its control structure; providing an assessment of the organisation's effectiveness; and commenting on how successfully the organisation has coped with the challenges it faces.

The House of Commons Commission is the ultimate authority for the administration of the House. This Statement relates to the remit of the Executive Committee.² As Accounting Officer I am mindful of HM Treasury's guidance on the scope of the Governance Statement as it applies to Government departments, but as the House's constitutional and governance circumstances are different from those of Government departments, the contents of this statement will therefore also differ.

The same is true of the extent to which the House Service is able to follow the Treasury's Corporate Governance Code. Significant variations from the Code include the fact that the Executive Committee is not equivalent to the single management board of a Whitehall department. The changes to the membership of the Commission, notably the inclusion of non-executive and official members, mean that the House's governance arrangements reflect more closely those of Boards in comparable organisations. I am content that the House Service's structure meets the overall objective of separating policy and operations, and that the necessary element of non-executive challenge and scrutiny is available through the external members of the Commission and the Audit Committees.

Governance framework of the House of Commons

There have been some significant changes to the Governance framework of the House of Commons following the report of the House of Commons Governance Committee, which was published on 17 December 2014 and agreed by the House on 22 January 2015, and the subsequent House of Commons Commission Act 2015. Changes have continued during 2015-16, and will continue to be made in the current year as a result of an organisational review conducted by the Director General, the results of which were agreed by the Commission on 25 April 2016. Further detail on these changes is provided below. This statement sets out the current governance framework and looks back at the transitional arrangements in place during 2015-16.

House of Commons Commission

Under the House of Commons (Administration) Act 1978 (as amended by the House of Commons Commission Act 2015), the House of Commons Administration is overseen by the House of Commons Commission. The Commission sets the strategic framework for the provision of services to the House, its Members and the public; signs off the annual budget for the House; and is the legal employer of House Service staff.

At the start of the financial year the membership of the Commission was:

The Rt Hon John Bercow MP: Speaker (Chairman, by virtue of office)

The Rt Hon William Hague MP: Leader of the House of Commons (by virtue of office)

Sir Paul Beresford MP

¹ The House of Commons Members' Estimate is the subject of a separate Governance Statement published with the House of Commons Members' Annual Accounts.

² The Commission currently publishes its own Annual Report under s. 1(3) of the House of Commons Administration Act 1978.

Frank Doran MP

Angela Eagle MP

Rt Hon John Thurso MP

Following the 2015 General Election, and in line with the House of Commons Commission Act 2015 a new Commission was appointed on 9 July 2015. The following were members of the Commission during 2015-16:

The Rt Hon John Bercow MP: Speaker (Chairman, by virtue of office)

The Rt Hon Chris Grayling MP: Leader of the House of Commons (by virtue of office)

Sir Paul Beresford MP

Tom Brake MP

Rt Hon Nick Brown MP

Angela Eagle MP (until 14 September 2015)

Chris Bryant MP (from 14 September 2015)

Stewart Hosie MP

D Natzler: Clerk of the House and Accounting Officer (by virtue of Office)

I Ailles: Director General of the House of Commons (by virtue of office) (from 27 October 2015)

Dame J Gaymer³, external member (acting member from 9 July 2015, full member from 2 February 2016)

B Scott, external member (acting member 9 July 2015 – 31 December 2015)

J McCall, external member (from 2 February 2016)

The Commission is supported by two Select Committees of the House: the **Finance Committee** and the **Administration Committee**, which act as advisory bodies to the Commission. Each Committee is chaired by one of the backbench Members of the Commission: Nick Brown MP chairs the Finance Committee and Sir Paul Beresford MP chairs the Administration Committee.

The Commission is also supported by the **Administration Estimate Audit Committee**. Membership of the Committee comprises the chairs of the Finance and Administration Committees, one of the backbench Members of the Commission (Tom Brake MP), the external members of the Commission (one of whom, Dame J Gaymer, chairs the Committee) and an independent expert member. The Committee advises the Commission and the Accounting Officer and has oversight of the work of Internal Audit and the work carried out for the House by the National Audit Office. Its annual report is published with the House of Commons Commission's Annual Report.

Executive Committee

The management of the House Service and its operations is delegated by the Commission through an Instrument of Delegation to the senior officials who form the House of Commons Executive Committee. The current membership of the Executive Committee is:

I Ailles, Director General of the House of Commons (Chair)

³ Dame J Gaymer also acts as Chair of both the House of Commons Administration and Members Estimate Audit Committees

D Natzler, Clerk of the House

M Barrett, Managing Director of Corporate Services and Director of Finance.

The Executive Committee is accountable to the Commission for the delivery of the strategy for the House Service. Day to day operation of services is managed on behalf of the Executive Committee by the Board (see below).

The Executive Committee supports the Board in the development of strategy, and holds the Board to account for delivery of the strategy and performance against the strategy. The Executive Committee also provides assurance and holds the Board to account on risk, and supports the Corporate Officer and Accounting Officer in meeting his statutory duties. The Executive Committee in its current format was established on 25 April 2016.

The Board

The Board is responsible for the delivery of the House's strategic objectives; the efficient and effective conduct of business; regular performance and risk management; addressing operational issues and managing performance KPIs; and developing strategies for the House administration. The Board was established on 29 April 2016, and its current membership is:

I Ailles, Director General of the House of Commons (Chair)

D Natzler, Clerk of the House (by virtue of office)

M Barrett, Managing Director of Corporate Services and Director of Finance

J Borley CB: Managing Director, In-House Services

J Bengler, Clerk Assistant and Managing Director, Chamber and Committee

B Finimore, Managing Director, Strategic Estates

P Young, Librarian and Managing Director, Research and Information and Participation

R Greig, Director of the Parliamentary Digital Service (PDS)

P Martin, Director of Security for Parliament

L Bridges, Head of Communications

T Goldsmith, Head of the Governance Office

M Hutton, Leader, Implementation of the Director General's Review

P Richards, Leader, Customer Service

Transitional arrangements and the Director General's Review

The report of the Governance Committee recommended that the Management Board, which had previously been responsible for the management of the House Service and its operations, be replaced by a small Executive Committee, chaired by a new Director General of the House of Commons. It also recommended that the Executive Committee review the senior management of the House Service and submit proposals for change to the Commission. This section sets out the interim arrangements that were in place until the appointment of the current Executive Committee by the Commission on 25 April 2016.

As detailed in last year's statement, an interim Executive Committee replaced the Management Board on 13 July 2015, under a new delegation from the Commission. At the start of the financial year, members of the Management Board were:

D Natzler: Chair, Clerk of the House

M Barrett: Director of Finance

J Borley CB: Director General, Facilities

J Sharpe CB: Acting Director General, Chamber and Committee Services

J Bengler: Acting Director General, Information Services

A Walker: Director General, Human Resources and Change

R Greig: External member, Director of the Parliamentary Digital Service (PDS)

Dame J Gaymer DBE QC (Hon): External non-executive member

B Scott: External non-executive member

Following the establishment of the interim Executive Committee, the two non-executive members of the Management Board became acting Members of the Commission and did not continue as members of the interim Executive Committee. The Governance Committee report recommended that the Director General of the House of Commons should Chair the Executive Committee. Pending the appointment of the Director General I acted as interim Chair of the interim Executive Committee.

P Young was appointed Librarian and Director General of Information Services on 26 May 2015. J Sharpe CB retired on 30 June 2015, and J Bengler was appointed as Clerk Assistant and Director General of the Department of Chamber and Committee Services from 1 July 2015. I Ailles was appointed as Director General of the House of Commons on 27 October 2015 and chaired the Executive Committee following his appointment.

Work of the Management Board & interim Executive Committee in 2015-16

The Management Board met 5 times in 2015 before its replacement by the interim Executive Committee. Prior to the appointment of the Director General, the Executive Committee met monthly in the same way as the Management Board. Following the appointment of the Director General, the Executive Committee supplemented its monthly meetings with weekly informal meetings to consider matters arising from the Director General's review:

	April–October 2015 (7 months, including Management Board meetings)	November 2015–March 2016 (5 months)
Formal meetings	11 (including one joint meeting with the House of Lords)	8 (including one joint meeting with the House of Lords)

Agendas, papers and minutes (including details of attendance at formal meetings) are published on the Parliamentary web pages⁴.

The Management Board and interim Executive Committee monitored the performance of the organisation principally through monthly consideration of data on performance against corporate key

⁴ <http://www.parliament.uk/mps-lords-and-offices/offices/commons/executive-committee/executive-committee-publications/>

performance indicators and the status of Board-level risks. This monthly report also includes information on risk and performance issues escalated from departments or programmes/projects, and commentary from Heads of Department. Data received from departments and programmes/projects were reviewed by the secretariat. Quarterly performance review meetings were also held in which the Committee further considered these issues. The Board and Committee also received information on the effectiveness of business resilience from the bicameral Business Resilience Group; an annual report on assurance reviews of major projects and programmes; and the findings from regular staff surveys and Investors in People reviews.

Although the interim Executive Committee was responsible for the delivery of House of Commons services, there was also an important bicameral element to its work which is reflected in the governance arrangements. These include joint meetings with the House of Lords Management Board, for instance to agree the annual Medium-Term Investment Plan (MTIP), joint meetings of the Audit Committees of the two Houses, and meetings of the Joint Investment Board and Digital Strategy Board. The Parliamentary Procurement and Commercial Service, managed on behalf of both Houses and PDS by the House of Lords, provides professional procurement and contract management advice to both Houses and PDS to ensure that our procurement processes are compliant. Additionally, in February 2016 the Commission held its first joint meeting with the House Committee of the House of Lords.

Director General's Review

Following the Governance Committee's recommendation to review the structure of senior management, the Director General established a review of the House Service to establish how the House could provide the best possible service to all our customers - Members, Members' staff, visitors, the wider public, and other House staff.

The aim of the Review was to put the House Service in the best position to meet and where possible exceed the challenges set by the Governance Committee. These included:

- Sustained delivery of high levels of the full breadth of parliamentary expertise
- Enhancing public engagement especially through digital means
- Focus on core functions (both to increase efficiencies and to prepare for Restoration and Renewal)
- Supporting and creating structures where there are clear lines of accountability and responsibility
- Reducing unnecessary bureaucracy
- Creating a unified service.

The interim Executive Committee presented the resulting report to the Commission on 25 April 2016. The Commission agreed the proposals, which will change the way the House Service functions as an organisation, by:

- Redefining the core purpose of the House Service as 'supporting a thriving parliamentary democracy'. This is supported by a new strategy that sets out clear priorities for the House Service.
- Putting customer service at the heart of everything we do, focusing on improving satisfaction levels and making levels of service more consistent across the organisation.
- Measuring progress against outcomes in terms of customer service, reputation, impact and value for money.
- Investing in people by prioritising talent management and career development.

The Commission also agreed a new organisational structure for the House of Commons Service. This will provide:

- A stronger corporate centre by bringing together functions such as Finance, HR and strategy into a new team, Corporate Services; and creating an integrated external and internal Communications Office.
- Stepping up to the challenge of delivering major infrastructure projects, by separating Strategic Estates from In House Services.
- Separating the Department of Information Services into its two core businesses: Research and Information; and Participation.
- A new Board that will run the business day to day, overseen by a small Executive Committee that will ensure we are managing risks and achieving our strategy.

The new organisational structure comprises the following teams, a number of which provide shared services to the House of Lords:

- Chamber and Committees
- Research and Information
- Participation
- In-House Services
- Security (a shared service with the House of Lords)
- Corporate Services
- Strategic Estates
- Communications
- Governance
- Digital (a joint department with the House of Lords)

Implementation of these changes will be managed under a programme called “Stepping Up.” This is due to be completed in autumn 2016. The new Executive Committee was established on 25 April 2016, and the Board was established on 29 April 2016. The Communications Team and the revised Governance Office were created on 3 May 2016. Strategic Estates was established on 3 June 2016. Work is continuing to implement the other organisational changes, and to deliver the other elements of the programme.

Other governance changes

Parliamentary Security Department

As reported in last year’s statement, work continued during the course of the year to create a single security department serving both Houses of Parliament. The Director of Security for Parliament became responsible for all aspects of Security on the creation of a new Security Department on 29 January 2016. Transfer of security officer staff from the Metropolitan Police to the Security Department took place on 1 April 2016.

Cyber Authority

The Cyber Authority was established in January 2015 as an interim governance measure. This body, which comprises the Director of Security for Parliament, the Director of the Digital Service and the two Senior Information Risk Owners (SIROs), makes and owns the strategic decisions about cyber security. This interim arrangement is working well and is currently being reviewed.

Joint Investment Board

The Joint Investment Board, which was established by the two Houses last year and is chaired by the Director General, began its work in July 2015 and met four times during the course of the year. The Board is charged with overseeing investment spending on estates and digital projects across the two Houses. This new combined approach has enabled investment spending to be prioritised across the

entire MTIP portfolio and will enable the two Houses to react to changes in-year to minimise underspends arising from MTIP projects. The Board is also providing strategic leadership on building greater capacity and capability to manage major projects. Following work in this area the two Houses agreed to set up an Enterprise Programme and Project Management Office, which will be established as part of the Stepping Up programme.

Joint working

Work has continued to explore more areas where joint working between the two Houses could provide benefits. A comprehensive review of services in both Houses identified a number of areas where moving to a shared service model would have relatively low barriers to implementation and potentially provide high benefit. In November 2015 the Commission and the House of Lords House Committee agreed to commission further work on these services. The first tranche of this work, which considers the case for joining six business areas is proceeding and subject to decisions by the Commission, further tranches will follow. In parallel the closer alignment of staff terms and conditions and finance IT systems are being considered. Initial recommendations will be made during 2016.

System of Internal Controls

The House Service has a range of policies and procedures that form part of its governance arrangements. These include rules and supporting guidance on finance and procurement, a Staff Handbook which sets out HR policies and practices and a mandated system of risk management. All managers are required to be familiar with, promote and comply with these policies and procedures.

The House has a system of risk management which is reviewed annually by Internal Audit. The most recent Internal Audit review (June 2016) found that some improvements were required to enhance the adequacy and effectiveness of the system. It noted continued developments being made in the prior year and continuing into the current one.

The interim Executive Committee considered the Executive-level risks, in detail, at its quarterly performance reviews and, by exception, on a monthly basis. As a result of these discussions, in some cases risk descriptions were amended for clearer identification (for example Risk 3 was reviewed and the wording amended to include Members and their staff) and risk assessments adjusted to reflect current circumstances.

The interim Executive Committee also reviewed its strategic risks during the year to ensure the existing risks remained relevant in light of any changes in corporate strategy. For example, a risk identified in 2014-15 concerning the gaps in appointment and changes to the composition of the Executive Committee impacting on the achievement of the House Service's objectives was removed in January 2016 and two new risks, a Security risk in October 2015 and a risk escalated to the Committee from the Northern Estates programme in January 2016 concerning delays in acquiring Richmond House, were added.

The 2015-16 strategic level risk register is shown below.

Risk Category	Risk
Relations with Member bodies	Differing perspectives of the House Service and of Senior Members: The Commission; the Speaker; the Finance Committee; and the Administration Committee; will impact on the House Service's ability to achieve its strategic goals.
Relations with the House of Lords	The possibility that differing priorities between the two Houses may limit the ability of the House of Commons Service to achieve its strategic goals.
Reputational	The House suffers a loss of reputation, at least in part through the action or inaction of House staff, Members or their staff.

Risk Category	Risk
Capability and capacity	The House Service does not have the right capability or capacity (including effective prioritisation mechanisms) to deliver its strategic goals.
Staff morale	Low staff morale limits the ability of the House Service to: <ul style="list-style-type: none"> • deliver its day-to-day services; • achieve its strategic goals.
Finance	The ineffective prioritisation and management of financial resources and poor contract management will impact on the House Service's ability to achieve its strategic goals.
Security (Risk added – October 2015)	Disruption to the strategic plan objectives as a result of a breach in security or terrorist attack: security requirements disrupting the work of the House or Members.
Northern Estate (Risk added – January 2016)	Delays to acquiring Richmond House

The interim Executive Committee also had oversight of Departmental risks, Health & Safety risks, Information Security risks, Business Resilience risks and Projects and Programmes risks including the Northern Estate Programme and the Restoration and Renewal Programme through the quarterly review process. In addition, Departmental and Directorate risks were reviewed by DGs and Directors, as part of the Unified Risk report RAG assessments; this report was created in response to the Internal Audit 2014-15 review and views risks from across departments by risk category.

A further risk review exercise was also undertaken in October 2015, instructed by the Director General of the House of Commons, to provide assurance that the suite of risks captured within risk registers was complete and provided coverage of all the critical risks to the organisation.

Review of effectiveness

The evidence base

I have obtained evidence of the organisation's effectiveness through a variety of means. The most important are: the annual letters of assurance from each Head of Department and the Parliamentary Digital Service; separate letters of assurance on security, on information security (from the Cyber Authority), on business resilience (from the Chair of the Business Resilience Group), and on health and safety (from the Parliamentary Safety Assurance Group); the Head of Internal Audit's annual report and opinion; and advice and reports from the Audit Committees. The letters from Heads of Department were subject to internal challenge and review by the Governance Office and the Department of Finance. During the course of the year the Governance Office conducted a review of the assurance process in order to ensure that it was operating efficiently and effectively, which resulted a more focused annual assurance and challenge process. In addition, account has been taken of the monthly corporate performance and risk reports and the information gathered from detailed feedback interviews with both Members and Members' staff.

The Director of Internal Audit concluded in his annual report and opinion that the governance, risk management and control arrangements in place were generally adequate for the purposes of the House. However, he also concluded that there were significant weaknesses in the framework of governance, risk management and control such that it could be, or could become, inadequate and ineffective. In particular, the Director of Internal Audit suggested that governance arrangements, which were subject to ongoing changes, were not yet operating fully effectively. He also highlighted continuing concerns that the system of risk management was not being used effectively to manage risks; concerns about the poor level of compliance with management direction and the rate of progress in addressing this; and concerns about the pace of improvement of the standard of cyber security. He also highlighted

a number of projects and programmes that had been managed ineffectively and where risks had crystallised. A number of these issues are addressed below, and action will be taken in the coming year to address the issues identified.

Findings on effectiveness

In this section I review the evidence about the organisation's effectiveness. The House has been undergoing significant change during the current year, and it is encouraging to see the organisation respond effectively to the challenges this brings. This section provides detail on efforts to address outstanding and emerging issues. While there is still work to be done, I am pleased that progress has been made in a number of areas.

Governance

The House Service has continued to undergo significant changes as it responds to the Governance Committee's report and the Director General's review, as set out above. During this period, business as usual activity has continued and the House's decision-making processes have operated effectively. In particular, the Commission, Finance, Administration and Audit Committees are now working much more collaboratively, supported by the new Governance Office, and are providing more joined up oversight of the House Service. The House Service has continued to provide excellent services to Members, and I am sure that this will continue as we implement further changes arising from the Director General's review in the coming year.

Financial management

The Department of Finance, now the Corporate Services Team, continues to try to shift the awareness and financial culture across the House towards a more cost conscious and compliance orientated one. Significant investment has been made to professionalise the finance function and three external appointments to senior finance roles has raised awareness and standards in the House. A key part in improving standards and compliance within the House was the introduction of the finance health check, which has been used to monitor key compliance metrics and performance indicators in our financial and procurement processes and has been used by the Department of Finance and Finance Partners to highlight and to tackle areas of concern and improvements have been seen during the year. In addition, the NAO completed a study on 'Projects and Programmes' during the year, the findings of which will be used to further improve financial management in this significant area.

Monthly forecasting is a key financial control, allowing the organisation to efficiently plan its resource use. Discipline around forecasting and engagement with the monthly process is now recorded as part of the health check. The forecasting performance has deteriorated this year. Whilst some of the performance can be explained by on-going uncertainty in organisational structure and direction, and some can be attributed to performance optimism, areas that have not engaged as fully with the monthly process have proved to have the poorest levels of forecasting performance and have had considerable underspends.

An Efficiencies programme has been commissioned to review capacity within the organisation's resources, combined with on-going continuous improvement reviews to make our ways of working and delivery of services/projects more efficient. The finance business partnering model will be further embedded leading towards the longer term strategy to make the House more professional in its approach to financial matters and to encourage ownership and better utilisation of resources across the organisation as we seek to find efficiencies.

There was a certain level of success around pension data and the troubled interfaces between the House Administration Information System (HAIS) and the pension providers system were resolved in the first half of the year. Comprehensive data is now extracted on a regular basis to the pension administrator, which in turn keeps the data up to date. Validation of pension benefit statements by members of the schemes and their associated feedback after this exercise led to further data cleansing, again improving the integrity of the data.

Procurement and contract management

The unified Parliamentary Procurement and Commercial Service (PPCS) continues to support activities of both Houses. Demand on this service has been rapidly increasing over the years as the House refreshes its day to day service provision contracts in a compliant way and steps are being taken to ensure all historic contracts are reviewed for compliance. New strategic programmes, like the Restoration and Renewal Programme, have required considerable procurement support as they build towards their service delivery models. The financial health check has also been monitoring the compliance of expenditure; to ensure that services over £10,000 have been put to the market and that the House achieves best value for its money. More scrutiny has also been applied to supplier selection, including guarantees that a living wage is paid to any employee who delivers the services within the contract. In 2016-17, contract management is a key area for improvement.

House Administration Information System

The upgrade of the House Administration Information System (HAIS), which completed in February 2015, left a number of unresolved issues which continued to have considerable impact on the accounting and HR administration systems and the staff in both departments. These issues were escalated with the service provider early in the year and a programme of recovery was developed, which has led to some improvements in the latter part of the year. Whilst the risks have been managed by in year with workaround, in the long term this is an unsustainable position and proposals have been developed for an alternative delivery solution.

Compliance

Following a report from Internal Audit, we have sought to address staff understanding of compliance issues across the House Service. This will be taken forward as part of the Stepping Up programme and I hope to see significant improvement during the coming year.

Security

On 29 January 2016 responsibility for the day-to-day delivery of physical and personnel operational security transferred from the Serjeant at Arms and Black Rod to the new Parliamentary Security Department (PSD). Specialist staff have been recruited to PSD in order to deliver expert advice to Members, staff and contractors. A new Special Services Agreement with the Metropolitan Police Service commenced on 1 April 2016 and the MPS civilian workforce transferred to become PSD staff on the same date. The simpler, clearer and more coherent governance arrangement should improve the efficiency and effectiveness of physical and personnel security management.

Whilst a number of substantial security risks cannot be eliminated, I am confident that the measures taken to deal with those risks are stable or improving and that the security of the parliamentary estate has been maintained and, in some respects, improved.

Information Security

Threats to cyber security continue to develop. A major Cyber Security Programme was launched in 2015, led by the Director of the Digital Service as SRO. Its purpose is to improve the standard of cyber security. Planned work on security awareness raising and improvements to personnel security will also help to reduce the cyber risk.

The Cyber Authority, the board that oversees enhancements to cyber security, continue to assess new solutions for appropriate security via a well embedded accreditation process. This process includes a follow up procedure to ensure that mitigations are being adhered to. There has also been an increase in security awareness communications and e-learning has been prepared for launch in the coming months.

The House has made good progress in identifying what assets it holds by producing information asset registers to complement the existing registers of sensitive information. Further work also commenced on identifying those assets that need additional security or special handling. In the coming year, there will be a review of the Parliamentary Protective Marking Scheme.

The House has improved the process for reporting incidents of equipment and information loss or misuse by making it fully automated, thus speeding up the reporting process and ensuring any risks are mitigated quickly. During 2015-16 no incidents involving personal data required the Information Commissioner's Office (ICO) to be informed.

Overall, the development of a more joined up and co-operative governance community, together with well embedded processes and supporting arrangements, have enhanced the work on information security.

Business resilience

Business resilience across the House has been developed and strengthened. In July 2015 Parliament's business resilience plans were successfully reaccredited to the ISO22301:2012 standard. The overall business resilience policy has been updated and was reviewed and agreed by the Business Resilience Group and subsequently by both the Lords Management Board and Commons Executive Committee in December 2015. The business resilience training and exercising programme continues to be delivered via table-top exercises and by two tests of Chamber sharing plans which were undertaken in 2015.

Work has continued throughout the year in conjunction with the Parliamentary Estates Forum to continue strengthening utility resilience, notably in electrical supply. Failure of water supply from the external mains has occurred twice, and work will be undertaken to address risks in this area. The Business Continuity and Disaster Recovery database has been replaced, and reporting from the new system is enabling greater clarity and transparency of interdependencies between areas of the organisation.

Estates

Work on major estates projects such as the Northern Estate Programme and the Restoration and Renewal Programme has continued. The two Houses are expected to make a decision in principle soon on a way forward for the R&R programme based on the options appraisal published in summer 2015 and a report from the Joint Committee on the Palace of Westminster. In light of the scale of future works, a review has been undertaken to assess capacity and capability within Parliament to deliver these major programmes. The review highlighted a number of areas of improvement, particularly Parliament's ability to recruit and retain high quality project management staff, as well as a need to build capacity in procurement, HR and other corporate functions. The two Houses are working together, via the Joint Investment Board, to address the concerns raised in the report.

We have continued to evaluate our property portfolio, to ensure that we are able to meet the needs of Members and staff, both in the short and medium term. We are exploring options with the Department of Health to enable Parliament to occupy Richmond House, in order to provide decant accommodation for Members during the Northern Estate Programme and beyond. As a consequence the House Service will dispose of its interest in another property which had been acquired as part of planning for the Northern Estate Programme.

The Executive Committee has visibility of the fire safety risk which is managed by a specialist in house team. The occupied premises are compliant with the relevant fire safety legislation but further work is required to bring the premises and training of all site users up to the highest standards. Both Houses are committed to the continuous improvement of fire safety on the estate. The 2013 inspection by the Crown Premises Inspection Group underscored the need to improve fire safety but found that our approach to fire safety is robust and that planned improvements are progressing, and recognised our commitment to achieve life safety standards in all occupied buildings by 31 December 2018. The Fire Safety Improvement Works programme co-ordinating and delivering these works is underway and I am satisfied that adequate plans are in place to improve the situation within a reasonable timescale.

Environmental Standards

Progress against our environmental compliance action plan has been made in the year. We are compliant with all statutory requirements for environmental performance, apart from one area (relating to an oil storage tank) which will be addressed within the Canon Row refurbishment programme.

Health and Safety

General safety management has shown improvement in the past year, particularly for lower risk, office based activities. Inconsistencies in the management of more complex risks, chiefly those related to construction, were identified and improvement is needed to strengthen risk management and control. Food safety management continues to be effective, and there have been no reported material breaches in food safety management practices, and no instances of non-compliance.

People management

Work is also underway to improve HR data, which continues to limit the effectiveness of a number of management tools. We are continuing to pursue elements of our people strategy, although again progress in the past year has not been as swift as we had hoped: work on implementing a system of time recording for staff has been scaled down, following an issue with a proposed supplier, although we are confident that a robust arrangement is now in place.

Our existing diversity and inclusion scheme has been revised and updated to form a new diversity and inclusion strategy for the next three years. The strategy aims to embed equality, diversity and inclusion into our mainstream work, and teams across the House have already begun to develop local plans to ensure that diversity and inclusion is at the forefront of their activities. Senior staff, led by Board members, are encouraged to set personal diversity and inclusion objectives. We have also continued to hold meetings with representatives of the House's Workplace Equality Networks. We will also be developing a number of schemes aimed at improving workforce diversity in the coming year.

Conclusion

Our core activities continue to be delivered to a very high standard, a particularly impressive achievement given the level of change the organisation has experienced in the past two years. We have made good progress on improving financial management and information security, but some significant challenges remain, notably ensuring that we have the capacity and capability to deliver forthcoming significant estates programmes. Further changes will take place this year as part of the Stepping Up programme, which I hope will deliver a more effective, customer-focused service.

D Natzler
Accounting Officer

8 July 2016

2. Remuneration and Staff Report

For the year ended 31 March 2016.

a) Remuneration policy

The House of Commons Commission has delegated to the Clerk of the House responsibility for ensuring that staff complement, grading, pay and conditions of service of staff in departments are broadly in line with those of the Home Civil Service. The House operates three separate pay structures for three sections of the organisation; Senior Commons Structure (SCS, in line with Senior Civil Service grades); Catering Staff; and the remaining staff of the House (A-E grades). The House of Commons is a committed London Living Wage employer.

In September 2014, a three year pay award (up to 31 August 2016) was agreed for Senior Commons Service (SCS) grades, with a cumulative projected increase of 4.12% over the three year agreement, plus a 1% increase effective from 1 April 2013. This year saw an average award of 1.25% for staff on those grades. Those in the Senior Commons Structure can also benefit from a system of additional performance awards, which has continued but with a reduced ceiling of no more than a quarter of staff receiving an award if the House-wide panel considers they meet the criteria. The amounts of individual awards in 2015-16 ranged from £5,500 to £7,500. These awards were one-off payments and not consolidated as part of an individual's future salary entitlement.

Staff in catering bands received a 1% consolidated basic pay award in September 2015. Management also agreed to develop a terms of reference for a review of Catering pay bands, including consideration of how contribution pay might apply within Catering pay bands. Contribution pay will determine levels of non-consolidated payments based on an assessment of performance and competency. Both sides will seek to reach agreement on the terms of reference and the timing of the review.

Two parts of the 2013-2016 A-E grade band and reward agreement came into effect during the 2015-16 reporting year; net working hours increased from 34 hours to 35 hours from 11 May 2015; and the assimilation in to a new pay structure from 1 September 2015. The pay structure introduced new pay band minima and maxima, removed overlay between pay bands and introduced a target rate for each pay band. Staff were transferred to the new pay structure on the nearest higher step to their 2014-15 basic salary. Those in post on 31 March 2013 were guaranteed assimilation to the first step of their pay band or beyond in the new pay structure. Staff who were positioned on the new structure below the new Target Rate who do not benefit from at least a 1.5% consolidated increase received the difference as a non-consolidated payment. Staff who were positioned above the new Target Rate but below the maximum received a 1% consolidated award. Staff positioned at the new maximum for their pay band received a 1% non-consolidated award. Further work continues to develop new arrangements for contribution pay. The total average value of the pay award was 1.65%.

Remuneration (salary, benefits in kind and pensions)

The salary and benefits in kind of members of the interim Executive Committee were:

Officials	Salary (a) (£'000)		Benefits in kind (b) (£'000)		Pension benefits (£'000) ⁵		Total (£'000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
R Rogers KCB DL (<i>until 31 August 2014</i>)	-	80-85 (195-200 FYE)	-	7.8	-	n/a	-	90-95
D Natzler	175-180	140-145	16.4	-	455	103	650-655	240-245
I Ailles (<i>from 27 October 2015</i>)	65-70 (155-160 FYE)	-	-	-	-	-	65-70	-
M Barrett (a)	115-120	110-115	-	-	42	40	155-160	155-160
J Borley CB (f)	125-130	120-125	-	-	48	46	170-175	170-175
J Sharpe (e) (<i>until 30 June 2015</i>)	30-35 (120-125 FYE)	50-55 (120-125 FYE)	-	-	21	29	50-55	80-85
J Pullinger CB (<i>until 30 June 2014</i>)	-	30-35 (120-125 FYE)	-	-	-	3	-	35-40
P Young (<i>from 26 May 2015</i>)	100-105 (115-120 FYE)	-	-	-	40	-	140-145	-
J Bengier	115-120	80-85 (120-125 FYE)	-	-	195	13	310-315	95-100
A Walker (f)	125-130	120-125	-	-	45	25	170-175	145-150
J Miller (c) (f) (<i>until 11 September 2014</i>)	-	180-185 (100-105 FYE)	-	-	-	21	-	200-205
R Greig (<i>from 1 April 2015</i>)	115-120	-	-	-	46	-	165-170	-
M Taylor (c) (e) (<i>until 31 March 2015</i>)	-	45-50 (90-95 FYE)	-	-	-	39	-	85-90
J Gaymer DBE (d)	5-10 (25-30 FYE)	25-30	-	-	n/a	n/a	5-10	25-30
B Scott (d)	5-10 (20-25 FYE)	25-30	-	-	n/a	n/a	5-10	25-30

Figures in table audited by the National Audit Office

Notes:

(a) Salary includes gross salary, performance award and allowances. M Barrett received a performance award between the value of £5,000 and £10,000 (2014-15: £5,000-£10,000),

(b) Benefits in kind: The monetary value covers any benefits provided by the House and treated by HM Revenue and Customs as a taxable emolument. These figures represent the benefit from the official residences that officers are required to use in the course of their duties.

⁵ The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less the contributions made by the individual. The real increases exclude adjustments due to inflation or the transfer of pension rights. In certain circumstances this can result in a decrease in the real pension value during the financial year. In addition, where a scheme member has exceeded retirement age but remains within the scheme this can further decrease the real pension value.

(c) The salary and pension benefits for the Director of Parliamentary Digital Service are paid directly by the House of Commons; 20% of the costs are recharged to the House of Lords. The salary and pension benefits disclosed represent the total remuneration package paid between the two Houses.

(d) As a consequence of the changes to the House Governance arrangements both external Board Members ceased in their role on 9 July 2015 and became interim members of the Commission.

(e) Standing invitations to attend Executive Committee meetings whilst acting as Head of Departments.

(f) Compensation for loss of office: J Borley and A Walker also have compensation payments of £90,000-£95,000 which will be paid on 30 September 2016 when they leave the House of Commons following an organisational restructure. These payments were agreed in the 2015-16 reporting year. (2014-15: J Miller received a negotiated settlement payment of £135,000-£140,000).

At the start of the financial year the Members of the Management Board were D Natzler (chair), M Barrett, J Borley, J Sharpe, J Bengner, A Walker, R Greig, Dame J Gaymer and B Scott. P Young was appointed Librarian and Head of Department of Information Services from 26 May 2015, replacing J Bengner, J Sharpe CB retired on 30 June 2015, and J Bengner was appointed as Clerk Assistant and Director General of the Department of Chamber and Committee Services from 1 July. From 9 July 2015, the Management Board became the Executive Committee. The two non-executive directors, Dame J Gaymer and B Scott left the Management Board and joined the House of Commons Commission and sat as non-executives commissioners. All other current members of the Management Board formed the Executive Committee. On 27 October 2015, I Ailles was appointed as Director General House of Commons Service and became the chair of the Executive Committee, with D Natzler becoming an ordinary member.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The following table shows the ratio of the median of all House staff remuneration compared to the highest paid member of the Management Board:

	2015-16	2014-15
Highest earner's total remuneration (£000)	190-195	175-180
Median of total remuneration (£)	33,760	36,000
Ratio	5.70	4.93

Total remuneration includes annualised salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

In 2015-16, no employee received remuneration in excess of the highest paid member of the Management Board or Executive Committee (2014-15: 0). Remuneration ranged from £4,000 to £195,000 (2014-15: 0-£180,000).

The year-on-year change in the ratio between the median and the highest paid member of the Management Board reflects an increase in the remuneration for the highest earner due to the return of a benefit-in-kind entitlement and a reduction in the median remuneration as the prior year included a one-off payment made to the majority of staff as part of the pay and reward agreement. The historic average ratio is around 6.5.

Pension benefits (audited)

The pension entitlements of the members of the Executive Committee, covering the period during which they were on the Board, were as follows (for 2014-15 figures, see House of Commons Annual Accounts, HC 274):

	Accrued pension and related lump sum at 31/3/16 (£000)	Real increase in pension and related lump sum at 31/3/16 (£000)	CETV at 31/3/16 (£000)	CETV at 31/3/15 ⁶ (£000)	Real increase In CETV (£000)
D Natzler	85-90 plus lump sum of 265-270	80-82.5	1,948	1,557	428
I Ailles (from 27 October 2015)	n/a	n/a	n/a	n/a	n/a
M Barrett (a)	10-15	2.5-5	143	106	15
J Borley CB	20-25	2.5-5	391	322	27
J Sharpe (e) (until 30 June 2015)	65-70 plus lump sum of 205-210	2.5-5	1,391	1,384	18
P Young (from 26 May 2015)	0-5	0-2.5	29	-	22
J Bengier (e) (from 1 July 2014)	40-45 plus lump sum of 130-135	35-37.5	929	691	181
A Walker	60-65 plus lump sum of 185-190	7.5-10	1,400	1,389	44
R Greig (from 1 April 2015)	0-5	2.5-5	25	1	14
J Gaymer DBE	n/a	n/a	n/a	n/a	n/a
B Scott	n/a	n/a	n/a	n/a	n/a

Figures in table audited by the National Audit Office

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The

⁶ The figures may be different from the closing figures in the 2014-15 Annual Accounts due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the member has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. 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 initial 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. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out 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 Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a 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% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

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 member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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 that is funded by the employer. It does not include 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.

b) Staff Report

Staff costs and related numbers

Staff costs comprise:

	2015-16 Charged to revenue budgets	2015-16 Charged to capital budgets	2015-16 Total	2014-15 Charged to revenue budgets	2014-15 Charged to capital budgets	2014-15 Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	61,172	606	61,778	61,134	428	61,562
Social security costs	5,135	61	5,196	5,160	40	5,200
Other pension costs	12,529	119	12,648	12,421	92	12,513
Contributions to stakeholder pensions	142	-	142	108	-	108
Sub Total	78,978	786	79,764	78,823	560	79,383
Inward secondments/agency staff	4,771	-	4,771	6,437	-	6,437
Sub Total	83,749	786	84,535	85,260	560	85,820
Less recoveries in respect of outward secondments	(773)	-	(773)	(1,006)	-	(1,006)
Total net costs	82,976	786	83,762	84,254	560	84,814

Figures in table audited by the National Audit Office

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS), known as "alpha", are unfunded multi-employer defined benefit schemes in which the House of Commons is unable to identify its share of the underlying assets and liabilities. The full actuarial valuation was carried out as at 31 March 2014. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2015-16, employer contributions of £12,648,000 (2014-15: £12,513,000) were payable to the civil service pension schemes at one of four rates in the range 20.0 to 24.5 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £142,270 (2014-15: £107,867) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% up to September 2015 and from 8% to 14.75% from October 2015 of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. There were no outstanding contributions due to the partnership pension providers at the reporting period date.

Average number of persons employed

The average number of full-time equivalent (FTE) persons employed during the year including those staff involved in delivering shared services funded by the House of Lords, were:

	2015-16	2014-15
Average number (permanent staff)	1,885	1,766
Average number (agency staff)	39	51

Compensation schemes – exit packages

Exit package cost	Number of redundancies		Number of other departures agreed	
	2015-16	2014-15	2015-16	2014-15
<£10,000	-	-	2	4
£10,000 - £25,000	-	-	17	12
£25,000 - £50,000	-	-	9	6
£50,000 - £100,000	-	-	6	2
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
Total number of exit packages by type	-	-	34	24
Total Resource cost (£)	-	-	1,101,371	601,371

Figures in table audited by the National Audit Office

Departure costs during 2015-16 have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year that the departure is agreed.

Within the figures above there are 12 cases (£505,000) which are also included in note 4 (Parliamentary Accountability Disclosures).

Ill-health retirement costs are covered by the pension scheme and are not included in the table.

Staff composition

The following table analyses the number of persons of each gender.

	Male	Female
At 31 March 2016		
ExCo	6	2
SCS	53	22
Employees	1,104	966
At 31 March 2015		
ExCo	5	2
SCS	52	20
Employees	1,042	927

Sickness absence data

The recorded sickness absence figure for 2015-16 stands at 5.2 average working days lost per person. (2014-15: 5.7 average workings days).

Staff policies applied during the financial year

Candidates are asked at application stage if they require any adjustments at any stage of the recruitment process, for example additional time to undertake written tests. We do not specifically ask if candidates have a disability, only if they need an adjustment. Campaign Managers within the House Recruitment team are responsible for ensuring that requests for adjustments from candidates are managed effectively. In some cases this may require liaison with the Diversity & Inclusion team. In addition, the House runs a 'Recruiting for Excellence' one day training course which is mandatory for managers to attend prior to recruiting new staff. This course includes a session on diversity, which includes disability.

Expenditure on consultancy

During the 2015-16 £1,573,000 was incurred on consultancy costs. (2014-15: £979,000)

Tax arrangements of Public Appointees

On 23 May 2012 the Treasury published *Review of the Tax Arrangements of Public Sector Appointees*, and on 24 August 2012 the Cabinet Office published the Procurement Policy Note *Tax Arrangements of Public Appointees*.

The House of Commons has a number of similar appointees: Some are appointed on an ad hoc or daily rate basis, such as specialist advisers to Select Committees; others are appointed on a full-time basis such as project managers. Off-payroll engagements within Digital Services (formerly PICT) are reported in full in the following table even though their costs are shared with the House of Lords.

Table A: For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that lasted for longer than six months

	Number
Existing engagements as of 31 March 2016	76
Of which at the time or reporting have existed for:	
less than one year	59
between one and two years	7
between two and three years	7
between three and four years	-
for four years or more	3

All of the 76 contractors have been subject to a risk based assessment during 2015-16, to consider whether assurance is required that the individual is meeting their PAYE obligations and, where necessary, that assurance has been sought.

Table B: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months.

	Number
New engagements, or those that reached six months in duration between 1 April 2015 and 31 March 2016	58
Of the above which included contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	58
For whom assurance has been requested	8
Of which:	
assurance has been received	5
assurance has not been received	3
Have been terminated as a result of assurance not being received.	3

Table C: For any off-payroll engagements of Board Members, and/or, senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016

	Number
Off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.	-
Individuals that have been deemed 'board members, and/or senior officials with significant responsibility', during the financial year both off-payroll and on-payroll.	12

Until 9 July 2015, both non-executive members of the Management Board were included in this table as having off-payroll arrangements. Since July, when they became members of the Commission, they are no longer included in this disclosure. The 12 board members and senior officials include eight House of Commons officers who are members of the Board and four senior officers with budgetary responsibility in excess of £10 million.

D Natzler
Accounting Officer

8 July 2016

3. Parliamentary Accountability and Audit Report

a) Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Financial Reporting Manual (FRM) requires the House to prepare a Statement of Parliamentary Supply with supporting notes to show outturn against the Supply Estimate presented to Parliament. It further compares the outturn performance against the Department Equivalent Limit equivalent (DEL equivalent) expenditure control set by the Estimate.

Figures in the area outlined in bold are voted totals or other totals subject to Parliamentary control. For Estimate purposes, the House's expenditure is classified as administration except for donated assets.

Summary of Resource and Capital Outturn 2015-16

		<i>Estimate</i>			<i>Outturn</i>			2015-16	2014-15
								<u>Voted</u> outturn compared with Estimate: saving/ (excess) ⁷	Outturn
Note		<u>Voted</u>	<i>Non-Voted</i>	<u>Total</u>	<u>Voted</u>	<i>Non-Voted</i>	<u>Total</u>		<u>Total</u>
		£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit equivalent⁸									
Resource	SoPs 1.1	224,700	1,200	225,900	209,653	655	210,308	15,047	9,898
Pension transfer		-	-	-	-	-	-	-	141,863
Capital	SoPs 1.2	45,800	500	46,300	38,592	347	38,939	7,208	7,748
Total		270,500	1,700	272,200	248,245	1,002	249,247	22,255	159,509

⁷ Explanations of variances between the Estimate and Outturn are given in the Management Commentary (Page 6).

⁸ DEL equivalent represents Departmental Equivalent Limit equivalent as defined in the Main Estimate (HC219) and Supplementary Estimate (HC750).

Net cash requirement 2015-16

Note	2015-16 Estimate	2015-16 Outturn	Outturn compared with Estimate: saving/ (excess) ¹⁰	2014-15 Outturn
	£000	£000	£000	£000
SoPS 4	233,800	202,251	31,549	614,122

Administration Costs 2015-16

Note	2015-16 Estimate	2015-16 Outturn	2014-15 Outturn
	£000	£000	£000
SoPS 3	225,900	210,308	56,039

Notes to the Statement of Parliamentary Supply (SoPS)

SoPS 1. Net outturn

SoPS 1.1. Analysis of net resource outturn

	Estimate			Outturn			2015-16 Variance net Outturn to Estimate	2014-15 Outturn
	Gross	Income	Net	Gross	Income	Net		
	£000	£000	£000	£000	£000	£000	£000	£000
Spending in DEL equivalent	240,700	(16,000)	224,700	226,010	(16,357)	209,653	15,047	56,389
Non-voted	1,200	-	1,200	655	-	655	545	1,044

SoPS 1.2. Analysis of net capital outturn

	Estimate			Outturn			2015-16 Variance net Outturn to Estimate	2014-15 Outturn
	Gross	Income	Net	Gross	Income	Net		
	£000	£000	£000	£000	£000	£000	£000	£000
Spending in DEL equivalent	45,800	-	45,800	38,617	(25)	38,592	7,208	30,652
Non-voted	500	-	500	347	-	347	153	203

SoPS 2. Reconciliation of net resource outturn to net operating cost

	Note	2015-16 £000	2014-15 £000
		Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply	SoPS 1.1		
Voted		209,653	56,389
Non-Voted		655	1,044
Donations classified as capital income		(25)	(350)
<i>Net Operating Cost in Statement of Comprehensive Net Expenditure after pension transfer</i>		210,283	57,083
Pension Transfer		-	141,863
<i>Net Operating Cost in Statement of Comprehensive Net Expenditure before pension transfer</i>		210,283	198,946

SoPS 3. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/ (excess) £000
Resource Outturn	SoPS 1.1	225,900	210,308	15,592
Capital Outturn	SoPS 1.2	46,300	38,939	7,361
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
Non-cash items – other administration costs	3	(18,300)	(19,748)	1,448
Non-cash items – other capital costs		-	(288)	288
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in inventories	10	-	43	(43)
Increase/(decrease) in receivables	12	(6,200)	(14,068)	7,868
(Increase)/decrease in payables	13	-	(11,940)	11,940
Use of provision		(12,200)	7	(12,207)
Removal of non-voted budget items	SoPS 1.1, SoPS 1.2	(1,700)	(1,002)	(698)
Net Cash Requirement		233,800	202,251	31,549

4. Parliamentary Accountability Disclosures

b) Losses and special payments

This section is audited by the National Audit Office

Losses Statement

	<u>2015-16</u>	<u>2014-15</u>
Total number of cases	41	40
Total value of cases (£000)	20	2,756

Details of cases over £300,000

There were no cases over £300,000 in 2015-16 (2014-15: two,)

Special Payments

	<u>2015-16</u>	<u>2014-15</u>
Total number of cases	35	19
Total value of cases (£000)	923	286

This includes one special payment to The Stationery Office which exceeded £300,000. This relates to contract termination costs following the insourcing of the service (2014-15: nil).

c) Fees and Charges

This section is audited by the National Audit Office

The main areas for generating income are catering (including banqueting), and tours (including retail). Fees and charges for all areas are set in accordance with the House of Commons policy which is published at

<http://www.parliament.uk/site-information/foi/transparency-publications/hoc-transparency-publications/financial-information/financial-policies/>

Income received during 2015-16 was £9.0 million for catering and £4.3 million for tours and retail. Tours and retail are expected to recover the cost of providing the service, whereas the cost of the catering services was £2.5 million, which was lower than the budget of £3.1 million. The cost of catering has halved since 2013-14 (£5.1 million).

d) Remote Contingent Liabilities

This section is audited by the National Audit Office

As at 31 March 2016 there were personal injury claims and employment tribunal cases, of which £166,000 were deemed to be a remote contingent liability.

5. 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 Commons Administration for the year ended 31 March 2016. The financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, and the related notes. I have also audited the Statement of Parliamentary Supply 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 Accountability 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, certify and report on the financial statements. I conducted my audit in accordance with 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 circumstances of the House and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Accountability Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. For the House, the voted Parliamentary control totals are a Departmental Expenditure Limit equivalent (Resource and Capital), Non-Budget Expenditure (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2016 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 affairs of the House of Commons: Administration as at 31 March 2016 and of its net operating cost for the year then ended; and

- the financial statements have been properly prepared in accordance with the Financial Reporting Manual as applied by the House of Commons.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited has been properly prepared in accordance with the Financial Reporting Manual as applied by the House of Commons; and
- the information given in the Foreword 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 and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect House of Common's application of best practice, including HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse KCB
Comptroller and Auditor General

*National Audit Office
157-197 Buckingham Palace Road
Victoria,
London,
SW1W 9SP*

Date: 13 July 2016

Financial Statements

Statement of Comprehensive Net Expenditure

For the Year ended to 31 March 2016

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2015-16 £000	2014-15 £000
Income from sale of goods & services	5	(16,382)	(15,244)
Other operating income			
Total operating income		(16,382)	(15,244)
Staff costs	3	82,976	84,254
Purchase of goods & services	3	120,418	107,771
Depreciation & Impairment	3	22,343	16,436
Provision expense		-	(1,278)
Grants	3, 4	3,524	3,437
Other costs/(gain)	3	(2,596)	3,570
Total operating expenditure		226,665	214,190
Net Operating expenditure before pension transfer		210,283	198,946
Pension transfer	14	-	(141,863)
		210,283	57,083
Finance income		-	-
Finance expenditure		-	-
Net expenditure for the year		210,283	57,083

Other Comprehensive Net Expenditure

		2015-16 £000	2014-15 £000
Items which will not be reclassified to net operating costs:			
- revaluation of Property, Plant and Equipment	2.1	(149,361)	(32,240)
- pension liabilities due to changes in actuarial assumptions			-
Comprehensive net expenditure for the year		60,922	24,843

Statement of Financial Position

As at 31 March 2016

This statement presents the financial position of the House. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

			31 March 2016		31 March 2015
	Note	£000	£000	£000	£000
Non-current assets:					
Property, plant and equipment	6	1,166,018		996,358	
Intangible assets	8	401		666	
Total non-current assets			1,166,419		997,024
Current assets:					
Inventories	10	533		490	
Trade and other receivables	12	21,634		35,702	
Cash and cash equivalents	11	3,464		7,032	
Total current assets			25,631		43,224
Total assets			1,192,050		1,040,248
Current liabilities					
Trade and other payables	13	(47,212)		(37,859)	
Total current liabilities			(47,212)		(37,859)
Total assets less current liabilities			1,144,838		1,002,389
Non-current liabilities					
Provisions	14.2	(4,512)		(3,493)	
Total non-current liabilities			(4,512)		(3,493)
Total assets less liabilities			1,140,326		998,896
Taxpayers' equity and other reserves:					
General fund		775,455		776,839	
Revaluation reserve		363,583		219,790	
House of Commons Commission reserve		1,288		2,267	
Total equity			1,140,326		998,896

D Natzler
Accounting Officer

8 July 2016

Statement of Cash Flows

For year ended 31 March 2016

The Statement of Cash Flows shows the changes in cash and cash equivalents of the House during the reporting period. The statement shows how the House generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the House. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Houses' future public service delivery. Cash flows arising from financing activities include Parliamentary Supply and other cash flows.

		2015-16	2014-15
	<i>Note</i>	£000	£000
Cash flows from operating activities			
Net operating cost		(210,283)	(57,083)
Adjustments for non-cash transactions ⁹	3	20,036	(123,135)
(Increase)/Decrease in trade and other receivables	12	14,068	(19,884) ¹²
(Increase)/Decrease in inventories	10	(43)	65 ¹³
Increase/(Decrease) in trade payables	13	11,940	1,381 ¹⁴
Use of provisions	14	(7)	(385,508)
Donated Asset	6	(25)	(350)
Net cash outflow from operating activities		(164,314)	(584,514)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(38,869)	(30,547)
Purchase of intangible assets	8	(70)	(308)
Net cash outflow from investing activities		(38,939)	(30,855)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		199,662	609,354
Interest received on Commission Reserve Balance		23	21
Capital element of payment in respect of finance lease and on balance sheet (SOFP) Service concession contracts		-	-
Net financing		199,685	609,375
Net increase/(decrease) in cash and cash equivalents in the period before and after adjustment for receipts and payments to the Consolidated Fund		(3,568)	(5,994)
Cash and cash equivalents at the beginning of the period	11	7,032	13,026
Cash and cash equivalents at the end of the period	11	3,464	7,032

⁹ Includes an adjustment of £288k for capital provisions.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2016

This statement shows the movement in the year on the different reserves held by the House, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

	General Fund	Revaluation Reserve	Commission Reserve	Total Reserves
Note	£000	£000	£000	£000
Balance at 31 March 2014	215,275	190,743	3,493	409,511
Net Parliamentary Funding – drawn down	609,354	-	-	609,354
Net Parliamentary Funding – deemed	9,533	-	-	9,533
Supply (payable)/receivable adjustment	13 (4,765)	-	-	(4,765)
Net Operating Cost	(55,836)	-	(1,247)	(57,083)
Non-Cash Adjustments				
Non-cash charges – auditor's remuneration	3 85	-	-	85
Movement in Reserves				
Additions	-	-	21	21
Recognised in Statement of Comprehensive Expenditure	-	32,240	-	32,240
Transfers between reserves	3,193	(3,193)	-	-
Balance at 31 March 2015	776,839	219,790	2,267	998,896
Net Parliamentary Funding – drawn down	199,662			199,662
Net Parliamentary Funding – deemed	13 4,765			4,765
Supply (payable)/receivable adjustment	13 (2,178)			(2,178)
Net Operating Cost	(209,281)		(1,002)	(210,283)
Non-Cash Adjustments				
Non-cash charges – auditor's remuneration	3 80			80
Movement in Reserves				
Additions			23	23
Recognised in Statement of Comprehensive Expenditure		149,361		149,361
Transfers between reserves	5,568	(5,568)		-
Balance at 31 March 2016	775,455	363,583	1,288	1,140,326

Notes to the Accounts

1. Accounting conventions

1.1 Accounting policies

These financial statements have been prepared in accordance with the Financial Reporting Manual (FReM) as adapted or interpreted for the House of Commons context which applies International Financial Reporting Standards (IFRS). Where the FReM permits a choice of accounting policy, the policy which is judged to be the most appropriate to give a true and fair view has been selected. The particular policies adopted by the House of Commons are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the House to prepare an additional primary statement. The *Statement of Parliamentary Supply* and supporting Notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

These accounts have been prepared under the historical cost accounting convention modified to account for the revaluation of property. Other non-current assets are not generally re-valued unless the adjustments are material.

1.2 Relationship with House of Lords

The House of Commons and the House of Lords hold joint stewardship of the Palace of Westminster. Responsibility for maintenance of the Palace and the remaining parts of the parliamentary estate is a centralised function resting with the Parliamentary Estates Directorate within the Department of Facilities in the House of Commons. General estates expenditure, individual maintenance and building projects including the Curators Office are shared between the House of Commons (60%) and the House of Lords (40%) and recharged accordingly, or solely allocated to the House of Commons or House of Lords. Other shared costs are split at agreed ratios for that service.

The Parliamentary Archives are a shared facility, operated on behalf of both Houses by the House of Lords. The costs of the Archives are split between the House of Commons (40%) and House of Lords (60%).

The Parliamentary Procurement and Commercial Service (PPCS) is a shared service, operated on behalf of both Houses by the House of Lords. The cost of PPCS is split between the House of Commons (70%) and the House of Lords (30%).

Arrangements for security are agreed jointly by the authorities of both Houses of Parliament with the Metropolitan Police. These costs are monitored jointly by the authorities in the two Houses but are billed individually to the House of Commons and House of Lords in a pre-determined ratio (70:30 for 2015-16).

The management of the ICT services for both Houses has been centralised within the Parliamentary Digital Service (PDS) (formerly Parliamentary Information and Communications Technology (PICT) service). PICT (now PDS) formally became a joint department of both Houses on 1 April 2008 under the terms of the Parliament (Joint Departments) Act 2007. Each House pays for its own ICT hardware with the costs of shared services being split between the House of Commons (70%) and House of Lords (30%).

A review of sharing ratios between the two Houses was conducted during 2014-15 to simplify the sharing mechanisms, share the full cost of staff (i.e. the cost of pensions) and to have a standard, agreed default position. The new share ratios were implemented at the start of the 2015-16 financial year, and have an impact on the financial plans on both Houses.

1.3 Property, plant and equipment

In accordance with International Accounting Standards (IAS 16), property assets (excluding the Palace of Westminster and special adaptations of Portcullis House) are valued at current value in existing use using a method determined by the Valuation Office Agency (VOA). The Palace of Westminster and special adaptations of Portcullis House are valued at depreciated replacement cost due to their specialised nature.

All property is subject to a full professional valuation at least every five years. Annual interim reviews are undertaken to ensure that asset values remain in line with their fair value.

Revaluation losses are taken first to reserves and then to the Statement of Comprehensive Net Expenditure for any loss in excess of previous revaluation gains.

(i) Freehold properties

Title to freehold land and buildings is held as follows:

- the Palace of Westminster by the Sovereign; and
- property on the House of Commons part of the Parliamentary Estate by the Corporate Officer of the House of Commons (the Clerk of the House).

The whole of the Parliamentary Estate was re-valued in full by the VOA as at 31 March 2013 but has an interim review each year to reflect any significant changes.

(ii) Long leasehold

A property, 102 Rochester Row, is held on a long leasehold and valued at fair value by the VOA.

(iii) Investment properties

The House of Commons holds interests in land and buildings which are classified as investment properties with the rental income being negotiated at arm's length. All contracts are treated on an operating lease basis. These properties are the car park at Abingdon Street, 10 and 11 Bridge Street, and Units A, B and C in Portcullis House. Investment properties in 49 and 50 Parliament Street were subsumed into 53 Parliament Street during the refurbishment of that building.

In accordance with IAS 40 investment property is valued at fair value and not depreciated. A full VOA valuation is carried out at least every five years, with an annual interim review to ensure that asset values are in line with their fair value.

There is a restriction on Abingdon Street car park. Its use is restricted to that of an underground car park with public garden at ground level.

(iv) Plant and machinery

Plant and machinery includes the Great Clock mechanism and Department of Facilities catering equipment and vehicles. The Great Clock was previously valued using appropriate indices at 31 March 2006. The cost of valuing the Great Clock outweighs the benefit provided, therefore there are no plans to re-value it. Catering equipment and vehicles are not re-valued on the grounds of not being material.

(v) Equipment

In accordance with IAS 16 computers, contemporary furniture and other equipment are recognised at depreciated historic cost due to short life and/or low value. Although the capitalisation threshold is

£1,000, certain ICT equipment (including desktop computers, monitors and printers below the threshold) are considered to be grouped assets and therefore are capitalised.

1.4 Donated assets

Donated assets are capitalised at fair value with the credit entry made to income.

Donated assets currently comprise works of art and are not subject to a depreciation charge in line with House policy on works of art.

1.5 Heritage Assets

The FReM requires organisations to provide additional information, within the financial statements, of any heritage assets held by them as at the year end. The standard defines Heritage Assets as:

‘A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.’

Each category of heritage asset held by the House of Commons, along with their applicable accounting policy is detailed below. Further information regarding asset management policies can be found in Note 7.

1.6 Antique furniture and House of Commons State Silver

The House’s collection of antique furniture and State Silver is reported in the Statement of Financial Position at market value. The furniture collection consists mainly of historical furniture, silver, clocks and ceramics. Due to the importance of these collections, all assets have been capitalised regardless of their individual value.

A valuation of the collections was carried out by Bonhams and completed in March 2016.

It is the House’s policy to maintain its collection of antique furniture and State Silver in full working order and maintenance costs are charged to the Statement of Comprehensive Net Expenditure when incurred. Both the antique furniture collection and the State Silver are deemed to have indeterminate lives and as such the House does not consider it appropriate to charge depreciation.

1.7 Parliamentary Art Collection

The Parliamentary Art Collection is the national collection of art relating to the history of Parliament. It contains portraits of Parliamentarians and parliamentary events, past and present, wall paintings, sculpture, mosaics and tapestries within the Palace of Westminster. There is also a collection of coins and medals with associations to former parliamentarians.

For valuation purposes, the Parliamentary Art Collection is divided into two categories; those items held as at 31 March 2000 and those items acquired since that date. No valuation for the Collection at 31 March 2000 is currently included on the Statement of Financial Position because obtaining a valuation for a collection of this size and diversity would be costly. During 2012-13, it was determined that the benefit received by a valuation exercise at this time would not justify the expense incurred. This continues to be the position of the House.

Acquisitions since 1 April 2000 have either been made by purchase or donation. Purchases are recorded at cost and donations are recorded at current value ascertained by the House’s Curator with reference, where possible, to commercial markets using recent transaction information from auctions.

The House’s duty of care responsibilities for the Parliamentary Art Collection are carried out by the Curator’s Office, with the cost of conservation etc charged to the Statement of Comprehensive Net

Expenditure. The individual works of art in the Collection are deemed to have indeterminate lives and as such the House does not therefore consider it appropriate to charge depreciation.

1.8 Antiquarian books

Almost all the House of Commons Library's books were acquired after the 1834 fire in the Palace of Westminster, when most of the earlier stock was lost. During the second half of the nineteenth century, there was a deliberate policy of acquiring books that would have been found in a country house library of that period. As a result, the Library acquired through a mixture of purchase, gifts and legacies a wide-ranging collection of books, including some that are now of considerable antiquarian or scholarly interest.

The House of Commons antiquarian book collection was moved to the British Museum in June 2003 when the restoration of the King's Library was finished. The House Library has retained at Westminster any books with parliamentary connections or which might be needed for its normal services for MPs. All the books that have been moved to the British Museum remain in the Library's catalogue and can be used at Westminster if required. They also appear in the Central Library catalogue of the British Museum, who are responsible for routine conservation, and are available under supervision for public use in the Museum.

The antiquarian books held by the British Museum are not valued in line with the practice adopted for the Parliamentary Art Collection. As such they are not shown in the Statement of Financial Position.

1.9 The Speaker's state coach

The Speaker's state coach is a seventeenth century gilt wood and painted carriage. Following a programme of conservation and repair in 2007-08, it was loaned to the National Trust for public display at the carriage Museum at Arlington Court (Devon). As part of the loan agreement, the National Trust has provided a £1.6 million level of indemnity to provide for any damage that may occur whilst the asset is on loan.

The value of the Speaker's state coach is not currently valued on cost benefit and practicality grounds. It is not therefore shown in the Statement of Financial Position.

1.10 Archives

(i) Broadcasting

The broadcasting archive consists of audio and video tape recordings of broadcast coverage from the Chambers in both Houses and also Committees selected by the broadcasters. In November 2015 the Broadcast Unit switched from tape to server recording. 38,000 video tapes and 36,000 audio tapes are held in the collection in 7 Millbank. Audio dates from 1978 and the House of Commons video collection dates from 1989.

In 2015 Parliament began the process of digitising the video tapes in order to preserve the content stored on the ageing video tapes. Audio tapes will continue to be held in storage.

The archive is valuable in an historical sense but is difficult to quantify in practice. The content is made freely available as duplicated copies to anyone who orders it with a small fee applied to cover the costs of transfer. Consequently, the value for this archive is not included on the Statement of Financial Position.

(ii) Parliamentary Archives

The Parliamentary Archives comprise several million documents that have been preserved at the Palace of Westminster from 1497 to date in a variety of formats from medieval vellum and parchment to born-digital and digitised records. Parliamentary records prior to 1497 form part of the National

Archives. Most of the records are unique and irreplaceable and have been preserved for their historical, legal and administrative importance, consequently it is not deemed cost effective to obtain a value.

The Parliamentary Archives who provide the service were established within the House of Lords in 1946. The administration costs of this service have been shared with the House of Commons since 1999. Any operational assets held by the Parliamentary Archives are disclosed within the House of Lords Annual Accounts. The Parliamentary Archives publishes an Annual Report which is available via www.parliament.uk. Full details of the Parliamentary Archives acquisition policy are also available at this web address.

1.11 Ceremonial items

The House's collection of ceremonial items consists of four swords used by the Speaker's Office.

The value of the ceremonial items is not currently included on the Statement of Financial Position as it is not deemed practical to do so.

1.12 Architectural salvage and estate archives

The architectural salvage collection consists of examples of architectural fragments from the Parliamentary Estate such as pieces of decorative stonework and wood carving. Many of these pieces have been retained to provide a record of the craftsmanship used in the Palace and Estate buildings throughout their life. Cost information is not readily available and the benefit of obtaining valuations would not justify the cost, therefore it has not been recognised in the Statement of Financial Position.

The Estate Archive consists of the Parliamentary Estate Directorate's permanent records such as plans and drawings which are not recognised in the Statement of Financial Position because cost information is not readily available and the benefit of obtaining valuations would not be cost effective. Nearly all the items are thought to have nominal financial value and no item is worth more than £1,000.

1.13 Depreciation

Depreciation is charged to expenditure on the historic value or, for buildings, the re-valued amount of assets. For buildings, 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 Revaluation Reserve to the General Fund over the remaining useful life of the asset. Land assets are not depreciated.

Depreciation is charged on a straight line basis. The period over which to depreciate property assets is advised by the Valuation Office Agency (VOA). The rates adopted are calculated to write off the valuation of freehold buildings, plant, equipment and intangible assets by equal instalments over their estimated useful lives, with the exception of heritage assets (i.e. antique furniture, State Silver and the Parliamentary Art Collection with an estimated life of more than 200 years). Heritage assets are not depreciated 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.

For accounting purposes the lives of the property, plant and equipment and intangible assets such as software licences are in the following ranges:

Property:	Years
Land	not applicable
Palace of Westminster	81
Freehold property (excluding Portcullis House)	15-40
Portcullis House	47
Leasehold property	5-33
Plant and equipment:	Years
Furniture - standard	10
Plant & machinery	5-10
Fixtures and fittings - standard	10
General office equipment	3-5
IT equipment including telephony	3-5
Broadcasting equipment	10
Intangible assets	3-5
Heritage Items:	Years
Antique furniture and Works of Art	Indefinite

1.14 Intangible assets

Intangible non-current assets are primarily software licences and other ICT enhancements provided by third parties costing in excess of £1,000. These are capitalised and amortised over the expected useful life of the asset.

1.15 Current investments

The House of Commons holds short term current investments. These are all held in cash and are included in the "Bank and Cash in Hand" figures. Interest receivable on the House of Commons Commission Reserve is credited to that reserve. Any other interest received is treated as operating income.

1.16 Inventories

Inventories are valued as follows:

- Finished goods and goods for resale are valued at cost or, where materially different at current replacement cost, and at net realisable value only when they either cannot or will not be used.
- Work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value.

1.17 Impairment

The House of Commons reviews its assets for impairment and accounts for any adjustments in accordance with the FReM (as adapted for the House).

1.18 Operating income

Operating income relates directly to the operating activities of the House of Commons and includes, refreshments, retail and visitor ticket sales, videos, fees from filming, private bill fees, and royalties. Fees and charges are set in accordance with the House of Commons policy which is published via <http://www.parliament.uk/site-information/foi/transparency-publications/hoc-transparency-publications/financial-information/financial-policies/>

1.19 Foreign exchange

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

1.20 Leases

In accordance with IAS17, leases are capitalised only when substantially all risks and rewards of ownership are transferred to the lessee.

1.21 Private Finance Initiative (PFI) transactions

During 2013-14 the House entered into a service concession agreement (see Note 9.2). This contract has been disclosed in accordance with the appropriate accounting standards (IFRIC 12: Service Concession Arrangements and IAS 17: Leases).

1.22 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, 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, in accordance with the HM Treasury publication 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. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the estimated current amounts.

1.23 VAT and Corporation Tax

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.

The House is not subject to Corporation Tax.

1.24 Third party assets

The House of Commons holds third party assets in the form of gratuities and service charges on behalf of catering staff.

1.25 Impending application of newly issued accounting standards not yet effective

There are no newly issued accounting standards not yet effective that would have a significant impact on these financial statements.

1.26 Segmental Reporting

The analysis provided at Note 2 meets the reporting requirement of International Financial Reporting Standard, Operating Segments (IFRS 8).

1.27 House of Commons Commission Reserve

Under the powers provided by the House of Commons (Administration) Act 1978 as amended by the Government Resources and Accounts Act 2000, the House of Commons Commission has established

a reserve for any excess income generated. Agreement of the Commission is required before any sums can be drawn down.

2. Statement of Operating Costs by Operating Segment

Each of the House of Commons departments (or segments) report their resource spend separately on a monthly basis to the Executive Committee. Total Assets and net assets are managed and controlled at a corporate level.

The work of each department is described briefly below.

Chamber and Committee Services (DCCS): provides secretariat, advice, procedural, reporting and other services that support the work of the Chamber and committees, and supports the House's international relations.

Facilities (DF): provides the accommodation, logistics, catering, retail, estate and asset management, environmental management, fire safety and other facilities required by the House; and develops and maintains the infrastructure and fabric of the buildings of both Houses.

Finance (DFin): leads on financial management by setting policy and monitoring the use of resources; coordinates financial planning across the House, and provides corporate financial and commercial services to the House Service and other grant payments in support of parliamentary activities.

Human Resources and Change (DHR&C): supports the House Service in managing its staff capability, including recruitment, pay and conditions, learning and development, diversity, and change management.

Information Services (DIS): informs the work of the House and its Members; and seeks to engage the public in the work Parliament does.

Parliamentary Digital Services (PDS): a joint department with the House of Lords which provides information and communications technology services to both Houses of Parliament.

Project Provision (PP) including the funding set aside for investment on ICT related Programmes and Projects.

Central Provision (CP) covers the pension interest on the historic pension liabilities (2014-15) and other centrally held funds.

In addition to the departments listed above there are a number of smaller offices, which for the purpose of this report are merged into one segment:

Governance Office (GO) supports the Clerk of the House of Commons in his roles as Accounting Officer and Corporate Officer, and provides assurance to him through risk management, business continuity planning and internal audit. It also supports the Management Board and coordinates strategic and business planning and performance management.

The Speaker's Office (SPK) is responsible for supporting all aspects of the Speaker's duties which include the Chamber, honours and awards and representative matters. Staff in the Speaker's Office, help organise the Speaker's meetings, talks and visits to public groups, schools and colleges across the UK.

The Parliamentary Security Director (PSD) is responsible for the strategy, planning and overall delivery of security across the Parliamentary Estate, including the cyber threat. The Director chairs the Parliamentary Security Board.

	2015-16									Total £000
	DCCS	DF	DFin	DHR&C	DIS	PDS	GO/SPK & PSD	PP	CP	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Gross Expenditure	40,637	92,413	3,465	7,314	19,910	19,213	25,224	3,132	15,357	226,665
Income	(470)	(10,343)	(22)	(428)	(4,569)	-	(1)	-	(549)	(16,382)
Net Expenditure	40,167	82,070	3,443	6,886	15,341	19,213	25,223	3,132	14,808	210,283
Total assets										1,190,542
Net assets										1,140,326

	2014-15									Total £000
	DCCS	DF	DFin	DHR&C	DIS	PDS	GO/SPK & PSD	PP	CP	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Gross Expenditure	42,179	92,193	3,212	6,901	20,839	18,555	23,216	4,820	(139,588)	72,327
Income	(253)	(10,242)	(2)	(389)	(4,323)	(29)	9	-	(15)	(15,244)
Net Expenditure	41,926	81,951	3,210	6,512	16,516	18,526	23,225	4,820	(139,603)	57,083
Total assets										1,040,248
Net assets										998,896

2.1. Reconciliation between Operating Segments and Statement of Comprehensive Net Expenditure

	2015-16 £000	2014-15 £000
Total net expenditure reported for operating segments	210,283	57,083
Net (gain)/loss on revaluation of Property, Plant and Equipment	(149,361)	(32,240)
Net (gain)/loss pension liabilities due to changes in actuarial assumptions	-	-
Total net expenditure per Statement of Comprehensive Net Expenditure	60,922	24,843

The revaluation of the Parliamentary Estate during the financial year resulted in a net gain of £152,775,000 reflecting an improvement in the property market and changes to the tender price index and location factor used for interim valuations. The net revaluation gain of £152,775,000 has been allocated between the Revaluation Reserve (£149,361,000) and the Statement of Comprehensive Net Expenditure £3,414,000.

3. Expenditure

		2015-16		2014-15
	Note	£000	£000	£000
Grants	4		3,524	3,437
Goods and services				
Accommodation services		32,741		33,149
Security		24,706		23,849
Information		6,760		8,937
Computer maintenance		6,562		6,293
Finance and specialist services		4,257		4,929
Catering and other supplies		3,940		3,872
Communications		3,138		3,504
Other staff costs		2,811		2,797
Travel and subsistence		1,932		2,242
Broadcasting		1,072		910
Office supplies		596		438
Pension Fund Transfer		12,210		-
			100,725	90,920
Rentals under operating leases				
Buildings rental		16,998		13,991
Other rental		473		337
			17,471	14,328
Interest charges			1,556	2,002
Service Concessionary Arrangements				
Service charge element of Finance Lease		619		459
Interest on Finance Lease		46		62
			665	521
Non-cash items				
Depreciation	6	19,970		16,003
Amortisation	8	335		317
Impairment	6	2,038		116
(Profit)/loss on disposal of property, plant & equipment	6	1		-
Net (gain)/loss on revaluation of property, plant and equipment	2.1	(3,414)		3,485
Auditors' remuneration and expenses ¹⁰		80		85
Provision not required written back	14.1	-		(143,141)
Provisions ¹¹	14.2	738		-
			19,748	(123,135)
Sub total			143,689	(11,927)
Staff Costs ¹²			82,976	84,254
Grand Total			226,665	72,327

¹⁰ Auditors have received no remuneration for non-audit work

¹¹ This figure does not include the capital provision of £288k

¹² See Accountability Report, 2b for details of staff costs

4. Grants paid

	2015-16	2014-15
	£000	£000
Commonwealth Parliamentary Association (UK Branch)	1,246	1,192
History of Parliament Trust	1,125	1,062
Inter Parliamentary Union (British Group)	900	751
British Irish Parliamentary Assembly	89	117
British American Parliamentary Group	78	77
Association of Former Members of Parliament	12	12
Other parliamentary (various)	74	226
	3,524	3,437

Grants to parliamentary bodies are split between the House of Commons and the House of Lords on a 70:30 basis. The table above shows the House of Commons contribution only.

5. Income

	2015-16	2014-15
	£000	£000
Receipts from sales	13,831	13,605
Rental receipts and associated charges	931	741
Other receipts	1,554	458
Fees on private bills	-	16
Grants (from the Speaker's Art Fund)	41	74
	16,357	14,894
Donated Asset (see note 6 for details)	25	350
	16,382	15,244

6. Property, plant and equipment

	Land	Buildings	Dwellings	Heritage Assets	Furniture & Fittings	Plant and Machinery	Information Technology	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
As at 1 April 2015	168,771	1,421,958	14,587	23,385	2,880	5,077	19,170	5,175	1,661,003
Additions	-	35,427	-	60	347	1,287	1,469	279	38,869
Donations ¹³	-	-	-	25	-	-	-	-	25
Disposals	-	-	-	-	(278)	-	(755)	-	(1,033)
Impairments	-	(2,038)	-	-	-	-	-	-	(2,038)
Reclassifications	-	4,951	-	24	-	-	143	(5,118)	-
Revaluations ¹⁴	17,856	292,646	929	1,905	-	-	-	-	313,336
At 31 March 2016	186,627	1,752,944	15,516	25,399	2,949	6,364	20,027	336	2,010,162
Depreciation									
At 1 April 2015	-	647,692	1,077	-	1,634	839	13,403	-	664,645
Charge in the year	-	17,053	272	-	263	543	1,839	-	19,970
Disposals	-	-	-	-	(278)	-	(754)	-	(1,032)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	160,529	32	-	-	-	-	-	160,561
At 31 March 2016	-	825,274	1,381	-	1,619	1,382	14,488	-	844,144
Carrying amount at 31 March 2015	168,771	774,266	13,510	23,385	1,246	4,238	5,767	5,175	996,358
Carrying amount at 31 March 2016	186,627	927,670	14,135	25,399	1,330	4,982	5,539	336	1,166,018

¹³ A donation of £25,000 from the Speaker's Art Fund was made towards the purchase of a portrait of Stanley Baldwin.

¹⁴ Land and Buildings were valued in March 2016 by Marc Seabrook, FRICS of Valuation Office Agency.

	Land	Buildings	Dwellings	Heritage Assets	Furniture & Fittings	Plant and Machinery	Information Technology	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
As at 1 April 2014	154,296	1,355,401	12,862	22,991	3,045	2,883	18,849	10,945	1,581,272
Additions	-	22,322	16	42	239	2,194	1,168	4,566	30,547
Donations ¹⁵	-	-	-	350	-	-	-	-	350
Disposals	-	-	-	-	(404)	-	(871)	-	(1,275)
Impairments	-	(116)	-	-	-	-	-	-	(116)
Reclassifications	997	9,301	-	2	-	-	24	(10,336)	(12)
Revaluations ¹⁶	13,478	35,050	1,709	-	-	-	-	-	50,237
At 31 March 2015	168,771	1,421,958	14,587	23,385	2,880	5,077	19,170	5,175	1,661,003
Depreciation									
At 1 April 2014	-	612,681	698	-	1,772	724	12,559	-	628,434
Charge in the year	-	13,673	234	-	266	115	1,715	-	16,003
Disposals	-	-	-	-	(404)	-	(871)	-	(1,275)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	21,338	145	-	-	-	-	-	21,483
At 31 March 2015	-	647,692	1,077	-	1,634	839	13,403	-	664,645
Carrying amount at 31 March 2014	154,296	742,720	12,164	22,991	1,273	2,159	6,290	10,945	952,838
Carrying amount at 31 March 2015	168,771	774,266	13,510	23,385	1,246	4,238	5,767	5,175	996,358

¹⁵ Under the 'Acceptance in lieu' scheme, the House of Commons was allocated a painting by Sir Winston Churchill (£350,000)

¹⁶ Land and Buildings were valued in March 2015 by Marc Seabrook, FRICS of Valuation Office Agency.

Land and Buildings analysed by Net Book Value

Analysed by individual land, buildings and investment property

	31 March 2016			
	Land £000	Buildings £000	Investment £000	Total £000
Palace of Westminster ¹⁷	87,600	592,734	-	680,334
Portcullis House	42,637	235,455	-	278,092
Norman Shaw North	17,680	16,320	-	34,000
1 Parliament Street	12,549	14,151	-	26,700
Norman Shaw South	8,695	9,805	-	18,500
1 Derby Gate	7,567	8,533	-	16,100
1 Canon Row	7,072	6,528	-	13,600
49-53 Parliament Street	2,827	4,713	-	7,540
Visitors Reception building	-	7,798	-	7,798
Improvements to leasehold buildings	-	4,970	-	4,970
Education centre	-	5,563	-	5,563
3 Parliament Street	2,040	2,210	-	4,250
2 Parliament Street	1,908	1,692	-	3,600
4 Canon Row	1,375	1,125	-	2,500
2 Canon Row	1,080	1,170	-	2,250
102 Rochester Row	380	465	-	845
22 John Islip Street	483	207	-	690
Abingdon St Car Park	-	-	4,820	4,820
Units A, B & C Portcullis House	-	-	10,230	10,230
10 Bridge Street	-	-	4,000	4,000
11 Bridge Street	-	-	2,050	2,050
Net Book Value at 31 March 2016	193,893	913,439	21,100	1,128,432

	31 March 2015			
	Land £000	Buildings £000	Investment £000	Total £000
Palace of Westminster ¹⁸	82,800	482,177	-	564,977
Portcullis House	37,659	200,657	-	238,316
Norman Shaw North	15,240	16,510	-	31,750
1 Parliament Street	10,879	14,421	-	25,300
Norman Shaw South	7,203	9,547	-	16,750
1 Derby Gate	6,579	8,721	-	15,300
1 Canon Row	5,856	6,344	-	12,200
49 -53 Parliament Street	2,555	4,745	-	7,300
Visitors Reception building	-	6,417	-	6,417
Improvements to leasehold buildings	-	5,418	-	5,418
3 Parliament Street	1,800	2,200	-	4,000
2 Parliament Street	1,750	1,750	-	3,500
4 Canon Row	1,264	1,166	-	2,430
2 Canon Row	945	1,155	-	2,100
102 Rochester Row	349	481	-	830
22 John Islip Street	423	227	-	650
Abingdon St Car Park	-	-	4,550	4,550
Units A, B & C Portcullis House	-	-	9,170	9,170
10 Bridge Street	-	-	3,740	3,740
11 Bridge Street	-	-	1,850	1,850
Net Book Value at 31 March 2015	175,302	761,936	19,310	956,548

¹⁷ The total value of the Palace at 31 March 2016 was £1,133,891,000 (House of Commons' share £680,334,000)¹⁸ The total value of the Palace at 31 March 2015 was £941,627,800 (House of Commons' share £564,977,000)

7. Heritage assets

7.1 Antique furniture and House of Commons State Silver

The collection consists of:

	House of Commons Number of items	Shared with House of Lords Number of items
Clocks	98	6
Silver (non State silver)	67	-
Furniture	3,639	1,782
Other	198	10
	4,002	1,798
House of Commons State Silver	1,098	-
	5,100	1,798

Many of the items are in continual use throughout the estate. Those items in storage are either held on-site or by a third party in secured off-site storage facilities.

The House's detailed management, preservation, disposal and access policy have been approved by the Parliamentary Estates Board. Subject to the approval of the House, the Head of Historic Collection (Furniture and Decorative Arts) in the Parliamentary Estates Directorate may dispose of items from the collection, although this will only happen in exceptional circumstances and will be in accordance with the Museum Association's disposal policy¹⁹. The vast majority of items in the collection were acquired over forty years ago.

Note 6 includes the value of the Antique furniture (£15,573,970) plus House of Commons State Silver (£2,612,120).

A summary of transactions for the last five years is as follows:

	2015-16	2014-15	2013-14	2012-13	2011-12
	£000	£000	£000	£000	£000
At 1 April	16,267	16,254	16,254	16,254	16,254
Additions	13	13	-	-	-
At 31 March	16,280	16,267	16,254	16,254	16,254

7.2 Parliamentary Art Collection

The Collection has over 8,500 works of art, over 80% of which are on display throughout the buildings of the Parliamentary Estate at any one time. The earliest pieces date from the medieval age, with major holdings dating from the 18th, 19th and 20th centuries, and significant contemporary holdings also. Although historically this is a single collection of art for the Palace of Westminster, in 1992 the Parliamentary Art Collection was divided between the two Houses, with each House assuming ownership responsibilities for its share.

¹⁹ <http://www.museumsassociation.org/collections/disposal-toolkit-and-training>

The collection comprises the following categories:

	Purchased prior to 31 March 2000	Donated prior to 31 March 2000
	Number of items	Number of items
Paintings & prints	4,796	1,534
Busts	170	49
donated	6	-
Murals & mosaics	122	17
Tapestries	9	1
	5,103	1,601

A summary of transactions for the last five years is as follows:

	2015-16	2014-15	2013-14	2012-13	2011-12
	£000	£000	£000	£000	£000
At 1 April	7,118	6,737	1,669	1,613	1,526
Additions	71	31	68	54	19
Donations	25	350	5,000	2	68
At 31 March	7,214	7,118	6,737	1,669	1,613

The Parliamentary Art Collection is managed by the Curator's Office, which is responsible for all aspects of its management, care, conservation, documentation, presentation and interpretation in accordance with the policies that are approved by the Speaker's Advisory Committee Works of Art. Further details, including examples of some of the artwork, can be found on the 'Art in Parliament' website at www.parliament.uk/art.

The Advisory Committee seeks to acquire works of art for the House of Commons Collection which fall into one or more of the following categories:

- Portraiture
- Parliamentary history
- Political satire
- Political commemoratives
- The United Kingdom and Parliament today

An active loans policy is pursued, with works of art acquired on loan to fill gaps in the Collection. Loans are from both public bodies and private individuals. Loans will not be accepted from bodies or individuals which would be seen to compromise the integrity of the House, and therefore the identity of each lender must be made known in advance of the loan proceeding.

The House of Commons will not acquire, whether by purchase, gift, bequest or transfer, any work of art or object unless the Works of Art Committee is satisfied that the Collection can acquire a valid title to the item in question, and that in particular it has not been acquired in, or exported from, its country of origin (or any intermediate country in which it may have been legally owned) in violation of that country's laws.

The House's disposal policy for the Parliamentary Art Collection was approved during 2012-13.

7.3 Medals

The Parliamentary Art Collection also includes a medal collection. The collection consists of awards instituted by the British Crown and issued to the armed forces over the last two centuries as well as medals for gallantry awarded to civilians.

A total of 486 medals are recorded in the collection which is on public display in the Medals Corridor in the House of Commons where it can be viewed.

7.4 Ceremonial items

The House's collection of ceremonial items consists of the Mace, Swords and Medallions. Not all the items are owned by the House; many are owned by the Crown and are returned to St James Palace for safekeeping when Parliament is dissolved:

- The Mace is on loan from the Royal Household who bear the cost of any repairs that are required,
- The Speaker's Office own four ceremonial swords and maintenance costs are charged to the Statement of Comprehensive Net Expenditure when incurred,
- There are forty two medallions which are worn by the Doorkeepers during parliamentary term time. Like the Mace, these are not owned by the House but are on loan from the Royal Household, hence their value is not included in the Statement of Financial Position. However, unlike the Mace, the House is responsible for the maintenance of the medallions and costs are charged to the Statement of Comprehensive Net Expenditure when incurred.

8. Intangible assets

The House's intangible assets comprise software licences and intellectual property rights.

	Assets under construction	Software Licences	Trademarks & Artistic Originals	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2015	6	2,080	-	2,086
Additions	-	60	10	70
Disposals	-	(50)	-	(50)
Reclassifications	-	-	-	-
At 31 March 2016	6	2,090	10	2,106
Amortisation				
At 1 April 2015	-	1,420	-	1,420
Charged in year	-	334	1	335
Disposals	-	(50)	-	(50)
Reclassifications	-	-	-	-
At 31 March 2016	-	1,704	1	1,705
Carrying amount at 31 March 2015	6	660	-	666
Carrying amount at 31 March 2016	6	386	9	401
	Development Expenditure	Software Licences	Trademarks & Artistic Originals	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2014	6	1,977	-	1,983
Additions	-	308	-	308
Disposals	-	(217)	-	(217)
Reclassifications	-	12	-	12
At 31 March 2015	6	2,080	-	2,086
Amortisation				
At 1 April 2014	-	1,320	-	1,320
Charged in year	-	317	-	317
Disposals	-	(217)	-	(217)
Reclassifications	-	-	-	-
At 31 March 2015	-	1,420	-	1,420
Carrying amount at 31 March 2014	6	657	-	663
Carrying amount at 31 March 2015	6	660	-	666

9. Capital and other commitments

9.1 Commitments under leases - Operating leases

Total future minimum lease payments based on current operating lease agreements are given in the table below for each of the following periods.

	2015-16	2014-15
	£000	£000
Obligations under operating leases comprise:		
Buildings		
Not later than one year	16,591	15,620
Later than one year and not later than five years	66,364	62,480
Later than five years	85,920	101,452
Total	168,875	179,552
Other ²⁰		
Not later than one year	519	59
Later than one year and not later than five years	820	2
Later than five years	-	-
Total	1,338	61

9.2 Commitments under PFI and other service concession arrangements

(i) On-balance sheet (SoFP)

During 2013/14, the Houses of Parliament contracted with a supplier to provide and maintain specific parts of the IT network. Under IFRIC 12, the provision of assets by the supplier is considered to be an asset of the Houses of Parliament and is capitalised. Consequently, the contract is considered to include a finance lease comprising two elements – imputed finance lease charges and service charges.

Details of the imputed finance lease charges are given in the table below for each of the following periods.

	2015-16	2014-15
	£000	£000
Rentals due within one year	342	342
Rentals due later than one year but not later than five years	370	713
Rentals due later than five years	-	-
	712	1,055
Less: interest element	(41)	(88)
<i>Present value of obligations</i>	<i>671</i>	<i>967</i>

²⁰ In accordance with International Accounting Standards, the House is required to disclose details of all lease arrangements. The House has an option agreement with CEVA Logistics Ltd, provider of services relating to the Off-Site Consolidation Centre that could result in the House funding the lease costs of the warehouse that is used, however this agreement can only be triggered by the House.

Details of the minimum service charge are given in the table below for each of the following periods.

	2015-16	2014-15
	£000	£000
Service charge due within one year	463	555
Service charge due later than one year but not later than five years	501	1,047
Service charge due later than five years	-	-
Total	964	1,602

(ii) Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet (SoFP) PFI or other service concession transactions and the service element of on-balance sheet PFI or other service concession transactions was £619,000 (2014-15: £459,000).

9.3 Capital commitments

	2015-16	2014-15
	£000	£000
Contracted capital commitments at 31 March not otherwise included in these financial statements for property, plant and equipment.	26,394	19,115

9.4 Financial instruments

As the cash requirements of the House are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the House's expected purchase and usage requirements and the House is therefore exposed to little credit, liquidity or market risk.

Liquidity risk

The House of Commons is financed by resources voted annually by Parliament. As such it is not exposed to significant liquidity risks.

Interest rate risk

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

Foreign currency risk

Foreign currency would not usually form part of the House's assets or liabilities and as such it is not exposed to any significant exchange risks.

Fair values

The fair values of the House primary financial assets and liabilities as at 31 March 2016 are the same as the book values shown in the Statement of Financial Position.

10. Inventories

	2015-16	2014-15
	£000	£000
Retail	387	340
Catering	53	58
Store equipment	72	78
Other	21	14
	533	490

11. Cash and cash equivalents

	2015-16	2014-15
	£000	£000
Balance at 1 April	7,032	13,026
Net change in cash and cash equivalent balances	(3,568)	(5,994)
Balance at 31 March	3,464	7,032
<i>The following balances at 31 March were held at:</i>		
Government Banking Service	605	3,238
Commercial banks and cash in hand	522	280
House of Commons Commission Reserve account (see note 1.27)	2,337	3,514
Balance at 31 March	3,464	7,032

12. Trade receivables, financial and other assets

	2015-16	2014-15
	£000	£000
<i>Amounts falling due within one year:</i>		
Trade receivables	12,150	27,152
Deposits and advances	545	575
VAT and other taxes	1,342	645
Prepayments and accrued income	7,552	7,197
	21,589	35,569
<i>Amounts falling due after more than one year:</i>		
Prepayments and accrued income	45	133
	21,634	35,702

13. Trade payables and other current liabilities

	2015-16	2014-15
	£000	£000
<i>Amounts falling due within one year:</i>		
Other taxation and social security	1,957	1
Trade payables	1,380	547
Other payables	8,611	6,401
Accruals and deferred income	32,415	25,178
Current part of imputed finance lease element of on-balance sheet (SoFP) service concession arrangements	671	967
	45,034	33,094
Amounts issued from the Consolidated Fund for supply but not spent at year end	2,178	4,765
	47,212	37,859
There are no amounts due to be paid after one year	-	-

14. Provisions for liabilities and charges

14.1 Pensions

The Commission agreed to merge the House of Commons Staff Pension Scheme (HOCSPS) with the PCSPS with effect from 1 April 2014, in order:

- to remove volatility from the House's accounts arising from changes in pension valuations; thus improving financial planning and financial management; and
- to simplify pension administration.

The historic pension liabilities subsequently moved from these accounts to a Cabinet Office account financed through the Central Government Main Supply Estimate.

The initial estimate of the transfer payment was calculated by the Government Actuary's Department (GAD) using the assumptions for the funding valuation of the PCSPS as at 31 March 2012. These are different to the assumptions used under International Accounting Standard (IAS19) which was used to value the HOCSPS previously. The transfer value was initially estimated to be around £430.0 million using these assumptions, compared to £525.2 million under IAS19.

A payment on account of £410.0 million was made to the Cabinet Office in July 2015. A further draft transfer figure of £385.0 million (excluding a £2.0 million interest charge) was provided by GAD at the end of 2014-15 and this provisional figure was used for the 2014-15 accounts.

The Cabinet Office eventually finalised the transfer figure late in March 2016, by which point the final valuation was £397.2 million plus a further £1.5 million interest charge, offset by interest received of £0.5 million.

14.2 Other provisions

	Early Departure Costs	Legal Claims & Other	Dilapidation Costs	Departures	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2014	1,844	31	4,572	484	6,931
Provided in the year	-	9	991	-	1,000
Provisions not required written back	(1,844)		(2,086)	-	(3,930)
Provisions utilised in the year	-	(24)	-	(484)	(508)
Borrowing costs (unwinding of discounts)	-	-	-	-	-
Balance at 31 March 2015	-	16	3,477	-	3,493
Provided in the year	-	12	639	375	1,026
Provisions not required written back	-	-	-	-	-
Provisions utilised in the year	-	(7)	-	-	(7)
Borrowing costs (unwinding of discounts)	-	-	-	-	-
Balance at 31 March 2016	-	21	4,116	375	4,512

Early departure costs

The House met the additional cost of benefits beyond the normal HoCSPS benefits in respect of employees who retired early by transferring the required amounts annually to the HoCSPS over the period between early departure and normal retirement age. The liability as at 31 March 2014 was transferred to PCSPS during 2014-15.

Legal claims

Provision has been made for various legal claims against the House of Commons. This reflects all known claims where legal advice indicates that it is more than 50% likely that the claim will be successful and the amount of the claim can be reliably estimated.

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 15.

Dilapidation costs

This reflects the legal obligation of the House, in accordance with the terms of the lease agreement of three leasehold properties, to provide for re-instatement and dilapidations.

Departures

This relates to exits in 2016-17 that were agreed in and relate to the 2015-16 Voluntary Exit Scheme.

15. Contingent liabilities

The House of Commons has the following contingent liabilities:

	1 April 2015	Increase in year	Obligation expired in year	31 March 2016
	£000	£000	£000	£000
Personal injuries and employee claims	112	50	(112)	50
Works of Art on loan from various collections	2,399	325	(50)	2,674
Total	2,511	375	(162)	2,724

16. Related-party transactions

As Members of Parliament, any related party transactions of Commission Members should be recorded in the Register of Members' Interests.

Dame J Gaymer, one of the non-executive members of the Management Board until July 2015, declared a related party transaction with the Speaker's Committee for IPSA where she acts as a Lay Member. Total income received by Dame Janet in 2015-16 was £281.

J Bengier by virtue of his position as Clerk Assistant, is a Trustee of the History of Parliament Trust, which receives a grant from the House of Commons.

D Natzler, the Clerk of the House and A Walker a member of the Executive Committee, were both Trustees of the Speaker's Art Fund during 2015-16, which receives a donation in lieu of commission on sales from the House of Commons (DIS Retail).

P Young a member of the Executive Committee, is related to a member of the independent panel for the appointment of the new chair of IPSA.

The House of Lords and the House of Commons share some buildings and services. These include the Palace of Westminster, together with services provided by the Parliamentary Estates Directorate, Parliamentary Archives, Parliamentary Digital Services, and certain Education and Outreach activities.

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 Annual Accounts.

The major shared services, excluding minor shared services, are recharged on the following basis:

	House of Commons	House of Lords
Communications services, Curator's Office, POST	70%	30%
Visitor Tours	70%	30%
Accommodation and Works services	60%	40%
Broadcasting services	60%	40%
The Parliamentary Archives	40%	60%
Parliamentary Procurement and Commercial Service	70%	30%

The House of Commons incurred expenditure of £54,672,000 (2014-15: £41,597,000) on behalf of the House of Lords during 2015-16. The balance as at 31 March 2016 relating to accommodation, works and other shared services owed to the House of Lords by the House of Commons was £923,000 (2014-15: £1,497,000).

The House of Lords incurred expenditure of £1,251,000 (2014-15: £1,028,000) on behalf of the House of Commons during 2015-16. The balance as at 31 March 2016 owed to the House of Lords by the House of Commons was £100,000 (2014-15: £144,000).

Digital Services manages the ICT for both Houses. Each House pays for its own IT hardware, with the costs of shared services being split on an agreed 70:30 ratio (Commons: Lords).

The British-Irish Parliamentary Assembly (BIPA) is provided with accounting services and accommodation. The House made payments of £120,000 on behalf of the BIPA in 2015-16. At the year end, the balance due from BIPA in respect of 2015-16 expenditure was £9,700. Accommodation is also provided to the British American Parliamentary Group (who are also given accounting support at the year-end), Commonwealth Parliamentary Association (UK Branch) and the British Group of the Inter-Parliamentary Union.

17. Third-party assets

The House of Commons holds the following third party assets in a public bank account. These are not the House's assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary assets, such as bank balances were:

	2015-16	2014-15
	£000	£000
Gratuities and service charges	48	60

18. Entities within the departmental boundary

The entities within the boundary during 2015-16 were as follows:

Parliamentary Digital Service (PDS) (formerly the PICT), was established under the Parliament (Joint Departments) Act 2007 and is managed jointly by the Clerks as Corporate Officers of each House. Both Clerks have full access to the service and its control processes. The Head of PDS is subject to control of both Accounting Officers in respect of expenditure. The Joint Department is not a corporate body.

Shared service assets are jointly and separately owned by the Corporate Officers of both Houses and where they are managed by PDS this will be on a mutually agreed basis. Strategic aims, objectives and performance monitoring are agreed jointly with both Clerks on behalf of the Authorities of each House. Each House recognises in its financial statements, the assets, liabilities and expenses incurred by PDS.

Decisions do not require unanimous consent. PDS can undertake work for one House or the other without reference to the other House.

19. Events after the reporting period date

In accordance with the requirements of IAS 10, post Statement of Financial Position events are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. I confirm there are none.