

**Minutes of the Management Board meeting
held on Wednesday 13 November 2013 at 9.30am**

Those present: Sir Robert Rogers KCB (Clerk and Chief Executive) (Chair)
Myfanwy Barrett (Director of Finance)
John Borley CB (Director General of Facilities)
David Natzler (Clerk Assistant and Director General of
Chamber and Committee Services)
John Pullinger (Director General of Information Services)
Andrew Walker (Director General of HR and Change)
Dame Janet Gaymer DBE (non-executive member)
Barbara Scott (non-executive member)

Apologies: Joan Miller (Director of PICT, external member)

In attendance: Tom Goldsmith (Board Secretary)
Ben Williams (Assistant Secretary)
Amanda Colledge (Head, Management Accounting) (item 2
only)
Mark Hutton (Principal Clerk, Select Committees) (item 4 only)
John Benger (Director of Service Delivery, DIS) (item 4 only)

1. Actions Arising

1.1 **Tom Goldsmith** informed the Board that all actions arising were either completed or in hand.

2. Performance and Risk

2.1 The Board discussed the Finance and Services Committee's consideration of call off contracts.

2.2 The Board discussed HR record keeping.

2.3 The Board discussed the competency framework. Continued engagement and support from departments and senior leaders would be required if the implementation targets were to be met. Board members were encouraged to lead by example by completing the competency framework exercise with their direct reports. Concerns were raised about the consistent application of the framework across similar posts in different departments. While the current focus was on using the framework as a development tool a consistency exercise would be conducted at a later stage.

2.4 The Board discussed Health and Safety.

- 2.5 Invoice payment processing time had been above the target level in October but further work was needed to identify and remove blockages; the accounts payable team was working on potential improvements to the process.
- 2.6 The Board discussed the Speaker's Parliamentary Placement Scheme.
- 2.7 The second stage of the Westminster Hall Stone Conservation programme was starting. The funding was within the original envelope agreed for the programme.
- 2.8 **Amanda Colledge** introduced the Monthly Financial Outturn report. The Administration Estimate were likely projecting a £3.6m departmental underspend. However, technical accounting adjustments reflecting the revaluation of the estate was likely to add a further £7m to the underspend. A decision would be needed on what to do with the funds held against the outcome of the court case/pay offer. A decision on a supplementary estimate to reduce the total estimate would be needed in January. The Members Estimate was projecting an overspend due to pension fund movement. The Finance and Services Committee would be asked to approve a £5m increase in AME and a £0.5m increase in the expenditure limit. It was likely that this additional resource would not be needed but the increase was a precaution to prevent a qualification of the accounts caused by an overspend.
- 2.9 The format of the monthly finance report had been changed to make the key financial risk more explicit and to highlight areas of budget sensitivity. Reporting on capital and PICT programme spending had been brought into line with other programme and performance reporting. Income generation information was provided in the context of the Savings Programme. Capital projects would, in due course, be reported on the basis of their whole life cycle.
- 2.10 The Board discussed the Monthly Financial Outturn report. In discussion the following points were made:
- The new format was a welcome improvement; it presented the key information in a much more accessible way.
 - The DIS overspend was due to challenges with income generation. Monthly targets were now being met but it had taken longer than expected to reach these levels due to delays starting new activities, for example Christmas opening. The Savings Board was considering whether the targets for the next financial year needed to be revised.
 - The capital outturn was closer to the forecasts than previous years but there was still an underspend.
 - The result of the pay case would probably not be known until after a decision was needed on the supplementary estimate. This would need to be factored into the scenario planning for the outcome of the case.

- The failure to reach an agreement on pay was having a consequential impact on other projects; where possible ways around this problem were being sought.

3. Board Members' updates

- 3.1 **Myfanwy Barrett** noted that the debate on the House's financial plans was on 21 November; the production of briefing was in hand and would be shared with all members of the Finance and Services Committee. Information was being gathered about rates of pay for contractors as part of the accreditation process with the Living Wage Foundation and this would be included in the briefing material.
- 3.2 **John Borley** reported on the meeting of the Health and Safety Committee. The Committee would be sending letters to Board members about the role of departmental health and safety co-ordinators. He reported on a productive meeting with the Speaker on the Restoration and Renewal programme.
- 3.3 **David Natzler** reported that Hansard would be providing services to the Church of England General Synod and that this could be a new income stream in the next financial year. He expressed the hope that there would be staff engagement with events planned to mark the anniversary of the Great War in 2014. **John Pullinger** said a programme of event was being overseen by a Member Committee. As well as commemorating the Great War, the role of women and issues about conscientious objectors would be covered.
- 3.4 **John Pullinger** updated the Board on staffing changes in the media service.
- 3.5 **Andrew Walker** said that John Pullinger and Myfanwy Barrett would be joining him in overseeing preparation of the pay court case, following on from their roles on the pay and reward steering group. A paper on Members' insurance was being taken by the Members Estimate Committee. It would recommend a small extension in the scope of the insurance the House currently provided and a transfer of responsibility for employee and public liability insurance from IPSA to the House.
- 3.6 **Janet Gaymer** reported on the Audit Committee's informal effectiveness meeting where it had decided that next year's focus would be on management capability and organisational culture.

4. Co-location

- 4.1 **John Benger** introduced the paper on co-location of the Committee Office and Library Research Service. Previous efforts to encourage greater joined up working between these two services had generally achieved unimpressive results. The need to decant 1 Derby Gate had provided a spur to pilot co-

location. While there was initially a degree of resistance, the first pilot had gone very well, due partly to the amount of freedom the team had been given over how they made use of the co-location space. The pilot had led to a greater understanding between the two parts of the business, additional capacity to absorb surges in demand and better utilisation of existing resources, including the Library inquiries database and Select Committee briefs. A second pilot was now under way which was also producing positive outcomes. This project represented a paradigm shift in how the House dealt with co-location as it had focused on the business benefits.

4.2 **Mark Hutton** said that he had initially been sceptical about the project as the Committee Office had had no burning platform to motivate a change in working practices. However, in addition to the other benefits noted, the co-location project was an enabler for the wider Committee Office programme which was changing the role of the clerks, specialists and inquiry managers, to put a greater emphasis on managing and commissioning work. There was now a queue of Committees who wished to take part in the next stage of the project. If possible full co-location should take place before the 2015 election as this would: maintain the momentum behind the project; minimise the risks a split Committee Office posed to the Committee Office programme, especially the provision of central administrative support; and allow the new Parliament to be presented with an effective modern service supporting Members in their core parliamentary activities.

4.3 The Board discussed the paper. In discussion the following points were made:

- This work helped meet the House's strategy of providing more effective services to Members and the Board noted the hard work of all those in DIS, DCCS and Facilities who had made it a success to date.
- The total number of staff involved in the full co-location would be around 450. This would include other functions that worked closely with the Committees including: outreach, public information, the scrutiny unit and the select committee media team.
- There was a risk that a prolonged split would lead to two different Committee Offices and Research Services developing with very different cultures.
- If full co-location was not possible before the election other action would be needed to renovate Derby Gate.
- The evaluation of the second stage of the pilot would report by the end of the month.
- There had been no negative feedback from MPs, or disruptions in service, during the pilot despite the co-location happening during a peak workload period. The additional capacity provided had allowed the teams to cope with a surge in demand caused by the recent interest in energy pricing.
- The benefits for the project should be documented and quantified – this should also include information on improved service quality, additional

capacity and any cashable savings. This would be especially helpful as a reference when a fuller picture of the costs was available.

- The costs incurred had been covered primarily by DIS and DCCS budgets; these had mainly been to make improvements in the working environment. Co-location supported the Committee Office programme which would deliver significant savings; the next stage of the pilot would also look at the possibility for greater sharing of administrative support and it was hoped that there would be scope for efficiencies.
- This was an excellent example of change management from which other parts of the House could learn. There would be value in producing a retrospective change plan that could be a resource for other teams to use.
- The merging of the two management structures was not currently being considered; the existence of two separate hierarchies had yet to pose any real problems.
- Consideration would need to be given on the impact on the teams currently based in Tothill Street.
- The co-location should be completed ahead of the start of the next Parliament if practicable. PED would need to do further work before being able to commit to the timescales .. Further information would need about the costs, benefits, timeframe and impact on other parts of the House Service.
- If co-location was to happen on the preferred timescale it was likely to involve acquiring a decant building for a longer period of time, which would increase costs.
- Any assessment of costs would need to focus on marginal costs. There would be costs involved in not going ahead with co-location on the preferred timeframe as there would in any event have to be a series of moves.
- Future discussions should be about when and how co-location happened, rather than considering the principle of whether it should go ahead, which has been enthusiastically endorsed.

4.4 The Board **agreed**, in principle, to the co-location of the Committee Office and Library Research Service by the 2015 General Election subject to satisfactory justification concerning the benefits, costs, practicalities and consequential moves. This should be included in the Northern Estate Accommodation Strategic Outline Business Case.

5. Northern Estate Accommodation Strategy

5.1 The Board considered the paper. In discussion the following points were made:

- The proposals would have a significant impact on the House's short and medium term financial plans. The capital costs needed to be included in the investment plan and the timing of refurbishments would impact on the resource accounts due to the impairment costs. There was currently no

estimate for the decant accommodation costs – acquiring, running and fitting out a building would have significant costs. An estimate had been due in November but was now not expected until January as part of the Strategic Outline Business Case (SOBC). This made budgeting very difficult.

- Given the likely costs and impact of this proposal the Board should consider both the sequencing and the Member impact.
- The current proposal had Norman Shaw and 1 Parliament Street empty at the same time which would increase costs.
- There was a need to consider the people issues raised by the accommodation strategy. There was an opportunity to promote more flexible and home working; the assumption that any decant space should have one desk per staff member was not necessarily correct.
- It was necessary to complete these works ahead of the restoration and renewal programme.
- The sequencing outlined in the annex appeared to be the only viable order; this reduced the number of dependencies to consider.
- There was merit in segmenting the programme and approving its sections, especially as the segments were largely self-contained. An overarching governance structure would ensure consistency if this approach was taken.
- The current proposal was for 53 Parliament Street to be used as decant space for non-research service staff currently in 1 Derby Gate.
- The issue of Member accommodation was linked to IPSA's accommodation review. The House Service was keen to ensure that IPSA's rule did not encourage Members to base staff on the Parliamentary Estate to reduce their own costs.

5.2 The Board **agreed** that the SOBC would come to the Board in January ahead of formal approval being sought from the Clerk.

5.3 The Board **agreed** not to return to the Commission on the planning assumption for Members' staff; a clear decision had been given when the Commission considered the Accommodation Strategy.

5.4 The Board **agreed** that it was not necessary to consult Member Committees at this stage.

6. DHRC organisational review

6.1 The **Chair** explained that the purpose of this item was to allow the Board to discuss the impact of the changes to DHRC on the services to be provided to other departments, and to allow Board Members to consider whether the plans were going to deliver the service they needed.

6.2 **Andrew Walker** introduced his paper. The current set up for DHRC had been in place for 18 months so this was a chance to consider whether the

Department was moving in the right direction and what impact the required cuts would have on services to colleagues. He would also welcome feedback on the organisational development and change services offered by his Department.

6.3 A total saving of £900,000 needed to be found; just under half of this figure represented the additional resource for the people strategy coming to an end. This would be done in part by releasing staff on short term contracts. The main structural change proposed was the creation of a Director of Development position to give leadership to the delivery of the people strategy, and work on organisational and individual capacity – which included the competency framework, talent management and 360 degree appraisal. Recruitment would start once the Board had given its view. Another change was that the business partners would be reporting to operational HR. There would be a need for continuing support for change and organisational development work, which had been strongly supported by the business. Most savings should be realised from ICT, administration and support and should not affect front-line services.

6.4 The Board considered the paper. In discussion the following points were made:

- The increased focus on business partners and the additional resource for HR Operations was welcome.
- It was important that highly skilled individuals were placed in key positions.
- The purpose of the Director of Business Management and Delivery role was not clear. From the perspective of a user it was not clear where they would go to access services. HR Operations needed a stronger link to the Employee relations and Diversity and Inclusion teams.
- There was a general support for the clear focus on the people strategy and capacity; but it was felt that the new Director of Development should have “people” in the job title.
- The proof of the success of this re-organisation would be in the outcome it delivered.
- It was not clear that there was a clear strategy for HR or that the Department had considered what resources and skills it would need to address emerging challenges.
- It would be important that the link with HR Operations did not prevent business partners from providing strategic support to departments.
- The offer being made by the change team and the continuous improvement team appeared similar. This issue had been discussed at the Business Management Group who were content with how the two offers fitted together.

- There did not appear to be a deputy in the structure. There might be a benefit to appointing one to reduce the number of issues that were dealt with directly by the Director-General.
- The key positions in the new structure would be the Director of Business Management and Delivery, the Director of Development, and the Head of People Development.

6.5 It was agreed that **Andrew Walker** and the Chair would take forward the issues raised through bilateral conversations.

[adjourned at 12:15pm]

Tom Goldsmith
Secretary

Robert Rogers
Chairman