Minutes of the Management Board meeting held on Friday 10 December 2010

Those present:	Malcolm Jack (Chief Executive) (Chairman) Robert Rogers (Director General of Chamber and Committee Services) John Borley CB (Director General of Facilities) John Pullinger (Director General of Information Services) Andrew Walker (Director General of Resources) Joan Miller (Director of PICT, external member) Alex Jablonowski (external member)
In attendance:	Matthew Hamlyn (Board Secretary) Gosia McBride (Assistant Secretary) Heather Bryson (Director, HRM&D, for item 4) Alix Langley (HR Business Change Manager, for item 4) Jane Hough (Strategy, Planning and Performance Co-ordinator, for item 5) Jill Pay (Serjeant at Arms, for item 7) Roger Cheng (Business Resilience Coordinator, for item 7)

1. Matters arising from previous meetings

1.1. **Robert Rogers** thanked the Office of the Chief Executive for including more detail on progress in the "actions from previous meetings" paper.

1.2. **Matthew Hamlyn** reported that the actions outstanding from the September Board meeting were either complete or were covered in agenda items at that day's meeting, with the exception of Action 6 (promulgate decision on publication of SCS pay to TUS and staff) which was pending.

1.3. Further to action 8 (organisational redesign work), **Matthew Hamlyn** noted that the staff meetings on the savings programme would now be held later in February, rather than in early February.

1.4. **Matthew Hamlyn** said that guidance on submitting papers to the Board (Action 3) would be sent to Directors General for clearance by correspondence so that it could be issued in early January.

Action: Office of the Chief Executive to circulate latest guidance to submitting papers to the Management Board for comments before Christmas.

2. Risk and performance

2.1. **Matthew Hamlyn** noted that a full balanced scorecard had not been produced that month, by agreement with Directors General. Monthly financial outturn information had been circulated separately.

2.2. The **Chairman** reported increased interest among Members in the savings programme.

2.3. **Joan Miller** said that the issue she had previously raised, of a high level of initiatives across the House putting pressure on available resources, was getting worse rather than better. Senior managers were stretched because of the number of programmes.

2.4. **John Pullinger** said that there were currently serious risks facing the CPIMF programme. During December, the CPIMF Board would be considering options for delivering the benefits of the programme at an affordable cost. He hoped that the level of risk would fall in the New Year once resourcing issues with the programme had been addressed. CPIMF needed to be delivered on time as a replacement for PIMS was vital for core work, as well as key to the savings programme. He noted that it might be necessary to resubmit the business case for CPIMF.

2.5. **Robert Rogers** reported that at its last meeting the Liaison Committee had been very critical of the possible effect of the savings programme upon support for select committees, and had also criticised cuts to the select committee travel budget. DCCS resources continued to be stretched, notably in the Committee Office, where demand had increased with the creation of the Armed Forces Bill Committee and the need to support the Joint Committee on the National Security Strategy.

3. Risk management

3.1. **Matthew Hamlyn** reported that good progress was being made on the risk management project, and that good feedback had been received, as noted in the paper. The project team recognised that the Board was interested in achieving cultural change in the organisation: it was important that staff learnt to think about what they wanted to avoid occurring and what they were doing to reduce the chance of it happening.

3.2. **Matthew Hamlyn** noted that the main areas that the OCE had suggested for discussion at the Management Board workshop on 21 January were: identification of strategic risks (including consideration of whether some risks could be better managed at departmental level), risk appetite and risk assessment/scoring. Strategic risks could include emerging risks from the savings programme and the Management Board's relationship with the Commission and Member committees. He encouraged Board members to send in their suggestions to the OCE. OCE would circulate a draft agenda for comment before the workshop.

3.3. In relation to risk appetite, **Alex Jablonowski** said that the Board might want to explore different categories of appetite. There were some mission-critical activities where it made sense for the House be risk averse, but others where it was possible to experiment. It was helpful for risk management to be phrased in plain words, not jargon.

3.4. The Board noted progress in the risk management project, agreed the suggested areas for discussion at the Management Board workshop, and also agreed that it could include an update on the revised balanced scorecard.

Action: Directors General to give any further suggestions on areas for discussion at the Management Board workshop to the Office of the Chief Executive by the New Year. OCE to circulate draft agenda to the Board in the New Year.

4. Oral up-dates from Directors General

4.1. **Andrew Walker** reported that the new Director of Finance had signed her contract. Her appointment would be announced to staff by the Clerk in his communication on the savings programme. He expected that she would start in early March; Matthew Hamlyn would make arrangements to introduce her to key people.

4.2. **Andrew Walker** said that the House had been asked to provide four staff to the Olympic Executive for a twelve month unfunded secondment. The Board did not agree to the request, on the grounds that the necessary resource could not be spared.

4.3. **Andrew Walker** reported that the Members Estimate Resource Accounts had now been signed and would be laid and published on 15 December. Directors General would be briefed in advance.

4.4. **Andrew Walker** said that the monthly financial outturn report showed some variations in forecasts, about which the Department of Resources was talking to other departments, but overall the trend of an increasing resource underspend in departments was continuing. The Board would need to take a view in January about whether or not to seek approval from the Commission for a Supplementary Estimate in respect of pension interest costs, subject to further information on running cost forecasts and the scale of underspend.

4.5. **Andrew Walker** reported that he and John Pullinger had held a meeting with union representatives and had shared, in confidence, a version of the paper that had been sent to the Commission on the savings programme, as well as a high level summary of the current financial position. The unions had been grateful for the information.

4.6. **Joan Miller** said that steps had been taken to protect the House's IT systems as far as possible from denial of service attack. She was concerned that apparent differences in approach between the two Houses towards savings could cause difficulties for shared services. The ICT Strategy Programme Board had met for the first time. The Lords and Commons were represented on the board, which also contained external members. The Board was considering how to involve the unions in the programme.

4.7. **Alex Jablonowski** reported on the recent meeting of the Administration Estimate Audit Committee and Members Estimate Audit Committee. He noted that the AEAC had postponed consideration of the internal audit of Financial Management report to its next meeting and that value for money audit reports had been passed to the savings team. The MEAC had considered the Members Estimate Resource Accounts.

4.8. **Matthew Hamlyn** reported on the emerging findings from the survey of Member services. Members' satisfaction was generally high; the response rate had been in line with previous years. A full report would be made to the Board in February. He also updated the Board on work being done to respond to an FoI request for all Management Board papers. The Board noted that that involved a considerable amount of work, which might affect the possibility of meeting the statutory deadline.

4.9. The **Chairman** reported that his informal meetings with staff had been going well; a key message was that staff wanted more information to be shared with them about savings and possible redundancies.

5. Savings Programme: HR mechanisms

5.1. The Board agreed that no part of the House Service should be excluded upfront from the voluntary severance scheme.

5.2. **Alix Langley** noted that the timetable for the scheme was very tight. If agreement on the new Civil Service Compensation Scheme (CSCS) was delayed beyond 21 December, it would be very difficult to meet an already challenging timetable.

5.3. **Heather Bryson** said that administration of the scheme would require significant staff resources. The compressed timetable meant finding resource during the Christmas, February and Easter recesses, when people would usually be expected to take annual leave.

5.4. **Matthew Hamlyn** noted that ring-fenced management time would be needed in departments to support the scheme.

5.5. The Board agreed to the launch of the voluntary severance scheme in January 2011, subject to the timely introduction of the new Civil Service

Compensation Scheme (CSCS). The Board agreed to issue an all-staff communication before Christmas updating them about the scheme. The Board agreed that Directors General should alert managers to the need to set aside time to manage the scheme.

5.6. The Board agreed that, if the new CSCS was not agreed before Christmas, it would need to meet early in the New Year to discuss the issue.

Action: Department of Resources to prepare a staff notice updating staff about the voluntary severance scheme, to be issued by 21 December. Directors General to alert their senior managers before Christmas of the need to make time available for managing the scheme in the New Year. If CSCS is not agreed before Christmas, Department of Resources to prepare a new paper for the Board in January to consider next steps.

6. Outline Corporate Business Plan and Outline Strategic Plan

6.1. The Board considered the next steps towards the creation of a corporate business plan and strategic plan. In discussion, the following points were made:

- the recommendation from Internal Audit to postpone work on the detailed strategic plan until early 2011/12 and instead focus on the business plans for 2011/12 was sensible. The House, Management Board and Commission were not yet ready for a full-blooded strategic plan. The strategy could not be achieved through a top-down approach alone: a bottom up approach would provide concrete issues, to which milestones could then be added. A high-level strategic plan was the best that could be done in the time available.
- whilst the audit advice was sound, such an approach would delay progress in planning. Therefore some definite milestones to mark progress would be needed. A top-down approach was needed to provide energy and purpose; it was important to press ahead with producing the strategic plan.
- the Board discussion scheduled for January on phase two of the savings programme would assist in discussion of the strategic plan.
- the main substance of the plan would emerge through discussions with the Commission over the next few months. The work of the savings programme was showing that the programme would have two main strands – parliamentary (effectiveness) and corporate (efficiency), which should be reflected in the strategic plan. The plan should be kept simple.
- it was useful for staff to have a clear line of sight between departmental and corporate objectives, which suggested a context-specific approach to interpreting strategic goals would be appropriate.
- the strategic plan should include business as usual since that was the only way the House Service’s goals could be achieved. The issue about whether House departments should adopt a context-specific

approach to interpreting strategic goals, rather than direct alignment of departmental to strategic goals, could not yet be answered. More work on the detail of the plan had to be done first.

- early progress should be made on a strategic plan and it might be best to aim for a "road map" to a more detailed plan.
- it would be appropriate to include only aggregate figures.

6.2. **Matthew Hamlyn** said that the Board could be presented with a draft "road map" or high-level strategic plan at the workshop in January. The roadmap could then be shared with the senior leadership at the planned event later that month, and at the subsequent staff meetings, in tandem with proposals relating to "phase two" of the savings programme.

6.3. The **Chairman** felt that such an approach would be welcomed by staff, and sharing ideas would have the benefit of openness.

6.4. **Alex Jablonowski** noted it was natural for plans to develop in an iterative manner: an initial plan was followed by a review of the practicalities, then plans were revised accordingly.

6.5. **Andrew Walker** said a decision was needed to help departments prepare their own business plans for 2011/12.

6.6. The Board agreed:

- that the OCE should postpone detailed work on the strategic plan until early in 2011/12 and instead develop an "outline" and "emergent" strategic plan that took the strategy to the next level of detail, but without firm and more detailed commitments;
- that the strategic plan should include business as usual activities;
- to revisit the scope of the vision and strategic goals in more detail at its workshop on 21 January;
- that detailed budget information/summary tables should not be included in the body of the corporate business plan;
- that the OCE should issue a standard template for business plans for Departments to follow, which would allow departments to adopt a context-specific approach to interpreting strategic goals, rather than direct alignment of departmental to strategic goals.

Action: Office of the Chief Executive to issue a template for business plans by January 2011, which Departments would be required to follow. Director Generals to submit comments on the draft strategic plan to the Office of the Chief Executive before the 21 January workshop.

7. Business Resilience

7.1. The **Chairman** thanked Jill Pay, Roger Cheng and the Business Risk and Resilience Group (BRRG) for their work. Excellent progress had been made, and awareness of the need for business resilience had increased.

7.2. **Jill Pay** said that the Group proposed to seek Cabinet Office internal accreditation, which would include external moderation of the House's next exercise to ensure it met Cabinet Office standards, and provide lessons learned.

7.3. **Matthew Hamlyn** noted the value of the Business Risk and Resilience Group in bringing together people across the two Houses to discuss those issues. The Board might want to consider more regular updates from the Group.

7.4. The following points were made in discussion:
- the current system was working very well. The silver group were very competent and had a very good feel for when Directors General needed to be involved. The system had worked very well recently.
- the policy provided helpful clarity on when the Speaker needed to be briefed.

7.5. The Board approved the new Business Resilience Policy. It agreed to invite Jill Pay to provide an update from the Business Risk and Resilience Group before the summer recess.

Action: Board secretary to arrange another update from the Business Risk and Resilience Group to the Management Board before the summer recess.

8. DR Transition Programme

8.1. **Andrew Walker** said that the paper was mainly a progress report. The issue of greater centralisation of HR and finance functions - which he favoured on grounds of both efficiency and effectiveness - had emerged during consultations, hence its inclusion in the paper.

8.2. In discussion the following points were made:

- If the Board did not wish to proceed with work on centralisation at this stage, the issue should be held over until the transition to the two new departments was completed.
- More thought was needed about the type of HR and change function the Board actually wanted. It was important to be clearer about what the role of the new department of HR and Change would be – for instance, should it drive change or just facilitate it? If it was to assume the first role, it would require leverage.
- Centralisation of HR and finance functions would require standardised procedures if it was to be effective.
- Successful centralisation depended on the people working in those functions and the extent to which the business trusted them.

- Cultural change was needed for a centralised business partner model to work. The business needed to feel it “owned” the finance and HR functions.
- The House was still at the first stage of the savings programme. The Board needed more information about different types of business partner model to inform its decision-making.
- The Board needed to decide what type of organisation it wanted. Following the Tebbit review, the House had moved towards a more unified service, which implied a more centralised model for support functions. The House Service was small, which also suggested a centralised model.
- Centralisation would allow for greater professionalism, leadership and career opportunities. It made sense in an increasingly interdependent world.
- It was important to be clear about the objectives of centralising those functions. More thought needed to be given to learning and development: the Board needed to consider what the House service would look like in future, and what its staffing needs would be, both from inside and outside the organisation. L&D was very important in this respect.
- Similar discussions had taken place at the time of the creation of PICT.
- Trust needed to be given as well as earned. HR strategy in the House was currently based on an old model. It needed to be more sophisticated, with a “mixed economy” of staffing and a new capability strategy to support the strategic plan as it developed. There was a risk that centralisation of HR could be delayed; the Board should agree some basic assumptions about what kind of service it wanted, and then start the process.
- PICT would never have been created if the Board had waited for trust to be earned before taking the decision that it was the right thing to do. It had taken five years to achieve the necessary change in organisational culture.
- Centralisation did not have to mean only one mandatory option. Different requirements could be accommodated within a centralised HR model. If it could be demonstrated to staff how a centralised HR function would look and work in practice, then trust was more likely to be given.
- Centralised HR worked very well in many other organisations.
- It would be essential to establish agreed rights and obligations on both sides, as well as a timetable, and record them.
- Openly discussing possible centralisation would also help the visibility agenda.

8.3. The Board agreed that it would discuss, and take decisions on, the role of the new Department of HR and Change at its meeting in January, when it would consider proposals on the design of the new departments. The question of centralising HR and finance functions would be addressed as part of that discussion.

Action: Department of Resources to bring a paper on the role of the new Department of HR and Change to the January Board meeting.

9. Programme and projects

9.1. **Matthew Hamlyn** explained that the Board had postponed consideration of the item in February. The Lords Management Board had already decided in February that the Parliamentary Programme and Project Assurance (PPPA) team should be based in the Office of the Chief Executive, and would need to be consulted on any decision to move it elsewhere. The PPPA team's work had a lot of congruence with the OCE's work and the head of Internal Audit already liaised with the PPPA team.

9.2. The following points were made in discussion:

- the PPPA team was doing a really good job. It had also offered to keep a central list of programmes, projects and business cases which would be very useful. It would be best to leave a decision on the team's location to next month's Board, when it could be considered in the context of the creation of the new departments.
- the team's work was very valuable. Reporting lines were less important.
- it was not good practice to have an assurance function sitting within the department to which it was providing assurance and which was very close to what was currently happening. It was not sensible for the team to continue to be based in PICT.
- the team's work was a corporate function.

9.3. The Board agreed:

- to formally recognise the PPPA Steering Group and endorse its Terms of Reference;
- to endorse the requirement for reviewer commitment to two reviews a year;
- to recognise and endorse the target figure of 30 OGC reviewers; and
- to reconsider the location of the PPPA team at its meeting in January.

10. ICT

10.1. The Board considered the strategy for a converged digital parliamentary network. The following points were made in discussion:

- the strategy was a great achievement, since it brought so many different threads together. It would be important for the business case to be presented to the Board by summer 2011, given how critical it was. The strategy had significant interdependency with the accommodation and the mechanical and electrical strategies.

- the paper had been jointly produced by Facilities and PICT, with assistance from DCCS. The core work proposed would be in the Palace, which was unlikely to be affected by any decisions on accommodation arising from the savings programme or the accommodation strategy. The vision was bicameral.
- it was important to understand the total costs and benefits. More detail was needed on the costs to ensure value for money.
- the feasibility study was essential. A decision on the business case for the project would not be taken until next year. John Borley should be the Senior Responsible Owner for the programme and Innis Montgomery the Project Director, so both the Commons and Lords were represented.

10.2. The Board approved the vision and principle of a converged Parliamentary network set out in the paper. The Board approved the establishment of a programme to undertake a feasibility study to provide a programme of work to deliver the vision of a converged Parliamentary network, and to present a detailed business case for such a programme in summer 2011. That was subject to PICT providing further details to the Board on the costs of the feasibility study.

Action: Joan Miller to provide the Board with further details on the costs of the Feasibility Study, and to consult House of Lords on proposed governance of the programme, by the end of January.

11. Any Other Business

The Board thanked the outgoing Assistant Secretary.

[adjourned at 15.24

Matthew Hamlyn	**Malcolm Jack**
Secretary	**Chairman**

13 December 2010