

**Minutes of the Management Board meeting
held on Thursday 15 October 2009**

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: Philippa Helme (Board Secretary)
[s.40] (Assistant Secretary)
James Robertson (Director, Accommodation Services, Department of Facilities, for item 4)
Sue Harrison (Director, Catering and Retail Services, for item 4)
Mel Barlex (Director, Parliamentary Estates Directorate, Department of Facilities, for items 4 and 5)
Chris Ridley (Director, Financial Management, Department of Resources, for item 6)

The Chairman welcomed Robert Rogers to his first Board meeting.

1. Matters arising from previous meetings

There were no matters arising.

2. Risk and performance

2.1. The Board considered the latest balanced scorecard.

2.2. The Chairman asked Robert Rogers to take on the ownership of corporate risks one and eight. Risk owners were responsible for managing individual corporate risks, acting for and with the authority of the Board. They should alert the Board if their risks were crystallising. Now that the Board acted corporately, it was possible for individual Board members to manage risks which cut across the responsibilities of different departments.

2.3. The Chairman asked whether the scores of risks 3a and 3b were appropriate in relation to other risks. **Joan Miller** said that the scoring of risk 3a (disruption as a result of IT breakdown) would remain high until the end of October. Thereafter the risk would decline as the impact of the infrastructure project was felt. Risk 3b (disruption as a result of a failure to develop IT systems to meet business needs) was scored too highly; this risk had declined significantly now that the majority of ICT projects were owned by individual departments.

- 2.4. John Borley** reported that works which had taken place during the summer recess, to improve fire safety in the Palace, had significantly mitigated the possible impact of risk 2a (disruption as a result of a fire, flood or other environmental event).
- 2.5. John Pullinger** said that risk 10 (disruption through failure to maintain and develop secure and appropriate data and information systems) had a very high score because of the high profile data loss which had occurred. Further evidence on the status of the risk had been provided by an internal audit of information assurance, which had assessed the House service against a Whitehall standard. A paper would be brought to the Board in November, setting out how the audit's recommendations would be addressed by the end of March 2010.
- 2.6. Alex Jablonowski** said that, in Whitehall, remedial action taken in the immediate aftermath of recent data losses had been followed by broader programmes designed to implement improved models of data management. He asked whether the House had such a programme in place. **John Pullinger** said that work was being undertaken to improve data management, but the Whitehall model had features which might not be appropriate for the House. The House Service needed to manage the risk of data loss from its contractors as well as from its direct employees.
- 2.7. Andrew Walker** said that the level of risk five (loss of reputation and/or financial loss through failure to comply with legal, audit, accounting requirements) was likely to increase in the near future. A new EU Directive on Remedies would enhance the rights of unsuccessful bidders to challenge procurement processes. Also, the NAO was due to undertake a full scope audit of the Members Estimate for the first time during the financial year 2009/10.
- 2.8. Robert Rogers** asked for clarification about the risks and mitigations listed against the critical success factors (CSFs) in the balanced scorecard. **Philippa Helme** said that this month's scorecard represented a first and largely unscientific attempt to assess the status of the risks which could affect the CSFs, and the adequacy of the mitigations in place. It was agreed that sickness absence would be a useful indicator for CSF 5 (performance of core services).
- 2.9. Robert Rogers** said that he was concerned about staff morale (CSF 10, staff feel valued and positive). It could be a mistake to rely on the positive findings of the staff survey, which had been conducted only one month into the press coverage of expenses, to provide comfort about morale. Staff had since been subject to a further four months of unremitting pressure, which showed no sign of receding. Morale was also likely to be affected by the prospect of pay restraint in the public sector. A "salami slicing" approach to achieving budget cuts would be more demoralising than a challenge to staff to achieve more for less.

2.10. The Chairman said that the Trades Union Side (TUS) had written to him regarding the decision of the Board to give guidance on dissolution leave. The TUS had objected to the issue of dissolution leave being handled separately from the Common Ground project.

2.11. *In discussion the following points were made:*

- It was already known that a large number of Members would stand down at the next election. The likely high turnover meant that there would be a significant amount of work to be done during dissolution.
- Staff attendance during dissolution should be based on business need. It might be a good time for staff whose area was quiet to use their annual leave entitlement, but others might be needed to support areas of the House service which were under greater pressure.
- The Board had agreed that Directors General had discretion to allow certain staff who had been working particularly intensively to take leave during dissolution.
- The different practices at dissolution were seen by staff as unfair, and it was important to address that perception.
- The terms and conditions of staff, including annual leave entitlements, were generous.
- It was positive that the letter from the TUS expressed a desire to engage in the Common Ground project.
- The best way to maintain staff morale was by providing satisfying work, not additional leave.

2.1. The Board agreed that it was highly unlikely that the Common Ground project would be concluded before the next dissolution occurred and that the Board had a responsibility to ensure that sufficient staff resource was available to fulfil the business needs of the House during that period. The Board agreed that the Chairman should respond to the letter from the Unions confirming the Board's guidance on dissolution leave. The guidance to managers should be finalised by HRM&D and the OCE and circulated.

3. Oral up-dates from Directors General

3.1. John Borley reported that:

- The Adjournment was now open all day during term time which would take pressure off the Atrium. It was an excellent venue for meetings.
- He had established a working group on benefits delivery which was intended to help mitigate corporate risk 6 (loss of reputation or financial loss through a failure of a major project).

3.2. Joan Miller reported that:

- PICT would be publicising the extended hours of the PICT service desk, which was open 24 hours a day on week days and 12 hours on weekends. Demand would continue to be monitored.

- a research project had been established to establish the potential for Parliamentary open source data.

3.3. Andrew Walker reported that:

- the next meeting of the Senior Pay Panel would consider the recent announcement that the Civil Service SCS retirement age would be increased from 60 to 65 from 1 April 2010.
- there was evidence that the number of cases of bad behaviour by Members towards staff of the House had increased. The legal risks of such cases might also have increased. Subject to legal advice, the idea of establishing a procedure for dealing with complaints would be discussed with the Speaker. This was an important issue for staff morale and had been mentioned in the staff survey.

- the Department of Resources was grateful for the help it had received from other departments to support its work on FOI and Members' allowances. The MEC had agreed that data on allowances for 2008/09 and the first quarter of 2009/10 would be published at the same time as the Legg Review. It was assumed that this would remain the case although the timetable for the Legg Review had slipped somewhat.

3.4. Robert Rogers reported that:

- a peaceful and well organised protest by Greenpeace had been successfully handled within the new Incident Management Framework. However, it had involved an illegal incursion onto the Parliamentary estate which was unacceptable. Mr Speaker had made a statement in the House confirming that lessons from the incident would be considered by JCOS.
- it was possible that the House would sit late on every day in the week beginning 9 November. On Wednesday 11 November the House's sitting hours would be as on a Monday or Tuesday to enable party leaders to attend a service of remembrance in Westminster Abbey.
- Mr Speaker had made visits to the devolved legislatures in Cardiff and Edinburgh.
- following a technological breakdown at TSO's Mandela Way facility, Hansard had been produced using a back-up facility at Thurrock and Print Services. The precautions taken had prevented a serious failure in service to the House.

4. Departmental Activity Report: Department of Facilities

- 4.1. Sue Harrison, James Robertson and Mel Barlex** presented a report on the activities of the Department of Facilities. It was intended to demonstrate the progress which the Department had made during the two years since it had been created, from a series of silos to an increasingly coherent whole. The

presentation focused on four cross-departmental activities which were being taken forward by the Departmental Management Board.

- 4.2. Sue Harrison** said that she was the Programme Director for the Facilities Transformation Programme, which was a vehicle to drive improvements in service delivery and to help staff to focus on the corporate goals, by making these meaningful to them. The key corporate goals for the Department were making Members feel that they were receiving an excellent service; care of the site; sustainability and value for money. The programme was focusing on changing behaviours, sharing good practice and challenging received wisdom. There were three key work streams: customer service, service delivery, and people; and these were underpinned by a quality work stream. The programme, which was managed with minimal bureaucracy and driven by staff action teams, would continue until March 2011.
- 4.3.** A second cross-departmental activity was the development of a Facilities ICT strategy, which was addressing years of under-investment in ICT in the department. The PICT Business Relationship Manager had provided invaluable support, helping to brigade numerous disparate ICT projects into a programme with ten clear workstreams. Bi-cameral coordination had also improved. **The Chairman** commented on the importance of integrating ICT into the business.
- 4.4. James Robertson** said that the General Election was a focus for the department, involving close cooperation across the House. If 350 new Members were elected, then approximately 1,000 office moves would be required during the six weeks following the general election. The first impressions of new Members would be very important. A New Members' Reception Area would be set up in Portcullis House and temporary office accommodation would be provided in committee rooms and meeting rooms for up to four weeks. If possible, where Members were known to be standing down, the department would take the opportunity to refurbish their rooms during dissolution. An undertaking would be given that new Members would be able to occupy their offices within seven days of the Whips agreeing a move with both Members concerned. The post-election period would be very busy and departments should avoid office moves during the period.
- 4.5.** A new programme delivery board had been established for the Offsite Security and Consolidation Centre. The OSCC would reduce the likelihood of a vehicle bomb affecting the Estate, as well as improving the logistics of deliveries onto the Estate. A logistician was being recruited to lead this work. The critical risk for the programme was finding the right site for the OSCC. The three potential contractors, currently engaged in competitive dialogue, were all searching for possible locations. A second accommodation manager would be recruited with a remit to give Departments the same accommodation service as that received by Members.
- 4.6. Mel Barlex** said that the Parliamentary Estates Directorate had improved significantly over the last two years. The Estates and Works Departments had been reunified, and a full management team with a new management

structure had been established. Most recently a Principal Estates Manager had joined the team. The objectives of the directorate were clearly expressed in a leaflet which would be circulated. It was demonstrable that work was being managed better. Work was now being guided by the Estate's risk profile, consequently there had been an early focus on reducing the risk of fire. Progress had also been made on improving environmental factors and increasing sustainability. Performance on reactive and planned maintenance was improving. During the following year a review of maintenance provision would take place.

4.7. Project governance and assurance arrangements had been agreed and budget submissions for the annual requirement had improved. The Asset Liability survey had been completed, documenting 150,000 items. A Programme Office had been established and was reporting regularly to PEB. The Summer Works programme had been completed on time and on budget. One contractor had gone into administration shortly after a contract had been let, but this had only caused a two week delay. Audits had taken place which had shown that procurement was improving. Bureaucracy would be reduced where possible, and the Directorate's tendency to underspend its budget would be addressed.

4.8. **John Pullinger** asked whether the practices of the rest of the Commons service increased the costs of the Department of Facilities, or reduced its effectiveness. **James Robertson** suggested that costs could be saved by managing facilities centrally rather than separately by each Department. **Mel Barlex** said that at present the Department was highly reactive. The effectiveness of the Department could be improved by greater forward planning across the House. **Sue Harrison** said that the contract for 14 Tothill Street was being managed by the House of Commons, although the first tenants were the House of Lords. This had proved an effective pilot, enabling the Department to identify differences in practice between the Houses, which could be resolved. **John Borley** noted that the implications of business decisions for facilities should be clearly addressed in business cases.

5. Estates

5.1. **Mel Barlex** said that Canon Row was now almost as resilient as it could be in terms of electricity supply. The risk of another power loss incident had been dramatically reduced. By the end of November three systems would be in place: the normal power supply; an alternative mains supply; and a back up generator.

5.2. [s.24] and [s.36(2)(b) and [s.36(2)(c)]

5.3. **Andrew Walker** asked about the current and target levels of risk to the business from power supply loss. It was not axiomatic that all areas of the Estate needed the same level of protection. **Mel Barlex** said that an electrical resilience report had been drafted by consultants, but that work had not yet

been completed to correlate the differing risks to each part of the Estate with the differing degrees of protection required by each area. Tothill Street would be protected by a contract requiring a backup generator to be provided within two hours of a failure. The BRRG was reviewing risks and the resilience of BCDR plans. It might be appropriate for BRRG to act as brokers between the business and the Department of Facilities, translating business needs into technical requirements.

5.4. Mel Barlex said that the development of an Estate Strategy was a difficult proposition for any organisation. Good progress had been made and reported to PEB. The strategy for M&E included works which were short term (due), medium term (3-5 years) and longer term; the latter remained essential. The presence of asbestos and heritage considerations placed restraints on the speed with which maintenance could take place. **The Chairman** said that it would never be possible to establish certainties upon which to base an Estate Strategy; there would always need to be options based on different assumptions.

5.5. John Borley said that the Palace of Westminster paper was a response to the Commission's request that he undertake further work on options for modernising the Palace. It linked with the Strategy paper which posed a number of high-level questions for the Board to consider.

5.6. In discussion the following points were made:

- There would need to be proof that risk-based aggressive maintenance would not work before a major overhaul was contemplated. The benefits of pursuing a programme of aggressive maintenance would differ from those entailed in a major refit.
- Alternatively, aggressive maintenance might become increasingly expensive over time and eventually become unsustainable, although it was not clear how long this might take.
- The Estate Strategy should aim to facilitate the goals which Parliament wanted to achieve, rather than focusing on the needs of the existing Estate. The Estate should respond to changing business needs, rather than the Estate's needs driving the business.
- The Management Board needed to show that it had the imagination and energy to conceive of how Parliamentary democracy might be re-engineered.
- Committees established in the new Parliament would have new membership and their attitude to proposals would be difficult to predict. It seemed likely there would be a will to reform.
- The current economic environment meant it might be difficult to contemplate any expensive programme, but innovative proposals did not need to be expensive to implement.

5.7. The Board agreed that the questions posed in the Estate Strategy paper could not be answered without an overall vision of where Parliament was going. A group of approximately six staff should be set the challenge of developing alternative visions of a future House of Commons, for the Board to consider. The group should be asked to undertake the work alongside their normal

duties. The House of Lords should be invited to provide one staff member, to identify dependencies and potential consequences of the concepts developed for the other House. The concepts could include anything from maintaining the status quo to developing a radically modernised House.

5.8. *Action: Office of the Chief Executive to consult Board members on membership and terms of reference for future strategy group.*

6. Business planning and mid-year outturn

6.1. **Chris Ridley** presented a paper on the mid-year forecast outturn. There were two issues for the Board: first, how to make best use of resource available in the current year to reduce expenditure in future years (spend to save); and second, what implications the pattern of overbudgeting would have on the level of resource required for 2010/11. **Andrew Walker** observed that the paper predicted underspends of £5.7 million on resource and £3.2 million on capital, but based on past experience these figures would increase significantly.

6.2. *In discussion the following points were made:*

- Budgets for the second half of the year should be challenged so that underspends could be invested in other ways. Directors General should consider whether they could identify any spending which could be brought forward from the following financial year, or areas for investment (spend to save) which might reduce costs in the future.
- There should be a clear, quick and transparent system to give approvals to such investments. It might be acceptable to accept more risk than would be usual when giving approvals. Decisions might be slower if proposed spending was bi-cameral.
- Rather than give the Finance and Services Committee options for cuts in services, it might be best to offer the Committee a “middle way” budget, under which certain cost increases could be absorbed without any reduction in services, together with options a certain percentage above and below this figure. Once the Committee had given a steer on the overall size of the budget, proposals could be developed for how this could be achieved.
- Budget cuts were likely to increase the risk that services to Members could not be maintained. If the House decided in the course of the year that additional services should be provided, then other services would have to be cut or a Supplementary Estimate would have to be laid. The Treasury was reducing the opportunity for Supplementary Estimates to one occasion in the Spring.
- It was possible that there might be a political imperative for the Board to reduce headcount. This could be achieved through outsourcing services, although this might not reduce costs.
- Budgets were likely to be subject to changing pressures over a number of years. If the public sector was subject to significant cuts, there would

be an argument for strengthening the ability of Parliament to hold Ministers to account.

- In order to avoid a significant underspend in future, the House would need to change its financial practice, identifying spare resource in departmental budgets and returning it to the centre for investment elsewhere during the course of the year. This would require a more centralist approach and more active financial management by the Board. Another approach would be to overprogramme expenditure although that carried the danger of an overspend if budgets were delivered as planned.
- The Board needed to send a message to staff indicating the mood of austerity which was likely to prevail for the next few years, while attempting to maintain staff morale. Staff might be motivated by a challenge to achieve more for less but dispirited by the prospect of cuts.
- There was a need to distinguish between cost savings and efficiency savings. The latter would be more attractive to Members.

6.3. The Board agreed:

- to run with a level baseline of £258 million for 2010/11, using potential budget surpluses to meet pay awards and other inflationary pressures, while continuing to provide additional investment in Member Services, ICT and the Estates programme;
- to present F&S with a proposal for a level budget without specific options for service cuts, but with a proposed programme of efficiency reviews to deliver a real saving against the 2010/11 Estimate of 9% by 2012/13;
- that contingency should be kept centrally rather than in departmental budgets;
- that training should remain a priority within budgets; and
- that a study should be undertaken of the potential for increased income generation.

6.4. Action: *Department of Resources and OCE to draft paper for F&S for agreement by correspondence.*

7. 2009 Staff survey

7.1. Robert Rogers observed that the analytical tool provided by the survey company had been helpful. The next steps proposed in the paper were overly cautious and insufficiently clear. The Board should focus on its own visibility in acting on the findings of the survey, both collectively and individually, and on moving staff from the “don’t know” category towards positive answers.

7.2. Andrew Walker said that the Board’s approach on human resources had been to address issues coherently through an overarching capability programme rather than approaching matters individually. One of the most significant areas for action indicated by the survey was the behaviour of the Board itself.

7.3. It was agreed that it would be timely for the Board to hold a series of open forums, as it had following the Tebbit Review. It would also be useful for individual Board members to attend management meetings in different departments, and for the Board to explore innovative means of communicating with staff. A communications strategy should be developed to ensure that the Board communicated effectively with staff over the coming months.

7.4. *Action: OCE to produce draft communication strategy to guide the Board's communications with staff during late 2009 and 2010.*

8. ICT security

The Board agreed the policy on ICT security as set out in a paper from the Director of PICT.

9. Any other business

There was no other business.

[adjourned at 19.22

Philippa Helme
Secretary

Malcolm Jack
Chairman

26 October 2009