

**Minutes of the Management Board meeting  
held on Thursday 21 January 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:** Philippa Helme (Board Secretary)  
[s.40] (Assistant Secretary)  
Chris Ridley (Director of Financial Management, DR, for  
item 2)  
[s.40] (Head of Efficiency Reviews, DR, for item 5)  
Heather Bryson (Director, HRM&D, DR, for items 6 and 7)

**1. Matters arising from previous meetings**

There were no matters arising.

**2. Risk and performance**

**2.1. Philippa Helme** said that a review of the balanced scorecard was planned. This would form part of the Management Board's review of its strategic direction. The scorecard was a useful current awareness tool for the Board but it was not yet being fully used to support decision-making. Directors General should encourage their Departments to engage with the OCE to help design appropriate indicators for inclusion in the scorecard.

**2.2. Chris Ridley** said that without the impact of the revaluation of the Estate, undertaken by the Valuation Office Agency, the forecast underspend was currently £8.6 million resource and £1.8 million capital. Part of the change in the valuation could be absorbed by the revaluation reserve but £48.4 million would be required to handle the adjustment required in the Resource Accounts. Offsetting the £8.6 million underspend against the revaluation, a supplementary estimate of approximately £40 million would be required. He sought guidance from Directors General on the reliance which he should place on the forecast figures. At this stage in the financial year managers were likely to still be under-predicting the extent of their underspend. He needed approximately £2 million of flexibility for accounting adjustments at the year end.

- 2.3. Robert Rogers** said that forecasting in the DCCS had not been as robust as it ought to be but there was now increased focus on this. The end-of-Parliament phenomenon meant that it was likely that the Department's underspend would be larger by year end. The pre-election reduction in Committee activity had been greater than anticipated, particularly affecting spending on travel and subsistence. Certain posts in the Committee Directorate had been gapped in anticipation of this reduction in Committee activity. Revisions to forecasts for ring fenced budget items, including security and printing, had also affected the underspend figures. The Board agreed that the final underspend was likely to be greater than currently forecast across the House.
- 2.4. Alex Jablonowski** suggested that the underspend could be used for a targeted scheme of early departures. Properly implemented, this would create longer term gains in terms of staff morale and performance. The Board agreed that there was insufficient time before the year end to develop and implement an early departure scheme, but that Directors General would discuss any specific proposals with the Director General of Resources as soon as possible.
- 2.5. The Chairman** asked whether the House's financial systems affected the ability of the House service to forecast accurately. **Chris Ridley** said that forecasting was historically poor in relation to salaries. Better workforce planning systems were being brought in. Typically managers were over-cautious in their forecasting and did not take account of gaps between posts being filled. **John Pullinger** said that it would be much easier for budget holders to forecast, and to be held account for their budget management, if budget figures remained steady throughout the financial year. Month on month adjustments arising from fluctuations in pension valuations and other factors made their job more difficult. It would be better if fixed budgets were delegated and any in-year variations were managed at the centre.
- 2.6.** The Board noted the final forecast outturn and agreed that a Supplementary Estimate should be prepared to address the adjustment in the Resource Accounts required following the revaluation of the Parliamentary Estate.
- 2.7. Andrew Walker** said that the likelihood of risk 5 (legal compliance) and risk 7 (failure of procurement) crystallising had increased from 1 January 2010 when the EU Remedies Directive had come into force. Departments should be aware that this would affect procurement practice for any procurement commenced after 1 January, and it was likely to increase the House's costs in this area. The directive made it easier for unsuccessful bidders to challenge and to be given information about the procurement process including the successful bid. Advice from the Commercial Services Directorate would be forthcoming shortly.

- 2.8. John Borley** said that there was no common standard for the period of time over which risks were scored. The likelihood of a risk materialising would change significantly according to the time period used. The scoring of the fire risk was appropriate.
- 2.9. Robert Rogers** said that it was inaccurate for the inherent and residual scores for the security risk to be identical, as investments in security measures had reduced the likelihood of the risk materialising. He would be reviewing the risk which currently tried to encapsulate both benign incidents (such as peaceful protests) and violent incursions (such as a terrorist attack), which had differing likelihoods and impacts.
- 2.10. Philippa Helme** said that the Risk Management Project was seeking to improve the reporting of risks to the Management Board. The Board's strategic review would provide an opportunity for the Board to identify the key risks which it wanted to address. The approach should be to identify what kept the Board awake at night, and could stop it achieving its goals, rather than enumerating all the possible things that could happen. **Alex Jablonowski** suggested that more attention should be paid to the risk to the reputation of the House. Factors outside the organisation's control could nonetheless be extremely damaging.
- 2.11. Andrew Walker** said that Deloitte had undertaken scoping work on the Members Estimate accounts. This had identified many areas where insufficient evidence was available to support Members' claims; in consequence many payments to Members could be stopped. It was planned that a letter from the Clerk and the C&AG would be sent the following week to all Members informing them of this. It would also be important to communicate with Members about the Legg review and publication of expenses information. It was agreed that the Director General of Information Services should oversee the coordination of these messages and possible defensive briefing.
- 
- 2.12. Andrew Walker** said that 30 staff had been assigned to move to IPSA, although most had expressed a preference not to move, which had caused an understandable drop in morale. Planning for IPSA was taking place through the Joint Transition Project. The IPSA programme board would bring a paper to the Management Board in February regarding the future of the Department of Resources. There would be a shortfall in staff in both the Department of Resources and IPSA during the period between March and June. Some short-term staff were being recruited but there might be a need to ask other Departments for assistance closer to the time.

### 3. Oral up-dates from Directors General

- 3.1. Robert Rogers** reported that:

- 3.1.1. the Metropolitan Police contract had been considered by JCOS.
- 3.1.2. plans for an International Relations Directorate would undergo further consultation following expressions of concern by Members involved in the executive committees of the international bodies.
- 3.1.3. if the House sat in September, as seemed likely, this would impact on summer tours, estates contracts and the planned replacement of television cameras in the Chamber. The Board agreed to raise the matter with the Commission.
- 3.1.4. *Action: OCE to coordinate the raising of September sittings with the Commission.*

**3.2. John Borley** reported that the Project and Programme steering group had been set up and he would be seeking nominations from Departments for staff to qualify as gateway assessors.

**3.3. John Pullinger** reported that:

- 3.3.1. the first meeting of the Speaker's Advisory Panel on Public Engagement was likely to be held in March.
- 3.3.2. the launch of the "MP for a week" game had attracted widespread coverage.
- 3.3.3. the 375 available slots for educational visits had been filled within three hours of the opening of booking.

**3.4. The Chairman** reported that, the previous Monday, he had given evidence for the second time to the Committee on the Issue of Privilege relating to Police Searches on the Parliamentary Estate and Internal Processes of the House Administration for Granting Permission for such Action, about parliamentary privilege.

#### **4. Tebbit implementation review**

**4.1. The Chairman** thanked Alex Jablonowski for undertaking his review of the implementation of the Tebbit recommendations. The tone of the report was optimistic. The Board could increase its engagement with the Speaker and Commission in the new Parliament, but they would not necessarily wish to become involved in detailed decision-making. Following the election, the Management Board would need to be ready to establish with the new Commission a shared vision for the future of the House Service.

**4.2.** The Board agreed to discuss the Jablonowski report as part of a broader review of strategy at a future informal meeting. Comments on the report would be collated by the Head of the OCE and presented as a paper to the February Board, together with the paper on the future of the Department of Resources and the report of the Future Strategy Group. The Board agreed that the cost information system should be in place by June.

- 4.3.** *Action: Head of the OCE to prepare a paper collating comments on the Jablonowski report for the February Board meeting.*
- 4.4.** *Action: Director General of Resources to implement the cost information system by June.*
- 4.5.** *Action: Director General of Resources to bring a paper on the future of the Department of Resources to the February Board meeting.*
- 4.6.** *Action: OCE to arrange an informal meeting to review the Board's strategy in the light of Alex Jablonowski's review of the implementation of Tebbit recommendations, and the report of the Future Strategy Group.*

## **5. Cost reduction**

**5.1. Andrew Walker** introduced [s.40] who had begun his work by scoping possible approaches to his efficiency reviews. It was proposed that a programme should be established with the objective of cutting costs by 9% over three years and that a senior staff member be appointed full time to direct this. The programme would encompass departmental cost reduction work, as well as [s.40] reviews, re-appraisal of investment plans, communications (including with staff and the unions) and change management.

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

- An Investment Appraisal Board could strengthen corporate business planning.
- There was a question about how the figures for years two and three of the planning period should be represented in Departmental Business Plans. It was desirable that some figures should be included so that staff realised that the need for cuts was real, but apart from a decision not to “salami slice” an equal proportion from every budget, it had not yet been decided where cuts would be made.
- It was likely that the savings to be found in Whitehall would be calculated differently from those to be found by the House. There might be presentational issues if a direct comparison was made between the two.
- The term “efficiency savings” was unhelpful, as not all savings would arise from greater efficiency; the terms “savings” or “cost reductions” were preferable.
- Decisions about where to find cost savings should be made corporately by the Board, based on proposals developed through the cost-reduction programme.
- There was a need to over-programme for savings as some would not be achieved and additional savings would be required to allow new investments.

- 5.3. The Board agreed that a cost reduction programme should be established and that a programme director should be appointed, who would report directly to the Board. The Board itself would act as the Programme Board. A Board sub-group composed of the Directors General together with Joan Miller would direct the programme through meetings held on a fortnightly basis. The Director General of Resources would line manage the programme director.
- 5.4. The Board agreed that the corporate and departmental business plans for 2010/11 should show the overall corporate cost savings intended for years two and three, but that the disaggregated figures for those years should be on a level budget basis, given that decisions were still to be made on where savings should fall. The text should make it clear that the figures were subject to review.

## 6. Whistleblowing

- 6.1. The Board considered a draft policy on disclosing malpractice (“whistleblowing”).
- 6.2. The Board agreed that Alex Jablonowski, as an external member of the Management Board and Audit Committee, would provide an independent appeal mechanism for staff who were dissatisfied with the handling of their complaint. Allegations about Directors General should be made directly to the Chief Executive; allegations about Directors and Heads of Section should be made to the relevant Director General.
- 6.3. As drafted, the policy did not include Members. It was important for the reputation of the House that Members be included. It was agreed that this issue should be raised with the Commission.
- 
- 6.4. The Board agreed that a redrafted policy should be submitted to the Commission for agreement before dissolution. Detailed drafting points on the policy should be sent to Heather Bryson by the end of the following week.
- 6.5. *Action: Heather Bryson to draft a paper to the Commission to be considered at the February meeting of the Management Board, presenting the draft whistleblowing policy.*

## 7. HR matters

- 7.1. The Board considered a paper on planning for the 2010 staff survey. **Joan Miller** said that answers from PICT staff were sometimes difficult to interpret because the survey questions were not clear (for example about whether they were referring to the Commons Management Board or the PICT Departmental Board). **Heather Bryson** noted a previous

agreement that no more than 10% of questions on the survey would be changed each year, to allow trends to be tracked, but drew attention to the proposal to carry out more consultation before the questions for the next survey were finalised. It was agreed that questions on fairness and respect would be analysed separately as a new category, and that the survey should be carried out from 28 June to 16 July, which would allow full analysis over the summer. Increasing response rates was a priority; this would involve identifying possible reasons for non-response.

**7.2.** The Board considered a paper about the Performance Award Scheme. The scheme and a review of its operation after one year had been agreed with the TUS. **Heather Bryson** said that staff views on the scheme would be analysed through a questionnaire separate from the staff survey. Directors General expressed concern that while the scheme was motivating for some of those who did receive awards, it was demotivating for others.

**7.3.** [s.36(2)(b) and s.36(2)(c)]

**7.4.** The Board supported the proposal that a review, which would be undertaken by management together with the TUS, should begin in February, when the nomination period for the third tranche of awards had ended.

**7.5.** The Board agreed to abolish the retirement age for SCS staff.

## **8. Estate strategy**

The Board took note of the paper on the Interim Estate Strategy. It noted that the projects detailed in the annex would take place over a variety of timescales.

## **9. Any other business**

There was no other business.

[adjourned at 18.05

**Philippa Helme**  
**Secretary**

**Malcolm Jack**  
**Chairman**

1 February 2010