

**Minutes of the Management Board meeting
held on Thursday 27 January 2011**

Those present: Malcolm Jack (Chief Executive) (Chairman)
Robert Rogers (Director General of Chamber and
Committee Services)
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)
[s.40] (Assistant Secretary)
Chris Ridley (Director of Financial Management,
Resources, for item 2)
Elizabeth Honer (Director of Savings, Resources, for
item 4)
James Robertson (Director of Accommodation Services,
Facilities, for item 5)

Apologies: John Borley CB (Director General of Facilities)

1. Matters arising from previous meetings

- 1.1. Matthew Hamlyn** reported that most actions were now complete. Progress was being made on actions 1 and 2, which related to the new corporate risk register and Balanced Scorecard. The Board would consider those further at its February meeting. Further to action 5 (staff meetings), a paper would come to the board in February, as the meetings were now being held at the beginning of March.
- 1.2. Andrew Walker** said that he would provide an update on action 3 (publication of SCS pay) under agenda item 7.
- 1.3. Robert Rogers** said that it was important to move towards more strategic management of Board business; the Board needed to be clearer about what it wanted to achieve and by when. It would also be helpful to have earlier sight of key papers.
- 1.4. Andrew Walker** agreed and noted that longer timescales would also help Board paper authors.
- 1.5. Matthew Hamlyn** invited Board members to give the OCE an early indication of work taking place in their area which might need to come to the Board.

1.6. The **Chairman** said that separate meetings on single issues had proved useful. The Board agreed that its workshop on risk had worked very well and that the OCE should continue to programme such days in diaries.

Action: Departments to give the Board Secretary an indication of topics which they might need to bring to the Board over the next three to six months by end-February. OCE to schedule dates for future single-issue meetings as soon as possible and to seek to ensure substantive papers are circulated well in advance of meetings where possible.

2. Risk and performance

2.1. Chris Ridley introduced the monthly financial outturn report. On current trends, there would be a shortfall of £2.3 million resource. The level of underspend in departments had grown since October; it was unclear whether the trend would continue. Board members had to decide whether their Departments' forecasts, which had been subjected to considerable challenge, were accurate. The provision for projects indicated that £2.5 million was still forecast to be spent. The forecast now included pension adjustments which had previously been "below the line", as well as £2 million for the voluntary exit scheme and £440,000 in dilapidation costs for 14 Tothill Street.

2.2. In discussion the following points were made:

- If forecasting was accurate, it would be prudent for the Board to seek a small supplementary estimate, on the grounds that it was needed to cover non-cash items such as pension provision, but precedent suggested there would be an overall underspend and such additional funds would not be necessary.
- The Board could risk its financial management credibility with the Commission if it sought a supplementary estimate and there was a subsequent underspend.
- A supplementary estimate was not needed because other options were available to the Board.
- The potential overspend related to only 1% of the total budget.
- If the Board decided not to go for a supplementary estimate, it would be important to maintain downward pressure on costs. Finance managers would have to work closely and openly with the Department of Resources.

2.3. The Board agreed not to seek a spring supplementary estimate.

2.4. Matthew Hamlyn explained that changes would be made to the current Balanced Scorecard following the Board's workshop on risk. A revised version would be circulated for the next Board meeting, so that a new Scorecard could be agreed from the start of the new financial year. It

would incorporate work on the strategy and savings programme, as well as the corporate business plan.

- 2.5. John Pullinger** asked about progress on the policy for complaints against Members.
- 2.6. Andrew Walker** said that he had raised it at the Commission and that the Speaker had received a letter from the Trade Union Side on the issue. Sue Harrison was now leading on implementation and would be meeting the trade unions the following week.
- 2.7. The Chairman** noted that the Commission was supportive of the proposed policy.
- 2.8. Robert Rogers** asked how long it would be before the staff announcement was made.
- 2.9. Andrew Walker** said that he hoped it would be finalised within a couple of weeks, although that depended on how quickly agreement could be reached.

3. Oral updates from Directors General

- 3.1. Andrew Walker** reported that there had been 104 applications for the voluntary exit scheme so far. He expected to receive 130 to 150 applications by the deadline. The first batch of applications had been sent to departmental HR teams. Panel members had been identified and meetings booked. Staff seminars were being run, from which good feedback had been received. The actual number of exits granted was likely to be about 20-30, depending on the mix of staff. Given the number of applications, it was important to dampen down expectations or there could be a lot of disappointment. He hoped to repeat that message at the senior leaders' event.
- 3.2. Joan Miller** added that so far PICT had received one non-formal application to its separate scheme.
- 3.3. Robert Rogers** said that the Procedure Committee's seminar on sitting hours had gone well.
- 3.4.** [s.34]
- 3.5.** There were still some issues to be settled in relation to the creation of the new International Relations Directorate. Staff affected were keen to join the House Service as soon as possible.
- 3.6. John Pullinger** said that he had observed a marked increase in the speed of media reporting over the last six months. Items were frequently

being tweeted and blogged before facts had been verified. The sooner misapprehensions could be corrected the better. The media office had also requested greater clarity about who had the authority to approve such corrections.

3.7. Robert Rogers said that the House Service had recently managed to get a damagingly inaccurate report on Hansard and the procedural data programme taken down from a website.

3.8. [s.36(2)(b)] and [s.36(2)(c)]

4. Savings Programme: Oral update

4.1. The **Chairman** explained that the Commission had preferred a “back to first principles” approach to redesign under phase two of the Savings Programme, rather than an incremental approach from the current cost base. The Finance and Services Committee was going to ask Departments to: define their services (from a customer perspective); the costs of those services; and what influenced or drove those costs; and would report back to the Commission by 21 March. It was also seeking an explanation of the reasons for cost increases over the past five years. The Commission had also asked for income generation work to continue.

4.2. Elizabeth Honer said that the Finance and Service’s Committee’s task was very large given the time available and might need additional resource. It might also be sensible for the Board, in parallel with that work, to examine opportunities for redesign in areas of greatest spend, as that was likely to assist the Committee’s review. The Board also needed to consider how best to communicate the Commission’s decision to staff.

4.3. In discussion the following points were made:

- Explaining historic cost increases would be helpful, as most of the increases had been politically driven and specifically approved. The increases were not the result of a general upward drift, although they did show that decision-making had been on a piecemeal, rather than strategic, basis.
- Decisions by the Government (e.g. to create new committees) had a large impact on costs. That driver needed to be incorporated.
- Work to explain current costs and drivers would require significant extra resource to ensure data were presented in a clear and consistent way across Departments. That work would require additional financial expertise.
- All Directors should be able to provide current costs, with a narrative at each level, without requiring additional resource.
- The analysis needed to be produced very quickly, in time for the next meeting with the Finance and Services Committee. DGs should

share their first drafts with each other as early as possible to ensure consistency. A standard template would be useful.

- The Finance and Services Committee was keen to have informal round table meetings with Board members.
- Scheduling would be difficult as the Committee could only fit in one additional meeting. It would be worth setting up additional bilaterals with the Committee's Chair. The head of the OCE had already suggested briefing the Chair on the House Service's work on strategic and business planning.
- It would be important to stress to the Finance and Services Committee that prioritisation of services could not be approached from the perspective of services to individual Members alone. The Board also had a duty to be stewards of the institution of Parliament. The Speaker and other Commission Members recognised that point.
- John Thurso had said that work on setting priorities could not be completed by March.
- Work on prioritisation would take at least three months to do properly.
- Members would have to be surveyed in some form. Small focus groups might achieve better results than another survey so soon after the annual survey of services, although there was very little time and such groups might not be representative. Any such work would be likely to demonstrate the diversity of opinion among Members.
- Income generation work would require additional resource. That was outside Elizabeth Honer's area of expertise. A project sub-group was needed.
- It was important to give staff full information about the approach being taken and to encourage staff to keep up the momentum on the agreed tactical savings.

4.4. The Board agreed:

- that each Director General and D-PICT should produce a statement of the services, current costs and drivers in their departments before the first meeting with the Finance and Services Committee, using a template prepared by the savings team, and that they should share the outcomes with each other as soon as possible;
- that the Department of Resources should produce an analysis of historic costs;
- that the Board should examine opportunities for redesign in areas of greatest spend, to support the Committee's review;
- that John Borley should lead a project sub-group on income generation, as part of the savings programme, and that that group could be given additional resource;
- that participants at the senior leaders event on 28 January should be briefed about the approach being taken, for them to share with their staff.

Action: Elizabeth Honer to draft document for the senior leaders event setting out the Commission's decision, the Finance and Services Committee's work, and the Management Board's response, for cascade

to all staff. Elizabeth Honer to circulate a template for provision of financial data for Directors General and D-PICT to complete before the next meeting of the Finance and Services Committee.

5. Accommodation Policy

- 5.1. James Robertson** outlined the decisions sought, as set out in the paper. The policy would be revised following the Board's discussion and then return to the Board before going to the Commission for final endorsement. Once agreed by the Commission, the policy would be combined with the Lords accommodation policy to form an outline programme business case. It would also be informed by the strategic property review and the interim estates strategy.
- 5.2.** The review was considering whether it might be more cost effective to move out of 2 Abbey Garden and 4 Millbank rather than 14 Tothill Street; the proposed solution would be set out in the outline business case. The business case would also propose a short term solution for the education centre, and seek decisions on whether the windowless office programme should be cancelled or reinstated, and on how to schedule the programme of projects, including decant.
- 5.3.** In discussion, the following points were made:
- [s.36(2)(b)] and [s.36(2)(c)]
 - There was a strong business need for some House staff to be in the Palace.
 - It was not inevitable that freehold property would always be preferable, on financial grounds, to leasehold.
 - Clarity was needed on whether the principles underpinning the draft accommodation policy covered visitors to the estate.
 - The principles should mention adaptations for those with particular needs.
 - Although the House's overnight accommodation was in fact cheaper than hotel stays, it might not always be so; the principle should be to choose whichever was most cost effective.
 - Historically, the pressure on the estate had always been upward. It was important that the principles addressed the need not to sell off accommodation that the House would find very difficult to buy back in future if the economic situation or business context were to change.
 - The Lords should be charged for accommodation in the Commons part of the estate where appropriate and vice versa. That might stimulate a discussion about the accommodation and funding of the Parliamentary Archives.
 - It was important to ensure the benefits expected from SPIRE were realised.
 - Many Members in Portcullis House did not like being moved to the Palace following an election or reshuffle. To avoid that, offices could

- be reserved for Ministers and senior members of all parties. The order of cost of such moves should be identified in the policy.
- House and PICT staff were also an area of pressure, although management had more control over the matter than over the number of Members' staff on the estate.
 - Lack of detailed data on numbers of Members' staff accommodated in the Palace was a concern, although pass applications provided some information, and better information on starters and leavers was now available from IPSA.
 - The Speaker and Leader of the House should be encouraged to submit a formal response to IPSA's consultation on possibly perverse incentives on accommodation.
 - [s.36(2)(b)] and [s.36(2)(c); s.22]
 - Everyone on the estate should be charged commercial rent so that rational decisions about space could be made.
 - Residential accommodation could be cost effective.
 - It was important to look at home working closely. That was an area of real potential. Many other organisations operated it effectively. To reduce costs, home working would have to reduce the amount of office space on the estate, not duplicate it.
 - There were increased ICT costs associated with greater home working and issues of reliability.
 - Any review of home working for the purposes of cost savings should be done in conjunction with the savings programme.
 - If it was possible to relocate services, it should also be possible to outsource them.
 - [s.36(2)(b)] and [s.36(2)(c); s.22]
 - Another known pressure was the possible move of the television control rooms to the switchboard areas.
 - Derby Gate should be included in the list of major refurbishments.
 - The Board needed to have an informed discussion about the location of the Education Centre, and about proposals for the future of Tothill Street, before those issues were put to the Commission. There were concerns about locating the Education Centre at Tothill Street on grounds of health and safety as well as cost.

The Board agreed:

- the principles and working assumptions set out in the paper, with minor amendments;
- that the policy should cover only those accommodated on the estate, not visitors.
- to support discussions with the whips on reducing the requirement for Members to move following an election or reshuffle;
- to engage with IPSA (including via formal consultation), the Speaker, Leader and Member bodies to establish a regime which encouraged Members to locate staff in the location which offered best value for money to the public purse;
- to a first principles review of the requirement for any third party organisation, including party affiliated bodies, to occupy

accommodation on the House of Commons estate, ensuring there was always a business need, and that, if appropriate, charging mechanisms which generated real benefit to the public purse were in place;

- that where practicable, support facilities such as changing rooms should be shared between third parties;
- to a review of all Metropolitan Police accommodation with a view to consolidating and improving accommodation in strategic locations;
- to review the justification for entitlements to residential and overnight accommodation and the associated arrangements;
- to support a project to rationalise and remove excess storage areas and furniture (e.g. filing cabinets) released by the implementation of SPIRE Programme in order to achieve better use of the space made available;
- that a study should be carried out into the feasibility, costs and benefits of home working as part of phase 2 of the savings programme;
- to carry out a detailed study of relocating certain functions away from Westminster, led by the Department of Facilities, as part of phase 2 of the savings programme, which should include full cost, benefit and risk analysis;
- to preserve accommodation on the House of Commons estate for decant;
- to endorse the principle of intensifying space utilisation in outbuildings by:
 - working towards the implementation of House of Commons space standards when any new space planning was carried out, with possible justified business needs for exceptions;
 - agreeing a policy of moving towards open plan for the House Service except where a business need justified cellular accommodation;
 - agreeing a policy of providing dedicated meeting, rest and mess areas only when the occupant group had a business requirement and that generally such spaces should be common facilities;
- to endorse the principle that furniture and other fitting provided on the estate should be standardised except when there was a proven business need or heritage reason for an exception;
- that the draft accommodation paper for the Commission should not refer to Tothill Street/2 Abbey Garden/4 Millbank.

The Board agreed the draft Commission paper on accommodation with minor amendments.

6. GEPG wash-up

6.1. The **Chairman** noted that GEPG's work had been a great success - it was a very good example of cooperation across the House service.

6.2. Alex Jablonowski agreed and noted that the delivery of election services had involved great reputational risk, which had been avoided.

6.3. The Board considered GEPG's recommendation for the future of the group and discussed the advantages and disadvantages of establishing a small permanent senior management group to take a strategic overview of services to Members, and of appointing a senior manager to have responsibility for the overall coordination of training services to Members and their staff.

6.4. In discussion, the following points were made:

- There was not enough work to do to justify the creation of another group. It would be better to appoint an individual champion for service delivery to Members.
- GEPG should not be placed into semi-hibernation. Some activities, such as engagement with the whips, could be started now.
- It might not be appropriate for the OCE to continue to chair GEPG if it was to take on a wider role in relation to service delivery to Members.
- It was over complicating the matter to create another group. GEPG should be retained and activated more frequently. Someone else should be put in charge of the group and training for Members and their staff should be part of their portfolio.
- A member of staff from Resources could coordinate training for Members and their staff, which might be better managed as an ongoing service.

The Board agreed:

- that it should appoint an individual champion for service delivery to Members, instead of a permanent senior management group;
- that this individual should be asked to chair GEPG, which should continue to be active; and
- that the exact scope of the champion's role should be agreed by correspondence.

6.5. Action: *Board Secretary to send options for Board members to agree by correspondence by mid March.*

7. Management Board: publication of papers

7.1. Matthew Hamlyn introduced the paper.

7.2. The Board agreed:

- that Board agendas and papers should be published on the internet and intranet at the same time as the minutes of the meeting to which they relate;

- that the arrangements should be trialled in respect of the January Board papers, guidance to Board paper authors revised accordingly; and publication go live from February;
- that draft Commission papers circulated to the Board should not be published under those arrangements;
- that Corporate Balanced Scorecards should be published a year after the meeting to which they relate, subject to review of whether any particular information should be withheld.

7.3. Andrew Walker said that he was setting up a project team to implement the Commission's new publication policy. The project team would consult staff on the release of senior staff pay and would also cover the publication of information such as the use of banqueting facilities by Members.

Action: Board Secretary to trial publication arrangements for Board papers in January, revise Board paper guidance accordingly, and report back to the Board in February.

8. DR transition programme

8.1. The **Chairman** reminded Board members that the item had been postponed and would be considered at a separate Board meeting on Friday 4 February.

9. Programmes and Projects

9.1. The Board agreed that the Parliamentary Programme and Project Assurance Team should be based in the Office of the Chief Executive.

Action: Head of the OCE to discuss implementation with PICT and the PPPA team.

10. Any Other Business

10.1. Robert Rogers asked the Board if they were aware of a recent Fol request relating to senior staff expenses.

10.2. Andrew Walker said that he would investigate and inform the Board.

Action: Board Secretary to circulate details of recent Fol request relating to senior staff expenses to Board members.

[adjourned at 18.20]

Matthew Hamlyn

Malcolm Jack

RESTRICTED ACCESS – MANAGEMENT

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Secretary

Chairman

February 2010