Minutes of the Management Board meeting held on Thursday 19 May 2011

Those present: Malcolm Jack (Chief Executive) (Chairman)
Robert Rogers (Director General of Chamber and Committee Services)
John Borley (Director General of Facilities)
John Pullinger (Director General of Information Services)
Andrew Walker (Director General of HR and Change)
Myfanwy Barrett (Director of Finance)
Joan Miller (Director of PICT, external member)
Alex Jablonowski (external member)

In attendance: Matthew Hamlyn (Board Secretary)
[s.40] (Assistant Secretary)
Heather Bryson (Director of HR Services, for item 5)
[s.40] (Head of Internal Communications, for item 5)
Elizabeth Honer (Director of Savings, for item 5)
Mark Hutton (Clerk of the Overseas Office, for item 6)

1. Matters arising from previous meetings

1.1. The **Chairman** told members that Andrew Walker would arrive half an hour late for the meeting. He apologised that he would also have to leave the meeting for half an hour. The Board agreed to rearrange the agenda as appropriate.

1.2. **Matthew Hamlyn** said that actions 1 to 5 were either complete or covered by papers for the meeting. Action 6 (dates for participation in the Leading for Parliament programme) was ongoing. Further to action 7 (consideration of separate "suitability for promotion appraisal"), DHRC would prepare a paper for the Board's next meeting. Action 8 (Jill Pay to draft a take note paper for the Commission on 2012 and Parliament) was in progress.

2. Risk and performance

2.1. The **Chairman** noted that the format of the new report was much clearer than that of its predecessor.

2.2. **Matthew Hamlyn** noted that the Department of Facilities had asked to amend its KPIs to better reflect the Department's functions. It proposed to consolidate its environmental KPIs and introduce some new indicators covering other areas. **Robert Rogers** asked if those could include overall energy usage. **John Borley** agreed, but said their main focus was on carbon emissions. **Matthew Hamlyn** added that Andrew Walker had also asked if the staff survey and staff appraisal indicators could be moved from the “well informed” goal to “effective”. The Report also asked the Board whether it wanted to formally reduce its recycling target, given that the historic data from the waste management contractor appeared to be incorrect. If the Board was content to make the proposed changes to the KPIs and recycling target, it would be appropriate to inform the Commission, so that there was a proper audit trail from the original Corporate Business Plan. The Board **agreed** that those changes should be incorporated into the next Performance and Risk Report and reviewed by the Board at its next meeting.

2.3. *Action: OCE to ensure next month’s Performance and Risk Report: includes Facilities’ new KPIs; moves the staff survey and staff appraisal indicators from the “well informed” goal to another heading; and respecifies the recycling target based on the revised data from the waste management contractor. Board to review those and any other proposed changes at its next meeting and, if satisfied with them, to formally notify the Commission.*

2.4. **Robert Rogers** noted that the review of the code of conduct for MPs should not be tracked as a Commons project, as it was being carried out by the independent Commissioner for Standards. The Board **agreed** that it should be removed from the programmes and projects summary.

2.5. The Board considered the paper on practice of publication of performance and risk data in other public bodies and discussed whether it should alter the present position of publishing the Performance and Risk Reports a year after the meeting to which they related. The following points were made:

- Practice varied greatly. Given that the report was new, a cautious approach would be sensible.
- Transparency reduced suspicion and created less work in responding to requests for information, as everything was already available.
- Publication might lead to less frank or less clear reporting. It could also add to the OCE’s workload.
- It might not be possible to publish the Reports in their present form, but the Board should set itself a target of moving to responsible publication by an agreed date. In the meantime the OCE should work with departments to ensure reports were sufficiently clear to avoid misinterpretation if published.

2.6. The Board **agreed** that it should reconsider the position relating to publication after several iterations of the Performance and Risk Report and that the OCE should work with departments in the meantime to further improve the quality of reports.

2.7. *Action: OCE to work with departments to improve the quality of reports in preparation for potential publication. Board to reconsider the position relating to publication of the Performance and Risk Report in October.*

2.8. **John Pullinger** explained that he had re-scored the risk that the House Service suffered a loss of reputation sufficient to impact upon its ability to achieve its strategic goals, following a review of the extent to which the House Service could influence that risk. There was more which the Board could do, which was why the risk was still amber, but the Board was not inactive on that risk and its actions were helping. He had considered whether it was sensible to have that risk at all, given that most mitigations lay outside management's control, but had decided that it was worth keeping. Reputation was a key part of the strategy and some mitigations were in the Board's control.

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

The Audit Committee had recently discussed reputational risks posed by All Party Parliamentary Groups (APPGs). **Alex Jablonowski** said that the Audit Committee had had a detailed discussion of that low probability/high impact risk, but had decided that the issue was outside management's control. **Robert Rogers** commented that risk 3 referred to the House Service rather than the House, although damage to the latter's reputation would of course impact on the former. The Board was taking responsibility by seeking respect for the House of Commons within the strategy for the House Service.

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

John Pullinger added that the risk was that the House would suffer a loss of reputation due to inadequate efforts of the administration and the risk might usefully be redrafted. **Matthew Hamlyn** said that it was important that the Board could show that it had put all possible mitigations in place.

2.9. The Board **agreed** that the OCE should liaise with John Pullinger to consider whether the risk required redrafting.

2.10. *Action: OCE to work with John Pullinger on redrafting of Board level risk 3, to be considered by the Board at its next meeting.*

2.11. **Myfanwy Barrett** said that she believed ineffective financial management should also be a Board level risk. The Board discussed that proposal. In discussion the following points were made:

- Board risks had to engage the Board as a whole. Security, for example, had been delegated down to DCCS.
- The Board was collectively responsible for savings.
- Such a risk might sit within risk 1b.
- Ineffective financial management was a wider issue than the Board's relationship with the Finance and Services Committee.
- The risk was a reputational one, but there were also financial impacts.

- The risk of not achieving savings was different from the risk of the accounts being qualified.

2.12. The Board **agreed** that Myfanwy Barrett should work with the OCE on a draft Board level risk to cover ineffective financial management for consideration by the Board at its next meeting.

2.13. *Action: Myfanwy Barrett to work with the OCE on a draft Board level risk covering ineffective financial management for consideration at the next meeting.*

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

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

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

2.17. **Alex Jablonowski** asked whether the Board was satisfied that the Procedural Data Programme was now amber rather than red. **Joan Miller** responded that it was an important programme which was why it had come up so often at the Board. It also had a significant dependency, the CPIMF programme. Everyone understood the problems that had occurred in the past and those were being addressed. One of the products had now been universally approved. The current risk related to the programme being finished on time and on budget.

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

2.19. **Alex Jablonowski** noted that the savings programme was scored red. **Myfanwy Barrett** said that good progress had been made since the report had been collated. Interviews had been held for the market testing lead and a candidate identified. There had been a good meeting with strand leaders that week in which a number of issues and overlaps had been discussed. Everyone had said they would be in a position to meet the deadline, although the level of detail might vary. **John Borley** added that he had briefed TUS on the market testing strand. **Joan Miller** said that the deadlines were challenging nevertheless.

2.20. The Board considered a paper on the timetable for financial and performance reporting. In discussion the following points were made:

- The Department of Finance needed time to produce more useful financial reports, which would include, for example, reasons for variances and recommended action. The benefits of better quality information outweighed the disadvantages of delayed reporting. Moving reporting to one month in arrears would also give departments more time for forecasting and to engage with their budget holders. Currently departments' work on variances was not fed in to the report as there was insufficient time.

- Standard practice was to have no more than a month's delay in financial reporting.
- If reporting was delayed as recommended, there would be particular difficulties towards the year end when there would be very little time to act on information given.
- It was worth trying deferred reporting to see if it did result in better decision-making. It might be possible to find ways to speed up financial reporting in future. Real time information was needed on the bottom line at the year end.
- It would be worth producing a "flash" financial report for the month end alongside the previous month's detailed report.
- The Finance Department would be able to produce such figures.
- The new HAIS system might speed up the allocation of Commons and Lords costs.
- June was not a sensible month to choose for the transition as trend performance and risk data would be lost during a busy period. August would be better as it was quieter.
- June had been proposed as it would be the first month of financial reporting for the current year.
- It would be worth including some information on performance and risk in the June report.
- Dates of Board meetings should be changed as soon as possible.

2.21. The Board **agreed** that:

- in general financial and other performance information should be considered by the Board one month in arrears, although the Risk and Performance Report should include space for "stop press" items from Departments and a "flash" financial outturn for the immediately preceding month;
- that the transitional month should be June, and that a full Performance and Risk Report would therefore not be produced for that month, although the Board should receive a less detailed exception report on performance and finances to the end of May; and
- that Board meetings should be moved to the second week of the month from September onwards to ensure information was as timely as possible under the new arrangements.

2.22. *Action: OCE to move dates of September to November Management Board meetings to the second week of the month and to schedule future Board meetings at that time of the month.*

2.23. Introducing the risk management update paper, **Matthew Hamlyn** explained that Internal Audit had recommended that management should move away from the aim of becoming formally "risk enabled" and instead concentrate on what kind of risk management system would add value to and be appropriate for the organisation. The report had also recommended giving the corporate risk management team a stronger mandate to direct risk management practice. **John Borley** said he supported those recommendations. **Alex Jablonowski** said that the recommended approach was more realistic, although it would be important to keep chasing progress.

2.24. The Board **agreed**:

- the draft management action plan submitted in response to the internal audit report;
- that it should drop its previous target to move to a “risk enabled” status by 2012 and concentrate instead on maximising the benefits of the existing system of risk management;
- to give the corporate risk management team a stronger mandate to direct risk management practice across departments.

3. Stewardship

3.1. Myfanwy Barrett introduced the 2010/11 Stewardship Report.

The report showed that there had been a resource and capital underspend. Some of the underspend related to savings delivered early, but a significant part was unplanned. The General Election had had a bigger impact than anticipated in some areas. There were detailed lessons for departments, for example, predicting the costs of the TSO contract.

There had been quite a lot of movement on Central Provision. A significant part related to changes in the assumptions for the calculation of contributions to the House’s pension funds and of interest on the Pension Fund liabilities. Investigating ways of smoothing out those changes was part of Myfanwy’s action plan. The underspend by departments had provided an opportunity to implement a provision for dilapidations. Departments’ analysis of the reasons for variances had been very thorough and she would be building on that to improve forecasting. The first step would be challenge sessions in June, which would be booked shortly. It would be helpful if DGs and Directors could encourage their finance staff to attend. The annex on project provision related to large IT projects.

3.2. In discussion the following points were made:

- It was a very helpful report.
- Challenge was a key part of improving forecasting.
- It was important to be clear who controlled project provision. The underspend had been a lost opportunity.
- That was why portfolio management was needed.
- PICTAB’s paper to the joint meeting of the Commons and Lords Management Boards would include recommendations on how to handle contingency funds.

- There were many causes of the project provision underspend. One of them was the House's capacity to carry forward a large number of projects.
- Good forecasting was the most important thing. There was always going to be slippage in IT projects, and that had a particular impact as the end of the financial year approached. Better forecasting would allow the Board to take that into account. The Board could also be bolder in programming projects.
- There was a risk of trying to do too much.
- It was important to ensure savings were clearly marked as such, rather than as underspend.

[s.43]

4. Building refurbishment

4.1. **John Borley** explained that the purpose of tabling the paper was to ensure the Board did not forget that the refurbishment of Parliament's buildings was an enormous and very challenging task. PEB would be responsible for driving the programme forward over the following year and it would be chaired by the Lords from September onwards. The Management Board needed to ensure it kept a handle on the programme and its dependencies – for example, the Converged Digital Network Programme. It had been suggested that some commitments in the M&E medium term programme should be revisited given what was in the long term vision. His view was that the M&E programme work should continue. A lot of effort had gone into reducing the risk of nugatory work.

4.2. The Board considered when it would be most appropriate to take stock of the programme. In discussion the following points were made:

- Detailed engineering advice was needed before a decision could be taken on whether the works could be carried out without a major decant. A business case would be prepared in September to approve long term planning work not included in the M&E medium term programme. That would give time for the new Finance Director to consider the figures.
- Good governance of the programme was critical. The Board needed to understand the impact of different choices, which was not set out in the paper. The engineering analysis would be expensive. The Board should be asked to provide guidance in advance on what options could be counted in or out, and that guidance should take account of the political realities.
- If it was possible to carry out the work without a decant, that option was almost certainly preferable unless money was tight. Yet if Parliament was to become unusable without a decant, then the decant would have to happen.

- The Commission would be being asked to take a decision to be implemented in three or four sessions' time.
- The medium term programme had provided some breathing space, but the ten years would be over very soon.
- PEB would be in a position to tell the Board what help it needed by September.

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

- Refurbishment would be a good subject for future joint meetings of the two Management Boards, although there was not time at the meeting in June. The Lords Management Board had already considered the vision paper.

4.3. The Board **agreed** that it should return to the refurbishment of Parliament's buildings in September.

4.4. *Action: Board Secretary to place the refurbishment of Parliament's buildings on the future programme for September.*

5. Savings programme

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

- Consultation on the initial package of savings had taken place in sequence. That had been criticised by some Members and staff who felt that consultation was only presentational, as they believed decisions had already been taken.
- It would be important to share the consultation plan with the Finance and Services Committee (F&S) and the Commission before the summer recess. The consultation should begin on the first day the House returned in October.
- There was considerable risk in consulting widely in parallel with discussions with F&S and the Commission. It might give Members and staff the impression that they could pick and choose from the proposals. The Commission would be meeting to agree the Estimate for 2012/13 on 12 December, which was a tight timescale if the Board then needed to go back and conduct further advocacy. The proposals would have different audiences so it would be better to split them up and handle them separately. Print to Web, for example, had plans to test feasibilities with 40 Members. That was likely to give the strand leaders more useful responses and be less threatening to Members than a general consultation.
- The Savings Programme Board had discussed the pros and cons.
- There were lots of other communication activities happening. It would be important to ensure any consultation was coordinated with those.
- That would be handled by dependency management.

- If engagement was rolled up into one consultation document concerns raised about more difficult items might hold up progress on uncontroversial items. There were many audiences.
- Strand leaders needed to be able to take soundings straightaway.
- The intention was that the consultation document should cover principles rather than all the details. The Savings Programme Board recognised that the document would otherwise be too large and overwhelming. The Management Board had previously raised the idea of a Westminster Hall debate presented by the Finance and Services Committee and the Commission, based on a report which would act as a single consultation document that would draw everything together and go to all Members. Agreement to the key principles in the document would be enough to inform the estimate for 2012/13. The later consultation phase (beyond December 2011) would cover the detail. There were also questions which might need answering before October. The proposed plan gave strand leaders the freedom to engage before a consultation on the overall package.
- It was important to avoid survey fatigue.
- The document would need to be very carefully drafted.

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

- It was important to present a coordinated common vision to staff. Engagement by individual strands had to happen within a framework, in which the Savings team were kept informed of all communications activity.
- If the strands were unable to make the full savings, more pressure might have to be put on the in year savings. That message had to be included in communications.
- The substance needed to focus on post-2012, so that the Commission could make clear decisions.
- It would be useful to communicate the consultation plan to staff as soon as possible. TUS had complained of an information vacuum.
- Staff communications should made clear that the consultation was happening before decisions were taken and that staff views would go to decision-makers. However, the parameters of that consultation also needed to be set out – for example, the consultation would not lead to strands being thrown out altogether.
- The purpose of the meeting was to share information and clarify the Lords' role in the strands.

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

- The Board should hold a senior leadership event on the consultation plan in July. That could also cover the respect policy and an update on the pay negotiations, as well as any other issues identified nearer the time.
- The Commission needed to be consulted on the plan first.

5.2. The Board **agreed** that:

- a consultation plan should be taken to the Finance and Services Committee and the Commission before the summer recess;
- a general consultation should take place between 10 October and 10 November and should run in parallel with consideration of the consultation document by the Finance and Services Committee and Commission;
- it was appropriate for individual strands to engage with Members and staff before the autumn as part of evidence-gathering, as long as the Savings Programme Board remained informed for purposes of co-ordination;
- specific consultation exercises on the detail of each of the seven strands should be managed on a rolling basis after Christmas;
- consultation timing should be one of the items discussed at the joint meeting of the two Management Boards on 14 June;
- a senior leadership event should be scheduled in July after the meeting with the Commission, to brief senior leaders on the plan, progress on the respect policy and pay negotiations, and other issues arising.

5.3. *Action: OCE to book senior leadership event in July after Commission meeting.*

5.4. **Heather Bryson** introduced the paper on HR Mechanisms. It would be possible to convert some temporary promotions (TPs) and fixed term contracts (FTCs). The former would not increase overall staff numbers. However, some TP arrangements were legitimate – for example for maternity leave or project work. The Board might also want to retain some TPs in areas where there was an intention to reduce staff. In bands B and C the proportions currently stood at 16% and 10% for TPs and FTCs respectively. Converting to permanency might improve staff morale and it would also alleviate stress on the business. Converting fixed term contracts would increase the overall number of permanent staff, although some would have developed rights to permanency in any case. It would motivate those staff but some permanent staff might feel it was increasing their own uncertainty. Her advice was that it would be prudent to do some conversions. In many places the volume of TPs and FTCs was creating strain. TPs were also causing lots of backfilling. Decisions would have to be taken on business need. She recommended a corporate approach based on business need so that it was transparent and fair. The Voluntary Exit Scheme had shown that such an approach could work.

5.5. **Robert Rogers** said that the paper was very helpful and addressed an issue concerning all departments. Staff on TPs and FTCs were worried about their positions and that was having an impact on morale. He hoped it would be possible to adopt a very quick process for the approval of individual cases, taking no more than a couple of days.

5.6. **Heather Bryson** said that if the Board was happy to agree the guiding principles by correspondence and could do so quickly, the process could be complete by the end of June.

5.7. **Robert Rogers** said that it would be important that decisions were taken for business reasons. The guiding principles should not allow staff to say that they matched the criteria and therefore should be converted to permanency when there was no business need to do so. It was also important to ensure there was no delay, as that would irritate staff. DCCS could give DHRC the information it needed straight away. Staff should be informed that the process would be complete by 30 June.

5.8. **Matthew Hamlyn** suggested that the Board might want to agree the guiding principles as set out in the paper now. **Robert Rogers** commented that they were excellent.

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

5.10. **Heather Bryson** added that the paper recommended that current recruitment restrictions should remain in place. Management could look at holding a similar exercise at some point in the future. **Andrew Walker** said that management should be clear it was keeping restrictions in place to avoid job losses but say that it would review them periodically.

5.11. The Board **agreed** that:

- a limited number of existing temporary promotions and fixed term appointments should be made permanent;
- departments should be responsible for reviewing appointments within their department and make recommendations to be ratified corporately, following the model similar to that used successfully for the VE scheme;
- the guiding principles set out in the paper should be applied by departments when considering what TPs and FTCs should be made permanent, balancing the short term business need for stability with longer-term flexibility;
- the process should be completed by 30 June;
- the current recruitment restrictions should continue to operate at the present time, including the ability to appoint on a permanent basis when required;
- the understanding of business need used to justify permanent appointments under the current recruitment restrictions should also refer to the guiding principles as set out in the paper.

6. International Relations

6.1. The Board considered the Funding of International Relations Activities paper. In discussion the following points were made:

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

- The bodies would not be required to spend their reserves on the Commonwealth Parliamentary Conference as the House was the main contracting party, but if they were to be held to their offer to use their reserves to keep the House's costs down, they would have no reserves remaining. CPA–UK were very concerned about that as they felt they needed a reserve. They understood the forward planning business approach the House would require of them in future.
- The House was not proposing leaving them with no reserves, just reducing reserves so they were no longer at the level of a year's worth of running costs.
- Option one would immediately require the bodies to do some planning. That would give the Board an idea of how serious the bodies were about improving financial management and their capability.

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

- The Board should return to the matter in the autumn to decide what to do from 2012 onwards. The Commission also needed to sign up to the proposed options.
- Postponing the matter would miss the opportunity to tie the process to that of agreeing new financial memoranda. It would be helpful to indicate to the bodies now that there was an intention to move to more active financial management and tighter financial control.
- The paper needed to go to the Commission's meeting on 20 June as the bodies needed payments for the second quarter. CPA - UK was starting to get nervous about that and BGIPU also wanted a clearer picture.

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

6.2. The Board agreed to recommend to the Commission:

- that the review of financial memoranda governing the financial arrangements should be brought forward and incorporated into the process for implementing tighter financial control of the bodies;
- that option one in the paper should be applied from the start of 2011 – 12 and option two or three from the start of 2012-13.

7. Oral updates from Directors General

7.1. The **Chairman** said that he continued to be concerned about progress on the respect policy, although a lot of work had already been done.

The House would remain very exposed until the policy was up and running.

The policy could be finessed later, but something had to be put in place as soon as possible. He was determined that it should be done before his retirement.

7.2. **Joan Miller** reported that PICT was currently investigating a network slowdown which was taking place at about 5 o'clock some evenings. It was being dealt with as a major incident. She had met Hansard and Vote Office staff, as they were most affected because of their complex applications.

[s.24]

7.3. **John Pullinger** said that DIS' new briefing paper system had gone live and looked very good. He was grateful to PICT for its work.

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

7.5. **Robert Rogers** reported that the Administration Committee had agreed to the proposal to stop bound volumes of Hansard, provided that record copies were kept. Staff were expressing concerns that there was too much management overhead at the moment and that they were being asked to do too much work not directly linked to operations.

7.6. **John Borley** said that the Offsite Consolidation Centre had noticeably reduced the number of vehicles on the estate. Issues had emerged in the way catering deliveries were managed, but those were being addressed. The Commission had agreed the accommodation policy and proposals, so an Education Centre would not be built within the present estate. He would come back to the Commission with a long term alternative proposal. The refurbishment of windowless offices had also now been put on hold.

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

7.7. **Myfanwy Barrett** said that she had now found an external member for the Savings Programme Board, Simon Judge from DCMS. She was in the process of recruiting a permanent Director of Commercial Services. That was an internal only campaign. She had just attended the equality impact assessment training, which had been very good.

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

7.9. **Andrew Walker** reported that he had appointed a temporary Change Director on an agency contract and would be recruiting for a full time Director very soon.

8. Any Other Business

8.1. Further to the take note paper on Parliament Week, **Andrew Walker** suggested that the organisers might also wish to consider overtly the potential internal benefits, such as enhanced staff involvement. **John Pullinger** welcomed that idea.

[adjourned at 18.25

Matthew Hamlyn
Secretary

Malcolm Jack
Chairman

May 2011