HOUSE OF LORDS

FOR PUBLICATION

Management Board

Joint Meeting with the Management Board of the House of Commons

10th Meeting
1 November 2013

MINUTES

Present:	David Beamish	Clerk of the Parliaments (Chair for item 2)
	David Leakey	Black Rod's Department
	Andrew Makower	Financial Resources
	Joan Miller	Director of Parliamentary ICT
	Tom Mohan	Human Resources
	Edward Ollard	Parliamentary Services
	Liz Hallam Smith	Information Services
	Rhodri Walters	Corporate Services
	Carl Woodall	Facilities
	Sir Robert Rogers KCB	Chief Executive, House of Commons (Chair for item 1)
	Myfanwy Barrett	Finance, House of Commons
	John Borley CB	Facilities, House of Commons
	David Natzler	Chamber and Committee Services, House of Commons
	John Pullinger	Information Services, House of Commons
	Andrew Walker	Human Resources and Change, House of Commons
	Dame Janet Gaymer DBE	External member, House of Commons
	Barbara Scott	External member, House of Commons
In attendance:	Martin Trott (for item 2)	Head of Savings Review, House of Commons
Apologies:	Ian Luder	Member of the House of Lords Audit Committee

1 Medium-Term Investment Plan

Robert Rogers took the Chair.

1.1 **Myfanwy Barrett** introduced the Medium Term Investment Plan (MTIP). This was the third year the two Houses had been through this process. It brought together information on investments across the two Houses and along with the new business case approach had led to improvements in investment decision making.

1.2 A number of issues arose from the current MTIP where further action or information was needed. Further work was needed to develop the House of Commons Northern Estate Strategy and resulting decant requirements. PED were developing a Strategic Outline Programme that would consider decant sequencing and costs. No provision was presently made for telephony as this was now out of scope for the Network Refresh Contract, further consideration was needed as to how the Houses' telephony needs could be met. The two Houses were developing audio-visual strategies and print/publication strategies which needed to be in place when the contract with TSO expired; further work was needed in these areas. Finally, while the paper said that there were no new savings arising from the investment, additional savings had been identified from the Q&A project which formed part of the Parliamentary Business Programme.

1.3 **Andrew Makower** noted that he would be responsible for the MTIP process for next year and would be grateful for heads of departments' guidance on issues that should be covered. In addition to the issue raised by Myfanwy Barrett the next MTIP would have to look at the approaches taken to over-programming in Estates and ICT; Estates would need 50% additional budget (including RCOB) to deliver its entire programme and PICTAB was relying on underspend from its programmes to provide contingency. Neither Estates nor PICTAB's approach to budgeting for risk matched Treasury guidance and this would be addressed before the next MTIP. Finally he observed that the shape of the next MTIP might be different due to changes in the boundaries between programmes.

1.4 **Myfanwy Barrett** said that both Finance Directors were grateful for their colleagues' contributions to the MTIP process. The Boards might wish to use this discussion to consider: the total level of investment planned; the balance between portfolios and programme areas within the portfolios; whether the types and scale of investment looked appropriate; and whether there were any gaps.

1.5 The Boards discussed the MTIP. In discussion the following points were made:

- There was a need to link the activities outlined in the MTIP with the strategic context of the two Houses. There was currently a gap between the high level strategies and the MTIP as there was not sufficient focus on business-as-usual activities which should be directing the Houses' investments. An example of this disconnect was printing; a lot of investment might be needed to realise the new printing and publication strategy but this was not present in the current MTIP.

Printing and Publishing

- While it was too soon to decide whether to contract jointly or separately in this particular case, the Finance Directors had agreed in general that "in principle joint procurement is preferred".
- It would be important for the two Houses to proceed in cooperation when making new printing arrangements, particularly in relation to bills. Currently both Houses were still unclear what any new contract would be seeking to deliver; it was too soon to come to the Boards with specifics. The most likely investment that would arise from this decision would be an electronic platform for publishing and creating data. It would be important that both Houses had the tools for products of a sufficient standard if not externally published.
- There was no joint printing and publishing group for the two Houses yet as both Houses were currently identifying their own requirements in this area.
- The Security Arrangements Renewal Programme had started by considering from first principles what was required from the security function. It might be helpful to take the same approach with printing and publishing and consider what overall strategic objective the two Houses were trying to achieve.

Capital Expenditure

- Capital over-programming was not necessarily bad so long as it was recognised and managed. The more important indicator was the gap between the budget and the actual outturn and this continued to improve.
- It was suggested that the 50% over-programming in Estates mean that some of the work being programmed was unnecessary.
- The level of over-programming reflected the fact that the nature of Estates programmes meant that they often encountered delays. The new confidence assessments were allowing a more intelligent approach to over-programming; they were applied at project level and project outturn was scaled back on the basis of those assessments.

- The level of over-programming was a KPI for Estates, and further reduction in over-programming and the gap between budget and actual outturn should be seen in the next MTIP.
- The Finance Directors' view was sought on over-programming in Estates. **Myfanwy Barrett** said that she was content and noted that it was PEB's role to monitor the level of over-programming and to reallocate resources as necessary.

Estate Works

- On the Northern Estate decant, a sequence of office moves to deliver refurbishment in time for a possible decant as part of the Restoration and Renewal (R&R) programme would be ready for incorporation into the final MTIP and 2014-15 Estimates.
- The House of Lords had a less challenging set of requirements to enable it to prepare for possible R&R related decants, but was keen to take advantage of opportunities to work with the Commons, share decant plans and potentially space. The refurbishment of 6-7 Old Palace Yard would increase capacity and allow the next stages of the Fire Safety and Cast Iron Roofs programmes to go ahead. The end of the 5 Great College Street lease might also yield additional capacity equivalent to 250 desks. The willingness of the Lords to work flexibly and share forward plans was welcomed by the Commons and the accommodation teams in both Houses were actively exploring how they could work together in future.
- Relocation space was not covered by this MTIP. Depending on the nature of the expenditure it was possible that the costs would not be capitalised.
- The future of Archives accommodation would have an impact on future versions of the MTIP. The Director of the Parliamentary Archives was consulting Board Members on the future direction of the Archives; the timing of any change would be linked to the R&R programme to avoid any nugatory expenditure.

Restoration and Renewal

- The MTIP now included considered projected spend for R&R. It was questioned whether the Boards had the political cover necessary for these projections. Further work might be needed before the next General Election to ensure that the matter did not become politicised. It was noted that these figures were a marker and that the outcome of the Independent Options Appraisal, and the subsequent political level decision, would provide clarity for the longer term.

Investment planning across portfolios

- There was no mechanism for prioritising resources across the different portfolios apart from this meeting. The Boards should consider whether they were content with that state of affairs, whether it caused any practical problems and whether a change in governance was necessary.
- Realistically, it was too late for the Boards to change the balance of resources between the portfolios at this stage in the process. One solution would be to establish a single joint investment appraisal board that could take an overview of all investments. Such an approach might also provide additional assurance to the Accounting Officers.
- Changing the governance structure was likely to attract Members' attention. The Commons Administration, and in particular the Commons Finance Director, had a good relationship with the Finance and Services Committee its role remained primarily reactive. Member bodies were already used to a joint MTIP, which was a substantial achievement by the team involved.
- Not everyone favoured a joint investment board. It would duplicate or subsume some of the work currently done by PICTAB and PEB and the Finance Directors, which might or might not be desirable. However if the Boards felt that they were being involved in the process at too late a stage to have substantive input this could be addressed by consulting the Boards earlier on future MTIPs.
- The disparity in the size of the budgets, and the difference in the revenue/capital split, between

the Estates and ICT portfolios would make moving resources between the two categories difficult. In any case there were more dependencies within each portfolio than between them.

- The process at present was arguably too bottom-up. The general squeeze on resource budgets, and in particular having a control total for PICTAB resource expenditure had helped with budget discipline.
- Anxiety was expressed that a more top-down or interventionist approach would inevitably mean raiding estates budgets for essential works. Also the Boards must not lose sight of staff. Staff costs were recurring expenditure rather than investment so were not captured by the MTIP process. Good investments should lead to a reduction in running costs; few savings would arise directly from this MTIP.
- In theory ICT programmes approved by PICTAB were business- rather than technology-led, with the project's SRO having control, and being responsible for, expenditure. But some Board members, in their capacity as SROs, did not feel that they had ownership of their programme budget as described.
- It would be possible to devise a quite different set of portfolios, e.g. Parliament and Heritage.
- The **Chair** concluded that there were doubts about the merits of a joint investment board approach at this stage, but there was some support for earlier involvement of the Management Boards next time.

1.6 The Boards agreed the MTIP, subject to final figures from the FDs and in particular possible adjustment of Commons Estates budgets in relation to the Northern Estate.[1]

2 Continuous Improvement

David Beamish took the Chair. Martin Trott attended for this item.

2.1 **David Beamish** welcomed the involvement of the Lords Administration in the Continuous Improvement (CI) initiative from the very beginning and cited this approach as a good model for joint work in general.

2.2 **Martin Trott** delivered a presentation on the proposed CI initiative. It was expected to be introduced at the beginning of 2014/15 and run for three years initially. A core bicameral team of three people was envisaged to deliver CI. The National Audit Office (NAO) and Cabinet Office had already shared their valuable experience in this area. The Environment Agency had provided free training and advice, while further specialist training had been offered by HMRC. A CI workshop convened as a joint meeting of the Business Management Group (BMG) and the Business Planning Group (BPG) had emphasised that it was important to be as clear as possible about the objectives of CI in Parliament. Following agreement in principle by both Boards to the introduction of a CI approach, the Boards' endorsement of the paper's proposed approach was sought as well as its responses to questions posed in the presentation.

2.3 The Boards discussed CI. In discussion the following points were made:

- The CI concept appeared to be amorphous with no terms of reference or a projection of costs and benefits. **Martin Trott** and **Myfanwy Barrett** said that this reflected feedback received following the Commons Savings Programme for a lighter touch approach in terms of governance. **Andrew Makower** added that objectives and benefits were addressed in the paper but that, if this initiative was perceived by the front line as a new burden imposed from the centre, it would have failed.
- Many positive initiatives originated from more junior staff most familiar with their particular work areas. It would be important to create a more open culture that facilitated dialogue between front line staff and senior management, where staff felt free to come forward with

[1] And with one drafting amendment: on p29 the SRO of the Westminster Hall Stone Conservation project was M Barlex, not C Woodall.

ideas for different ways to deliver the business. If a Parliamentary initiative followed this approach then it would work. CI should help to change the cultural and organisational DNA of Parliament.

- It was asked how would the initiative interact with the ongoing work of the internal audit teams in both Houses; and whether there was a risk of Parliament becoming subject to Treasury oversight. Launching a couple of pilots in non-contentious areas as a first step was suggested. **Martin Trott** agreed with this suggestion, stating that it accorded with advice received from stakeholders about the importance of ensuring "quick wins" by improving some minor processes. He explained that Parliament was embarking on this voluntarily. The NAO would have a purely advisory role in the process and the Treasury was not involved. It would also supplement the work of internal audit, whose primary role was to provide assurance about processes. A coordinated approach would be adopted, including consultation of the internal audit teams.
- It was difficult for those deeply involved in a process to see unnecessary complexity. It was suggested that CI was a positive opportunity for Parliament and a review of business areas may serve as a useful precursor to an ICT investment to ensure that the underlying business processes were effective.
- A preference was expressed for the initiative to be called "business (process) improvement", or alternative names, rather than CI and it was suggested that the core teams might more naturally report to the two Houses corporate centres rather than the finance departments. The use of external practitioners, perhaps operating like Gateway reviewers, working outside their own areas would bring fresh perspectives to the two Houses' business processes. It would be important for CI practitioners to work across departmental and organisational boundaries.
- CI was not designed to save money but to re-engineer processes, with any resources freed up being reinvested, and should be presented to staff on this basis.
- CI should be largely staff-driven and bottom-up and should concern itself with practical processes rather than top-level governance issues. A number of Board members said it would be important for clear messages to be communicated to staff about CI's purpose and scope. A communications plan would be developed in due course.
- The Boards discussed the nomination, appointment, training, role and organisation of practitioners, or local experts, in the implementation of improvements working closely with the core team. **Martin Trott** said the intention was for the core CI team to work collaboratively with the local teams.
- The initiative was very ambitious given the timetable; launching pilots should ensure a greater chance of success. Some sections of the workforce would be naturally inclined to this type of initiative while others would not. The initiative would operate on the individual and business levels although the two might not be the same in terms of measuring the overall success of the exercise.

2.4 **Myfanwy Barrett** said that CI was principally about improving the way Parliament did things as well as the customer experience. CI would involve a mix of activities with a variety of expected outcomes, including improving the quality of services, accommodating growing business demand, achieving efficiencies or reducing costs. Some reviews would have to deliver savings, because both Houses had targets to achieve, which was why it was recommended that the core teams would report to the Finance Directors.

2.5 **Andrew Makower** saw CI partly as preparation for R&R in terms of both getting into the right mindset and actual de-cluttering. The workshop had discussed alternative names but concluded CI was the most appropriate description for the initiative; but the Finance Directors were open to other suggestions. CI was designed to provide expertise, leadership, coaching and training to people in the business who wanted to do a better job, rather than "slash and burn".

2.6 A Board member suggested that pilots should be launched, without any significant publicity and before the formal launch of CI, in order to allow decisions about the processes to emerge organically, including consideration of alternative names. The Boards agreed to adopt this approach, and not to take decisions on the longer-term in the meantime.

2.7 The Boards agreed that the CI objectives should be as follows:

- To improve services for Members and other customers and the quality of work for staff.
- To maintain downward pressure on running costs.
- To improve the Parliamentary Administrations' capacity and readiness for change.

2.8 The Boards agreed the following responses to the questions posed in the CI presentation:

- *Using existing resources to identify candidates for review – are there any no-go areas?* The Boards agreed and asked Board members to suggest possible pilots to Martin Trott.
- *Prioritising using a matrix formula?* The Boards agreed that this should be considered at a later stage. The Board noted that the use of such a matrix during the Commons Savings Programme had proved beneficial.
- *The role of the core team?* The Boards deferred this question.
- *The role and organisation of the practitioners?* The Boards did not pronounce on this question.
- *That the core team report to the two Finance Directors.* The Boards agreed that the Finance Directors should be involved with the initiative at this stage and that the Clerks should consider the detail of the arrangements.
- *That BPG/BMG act as the bicameral governance body.* The Boards agreed with this proposal.
- *Quarterly reporting to Boards and Committees.* The Boards agreed not to take any action in terms of reporting at this stage, pending the outcome of the pilots. The pace of reporting would be contingent upon progress made.

3 Any Other Business

3.1 The Boards agreed that a joint awayday should take place in early 2014. The use of Dorneywood for past awaydays by each Board and Coopers' Hall by the House of Lords Management Board was noted and the Board agreed that a local venue would be appropriate in this instance. Board members were invited to contact Ben Williams or Michael Torrance with suggestions for discussion items and venues.

Next Meeting: 6 November at 10am.

Secretary to the Management Board
7 November 2013