HOUSE OF LORDS

Management Board

Joint Meeting with the Management Board of the House of Commons

15th Meeting
21 November 2014

MINUTES

Present:	David Beamish	Clerk of the Parliaments (Chair for item 1)
	David Leakey	Black Rod's Department
	Andrew Makower	Financial Resources
	Matthew Taylor	Acting Director of Parliamentary ICT
	Tom Mohan	Human Resources
	Edward Ollard	Parliamentary Services
	Liz Hallam Smith	Information Services
	Simon Burton	Corporate Services
	Carl Woodall	Facilities
	Ian Luder	Audit Committee member in attendance
	Dame Janet Gaymer	External member and Acting Chair, House of Commons Management Board (Chair for items 2 and 3)
	David Natzler	Acting Clerk of the House of Commons
	Myfanwy Barrett	Finance, House of Commons
	John Borley	Facilities, House of Commons
	Jacqy Sharpe	Chamber and Committee Services, House of Commons (acting)
	John Benger	Information Services, House of Commons (acting)
	Andrew Walker	Human Resources and Change, House of Commons
Apologies:	Liz Hewitt	Audit Committee member in attendance
	Barbara Scott	External member, House of Commons

1 Medium Term Investment Plan 2015-19

David Beamish took the chair.

1.1 **David Beamish** welcomed Jacqy Sharpe and John Benger to the meeting, as new members of the House of Commons Management Board, and noted that it was Ian Luder's last meeting as an external Audit Committee member in attendance at House of Lords Management Board meetings.

1.2 **Andrew Makower** introduced the paper and made the following introductory remarks:

- As the fourth MTIP the process had in some ways become business as usual (BAU), although the paper was far from being a BAU proposal.
- The process has been different in various ways. The Boards had a preliminary discussion on 16 May and he hoped the paper reflected that discussion. On the Estates side a new approach had been taken to capital forecasting. On the ICT side PICTAB started sooner and included a prioritisation and challenge stage modelled on what PED did. And on both sides there was a new approach to what used to be called RCOB (Risk, Contingency and Optimism Bias).
- On both sides there was significant new content.
  - At this stage last year the Commons Northern Estate Programme had not yet been developed. Now it represented a significant slice of a much bigger pie.

- On the ICT side, PICTAB had made space within the resource control total for AV and Telephony. This had had major implications for other programmes and for PICT workforce planning. Paragraphs 4 and 5 of the paper summarised what had been a very difficult process of decision-making. The result was not perfect and not without risk but it was objectively based and financially responsible.
- Paragraph 5 contained an error. It says that the proposed programme budgets for 2015/16 would provide resource funding for only 21 major projects out of a possible 40. "21" should be "25".
- The Boards were invited to agree the MTIP set out in Annex 1.
- Besides actual budgets, and as requested at the 16 May joint Board meeting, paragraphs 16 and 17 and Annexes 2 and 3 addressed the question of delivery capacity, which would be considered further by John Borley's presentation.
- Annex 5 addressed the impact of change and was an important new piece of work by the Commons Change Team. It invited a response, particularly to the questions in paragraph 16. It was also a good opportunity to advertise the fact that the Commons Portfolio Office would become the latest shared service in April 2015.
- Finally paragraphs 24 and 25 set out some important and expensive things which were not funded by this MTIP. Some of them would be budgeted for in other ways and it was not proposed to budget for others at all. If this meeting did not exist to discuss such things then it would have to be invented.

1.3 **Myfanwy Barrett** thanked Andrew Makower for his hard work in preparing the MTIP.

1.4 The Boards considered the paper and the following points were raised in discussion:
- A Board member expressed concerns about the prioritisation process for ICT projects, including the scale of the reductions to the Facilities ICT budgets. It would be difficult to maintain morale in the PICT Facilities ICT team or in member-facing roles as a result. Another Board member agreed. Notwithstanding the distinction between capital and resource budgets, it was all money from the public purse and it seemed counter-intuitive that matters were not considered more clearly across the piece. With reference to paragraph 11, the Board member queried why the capital for projects in the AV Programme appeared in the ICT portfolio rather than the Estates portfolio since PED would be carrying out the majority of the works.
- A Board member said that the ICT portfolio appeared to have struck a reasonable compromise but consideration should be given in the longer-term to avoiding a situation arising where new projects were to compete with maintenance and upgrade activities.
- **David Beamish** noted that during the House Committee's consideration of the Lords financial plan concerns had been raised about the level of ICT resourcing, with reference to long answering times on the PICT service desk.
- With reference to paragraph 24, a Board member said the website and content management systems were critical for both Houses' business planning. The new Director of the PDS would have an interesting challenge in this respect and governance arrangements would also be important.
- A Board member said that the new PDS Director should have scope to pursue and implement their own plans and might feel a little disappointed if their budgetary options were limited in this regard.

1.5 **Myfanwy Barrett** responded to these points. She said that both Houses were operating within an agreed remit, which did not permit budget growth. ICT expenditure was inclined towards resource while Estates was inclined towards capital spend. The priorities had been

determined on the basis of submissions received. With respect to the PDS budget, it was not possible to prioritise at the moment as some matters were still under discussion, while others would depend on the preferences of the new Director. While PICTAB was due to consider a paper including proposals to use the PICT R&D budget and the WIS development budget, it would not be realistic for the PDS Director to expect a large pot in this regard. The effect on PICT staff resulting from reductions to the Facilities ICT budgets was also being examined. Regarding the latter point, **Andrew Makower** noted the risks set out in paragraph 23 of Annex 3, which PICTAB had agreed. The AV programme budget overcame established boundaries as the rationale was to empower the programme and the SRO. This approach would be monitored before considering if it could be applied more widely and would also be considered under the next MTIP.

1.6 The Boards considered the paper further and the following points were made:
- A Board member noted the differences in handling resource for ICT and Estates, including the greater reliance on in-house staff in ICT while Estates was more dependent on contractors. Beyond the MTIP there were many other bicameral budgets and it was difficult to see the overall picture. The Board member suggested that as the reference to £743m in Annex 1 would be published it may benefit from discussion with both communications teams.
- **David Beamish** asked about the arrangements for seeking political cover for publication, noting that in the Lords it would be appended to the next corporate business plan. **Myfanwy Barrett** explained that some of this information was already made available in the Commons, which could be expanded further, while other information was contained in a report by the Commons Finance and Services Committee. The Boards noted that both documents were likely to be published in March 2015.
- With reference to paragraph 17, **David Natzler** noted that a business case administrator position had been created in Lords Finance, which was very helpful. Annex 5 was a very helpful document which drew the Boards attention to useful questions. With reference to paragraph 25 he hoped that it would be possible find some room for manoeuvre within the budgets of PDS for the new Director, possibly within R&D. The Boards noted that the R&D budget already funded a number of staff.
- **Andrew Makower** noted that the House Committee had agreed budget growth to accommodate bids made by Lords department under the heading "resourcing for change". Manny of these bids were for staff to support business engagement with projects and programmes.
- A Board member emphasised that the risks surrounding public finances might be significantly different in a couple of years.
- A Board member asked whether PICTAB or a successor body would determine the matters contained in paragraph 16(i). Another Board member said that it was important for the Boards to deliver this through effective cooperation. The Boards noted that this matter would be taken forward by the Clerks and Matthew Taylor.

1.7 **Andrew Makower** said that the discussion had provided food for thought regarding the preparation of future MTIPs. He noted that the "postcard" in Annex 1 did not represent the entirety of parliamentary expenditure. The Boards would need to be prepared to defend this in public if it was endorsed. The Boards suggested that the format of the postcard could be improved and Andrew Makower agreed to consider this further.

1.8 The Boards noted with appreciation the content of Annex 5, by the Head of Organisational Development in the Commons, on 'Assessing the Business Change Impact of the MTIP'.

1.9 The Boards **agreed** the Medium Term Investment Plan 2015-19.

2   Delivering the MTIP

Dame Janet Gaymer took the chair.

2.1   **John Borley** delivered a presentation on the work of the Project and Programme Management Co-ordinating Group (PPMCG) which had been tasked with coordinating responses to a number of reviews concerning project and programme management. The Group had also considered the concerns raised at the last joint Board meeting about Parliament's delivery capacity.

2.2   The PPMCG had examined 63 actions arising from a number of reviews: 47 were complete or near completion (green), 12 required further work but appeared manageable within business as usual (amber), and four required substantial additional work (red). The group would reconvene in March to follow-up progress on the amber and red actions.

2.3   The PPMCG had broken the main stages in the governance of programmes down into six stages: Initiation, Medium Term Investment Plan (MTIP), Strategic Outline Case/Outline Business Case (SOC/OBC), Final Business Case (FBC), Delivery and Closure/Lessons Learned.

2.4   Proposals to initiate new ideas could come from a number of sources. The co-ordinating group had agreed a definition of what constituted a project and set out a process for project initiation and registration.

2.5   The MTIP process was how the organisation prioritised between different projects and programmes. The Portfolio Manager had created a prioritisation tool which assessed projects based on their complexity and importance. The list of priorities was then mapped against the control total for projects considered by PICTAB to determine which projects should be funded. A similar process had been undertaken for projects considered by PEB. As these were mainly Capital there was no fixed control total. At the moment there was no way of synthesising PICT and Estates priorities; a number of other projects fell outside the scope of the exercise, and telephony and Audio-Video had now been moved into the ICT portfolio, displacing other items. The PPMCG therefore suggested the creation of a Joint Investment Board (JIB), replacing, partially or wholly, PICTAB and PEB's roles in this area, in order to synthesise priorities across both Houses.

2.6   At the SOC/OBC stage a decision about whether to go ahead with an individual programme or project was taken on the basis of a business case which considered affordability, as well as the oversight and delivery mechanisms. Currently a number of different oversight and delivery mechanisms were used, which were dependent on whether delivery was done within, or outside, a departmental structure and whether it was considered part of business as usual. This impacted on whether or not a programme/project board was formed and whether an SRO was appointed.

2.7   At the FBC stage the Houses became committed to a particular programme or project. However, at the moment this process did not systematically consider delivery confidence.

2.8   Once a programme or project entered the delivery stage it was subject to a number of assurance processes, with no body having sight of all the sources of assurance. It was proposed that the JIB should fulfil such an oversight role. The PPMCG also identified a problem with making in-year adjustments to cross-departmental programme and project budgets and it was proposed that the JIB could perform this role.

2.9   It was noted that the current closures and lessons learned stage of the programme and project governance process lacked a system for monitoring benefits realisation and it was proposed that this role should be performed by the JIB.

2.10 The main recommendations arising from this review were:
- That a JIB should be established to prepare a Joint Investment Plan on behalf of both Houses, which would be adjusted as necessary by the JIB during the year.
- The JIB should also act as a focal point, at a corporate level, for Programme and Project Assurance and Benefits Delivery reporting.
- A Project and Programme Management (PPM) Centre should be established, in a staged manner, relying upon existing resources.

2.11 It was proposed that the role of the PPM Centre would be to:
- Support a head of profession.
- Bring together the roles currently performed by the Portfolio Manager and the Parliamentary Programme and Project Assurance Office.
- Lead on professional standards.
- Act as a repository for lessons learned.
- Support the monitoring of benefits realisation.

2.12 The Boards discussed the proposals. In discussion the following points were made:
- A Board member said that there would need to be clarity on which investments were considered by the JIB as a large number of projects had relatively small budgets. There was a risk that the JIB would become a barrier to smaller innovations and improvements at a local level as part of business as usual. **John Borley** replied that the proposal was for the JIB to cover all investments, but that its focus would be on the major investments. The formal definition of a project should make clear that the kind of activity being described would be outside the scope of the JIB.
- A Board member said that if the JIB covered all investments it was likely to be overwhelmed by the volume of work. **John Borley** clarified that the JIB would not manage the delivery of programme and projects, which would continue to be the responsibility of the relevant project and programme boards. However, the JIB would have an assurance function.
- A Board member said that there was a risk that the relatively small size of the ICT portfolio would be crowded out by the much larger Estates portfolio. Similar risks applied to investments outside these two portfolios. **John Borley** replied that an effective prioritisation system would mitigate this risk, which might benefit the ICT function. The final MTIP would still be considered by the two Boards, which would provide an additional control.
- A Board said that the ability to make in year adjustments was welcome as it would make the system more agile.
- A Board member proposed that the investment cycle should go beyond the current 3/4 year horizon as some Estates investments required a 20-year planning cycle.
- A Board member said that the JIB's proposed assurance role should not diminish the role of either the Audit Committee or the Management Boards in this area. **John Borley** replied that all bodies would receive at least as much information as they did presently and that in some cases existing bodies would receive additional information under the proposals. The amount of material covered by the Audit Committees would also increase.
- A Board member said that the scope of the JIB required further development, including its interaction with normal financial planning. Decisions on the JIB's scope would have an impact on other governance arrangements, including the role of the proposed Digital Service Board.
- While agreeing with much of the diagnosis of the problems set out in the presentation, some Board members said that further work was required to develop the detail, including consideration of the balance of controls between the two Houses. The implications for the Houses' risk management systems also needed to be considered in this context.

- The PPM Centre proposal was questioned, not least because concerns had been raised about the capacity of the Project and Programme Assurance Office. One Board member said that they were not convinced that co-locating the two current teams would necessarily lead to improvements.
- The possible impact on the proposals of recommendations made by the House of Commons Governance Committee was raised. A Board member said that regardless of the outcome of any governance changes the Houses would still require a mechanism for agreeing investments.

2.13 **Dame Janet Gaymer** summarised the discussion and noted that there was support for developing the proposal in more detail. This would need to address the points raised in discussion including: relationships between the Joint Investment Board and other bodies; its membership and how to ensure proper representation of the two Houses, and the impact on the Houses' existing risk and assurance processes. The Boards agreed that the Clerks would facilitate this work.

3   Any Other Business

3.1   **David Beamish** noted that staff badges had been issued in Commons. This might also be considered in the Lords in due course.

3.2   **Myfanwy Barrett** provided an update on Continuous Improvement (CI) including examples of CI initiatives across Parliament. CI was being introduced progressively as suggested by the joint Boards. 20 members of senior staff had agreed to act as CI Advocates and to help the CI Team identify opportunities. So far the CI Team had trained 85 Practitioners in the basic skills to carry out small process reviews. The practitioners were reportedly enthusiastic about their roles and were being strongly encouraged to identify opportunities in their departments to review processes. However, while there was a great deal of good will and support in general terms, in some areas Advocates and Practitioners were finding it hard to translate this into action. The CI Team regularly visited teams and boards and had capacity for further engagement of this nature. Now that the groundwork had been laid it was important for the CI initiative to step up a level, including securing more senior support, and ensuring coverage across all services, as well as tracking the benefits achieved. **David Natzler** suggested that a CI day could be held in the spring.

3.3   A Board member suggested that consideration should be given to further substantive topics which would merit discussion by future joint meetings of the Boards.

3.4   **David Beamish** noted that he would be appearing before the House of Commons Governance Committee on 25 November.

Next Meeting:

Secretary to the Management Board
27 November 2014