



# HOUSE OF LORDS

## Management Board

Joint Meeting with the Management Board of the House of Commons

7th Meeting

14 June 2011

### MINUTES

<b>Present:</b>	David Beamish	<i>Clerk of the Parliaments (Chairman for item 2)</i>
	Liz Hallam Smith	<i>Information Services</i>
	David Leakey	<i>Black Rod's Department</i>
	Andrew Makower	<i>Financial Resources</i>
	Joan Miller	<i>Director of Parliamentary ICT</i>
	Tom Mohan	<i>Human Resources</i>
	Edward Ollard	<i>Parliamentary Services</i>
	Rhodri Walters	<i>Corporate Services</i>
	Sir Malcolm Jack	<i>Chief Executive (Chairman for item 1), House of Commons</i>
	Robert Rogers	<i>Chamber and Committee Services, House of Commons</i>
	John Borley	<i>Facilities, House of Commons</i>
	John Pullinger	<i>Information Services, House of Commons</i>
	Andrew Walker	<i>Resources, House of Commons</i>
	Myfanwy Barrett	<i>Finance, House of Commons</i>
	Alex Jablonowski	<i>External, House of Commons</i>
<b>In attendance:</b>	Malcolm McCaig	<i>Member of the House of Lords Audit Committee</i>
<b>Apologies:</b>	Carl Woodall	<i>Facilities</i>

## I House of Commons Savings Programme

1.1 Elizabeth Honer, Director of Savings in the House of Commons, attended for this item. **Malcolm Jack** welcomed Board members to the meeting. Introductions were made.

1.2 **Elizabeth Honer** said that the Commons savings target was to reduce its Resource Administration Estimate by at least 17% by 2014/15. An initial package of savings had been endorsed by the Commission and good progress was being made on those. The next phase of the savings programme had to find more significant savings. Seven strands of work were currently being examined as part of that process. Myfanwy Barrett was also undertaking a "challenge" process with departments about their budgets, which could be seen as an eighth strand.

1.3 **Malcolm Jack** said that the Commons Management Board had deliberately seized the initiative to avoid having unplanned cuts imposed on it. Informal discussions with the Commission and the Finance and Services Committee on the savings programme were going well.

1.4 **David Beamish** noted that the Lords Board were also enthusiastic about the potential for savings and had an ambitious target to restrain future

expenditure, although there was not a formal savings target as in the Commons. The House Committee had responded favourably to a series of savings proposals.

1.5 The seven strand owners introduced their areas of work.

1.6 **Robert Rogers** said that the Print to Web initiative predated the savings programme. Almost £2 million had been achieved in the initial savings package, without the need for investment and with hardly any impact on users. The second phase was different. It would put pressure on PICT and the Web and Intranet Service, as it was about supporting parliamentary processes in a new way. The second phase would also need cultural change, as it required Members and staff to do business differently. Discussions with senior Members had already begun and the proposals had been received with understanding and a fair degree of enthusiasm. A focus group with 40 Members would consider Members' current working arrangements and how they might work differently in future.

1.7 **Joan Miller** outlined the ICT Strategy strand. As with Print to Web, work on that strand predated the savings programme. The strategy had been agreed the previous autumn and providing better ICT at less cost was the reason for PICT's creation. PICT was supporting other programmes that would deliver savings, for example Print to Web and Facilities' new finance systems. The ICT Strategy was focusing on the areas of largest potential savings: email and document storage (cloud computing) and how better to support customers who were to be able to choose their own ICT equipment. PICT supported 8,000 users so the strand required serious engagement activity. A feasibility study was currently taking place to test potential savings and consider data security and sovereignty issues. Work on procurement and transfer of services would begin in September.

1.8 **John Borley** said that the purpose of the estate strand was to reduce the direct cost of the estate. It was being driven by the Strategic Property Review and covered the ownership or leasing of Commons buildings and the Commons portion of shared buildings, including rates, rents, utilities, maintenance and works. The strand also had many dependencies – for example, substantially increased home working might enable the disposal of a building. There were no plans to reduce the footprint in joint areas. **David Beamish** said the Lords would need to consider decant space for the M&E programme, so dialogue with the Commons was important. It would be very helpful to know what was planned for the future of 14 Tothill Street. **John Borley** noted that that was being considered as part of the Strategic Property Review and the main mechanism for dialogue on such issues was the PEB.

1.9 Turning to the market testing strand, **John Borley** emphasised that market testing was not the same thing as outsourcing. All in-house services that could be provided by third parties were initially in scope; the next stage would be to take out any services not appropriate for the process. Before any decision on market testing was taken there would also be an opportunity to improve in-house delivery. The strand had a large dependency with the Lords as there were many shared services which fell within scope. The prospect of market testing had caused concern among staff, and there was also likely to be

opposition as well as support from Members.

1.10 **Malcolm Jack** said that the Commons Board was concerned about the impact of the savings programme on staff morale and was using senior leadership briefings and other methods to try to pass on as much information to staff as possible in order to provide a clearer understanding of the challenges ahead.

1.11 **John Borley** added that the main issue for staff in his department was uncertainty. The market testing strand might bring short term difficulties but it would at last bring the issue of outsourcing to a head.

1.12 **John Pullinger** explained that the public engagement strand was the smallest of the strands (current total costs were £6 million). The Finance and Services Committee had asked for it to be included because of the rate of growth in public engagement, and associated spending, over the last few years. Public engagement was the strand which had achieved the largest savings – 20% - as part of the initial package. That had been achieved by stopping certain activities – for example, £600,000 of savings had been found by cancelling the New Voters Guide. Initial savings had also been found in outreach and education. There was some scope for further savings in those areas, but Members' appetite was not great. The Committee was primarily concerned to get assurance that the activities provided good value for money. The main area of potential savings was income generation, for example charging for tours, which could lead to visitor services becoming self-funding. Charging for clock tower tours was planned from next year.

1.13 On People and Work, **Andrew Walker** explained that staff and internal costs formed the largest part of Commons expenditure. As the Commons was an information organisation which provided services through people, he had taken the view at an early stage that there needed to be a separate strand on people. The strand did of course run through and support many others, for example, working more efficiently was relevant to market testing. There were three parts to the strand. The first was a senior staff review. While the two Houses were separate employers, senior staff changes in the Commons might have implications for the Lords if inferences were drawn. He was therefore very happy that Jonathan Sellar was involved. Philippa Helme was leading the senior staff stream and would report with options before the summer. Another stream was more efficient business processes. Myfanwy Barrett was leading a pilot in her business area to see how that might work. The final stream was home working, which was of obvious direct interest to the Lords because of PICT's involvement.

1.14 Before asking John Borley to describe the income generation strand, **Malcolm Jack** said that he believed income generation had to be handled very carefully. The House of Commons was not a commercial organisation and had to maintain its reputation. **John Borley** said that there was a big difference between income generation and profit. There was a risk with income generation because it could be seen as a panacea, avoiding the need for significant savings. However, there were obvious opportunities. The Commons had lots of capacity in catering, for example. It was also important to ensure both that income-generating activities were appropriate, and that any income

raised was used appropriately – for example there might be questions if it was used to subsidise Members' catering. It might be possible to link income generation and market testing, if a suitable partner could be found. There were many dependencies with the House of Lords, not just over the possible use of Westminster Hall.

1.15 **Malcolm Jack** thanked strand owners and opened the discussion up to the floor.

1.16 **Elizabeth Hallam Smith** said she had found the briefings very useful and asked about the overall control and governance structure for the programme, in particular how priorities and dependencies would be managed and what mechanism there was for taking decisions on investment to generate savings. **Malcolm Jack** said that the Commons Board was conscious of the need to keep control of the programme. The strands were currently work in progress. It was still possible that some could be dropped or merged. The Board would continue to monitor the programme and make changes as necessary. **Myfanwy Barrett** added that she was Senior Responsible Owner for the savings programme and chaired the Savings Programme Board. The Programme Board's role was to address those issues - to understand the whole picture, what investment might be required, how the strands should be phased, and so on. The next critical point was the following day's deadline for submission of outline business cases.

1.17 **Robert Rogers** said that some Print to Web investment might be made for business improvements only. The Print to Web strand was an example of why good governance was important – there were many interlinked issues and progress would depend on readiness to accept cultural change.

1.18 **Malcolm McCaig** said that the programme was ultimately about savings. The organisation needed to be mentally prepared to sacrifice some activities and make some compromises on the services delivered compared to the past. **Malcolm Jack** said that that would be a test for Members too. The presence of Members made the Houses unique organisations. It was possible that there would be politically-driven changes to the savings programme as it began to have an impact on Members.

1.19 **Malcolm McCaig** said the current paper did not provide a detailed picture on expected savings or any implementation or investment costs. The Lords Board would want to have a clear picture of potential benefits of any collaborative work. **Edward Ollard** asked whether the Commons Board had a view yet on priorities. **Matthew Hamlyn** said that it was too early to respond on both those points as the outline business cases had not all yet been received. On 1 July the Commons Board would hold a workshop to review and challenge the outline cases and would take high level decisions at its meeting on 22 July. **Malcolm Jack** noted that the Print to Web strand had made the most progress so far. **Joan Miller** said that the selection of the seven strands was in itself a form of prioritisation. **Elizabeth Hallam Smith** asked whether the Commons Board had considered which types of activities were a priority. **Robert Rogers** said that the Finance and Services Committee had agreed that core parliamentary activity should be prioritised. **Malcolm Jack** said that the difficulty was that the definition of core activity might vary, including among

Members. **John Borley** said that reducing the priority given to supporting functions could damage core services.

1.20 **Rhodri Walters** asked about the political will to achieve the savings target and what would happen if it was not met. In response the following points were made:

- The Commission was not looking that far ahead. The political landscape could change, but the Commons Board had to plan on the basis of the current target.
- It was possible that the financial situation would be very different by 2014/15. A “bounceback” capability was important.
- The Commission was likely to review the savings targets if they perceived they were damaging the core business.
- There was a risk that reductions in Members’ services could lead to changes to the programme.
- The programme was not just about savings but also about improved services.

1.21 **Elizabeth Honer** noted that Myfanwy Barrett and Andrew Makower were working closely together to ensure financial planning cycles were aligned. Joint working might become more difficult where political involvement of both Houses was needed and opinions differed. The Boards **agreed** that further discussions between the Boards on the savings programme might be necessary. The Boards also **noted** the proposed sequencing of consultation on the programme with Members and others.

## 2 **ICT Health check: management response**

2.1 Richard Maclean, Secretary to PICTAB, attended for this item. **David Beamish** asked John Pullinger to introduce the paper in his role as Chairman of PICTAB.

2.2 **John Pullinger** noted that the health check, the third that PICT had experienced, had also acted as the quinquennial review of the joint service. The overall finding of the health check had been that while PICT had continued to improve, it lacked a mechanism to prioritise and coordinate ICT projects, examine capacity in PICT and the business, and judge the overall size of the ICT programme. In part, the deliberate decision to make PICTAB an advisory body had contributed to that vacuum; the paper proposed changes to its Terms of Reference to make it a suitable body to undertake these functions on behalf of the Board. These Terms of Reference would give PICTAB two core functions: to agree a prioritised and balanced set of programmes, and monitor delivery.

2.3 **Joan Miller** supported the proposals, noting that they would help PICT to focus its attentions on the areas prioritised by the business. Board members agreed that the task PICTAB was now being asked to do, while common in ICT management, represented a new approach in Parliament and would require careful handling. PICTAB members would have to understand where the capacity constraints lay and take a firm approach while recognising the pressure their decisions would place on the business. Decisions to postpone or delay projects would inevitably be unpopular with some colleagues.

2.4 In addition, PICTAB members, as members of the two Management Boards, would also need to keep in mind each House's priorities and where proposals interfaced with other major programmes, such as the Savings Programme. In effect, they were being asked to balance demand, financial resources, delivery capacity, and management's capacity to manage change.

2.5 That would also generate a requirement for enhanced secretarial support, particularly in the short term while the new role of PICTAB was bedding down.

2.6 Members of PICTAB highlighted the improvement in support since the appointment of Richard McLean as dedicated PICTAB secretary. **Elizabeth Hallam Smith** was also hopeful that the prioritised action plan, setting out and showing the interactions between the Information Management and ICT strategies could be produced and maintained by the secretariat.

2.7 Hopes were expressed that the quality of business cases presented to PICTAB could be improved, and the approval process streamlined. **Myfanwy Barrett** drew attention to the workshop on business case processes she was holding in June. It was also suggested that the reformed PICTAB would take a firmer role in the oversight of multi-year programme budgets.

2.8 The meeting discussed the Group on Information Management (GIM), the ICT Strategy Programme Board and the PICT Programme Monitoring Board, and the proposal that these bodies report to PICTAB. **Joan Miller** expressed a hope that GIM be reformed to include users of information as well as those responsible for information management. **John Pullinger** and **Joan Miller** agreed to circulate a paper to the two Boards with details of the proposed role, membership and appointment process for the three bodies.

2.9 **John Borley** supported the proposals. He drew attention to the similarities between PICTAB's new role of ensuring a balanced ICT programme and PEB's similar role for Estate programmes, and noted that these TORs gave PICTAB a potentially useful role in reviewing reports from Facilities on the environmental impact of ICT projects. He asked whether an Investment Appraisal Board might be a suitable body for balancing funding between different fields and noted that an annual discussion of all business cases would be a useful exercise. Concerns were expressed that that might act as additional management bureaucracy and it would be difficult to ensure all business cases fitted the annual cycle. A useful first step would be to ensure business cases were always prepared to the agreed timetable. The Management Boards **agreed** that that might be an area for further discussion, and noted that Myfanwy Barrett's review of business case processes might address that matter.

2.10 The two Boards **agreed** that:

- the question of the line management of the Director of PICT should be reserved to the two Board chairmen.
- the Chairman of PICTAB should consult with the Board chairmen regarding PICTAB's membership.
- John Pullinger and Joan Miller should discuss how best to provide appropriate secretarial support to PICTAB.
- the R&D budget should remain part of the PICT budget and that PICTAB

- should be involved in decision making about the use of the money (i.e. prioritisation and selection of topics) and receive quarterly reports on R&D.
- PICTAB should take the key features of the existing Information Management Strategy as the start point for drawing up a roadmap against which IT architectures and solutions can be developed and evaluated.
  - PICTAB's Terms of Reference should be revised as in the paper.
  - the Enterprise Architecture Board should continue to be responsible to the Director of PICT, that people from the business should be invited to relevant Enterprise Architecture Board meetings and that strategic decisions about principles and standards should be taken by PICTAB rather than the Enterprise Architecture Board.
  - the Group on Information Management, the ICT Strategy Programme Board and the PICT Programme Monitoring Board should report to PICTAB and support it in its work.
  - PICTAB should report to the Management Boards in one year's time on the implementation of the management response.

**Next Meeting:** 6 July at 10am

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Secretary to the Management Board  
27 June 2011