



HOUSE OF LORDS

Management Board

1st Meeting
Wednesday 15 January 2014

MINUTES

Present:

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| David Beamish | Clerk of the Parliaments |
| Liz Hallam Smith | Information Services |
| David Leakey | Black Rod's Department |
| Andrew Makower | Financial Resources |
| Joan Miller | Director of Parliamentary ICT |
| Tom Mohan | Human Resources |
| Edward Ollard | Parliamentary Services |
| Rhodri Walters | Corporate Services |
| Carl Woodall | Facilities |

**Audit
Committee
member:** Ian Luder

In attendance: Paul Martin (for item 1) Parliamentary Security Director
Christina O'Kelly (for item 1) SARP Programme Manager

I Security Arrangements Renewal Programme (SARP): update on Programme decisions [RESERVED]

MB/2014/1

1.1 Paul Martin introduced this item. He noted that the police contract was the largest in Parliament in terms of cost. The Programme Board's recommendation for the form of the new contract had been reached unanimously. *[Additional information – Restricted Access]*. The recommendation would now be taken to the various Member Committees and Boards. The Speakers had been briefed and the Board noted that the Lord Speaker was supportive of the recommendation.

1.2 Both Finance Departments had conducted extensive financial analysis of the available data and concluded that the cost differentials between the different options for the new contract amounted to only 2%. Risks, benefits and business needs were therefore the main drivers for the new contract rather than costs.

1.3 The Board discussed the paper and the following points were raised in discussion:

- *[Additional information – Restricted Access]*
- *[Additional information – Restricted Access]*
- It was important not to overlook the significant savings currently being realised under the present contract. The Board noted that some security officer positions were being transferred to House of Commons doorkeepers, in the context of income generation, but more for the Lords than the Commons.

- The Board discussed how the desire to move to an output-based contract would fit with full cost recovery in practice. Paul Martin replied that the preference was to move towards a more output-based contract, including less reliance on precise specifications and incorporating performance standards with penalties for non-compliance. The new contract would continue to be based on full cost recovery.
- The Board discussed whether the Programme required additional unbudgeted funding. Paul Martin replied that it did and noted that an under spend in the police contract had provided the budget for the 2013/14 financial year, so this would mean additional funding would be required for the 2014/15 financial year. There was also a need to make procurement more effective in this context.
- *[Additional information – Restricted Access]*
- As a decision had not yet been made regarding Restoration and Renewal (R&R) Parliament did not yet know what its needs would be in the period 2020 to 2025. A more fundamental review of Parliament's requirements may need to be conducted at this stage. At this stage how public access to Parliament is organised could also benefit from examination, in order to avoid the long queuing times, which could be compounded by inclement weather. Paul Martin agreed that this matter should be considered in the long term.
- *[Additional information – Restricted Access]*

1.4 The Board **endorsed** the SARP Programme Board's recommended option for the future provision of manned security on the Parliamentary Estate, to be considered by the House Committee on 28 January.

2 **Millbank Phase Three [RESERVED]**

MB/2014/2

2.1 Carl Woodall introduced this item and noted that the Millbank Island Site Project Board had been reconvened on 10 December 2013 in order to aid the production of the Strategic Outline Case (SOC), which was still under development, and would be informed by the Board's views. He invited the Board to endorse the direction of travel as set out in paragraph 6 of the paper. He indicated that paragraph 10 needed to be revised in light of the discussions on 10 December.

2.2 The Board considered the paper and the following points were raised in discussion:

- The paper could have benefited from greater clarity as to what was being proposed and what the Board was being asked to decide.
- It was unlikely that there would be another opportunity to develop the site, in the context of R&R, so it was important to maximise the benefits. Suggestions as to what these benefits could be included enhanced connectivity throughout the site (1 and 2 Millbank), improved accessibility and achieving full network coverage.
- The Board discussed the possible development of an atrium, including the feasibility of doing this within the applicable timescales and alternative approaches, including use of the existing rooms in the well and the roof area. If such facilities drew more members of the public into the building then access issues would require greater consideration. Carl Woodall

said that the development of an atrium would require substantial work, resulting in the decant of 1 and 2 Millbank, which may undermine the use of the site as decant space resulting from works elsewhere on the Estate in the short term (fire life safety compliance needed to be achieved by the end of 2018 and the decant of the top floor of the West Front for the cast iron roofs refurbishment was scheduled for 2017), as well as in the context of R&R in the long term.

- A Board member expressed disappointment that a coffee bar was not available in the eLibrary.
- The paper could have placed more emphasis on the potential increase in the House's business resilience capacity resulting from the project.
- The Board discussed the timings of the scheduled West Front decant in 2017, which will see some Members relocated to Millbank House.
- It was important for the project to consider the state of heating and cooling systems in 1 and 2 Millbank including their replacement, which may necessitate partial decants to facilitate.
- *[Additional information – Restricted Access]*
- Carl Woodall said that as time was of the essence the project team needed to be appointed as soon as possible. Before this happened it was important for the Board to be strategically clear about what outcomes it required from the project, in order to guide the work of the project team accordingly.

2.3 The Board **agreed** to hold an additional meeting to discuss Millbank Phase Three further and to decide its preferred approach to the project, including the parameters for the Strategic Outline Case. Lee Carragher, the Senior Project Leader, the architects and other relevant officials from the Parliamentary Estates Directorate (PED) should be invited to attend this meeting. A revised version of the paper should be prepared for this meeting, including consideration of the heating and cooling facilities and the desirability of achieving optimum linkages and network coverage throughout the site.

MBT/CVW

3 Cost of Catering and Retail Services [RESERVED]

MB/2014/3

3.1 Carl Woodall introduced this item, a revised version of a paper originally considered by the Board on 20 November 2013, which incorporated input from other Board members. The intention of the paper was to establish the Administration's policy on the catering subsidy in order to protect itself from reputational risk. There would always be some level of subsidy due to the high level of fixed costs incurred by the business and the unpredictable nature of Parliamentary business.

3.2 However, an element of the current subsidy was avoidable, reflected in the need for Catering and Retail Services (CRS) to become more efficient; structural over-capacity in Lords' catering outlets; and fine dining which was not strictly necessary in terms of supporting the business of the House.

3.3 The Peers' Dining Room Guest Side generated a large loss, primarily because of the staffing ratios and the level of service provided. This was a question of whether or not this should be recognised as an inevitable part and cost of Parliamentary business. Less reputational risk attached to the

Barry Room Brasserie now that it was no longer a fine dining venue.

3.4 The key questions were contained in paragraphs 10a-d of the paper, which proposed splitting catering services into three categories – primary (those which support the business of the House), secondary (Peers' Dining Room Guest Side and the Home Room) and tertiary (banqueting and retail functions) – with bars as a fourth category, and requested the Board to provide a policy steer on each.

3.5 The fourth category, concerning the issue of selling alcohol at non-benchmarked prices in some outlets, was a separate issue; and particularly important as this two-tier system, as endorsed by the Refreshment Committee, did not exist in the House of Commons.

3.6 The Board discussed the paper and the following points were raised in discussion:

- Costs should not be examined only through the prism of reputational risk, and a more multi-disciplinary approach was required. *[Additional information – Restricted Access]*
- The fourth category, concerning alcohol pricing, was a distinct issue from the three catering categories. *[Additional information – Restricted Access]*
- *[Additional information – Restricted Access]*
- *[Additional information – Restricted Access]*
- *[Additional information – Restricted Access]*
- *[Additional information – Restricted Access]*. The Audit Committee may return to this matter again at a future meeting.
- Reducing the subsidy was feasible and of key importance, and it would be desirable to lower the subsidy for outlets to below £2 million (currently £2,317,317) and the total net subsidy to below £1 million (currently £1,211,856). The total net subsidy had been reducing every year since 2007/08 so good progress was being made in this regard.
- *[Additional information – Restricted Access]*

3.7 The Board **agreed** that further work was required to produce a defensible line on the catering and retail subsidy and that a greater degree of autonomy over bar pricing would be desirable. David Beamish and Carl Woodall would consider how to progress this matter accordingly.

DRB/CVW

4 Risk report: Facilities (2iv and 2v)

MB/2014/4

4.1 Carl Woodall introduced this item. The Board noted the risks and the levels of assessment for risks 2iv and 2v (disruption to the strategic plan objectives as a result of poor management of a major infrastructure project or change programme, including any necessary decants, and the Mechanical and Electrical medium-term and long-term programmes failing to deliver expected benefits on time and to budget, respectively).

4.2 A Board member considered the proposed residual risk score of 12 to be too high and the proposed target risk of 4 to be too low and, with reference to the paper, asked which part of the mechanical and electrical

(M&E) infrastructure was most likely to fail next; what the risk was surrounding Construction & Design Management (CDM); and, if the risk of infrastructure failure stood at only 8, then why so much R&R work was considered necessary.

4.3 Carl Woodall said that the score was attributable to serious incidents in the House of Commons plant room, including health and safety risks, and a lack of CDM experience among Project Leaders in PED, who were now receiving training. He explained that the M&E risk was scored highly due to a number of failures, which were not being addressed by the medium-term M&E programme.

4.4 An external review of health, safety and wellbeing was underway, which was due to report in March, and which was intended to drive forward a change in safety culture in Parliament. A Board member noted that at present it was unclear which policies applied to contractors. Coupled with the lack of clarity surrounding legal liabilities, this justified the need for external advice. The Board noted the Parliamentary Safety Assurance Committee's role in this area.

4.5 The Board **agreed** that Carl Woodall and David Beamish should discuss how to bring down the red risks.

DRB/CVW

4.6 The Board **agreed** a score of 12 for both risks with amber status; a target risk of 4 for both risks with green status; and an appetite of "Cautious" for Risk 2iv and "Averse" for Risk 2v.

5 Corporate risk register as at 8 January

MB/2014/5

5.1 The Board noted the reduction in length of the risk register, following a request from the Business Planning Group to make it a more streamlined document.

5.2 A Board member queried why Office 365 was cited as a mitigation of risk under Risk 1 but was entered as a distinct risk under Risk 7. The Board noted that this was a pre-existing risk and that the use of mobile devices, rather than Office 365, was the risk, which had been brought into focus by the migration of the House of Lords Administration to Office 365. The Board noted that the entry under Risk 7 would be mitigated by the development of a Bring Your Own Device (BYOD) policy, among other measures.

5.3 The Board discussed the temporary quarantining of mobile devices following the migration to Office 365. A Board member suggested that the new guidance concerning the use of mobile devices was unclear, and could be construed as prohibiting their use. This suggestion was refuted by other Board members and the Board noted that the Senior Information Risk Owners did not intend to prohibit the use of mobile devices.

5.4 The Board **took note** of the corporate risk register.

6 Any other business

• Oral updates

6.1 Andrew Makower said that the establishment of the unified procurement service was progressing well. House of Lords procurement staff had moved to Tothill Street and House of Commons staff had agreed to transfer across to the House of Lords, including the Director of Commercial Services. He invited Board members to conduct one to one meetings with the Director in due course.

6.2 The Board agreed that Carl Woodall would provide updates on the final phase works to the encaustic tiles in St Stephen's Hall and the Environmental Engagement Programme by email.

6.3 Tom Mohan said that the House of Commons pay case had commenced in the High Court, with the judgment likely to be delivered in February.

6.4 Joan Miller said that House of Lords staff had been migrated to Office 365 over the last weekend and that security standards had improved as a result.

7 Minutes of the meeting on 16 December 2013

7.1 The minutes had been previously agreed by correspondence.

Next Meeting: Monday 3 February 2014 at 10am.

Management Board Secretary
20 January 2014