



HOUSE OF LORDS

Management Board

Ist Meeting
Wednesday 10 February 2016

MINUTES

Present:	David Beamish	Clerk of the Parliaments
	Simon Burton	Corporate Services
	Rob Greig	Digital Services
	Elizabeth Hallam Smith	Information Services
	David Leakey	Access
	Andrew Makower	Financial Resources
	Tom Mohan	Human Resources
	Edward Ollard	Parliamentary Services
	Carl Woodall	Support Services

**Audit
Committee
member:**

Liz Hewitt

In attendance:	Richard Ware (items 1&2)	Restoration and Renewal Programme Director
	Caroline Shenton (items 1&2)	Archives Accommodation Programme Director
	Benet Hiscock (item 6)	Director of Public Information
	Judith Brooke	Board Secretary (Incoming)

I Update on plans for resourcing the R&R Programme

MB/2016/1

1.1 Richard Ware introduced the paper and provided an overview of the background to the paper. The scale of the Restoration and Renewal (R&R) programme required forward planning for the next round of consultancy procurement and the recruitment of additional specialist staff.

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

- The Director of Facilities expressed support for the paper as the deputy Senior Responsible Owner for the R&R programme, particularly in the light of PED's difficulty in recruiting suitably qualified project leaders. He expressed concerns about his Department's capacity to service requests from the R&R team, especially going forward when the demand would be higher. There would also be a need to provide additional resource in Parliamentary Services for the same reason. He noted that the Commons Facilities Directorate had started to recruit additional staff accordingly.
- The Finance Director noted that the House Committee was already aware of the relevant costs.
- A Board member asked about the Programme Director's reporting lines. Richard Ware replied that he was resourced by the Commons Facilities Directorate and accountable to the Commons Facilities Director and the Clerk of the Parliaments. The Board member asked if a named

individual was responsible for the programme's scope. Richard Ware replied that successive mandates had been signed off by the Accounting Officers having consulted their Board or Executive Committee, and an updated mandate would be requested shortly. It was also important to distinguish between the scope of programme, and of future activity. It would be important for the scope of the project to be clearly defined in due course, with any changes only being permitted in limited circumstances. The lessons learnt from the Scottish Parliament building project was cited in this respect. The ultimate responsibility for the scope would fall to the chief executive of the delivery authority. In the meantime, discussions about the scope were ongoing. The Board member asked who was responsible for the financial aspects of the programme at this stage. Richard Ware replied that there were clear lines of responsibility to both Houses and their Finance Directors in this respect. The Board member asked if security and fire considerations were being taken into account as part of the forward planning. Richard Ware confirmed that they were.

- The Director of Human Resources noted that his office had been involved throughout this process and expressed thanks to Richard Ware and the R&R programme team.
- The Board noted the establishment of a Strategic Estates Portfolio Healthcheck by the Commons Facilities Director. A Board member suggested that a strand of work could be conducted to consider the culture and practices of the two Houses in order to prepare them for the work ahead, once a decision on R&R had been taken in principle.
- A Board member expressed support for the paper but did not consider the resourcing to be sufficient in the longer term. The Board member agreed with the Director of Facilities' concerns about the resourcing of his and other offices and emphasised that the Lords needed to respond in an analogous manner in order to act as an intelligent customer.
- Richard Ware said that the team was alive to risks surrounding staffing issues and noted that it was very difficult to recruit staff with the relevant programme management skills. It was likely that the delivery authority would not be subject to public sector restraints and would therefore be able to hire staff according to market rates.
- The Director of the Digital Service noted ongoing work regarding market sector and retention allowances in the estates and digital areas, which was introduced to address the fact that Parliament paid less than private sector rates of pay in London. He expected that this would lead to improvements in this area.
- The Board noted that discussions regarding the resourcing of change management in the Department for Facilities was ongoing.

1.3 The Board **took note** of the update on the plans for resourcing the Restoration and Renewal Programme.

2 Archives Accommodation Programme

MB/2016/2

2.1 The Director of Information Services introduced the paper as the Senior Responsible Owner for the Programme. She summarised the proposals in the paper and indicated that she would be happy to provide further briefings to Board members about the Programme offline.

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

- The Chairman noted the planned removal of the 20th century office blocks referred to in the paper. Caroline Shenton explained that this had arisen from the R&R viability study.
- The Chairman said that he was open to the possibility of a new building being owned by Lords but with the running costs shared between both Houses.
- Caroline Shenton explained that she would prefer shared ownership in order to avoid the situation that arose regarding the construction of the Education Centre. Consultation with members about this would therefore be important.
- A Board member suggested that decisions regarding the Programme should be taken after the preferred approach to R&R had become clear. They noted that the Joint Committee was keen to consider legacy solutions from a potential decant so there might be synergies between the two programmes, which should be sequenced in a clear manner. The Chairman noted that the next joint meeting of the House of Commons Commission and House Committee could be invited to consider this.
- A Board member agreed with the sequencing suggestion and noted that if the heritage centre option was agreed then the current governance model would need to be re-considered accordingly.
- The Finance Director said that he and the Commons Finance Director were content with what had been proposed. He agreed that a joint approach to the ownership of any new building would be preferable but noted that the governance arrangements would become more complicated as a result. The Finance Directors were not proposing to reflect this in the current MTIP but intended to reflect it in the next one. He noted that the House Committee was already sighted on the relevant figures, which would be considered again in March 2016 in the context of the MTIP. Despite the three-year planning horizon the decision to notify these figures at an early stage had been the correct one.
- A Board member said that it would have been helpful for the paper to have covered communications, including member communications, which should be featured in future work and presentations.

2.3 The Director of Information Services provided the background to the cost ratio that had been proposed. She agreed that communication with members was important, which was why a long time-frame of engagement activities had been articulated in the paper. The heritage dimension could become significant and she noted that the Joint Committee had considered this area. She noted the timing points and suggested keeping the governance arrangements simple for the time being.

2.4 Caroline Shenton provided an overview of recent engagement with members and noted the positive feedback that had been received as a result. The heritage centre option had a lot of support but the scarcity of available land in Westminster was a significant issue. She agreed that the sequencing of the Programme with R&R could be considered further and said that the governance arrangements should be reconsidered once a preferred option had been agreed.

2.5 The Board **agreed** that both Houses should share the ownership and cost of any new Archives building at a ratio of 60:40 Lords:Commons, and that consideration of the Outline Business Case should be postponed until after a decision had been taken on Restoration and Renewal of the Palace of Westminster.

3 **Pay and Grading Review: Job Evaluation of Senior Posts**

MB/2016/3

3.1 The Chairman provided an update on the retirement of the Director of Information Service and Librarian. It was proposed that no recruitment should take place until after the Director General's Review had reported in the Commons. As a result, evaluating the position using JESP, as well as the senior posts that reported to it, would be delayed accordingly.

3.2 The Director of Human Resources introduced the paper, which proposed a series of steps to complete a review of senior posts. *[Additional information – Restricted Access]*

3.3 The Director of Human Resources noted that some helpful points from Board members had already been responded to offline. *[Additional information – Restricted Access]*

3.4 The Board **agreed** to endorse the process for evaluating Senior Pay-band posts using the Job Evaluation for Senior Posts job evaluation methodology, and **agreed** the timescale for this exercise.

4 **Senior Pay 2015/16 [RESERVED]**

MB/2016/4

The Director of Human Resources introduced the paper. The Board had taken a decision in principle in summer 2015 and they were now invited to confirm that award. *[Additional information – Restricted Access]*

4.1 The Board noted the senior pay settlement in the Commons and the "matrix" approach adopted in that House, which delivered different levels of reward depending on performance and position in the pay band.

4.2 *[Additional information – Restricted Access]*

4.3 The Board **agreed** to confirm that the pay award for all senior staff from April 2015 should be 3%, subject to a satisfactory performance or better, as assessed through the 2014/15 appraisal round. The Board also **agreed** to confirm that non-consolidated pay awards, distributed as in 2014, should be made.

5 Introduction of an Efficiencies Programme from 1 April 2016

MB/2016/5

5.1 The Finance Director introduced the paper and noted that the Commons Executive Committee would consider the same paper on the following day.

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

- A Board member noted that cutting costs was distinct from becoming more efficient.
- A Board member asked about the possibility of adopting a 'dignity of work' approach within such a programme; whether external advice would be sought, and if any departmental-focused work would be conducted. The Director of the Digital Service noted that Deloitte was conducting a review of the Digital Service.
- A Board member said that the programme created a risk of the Lords being caught up in the Commons slipstream and asked what the synergies were between this programme and the Bicameral Review of Joint Working. They noted that the Lords had a leaner staff model and was proportionately less well-resourced than equivalent services in the Commons. Cuts made to Commons-only services could have an impact in the Lords. The impact on Archives as a result of the previous Commons savings programme was noted. They asked about the possibility of the Lords adopting a more ambitious income generation target. They noted that the Lords brand was very strong and might require a greater degree of protection in this respect.
- The Chairman said that it would be preferable for the Lords to participate in this programme in contrast to the savings programme, which was a Commons-only venture. With regard to income generation they noted that the Chairman of Committees was currently considering a number of retail options which used the Lords brand. This matter might be considered by the House Committee in due course.
- A Board member agreed with the concerns expressed about the programme. They were disappointed that the Bicameral Review of Joint Working would be linked to this programme and concerned about the potential impact on staff morale and service quality in the Lords, which was already an issue as a result of Restoration and Renewal considerations. They did not welcome revisiting market testing, especially in the context of high performance from the craft team, among other examples. They noted that the previous market testing work had yielded relatively modest savings and demoralised staff at all levels. They questioned the proposed level of resourcing for the programme, as well as the likelihood of any tangible benefits being yielded. There might also be an impact on services to members. Notwithstanding these concerns they felt it was important for the Lords to participate in the programme if the Commons decided to go ahead. If so then the Lords representatives on the programme board or steering group should safeguard the Lords dimension in its deliberations.
- A Board member noted the background to previous discussions surrounding the creation of an International Relations Directorate. They suggested that it might be beneficial for the Board to take stock of the

various reviews, including its objectives in relations to these, perhaps following the conclusion of the Director General's Review.

- A Board member noted that the majority of the Lords' controllable spend was staffing costs. [*Additional information – Restricted Access*]. The suggestion that buildings could be shut down for a fortnight was an interesting one but they doubted that this could happen on a unicameral basis.
- A Board member noted that the Lords was generally more leanly resourced than the Commons and said there was a need to consider carefully the read across from the resourcing of equivalent staff positions in the Commons.
- A Board member said that the Lords should be involved in the programme if it were to go ahead but should not seek to advance the proposal further than the Commons Executive Committee were minded to do. The programme appeared to be an amalgamation of a number of different, ongoing, initiatives without any clear overarching strategic purpose beyond cutting costs. The targets were not clearly set out in the paper and there would be a need to explain clearly the programme's background to staff. There was an important distinction between efficiency and efficiencies. If the programme was ultimately focused on cutting costs then it should be discouraged.
- A Board member noted the likely financial underspend in both Houses, as well as instances of projects being accelerated toward the end of the financial year, and asked why such a programme was necessary in this context.
- A Board member said that they considered the paper to be Commons-centric and that while there were efficiencies issues in the Lords, these were not the same as those in the Commons. Therefore, different solutions were required in each House. 'Priorities' were undefined and 'to be prepared' would require scenario modelling which would unsettle staff. Such a programme should not be agreed until the likely impact on the Lords had been considered further. The Board noted the context to the proposals in the Commons.

5.3 The Finance Director responded to the points raised, the majority of which he agreed with. He noted that the House Committee had already considered the financial plan and had not mandated cost savings. While the programme had been initiated by the Commons he considered it to be important for the Lords to participate if it went ahead. He noted the public sector financial climate and advised against exposing the House to the risk of being seen not to take account of this. He noted that it was proposed that the Continuous Improvement (CI) initiative would proceed as before but as part of the suggested programme. The intention of CI was to improve dignity and quality of work, among other things, and the Lords Committee Office CI review example was considered to be a good one. If the programme were to go ahead he intended its enactment in the Lords to proceed as part of the standard business and financial planning process, subject to discussions with the chair of the Business Planning Group (BPG). If the Board were minded to agree a set of objectives and red lines he would welcome this. Regarding the programme's connection with the Bicameral Review of Joint Working, it was

proposed that the Director of Efficiencies and Joint Working would direct both initiatives, which would retain distinct objectives and governance arrangements. It was important for the two initiatives to be connected but they were definitely not the same thing. He agreed that the Lords was leaner than the Commons and was conscious that Archives had met the challenge of the Commons savings programme in a responsible manner. It was not his intention that the programme should target Lords headcount or launch a wholesale voluntary exit scheme. However, the Lords needed to take account of the Commons' desire to challenge expenditure on shared services, including those hosted by the Lords. The Income generation point was an interesting one and he noted that members were interested in this area. He noted that CRS was likely to meet its financial target for the first time this year. If the Board were minded to challenge the proposed level of resourcing for the programme then he considered that to be legitimate, though he noted the number of Lords staff that already formed part of the relevant teams which would support the programme. He agreed with the suggestion that the Board should take stock of the various ongoing reviews, which he suggested could be conducted by the BPG. He believed the reference to shutdown to refer to temporarily closing individual outbuildings. He agreed that the draft objectives could be clearer: he explained the use of "efficiencies" rather than "efficiency" and acknowledged the bigger question whether the programme was really meant to be about budget cuts or efficiencies, which are not the same thing. Both Houses had been challenged on underspend and both Finance Directors were rising to the challenge.

5.4 The Board **agreed** that:

- It did not want to press for the establishment of an Efficiencies Programme if the Commons Executive Committee was not minded to do so.
- If the Commons did wish to establish such a programme then the Lords would participate in it, while seeking greater clarity about the programme's objectives and how these would interact with other ongoing initiatives across Parliament.
- *[Additional information – Restricted Access]*
- The distinction between becoming more 'efficient', achieving 'efficiencies' and making savings could benefit from further consideration and clarification.
- The Finance Directors of both Houses should be invited to review the proposed level of resourcing for the programme.

6 Risk report: Reputation

MB/2016/6

6.1 The Director of Information Services introduced the paper. *[Additional information – Restricted Access]*

6.2 *[Additional information – Restricted Access]*

6.3 *[Additional information – Restricted Access]*

6.4 The Board **agreed**:

- That the definition of the Reputation risk should remain the same.
- The proposed residual risk score.
- The proposed reputational issues score for the areas over which the Administration had no control or influence.
- The proposed appetite of Open/Cautious.

7 Q3 2015/16 Quarterly Performance Report

MB/2016/8

7.1 The Board **took note** of the Q3 quarterly performance report. The Chairman invited Board members to intimate any comments on the format of the portfolio dashboard annex, which was being reviewed by the Portfolio Office, to the Secretary.

8 Corporate risk register as at 3 February 2016

MB/2016/7

8.1 The Board noted the red risk scores.

8.2 *[Additional information – Restricted Access]*

8.3 *[Additional information – Restricted Access]*

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

9 Any Other Business

9.1 No further business was discussed.

10 Minutes of the meeting on 16 December 2015

10.1 The minutes had been previously agreed by correspondence.

Next Meeting: Friday 4 March 2016 at 10.00am

Management Board Secretary
11 February 2016

ACTIONS

Meeting date	Minute item	Action	Owner	Deadline/ Status
10 February	4.2	The Director of Human Resources to communicate further with all concerned regarding senior pay.	TVM	End of February
10 February	8.3	Feedback Board's views on Security corporate risk register entry to Parliamentary Security Director.	MBT	Actioned on 11 February