



HOUSE OF COMMONS

SAVINGS PROGRAMME

Management Board Response
to the consultation Autumn 2011

Winter 2011

Introduction

- 1 This document summarises the main themes arising from your responses to the most recent consultation exercise on the Savings Programme, which ran from 13 October to 11 November. It explains the decisions made by the Commission on 12 December about the direction of the Savings Programme in the light of the consultation process and outlines how we will take your ideas forward.
- 2 The Management Board wishes to thank all of you who responded so constructively to the consultation.

Consultation process

- 3 The second consultation exercise on proposals to reduce the cost of the House Service while improving the services provided to Members and the public was launched on 13 October and ran until 11 November 2011. Members, House staff, representative bodies of Members' staff, relevant Member committees and groups, the House of Lords and the TUS were all invited to give their views on how we might achieve further cost reductions, through a combination of savings and increased income. In addition, the Chair of the Finance and Services Committee briefed the Lib-Dem party group meeting, the 1922 committee, the Administration Committee, the Procedure Committee and (after the consultation period) the Liaison Committee. About 50 Members' staff attended a consultation session at the constituency open day and over 500 House staff attended departmental meetings. Meetings were held with officers of Members' staff representative bodies (MAPSA and Unite) and with the House staff trade unions. We also received over 100 savings ideas.

Overview of responses

- 4 This section summarises the comments we have received, first in terms of general themes, and then in relation to each strand of the Savings Programme. It ends with implications for the direction of the Savings Programme and the decisions made by the Commission on 12 December.

General points

- 5 The response to the consultation indicates general support for the overall direction we are taking in reducing the costs of the House while striving to improve the services we provide. The responses nevertheless raise some general issues, as indicated below:
- A) **EFFECTIVE SCRUTINY:** The Chair of the Liaison Committee sought reassurance from Mr Speaker that the Savings Programme will not impede the ability of the select committees to carry out effective scrutiny. Mr Speaker replied on behalf of the Commission giving that reassurance. The Chair of the Finance and Services Committee updated the Liaison Committee on the Savings Programme on 24 November.

We will analyse each area of savings activity to ensure that the role of the House in scrutinising the Executive is not undermined.

- B) **SAVINGS TARGET:** Consultation suggested that some people seemed to think that the estimated £15m from the savings strands referred to in the consultation document was ‘in the bag’, with the issue now being how to bridge the £10m gap. The Management Board will be considering mechanisms for filling the gap at its meeting on 14 December but considerable effort is still needed to deliver the estimated £15m.

The Management Board will monitor closely delivery against the savings target overall and future communications will aim to keep the momentum going.

- C) **HOUSE OF LORDS:** The House of Lords Management Board provided a response to the consultation document, which shows that it is generally supportive of the proposals. It nevertheless raises particular issues about the income generation proposals and market testing which are explained in the relevant sections below.

We will continue to work closely with our colleagues in the House of Lords on all areas of the Savings Programme, including through the new bicameral medium-term investment plan.

- D) **HOUSE STAFF TRADE UNIONS:** The House staff unions provided a joint response, welcoming the production of the consultation document. They raise concerns over our sizeable non-cash costs (over which we have little control such as estate valuation, pension costs), noting that this puts extra pressure on the savings required from our cash (controllable) costs. They seek early consultation on any staffing implications if the idea of a charitable trust to facilitate income generation goes ahead. They pay particular attention to market testing, recognising that this is of greatest concern to staff. They welcome the idea of in-house improvement teams but flag the need for money to fund external expert help for staff with developing commercial proposals.

We reiterate our commitment to working constructively with the TUS.

A. Harnessing technology

6 The consultation document presents proposals for harnessing technology to reduce costs while improving services: a) by making more business papers available via digital means (referred to as 'print-to-web'); b) by developing new approaches to ICT delivery (for example using 'Cloud' technology). The following themes emerged from the consultation comments in relation to these proposals:

A) **Print-to-web:**

- General support, from Members, Members' staff and House staff.
- Some queries over whether this will increase printing costs for Members' offices.
- Some queries over whether the web infrastructure will be good enough.

B) **ICT strategy:**

- Concerns over security of the Cloud. (Note that secure ICT access is being thoroughly investigated as part of the new ICT strategy, taking specialist advice).
- Queries over implications for Members of buying their own kit – whether Members will need to arrange, and pay for, their own IT support as well. (Note that options for future funding of Members' ICT kit are currently being developed which will be considered by the Administration Committee and the Finance and Services Committee).
- Queries over whether the impact on staff outside PICT has been factored in to the costs of this strand (raised by the trade unions). (Note that PICT is discussing with the unions how they can work together on the ICT strategy on an ongoing basis.)

B. Making better use of the Estate

7 The consultation document presents proposals for making better use of the estate: a) reducing the overall footprint of the space occupied while allowing refurbishments still to be carried out; b) generating additional income to reinvest in the long-term future of the Palace of Westminster and parliamentary education. The following points emerged in relation to these proposals:

A) **Estate:**

- Some concerns over the current space and quality of Member office accommodation, and a suggestion that the reduction in the number of MPs should lead to improved accommodation rather than reduced occupancy overall.
- Some suggestions for making savings with environmental benefits: turning off lights, installing movement-sensitive lights and solar panels, reducing heating and water temperatures.
- Some feedback over suitable times for closing outbuildings used by House staff, to save security and utilities costs.
- Some discussion of how additional savings might be delivered in the short term (the savings noted in the consultation document, of £1.1m, only relate to withdrawal from 2 Abbey Gardens and 4 Millbank).

B) **Income generation:**

- Much interest in, and general support for, generating additional income in the seven areas outlined in the consultation document: visitor admissions, onsite and online retail facilities, catering for visitors, conferencing and commercial events, banqueting and other events, filming and photography, sponsorship and other fundraising vehicles. A number of imaginative suggestions have been received relating to these areas.
- Although generally supportive of raising additional income, the Lords Board raised questions about the business case for change and risks to the reputation of Parliament. They are also cautious about the idea of establishing a charitable trust.

C. Changing and simplifying the way we deliver services

- 8 The consultation document presents proposals for changing and simplifying the way we deliver services: a) identifying options for providing services by more economical means by testing whether internal provision represents value for money (market testing); b) challenging all areas of the House service to find further opportunities to reduce waste in their day-to-day activities. The following points emerged in relation these areas:

A) **Market testing:**

- Market testing is the strand of most concern to staff, with discussions at the meetings in the Department of Facilities and with the trade unions focusing on this area. Particular concerns relate to possible detriment to staff terms and conditions, with uncertainty leading to low staff morale.
- General support for the criteria suggested in the consultation document for determining which areas should be in scope for further analysis (see paragraph 14 of that document). An additional point has been raised about the need to consider the more 'subtle factors' that contribute to service integrity and coherence, such as the service ethos and pride staff have individually and collectively in working for the House.
- More detailed planning that has been continuing in parallel to the consultation exercise shows that time is tight if a decision is made to go as far as outsourcing any services. The formal process would need to start by mid-2012 if financial benefits from outsourcing are to be delivered by 2014/15. The financial benefits of internal improvements, spurred on by testing ourselves against the market, should come on stream sooner.
- In relation to market testing, we do not detect any interest from the Lords administration in participating in a market test of catering with the Commons in the near future, if that went ahead in response to the Administration Committee's Catering Inquiry.

B) Operations:

- Support for reducing procurement spend, with particular suggestions in relation to specific contracts.
 - Various suggestions for smaller cost reductions, which will be fed into departmental challenge meetings.
- 9 The consultation document acknowledges the impact on staff of the Savings Programme and work is already in hand ensuring the changes are well managed. Some of the comments made in departmental meetings suggest that staff are understandably anxious, with questions also arising about where senior posts are being reduced in the light of the Management Board's decision to reduce numbers and costs of staff in the Senior Commons Structure.

The Commission's Decision

- 10 Overall, the Commission's view of the comments received is that plans can now proceed along the lines set out in the consultation document, provided that particular attention is given to the specific issues raised.
- 11 The Commission also agreed that:
- a) Communications about the Savings Programme should continue to give reassurance that the Savings Programme must not damage the ability of the House to scrutinise the Executive, while making clear no area of spend is exempt from the discipline of the programme.
 - b) Plans relating to print to web and the ICT strategy should continue, subject to more detailed examination of the security implications and of the impact on Members' offices (for example, on printing costs, IT support arrangements and costs).
 - c) Plans relating to the Estate should continue, with more focus on identifying additional savings that could be made in the short term (for example, closing some outbuildings at night, subject to further consultation).
 - d) Plans relating to generating additional income in the seven areas outlined in the consultation document should continue. The Commission noted

that more detailed work will be carried out to inform a decision whether to establish a charitable trust for the Commission's consideration in the spring.

- e) The criteria suggested in the consultation document for assessing which areas should be examined further under the market testing strand (page 14 of that document) are confirmed. The Commission notes the additional point about the need to maintain the integrity and coherence of services (whether in-house or not). This will now be included in the risk register.
- f) The operations strand should continue to bear down on costs through regular and rigorous financial challenge meetings. Cost savings suggestions received during the consultation process will be passed to relevant heads of department and will form part of those challenge discussions.

- 12** The Commission requires that particular attention should be given to supporting staff through this period. Continued investment in training and managing change will help ensure that we have a capable, motivated and sustainable workforce for the future.
- 13** The medium-term financial plan shows that even with the achievement of the package of initial savings and the savings strands' current target of £15 million, we are still £10 million away from meeting the target of an Estimate of £210 million by 2014/15. The Management Board has agreed to reach the full target through the current seven strands to fill the £10 million gap rather than adding extra dimensions to the Savings Programme. In effect, this means the Operations strand will challenge departments to identify further savings.
- 14** Departments will be asked to assess the implications of further savings amounting to 10% of departmental budgets. The Management Board will then decide which avenues for savings should be pursued to ensure that we are able to meet the £10 million gap by 2014/15. Further details of how this will be done will be provided in the new year.

Your savings suggestions

- 15** As mentioned earlier, we received over 100 ideas for savings from those of you who responded to this consultation. The Board is very pleased with this level of interest and will ensure that these ideas are fed in to the appropriate areas.

Energy Efficiency and the Environment

- 16** We received a large number of suggestions which would both save us money, and help us achieve our environmental targets. These included:
- further reducing paper usage
 - reducing food wastage
 - ensuring that lights were switched off when not required and the use of automatic lighting systems
 - installing of solar panels across the Estate.

These ideas will be referred to the relevant department(s) and the appropriate savings strands for active consideration.

Good Housekeeping

- 17** A number of suggestions were received on how we might streamline our day to day work and relatively small changes we can make that, put together, would add up to significant savings. These included:
- reducing flower budgets
 - cutting back further on catering for training
 - using water coolers rather than bottled water in Committee Rooms
 - using non-bespoke items such as supermarket hand soaps
 - not providing reply envelopes for surveys.

Other suggestions received raised wider matters. Managing files better to reduce IT storage space is one of the intended outcomes of the SPIRE Programme, and reviewing the numbers of police and security staff is within the remit of the Security Contract Steering Group and the new Parliamentary Security Director. These suggestions will be used when undertaking departmental challenge meetings in the spring.

Staffing matters

- 18** Some suggestions were received on our employment and working practices. These included:
- Smarter staffing, with the right mix of permanent posts, non-standard contracts (zero hours, fixed-term etc), overtime and agency staff
 - reduction in senior posts
 - better management of poor performance and absence.

Work is already underway on some of these areas (HRPPP and the recently completed SCS staffing review). The other suggestions will be reviewed by the Staff and Culture strand.

House services

- 19** A few suggestions were more substantial in nature and would require a significant review of what the House service provides. These included questioning the need for certain services, sharing more services with the Lords and relocating some services outside London.
- 20** The departmental challenge process will include questions about which of our services may be seen as ‘nice to haves’ in the current economic climate and the Market Testing strand will also be thinking hard about who provides our services, how they are provided and where from.

Matters for the House

- 21** A number of suggestions are dependent on the views of the House. These included:
- moving the conference recess to avoid the House returning for two weeks then rising again
 - changing sitting patterns and lodging deadlines to reduce unsocial hours payments
 - Ceasing Early Day Motions.

The Procedure Committee is currently considering the sitting patterns of the House.

Your income generation suggestions

22 By far the greatest number of your suggestions related to generating additional income for the House. These included:

- A 'friends of Parliament' scheme and an alumni association
- Charging for some services, such as Library papers
- Better use of gift shops and enlarging our range of souvenirs
- Paid-for themed tours (art, history and so on)
- Use of Parliament as a gallery space for art exhibitions
- Renting out unused space
- Utilising the heritage lottery fund to preserve the Palace.

The income suggestions will be referred to the Income Generation strand for the work it will be undertaking in the spring.

What happens now?

Delivery

23 Now that we have received the go-ahead from the Commission, our planning work will now turn to delivery. Strands will now develop detailed proposals and the savings team will ensure proper co-ordination of savings activity.

Future Engagement

24 We are committed to ensuring that you are kept informed as we move into the delivery phase of the programme and that you have a chance to comment on the impact of proposals. We will be seeking your views on the details as they emerge. Each strand of activity may need to take different approaches to involving you, depending on the nature of their proposals and who they affect. The savings team will continue to meet monthly with the TUS to provide an overview of progress and there will be a combination of all staff meetings and departmental events. We reiterate our commitment to engaging properly. Some people were frustrated by the lack of detail so far, but the Management

Board is certain that proper planning and consultation is the key to us being able to meet our savings target whilst seeking to improve our effectiveness and supporting our staff.

24 We welcome any views you may have on this document, or more generally on the Savings Programme. Contact Alison Mara on x1503 or by email at maraajh@parliament.uk.