

**Minutes of the Management Board meeting  
held on Thursday 21 May 2009**

**Those present:** Malcolm Jack (Chief Executive) (Chairman)  
Douglas Millar CB (Director General of Chamber and  
Committee Services)  
Andrew Walker (Director General of Resources)  
John Pullinger (Director General of Information  
Services)  
John Borley CB (Director General of Facilities)  
Joan Miller (Director PICT, external member)  
Alex Jablonowski (external member)

**In attendance:** Philippa Helme (Board Secretary)  
[s.40] (Private Secretary to the Clerk of the House)  
Chris Ridley (Director of Financial Management, for  
item 4)  
Heather Bryson (Director of Human Resources,  
Management and Development, for item 7)

**1. Matters arising from previous meetings**

**1.1.** Further to item 2 **John Borley** said that the proposed actions arising from the asset survey would go to the PEB in June. These would come to the Board as part of the 25 year Estates Programme.

**1.2.** Further to item 5 **Joan Miller** said that she was still waiting for responses from some Departments on their requirements and priorities for Citrix connection.

**1.3.** Further to item 10 **John Borley** said that Mel Barlex would attend the Board in June to provide an update on electrical resilience.

**2. Oral up-dates from Director Generals**

**2.1. Douglas Millar** said that:

**2.1.1.** senior staff were assisting DR with redaction work.

**2.1.2.** the DCCS was making preparations for the election of the new Speaker. A notice had been issued to Members and the ballot paper and procedure were being reviewed.

**2.1.3.** The Standards and Privileges Committee had reported on a leak relating to a select committee report. A Member would be asked to apologise to the House. There had been criticism of the staff of the committee concerned.

**2.2. John Borley** said that:

**2.2.1.** He had been to visit Richmond House which had potential to be a useful addition to the estate and might become available to the House. It seemed to be in a good state of repair and could help with M&E decant.

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**2.2.2.** He had become SRO for the project to establish an Offsite Search and Consolidation Centre, the principle of which had been agreed by the Finance and Services Committee that morning. If the Commission approved the proposal he would put together a project team to oversee the contract.

**2.3. John Pullinger** said that:

**2.3.1.** He had had a useful discussion with the Administration Committee about the online Members centre which it was planned would go live the following month.

**2.3.2.** He and Elizabeth Hallam-Smith were expecting to give evidence to the Lords Information Committee on public engagement, after the Whitsun recess.

**2.4. Joan Miller** said that she was grateful for all those who had participated in the successful visit of Canadian colleagues, which had been beneficial to PICT. The procedural programme session had been particularly successful. It had been agreed that shared learning would continue. She would circulate a note on the outcomes of the visit.

**2.5. Andrew Walker** said that:

**2.5.1.** other Departments had provided welcome support to DR; further offers of help would be welcome. The MEC had instructed him to write to all Members setting out the changes to the rules on allowances. The re-examination, with external oversight, of all claims relating to second homes claims over the last 5 years was being taken forward urgently. The publication date for Members allowances under the FOI Act had been advanced by the MEC to mid-June.

**2.5.2.** Only just over 50% of Members had met the deadline for checking their allowances information. Whether DR would achieve the

deadline set by the MEC would depend on the timing of returns and the speed of the appeals process. There were some problems with misfiling.

**2.5.3.** The Prime Minister's proposals for a new Parliamentary Standards Authority had left morale in DR very low.

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**2.6. The Chairman** said that:

**2.6.1.** He had paid a visit to DR and been extremely impressed by the calmness and determination with which staff were approaching their work. He had sent out a global email thanking staff for their contribution. A number of Members had approached him to acknowledge the work of staff of the House.

**2.6.2.** Ashridge had offered coaching support to the Management Board.

### **3. Risk and performance**

**3.1. Philippa Helme** said that the risk report provided an opportunity for the Board to consider the risks currently facing the House from an operational perspective but also a strategic point of view. Elements of corporate risks five (loss of reputation through failure to comply with audit requirements etc), ten (damage to reputation through failure to maintain secure data systems) and nine (failure to meet the wishes of Members) had crystallised.

**3.2. *In discussion the following points were made:***

- The Board was aware that recent events had had an impact on staff morale; the idea of a separate statutory body to handle Members' allowances had caused particular concern to staff in DR, but they were still remarkably resilient and dedicated to their jobs.
- It had not been possible to challenge negative media coverage of DR, although analysis by the Department showed that a very large percentage was untrue. The coverage had affected staff morale but also public perceptions of Parliament and the House service.
- The uncertainty and loss of morale and reputation might affect staff retention and recruitment.
- It was important for staff to have confidence in the support of senior management; one small way of demonstrating support would be for all Board Members to floor walk in DR.
- The Trade Unions had been supportive of the management approach to date.
- The implementation of the Operational Assurance Unit had been halted temporarily until the allowances situation became clearer.

- John Pullinger and Andrew Walker were sponsoring an internal audit review of data security.
- The Committee on Standards on Public Life had begun its inquiry into MPs' expenses. Individual Members of the House were planning to provide oral evidence. Mr Speaker had decided that the House Service should provide factual information to the inquiry, but not provide oral evidence. Responses would be coordinated by Philippa Helme.

#### *Allowances*

- The MEC had decided that morning on the rules which would apply to claims from 1 April. The new rules were reasonably clear but there would be scope for error in the transition between systems.

#### *Staffing*

- It remained unclear whether or how the Prime Minister's proposals would be implemented, some would require legislation and some might have privilege implications. The most encouraging line for managers to take might be to emphasise that at present these were only proposals.
- It was possible that existing staff might be employed by a new statutory body, but TUPE was in the gift of the recipient organisation so it would be impossible to give staff any indication whether it would apply.
- There was a medium-term operational risk that the current period of uncertainty would cause people working in business critical areas to look for jobs elsewhere; there was already 25% turnover at Band D in some areas. It was likely to be the best staff who would leave.
- If the risk of staff in business critical areas resigning materialised there might be a case for co-opting staff from other parts of the House Service, as there was a ban on the use of temporary staff in certain parts of DR owing to the risk to data security.
- There was a further risk that even permanent staff might be tempted to leak if they were demotivated by uncertainty about their future.
- There was no facility for retention bonuses under the current pay system, and the Commission was unlikely to be supportive of the idea.
- There was some evidence that recruitment had been affected by the reputational loss. Despite the buoyant job market, two candidates for the Civil Service faststream had withdrawn, and the first choice candidate for a finance position had rejected the House's offer.

#### *Strategic impact*

- There was a risk of significant turnover of Members at the next election and new Members might have different expectations from their predecessors. It would be important to capture this change to Member perceptions under the Balanced Scorecard. It would be possible that

the relationship between the House Service and Members might change.

- It seemed possible that party manifestos would touch on the administration of Parliament. The House Service should engage where possible to ensure that any proposals were well informed.
  - While negative media comment was damaging to morale, the coverage had gone some way to improve Member perceptions that DR worked against Member interests.
  - Although direct briefing of the media was impossible (and unlikely to be fruitful) the Board should consider what might be done to balance media coverage. Some Members, including candidates for the Speakership, might be prepared to speak up for DR.
  - The Kelly inquiry required careful handling, to avoid the risk of damage to the relationship between the House service and Members as had occurred over the SSRB report of 2004. Any submission of evidence involving recommendations should come from the Commission rather than officials.
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**3.3. The Chairman** said that the Balanced Scorecard was developing well. It would continue to be populated and all comments would be welcomed by the OCE team. Departments had been helpful in providing the team with performance management information and Directors General should encourage them to continue to be so.

**3.4. Douglas Millar** said that the presentation of the corporate risks had improved and provided a useful sense of direction. The Board noted the network infrastructure risk which had been escalated by PICT, which would be discussed under agenda item five.

**3.5. Andrew Walker** said that further information would be forthcoming regarding staff numbers. **Alex Jablonowski** noted that staff numbers in most organisations were following a downward trend.

#### **4. Financial Planning**

**4.1. Chris Ridley** introduced his paper on financial stewardship, detailing the performance of the House and of individual departments against their budgets for 2008/09. The current projected underspend would be just below £10m, or around 4% of the original budget, which compared favourably with the 5% public sector threshold. Fluctuations in evaluation of the Estate and pension liabilities were likely to affect the figure at year end. Half of the underspend was in ring-fenced areas. There was scope to improve forecasting and planning. Thought should be given to the reinvestment of any underspends in 2009/10 before the year end.

**4.2. In discussion the following points were made:**

- In some cases Departments had overestimated pension contributions. This might have been because advice from DR had not been effectively communicated to Departments. The level of pension contributions should be mandated from the centre rather than being a decision for individual departments.
- It was difficult for Directors General and other departmental managers to be clear about the figures they received at different stages of the financial planning process because the assumptions on which figures were based were constantly changing.
- The fact that the DCCS had underspent on security was a credit to the Serjeants' rigorous oversight of the Metropolitan Police contract.
- The proposal to reduce ring-fenced departmental budgets by 5% and establish a weighted central reserve to cover any in-year pressures could lead to further underspending. Many ring-fenced budgets were demand-led. The proposal for a weighted reserve would require a high degree of trust between budget holders and FMD. The involvement of RMG in financial planning was positive.

**4.3.** The Board noted the conclusions reached in the paper.

## **5. ICT Security**

**5.1. Joan Miller** said that she wanted the Board to endorse the action which PICT had already taken in response to the threat to the Parliamentary Network from external viruses and malicious software, which had grown recently. An earlier version of the Board paper had been considered by PICT-AB.

**5.2. In discussion the following points were made:**

- There was a need for clear communication between PICT and the business about what was being implemented. PICT planned to undertake full consultation with all interested parties before implementing changes. Feedback would be sought, including through a stall at a PICT open day.
- Staff would need to be convinced that the actions proposed by PICT would enable them to continue doing their jobs, particularly if restrictions on downloading of software and the use of memory sticks were imposed. PICT had to provide solutions to enable people to work differently if restrictions were deemed necessary.
- Memory sticks could be used but should not be launched automatically as this would by-pass the virus checker. Downloading software was particularly dangerous.

- Staff would feel penalised if they were asked to accept restrictions while Members were not. Member committees would need to be consulted about the level of security they required.
- There was a risk that some users of the Parliamentary Network might not comply with the restrictions. Until software detectors were in place, unauthorised activity could only be stopped retrospectively, but possible sanctions would include the suspension of network accounts, or the removal of IT equipment or of Parliamentary passes.
- While security systems were only as good as their weakest link, it would be possible to create an inner secure network for staff, if Members did not wish to accept the required restrictions.
- The principles should not be agreed until they had been discussed with staff responsible for data security.
- Some Departments were concerned that their contingency plans, which made use of USB sticks, could be affected.

**5.3.** The Board endorsed the actions which PICT had undertaken during March 2009. The Board agreed that there was a need to improve lines of communication between PICT and the business if staff fears were to be allayed and changes were to be effectively implemented. Further consultation would be required on the principles of the draft ICT security policy.

**5.4. Action:** *Joan Miller to present revised ICT security policy to the Board in the Autumn, following consultation with staff and Members.*

## **6. Procurement**

**6.1. Andrew Walker** introduced the update from the Commercial Services Directorate, which asked the Board to review and approve policies governing procurement and award of contracts. Bonnie Mohan had appeared before the Audit Committee to discuss procurement.

**6.2. John Borley** said that Mel Barlex wanted a further opportunity to discuss the policy with Bonnie. He undertook to inform the Board once this discussion had taken place. The Board commended Bonnie for the thorough consultation she had undertaken in preparing the policies and agreed them, subject to confirmation from John Borley.

**6.3. Action:** *John Borley to confirm that the Department of Facilities was content with the proposed procurement policies.*

## **7. Staff**

- 7.1. Heather Bryson** said that given the connections between the staff survey, Investors in People (IIP) and related, DR-led initiatives (including the capability and remodelling programmes), it was appropriate that she manage them together. Although there was a correlation between the findings of the IIP healthcheck and the staff survey, a common action plan had not yet been developed.
- 7.2.** The IIP assessor had warned that there was a risk that the House would fail to achieve reaccreditation. This could be managed by treating the reaccreditation process as a rolling programme, with a further healthcheck and action plan before accreditation was sought. The IIP scheme now included bronze, silver and gold standards which could be reached.
- 7.3.** The IIP healthcheck had shown that although the House Service was very good at what it did, senior management were not consistently effective in communicating their vision to more junior staff. Although progress had been made, it had not yet been embedded. This might reflect on internal communication mechanisms. The involvement of staff varied at different levels and in different departments. The transformation programme in Facilities was a very positive move.
- 7.4.** The Board noted the findings of the IIP healthcheck and asked Heather to pass their thanks to the volunteers who had carried out the fieldwork. It was agreed that the invitation to participate in the latest staff survey should make clear the progress which had been made on issues identified in the previous survey.
- 7.5.** The Board agreed that a single action plan should be produced bringing together actions from the IIP health check, the existing staff survey action plan, and related, DR-led initiatives, and that a three year strategic plan should be developed.
- 7.6.** The Board discussed the Common Ground project which was being led by Heather. Recent changes in the structure of the House Service had made evident certain disparities in terms and conditions of staff now working together. It was important that these be resolved as swiftly as possible if resentment was not to build up. However, it was important to be clear that the unified House Service remained a diverse service and to be sensitive in attempting to resolve any disparities which were identified. The recent external focus on Members and on House staff had demonstrated the importance of establishing the business need for different methods of working. Heather would be consulting on the process. Lessons had been learned from the consultation process over the implementation of the new performance management system. The

OCE Communications team would assist as necessary. The Board agreed there would be merit in bringing the various related HR activities together as a Programme.

*7.7. Action: Heather Bryson to present a strategic capability programme to the Board in July.*

## **8. Tebbit implementation**

**8.1. Philippa Helme** said the recommendations made in the Tebbit report were well on the way to being implemented. Letters of delegation were still being prepared and work on the resource framework was still in progress. It would be good practice to assess if the intended impacts of the review had been achieved. Any review would need to articulate the intended benefits of the post-Tebbit changes if progress against these was to be measured.

**8.2.** The Board agreed that the House Service was facing a rapidly changing situation. It was fortunate that the post-Tebbit changes had equipped the House Service to cope with such changes. The forthcoming capability programme would address the capabilities of the management team. A narrowly focused review of the impact of the Tebbit review should be undertaken in early 2010, led by Alex Jablonowski.

**8.3. Action:** *OCE to work with Alex Jablonowski to develop terms of reference for a review of the implementation of the Tebbit Review, to take place in early 2010.*

## **9. Any other business**

**Philippa Helme** said that it would be desirable for any briefing provided by Departments for the new Speaker to be coordinated and coherent. Accepting that style should not be prioritised over substance, the OCE was willing to coordinate. The Board agreed that the OCE should coordinate the new Speaker's briefing.

[adjourned at 6.06 pm

**Philippa Helme**  
**Secretary**

**Malcolm Jack**  
**Chairman**

8 June 2009