

**Minutes of the Management Board meeting  
held on Thursday 23 April 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 (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)  
Paul Dillon-Robinson (Director of Internal Audit, for part of  
item 4 and item 5)

**1. Matters arising from previous meetings**

- 1.1. Further to item 1 **John Borley** said that an update on stand-by power for Tothill Street was on track to be brought to the July meeting of the Board.
- 1.2. Further to item 2 **John Borley** said that the asset survey had been completed and its findings were now being converted into an action plan, on which he would report to the Board.
- 1.3. Further to item 5 **Joan Miller** said that questions required to evaluate the use of Citrix had been circulated to Directors General. She looked forward to receiving their responses.

**2. Risk and performance**

2.1. **John Borley** reported that a power failure affecting Canon Row had taken place on 7 April.

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

- There had been two sequential failures: first on the part of the supplier and second in the failure in the backup generator. This was despite the fact the backup generator had been tested the week before and its maintenance was up to date. Another generator was now in place. The backup system was old and needed to be replaced.

- The incident had raised engineering issues which had been addressed but there were also procedural issues relating to the management of the incident which needed to be clarified.
  - While the duty DG had been alerted, the Deputy Serjeant on duty had not been informed that the incident had taken place.
  - The House's security coordinator had expressed concern that the security of the House had been compromised. This had not been fully acknowledged in reporting of the incident.
  - [s.36(2)(b) and s.36(2)(c)] It raised the question of the relative priority afforded to different aspects of the estates programme. Security and fire safety should be among the highest priorities. Failure to mitigate electricity failures using a back up system was unacceptable.
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- It was disappointing that problems with electricity supply dependencies had not been resolved giving the attention which had been paid to the issue in the past. This was a very serious risk to the House and there had been a lack of urgency in dealing with it.

**2.3. Action:** *John Borley to report to the June Board on how problems with the power supply would be mitigated in the future.*

**2.4. Douglas Millar** asked for an update on the handling of the conficker virus. **Joan Miller** said that a written update would be circulated shortly.

**2.5.** [s.24 and s.36(2)(b) and s.36(2)(c)]

**2.6.** [s.24 and s.36(2)(b) and s.36(2)(c)]

**2.7. John Pullinger** asked for clarification of whether the audit of data security he would co-sponsor with Andrew Walker would encompass IT security. **Joan Miller** said there would be a separate audit of IT security taking place.

**2.8. The Chairman** asked for comments on the first iteration of the balanced scorecard performance management tool, particularly whether the critical success factors identified were the right ones.

**2.9. Philippa Helme** said that critical success factor 2 was currently "Good public opinion of Parliament", though that was largely beyond the Board's control. An alternative would be "Public impressed by our services", which would echo CSF1 "Members impressed by our services". The Board agreed that CSF2 should change to "Public impressed by our services", but that the underpinning chart pages should include indicators of public opinion of Parliament, which was a factor of which the Board needed to be aware.

**2.10. Douglas Millar** said that it could be helpful for the Balanced Scorecard to include an indicator of how public authorities were responding to FOI requests so that the House could benchmark its own performance. This should not be a top level measure but would be useful information for the Board to know, and might be supplied by the Cabinet Office. **Joan Miller** added that it would be useful for some commentary on the status of the indicators to be provided.

**2.11.** The Board agreed that the paper was a very useful first iteration of the Balanced Scorecard. The best way forward would be to populate the framework with indicators and see whether they were helpful to the Board in practice. It was likely that several iterations would be required before the indicators could be finalised.

### **3. Oral up-dates from Director Generals**

**3.1. Andrew Walker** said that:

**3.1.1.** Members' allowances had been the subject of considerable press attention. The Department of Resources was currently implementing the House's decisions of January 2009, but it was expected that Members would be asked to take further decisions relating to allowances during the week beginning 27 April which might have implications for the system which was being put in place. The Finance and Services and Members Estimate Audit Committees would hold a joint meeting on 29 April to discuss the new Operational Assurance Unit. Edward Wood would shortly come into post as Programme Director with responsibility for preparing the Operations Directorate to implement the new allowances system.

**3.1.2.** so far 520 Members had contacted the Department to ask for their information which would be published under FOI in the summer. A large number had asked for paper copies, which the Print Unit had been helpful in producing. An interview room in Norman Shaw North had been staffed to provide assistance to Members. Only a few problems had been identified.

**3.1.3.** a Learning at Work event would take place on 13 May (Attlee suite) and 14 May (7 Millbank). A programme titled "Skills, Bills and Thrills" had been put together. There would be opportunities for staff beyond DCCS to learn about the legislative function of the House. Events relating to the 150<sup>th</sup> anniversary of the Clock Tower would also take place.

**3.2. Douglas Millar** said that DCCS had addressed the communications fatigue caused to staff in the Department by numerous email

communications through the creation of a fortnightly “DCCS announcements” sheet circulated by email and placed on the intranet.

**3.3 John Borley** said that fire protection for the Palace of Westminster was an issue of concern as some areas were currently under-protected. He would be writing to the Clerks of both Houses to set out proposals for work to mitigate the risk.

**3.4 John Pullinger** said that:

- 3.4.1** the Parliamentary website had been relaunched over the Easter recess and positive feedback on the new site had been received.
- 3.4.2** he would shortly be chairing the first meeting of the new PICT Advisory Board (PICT-AB) which had replaced JBSB.
- 3.4.3** the DIS senior management review had been completed. Aileen Walker had been appointed Director of Public Information, Steve Wise has been appointed Director of Information Management and Bryn Morgan had been promoted to Director of Research Services, initially until 30 September 2010 but with the possibility of extension or permanence.

**3.5 Joan Miller** said that:

- 3.5.1** she would bring a paper to the Board in May asking to increase PICT’s control over desktop software following the conficker virus episode.
- 3.5.2** colleagues from the Canadian Parliament would be visiting Westminster in May and would inform the House service about the ICT systems in place in Canada. Directors General were welcome to propose items for their programme.

**3.6 The Chairman** said that:

- 3.6.1** Joan Miller’s contract as Director of PICT had been extended, and congratulated her.
- 3.6.2** [s.36(2)(b) and s.36(2)(c)]
- 3.6.3** [s.36(2)(b) and s.36(2)(c)]

#### **4. Business and Financial Planning**

**4.1.** The Board considered a paper from the Director General of Resources and the Head of the Office of the Chief Executive on business planning for 2010/11. The paper invited the Board to give a steer to the business planning process before it began.

**4.2. Philippa Helme** said that the main question for the Board was what implications the current economic climate would have on the House Administration's budget, and to what extent Departments should be asked to identify efficiency savings. It had been proposed that business plans should be shown to the F&S committee in July to allow them to influence them at an early stage, should they so wish. **Chris Ridley** said that the Board might wish to consider whether the three priority areas it had identified last year (IT, estates and Members' allowances) remained relevant and if so whether they might wish to focus them more specifically.

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

- A £10m underspend was currently expected for 2008/09; around the usual level. There was a need to improve forecasting by managers, which, despite some improvements, remained variable.
  - Staff costs made up a considerable proportion of the total budget. In the past when new services had been added, staff had been added rather than recycled from other areas. Trends in head count also had implications for the availability of accommodation and use of other services.
  - However, the gain from reducing head count would be an artificial one if this led to more expensive use of consultants. In certain circumstances increasing staff numbers might lead to cost savings.
  - Head counts should be included in the risk data presented to the Board.
  - Staff budgets were usually underspent in at least one Department; the Board might decide to reduce budgets to take account of the likely underspend, retaining a central contingency for Departments which unexpectedly reached a position of 100% staffing.
  - The 25 and 10 year estates strategies would provide the Board with the information it needed to determine its priorities within estates.
  - The Board needed more information about the costing of various options in order to decide between priorities. PEB and PICT-AB would need to report to the Board on strategic priorities in their areas.
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#### *Scenario planning*

- The Board should consider a range of scenarios for future budgets, including real cuts which would require efficiency savings. Work on scenario planning would have to establish the level of efficiency savings which could be made without an impact on services.
- There could be value in spending to save in future years; the recent Budget had included a 0.7% increase in public sector expenditure.
- To avoid managers artificially inflating their budgets as proof against challenge, they should be first asked to budget on the basis of last year's outturn, adjusted for the pay increases which had already been

agreed and additional items in the corporate plan. Only once this exercise was complete should they be challenged to consider how they could deliver the same or improved services on reduced budgets.

#### *Staffing*

- The Irish Parliament had been asked to make significant budget cuts which it had achieved partially through salary cuts.
- The Commission had agreed a three year pay deal from 2008/09. Press reports had suggested that the Treasury might renege on some of the three year pay deals it had negotiated. There was currently an ongoing pay dispute over catering. There was a sense of entitlement to pay increases among staff of the House, which might prove unsustainable in future years.
- It would be politically impossible for staff numbers to continue growing in the current climate – this was an obvious indicator which Members and others would monitor - there was therefore a choice between a cap and a reduction.
- Outsourcing and cutting posts could also be considered. Catering and cleaning could be outsourced, although meeting Member expectations through outsourced services might prove tricky. Outsourcing might lead to cost savings but many Members were attached to expensive aspects of services.

#### *Capital expenditure*

- Capital expenditure was deemed to be a good thing during a recession and could be increased in light of the Board's priorities.

#### *Budgeting*

- There was a need to increase skills and address behaviour so that people realised they did not always need a budget to allow for the theoretical maximum spend. Contingency funds could be held centrally rather than in Departments. The Board should constantly monitor and claw back monies where spending was not taking place.
- There could be a "star chamber process" to ensure that budgets were robust and that budget holders knew their numbers. Such a process would need the full support of the Board.

#### *Priorities*

- Although the importance of M&E had been flagged, there might be higher priorities including maintenance and work on the estate to improve security, IT and fire resilience. During a period of austerity the focus should be on maintaining critical infrastructure.

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**4.4.** The Board agreed that Departments should be challenged to consider how they could deliver an improved level of service on budgets based on last year's outturn, adjusted for the pay increases which had already been

agreed and additional items in the corporate plan. New work should not be undertaken without exploring whether existing work could be rationalised to make provision for it, and all budgets would be subject to robust challenge. The Board would use this information to make future decisions, including on its main concerns within its three priority areas. Any proposed increase in staff numbers should be brought to the Board for approval.

**4.5.** *Action: Department of Resources/Office of the Chief Executive to provide guidance to Departments on the direction of the business planning round. Department of Resources to table a paper on staffing numbers for discussion at the May meeting of the Management Board.*

**4.6. Andrew Walker** asked the Board to consider a Management Board response to an audit of budget management, to be submitted to the Administration Estimate Audit Committee. The audit went beyond pure financial management to examine the planning timetable, development of the balanced scorecard and other matters. It had been received relatively recently and a number of issues it raised would require further consideration by the Board. Therefore a high level response was proposed at this stage.

**4.7. Paul Dillon-Robinson** said that the findings of the audit had been benchmarked against public sector best practice in order to facilitate debate.

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

- There was a trade off between the benefits of earlier planning and the risk of external factors necessitating last minute changes. The culture and long term decision-making processes of the public sector necessitated an earlier start, but there was nothing to stop adjustments being made as the process went on.
- Long term strategic planning cycles were desirable so that the Board could make considered judgments looking at a complete picture rather than taking individual decisions out of context. However the Board needed to retain the flexibility to change according to decisions of the House or Member committees. Budget allocation could take place closer to the end of the year.

**4.9.** The Board agreed that the management response to the audit of budget management should be submitted to the Administration Estimate Audit Committee.

## **5. Internal Audit**

**5.1. Paul Dillon-Robinson** asked the Board to approve the adoption by the Internal Audit service of the new Government Internal Audit Standards, the revised Internal Audit Charter and a revised protocol covering arrangements for joint working with the House of Lords' internal audit team.

**5.2. Andrew Walker** requested certain drafting changes to the Internal Audit Standards to increase the emphasis on the relationship between internal audit and the Accounting Officer. Subject to these changes, the Board agreed the papers.

**5.3. Paul Dillon-Robinson** asked the Board to approve his proposed internal audit programme for 2009/10.

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

- The programme was impressively broad and would provide a lot of assurance for the resource involved. It would be demanding to complete.
- It was hoped to increase upfront planning with audit sponsors so that audits could be targeted on a risk-basis. The recent risk-based approach to audits of PICT had been welcome.
- The audit of strategic planning was a corporate audit arising from analysis of risk registers, several of which identified planning as a risk.
- Inter-Parliamentary groups were important to Members, so audit attention to their grants would need to be handled sensitively.
- Audits identified as bi-cameral were in the House of Lords audit plan and would be partly resourced by them. Other audits might also touch on shared services. Work on cost sharing with the House of Lords would take the form of a management services review.

**5.5.** The Board thanked Paul and his team for their work. The integration of internal audit into the business had increased notably over the past year. Directors General agreed to provide detailed feedback on the programme directly to Paul Dillon-Robinson. Subject to any minor amendments, the Board approved the programme.

## **6. Management Board**

**6.1. Philippa Helme** presented a paper on improving the effectiveness of the Management Board.

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

- The level of decision and discussion in the Board was sufficiently strategic. It was important that the Board always had the right information to enable it to make decisions between options.

- The Board should seek to ensure it always considered at least one strategic item at each meeting additional to operational matters.
- The idea of each Department bringing its strategic issues to the Board once a year was a good one, otherwise the focus tended to be disproportionately on Department of Resources and Department of Facilities.
- SROs of major projects might also be asked to attend the Board once a year to answer questions. Governance arrangements for major projects, including the nomination of SRO, should be approved by the Board either by correspondence or via a take note paper. SRO training would be commissioned.
- It was desirable that the Board should have a chance to consider significant projects and programmes before investment decisions were made. For example the SPIRE business case would require the support of the Board and so should be considered.
- The Director General of Resources would work with SROs (and the relevant DG) jointly to bring their business cases to the Board. It was for the Clerk as Accounting Officer to approve business cases but for the Management Board to advise him before he made his decision.
- Each business case should include an endorsement from the relevant DG (or, where appropriate, more than one DG).
- As agreed at the joint Board meeting, it would be important for PICT-AB and PEB to report regularly to the Board, orally or in writing as appropriate. This would be straightforward while the Boards were chaired by DGs.
- The Board would send ideas for training and capacity building exercises which might form part of an away day for the Board to Philippa Helme.

## **7. Any other business**

There was no other business.

[adjourned at 6.42 pm

**Philippa Helme**  
**Secretary**

**Malcolm Jack**  
**Chairman**

6 May 2009