DEPARTMENT FOR TRANSPORT (DfT) BOARD MINUTES

Date:    Friday 25 September 2009
Time:  10.00 –13.10
Venue: Room H4, Great Minster House

Attendees

**Board Members:**
Robert Devereux (Chair)  
Brian Collins  
Steve Gooding  
Richard Hatfield  
Bronwyn Hill  
Mike Mitchell  
Clare Moriarty  

**Attendees for Papers:**
Item 2
****
Paul Rodgers  
****
Gary Backler  

**Non-Executive Board Members:**
Item 3
Alan Cook  
Anna Brennan  
Sally Davis  
Nick Bisson  
Andy Friend  
John Dowie  
Ed Smith  
Martin Capstick  

**Other Attendees:**
Item 4
**** (Private Office)  
****
Alison Rutherford (Secretariat)  
Item 5
****  
Mike Fuhr

1. Robert Devereux welcomed Clare Moriarty (new DG for Corporate Support Functions Group)) and Andy Friend (new Non executive board member) to their first Board meeting.

2. Robert Devereux briefed the Board on the progress to date with the 2010 Change Programme, and thanked all Board members for their contributions to this Programme. He also gave a brief update on recent discussions with Treasury about possible areas for future efficiencies, and the various headings under which these might be explored in future.

**Item 1: Minutes from Previous Board Meeting**  
DfTB(09)68

2. The minutes for the July meeting were approved for publication on Transnet.

**Item 2: Public Service Agreement (PSA) SA delivery Board (including High Level outlook Specification (HLOS)LOS Programme Board)**  
DfTB(09)70-72

*Note: for the purpose of Item 2, the Board was formally sitting as the PSA Board*

3. The Board discussed the 3 papers in order: Rail schemes; HLOS Quarterly Report; and PSA 5 self-assessment. The next self-assessment by DfT was

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due to be sent to the Prime Minister’s Delivery Unit (PMDU) by 30 September.

i) Rail schemes and VfM: trade offs
4. The Board noted the relationship between Value for Money (VfM) and capacity, with particular reference to the HLOS programme. PSA Indicator 3 required delivery of a particular level of capacity, while PSA Indicator 4 encouraged prioritisation of the schemes that generated the greatest VfM measure. There was scope for tension between the two.

5. The Board also noted the uncertainties regarding the VfM forward look, and recognised that active management and negotiation could frequently improve the VfM of a scheme as it got nearer to contract.

6. The Board asked to see the VfM of all HLOS projects together to review the balance of any trade-offs required between Indicators 3 and 4 (see para 4 above); and for this kind of top down review of the overall VfM picture to be repeated at intervals, not just as a one-off. **Action: Paul Rodgers to prepare overview of HLOS projects for Board**

ii) HLOS Quarterly Report
7. The Report confirmed that there were still problems in both the supply chain and the capital markets, and there was a question about how far the recession had or might reduce overcrowding. The main new issue was that the Rolling Stock plan and milestones against which HLOS was working had not been revised yet to take account of the recent announcement of Rail Electrification. (This reduced the case for some of the additional Diesel units that had been planned.) Rail confirmed that they would be reviewing the implications of Electrification, and that the Review would take account of latest out-turn figures. This would be reflected in the next Quarterly Report. **Action: Mike Mitchell to assess options for managing the HLOS review in the light of the tighter public expenditure context and the impact of the recession on rail overcrowding.**

8. The Board also invited Mike Mitchell to look at the current electrification plans, and to report back to the Board on a) whether the electrification plans included use of low carbon “green” electricity; b) the impact of electrification on electricity supply and capacity; and c) the assumptions the planned electrification made about the future price of electricity. **Action: Mike Mitchell to report back to the Board on these 3 points.**

iii) PMDU self-assessment
9. The draft self-assessment suggested a rating of Green this time. This reflected a high degree of confidence in likelihood of meeting targets, e.g. on journey times; and on capacity and VfM (subject to review of milestones and rolling stock needs, as in paragraph 7 above); and the extent to which identified actions had been addressed. The PSA Board approved the self-
assessment and thanked all those involved for their work. **Action:** Finance to submit the return to PMDU.

**Item 3: Strategic Finance**

**DfTB(09)73-76**

**i) Local and Regional Transport**

10. The Board discussed the paper; and recognised that choices about spending were constrained by existing commitments and approvals; noted that current work with HMT was in hand to look at value for money of maintenance and integrated block spend; and invited CRN to assess some alternative scenarios for total local and regional spending, its distribution and the extent to which more or less of the overall pot was tied to specific DfT goals, or simply distributed on a formulaic basis. **Action:** CRN to work up scenarios for local and regional spending. Finance to review how best to capitalise on DfT strength in measuring and securing value for money.

11. Given the likely pressures, the Board noted that it would be increasingly important to try to drive culture change in local authorities, so as to maximise value for money, and encourage a focus, for example, on behavioural change rather than on traditional “projects” requiring significant public expenditure. **Action:** Chief Scientist to discuss further with CRN the opportunity for more innovative approaches in and with local authorities, including how best to connect to the supply side.

**ii) Bus Subsidy and Concessionary fares**

12. The paper set out current support mechanisms for bus subsidy and concessionary travel. The Board noted its analysis, and agreed the options to be explored further, reflecting the value which users placed on different aspects of concessionary travel, the importance of rural services, social exclusion etc. **(Action: CRN to explore in conjunction with other Departments)**

**iii) Roads**

13. The Board noted the paper’s analysis. It also noted that there was potential tension between the carbon implications of the road programme and the pressure to enable economic growth.

14. There was brief discussion of the fact that much of the maintenance budget was now classified as resource spend; and the possible implications of this for the proposed Public Value Programme which had proposed maintenance as a key area for exploration. **Action:** Finance and Martin Capstick to provide a note on the timing, rationale and impact of the decision to re-classify much of the road maintenance expenditure.

**iv) Rail**

15. The Board noted the contents of the paper, including the impact that the economic downturn was having on Train Operating Company revenues. It also recognised that much of the forward spend was committed or fixed.
Action: Rail to re-present the tables so that the numbers demonstrated the total size of the possible funding gap; and clarified the extent to which there were plans to bridge it.

16. More generally on Finance, the Board agreed to find time to discuss financial issues generally, as opposed to in the context of specific modal proposals. Action: Secretariat/Private Office to schedule.

**Item 4: Commercial Sub Committee Forward Agenda – including Improving Commercial Awareness in DfT DfTB(09)77**

17. The paper invited the Board to note sub committee activity; endorse the proposal to review with Finance the current project scrutiny arrangements, including for tier-1 projects; and consider the proposal on commercial awareness initiatives.

18. The Board noted the activity to date and agreed that the review should go ahead. Action: Finance and sub committee to undertake review and report back to Board

19. On commercial awareness, the Board agreed that DfT needed a sufficient cadre of people with commercial skills to handle a range of aspects of project work without having to rely on only a small number of people who had “learned by doing”; and accepted that this need would probably increase rather than reduce; though the Board was not yet convinced that commercial skills needed to be acquired to the same level and coverage as e.g. finance skills. It also agreed that commercial awareness could only be an advantage in more general policy posts; and that part of the aim was to ensure an “intelligent client” capability. It invited the sub committee to come back with further specific proposals, and to liaise with other departments in formulating these, as it agreed it might sensible to aim for a cross-Whitehall approach. Action: Sub committee to bring back proposals when ready.

**Item 5: The Work of the Strategy Committee DfTB(09)78**

20. The paper summarised the recent work of the sub-committee, and invited the Board to endorse its broad plans for future work and to review the Strategy Unit role. Richard Hatfield also outlined his suggestions for using the Committee to help produce a refreshed strategic picture to help the Board and Ministers make choices within a coherent strategic overview. The Board noted and endorsed the broad plan, inviting further discussion in October after more work.

Board Secretariat
5 October 2009

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