Item 1: Minutes and Actions

The minutes were approved, with changes to the ownership of two actions, and one editorial amendment. Updates were provided on the actions from the previous meeting.

Item 2: Update on Current Issues

An independent review, led by a QC, was under way into the remuneration of Network Rail senior executives.
Item 3: Performance and Delivery Review

Performance Review

3. The Board discussed the emerging position on the Department’s budget, where a significant under-spend was now forecast. One element of this related to the periodic reassessment of Highways Agency valuations which was expected to identify an overestimate on depreciation. The Board noted that recent adverse weather had caused damage to the strategic road network that would also have an impact on depreciation.

4. The Board asked for Table 7 of the report – Consultancy/Contractors Expenditure to Date – to be projected forward to July 2011. It also asked for DfT’s total spend to be broken down in quarters going back three years.

   Action: Valerie Vaughan-Dick

5. Valerie Vaughan-Dick reported that work was ongoing to develop the format for future performance reports to the Board. Views had been sought from two of the non executive board members on the information and presentation that would be most useful to the Board.

Delivery Review

6. The Board reviewed the position on current and forthcoming milestones. Discussion focused on the review of DfT processes for decision-making; lane rental schemes; and Dartford Crossing charging. The Secretary of State asked for clarification on public statements that had been made in respect of Dartford.

   Action: Richard Bruce to follow up with policy team

7. The Board requested that the budgets for the 31 monitored workstreams be included in the summary status sheet so that the Board could understand the scale of spending alongside progress with delivery.

   Action: Richard Bruce

8. Richard Bruce reported that an updated version of the transparency section of DfT’s business plan would be published towards the end of March. Score cards for all Departments, using a template developed by HMT/Cabinet Office/ERG would be published at the same time.

9. The Board agreed that a simple analysis of milestone slippages – distinguishing those caused by internal delay, external factors and minor slippage in announcement dates – would enable it to concentrate its attention on those which presented the real risks to project delivery.

   Action: Richard Bruce to arrange this

Item 4: Structural Reform Plan – “Sustainable Local Travel”

Theme

10. In introducing the paper, John Dowie highlighted five key issues – two political and three relating to delivery.
11. The Board was concerned by the number of milestones due to be met by the end of April 2011 – at the same time as the final stages of the Organisational Change programme. It suggested that a Gantt chart be produced setting these out.

12. Sally Davis identified a cross-cutting risk in the stretching of legal resources. The Secretary of State agreed that building in-house legal capacity offered the potential for better VfM and could also help maintain clarity in negotiations.

**Item 5: Risk In-Depth Review – “EU Infraction”**

13. The paper, introduced by Richard Hatfield, highlighted three areas of risk:

   i) the general risk of being fined for late transposition of EU Directives;
   
   ii) specific risks of Non-Compliance arising from individual Directives; and
   
   iii) risk relating to non-compliance with EU Procurement rules.

   To date, although there had been a small number of difficult DfT cases, none of these had reached the point where the UK had actually been fined for late transposition or non-compliance, but the Board noted that the Lisbon Treaty had both speeded up the infraction process and increased potential penalties.

14. Sally Davis highlighted the need to provide the necessary resources to pre-examine forthcoming legislation and to deal with issues arising. Deploying resources flexibly and pulling teams together at the right time was viewed as the answer.

15. The Board agreed to a need to address the full range of potential policy and practical implications of proposed Directives as early as possible in the process. This meant working closely both with other Departments in Whitehall and, where appropriate, with other transport ministries in the EU and the Commission.

**Item 6: Bribery Act**

16. Since the paper had been drafted (originally for the 9 December 2010 DfT Board Meeting), No.10 had asked the Ministry of Justice to review the Bribery Act in light of concerns from the UK business sector. The paper had therefore been withdrawn from the DfT Board agenda to await clarification on the impact of this review. DfT had been advised that the Bribery Act’s implementation date had been delayed until three months after the MoJ had issued further guidance in relation to the Act and, although Crown Bodies will not be able to be prosecuted for failing to have adequate procedures to prevent bribery, it is expected Crown Bodies will implement the policy of the Act.

17. DfT plans to follow the MoJ guidance on designing adequate procedures to prevent bribery, and the principles will be applied to review risks of fraud and bribery, leading to an update of DfT’s Fraud and Corruption Policy. Support for establishing an anti-fraud and bribery culture, as well as support for the

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proposed actions to implement the risk review, will now be sought from the DfT Executive Committee.

**Item 7: Intercity Express Programme**

18. The Board Investment and Commercial Sub-Committee had met the previous week to discuss the programme and had identified a specific aspect which it had highlighted for consideration by the DfT Board.

19. In discussing this aspect of the programme, it came to light that some DfT Board members required further reassurance on other aspects. Additional information and analysis was required to support the discussion and it was agreed that a sub-committee of the Board should meet for the specific purpose of considering this.

   **Action: Secretariat to set up sub-committee meeting**

**Item 8: Organisational Change**

20. Noel Shanahan reminded the Board of the objectives of the Organisational Change programme and updated it on progress to date.

21. Points made in discussion included the following:

   - budget projections had been calculated on the basis of GDP deflators and budgets could be under further pressure if inflation continued to run at a higher rate.
   - the efforts made by the Department to prioritise pay over non-pay costs were recognised and appreciated by staff, which had been highlighted by a recent communication from the Public & Commercial Services Union
   - each stage of the programme had been equality-assured. However the proportionately higher reduction in the number of lower grade staff – caused by changes to DfT’s role and requirements – would have a minor negative effect on DfT’s diversity.
   - work to date had focused on achieving the right shape and size for DfT. As this phase moved towards completion it would be important to focus on building the new Department, including instilling effective performance management, maximisation of efficiency and the creation of high-performing teams. Human Resources would be leading on this “culture change” phase of the programme, supported by the Change Team.
   - with the selection process for staff below the SCS underway, there would be a period of uncertainty for staff of up to three months. This would be a stressful time and it would be helpful to manage expectations of the capacity for new initiatives over and above commitments set out in the DfT Business Plan. At the same time, it was important that high standards in briefing and submissions should be maintained

22. The Secretary of State felt strongly that publishing more information on DfT’s website would reduce the burden of Freedom of Information requests and other requests for information. He added that he would be receptive to fewer people attending meetings with him. Short, focused, informal meetings with lead

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officials in the 'scoping' phase of the policy process were what he viewed as the way forward.

23. The Board agreed that its meeting on 4 March would include discussion of the Culture Change phase of the Organisational Change Programme.

Board Secretariat
7 February 2011