Department For Transport (DfT) board minutes

Date:    Friday 28 May 2010
Time:  1000 – 1300
Venue:  1/23A, Great Minster House

Attendees
Board Members:  Robert Devereux (Chair)
                              Mike Mitchell
                              Bronwyn Hill
                              Richard Hatfield
                              Steve Gooding
                              Clare Moriarty
Non-Executive Board Members:  Ed Smith
                                  Alan Cook
                                  Sally Davis
                                  Andy Friend

Attendees for Papers:
Item 3:  Helen Morris
Item 4:  Judith Marshall-Camm
                                  Ian Nicol
                                  Heather Field
Item 5:  Phil West

Other Attendees
Noel Shanahan (Change Director)
**** (Private Office)
**** (Secretariat)

Item 1:  Minutes and actions from previous Board meeting

1. The minutes of the previous meeting were agreed, and the actions noted.

Item 1A:  Non-Consolidated Performance Payments to SCS

2. The non-executive board members being at a delayed meeting with the Secretary of State, the remainder of the board decided to use the time to discuss non-consolidated performance payments to the SCS.

3. Permanent Secretaries had collectively decided to overrule the recommendation of the Senior Salaries Review Body that non-consolidated payments should comprise 8.6% of SCS base pay. They had decided, in light of the economic situation and the savings being sought from all the large organisations funded by Government Departments, to award only 5%.

4. The Board agreed that this would be achieved by reducing the maximum paid to any individual. It agreed that, subject to agreement with Ed Smith, the non-executive member of DfT’s Remuneration Committee, an announcement would be made as soon as possible that SCS Pay Band 1s in Performance Group 1 would receive a maximum of £7,000 with those in Performance Group 2 receiving a maximum of £5,000. SCS Pay Band 2s in Performance Group 1 would receive £9,500 with those in Group 2 receiving £7,000. The Remuneration Committee

The names of non-SCS staff have been redacted in accordance with DfT’s publication policy.
Item 2: Chairman’s Opening Remarks – Update to NEBM

5. Robert Devereux thanked board members, and Clare Moriarty in particular, for DfT being so well prepared to brief the new Ministerial team so quickly and comprehensively on the issues and responsibilities facing them.

6. Clare Moriarty informed the NEBM that DfT had contributed £683m to the in-year £6.2bn savings to public expenditure. This had been a larger than expected contribution due to the way in which 3.6% savings from local government had to be secured; since it was not possible to reduce the (very large) revenue support grant from CLG in-year, other Departments with smaller grants were reduced by larger percentages (in DfT’s case by around 15%). This did not, though, imply a big reduction in transport spending in local authorities, who were encouraged to find savings across all their activities.

7. Following the Secretary of State’s discussions with both the Mayor of London and with Network Rail, the remaining savings were found from all the major blocks of DfT spending (London, Network Grant and the Highways Agency) together with savings from measures such as a recruitment freeze, a reduction in discretionary spending and contract renegotiations.

8. Clare Moriarty promised to set out in detail to the Board the components of DfT’s £683m contribution to the savings.

Item 3: Organisational Change

9. Again driven by the priority to reduce the deficit, work had continued on how to cut the costs of running DfT by reducing its size in a manner that ensured it remained effective. A smaller department would require its employees to “work smarter”. That would involve a different approach to the management of risk so that resources were employed in a proportionate way targeted on the objectives that really matter. It would also involve stripping out unnecessary management layers and would involve identifying fairly and objectively the right people with the right skills.

10. Members of the Government had targeted a reduction of one third in the cost of Whitehall and the Government wanted departments to move fast. In light of this, the Board paper outlined options for how DfT(c) could meet the Government’s objective.

11. In discussion, the Board agreed that the proposed narrative should capture better the potential for organisational change to improve individuals’ roles and the way the Department worked.

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12. The Board requested that the Change Team circulate to board members its proposals for organisational changes to the top of the Department.

   Action: Noel Shanahan/Helen Morris

Item 4: Risk Review – ‘deep dive’ discussion on theme of “employee relations”

13. Clare Moriarty introduced the paper, which she acknowledged not to have been a ‘deep dive’ exercise. It did, however, set out the background and impact of industrial action over the previous two years, including the ongoing industrial action affecting the Maritime and Coastguard Agency.

14. The paper was discussed in the context of the previous Organisational Change discussion. It was agreed that management communications would be an important factor in mitigating the risk of industrial action.

Item 5: Annual Information Risk Assurance Report

15. Phil West introduced the paper, which explained that the results of DfT’s 2009/10 annual information risk assessment demonstrated significant improvement from the previous year.

16. The DfT Board

   i) noted that DfT(c) had achieved its target of meeting or substantially meeting sixty eight of the seventy mandatory measures within the Cabinet Office Security Policy Framework, and that the Executive Agencies had also demonstrated progress in meeting these measured;

   ii) noted that DfT had met and significantly exceeded its target of Level 2 against the Cabinet Office’s maturity model assessment; and

   iii) approved the Accounting Officer commentary to be inserted into the Information Risk Report.

17. As Phil West was about to move onto a new post, the Board expressed its appreciation to him for the work he had led on improving DfT’s data protection and assurance.

Item 6: Monthly Performance Report

18. Valerie Vaughan-Dick introduced the paper, which highlighted the impact on DfT’s near cash resource of the rail recession. Discussions with HM Treasury were due to take place later the same day on availability of End Year Flexibility. Top risks to the year end outturn were highlighted as potential delays to the sale of London and Continental Railways and DfT’s dispute with Stagecoach South West Trains.

19. Mike Mitchell updated the Board on the various aspects of the dispute with Stagecoach South West Trains, saying that Arbitrators had raised issues not raised by Stagecoach.

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20. The Board also discussed the draft form of a DfT Balanced Scorecard, the format of which was still under development. The common denominator of the comments was the need to discuss the coverage with the Secretary of State, since several entries reflected the priorities of the previous Government.

21. Valerie Vaughan-Dick agreed to take away the Board’s comments and consider amendments that could be made straight away. Robert Devereux and Clare Moriarty would then discuss with the Secretary of State the measures to be included and those that would no longer be reported against.

**Action:** Valerie Vaughan-Dick/Robert Devereux/Clare Moriarty

**Item 7: Report back from Group Audit Committee**

22. Ed Smith introduced the report, highlighting the progress made on key issues and in particular the good relationship achieved with the National Audit Office. On the downside, he highlighted the unsatisfactory state of the current draft of the 2009/10 Departmental Annual Report, which the Audit Committee had found to be too detailed and not joined up. Robert Devereux explained that he did not expect the Government would wish to continue Annual Reports in this form, and expected guidance on this from HM Treasury shortly.

23. The Board was informed that the British Transport Police Authority, which had failed to submit a management assurance return, now had a new Chief Executive.

**Any Other Business**

24. None.

Board Secretariat
02 June 2010