DEPARTMENT FOR TRANSPORT (DfT) BOARD MINUTES

Date:    Friday 26 March 2010  
Time:  1000 –1310  
Venue:  H4, Great Minster House

Attendees

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

Attendees for Papers:
Items 2  
Jonathan Sharrock  
Sarah Thomson  
Item 3  
Paul Collins, Stephen Fidler and Jill  
Adam

Item 4  
John Faulkner, Kieran Rix, John Parkinson, ****

Non-Executive Board Members:
Ed Smith  
Alan Cook  
Sally Davis  
Andy Friend

Item 5  
Chris O’Connor  
Jenni Borg  
Items 6 and 7  
Valerie Vaughan Dick  
****

Other Attendees
**** (Private Office)  
**** /Alison Rutherford (Secretariat )

Item 1: Minutes and actions from Previous Board Meeting/Update on events since Previous Board Meeting

DfTB(10)23

1. The Board agreed the minutes of the previous Board meeting.

2. The non-executive board members were updated on recent events including:

- the announcement of the High Speed Rail Strategy and the preferred route;
- the Budget announcement of an additional £84m for potholes and £250m for roads investment in 2010/11. The latter would allow some of the savings identified to meet pressures to be reversed, and schemes to be accelerated.
- further Budget announcements relating to back office costs and shared services. This exercise had been marred by late changes in the metrics

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used to benchmark finance and procurement-related back office functions and use of inaccurate data that had had to be corrected.

- Second Sea Lord Sir Alan Massey had been appointed as the next Chief Executive of the Maritime and Coastguard Agency.

**Item 2: Olympics – DfT Contribution and Challenges Ahead**

3. Sarah Thomson and Jonathan Sharrock gave a presentation outlining the key risks for DfT associated with the 2012 Olympic and Paralympic Games and the need for strong cross-Departmental engagement in planning for the Games transport operations and DfT’s role during the Games. DfT’s roles were outlined as being i) co-funder; ii) its delivery responsibilities; iii) its assurance role and iv) legacy issues.

4. Highlights of the presentation, and points picked up by Board members included:

- 500,000 additional people were expected to cross London during the busiest days;
- the Olympics would take place during the school holidays, when there is normally a 10% suppression of demand, but the Paralympics would take place after the schools had gone back;
- the huge human cost, in terms of suicides by transport planners, resulting from transport problems at the 1996 Atlanta Olympics;
- an “Olympic Route Network” was required for the 80,000 members of the ‘Olympic family’ who would not be using public transport;
- 150 Heads of State being expected to arrive at London’s airports;
- ODA’s modelling showed 187 potential “hot spots” on public transport networks, including many on the Jubilee Line;
- the Olympics team currently had 6 members, working closely with a cross-Department ‘virtual team’ whose contributions were managed through the Department’s Olympic Programme Board. The number of DfT employees involved in Olympics work was expected to rise once the Olympics project went into ‘operational mode’ over the coming year; and
- interviews were taking place that afternoon for a SCSPB1 from DfT to be seconded to the Government Olympic Executive in DCMS to work on transport assurance for the Games.

5. The Board agreed:

i. that the Olympics team within the Department should decide what action on the part of the Department, now, might assist in achieving a strong governance framework to underpin successful transport delivery – replicating the positive role DfT had played in establishing the sound governance of the ODA. Given the complexity of the issues, and a complicated Olympics governance structure, it was essential that all those involved in the provision of transport both...
understood and accepted how, where, and by whom final decisions would be taken – both in planning and in operations; and
ii. that the Olympics Team should return to the DfT Board in three months’ time, reporting on progress on the issues above and to discuss the risk register held by the Olympic and Paralympic Transport Board.

Item 3: Organisational Change – interim report  
DfTB(10)25

6. Paul Collins, Stephen Fidler and Jill Adam introduced and expanded on their. They had obtained the views of 15 senior managers on the scope for change by current activity type, analysed current numbers in DfT(c) by Group and activity and identified potential functional groupings.

7. The Board noted that there were some areas not highlighted in the analysis of current activity types where it would be important to maintain and build capability. The presenters were encouraged to test their emerging thinking against DfT’s six greatest successes over the past five years and against its six greatest challenges.

8. The presenters received positive feedback on their work to date and its clear presentation.

Item 4: Discovery Projects – interim report  
DfTB(10)26

9. John Faulkner reported that all Discovery Project teams were making progress; considered they should be able to generate some genuine savings; and would be able to report back more fully by end April; and on that basis, he recommended that all proceed until at least that point. He confirmed that the end April report would include information on each project in a standard comparative template to enable proper comparison. The logistics of trying to consider the outputs of all 9 projects at one Board meeting (in addition to other items in the run-up to the Election) were problematic.

10. There was a brief discussion on the scope for interaction between national and local spend and savings, and the risk that changes in this area – if they happened at all - might simply result in moving the same money around (rather than either making savings or improving outcome).

11. The Board welcomed the progress to date and agreed that

i. all projects should continue for now, and the Board would consider separately the process for reviewing the projects in April;
ii. it was worth looking at alternative options for funding in London as distinct from other “local” areas;
iii. that Cities and Regional Networks Group should continue to engage pro-actively with Communities and Local Government and other Departments on the “Total Place” initiative; and that

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iv. The Discovery Project should look at what alternative sources of funds might help to mitigate local authorities dealing with reduced resources in future years to maximise value for money and outcomes.

**Action: John Faulkner, John Parkinson and Bronwyn Hill**

**Item 5: Report Back from BPPB – incorporating Shared Services for DfT-future options**

12. Clare Moriarty introduced the paper. It covered 2 linked items: the decision on whether to proceed or not with migration of MCA and VOSA to the Shared Services Centre; and a progress report on the review of strategic options for shared services being undertaken as part of the Business Process Programme. This was particularly relevant in the light of recent announcements by Government about the creation of public service business companies – potentially spun out of existing large Departmental shared service systems – that would provide back office functions for a range of departments.

13. In discussion, a number of detailed points and questions were raised:

- it was surprising to Board members that the business cases for migration at the individual agency level did not show better return on investment, and it seemed likely the benefits were understated in some respects;
- this might be due in part to the fact that the preparations to migrate had driven efficiencies ahead of the migration;
- although it was possible that DfT might migrate to another shared service platform, this would not happen quickly without active management by DfT; and it was important not to shelve or delay work on Shared Services in the meantime;
- although it was agreed that DfT Shared Services Centre fixed costs were high, and the pool of people served by it was smaller than others’, the charges paid by Departments using the DWP system were not out of line with DfT figures; so no assumptions should be made about quick or easy savings resulting from a transfer to another provider;
- improved processes should be pursued irrespective of the shared service platform; they would lead to savings, and to easier migration to another platform if later required;
- the BPPB work on process improvement was moving forward in a collaborative way but not fast enough;
- the non executive board members in particular thought there was too much tolerance of variations in processes, and that a culture change was required quickly to deliver uniform departmental processes; and
- although many aspects of a process would be driven by the IT system used, group functional heads should have overall ownership of the process – working closely with the SSC – as they were responsible for driving the move to uniformity; and the agencies needed to understand this.

14. In conclusion, the Board agreed:

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i. MCA and VOSA migration projects would be stopped and the SSC should, as a result, focus on delivering ‘plain vanilla’ services for existing customers;

   Action: Clare Moriarty

ii. it was no longer tenable to maintain so many process models within one overarching umbrella organisation; and Clare Moriarty was given authority to define for the DfT family the processes to be used for HR, Finance and Procurement;

   Action: Clare Moriarty

iii. DGs with agency responsibilities would make this clear to their respective Chief Executives;

   Action: Richard Hatfield, Steve Gooding; Mike Mitchell

iv. the policy of centralising technical and business advisory functions should continue to be pursued; the resulting centres of expertise would remain outside the Shared Service Centre but did not all have to be in DfT(c).

   Action: Clare Moriarty

**Monthly monitoring**

DfTB(10)28

15. Close monitoring of end year spend continued with the aim of minimising any underspend.

   Action: Valerie Vaughan-Dick

**Item 7: Risk review**

DfTB(10)29

16. The Board welcomed the further paper on Risk Management, and agreed it represented a good aggregation of bottom up risk, and a good prompt for the key risks that the Board should define from its own perspective. This definition would require some separate Board work (which needed to be scheduled). In that context, there was scope further to define the risks (e.g. the risk of serious transport disruption could be broken into disruption due to: weather; industrial action; terrorism; failure of transport business etc.) to improve the quality of analysis and discussion.

17. The Board agreed that

   i. the Board would consider, in the light of the work to date, its own top down categories of risk - further work to refine the framework and detail could continue in parallel to this in correspondence, rather than coming back to the next Board meeting;

   Action: Valerie Vaughan-Dick

   ii. it would commence the proposed in depth discussion of one theme each Board meeting from now on - Finance would propose themes for the next 3 meetings; and

   iii. the risk team would produce a monthly report recording how risks identified across the organisation mapped onto the Board’s key risk themes, in part to guide which of these should best be considered in depth, and in part to prompt consideration within the organisation of

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risks from the Board list which did not appear to be turning up in detailed risk registers.

Any Other Business

18. None

Board Secretariat
29 March 2010

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