MINUTES OF DfT EXECUTIVE COMMITTEE

Date: Tuesday 16 November 2010
Time: 0900-1100
Venue: Room 5/13, Great Minster House

ExCo Members

Robert Devereux (Chair)
Mike Mitchell
Bronwyn Hill
Richard Hatfield
Steve Gooding
Clare Moriarty
Christopher Muttukumaru

Attendees for Agenda Items

Risk Policy Manager (Item 1)
Tim Reardon (Item 2)
Noel Shanahan (Items 2 and 3)
Mervyn Thomas (Item 3)
Les Brewster (Item 3)
Helen Morris (Item 3)
DfT(c) Business Partner (Item 3)

Other Attendees

Board Secretariat

Item 1: Risk Reporting to DfT Board

i) Bottom-Up Risk Assessment and Recording Processes

EC(10)69

1. This paper from DfT’s risk policy manager sought ExCo’s approval to embark on a consultation exercise on how best to harmonise the system in which risks are assessed throughout DfT.

2. Whilst it was acknowledged that risks were generally being monitored and managed effectively within DfT, there was a proliferation of risk assessment scales and recording templates – even between projects and programmes within the same DG Group. It was argued that it would be more efficient to use a common risk register with an Excel template that, in the longer term, could be replicated via a central SAP BPC system.

3. The point was made that there were programmes – such as the Olympics – in which DfT was involved but where DfT was not managing the central risk register. It was agreed that any work on centralising DfT risk registers must be integrated with the wider work being led by Richard Bruce on DfT’s performance reporting structure. This would be assisted by the responsibility for risk management being moved to sit within the corporate governance structure in the new organisation.

4. ExCo agreed to further work being carried out by the risk policy manager to ascertain the different risk recording and management structures being utilised and to ExCo being invited to agree how best practice could be replicated throughout DfT.

The names of non-SCS staff have been redacted in accordance with DfT’s publication policy.
5. Clare Moriarty introduced this paper, from DfT’s risk policy manager. Non-executive Board members had made the case for regular in-depth reviews of risk themes. This approach would be particularly useful where risk themes did not otherwise receive regular Board coverage. Reviews would focus on risks already brigaded under each theme, but might recommend that further work be done to other dimensions of the risk theme. The role envisaged for DGs was to provide a robust challenge to those who were managing risks. DGs would be supported by their Business Partner and by the risk policy manager.

6. It was agreed that

- Richard Hatfield would cover the general risk of EU infraction for the 31 January DfT Board
- Clare Moriarty would look at disruption caused by weather for the 28 February Board
- Steve Gooding would cover Business Continuity for the 28 March DfT Board
- Bronwyn Hill would examine disruption to transport networks caused by factors other than weather for the 27 April meeting.

7. Papers prepared as a result of in-depth reviews would be discussed beforehand at ExCo, with the first one coming to the 11 January ExCo meeting.

Item 2: Reducing Consultancy Expenditure

18. This paper from Tim Reardon had been triggered by a letter from Sir Gus O’Donnell on 27 October stating that all Government Departments “should aim for the future to spend no government resource whatsoever on consultancy”.

19. The paper argued for some “quick wins”, along with some longer term measures for bringing consultancy work in-house. The latter would have some inevitable implications on DfT resourcing and prioritisation of expert support.

20. Robert Devereux had met Sir Gus O’Donnell since receiving his letter and Sir Gus had clarified that his letter had been aimed specifically at management consultancy rather than at expert advice on legal, commercial or property matters. Nevertheless, DfT(c) was committed to reducing its consultancy spend by 40% over the Spending Review period.
21. ExCo:

(a) endorsed the quick wins identified in the paper and decided that any necessary, further guidance on management and procurement of external commercial legal advisers should be promulgated under the auspices of the Board Investment and Commercial Sub-Committee;
(b) decided that lawyers should be in the lead in procurement of external legal services, in particular the type of work identified in paragraph 3.4 of the paper;
(c) decided similarly that Corporate Finance directorate should be in the lead in procuring commercial advice and that Property Division should be in the lead in procuring advice on property matters;
(d) recognised that, if the procurement and management of external lawyers were increasingly to become the responsibility of the General Counsel’s Office, there was a case for the transfer of budget responsibility to the GCO, but would consider whether that approach was apt at the time of budget allocations to groups and the GCO;
(e) as to the longer term, noted that it was possible that significant cost savings could be achieved by reducing spend on external consultants and instead asking in-house experts to take on part of their work; the teams that were most likely to fall into this category were the GCO, Corporate Finance Directorate and the Property Division;
(f) decided that the first step was for design teams to work with these teams to decide what the likely level of external consultancy would be;
(g) in the light of (f), invited the General Counsel-designate to coordinate a piece of analysis for Ex Co which should cover the extent to which the three teams could drive down external consultancy expenditure in their fields of responsibility by taking on more work in-house or otherwise, explaining the range of choices open to the department;
(h) noted that the legal service, which served the department as a whole, might have options for freeing up resource in some areas for use in supporting other, greater priority, areas but that that would require engagement with agency chief executives.

Item 3: Organisational Design Issues

i) PB1-7 post design and selection timetable

22. Helen Morris introduced the paper, which recommended the commencement of the process of designing posts in the new organisation at PB1-7. Specifically, the paper recommended an announcement by Robert Devereux and the circulation of a Design Guide and some attachments. It also sought ExCo agreement to a) a timetable for the process for designing the posts and b) the Permanent Secretary and DGs writing to the SCSPB1 and 2 “designers” in their Groups, attaching pay budget spreadsheets.

23. ExCo felt that the timetable for Ministers - which involved asking them for resourcing decisions, including work that would need to be stopped, on 17 December, and requiring these decisions by 14 January - was particularly

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challenging, given the Christmas break. It was agreed that appointments should be blocked in the Secretary of State’s diary between these dates to enable his queries and concerns to be resolved face to face.

**Action:** Helen Morris to liaise with Natasha Robinson

24. ExCo noted that Organograms setting out PB1-7 posts would be made available to staff in the new year. Robert Devereux requested that an earlier message be repeated at this time - that selection and allocation were separate processes, and whether or not a person’s current job would still exist in the new structure would have no bearing on whether or not that person was selected into the new organisation.

**Action:** Helen Morris

25. ExCo noted that not all pay budget information – setting out the current pay bill from which 25% would need to be deducted overall – was yet available. It was agreed that the message to “designers” from Robert Devereux and DGs should be delayed until all this information was available.

26. ExCo agreed to:

   i) the announcement of PB1-7 design and the release of the relevant documents;
   
   ii) the message being emphasised that organograms and spreadsheets listing posts must be cleared with DGs and submitted to the Change Team no later than 17 December; and
   
   iii) the detailed timetable attached to the paper.

**ii) PB1-7 post design and selection timetable  
EC(10)72A**

27. Richard Hatfield introduced a paper addressing the application of Phase 2 of the Organisational Design Programme to Accident Investigation Branches (AIBs) and Transec.

28. ExCo:

   i) agreed that, apart from completing the redesign and filling of the Deputy Chief Inspector posts, the AIBs be excluded from Phase 2 of the organisational change programme;
   
   ii) asked Richard Hatfield to consider further whether administrative staff from the AIBs should be included within the selection process;  
       **Action:** Richard Hatfield
   
   iii) confirmed that Transec Security Compliance Division should be excluded from the redesign process; and
   
   iv) agreed that individual staff currently working in Transec should participate in the selection process in the normal way but that, after initial selection stage, compliance inspectors should automatically be allocated to Compliance Division unless there are exceptional overriding business or personal reasons.

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18. Mervyn Thomas introduced the paper, which asked ExCo to choose between two alternative approaches and timelines for running the PB1-7 design and selection timetable. ExCo selected an integrated approach to the selection and allocation of staff to the new structure. Its decision was based on this option providing the optimal selection of staff with the skills, knowledge and experience for the roles in the new structure.

19. ExCo also discussed options around whether or not to run a further voluntary exit scheme ahead of the PB1-7 selection process. It was not yet known when the legislation bringing into effect the revised Civil Service Compensation Scheme would complete its Parliamentary stages. Depending on when the new terms became available, an early VES scheme might run in parallel with completion of self-assessment forms.

20. ExCo noted that, under the terms of the revised Civil Service Compensation Scheme, all staff not selected for the new organisation would automatically be offered VES terms prior to any consideration being given to compulsory redundancies.

Any Other Business

21. Clare Moriarty reminded ExCo that, resulting from its previous decision to move out of GMH (East) by the end of 2012, a full restack of GMH (North) would be required to accommodate the new organisation. In light of this, any office moves before then should be kept to an absolute minimum.

Board Secretariat
18 November 2010