Minutes of DfT Executive Committee

Date: Tuesday 27 July 2010
Time: 0900-1030
Venue: Room 5/13, Great Minster House

ExCo Members

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

Apologies

Richard Hatfield

Attendees for Papers

ExCo Members

xxx (Private Office)
xxx (Secretariat)

Attendees for Papers

Valerie Vaughan-Dick (Items 2 and 3)
Noel Shanahan (Item 2)

Item 1: Spending Review – Communications and Engagement

EC(10)46

1. ExCo discussed potential options, for submission to the Secretary of State, for communicating the key messages of the Spending Review to external stakeholders.

2. During discussion it emerged that the SoS had met a wide range of stakeholders during his first 10 weeks in office. It was agreed that the views of certain stakeholder segments could generally be anticipated, e.g. motorists’ lobby groups would argue that funding for railways would be better spent on roads. It was also agreed that stakeholders tended to be reluctant to speak openly and frankly in front of their competitors. Nevertheless, it was agreed that it represented good conduct of business to have consulted with key stakeholders before making a major announcement such as the forthcoming one on the Spending Review.

3. ExCo agreed that a submission to the Secretary of State on 29 July would recommend a targeted approach to external communication prior to the Spending Review announcement. He would be given a scorecard listing the stakeholders he was recommended to meet and about what subject.

   Action: Tracey Waltho

4. ExCo was informed that central Cabinet Office guidance would be issued to advise Departments how to respond to suggestions from public sector workers made via the Spending Challenge website and, in due course, how to respond to suggestions from the wider public.

The names of non-SCS staff have been redacted in accordance with DfT’s publication policy.
5. The Spending Review Working Group would consider an internal communications strategy. One issue it would need to consider would be whether to make a single announcement to staff after the announcement of DfT’s Spending Review settlement or whether separate announcements should be made covering individual transport modes.

6. Clare Moriarty informed ExCo that DfT had been praised by HM Treasury for being one of only three Departments to have submitted a fully compliant Spending Review bid that addressed substantially the HMT requirement to have modelled 25% and 40% reductions in resource expenditure.

7. HMT had been less impressed with DfT’s suggestions for “reform” as opposed to “efficiency”, i.e. activities it proposed to stop. It was pointed out that the coalition partners had, through assurances given during the general election campaign, ruled out the potential cessation of several costly activities.

8. DfT would be required to submit its revised Spending Review bid to HM Treasury during the third week of August.

**Item 2: Organisational Change – discussion of Finance Operating Model**

9. Robert Devereux introduced this item, which had been discussed previously at ExCo, on 15 June, and at BPPB on 20 July. He had asked Clare Moriarty to set down, on a single sheet of paper, the future responsibilities of DGs, the Group Director of Finance and Estates and Business Partner teams within Group Finance in the proposed model. This formed the basis of the discussion.

10. It was agreed that Business Partner teams would have a key role in challenging DG Groups on behalf of the DG and that this should be reflected in the note on responsibilities.

11. The need for enhanced management information was agreed as a prerequisite for effective financial management. It was pointed out that robust management information depended on accurate information from DG Groups. It was agreed that the provision of enhanced management information should be highlighted within the responsibilities of both DGs and the Group Director of Finance and Estates.

12. The need for complete financial transparency by DG Groups was agreed, as was the need for ExCo to be the arbiter when proposed changes to financial allocations could not be agreed between DGs and the Group Director of Finance and Estates.

13. On the basis of the responsibilities set out in the one-page note, ExCo agreed that Business Partner teams should be part of Group Finance in order to secure synergies with other parts of finance. Business Partners

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would be responsible to DGs for supporting them in the effective discharge of their responsibilities for financial and risk management. It was agreed that members of Business Partner teams could continue to be physically located within the DG Groups they were serving.

14. Noting that the Finance Operating Model had already been the subject of extensive discussion with RMPTs, ExCo agreed that the new arrangements should be communicated now to RMPTs and the Department as a whole. This would allow members of RMPTs to become actively involved in designing the Business Partner function.

15. There was some discussion of whether reporting lines should transfer to the Group Director of Finance and Estates ahead of wider changes to the organisational structure in DfT(c). ExCo agreed that this was not necessary, providing that RMPTs were involved in working towards implementation of the new arrangements. Reporting lines should change at the point that the change process started in earnest after the Spending Review, when the new Business Partnering, Planning and Performance team would be populated. Consideration would need to be given at that stage to whether all posts in the team required specialist skills.

16. ExCo agreed:

i) to announce immediately the intention to move towards a Finance Operating Model including a single Business Partnering, Planning and Performance team within Group Finance and Estates;

ii) that the one-page description of the Finance Operating Model should be amended to reflect the points discussed and to record the decisions reached at the meeting;

iii) to ask existing Resource Management Planning Team members to engage with how the new Financial Operating Model might operate, based on the revised one-page description;

iv) to implement the new Finance Operating Model as an integrated part of the wider Organisational Change programme which would commence in the autumn.

v) to ask the Director of Finance and Estates to plan for “long-form” rail franchise reports to be prepared in due course within the proposed staffing levels, without recourse to additional or contract labour.

Action: Clare Moriarty/Noel Shanahan/Valerie Vaughan-Dick

Item 3: Discretionary Spending

17. ExCo noted and endorsed the discretionary spending budget reductions identified by Group Finance. It noted that the Committee would be invited subsequently how “above target” savings of up to £13.6m could be used to meet emerging pressures and/or new initiatives, particularly in the area of research.
**Item 4: Possible SCS Moves**

18. Potential SCS moves were discussed. Clare Moriarty agreed to feed back ExCo’s views to the HR SCS Manager.

*Action: Clare Moriarty*

**Any Other Business**

19. Robert Devereux informed ExCo that Sir Gus O’Donnell and Alan Cook would be feeding back to the DfT Board, at its meeting on 24 September, the results of the Capability Re-Review.