Minutes of DfT Executive Committee

Date: Tuesday 15 June 2010  
Time: 0900-1035  
Venue: Room 5/13, Great Minster House

ExCo Members

Steve Gooding  
Bronwyn Hill  
Richard Hatfield  
Mike Mitchell  
Clare Moriarty  
Christopher Muttukumaru (until 0950)

Apologies

Robert Devereux

Attendees for Papers

Noel Shanahan (Item 2)

Other Attendees

xxxx (Private Office)  
Alison Rutherford (Board Secretary)

Item 1: Prompt Payment

1. The Committee discussed the papers on Prompt Payment submitted by Stephen Reeves. In summary, DfT(c) and all Agencies except Highways had met the new 5 day payment target of 80%. This was broadly encouraging, and ExCo welcomed the considerable efforts made by key staff to deliver this performance. However, the lower compliance rate of Highways Agency pulled down the overall DfT result.

2. In discussion, the following points were made:

- pressure to meet the challenging 5 day target might lead individuals to feel the balance of advantage lay with quick payments rather than rigorous control. There was an important message to get across to staff, that the prompt payment targets must not take priority over normal financial controls;

- use of the Government Procurement Card was efficient and cost effective, but budgetary constraints and the need for effective control argued for judicious allocation of such cards to limited numbers of people (i.e. it should be seen as a more efficient way for the same people to purchase, rather than a way of allowing more people to purchase items);

- the main area where errors occurred was in the purchase of intangible services, such as training or consultancy, and more management action was still required to drive compliance in these areas;

- the Highways Agency’s performance was clearly an issue given the volume of transactions it handled; and

- uniform payment within 5 days was demanding, and potentially very beneficial for recipients; and it would be helpful to have the flexibility to use the promise

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of 5 day payments as an incentive to secure discounts on contracts up for renegotiation as part of the current government’s bid to reduce costs.

3. After discussion, the Committee agreed:
   
i)  **all ExCo members** should emphasise to staff the importance of following correct procedures in purchasing, to ensure prompt payment where possible, but not at the expense of proper financial control.
   
ii) **Mike Mitchell** should discuss with Graham Dalton the steps that would need to be taken to bring the Highways Agency’s performance into line with the Government’s target;
   
iii) **Valerie Vaughan Dick** should check exactly what work OGC had in hand on re-negotiating contracts across Whitehall as a whole; and inform all DGs so that they could proceed swiftly to their own unilateral negotiations if their contracts were not covered by any wider OGC renegotiation;
   
iv) **Clare Moriarty** should ensure the Secretary of State understood the inflexibility of the current 5 day target, so that he could take a view on whether to pursue a Whitehall-wide change to allow departments to negotiate with suppliers to offer fast payment in return for a discount on price, rather than being held to a mandatory, one-way target; and

**Item 2: Update on Business Process Programme Board work**

4. Noel Shanahan gave an update on the work of the Business Process Programme Board (BPPB), and explained that he wanted ExCo to signal its commitment to drive change. He had two broad areas of concern. One was around the difficulty of tracking the global resource numbers that the BPPB had agreed through to specific posts and reporting lines in Agencies and DfT(c), to be able to verify that planned efficiencies were being delivered.

5. Secondly, although BPPB had now agreed a broad structure for managing DfT business processes, this depended on the swift agreement of a Group Operating Model for each key set of processes along with the savings; and he was concerned at the time it was taking to agree the model for finance processes. He suggested that, rather than continuing to engage key staff in the design of a model to which they *might* migrate in due course, an alternative would be to make an immediate structural change that created a single finance team which could then be tasked with delivering the required changes. However, it was clear that greater clarify would be needed first on how the Group Operating Model would work, in particular in ensuring DGs would have the management information and support necessary to be able seamlessly to discharge their duties as Additional Accounting Officers.

6. He also acknowledged that the project team needed to spend time explaining the developments and proposals to senior staff, including DGs. This was already either planned or in hand, but would need to accelerate in order to reach agreement by July. A workshop was in the diary for next week, but without strong Exco buy in to the key principles, it was unlikely to make significant progress.

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7. In discussion, the Committee noted that RMPTs were currently the only support for DGs and their Groups in managing and accounting for their delegated budgets. It would be essential for DGs to understand what support they would have going forward, as well as the processes to help deliver it. And it would be necessary for DGs and the project team to engage in specific discussions on these points.

8. In conclusion, ExCo agreed that DGs and Noel Shanahan would ensure the following message was conveyed to the people involved ahead of the workshop:

i) the Department was committed to producing and using a “Group Operating Model” for its key processes (HR, Finance and Procurement);

ii) the BPPB Finance project team would produce a plan by July to set out what this would mean for DfT(c)’s finance teams with them having a reporting line to the Group Finance Director whilst continuing to provide support to DGs and their groups on essential financial management and control functions. This would need to demonstrate how the Group Operating Model would deliver specified savings;

iii) the exact nature of the financial support to DGs would be set out for agreement taking account of areas where RMPT staff provide a range of support which goes beyond financial management

iv) the July plan would therefore also set out how support would be given to DG and their Groups on finance under a Group Operating Model; these proposals to take account of the differing requirements/functions of individual Groups, and to be specific about roles and accountabilities. This would need to be robust/flexible given the likelihood of further organisational change which could change the boundaries and responsibilities of individual Groups.

v) The July report would be considered at the BPPB Sub-Committee, to which all DGs have a standing invitation.

AOB

9. None

Board Secretariat
17 June 2010