

Management Board

SAVINGS PROGRAMME (PHASE 2): Accommodation / Estate and Income Generation

A Paper by DG Facilities and the Director of Savings

Purpose

1. This paper sets out, for Management Board agreement, the proposed scope of work, governance arrangement and timescales for two strands of the redesign phase of the savings programme: accommodation/estate and income generation. The attached Board paper on income generation was agreed by correspondence and has been sent to the Finance and Services Committee (F&S) for its meeting with Board members on 16 February, following the Committee's decision on 26 January that work on options for income generation should proceed.

Matter for decision

2. The Board is invite to agree that work should now proceed as outlined, to the point of preparing costed proposals for consideration, in particular:
 - a. That the accommodation/estate strand should examine (i) options for contracting the size of the estate and (ii) more economical ways of providing services that support the estate and its occupants. (See paragraph 5).
 - b. [s.36; s.43];
 - c. That the work on accommodation/estate should be overseen by the Facilities Transformation Board (possibly with revised membership) reporting into the Savings Programme Board. (See paragraph 7);
 - d. That the income generation strand should examine: merchandising; tours/events organised by us; 3rd party income; events organised by others; banqueting; fundraising and sponsorship; and information/talks. (See attached paper);
 - e. That various options for managing income generation should be explored, including the establishment of a special purpose, not for profit vehicle. (Also in the attached paper);
 - f. That an advisory group on income generation should be convened (see paragraph 9);
 - g. That costed options relating to both of these strands should be brought back to the Management Board and Member committees for consideration by the summer recess. The Management Board and Member committees will be consulted as work progresses over the intervening months.

Background

3. At its meeting on 27 January 2011 the Management Board agreed that work should proceed on developing redesign options according to our areas of greatest spend, in particular looking at the estate/accommodation and printing, in support of the savings review being conducted by the Finance and Services Committee. It also agreed to proceed with initial proposals on income generation. The Management Board accepted in principle that additional resources might be necessary, particularly in the area of income generation.
4. This paper focuses on work that could be carried out on accommodation/estate redesign and on income generation, both of which are owned by the Director General of Facilities.

Accommodation/Estate

Scope of work

5. The following pieces of work could usefully be included within the accommodation/estate strand; they are inter-dependent:

A: Identify options for contracting the size of the estate. Developing the themes of the Accommodation Policy recently brought to the Board, we would seek to reduce running costs by 2014/15 by reducing the size of our estate, by approaches including more open plan working; reducing storage space through SPIRE; moving some functions off the estate (or agreeing to stop them altogether); and increasing homeworking without duplicating a workspace on the estate. Earlier consultancy work has examined which services were required at Westminster and which could be provided elsewhere in London or elsewhere in the UK, and will be revisited. There may be benefits in retaining some rented space, but given the very long term nature of our business the focus will be on the disposal of leasehold property.

B: [s.36(2)(b) and s.36(2)(c)]

Dependencies

6. The following is an initial list of some of the dependencies that will need to be taken into account:
 - Estate: Account must be taken of break clause conditions and the dilapidation costs of withdrawing from leasehold buildings.
 - Lords: accommodation/estate buildings and services are provided by the Commons to the Lords, with costs shared. Close working will be required as plans are developed.
 - ICT: Homeworking would need ICT provision. Disposing of any buildings also has implications for ICT services and infrastructure. Again, ICT costs are shared with the Lords. The new ICT strategy and the proposals from this accommodation/estate strand will also need to be aligned.
 - Current contractual obligations and constraints: these may limit the timescales over which savings can be delivered.
 - Administration Committee's inquiry into catering services: this will help determine the appetite, from that committee at least, for changes to and possible market testing of our catering services.

Governance

7. The accommodation/estate strand of work needs to be coordinated as part of the savings programme, but is large enough to need its own programme board reporting into the savings programme board. The current Facilities Transformation Programme Board (of which Lords Director of Facilities is already a member) provides an obvious vehicle for this work, although its membership may need to be reviewed.

Income Generation

Scope of work

8. The Commission has agreed that work should progress on options for income generation, with F&S required to report back initial thoughts to the Commission for its meeting on 21 March. [s.36(2)(b) and s.36(2)(c)] The attached paper has been sent to F&S and outlines the proposed scope of work.

Governance and resourcing

9. At its meeting on 27 January 2011, the Management Board agreed that this was the one area where an additional external resource may be required as it was concerned whether we had the expertise in all of the areas, as well as capacity, in-house. [s.36; s.41] One option would be to convene an advisory panel of external experts in different areas (e.g. merchandising, events, fundraising and sponsorship). This might need to be supplemented by an internal working group covering catering and retail, Parliamentary bookshop, Information Services, Commercial Services, and the Lords. We would also need to consider the management arrangements required for overseeing income generation activities: perhaps establishing a not for profit vehicle for the purpose. Again, this strand will need to be coordinated as part of the savings programme.

Timescales

10. It is proposed that costed options relating to both of these strands should be brought back to the Management Board and Member committees for consideration by the summer recess. The Management Board and Member committees will be consulted as work progresses over the intervening months.

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11 February 2011

Finance & Services Committee

INCOME GENERATION

A Paper by the House Management Board

[s.34]