



House of Commons Governance Committee

Oral evidence: [House of Commons Governance](#), HC 692

Wednesday 26 November 2014

Ordered by the House of Commons to be published on 26 November 2014.

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Members present: Rt Hon Jack Straw MP (Chair); Sir Oliver Heald MP; Ian Paisley MP; Valerie Vaz MP; Mr Dave Watts MP.

Questions 509-579

Witness[es]: **John Borley**, Director General of Facilities, gave evidence.

Q509 Chair: Good morning, Mr Borley. I apologise on behalf of some of my colleagues. We have been meeting three or four times a week and my colleagues have been fantastically assiduous in their attendance, but for reasons that none of the other four can avoid we are slightly light this morning. However, you have the quality.

We know your background, so may I begin by asking how effective you find the Management Board? The answer to that question has eluded us to a degree. Who, if anybody, is responsible for enforcing the decisions of the Commission and the Management Board?

John Borley: First, can I start by thanking you for the very kind message you sent to me when I failed to attend this Committee three weeks ago? It was a great comfort to me, and I am grateful to you.

Chair: Of course. I hope you are better.

John Borley: I am completely better. Thank you very much.

This Management Board works as well, if not better, than any board of management I have been on. We have a shared sense of responsibility for delivering the objectives of the Commission and the member bodies. We like each other, and we work together very well.

On the question of who does the enforcing, there is not really an enforcer, but once the Management Board reaches a position we have line management responsibility for enforcing within our own departments. The Management Board comes together as a as a collective. We try very hard—I think successfully—not to come in as shop stewards representing the interests of our own departments. Once we reach a decision, it is our job to enforce it within our own departments. We do that more or less well, depending on how difficult the decision is in respect of our own management areas.

Q510 Chair: Okay. What is the relationship between the Management Board and the Commission? We have had quite a lot of evidence that those two bodies do not quite plug in together, and that Management Board members are sometimes confused about what goes up to the Commission and what comes down. How do you see that?

John Borley: I have not personally found that to be an issue. At the start of this Parliament, we had one or two meetings in which we literally sat around a round table with the Commission and talked things through, which we all found very difficult—

Q511 Chair: Difficult?

John Borley: Sorry—helpful. I beg your pardon. Exactly the opposite word. We found it very helpful and constructive, but we found it difficult to keep that going because the commissioners are so very busy and could not find time in their diaries. I don't think there was any lack of will to carry on doing that. The way our normal relationship with the Commission goes seems perfectly satisfactory to me. I have attended the Commission several times with propositions, seeking either their approval or their guidance, and each time I have asked for it I have got it and it has been very clear. I suspect you will be asking about restoration and renewal shortly, which is a good example.

Q512 Chair: We shall be, and also the gym.

In any organisation there are formal power structures and informal arrangements, and the two do not necessarily marry. In this place, there are formal power structures and Members of the Commons—650 of them—who ultimately run the place. To a degree it is a bit different from the military. Do you find that complicated, aggravating, or just something that you have to get on with?

John Borley: I find it a delight. I was rather fed up with the military command structure. In fact, even in the military it is necessary to achieve a consensus. It is not as straightforward as you might think. With the risk of sounding pompous, I often say to people in my department that one would not want Members of Parliament to be within a command structure. You vote for your local MP because you want that MP to be challenging. I expect to be challenged by MPs and I expect my staff to be; that is entirely healthy. I quite often appear before the Administration Committee and the Finance and Services Committee, and there is a spectacular range of views. Eventually, they discuss around a table a bit like this and we reach a position where I get the sort of guidance and advice that I and my department need.

Q513 Chair: Which you find reasonably coherent?

John Borley: Yes, I do.

Q514 Sir Oliver Heald: Do you think that the roles of the Clerk and the chief executive should be split?

John Borley: I am not quite sure what the term “chief executive” means in this context. I know what you are talking about and what the issue is. I have been a chief executive of a next steps agency and I found that term not very helpful. In fact, I disbanded the agency because I did not really feel like a chief executive. I felt like I was an admiral and that was more important to me important to me than the title of chief executive.

My personal view of how this should work at the top is that the head of the House Service should be someone who has a profound and deep understanding of Parliament—the sort of understanding that can only come through great intellectual ability and years and years of experience. There is a case for having a chief operating officer who would bring together and meld the delivery of the services to meet the priorities of the Commission and member bodies underneath that. We do that ourselves at the moment through good will. Going back to the Management Board, we really do seek to do that, but at the moment a lot of it is done through good will and understanding that that is what we should be doing. With a sort of chief operating officer who understands the priorities of the House, that would happen as an innate leadership function.

Q515 Sir Oliver Heald: What sort of background and spec would you have for that job?

John Borley: The chief operating officer would need to be someone who either understands Parliament or can learn it very quickly. It is a pretty normal management responsibility, looking after a large number of people and a big budget in quite difficult circumstances, and there are plenty of organisations that do that already.

Q516 Sir Oliver Heald: So it could be an outsider?

John Borley: Yes.

Q517 Sir Oliver Heald: What parts of the House Service would be under the remit of the chief executive or operating officer?

John Borley: One of the great advances that the House administration has made following Tebbit, I think, is the unification of us as a service. It is very important to all of us that we are one service because, whatever the structure is underneath the chief operating officer or a chief executive, there will always be some form of granularity; the important thing is that we work together within that. I would see the chief operating officer having a remit over the whole organisation.

Q518 Sir Oliver Heald: How would the Clerk spend his time?

John Borley: I know that you seen lots of models, but in the model that I am proposing, the chief operating officer would be required to retain the confidence of the Clerk and to consult with the Clerk on all the major decisions that he or she makes, particularly big investment decisions, and especially to get the political context right.

Q519 Sir Oliver Heald: What would the Clerk be doing?

John Borley: The Clerk would provide the advice and guidance to Members that he or she does already. The Clerk and the chief operating officer would have a close working relationship. The idea would be to keep the Clerk's hands out of the day-to-day business and to allow the chief operating officer to operate, but ensure that the chief operating officer retained a really clear understanding of the House's priorities, which the Clerk will be the expert on.

Q520 Sir Oliver Heald: One of things that people have said is that sometimes decisions are made and then they are not acted on here. Do you see the operating officer as the person who would make sure that things happen when they are decided?

John Borley: Yes, very much so. I am trying to think of examples where decisions have been made and not acted on. I have seen that mentioned in some of your previous evidence, but I have struggled to think of an example.

Q521 Sir Oliver Heald: No. Who would chair the Management Board?

John Borley: It might depend on what the Management Board looked like. The important people in this model would be the Clerk, chief operating officer and I would suggest the finance director, because resources are very important. I do not know what your Committee is going to conclude, but you might decide there should be a Management Board that involves Members and those three very senior officials.

Sir Oliver Heald: We have not decided yet.

John Borley: You have had a complete spectrum of advice, I know.

Q522 Valerie Vaz: Good morning, I am glad to see you are back. I was quite struck by one of the comments that you made about Members being challenging. Would it surprise you to hear that we do not want to challenge, we just want to do our job, but there are problems and obstacles that make it difficult for us to do that and hence we "challenge"?

John Borley: I see.

Q523 Valerie Vaz: For the record, who do you think this place is for and who is it run for?

John Borley: Surely there is no doubt that this place is for the Members and it is run by us, within our delegated authority, on behalf of Members.

Q524 Valerie Vaz: Do you think that happens now?

John Borley: Yes I do. I am aware that that is not the case in the experience of some Members. I often hear that from many Members and I really struggle to understand why. It might be because the range of services that we provide is so vast and so difficult, but I do not find anybody in my organisation or outside my department who has any understanding other than that.

Quite a few people, especially in my department, are very task focused. If their job is to deliver a project or to do a cleaning task, that is what they do. One of my jobs, though perhaps I am not very good at it, is to give them the broader perspective. When I stand in front of a staff meeting and remind the cleaners, the craft team, the waiters or the porters in the kitchen that their job is to enable you to do your work, they sit up in their chair and they look proud. It is my job to remind them of that from time to time.

Q525 Valerie Vaz: Yes. In my experience, it is not actually the people at the bottom. They are very nice, they work, they understand the nature of Parliament and some of them have been here for a very long time. The trouble may be that you do not see that because we have named people that we know and tend to go to, so you might not see the problem at the end. May I give you an example?

John Borley: Please do.

Valerie Vaz: In the toilets on my floor in Norman Shaw North, there was a blockage and it was not dealt with quickly enough. After about two weeks, there was effluent and faeces everywhere and I had to send two members of staff home. I had rung Facilities, and had it been dealt with immediately, two members of my staff would not have been sick and there would not have been faeces all over the floor. I had to ring the Serjeant at Arms and he dealt with it, not Facilities.

John Borley: I am sorry that was your experience. It was dealt with by Facilities. It was a horrible job and it should have been done right away.

Q526 Valerie Vaz: It was—later. It comes on to how you delegate the work down below. Do you get letters or some sort of memorandum of what your task is for the year or the week?

John Borley: Not by the week.

Q527 Valerie Vaz: Do you get letters of delegation?

John Borley: I have letters of delegation, yes.

Q528 Valerie Vaz: What do you do with that?

John Borley: I sign to acknowledge that I accept the delegation and send my signature back. I have a letter of delegation that covers the span of my responsibility and then each year I get a letter telling me what my financial control limits are for capital and resource, which I have to operate within.

Q529 Valerie Vaz: So it is just financial limits, not the strategic issues of where Parliament is going and what you need to do for the year? How do you get your tasks to go down to the next level?

John Borley: As well as the system of delegation—the delegation for my role and an annual delegation of finance—there is a corporate business plan, which the Management Board puts together and ultimately brings to the Commission for agreement. I then cascade my elements of the corporate plan through the business plan of my own department.

Q530 Valerie Vaz: I am trying to get a bit more specific. What do you delegate down to the next level? What do you tell them at the next level and the one below that?

John Borley: The directors who report to me each have a job description, which tells them what their responsibilities are. They get a delegation from me and an annual financial control total.

Q531 Valerie Vaz: I am trying to get at how you manage your work, because it seems Members do not feel it is being run quickly and efficiently, unless they go to someone that they know who delivers. Without embarrassing her—I know she is in the room—Fiona Channon's name is one that comes up frequently as someone who will deal with Members and get things done. That is not really fair on her, is it?

John Borley: You do appreciate that Fiona works for me, don't you?

Valerie Vaz: I do.

Q532 Chair: Mr Borley, just to go back a bit. This is a terrible story that Ms Vaz has raised. As I will say when we get on to the gym, the test of whether things work in general is whether they work in particular. My experience of dialling 4747, which is how you report these things, is not a particularly happy one. Bluntly, because of who I am and I know my way round, I may get slightly better service but there used to be a real person when you phoned 4747. These days you get a ridiculous menu as though we are phoning some credit card company. You finally get through to someone who seems uninterested and then you get no feedback. Is that something you are aware of? If not, why not?

John Borley: I ring 4747 and every time I get a person on the phone. I know who they are and go and talk to them from time to time.

Chair: Yes, but you are their boss.

John Borley: No, when I ring 4747 they pick up the phone not knowing who it is and I always find a person. We do have a system whereby when a job is reported on 4747 it is logged on to our maintenance management system, and the person who logs the call gets feedback.

Q533 Chair: I have never had any feedback I have to tell you.

John Borley: I must look at that. I have done it and I do.

Chair: Do you have feedback, Ms Vaz?

Q534 Valerie Vaz: No, nothing. You sometimes get a reference number and sometimes get something. If there is a lock on the door that has to be changed in my room, for instance, because you have outsourced the carpenters and everything else—I don't know who has done that—we have to get someone who lives in Wiltshire who comes at the end of his shift to come and fix things in the House. I don't think that is good use of public money. I think it is good to have someone on site who is able to do things quickly. A Member e-mailed me to say that it took two weeks to change a battery. In the end we go and do it ourselves; we don't ask. That cannot be right, can it?

John Borley: That does not sound right. We have a performance management system. On the maintenance management system the jobs that are routine maintenance are plotted and logged, as are the calls to 4747. I see the returns and I can show you them.

We have about 15,000 planned maintenance tasks a year. I looked the other day and last year there were 42,000 calls to 4747 which were acted on. The type of call is classified as to its urgency, and we have a prioritisation system. I get my management board and I report up to the House of Commons Management Board what our performance is against that priority system. At the moment, about 85% of the tasks are done within target time. Obviously, we would like that to be higher.

We have done some things to improve that, which I hope you will start to see. We do have our own craft team. Those maintenance jobs in the Palace are done by our own people. We have about 60 in the craft team, including locksmiths.

Q535 Valerie Vaz: He told me he came from Wiltshire.

John Borley: I was describing what happens in the Palace. You do not live in the Palace. The offices in the outbuildings—Norman Shaw buildings for instance—are under contract.

Q536 Chair: Why? Isn't that crazy? It is the same set of buildings.

John Borley: Because the Palace is so old. This was before my time but the theory was that we needed our own craft team in the Palace who understand the antiquity and unique nature of the systems here.

Q537 Valerie Vaz: But they don't change locks on doors, do they?

John Borley: Yes, we have the locksmiths in the Palace who will.

Q538 Chair: I have been here 35 years. Why on earth if there is a locksmith here, can he not go across to Norman Shaw and change a lock, rather than getting someone from Wiltshire?

John Borley: I am not saying that it right. I think we should do that. I will take that away and have a look at it. There is no reason why they should not.

Q539 Valerie Vaz: Could I suggest that you look at the whole system and see why it is not operating, even if you just have a meeting with Members so that they can tell you? At the minute, nobody seems to be telling you anything, either because we don't see you, or there seems to be some sort of feedback loop missing—you are not around or whatever. So we just pick on the people we know and have seen and who are around. It is a completely different organisation, although you think we are just making a big fuss because of our constituents—which we are. If a constituent cannot come to see us—one of the questions is about queuing—that is a big issue.

My point generally about the whole thing is that it takes a long time, and the problems get bigger if it takes a long time and someone is not responsive. That is what I mean, and that is partly about these letters of delegation. Who looks at your letters of delegation to say that you have done the job correctly? Or, if Members have written in and there have been complaints—in fact, I don't think Members bother to complain at all; they either get someone else to do it or people do it themselves. Can we have some sort of system where you know what Members really think and you know that this place is run for Members?

John Borley: Yes. The rate at which we complete these jobs is reported to the Management Board, and it is reported through them to the Commission. I will show you those figures. Obviously we need to be better.

Q540 Valerie Vaz: Yes, but it is not coming back to the people who are affected. The Management Board appear to be sitting on it. I was struck by your initial remark, when you said, "Oh, it's fine, we have a meeting, and we don't push our department." I think you if you have an issue or a problem with your department, you should be raising it with the Management Board in a much more vociferous way, whether it is resources or anything else.

John Borley: Alright. Can I add, Chairman, that some of the people that you talk to when you walk around are there for the purpose of allowing you to talk to them? Fiona

Channon has people. We have now put them in uniform so you can identify who they are, and they have name badges, so you ought to know the people in your building who are there specifically to look after your personal interests. If the 4747 system is not working, they will intervene on your behalf. That is something that we started doing reasonably recently.

Q541 Valerie Vaz: Do you take ultimate responsibility for that?

John Borley: I take ultimate responsibility for that—absolutely I do.

Q542 Valerie Vaz: So did you know that there was an issue about 4747?

John Borley: I know it's not as good as we'd like it to be.

Valerie Vaz: Except when you call.

John Borley: Yes, but when I call, they don't know it's me, until they talk to me.

Valerie Vaz: They might do, because it is an internal number and it probably has your extension number on it.

Chair: I'm glad you get a good service out of it.

Q543 Ian Paisley: I was intrigued by what you said, John, about the House being run for the Members and the staff know that, but would the staff at all levels know what is happening in the House, for example, today?

John Borley: In terms of what is happening in the Chamber and Committee Rooms?

Ian Paisley: What is happening today.

John Borley: No. The staff who work for me are really task-focused people, but they know that their tasks are there to support you.

Q544 Ian Paisley: If this was solely a banqueting and hospitality facility, and the sole purpose of this place was to create wedding functions for people, I would say that the staff would know, for example, "Four weddings are taking place here today. They are taking place in these rooms, and we have to service them to make those weddings the best experience of people's lives." That would be the experience and the role of the staff.

Today, the main function of this Parliament is questions to the Scottish Secretary and questions to the Prime Minister, and three major debates; one on the economy and a major debate about the prevention of terrorism—pretty important stuff. Surely the staff should know what is going on, so they know that that is the key function of what will come out. The product of what is going to come out of this side of the building today are those four or five key matters, and tomorrow, again, they should know that there are questions and what is

going to happen. Would getting the focus on the House and what is happening not help the staff to deliver all the services, so that Ms Vaz's staff do not have to find another building to use the toilet facilities, and so that everything works to the one desired goal of ensuring that what comes out of the Chamber is the key product of this place? Should that not be the focus of your staff?

John Borley: Mr Paisley, I would not expect my staff to know it at that level of detail. They know it is a sitting day. They know that the Chamber is going to be used between certain hours and it is absolutely essential that it is functional and warm and that the lighting and recording systems all work. They think the work that you do in your office is just as important as the work you do in your Chamber. They will not know the detail of the debates. It is available for them to look at if they wish to, but I do not think I would expect a technician, whose job it is to change a lock, or a project leader, whose job it is to drive one of our big delivery projects—

Q545 Ian Paisley: But you understand that if we are all working to the one end—the one goal—it is important that they get a sense of ownership of what is occurring and why it is so important. Even changing a lock and getting that right is for that end purpose—that we all take pride, whatever the job is, right to the top, and have the knowledge that that is the end product. If this is a factory, our product is what we are doing in the Chamber today.

John Borley: It is, and the senior members of the department might have an understanding of the detail of what you are doing in the Chamber, but there are literally hundreds of people who do the hands-on tasks around the Palace, and I would not expect them to know the detail of what you are debating in the Chamber.

Q546 Chair: Mr Borley, at the beginning you talked about what you do to talk to staff and say, “You are all part of making this democratic institution work.” That is commendable. President Clinton used to tell a story—I dare say he still does, as I have heard it more than once—in which he described visiting NASA—

John Borley: Visiting what?

Chair: NASA—the National Aeronautics and Space Administration—and he said he met a janitor there.

John Borley: Yes, I am familiar with this story.

Chair: Okay. He asked the janitor what he did and the janitor said, with a big beam on his face, “I help to put the spaceships in orbit.” That is great, because they are all part of doing that, but the janitor needed some basic information. I am sure this janitor would have talked about which spaceship was going up. If you asked me what the Joint Committee on Statutory Instruments is doing this afternoon I would be stumped, but I have an idea about what we are going to be debating in the Chamber. I think that people, whatever their grade, should be encouraged to take an interest in what this place does because it is their life. They can also be ambassadors for this place.

Q547 Ian Paisley: In my constituency we make the London double-decker bus—the Boris bus. And the janitor, as you would call him, Jack, knows that he is cleaning up one of the best factories in the world, because they make the best bus in the world. He knows that there will be 10 buses produced in that factory today. It is about getting that spirit, that comradeship and that notion of support—we are all working to the one end. Putting the right lock in the right door is just as important as what is going on in the Chamber, but it leads what is going on in the Chamber. It is just about knowing that it really is for the Members.

John Borley: I have the NASA story very much in mind when I talk to staff. It is an absolute classic, and it is true. So when I say to the cleaners, “Your job is to prepare the place so that the parliamentarians can do their business in the Chamber today,” they don’t need to know the detail of what you are going to talk about.

Q548 Chair: They don’t need to know, but I think Mr Paisley’s point is that it would be a good idea if they were to know and were encouraged to take an interest. They can read and write, they are citizens—why not?

John Borley: I am not disagreeing with you, Mr Paisley. We encourage our staff to go and sit in the Chamber or in Committees and see, once in a while. I would like them all to do it. It is helpful, certainly for the managers, to sit in business questions once in a while and to go to PMQs once in a while. I invite all the new members of staff to do that once or twice, which they do, to get a feel for the place.

Q549 Ian Paisley: On the question of shared services between the Houses, we know which parts work well. Which parts should be improved, and where should we target our attention to get an improvement on shared services?

John Borley: I think everything should be improved. I take Ms Vaz’s point. In my department we have a continuous improvement programme, and we try to get evidence that we are getting better and better. That applies not just to joint services but to the single services. You will appreciate that the Estates Directorate, which reports to me, is a service that provides the Lords’ infrastructure as well as that of the Commons. We have been working hard for several years to make that better and better.

I take the point that the maintenance function should be better. We would like to be quicker and faster and more accurate. We have also been looking at the big strategic needs. The real issue in Norman Shaw North is that the building is just too old and needs a major overhaul. The soil stacks at the back of your building were calcified. It has been neglected for far too long. It is not a maintenance task: it is a big project that needs doing. So there is a need, which is what restoration and renewal is about and what the northern estate project is about. There is a need to look much longer-term at the health of the estate. That is the area that needs a lot of improvement.

Q550 Chair: I wanted to ask about refurbishment and renewal, but before we get on to that I want to ask about the specific issue of the gym, which is in the basement of what was Cannon Row police station on the northern estate. It has been subject to a refurbishment programme. Are you the senior officer responsible for that refurbishment, as for any other refurbishment?

John Borley: I am not the SRO for that particular project, but my department is doing the work.

Q551 Chair: Do you know who the senior responsible officer is?

John Borley: I know who the project leader for it is, yes.

Q552 Chair: Okay. Those of us who are attendees of the gym have witnessed an appalling shambles, which has led what seemed to be a pretty straightforward refurbishment programme, which was due to be completed in mid-September, to be delayed and delayed again. It is now not scheduled to be finished until mid-December. I was talking to a Conservative colleague about this yesterday as we were changing.

Many staff—your staff as well as Commons and Lords staff—Officials, Members of Parliament and Members of the House of Lords use the gym. From our perspective, the failure to execute that project properly is reputationally damaging to your department and to our faith in how this place is supposed to work. Do you know what the problems are?

John Borley: Yes.

Q553 Chair: What are the problems?

John Borley: It appeared to be a reasonably straightforward refurbishment, but when we got in there, started doing the work and found how complex the ceiling void is, we found it was not a straightforward project at all. In fact, it has been a particularly complex, challenging and difficult project. That is why it has overrun.

Q554 Chair: So why at no stage have Members who use the gym been given a piece of paper from your department to say, “We’re really sorry about this. This is the problem”? It has all been based on Chinese whispers.

John Borley: In that case, we have failed. One thing we try to do is inform the people who are affected by our work about what is going on. We should have told you that.

Q555 Chair: There has been a complete failure there, Mr Borley. One of the issues is about the planned air conditioning. It is not that difficult to put air conditioning in, but they have now been told that they can’t have it for two years. You have got free-standing air conditioners, which simply pump the warm air into the roof space so it comes back again, and

there is no air conditioning in the changing rooms. The specifications were changed after a decision was made to let the contract. Why has all that happened?

John Borley: I will have to take that away and ask. I was not aware that we were looking at the air conditioning. I have got an idea of what they are doing in there, but I didn't know air conditioning was part of it.

Q556 Chair: There was air conditioning in there before. It is a basement that used to be a cell block when it was a police station—I don't think people particularly bothered about the temperature at which the prisoners were held. It would be useful for you to have a look at this. You have now got a cadre of people at every level in this place whose faith in the ability of this place to run a small project has been badly damaged.

Can we move on to the restoration and renewal programme? I understand that you are senior responsible officer for that.

John Borley: I am.

Chair: I fully understand that deciding when, where and in what circumstances the full details are made public is not for you but for the Commission and the House Committee. However, in terms of organisation—Sir David Higgins is sitting behind you—do you think a new system will need to be established for the delivery authority? That is the easy bit. Who should be the client of that delivery authority within the Palace?

John Borley: There will most certainly need to be a delivery authority, and there will most certainly need to be a single, unified, robust client. One of the workstreams that we have, which we are developing in parallel with the options appraisal that you just referred to, Chairman, is to specify what the client function will look like. It will be large, and it will probably involve people who are presently in our engineering project team, but I am sure it will be bolstered by expertise from outside.

Q557 Chair: But in terms of decision making, it is a matter of public record that the whole place, or at least part of it, will have to be decanted somewhere else. Those are quasi-political decisions with huge implications. Would you, for example, have a combined Commons Commission and House Committee being the ultimate client, making decisions?

John Borley: The Commission and the House Committee agreed about three weeks ago that in the next Parliament there should be some form of Joint Committee that would fulfil that role. There will most certainly need to be joint parliamentary and political oversight.

Q558 Chair: Thank you. Going back to the gym, may I invite you to put that on your agenda for today?

John Borley: Yes.

Chair: Thank you very much, because we could always have you back.

Examination of witness

Witness: **Sir David Higgins**, Chair of HS2 and former Chief Executive of Network Rail Infrastructure Ltd and the Olympic Delivery Authority, gave evidence.

Q559 Chair: Sir David, thank you very much. Please help yourself to water. As I explained to Mr Borley, we are normally eight strong. The Committee has been meeting three or four times a week because we have an urgent task to do and my four colleagues who are away are all very apologetic about the fact that they cannot be present. You should not take it as a mark of disrespect that you have only four of us. Thanks very much for coming. Given your principal responsibilities, I know how busy you are.

We are keen on hearing your evidence because of your experience running the Olympic Delivery Authority with such extraordinary success. You will be fully aware, not least from the last question, that there is a major refurbishment programme in prospect with the idea of a delivery authority. Based on your experience, could you explain what the essentials are for making that kind of system work effectively, and what are the pitfalls?

Sir David Higgins: I thought I would draw on a brief report that we carried out at the end of the project, which came up with about eight key overarching strategies that were important. The first is getting the right people with delivery capacity on board fast. People always forget that delivery capability is a core skill set. It is exactly what we are doing at the moment with HS2. We have had a team that has done the hybrid Bill but we are now recruiting people who have had tried and true tested experience on programming, costing and systems control, and getting them from the industry with a proven track record. That is crucial to get a start.

It is important to set a realistic budget. Remember that the budget that was agreed and announced in Parliament in March 2007 included the cost not only of infrastructure and venues, but of the Home Office, running parts of the city, and the Paralympics and legacy. It was a broad, encompassing budget, not a single budget that focused on just the physical activities. Clearly, on a project as complex as this, there will be many other costs such as security that need to be considered as part of the overall budget.

You need to tie down scope, programme and funding, and then stick to that. One of the requirements of the PAC, when I appeared before it in early 2007, was that we produced a control document, which was termed the yellow book because it had a yellow cover. It was thick and covered every single activity of the games that public money was going to be spent on, and set out scope, budget, schedule, exclusions, and other accountabilities assumed by other organisations. That document was signed by the accounting officers of all the various Government Departments and agencies that would be involved in the Olympics. That was an important control document that went through the life of the project. It set out scope and accountabilities. If one of the six different funding bodies wanted something additional to that scope then, because of the funding settlement, it became

their responsibility to front up or find that money. That is what protected the funding Departments from scope creep in that area. It also set the control for what is called change control.

Against that document and scope, if there were to be a change in scope, there was a formal process of change control, delegated in two different layers. One layer went right up to the Cabinet Committee, which I think you chaired, so you will be familiar with that. Big decisions on change control went right to that Committee. Other elements, in terms of the contingency, were delegated to a committee chaired by a senior civil servant with representatives from all the funders.

The fourth issue was early and prompt decision making. I remember having the discussion with the Secretary of State and the Mayor saying that we had to make critical decisions. They said, “Don’t tell us two minutes before the decision has to be made, or after the event that if only we had made a decision at a certain point, we would have saved money. Give us notice and tell us when the last responsible moment is to make that decision and the consequences so that we have time to make those critical decisions in advance, but be very clear what decisions you want.” We kept that discipline, whether it was legacy use or games requirements from sporting associations or whatever. We had set out to the Olympic Board what the key milestone decisions were and the consequences of those decisions. I have to say it was a very good discipline of forcing collegiate decision making.

The next one is a bit of boilerplate: procurement using the NEC contracts to ensure cost transparency and proper project delivery. The great thing about the NEC contracts—

Q560 Chair: The NEC is—

Sir David Higgins: The new civil engineering contracts. It is a contract that came out of various reviews of Latham and others through the industry. It requires the contractor to elevate a potential variation when it occurs and it has a time frame for that to be solved. What happens in traditional contracts is that at the end of the project there is a huge bunfight and the various contractors and clients put claim and counter claim together. NEC says that if you didn’t raise it within a certain very short period of the event occurring, it is no longer eligible to be considered as a variation. It is a good invention as a contract mechanism. It does require a fair bit of administrative procedure at the start, but it negates the huge amount of time and uncertainty that happens on the completion of the contract.

The next one was allowing the delivery partner to deliver. The key thing about the client role is that the client has to be clear on what the client or the sponsor wants in terms of scope, but, having authorised the delivery partner to proceed, there is no point in having the client or Government agencies trying to watch over the delivery partner’s shoulder or trying to meddle. At one stage I remember saying to various Government agencies that everyone was banned from going to the main work office down in Stratford because we were having too many other people looking over the shoulders of the engineers and the schedulers whose task it was, having got the clear delegation and brief, to get on and carry out the work.

The other point in choosing the delivery partner is that this was at a time, not unlike now, when there was a lot of competition in the market for suppliers and subcontractors. We wanted the capability of having a delivery partner that could also actually deliver themselves. If we had a contractor that failed, we wanted the delivery partner to be able to intervene,

come on to the project and take over the suppliers or contractors to complete that work. Having the delivery partner with a capability to actually deliver, while we never used that capability, was always there as a buffer, particularly if we thought that contractors or suppliers were going to go into liquidation.

Q561 Chair: Could you explain that in specific terms? By delivery partner here are you talking about main contractors?

Sir David Higgins: No. Delivery partner is client side. The delivery partner should sit on the client side, should work through their brief, have a real incentive to get not only timely delivery, but saving on the cost plan. They are aligned to the client in terms of making cost savings. They act as the client's agent to carry out their brief. They are not a contractor.

Q562 Chair: You were the delivery authority, not the delivery partner.

Sir David Higgins: Correct. We were the Olympic Delivery Authority, but we had a delivery partner, which was a consortium consisting of three organisations: an American company, CH2M HILL; a UK company, Mace; and Laing O'Rourke. Together, those three organisations formed a delivery partner—they were the engineers, the people who would do procurement, scheduling, cost planning and site supervision to ensure that the standards that we set were properly carried out. We also ensured that the contractors had sufficient authority and accountability to carry out their scope of work, because you do not want a delivery partner that duplicates the work of the contractors.

Q563 Chair: I was going to ask about that. Who gave the delivery partners instructions? Was it you?

Sir David Higgins: The Olympic Delivery Authority always gave the delivery partner instructions. The contract between the delivery partners and the Olympic Delivery Authority was very clear and they did not take instructions from anyone else.

Q564 Chair: I interrupted you there—you may have had one or two further points to make.

Sir David Higgins: Three, unfortunately. Active risk management from the start is crucial—you must identify the major risks. We came up with the term, “it is better to buy-down risk at the start”—to spend money to save money. We put in money for a major logistics centre and put in a health care centre on the site. That seemed simple enough—we had picked it up from Terminal 5 at Heathrow—but it meant that, rather than having to go off and take a day's sick leave for a relatively simple treatment, staff on the work force could go to site. It was there for emergencies and treatments if there were any serious injuries, but, more importantly, it was there for the wellness of the work force. It said to the work force, “We are concerned about you much more than your just turning up and doing the work; we are concerned that you are fit and healthy in your lifestyle, and this service is set up for that.”

That builds loyalty but also, shamelessly, it is there from an efficiency point of view, because someone can call in there quickly and does not have to leave the site. So risk management from the start is important.

You need transparency and a proactive process for both internal and external communications. It is no use just doing a good job; with the multiple stakeholders that the project will involve, you also have to ensure that the stakeholders and the public understand that you are doing a good job. You should be constantly communicating in a very transparent way and dealing with your stakeholders, be they local community groups that may use facilities later or even neighbours in the area. You need to follow good construction code of practice in terms of access, the disruption of traffic and noise. That must be dealt with proactively, because it will not just occur—people will not just assume that you are doing a good job.

Finally, you must maintain a collaborative approach with Government partners. These projects are very different from a commercial office tower built in the City, where it is very clear that one party has the money, owns the asset and is going to occupy it or put tenants in place. Here, there are inevitably multiple stakeholders—that is the complexity of public sector projects. You must therefore maintain a method where all the stakeholders feel informed and involved, but do not confuse accountability.

Q565 Valerie Vaz: Was the security issue put into the risk assessment at all?

Sir David Higgins: Right from the start.

Q566 Valerie Vaz: At the end of the day, the Government bailed everyone out—we got the troops in instead, didn't we?

Sir David Higgins: Yes, indeed. That was the security for the operations with LOCOG—that was the G4S event. I was not directly involved, but they obviously did a fabulous job. One great feature of the Games, or, really, the two main features of the Games, were the security staff and the volunteers who made the process such a pleasant experience.

Q567 Valerie Vaz: Did it help in getting your project on time that the volunteers did it for nothing?

Sir David Higgins: The volunteers were crucial; not only the volunteers during the Games themselves—you will remember the whole process of training people to become volunteers: the Games maker programme—but the volunteers from the local community. Rather than trying to keep the project as an island, separated from the community, we worked with the local community and allowed them access to what was called the greenway. They had full public access and they carried out their own tours, in terms of the public, which we fully supported.

Q568 Chair: In the report—for which many thanks—one of the first things that you mention is the budget. I recall that in the Cabinet Committee, we were all—including me—a bit surprised about the size of the optimism bias that had been built in, which was something like 60%, from recollection. I remember having a seminar from some people in the Treasury to explain to me why you needed that level of leeway. In the event, was that a wise decision to provide a wide optimism bias?

Sir David Higgins: Remember that at the start of the project we did not have really a design, planning approval, any understanding of ground conditions or any contractor pricing. As risk gets tied down, the optimism bias or a more detailed analysis of quantitative risk can be carried out. Clearly, risk on different factors of a project can have different weightings. Ground conditions carry a higher risk than laying a road or building a structure. As a project becomes more mature—it depends which scale you use, but architectural drawings start at A and go to G—at stages A and B you want a high optimism bias, but when you get to stage D or E, which is detailed contractual drawings, clearly you can reduce the level of contingency. Then you have a more sophisticated approach where you allocate risk to the various activities on a more granular basis.

Q569 Sir Oliver Heald: What do you see as the main difference between a chief executive and a chief operating officer? When should you have one rather than the other? When and why did the ODA move to a chief operating officer model from a chief executive model?

Sir David Higgins: A chief executive, at various stages of the project, has to split their role between external and internal. You have to say at the early stages probably much more of their time is spent externally with the stakeholders, with the Treasury and with client groups. I know that in the first year, my time was mainly external and the only other thing I put a huge effort into was recruitment. I put a lot of time into making sure that the people we hired, because it was obviously a greenfield project, would have the values and the culture we wanted to display in the rest of the organisation.

As the project matured, I was incredibly lucky to be able to hire a chief financial officer who was, in many ways, a chief operating officer—a guy called Dennis Hone, who then went on to take over from me. He was able to take over all the financial and commercial side of the organisation. We also had in the chief executive of the delivery partner—a gentleman called Ian Galloway—someone who was effectively the chief operating officer from a delivery point of view. The combination of those two individuals carried out that role, plus a lot of other very talented senior execs.

As the project moves more into delivery or into commissioning, you can move to a chief operating officer. But a chief executive's role has to balance that crucial thing of external as well as internal facing. Of course, it entirely depends on the role of the chair. I was also privileged to have Sir John Armitt as my chair, after an initial period with a previous chair. The role of a chair, as I see it, is simply to provide leadership, credibility and, bluntly, air cover to the executive team, and that is what John did so brilliantly: to be able to give confidence to the various stakeholders that what we were doing was under control, but also provide guidance and mentoring to the organisation in total.

Q570 Sir Oliver Heald: When John Manzoni gave evidence— as you know, he is the chief executive of the civil service—he told us that he thought a chief executive needed leadership qualities to deliver change and good-quality services. What would you say are the most important attributes of a chief operating officer? Do you agree with John Manzoni about the qualities of leadership required in a chief exec?

Sir David Higgins: If you do not have leadership qualities in a chief exec, a project is fundamentally doomed, I would say. It is essential to have that, because the organisation internally looks to leadership. Crises occur in all projects, and they look to the CEO to give them guidance as to what is going to happen. In the chief operating officer, the fundamental thing you need is attention to detail. You also need someone with a strong commercial background—it is no use just having an accountant who understands how our numbers add up; you need someone who can actually take commercial decisions. That was a great advantage that Dennis Hone brought to the project.

Q571 Sir Oliver Heald: What about knowledge of the core activity? In a civil engineering project, do you need someone as chief operating officer who understands civil engineering projects? We are obviously looking at what we might do here. Do you think it would be wise to have someone who understands Parliament? Do you have any thoughts on whether you need to know the core business?

Sir David Higgins: It depends on your delivery partner. Hopefully, the delivery partner will bring a lot of those technical skills. I would not have thought it essential to have a chief operating officer who is an engineer. The engineering will be interesting, but it will not be the crucial thing. This will all be about staging; it is going to be about the timing of decanting, defining the scope—the functional role of Parliament—and making sure that change does not unravel the scope. I would have thought that someone who really has an understanding of how Government works, and who can manage the multiple stakeholder issues and then get decisions through a complex group of stakeholders—that would be a real skill for the chief operating officer. Scope creep, staging and time delays are going to be the biggest risks on this project.

Q572 Valerie Vaz: You must have done something right, because you have a spoof BBC programme about you, whereas we just get mocked in the press all the time. I do not know if you have had a chance to look at how the House of Commons and the House of Lords are set up and the management structures that we have.

Sir David Higgins: I have not.

Q573 Valerie Vaz: We did not expect you to do any homework, but it is quite a complex thing. For us, as Members, we see it as a place of work, whereas there may be elements that see it as a house of fun. It is about trying to look at the two areas and ensure that we have access for the public, so that people can see how we work, while at the same time it is a place of work and a seat of democracy. It is an unusual system and an unusual

place, and we are struggling to find models of how to make this place run in the 21st century. You have had some experience of being the chair and chief executive of a public body with a commercial outlook. What lessons do you think we could learn from that?

Sir David Higgins: Do not start until everyone agrees what the brief is. This is a unique project. It plays a role globally as an icon, an institution to which countries—even my home country, Australia—look for leadership and history. It plays a huge public role. As I came in today, there were teams of schoolchildren coming in, which is fantastic to see. This plays such an important role in the public mind, the way that the country operates and its history.

It will be very difficult to write the brief and agree what the brief is, but it is absolutely essential that you get sign-off. It will require a talented individual to collect the various aspirations and document those, so that everyone knows why we are doing it. Why are we doing HS2? Are we doing it to save 20 minutes' time to get to Birmingham for £25 billion? Of course we are not. That is not why we are building HS2. We are building HS2 to make the country more competitive and help the unbalanced economy which we see reflected in social costs across this country, and this is a catalyst for that. We went back and thought about why we are really doing this and how we can convince the public over a long period of time that this is a wise investment of money. It will cost a huge amount of money to refurbish this asset. Why are we doing it? Why is it so important? What do all the public want out of it when it is finished? Writing that down and getting everyone to sign off on that will be a crucially important role.

We stopped activity on the Olympics for the first two years. When I first arrived, everyone said, "You should be digging dirt, because it is a heavily contaminated site. You should have started a year before you even arrived, because you have no idea how heavily contaminated it is." I said, "We're not doing anything at all until we sign off on the brief, get the design right and get all of our stakeholders agreeing what we are going to do. Then we'll build the whole thing—all the permanent venues—in four years because we will know exactly what we want to do and we are very clear how we do that." It is the same with HS2. We do not have to start in 2017; quite the contrary. You can build it quicker than any current programme suggests if you know exactly why you are doing it, why you are going to a certain city and not another one, and the purpose of the brief. That would be my recommendation. Constantly push back and say, "We're not having the builders in ripping down the wallpaper because we haven't yet agreed what the final brief is." We know the history of previous refurbishments of parliamentary facilities here in the United Kingdom and what happened in terms of scope creep. We should learn from that.

Q574 Valerie Vaz: The refurbishment is part of what we are looking at, but what about the core business of what we do in the Chamber? How difficult is it to map that from where you sit? On a non-departmental public body, say, how does the chief executive deal with that part of it as well? We are not totally a commercial organisation.

Sir David Higgins: The key thing is that the chief executive must be a very good listener. They have to sit, listen and absorb.

I remember years ago, back in the 1990s, that when we started to brief for Bluewater, the shopping centre, our engineers would sit in the back of shoppers' cars with a notebook and listen as they went into a normal shopping centre. They asked, "What didn't you like about the shopping centre?" The biggest thing that came out of that was that the shoppers didn't care about the colour of the floor or the architectural lighting; they cared about the car parks. They found them threatening and dark. They had narrow spaces and access was a problem. The shoppers felt that their security was threatened. The big thing that came from that brief was that by listening to the shoppers we learned that you have to get the car parks right. That is probably one of the most important things for the public.

What are the real issues that Members of the House and visitors to the House have? This refurbishment will have to last 30 or 50 years.

Valerie Vaz: Longer.

Sir David Higgins: A long, long time. What is going to happen in that time? How will people want to access what is going on here? How will technology change how what is happening here is relayed to the public? Who knows what level of feedback this House may want to access in the future?

Q575 Valerie Vaz: On some of the boards that you sat on, you had people from outside. You mentioned members of the public, but how valuable are they? Could we have non-executive members from outside, and at what level should they sit?

Sir David Higgins: We had a fabulous board. Some members changed over the seven or eight years that the Olympic Delivery Authority was running. Having a diverse group of non-exec directors on a NDPB board is essential because they provide a line of defence and a chance to sit and think things through, rather than having a hard line straight through the department.

We had people such as Tony Ball, who came from a media and advertising background. He ran BSkyB for years and is a very successful entrepreneur. You may think, what did he add to it? He was fascinated by the landscaping. He really wanted to understand how the public would engage with the landscaping and the legacy elements of it. We had Stephen Duckworth, who is a very successful entrepreneur and is disabled. His approach was to champion inclusivity on the project, and he was also a very successful businessman. We had a senior executive, Barry Camfield, from the union movement. People asked, "How does having a union representative on your board work, when you are going to be getting into disputes with unions?" I said, "Not if we think about the key issues." His key issue was skills. He was very much focused on local employment issues, skills and getting skilled people into the work force. He was not trying to second-guess what our negotiating strategy with the work force would be. It is huge advantage to get a diverse group of independent directors on an NDPB board. It is a great governance advance that we are developing at HS2.

Q576 Ian Paisley: Sir David, I think you have answered a lot of my questions in what you said about clarity and how you take the project forward. Is there a silver bullet or one key factor for delivering a project such as R&R, which we are contemplating?

Sir David Higgins: The key thing about good design is that it solves many other problems. In 2008, we thought we had a number of the risks under control for the Olympics—the decontamination work was going well, all the flood modelling was sorted out and the foundations and bridges were going in—so we thought it was time to shake up the project and take a risk. We looked at the landscaping plan and decided that it was boring. It was functional and nobody was ever going to complain about it, but it was not an English garden. We wanted to shake up the whole scheme, so we brought in a completely independent designer and said, “Just out of your head, do something that is going to be extraordinary that people will recognise.” He came up with a scheme of wildflowers and marshes—it was totally different. When he looked at it, it started to solve so many other problems. It started to solve access, a lot of the stonewall drainage and things we had not been able to sort out. I would say to you that good design is incredibly valuable, and the best designers design form and function mix and they solve many other problems because of the elegance their design.

We have fabulous architects and designers in this country. I have been privileged to work with a few them. When you watch their thinking process, they are always thinking—be it Renzo Piano or Richard Rogers—and their solutions solve many other problems that you have been grappling with, because of their clarity of thinking.

Q577 Mr Watts: Sir David, what was the major task of the chief executive in delivering the programme on time and on budget? How did you organise the levers to ensure that things were going to plan?

Sir David Higgins: The most important thing was to look at complex issues and bring them down to a few simple decisions. We would have incredibly complicated Gantt charts and schedules, and then would say, “There must be in this 12-month period a few critical decisions that we have to make. If we do not make those decisions now then the whole project will deteriorate and have consequences.” The thing is to identify those, go to the key decision makers, coherently explain what the options are and let them make the decision and the consequences. The key is identifying what those crucial decisions are.

I have got a review underway at the moment at High Speed 2 by the Major Projects Association. I had a meeting with them yesterday and the initial report said, “There are 75 different complex questions that we have been asked to address.” I said, “There are probably only 10 things today on this project that you need to understand and take judgment on, to see whether we are on track or not.” The key is to identify what those 10 things are, setting the options out and taking them to the key politicians and decision makers and saying, “These are the options.”

Q578 Chair: With the last set of questions, may I seek your advice? I think you know the provenance of the establishment of this Committee was a pretty public dispute about whether it was possible to have somebody combining the roles of Clerk and chief executive who was not fully qualified in the detailed clerkly tasks. There was a lot else besides behind that.

One issue we are actively pursuing is whether it is possible to combine the role of Clerk and chief executive or whether they would be better split. If you do split them, what should the relationship be between the two? Is one superior to the other or are they somehow of equal status? If they are, how do you resolve disputes and differences of view between them? That is our exam question. I wonder if you might wish to give us a view.

Sir David Higgins: You could argue either way. It seems logical to split them—it is a massive job to do both—but it comes down to people. People are tribal and mark territory and they have behaviours that do that.

When I was at the Olympic Delivery Authority, my key relationship was with Lord Deighton—Paul Deighton at the time—and just the two of us would meet every week for half an hour to talk about any agenda. I remember that at the start we both talked about possibly getting into a position where we rowed and fought. Let's face it, every other Olympic project had numerous turnover and resignations from both the two roles. Sydney had one person sacked before they had even taken up the role, while they were at a press conference, as I remember. There is a history of it, whether it be Athens or Atlanta, you name it, every single one had a huge turnover of both those two roles: the chief exec of the organising committee and the chief exec of the delivery partner. We said, "We have to make the relationship work; we have to trust each other and we can't let anyone divide the relationship. We will have an entirely open and honest relationship. It is not a case of who is on top of each other or who reports to whom." The reality was that neither of us reported to each other, but it was pretty clear that in the end we both had to work together and solve our own disputes.

I would take a huge amount of time deciding who is to be the chief executive in order to get this right. I would find the best person, and their emotional intelligence will be crucial part, not just their technical skills. There are plenty of engineers who can build things, but you need to find someone who has the emotional talent and the subtlety to deal with complex stakeholders.

Q579 Mr Watts: You talked about taking time to ensure you got the right appointments. Do you not also need to have a clear view of the role of the chief executive? There has got to be a job description where he or she knows exactly what they are intended to do and how they would be held accountable. Is that something that you recognise?

Sir David Higgins: It is absolutely essential. It is essential in every job you have in life. That is always my advice to people who ask for advice on their career. I ask, "Do you know what your job is? Has anyone written it down for you and made clear what you are accountable for?"

You are absolutely right that clarity of accountability is essential in any sensible organisation. We would make a strict process on parts of the project. So when the Aquatics Centre moved from concept design to delivery, we would have a formal handover between the senior executive who covered design and planning to the executive who covered delivery. We would actually write a letter saying, "You are now taking accountability. Here is the brief. One role finishes and the other takes on accountability." Clarity and transfer of accountability are essential to keep control of costs

Chair: Thank you, Sir David. We are really grateful to you.