House of Lords
External Management Review

Published 27 January 2021

Foreword

There is a powerful *business* case for change in the House of Lords – and an even more powerful *human* case. Enabling people to thrive with change – in contrast to merely *survive* change – is more about purpose, belonging and good mental health in the workplace than it is about effectiveness and efficiency in the organisation. Leadership in the House of Lords has much in common with leading at Samaritans – the organisation is professional, but engagement and change is essentially voluntary and individual.

Like most institutions, the House doesn't need more *leaders*, it needs more *leadership at all levels*. Lord Hennessy describes the talent in the House of Lords as "hidden like buried treasure – brilliant, but largely unnoticed by the country at large". In this report, we describe how your organisation and your leadership need to make a step-change to both deliver results and thrive. The change programmes ahead – digital, organisational, constitutional, rebuilding – demand resilience and would challenge any leadership group. Much progress has been made in recent years, deserving praise, but more is called for.

It has been our privilege and a joy to work with the people of the House of Lords, to learn from every individual and to build consensus around this report. However, the real work ahead is for you – Members and staff on the journey together.

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Summary

The House of Lords Commission charged us with reviewing the governance, management and organisation of the House. We have followed an open process and consulted extensively among Members, management and staff, and we believe there is broad support for our recommendations.

The House of Lords plays a vital role in the UK Constitution as a revising Chamber, holding the Government to account and speaking in the 'national conversation' around major issues without the same party accent as the House of Commons. The Members of the House represent a unique set of experiences and insights, and both Members and staff are committed, collaborative and capable people. The House has opportunities to catalyse the national conversation, especially through the work of Committees on long-term cross-cutting issues.

The House faces challenges and constraints resulting from its size and composition – issues which are beyond our scope. Regardless of these political challenges, the House also faces the same challenges as most long-established institutions, including coming to terms with digitisation, major upgrading projects, higher expectations from and of its staff – to name only the most prominent. Whilst there are many positives about the management, staff and leadership of the House, the organisation now needs to make a step-change in order to meet its ineluctable challenges.

The case for change is overwhelming. Although significant changes have been initiated in the last four years, the organisational performance of the House of Lords lags that of many commercial, public sector and voluntary organisations. Members are frustrated with lack of progress, and the talented staff working in the House are simultaneously over-worked and under-utilised. As demonstrated during the pandemic, radical change can happen quickly – when the House is forced to act. The House is presented with a moment of opportunity in the coming months to choose:

- A new approach to governance, management and people development that will break from incremental improvement in favour of step-change improvement – without compromising the traditions or values of the House.
- New leaders in new senior management roles who can make the change happen.

This report analyses aspects of the House's governance and organisation and makes 37 recommendations, which are listed at the end of this report. Although these recommendations are wide ranging and radical in the context of the House of Lords, they are all well-proven across the UK public sector and implementation *should* be straightforward, given appropriate political support, resourcing, leadership and governance. Given the House's history of partially implementing change, we propose a structured implementation plan:

- Our recommendations should be seen as a package – cherry picking individual recommendations will have minimal effect.
- Although we recommend that organisational structural changes should await the new Clerk of the Parliaments and Chief Operating Officer, many other recommendations can be begun or accelerated straight away.
- Implementation planning should begin immediately by appointing a Programme Director and establishing the Oversight Panel to provide Commission direction and support.

Although there will be additional costs for four new management roles, few of our recommendations depend on new funding and, overall, we expect the package to save money through increased effectiveness and efficiency.

We describe our recommendations in three parts – section A describes those that relate to organisational effectiveness and section B those which address the senior leadership structure. The two are clearly intertwined and changes to the former will be impossible without significant change to structure and capabilities. Finally, section C provides proposals on how to carry forward implementation.

Our recommendations have been guided by five organisational principles, developed through our conversations with staff, management and Members about the 'House of Lords of the future.'

- Dynamic and challenging
- Delivering and improving
- Inspiring and respected
- Seeing the bigger picture
- Promoting the value of our work

Two major 'defining actions' are at the core of our recommendations and, without them, we believe actions taken will fall short of their goals:

Defining Commission accountabilities and how they are to be exercised in practice	▪ The Commission needs clear definition of its accountability for the organisation of the House – and the means to exercise that accountability. ***Definition:*** Ultimately this will need to be addressed by legislation but, in the meantime, clarity can be achieved by contracting between the Commission and the incoming Clerk of the Parliaments and Chief Operating Officer. The great bulk of our recommendations can be implemented without waiting for legislation. ***Means:*** We recommend changes to the work of Commission Committees, the role of senior members of the Commission, and the role of senior management engaging with the Commission. All need to change how they work to assure delivery of our recommendations.
Adding focussed management for the work outside the Chamber and Committees	▪ The management of the organisation lacks the focus, experience and capacity to deal with the range of activities and change programmes. ▪ A new role of Chief Operating Officer, reporting to the Clerk of the Parliaments, will focus on the work outside the Chamber and Committees i.e., the management of the House as against the business of the House. ▪ This role adds capacity and capability to lead the change programmes in organisation, digital and major projects described in our recommendations. ▪ Selecting the right individuals for both the Clerk of the Parliaments and the Chief Operating Officer roles will obviously be critical.

A. Recommendations on organisational effectiveness

Improvements are urgently needed to organisational effectiveness in governance, management, and people development. In many cases, our recommendations are to accelerate, extend and resource existing initiatives and activity and few of these improvements are controversial. However, they add up to a considerable programme of organisational change and will require coherent leadership as a programme rather than disparate initiatives:

Governance

The House of Lords is 'stuck in the middle' between the pre-2015 'leadership by convention' model of governance and a transparent system of accountability. We make recommendations sharpening the agenda and work of the Commission by improving its strategic focus and oversight of management. We also look at how the external profile of the House's work can be enhanced. Recommendations include:

- Ultimately, establishing the Commission as the statutory Board which governs the House of Lords as an organisation, with management directly accountable to this Board. Recognising that legislation to this effect is unlikely in the short-term, we recommend explicitly contracting with the incoming Clerk of the Parliaments and Chief Operating Officer to operate as if such legislation was in place.
- Inviting the Clerk of the Parliaments and Chief Operating Officer to join the Commission as non-voting members.
- Reconstituting the existing Management Board as the House of Lords Executive i.e., a senior leadership team and not a board.
- Dedicating time and focus within the senior leadership of the Commission to attend to the work of the organisation, providing direction, leading implementation of this report, engaging productively with the management, ensuring alignment with the Commission. Either existing roles and tasks are reallocated – or a new role is appointed – to provide additional leadership capacity focussing on the relationship between the Commission and Management Board. On balance, we recommend tasking the Senior Deputy Speaker, as Deputy Chair of the Commission, to lead the work of holding management to account and directing implementation of this report – but this recommendation will only be successful if some other tasks are shed and resources are provided in support.

- Given that the Commission is too large and too busy, creating a forum within the Commission's committee structure for oversight of the performance of the organisation. Either existing committee remits are reallocated – or a new committee or working group is formed – to provide a forum for productive dialogue and joint problem-solving between the Commission and management, as well as holding management to account.

  On balance, we recommend the Senior Deputy Speaker chair a new Oversight Panel, composed of the Chairs of the Finance, Services and Audit Committees, the Clerk of the Parliaments and the Chief Operating Officer plus co-opted individuals. The Oversight Panel will exercise the key governance role in practice with regard to the management of the House and lead the Commission's work in implementing this report. Once this panel is established and operates satisfactorily, it could later be formalised as a committee of the Commission.
- Appointing a Secretary to the Commission and a small secretariat to support the Commission in its work, in particular, to ensure the Commission focuses on a strategic agenda (finance, people, technology, facilities) and the Senior Deputy Speaker is supported in their oversight role. We envisage appointing a Secretary to the Commission and 2-3 other staff in what would be development roles for high-performing House of Lords people.
- Extending the successful model of the Steering Group for Change by establishing a Steering Group for Improvement.
- Further developing the role and resources engaged in communicating the work of the House in the national conversation.

Management

Current House of Lords management style and practice is insufficiently effective or agile in dealing with an increasingly complex context of projects and change, despite the progress made in recent years.

We make recommendations to improve the effectiveness of the management of the organisation by embedding common expectations of leadership behaviours, significantly increasing delegation and decentralisation of decision-making, upgrading processes and systems, creating a culture of openness and communication and becoming 'a good client and partner’ for bicameral projects and services. Recommendations include:

- Increasing the independence of appointments to senior roles, including senior clerks.
- Putting in place comprehensive management and leadership training and support.
- Asking Management Board members to lead the administrative engagement with Members and the Commission, within their area of professional expertise.
- Insisting on Service Level Agreements with all cross-Parliament service providers.
- Embedding project management discipline and consistent governance including a specific role which acts as the ‘single voice of the House of Lords’ for Restoration and Renewal (R&R).

People development

Employee expectations have risen across all organisations during the past two decades and the House of Lords has begun to address developing and motivating its talented staff.

We make recommendations to accelerate progress in development programmes, career paths, people management, providing opportunities for people with protected characteristics and standardising people systems and accountabilities. These will require an experienced and high calibre HR Director and department to put in place and include:

- Moving away from the Clerk of the Parliaments as the statutory employer.
- Making the HR Director responsible for the development of all staff, including clerks who are currently managed by the Clerk of the Parliaments.
- Reassessing the posts for which procedural expertise is necessary and the routes by which employees can move in and out of procedural roles.
- Renaming the HR Director, ‘HR and Diversity Director’ to increase focus in this area.
- Standardising management approaches and employment terms between different Offices.
- Removing barriers to movement of employees between the Lords and the Commons and PDS.

B. Recommendations for future senior leadership structure

The current structure functions for day-to-day activity but is a direct limitation on the capability of management to pursue an agenda of change and to engage across Members and staff. Senior management structure requires additional capacity and capability, personally modelling change and focussing on the non-procedural programmes of change facing the House of Lords. Having considered a range of options, we recommend:

- Creating the role of Chief Operating Officer (COO) and Deputy Chief Executive, reporting to the Clerk of the Parliaments as Chief Executive. Enhanced leadership and a close working partnership between the new Chief Executive and the new COO will be essential to deliver the organisational improvements we recommend.
- Expanding the existing Finance and HR Director roles by adding many of the corporate services roles currently exercised by the Reading Clerk.
- Creating new senior roles in major projects, reporting to the COO and filling the current capability gap in this area.
- After appointing the new Chief Executive and COO, we propose restructuring the roles reporting to the five principal leadership positions to enable clear delegation and decentralisation of decision-making.

Although our consultations have provided broad support for these changes, we recognise that there may be alternatives to some of the detailed points and it will be a critical role for the new Clerk of the Parliaments, Chief Operating Officer and HR & Diversity Director to finalise this structure when they are all in post in 2021.

C. Recommendations on implementation

Our recommendations add up to a considerable programme of organisational change, coming as they do in addition to the Transforming Digital Programme, the work of the Steering Group for Change and several major projects. Some elements can begin as soon as the Commission gives its approval, while others should wait for appointment of the three key leadership posts.

In the past, the House of Lords has agreed changes but then stumbled at implementation. Clear focus and leadership are needed from senior leadership and we recommend:

- Clear priorities and responsibilities for implementation, recognising the critical role of the people appointed to the new leadership positions.
- Managing this programme of organisational change as a portfolio of projects and initiatives across the organisation, against a defined timetable and with a dedicated and experienced implementation team, supported by the Oversight Panel. We recommend immediate appointment of an existing member of staff to the role of Programme Director. Amongst their symbolically-important tasks will be to organise office space for the Chief Operating Officer alongside the Clerk of the Parliaments, and for the secretariat to the Commission and the Senior Deputy Speaker to work closely together.
- Budgeting for staff and other costs to allow for the appointment of the Chief Operating Officer, the Commission secretariat and a temporary implementation team, together with the business cases and any other support needed to establish the new roles.

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This major programme of organisational change will bring its difficulties, but it will also stimulate engagement and performance from Members and staff – it will enable the step-change to a modern and highly-effective organisation. The combination of this review with new appointments to senior roles provides a moment of opportunity to be seized – it will not return soon.

Context and case for change

The organisation supporting the work of the House of Lords is relatively small:

- Approximately 600 staff, of whom around 160 work in catering.
- £141 million resource budget and £67 million capital budget in the current financial year.
- 60-70% of House spending is via the House of Commons, the Parliamentary Digital Service or third parties.

Throughout this report, we refer to:

- ‘Members’ meaning peers entitled to vote in the House of Lords.
- ‘Management’ meaning members of the Management Board and Heads of Office.
- ‘Staff’ or ‘employees’ meaning employees who are not in management roles.
- ‘Organisation’ meaning the overall complex of governing bodies, management groups, boards, people and bought-in services supporting the activities of the House.

Many positives in the House of Lords organisation

There are many positives about the management, staff and leadership of the House of Lords. Our work reinforces the points that emerged universally from our interviews, praising the staff’s:

- Commitment, energy and hard work.
- Knowledge and expertise.
- Intellectual calibre and rigour.
- Collegiate and collaborative ways of working.

In every interview, Members and staff cited examples of individuals who provided expertise, stimulus or service that went beyond the norm. Staff also noted numerous improvements in their working environment in recent years, although Members had mixed views about progress. Many of our interviews cited the rapid development and implementation of virtual and hybrid proceedings as an example of how the House can act quickly and at scale when needed:

- The political leadership and Lord Speaker decided during the Easter recess (8 April) that they wanted virtual proceedings from 21 April. Basic virtual was introduced on time with full virtual two weeks later, on 5 May. Following discussions and decisions, the hybrid House started to sit on 8 June and remote voting was introduced on 15 June.
- The software had to be rolled out to a non-digitally skilled membership, the procedures of the House had to be flexed and staff engaged from across the House. The Virtual Proceedings Team includes colleagues from catering, the library and Hansard and represents a real widening of exposure to procedural work.

Many Members and management pointed to the hybrid House and remote voting as examples where change "would have taken years if not decades of debate, pilots, reviews but was accomplished in a fortnight." The new hybrid House also illustrates some of the challenges of working with 800 individual Members. The approach generated input, comment and criticism from across the House, with Members' needs requiring continual rebalancing against staff needs, practicalities and technology challenges. Probably unfairly, the consequential decisions on Members' allowances by the Commission coloured the opinions of many Members as to the success of the hybrid House.

Establishing the Steering Group for Change is another example of innovative working that is widely applauded. This body was set up in response to the Ellenbogen Report to advise on implementation and to be a forum for open discussion between Members, staff and others. It is a positive example of staff and Members working together as a team in a non-hierarchical way and we propose extending this way of working.

Most Members and many staff were at pains to highlight the opportunities open to the House to catalyse the 'national conversation', especially through the work of Committees and through outreach. It is clear that there are huge issues for the UK as a whole where it is inherently difficult for the Government or the House of Commons to promote objective debate. This includes issues that are long-term (and therefore not in the immediate political debate) or which cut across multiple Whitehall Departmental boundaries or are vulnerable to misinformation and therefore in need of unimpeachably authoritative understanding. Achieving the necessary political leadership for this national conversation is clearly outwith our scope, but we highlight the likely organisational implications for resourcing committee work and communications.

As is inevitable in a review of this nature, the bulk of our report will focus on areas for improvement, so we want to place these positives upfront. We also wish to thank all Members and staff whom we have met, including people in the Parliamentary Digital Service and both current and former House of Commons people. We have received unfailing courtesy and support in conducting this review – largely because people did not wish to see the *organisational* shortcomings mar their view of successful *individual* and *team* working. Members and staff were equally conscious to model and preserve the values and traditions of the House, both in how they interacted with us as external people and in their thoughts about the future. We have worked closely with Leaders and Members from all political groups and crossbench Members and we believe our recommendations have strong cross-party support.

Accepted need for change

Having described this positive foundation for the work of the House of Lords, there is clearly need for improvement:

- Every Member of the House whom we met began with their individual positive experiences, then moved on to a "but..." which was usually a frustration associated with perceived lack of clarity around decision-making and management, poor communications and conflicting complaints of "lack of pace and change" and "lack of respect for the traditions of the House".
- Everyone on the management side whom we met began with substantial achievements and change delivered in recent years, then moved on to a "but..." which was usually a frustration associated with the short-term focus of House leadership or unrealistic expectations from individual Members or slow decision-making.
- Almost all staff whom we met began with their commitment and enjoyment of their roles then moved on to a "but..." which was usually a commentary on being "simultaneously overworked and underutilised" or "unfairness in career development" or a sense of working in a fragmented organisation held together by overly centralised decision-making.

Examples frequently quoted include:

- Micro-management, with slow, centralised decision-making down to very minor items.
- Aversion to open debate, when decisions 'emerge' or are changed after-the-event.

- Restoration and Renewal (R&R), where changes in stance by the House of Commons have left the House of Lords as a bystander rather than driving a rational programme.
- Major projects, where over-runs in time and budget have been substantial.
- Cultural change, where small steps have been taken – too small and hesitant for many staff, but some Members are unhappy at the loss of traditional forms.
- The opacity of decisions taken through the 'usual channels' in selecting individuals for key Member roles, which sometimes results in political balance being maintained but not the capability to play the role.

Significant catch-up required

The House of Lords shares this 'need to improve and catch up' with many public service organisations. Looking externally, Whitehall Departments have been modernising their organisations since the 1990s and the House of Lords has tended to follow 10-15 years later. For example, Whitehall introduced professional Finance and HR Directors in the 1990s/2000s, and the House of Lords followed in 2017, albeit after rejecting a 2011 review that had recommended such a change. On major project management, Whitehall launched the Infrastructure & Major Projects Authority and the Major Projects Leadership Academy in 2011, while Parliament is still debating how it puts equivalents in place. In recent years, the House has introduced financial and planning processes reflecting public sector practice. Many of our 'no regret' recommendations on organisational effectiveness constitute a further 'catch up' with some of the best commercial, public sector and voluntary sector practices, adapted to suit Parliament's context.

The slow but inexorable increase in demands on House of Lords' management mirrors pressures on other public bodies. Pressures build up slowly but the institution 'makes do', then at a tipping-point there is a catch-up. An interesting analogy might be the Ministry of Defence which found that the end of the Cold War enabled it to ramp down resources engaged in the procurement and support for military equipment. For a decade it was able to rely on its historic investment in both hardware and experienced leadership, while capital budgets were cut and short-term solutions preferred. But then long-deferred issues had to be faced as experienced personnel retired and new demands on leadership became pressing – e.g., the impacts of technology, asymmetric warfare, changing societal expectations and, with the declining numbers in the Armed Services, a loss of economies of scale that drove costs higher across the board. Parallels can be drawn with the House of Lords today: having 'made do' for years, the positive start made in the last four years has highlighted and stimulated the need for more change. The House now faces a crash programme of updating which incorporates governance, management, structures and systems and organisational effectiveness.

These are not new issues and the House has commissioned many reports. The Shephard Report in 2015 recommended the establishment of the Commission and Baroness Shephard said in the 9 May 2016 debate that she hoped "less time will have to be spent on working around the system and more on using it". The Report emphasised accountability and transparency and collaborative working by both the Commission and the Management Board. However, it positioned the Commission as 'consultative/advisory' rather than 'accountable' and, unfortunately, many of the recommendations have not been acted upon.

The House of Commons has made significant changes to its management over the past 10 years and our recommendations have benefited from their experience, both good and bad. The challenges in the House of Lords are sometimes aligned – and sometimes quite different from the Commons.

Crucially, the House of Lords is small compared to the scale of the Commons staff and infrastructure and, consequently, the Lords is a buyer of services predominantly paid for by the Commons and staffed by Commons people. As we describe in some of our recommendations, the priority for the Lords is building the 'soft power' of being a 'good client and partner'. From our conversations with many Members and management, there are clearly clashes of perspective as to whether the Lords should be 'a much more demanding but hands-off customer' or 'a partner in making the trade-offs implicit in delivering the service'.

We surmise that the current structures and capabilities of the House of Lords management were probably reasonably fit for purpose up until the turn of the century and that changes and additions have subsequently been made logically and in good faith to respond to increasing complexity. However, this incremental approach has resulted in an organisation which is likely to struggle with the many challenges of the coming years. In particular:

- The unsustainable breadth of responsibilities at the most senior level will become even more evident when the current generation retires – because they were the last clerks to fill now-professionalised roles as Director of Finance or HR.

- The House is not realising the full potential of its talented and motivated staff, as evidenced in staff surveys and repeated in our interviews and focus groups.

There needs to be a significant 'catch up' in the form of a major programme of organisational change – demanding energetic and imaginative leadership, additional capacity and capability and, not least, broad support from Members and staff.

Unique challenges of the House of Lords

Given their widely-divergent expectations, priorities and styles, the Members of the House of Lords are not an easy group to work with – indeed, they are not a 'group' at all. They are 800 individuals who have been successful in amazingly diverse endeavours with a multitude of backgrounds, experience and style. The organisation needs to cope with this environment of diverse Members – indeed, obtain the best from their diversity – as well as all the increasing organisational demands of rebuilding, digitisation and political and social change.

The House shares some characteristics with voluntary bodies, member organisations, educational institutions and faith groups whose organisations we have experience of reviewing in the past:

- Individuals who remain in leadership roles indefinitely, with few controls over their performance or behaviours except as a last resort – usually resulting in either excessive centralisation or absence of control and idiosyncratic activity across the organisation.
- Resistance to change, frequently appealing to immutable principles, ancient legislation and tradition as articles of faith – suddenly coming up against new legislation or activity in areas such as safeguarding, financial viability, performance standards or equality.
- Leaders who are – unsurprisingly – focussed on the primary purpose of the institution (whether that is charitable goals, research or politics) and not the management which tend, in consequence, to be neglected and sometimes resentful.

In our experience, these institutions eventually reach an inflection point where the shifts evident in the external context stress or compel the internal organisation to catch up with the external world – almost always under new leadership. At these inflection points, the organisation can become a focus of the debate for and against change more broadly in the organisation's purpose and strategy. This is because lack of alignment on future direction often shows up first in organisational inefficiencies and incoherence.

Unsurprisingly, the political constraints on the House of Lords play out in its organisation. Some behaviours of Members and management have been explained to us as being about centralising decisions in order to keep the affairs of the House out of the public arena – for example:

- Some Members and most senior management believe the House should 'keep a low profile' rather than taking a prominent role or making a noticeable investment or communicating beyond the short term and routine business of the House.
- Constructing and approving House budgets within the 2010 financial guidelines and HM Treasury expectations, rather than open debate around the resourcing needs of the House to deliver on its strategy. Senior management point out that it is their role to defend the public interest and taxpayer interest in restraining spending.

Issues raised outside our scope

Although some of the issues raised by Members and staff are outside our scope, we name them for action elsewhere – notably, issues around bullying and harassment, the effectiveness of bicameral services including the Parliamentary Digital Service, the role of the House of Lords in the national conversation, allowances, and issues around culture and behaviours in the Chamber. We have also not enquired or commented on operational issues relating to access, security or catering.

Our review has not been specifically scoped to re-examine the Ellenbogen findings and recommendations about bullying and harassment, and these are receiving focus elsewhere, under the guidance of the Steering Group for Change and the ICGS (Independent Complaints and Grievance Scheme) – both of whom have discussed our findings in draft. However, it is worth saying that many of our focus group attendees could recount recent incidences of bullying and harassment and it is clear that this is still a live issue. There are members of staff who do not yet feel as supported as they would like and find it impossible to stand up to unacceptable requests and behaviour from Members. As one member of staff told us "some Management Board leaders are sympathetic but ultimately we can't say no to Members." Although not focussed directly on these issues, we believe many of our recommendations will play an important role in tackling this persistent and pernicious challenge by encouraging:

- Clear and committed values-based leadership.
- Direct and immediate communication and feedback between Members, management and staff.

- A more diverse group of individuals in the higher management positions.

Similarly, we have not performed an in-depth analysis of how well the existing bicameral services are working or whether there is opportunity for additional bicameral work in, for example, the libraries and catering. We recommend that this is reviewed once the new structure is in place, in part because we believe that improving bicameral services will require new capabilities, processes and systems within the organisation for any initiatives to be successful. At times it is unclear whether the House wishes to be seen as 'a demanding hands-off customer' or 'an engaged partner and co-owner'. Of course, the answer may be different for different services, but the predominant ethos needs to be made clear.

Interviews covered challenges in the governance structure of the Parliamentary Digital Service (PDS), and we understand that these challenges are broadly recognised and that changes are currently afoot to remedy these. The organisation's ability to manage and oversee the delivery of services from PDS falls very much within our scope but we have not undertaken an analysis of how Parliament is set up to deliver the Transforming Digital Programme. Our observation is that, with approximately 450 members of staff, it appears rather resource heavy, perhaps reflecting a lack of long-term strategy hitherto for technology-led service. Considering the way that services are provided by PDS to the House of Lords should be a priority for the new leadership of the organisation.

At some point, the House of Lords and its constituent membership will be updated politically. Many Members pointed out that the House of Lords could play a greater part in the national conversation, especially through the work of its Committees and its presence in mainstream and social media, where a need for much greater investment was a common theme. However, the role of the House is inhibited (and its reputation damaged) by its size, composition, ongoing controversy over allowances and the occasional behaviour of some of its Members. None of these issues are within the scope of this review.

Disability inclusion has been raised by several Members. Improving special provision and hardship is rising up the agenda of leadership in the commercial, public and voluntary sectors, as illustrated by *The Valuable 500* movement putting disability on the leadership agenda. The House of Lords is, as it should be, committed to making progress to enable Members and staff to contribute fully to its work and make adjustments and improvements in provision. The composition of the House is outwith our scope but, when a future House will inevitably be more diverse, then it is appropriate to think now about the challenges of many more Members with limited personal financial resources and/or limiting health circumstances and/ or family circumstances that will require provision in the House. This is in addition to the expectation that there will be more staff requiring similar provision, where proposals to increase 'working from home posts' are expected to have a significant impact. Whilst outside our scope for all but the most senior posts, we note and support the Steering Group for Change suggestion for a review of how space is managed on the Estate, in line with 'business need' as opposed to tradition or hierarchy.

Whilst the future shape of the House is unknown, it needs to build an organisation that can enable, manage and support the political changes and the House's decisions when they come. There is a choice to make to depart from an 'incremental change' model of thinking and instead adopt a more radical 'step change' in the House of Lords organisation.

Finally, we make the point that our review is concerned, primarily, with the non-procedural activities and decisions of the organisation.

Calibrating the current situation and 'the blame game'

Many Members, management and staff commented to us about whose fault or oversight or self-interest lies behind a given issue. We did, of course, encourage blunt talking and will maintain individual confidentiality. For some staff particularly, our interviews were therapeutic work, enabling them to speak freely when they felt unable to do so in their workplace. For clarity, we found roughly the same level of 'internal blaming' in the House of Lords as we have found in Whitehall or charities, and somewhat less than we find in companies, where dissenters typically just move on.

As human beings, we are all vulnerable to certain cognitive traps – those working in political environments, perhaps even more so. The cognitive traps that we observe in the House of Lords, like most organisations, are:

- ***Hindsight bias*** – once we know the outcome of any act, we assume that the outcome was foreseeable and therefore we blame the actor, regardless of what was reasonable to presume at the time.
- ***Attributing blame or fault*** – we tend to think in stories and, in particular, see our own 'heroic' story as one of success and winning, and opposing views as misguided or malign.
- ***Prisoners of our own experience*** – experience is double-edged. It enables confident management in difficult situations, but it also limits the options that we consider in situations that call for change. Leaders often wrongly believe that *What You See Is All There Is* rather than drawing in others' experiences.

We are conscious that, in this report, our language will be interpreted by many as criticism or attribution of fault, especially to the Commission or the Management Board or members of these bodies. While we might also fall into that trap in the detailed text that follows, we would summarise our views on the origins of the evident shortcomings in the House of Lords organisation as being:

Governance – attributing fault is wrong, the system was set up to fail.	▪ When the House established the Commission and set out aspirations for how the system should work, it did not provide the authority and processes to enable the desired outcomes. ▪ This has left the House 'stuck in the middle', with the Commission believing it should provide more effective direction, management taking independent action and Members unclear, or uninterested, about who is deciding what. ▪ Rather than trying to go back to earlier traditions or tweaking the current model, we recommend the House complete the modernisation of the governance system.
Management – when senior leaders are internally sourced, it is unsurprising that management practice and style lag.	▪ Decision-making by management is old-fashioned and inefficient: highly-centralised, focussed on papers and details, with minimal engagement and communication. ▪ This has left staff over-worked and under-utilised and resulted in lack of traction with projects and initiatives. ▪ We believe that this leadership style is due to a combination of the political vulnerability of the House, the narrow experience of senior clerks and lack of visible alternative styles. ▪ We recommend a significant upgrade to management practice and style, in line with external practice.

People development – many initiatives launched, risk of fragmentation.	▪ The standard for people attraction, development, engagement, productivity and retention has risen significantly over the last two decades – initially in the commercial sector, then the public sector and now extensively across the voluntary sector. ▪ Management have launched multiple projects and initiatives in recent years to help House of Lords to keep up with the pace required by and for its people. ▪ We recommend acceleration, co-ordination and prioritisation of the multiplicity of current initiatives to ensure they deliver results and avoid fragmentation or frustration.
Senior management structure – worked in a simpler world but now damaging.	▪ The current structure originated in a much simpler world before the challenges of major projects, organisational change, digitisation etc. ▪ In the current world, it is inefficient and ineffective. ▪ We recommend the addition of capacity and capability by appointing a Chief Operating Officer as the clear 'number two' in the organisation.

Like most organisations we have seen, the shortcomings in the House of Lords are due to well-intentioned but fallible people doing their best within a system that is often working against or marginalising the best outcomes. Therefore, change cannot only be about personalities or adjusting one specific part of the organisation, there has to be systemic change and committed leadership at all levels.

* * *

We believe it is urgent for the House to make improvements to its leadership and management because:

- It is a truism that people can make any organisation work, but they should not need to work around organisational weaknesses.

- Like any organisation, the House of Lords needs to work at attracting, retaining and getting the best from its talented staff.
- The organisation is facing a series of challenges that require it to be at the top of its game:
    - Like all, meeting the threats of COVID;
    - Like most, exploiting the opportunities of digitisation;
    - Together with the House of Commons, managing the complexities of major rebuilding projects.
- While still valuing its traditions, the House needs to demonstrate that it operates to the standards of a 21st century organisation.
- The House has demonstrated that – when it chooses to – it can act and change at pace.

Given the conjunction of this review and imminent appointments to the senior leadership roles, now is a propitious moment for change in the House of Lords organisation.

Terms of reference, goals of the review and our approach

The House of Lords Commission established this review to consider in detail two of the recommendations made in the report by Naomi Ellenbogen QC (now Mrs Justice Ellenbogen on the Queen's Bench) on 10 July 2019 about the structure of senior management in the Administration and their career paths. The Ellenbogen Report made a number of other recommendations which have been taken up elsewhere in the House by the Commission, the Management Board and the Steering Group for Change. In reaching our recommendations we have worked with the Steering Group for Change to ensure our recommendations are complementary with their programme of work.

The current Clerk of the Parliaments is retiring from office at Easter 2021. Although we believe our recommendations are valid under any incumbent and do not require a change in personnel, the announced retirement opens up possibilities of a phased programme of implementation – some measures to be adopted immediately, many to be a pre-determined role for the next Clerk of the Parliaments and their team.

The terms of reference for the Review, as agreed by the Commission, are to consider:

(1) The structure of the current Management Board and the posts which comprise it, and in particular to offer a view on the recommendation for a Director General; and

(2) The skillsets, and in particular leadership skills, which are required to meet the Administration's strategic challenges; and

(3) The Commission also agreed that the Reviewer should be free to comment on whether the current structure of the organisation and the way it is run could be improved.

In summary, we have taken as the goal of this review to recommend improvements to the structure, management and leadership of the House of Lords organisation that would establish a modern organisation, fit for the challenges of the coming years. Although the implications of the House's role and composition have often been alluded to during our interviews, we have not considered them directly and we have identified related issues and potential actions separately.

The review commenced at the start of September 2020. Our first days were focused on understanding the organisation, the Management Board and the Commission through extensive reading. We conducted early interviews with members of the Management Board and Commission and have subsequently met with over 100 staff and Members, including bicameral staff and several leaders in the House of Commons, including Mr Speaker, the Clerk of the House of Commons and the Director General. We are grateful to staff and Members for giving their time and insights.

During October we developed an early hypothesis and started to validate our emerging principles and recommendations with Members, management and staff. Throughout October we extended our consultation, ran focus groups with staff, attended Party Group meetings and conducted follow up interviews with several members of the Commission and Management Board. Appendix 5 sets out the details of the consultation process.

On 10 November, and again on 14 December, the Commission endorsed our emerging findings and direction of travel. During November and December, we continued discussions to test and validate our findings, detailed our recommendations and implications for implementation, and prepared our report. In addition, at the request of the Leader of the House, we supported the recruitment process for the new Clerk of the Parliaments to ensure alignment with our final report.

This report is submitted to the House of Lords Commission on 22 January 2021. The publication of the report is a decision for the Commission. However, given the wide consultation that we have undertaken, little in the report should come as a surprise to Members, management or staff and we recommend prompt publication via the normal communications channels. This is an independent review, the findings and recommendations are ours, but we believe there is broad consensus for their implementation.

Root causes of organisational issues

It is in the nature of these reviews that the focus is on areas for improvement, but we emphasise that there are many positive characteristics of the House of Lords and its organisation, not least its committed and high-calibre staff.

From our interviews, observations of meetings, analysis of agendas, processes and systems, we conclude that there is no single cause of the organisational issues in the House of Lords. Instead, there are a series of inter-related issues driven by what we view as root causes. These root causes are not independent factors – they are interconnected. For example, a lack of capability and capacity in managing projects encourages tentative leadership behaviours which, in turn, perpetuate unclear accountabilities and under-investment in processes and systems. This inter-connectedness is why we assert that our recommendations need to be adopted and implemented as a package – and not selectively picked-over.

Appendix 6 sets out the details of the evidence that we have drawn upon and the detailed discussion of each of our specific recommendations opens with an analysis of the current state and the root causes of organisational issues.

Unclear accountabilities

- The House of Lords Commission is not fulfilling its mandate to exercise oversight of the Administration.
- The Clerk of the Parliaments is not, in reality, accountable to anyone save as Accounting Officer to the HM Treasury and to the House of Commons Public Accounts Committee. The Clerk's performance is not subject to formal review.
- The Management Board focuses on operational issues which, in the absence of Commission activity, leaves a strategic vacuum.
- A proliferation of initiatives and projects with unclear governance and prioritisation results in ineffective activity and frustration, especially widespread among staff.

Insufficient professional capabilities

- Major projects' leadership lags behind capabilities deployed by the Civil Service on Government major projects.

- Change leadership is largely absent due to a lack of leadership experience among the senior Clerks, many of whom have not worked elsewhere. Quoting the Nobel Economics Prize winner Daniel Kahneman on the cognitive traps that typically afflict leaders, "they do not know what they do not know".
- Most of the House budget is spent via the Commons or externally, but the Administration is at the early stages of becoming an effective customer and partner for shared and bought-in services.

Insufficient general management capacity

- Overburdened key roles, accentuated by over-centralisation and small scale compared to the House of Commons – notably the Clerk of the Parliaments role.
- Insufficient capacity to tackle cross-organisation issues in the House of Lords.
- Trade-off of procedure and the business of the House over people management capabilities and approach.
- Under-powered engagement on bicameral committees and activities, including major projects.

Tentative leadership behaviours

- Despite initiatives to listen to staff, the culture is marked by deference, blame, outdated behaviours and an unwillingness to be seen to 'rock the boat,' either by standing up to Members or by tackling management behaviours.
- Ineffective leadership from the Commission.
- Slow progress in tackling wider inequalities in the organisation.
- Slow progress tackling perceived 'clerk privilege'.
- Avoidance of debate on communications and media strategy.
- Micromanagement and a reluctance to delegate.

Outdated systems and processes

- HR and Finance systems are due for renewal and are not consistent across all Parliamentary staff and activities.
- Management decision-making and communications processes are opaque, as illustrated by a default to details and papers.

Principles of the future organisation

From our consultations with Members, management and staff, there was a high degree of consensus around the desired future House of Lords organisation – one that would provide optimal service to Members, facilitate the smooth operation of the Parliamentary processes, draw out the best from staff and operate to modern standards of efficiency, professionalism and human engagement.

Some key phrases were repeated in our conversations with Members, management and staff about 'the House of Lords of the future'. We have used these phrases to guide our recommended changes to the organisation. Just as the root causes of current organisational difficulties are inter-connected, so are these principles of the future organisation. For example, a dynamic and challenging style will only happen when leadership is inspiring and respected and when management capabilities allow people to deliver and improve which, in turn, will enable people to see the bigger picture and promote the value of the House's work.

Dynamic and challenging

- Clear accountabilities from Commission through management to staff.
- Simple and transparent management structure and decentralised decision-making.
- Proactive and fast-moving when called for.

Delivering and improving

- Learning organisation, accessing professional capabilities as needed.
- Modern processes supported by systems and data.
- Being a good client and partner for shared or external services and major projects.

Inspiring and respected

- Fair, inclusive and diverse.
- Ambition and vision to lead a community.
- Visible leadership actions in support of Our Values & Behaviours.

Seeing the bigger picture

- Constitutionally separate but working closely with the Commons.
- Collaborative cross-organisational working within the Lords.
- Efficient sharing across Parliament.

Promoting the value of our work

- Engaged and expert in the business of the House.
- Behaviours aligned with stated House of Lords values.
- A forward-looking, media-savvy and effective organisation that respects tradition.

These principles describe effective management that delivers for and in an institution that celebrates its history and traditions – but does so as a modern organisation that meets the (justifiable) expectations of its Members and staff.

Analysis and recommendations

Our recommendations are presented in a logical sequence of three categories:

A. Priority areas to improve organisational effectiveness
These should be implemented under any scenario and in as short a timeframe as is consistent with effective delivery – constituting a programme of major organisational change. These recommendations will make a significant positive difference to the experience of Members and staff and are, for the most part, uncontroversial in the context of a modern organisation. Many build on work which is already underway in parts of the organisation but which often lacks traction. We set these out to give an indication of the work that needs to be done and also to inform the type of leadership that will be required to significantly modernise the organisation.

B. Future leadership structures to enable change
Options and our recommendation for the senior management structure – i.e., the Clerk of the Parliaments and the Management Board. We do not support the recommendation in the Ellenbogen Report of 2019 to appoint a Director General to head the entire management organisation, but we include it (as well as the current structure) among the options considered. We recommend appointing a Chief Operating Officer reporting to the Clerk of the Parliaments and, together with the improvements in organisational effectiveness under A above, this will signal radical change to the organisation.

We also set out options for the senior management roles to develop the leadership knowledge, skills and experiences necessary to lead the House of Lords organisation.

C. Successfully implementing this major programme of change
Implementation and follow-up recommendations to ensure the fastest, smoothest achievement of the benefits of the recommendations, including priorities, timetable, resourcing, recruitment, assessing progress, feedback and adjusting plans.

A. Priority areas to improve organisational effectiveness

All of these ‘A recommendations’ are relatively straightforward to implement, given the correct resource and leadership and it is essential that they are seen as a ‘package’, to be sequenced over 2021-22:

- Although each recommendation would have only limited impact, taken together they will enable the House of Lords organisation to make substantial progress. Many of our recommendations have been suggested in previous reviews and adopted in theory but never put into practice.
- The connections and dependencies among many of these recommendations make it essential that they are managed as a coherent programme. Coherence is also important given the small scale of the House of Lords organisation and to avoid overloading limited resources and numbers of people at all levels in the organisation.
- All organisations naturally resist change by accommodating individual initiatives within a largely-unchanged system and therefore negating their impact. In order to achieve the desired impact, our recommendations have been shaped as a set of complementary changes that support one another. The best way to undermine change would be to try to implement subsets of them independently over time – which is one of the reasons that previous reviews have not fully-delivered.

Governance

A.1 Improve strategic focus by the House of Lords Commission

Context

Almost every Member or manager whom we interviewed expressed some degree of unhappiness with the role played by the Commission:

- Many backbench Members were unclear as to the role of the Commission.
- Many Members of the Commission were dissatisfied with their collective role and impact, commenting that they were unable to fulfil their accountabilities as they would wish.
- Members of the Management Board were dissatisfied with their interactions (or lack thereof) with the Commission.
- The Commission is invisible to most of the staff we spoke to and the Management Board is invisible to many Members of the Commission.
- The role of 'the usual channels' is widely-perceived by Members as making decision-making additionally opaque.

To be clear, we do not believe that individuals are at fault – or that it is conceptually valid or practically useful to pursue blame. Our diagnosis is that the Commission was never set up for success and the 'system' needs to be revised comprehensively:

- ***Structure*** – the roles of the Commission, the Management Board and Committees should be clear and explicit; Process – the work of the Commission needs a regular cycle and clear focus; the work of the Commission, its Committees and the Management Board need regular alignment.
- ***Behaviour*** – the Members on the Commission need to engage proactively with backbench Members; Management Board members need to engage proactively with Commission Members.
- ***Management responsibility*** – as in any Board/Executive relationship, the senior executives (Clerk of the Parliaments and Chief Operating Officer) need to take an important share of the responsibility for the effective functioning of the Commission through their inputs, behaviours, feedback and implementation of Commission decisions.
- ***Support*** – the Commission needs the necessary administrative support to fulfil its role.

The current governance of the House of Lords is as described in the diagram below which illustrates some of these weaknesses. (Taken from the House of Lords Library note on the House's governance and administration):

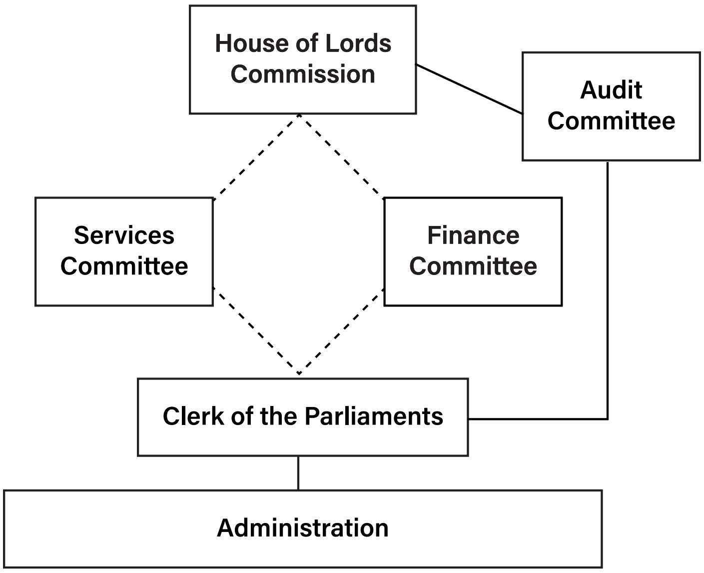


Figure 1 Current governance of the House of Lords

From this diagram it can be seen that:

- The Clerk of the Parliaments and the Management Board have a dotted-line relationship with the Commission – indicating only a consultative or advisory role for the Commission.
- The Audit Committee solid-line relationship between the Commission and the Clerk and the Management Board (indicating a line of accountability) is limited to retrospective financial oversight.
- The Clerk of the Parliaments is not, in reality, accountable to anyone, save as Accounting Officer to HM Treasury and the House of Commons Public Accounts Committee. Their performance is not subject to formal review, although there is agreement that the Lord Speaker should lead informal annual performance conversations.
- The Management Board exists and acts at the Clerk of the Parliament's discretion.

As the same Library note makes clear, the powers of the Clerk of the Parliaments are laid down in Acts of 1824 and 1992, the Management Board has no basis in statute and neither does the Commission. In contrast, the House of Commons Commission and its powers are set out in the House of Commons (Administration) Act of 1978 (as amended in 2015) and it then delegates functions to the Commons Executive Board.

Note: A more detailed diagram of the governance structures and roles is attached in Appendix 1.

Existing/past initiatives

There have been several reviews of governance of the House of Lords in the last 20 years and it is chastening to see how, despite their efforts, the same issues recur. The Tordoff Review in 2001-2 led to the establishment of a House Committee and other domestic committees. The principal objective was that "there should be a coherent strategy covering domestic management and services and the financial arrangements of the House" and that this would be done through a single committee providing leadership and strategic planning for the entire Administration. It established domestic committees as user groups, providing a communication channel between the management and the Membership.

The Shephard Review in 2016 recommended that the Commission should "provide high-level strategic and political direction for the House of Lords Administration…." Whilst this recommendation was accepted, it has not been successfully translated into practice, principally because it did not provide for the practical means to exercise strategic and political direction. The Shephard Review also recommended joint Commission/Management Board meetings to build a sense of joint working, but no one can recollect these having happened.

Some reports have cited the legislative framework (or lack thereof) for the Commission, the Clerk of the Parliaments, the Senior Deputy Speaker and other elements of the Administration of the House, as an obstacle to change, referring to the 1824 and 1992 Acts and the lack of Parliamentary time for amending legislation. We do not believe this argument prevents action:

- The House has found ways around the legislation when it wished to – e.g., when creating the role of Senior Deputy Speaker.
- The Clerk of the Parliaments chooses how to exercise their legal responsibilities and the Commission should contract with the incoming Clerk of the Parliaments as to how they will work with the Commission in future.
- The Clerk's role changes over time, depending on stakeholder perspectives and the Clerk represents the public and taxpayer interest as part of their Accounting Officer role – a role that evolves in line with HM Treasury expectations.

In the absence of strategic direction from the Commission, the Management Board has exercised broad authority in both strategic and operational spheres, periodically seeking guidance or cover from the Commission.

However, the bulk of tricky decisions and issues are discussed at the Management Board and decided by the Clerk of the Parliaments. He has the sole legal authority within the House and his performance is not formally reviewed or appraised – as stated in the currently-advertised Job Description being used to recruit the new Clerk of the Parliaments.

Achieving clarity of accountability: legislation versus contract

We believe it is critical to address the core issue of accountability for providing strategic direction to the organisation and management of the House of Lords. The Commission needs to evolve:

From	Its current consultative/advisory role with respect to the Clerk of the Parliaments
To	A normal board/executive relationship where the board sets direction and the executive delivers and proposes options to the board in a constructive but accountable debate

Ultimately, we believe it will be necessary to place the Commission on a statutory basis, which would:

- Define the Commission as the legal entity and board for the organisation of the House of Lords, while creating or retaining a separate subsidiary legal entity to be the formal employer of staff and contracting body. Creation of a subsidiary would avoid the legal traps of engaging the Commission directly in union negotiations, procurement, inappropriate involvement in staff appointments etc.
- Clarify that the Chief Executive/Clerk of the Parliaments is accountable to the Commission and that the Commission would delegate management and organisation to the Chief Executive. The Chief Executive would then constitute a House of Lords Executive (not a board) to deliver on these delegated powers. (For clarity, throughout this report we continue to refer to the Management Board as such – but our recommendation is that this nomenclature changes in line with proposed structural changes to become 'the House of Lords Executive').

However, there is a case for achieving clarity of accountability by contract rather than legislation, at least in the short term – meaning 1-3 years:

- Legislation is uncertain in timing and final content, dependant on decisions and unpredictable interventions from Government and both Houses.

- Solutions can be tested by contract before being embedded later by legislation.

By 'contract', we mean a written statement of intent as to how the new Clerk of the Parliaments intends to exercise their legal powers, recognising the role of the Commission as the accountable body. The contract would be signed by the Lord Speaker, the Leader of the House, the Clerk of the Parliaments and published within Parliament.

The downsides of this approach are:

- Legal and personal accountability would remain with the Clerk of the Parliaments and that could put the Clerk – and indeed the members of the Commission – in an untenable position.
- The contract depends on the individuals in the roles and their sustained intent.

Composition of the Commission

The Commission is predominantly composed of political leaders, doubtless highly motivated and skilled in political matters, but neither especially interested in issues of management nor necessarily experienced in managing or directing organisations. They are also very busy people who, like Ministers, would expect their engagement in management to be limited to "here is the decision" and with little time to dig into the intricacies of organisational capabilities. As a consequence:

- There will be a continuing need for a senior management or executive team in addition to the Commission, because most organisational issues require detailed and sustained attention by experienced managers.
- The full Commission is an inappropriate forum to perform oversight of management or organisational issues – in section A.2 we explore options for this role.

A key issue is whether the most senior leaders on the Management Board (the Clerk of the Parliaments and the Chief Operating Officer) should be members of the Commission. Most commercial and public sector boards are unitary – i.e., the executive leaders are on the Board. Most voluntary sector organisations do not have executives on the board, but the chief executive has the right to attend in a speaking and non-voting capacity.

We recommend opting for a model where the Clerk of the Parliaments and the Chief Operating Officer are non voting members of the Commission. This would support an ethos of joint responsibility to solve problems and would signal the importance of the Chief Operating Officer role, but it would not dilute the board/executive governance structure. Incidentally, this is the model adopted by the House of Commons where the equivalent roles are non-voting members of the House of Commons Commission.

Enabling the Commission to function as the Board

For the Commission to function as 'the Board' and to maintain its strategic focus, there will need to be:

- A small dedicated secretariat to act on behalf of the Commission and the Lord Speaker and Senior Deputy Speaker (in their roles as Chair and Deputy Chair of the Commission), preparing agendas and papers, ensuring an annual cycle of strategic discussions, chasing progress, supporting oversight activities (see A.2) and ensuring gaps and overlaps are dealt with.
- An enhanced role for the Lord Speaker (as Chair) in shaping the agenda for the Commission and its work as it fulfils the governance role intended by the Shephard Review in 2015, including leading appraisal of the work of the Clerk of the Parliaments.
- An enhanced role for the Senior Deputy Speaker (as Deputy Chair) – see section A.2.

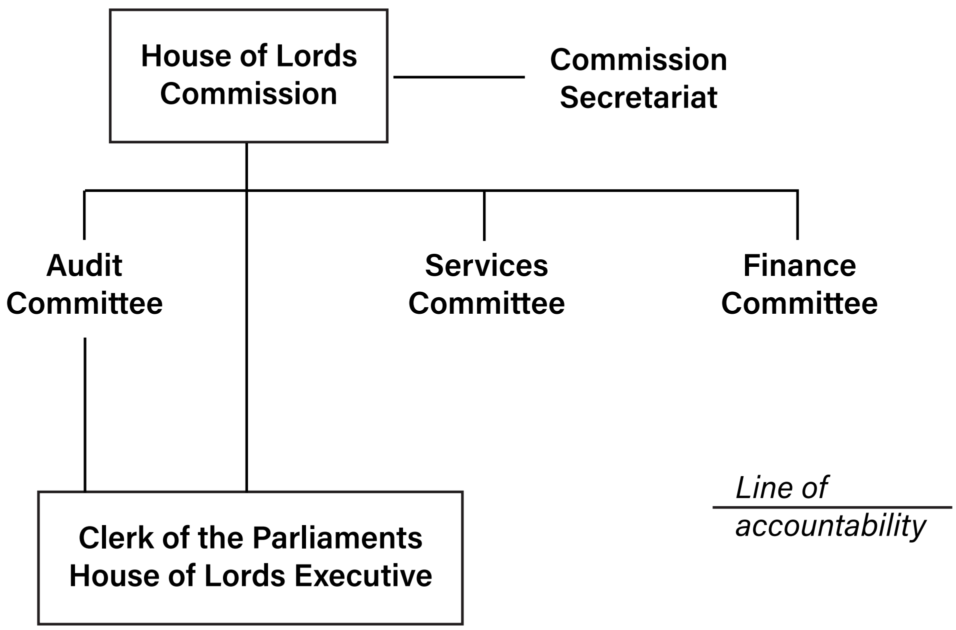


Figure 2 Accountability to the Commission

An interim solution will be required for 2021 at least

Pending legislation, which could be some years away, the current legal position could be operated in a more effective contract-based approach that replicates many of the benefits of statute. A contractual condition on appointment of the new Clerk of the Parliaments/Chief Executive would be that:

- All parties operate according to the new governance model, notwithstanding the old legal framework.
- The Commission shapes its new agenda and the Lord Speaker and Senior Deputy Speaker adopt their roles.
- A secretariat is appointed, following good practice of defining the function and roles, advertising the roles and running a suitably independent interview process.

Recommendations

1 The Commission becomes the Board to whom management are accountable.

1.1 Ultimately, place the role and powers of the Commission on a statutory basis but, in the interim, contract among the new Clerk of the Parliaments, Lord Speaker and Leader of the House to act in line with the intended legislation.

1.2 The Commission thereby becomes 'the Board' to whom the Chief Executive/Clerk of the Parliaments and management are accountable.

1.3 The Management Board would cease to be a 'Board' and, in discharging the essential role in co-ordinating the work of management, would be retitled 'the House of Lords Executive'.

1.4 Given our recommendation that the Management Board ceases to be a 'Board', then external member roles become inappropriate and no longer a governance requirement for oversight. The Chief Executive/Clerk of the Parliaments should still be free to seek external expertise from other sources as needed and this could include Executive/Senior Leadership advisors on particular topics – see A.4 below.

2 Clarify the relationship between the Commission as Board, its Committees and the Management team.

2.1 Agree explicit roles and delegations defining:

- Decisions reserved to the Commission.
- Remit and decisions delegated to Committees.
- Decisions and responsibilities delegated to management.
- Role of external members of the Commission.

- Transparency and limitations on decisions through 'the usual channels'.

2.2 The Chief Executive (Clerk of the Parliaments) and the Chief Operating Officer join the Commission as non-voting members.

2.3 Reinforce direct communication through informal joint meetings of the Commission with management, as recommended in the Shephard Review.

3 Sustain the focus of the Commission's work

3.1 Appoint a small secretariat who will:

- Pursue Commission decisions and priorities between meetings to avoid 'strategic drift', ensuring a unified approach to change and implementing this report.
- Support the work of the Oversight Panel – see recommendation A.2.
- Enhance communication and feedback from backbench Members.
- Work with the management and staff to provide the Commission with the content and updates that it needs to play its role, and to ensure Members, management and staff are all on the journey together.

3.2 Establish priorities for Commission focus over a 1-5 year horizon covering:

- 'Business as usual' goals and approaches, including accountabilities for performance and quality of leadership of the organisation.
- Strategic goals, including organisational change, digital transformation, major projects, R&R, people, business & financial planning, and communications.

These recommendations should address a root cause of 'unclear accountabilities' and promote the principle of 'dynamic and challenging'.

Implementation

- High priority: Unless the Commission is established as 'the Board' for the House of Lords organisation with management accountable to the Commission, it is unlikely that the House of Lords will make a step-change in organisational performance. A straightforward and clear accountability from management to the

Commission will model the clarity and standards expected from all Members, staff and management.

- Dependencies and linkages: Improving strategic focus is strongly linked to A.2 'Improving oversight' and depends on B.1 'Successful recruitment to the senior leadership posts of Chief Executive/Clerk of the Parliaments and Chief Operating Officer'.
- Responsibility:
  - Lord Speaker and Leader of the House commit to new definition of role of the Commission in relation to management and, in due course, to legislate.
  - Existing and incoming Commission members need to commit to the new ways of doing things that will result from these recommendations.
  - Secretariat appointed through open and fair competition to, facilitate delegations, agree agendas, follow-up actions, support the Management Committee and organise joint meetings and communications.

A.2 Improve oversight by the Commission of the management

Context

The uniform view from interviews with Members of the Commission and the Management Board is that the Commission, despite its efforts, is not set up to exercise effective oversight of the work of the Management Board. Our diagnosis is that:

- The Commission does not have the means that enable effective oversight: its powers and responsibilities are unclear and it is not resourced to be effective.
- Turnover of Members on the Commission and its Committees inhibits effective continuity in performance oversight.
- The inputs from the Clerk of the Parliaments and the Management Board do not encourage oversight and constructive challenge.

The objectives of our recommendations in this area are to enable the Commission and management to:

- Have a proper 'performance conversation' on a regular cycle, fully-informed and identifying mutually-owned solutions to the issues identified. Constructively challenging the performance of the Management Board in delivering against targets, standards and commitments – as per the Shephard Review.

- Hold to account the Clerk of the Parliaments and the Chief Operating Officer to deliver against commitments and strategies across the organisation – the management of the House, finances, people, technology, major projects, communications.
- Take responsibility for ensuring the right quality of leadership is in place and deployed to plan and delive to meet current and future needs.

Existing/past initiatives

The Shephard Review recommended that the Commission exercise greater operational oversight over the work of the Management Board. Specifically, that review recommended that the Commission should "monitor the performance of the Administration against agreed targets" and hold regular joint meetings with the Management Board. These recommendations were accepted but have not been adopted in practice. From our observation, the reason that the Commission has been unable to exercise its oversight role is that the Shephard Review did not provide the practical means to enable oversight.

Enabling the Commission to exercise its oversight function

As noted in section A.1, the Commission is a representative body and therefore predominantly composed of political leaders, neither especially interested in issues of management nor experienced in managing or directing organisations – and very busy. As a consequence:

- The full Commission does not have the time or capacity to engage in the detail of organisation and management. The Management Board (in future, the Executive) plays the necessary role of dealing with most organisational issues.
- The full Commission is too large and, for the most part, does not have the requisite skills, experience and motivation to perform oversight of the Executive.

We considered a range of options to create an appropriate forum for the Commission to exercise its oversight function, including a new committee of the Commission. That option would provide focus and could enable the recruitment of additional expertise from amongst Members of the House, but would add numbers to the Commission and create permanent new processes.

In order to keep formal process to a minimum, while enabling discussions in an appropriate forum under the aegis of the Commission, we propose:

- Creating an 'Oversight Panel' to oversee and provide governance for the exercise of the powers delegated to the Executive by the

Commission, to direct and support implementation of this report, and to ensure a unified approach to change from Members, management and staff.

- The composition of the Oversight Panel would be drawn from existing Commission Members: the Senior Deputy Speaker (Chair), the Chairs of the Services, Finance and Audit Committees and 2-4 co-opted backbench Members with recent, relevant management experience.

  From the Executive, participation would be led by the Clerk of the Parliaments and the Chief Operating Officer, although we anticipate that most of the management discussion would be led by the Chief Operating Officer.

  Not all members of the panel need also be on the Commission – indeed, the panel could bring in external experts as it sees fit.

- The Committee would sponsor existing groups such as the Steering Group for Change and could sponsor new working groups with Members and staff working collaboratively to improve the functioning of the organisation (see Recommendation 6 below)

Evolving the role of the Senior Deputy Speaker

Although the Shephard Review created a role of Senior Deputy Speaker in place of the Chair of Committees role, it did not clarify:

- ***What the roles would be, beyond chairing a series of committees.*** The Senior Deputy Speaker now chairs multiple committees and working groups, as well as periodically presiding over sessions of the House.
- ***How the role would be exercised.*** The current Senior Deputy Speaker picks up many of the urgent or informal problem-solving tasks that the Lord Speaker cannot address but can only do so effectively by operating as a stand-in for the Lord Speaker.

It is clear that, if the House simply adds further tasks to the Senior Deputy Speaker, then the role would be impossible to fulfil successfully and, perhaps, be impossible to fill. We considered an option to appoint a Second Senior Deputy Speaker to focus on the Oversight Panel and related 'management of the House' tasks but, on reflection, considered that an unnecessary complication in the structure. Instead we propose that:

- The Senior Deputy Speaker (as Deputy Chair of the Commission) chairs the Oversight Panel, and that the Lord Speaker and the Leader of the House also play an increased role in discussions with management, particularly in shaping strategic priorities.

- Some of the ad hoc tasks of the Senior Deputy Speaker and other committee roles be picked up by the Lord Speaker or the Leader of the House or the Principal Chair of Committees.
- The Commission secretariat provide dedicated support to enable the Oversight Panel and the Senior Deputy Speaker to engage successfully in their roles vis-a-vis the Executive, asking powerful questions, ensuring a common approach across Members, management and staff.

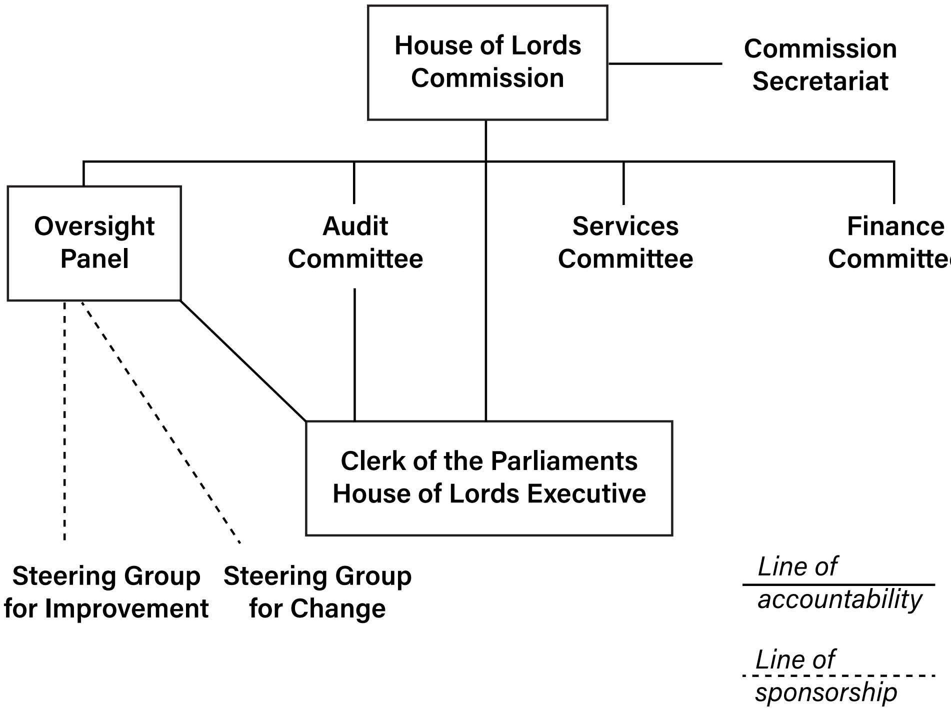


Figure 3 Accountability and sponsorship between Commission and Committees

For the sake of visual clarity in Figure 3 above, we have not indicated the lines of accountability between the Executive and the Committees, other than the particular Audit Committee accountability. The solid line of accountability from the Executive to the Commission also encompasses the accountability from the Executive to the Committees of the Commission.

In particular, the Oversight Panel would function as the 'executive committee' of the Commission in respect of the management of the House, exercising the full authority of the Commission between meetings on management issues . This new role reflects the Oversight Panel's authority with its chair being the Deputy Chair of the Commission and its members being the Chairs of the Committees of the Commission.

Interim solution for 2021 at least

Although the legal transfer of accountability could not take place straight away, a contractual condition on appointment of the new Clerk of the Parliaments and Chief Operating Officer would be that:

- All parties operate according to the new oversight model, notwithstanding the existing legal framework.
- The Senior Deputy Speaker adopts the new role as Chair of the Oversight Panel.
- Adjustments are made to the other roles of the Senior Deputy Speaker.

An advantage of an interim solution is that the Oversight Panel will doubtless benefit from a period of negotiation, settling-in and evolution. We are conscious of the existing workload on Committee Chairs and, with the benefit of experience, the Commission is likely to make some changes in the composition of the Oversight Panel – perhaps appointing backbench Members with recent relevant organisational experience.

As noted under our implementation recommendations, we recommend the Oversight Panel is established immediately to guide and support the Programme Director. The first 6-12 months will establish important precedents as to the Oversight Panel's authority, the substantive issues and the style it adopts to interactions with management.

Recommendations

4 Agree a contract between the Commission and the Executive (currently the Management Board) to set out explicit roles, delegations, scope of decision-making and information-sharing around performance oversight:

- Targets, standards and commitments.
- Information flows and feedback.
- Action logs and follow-up.
- Role of external members of the Commission.
- Documents regularly shared among Commission and management using Diligent or another confidential system in line with modern Board practice.

5 Put governance in place to improve oversight and encourage consistent dialogue between the Commission and the Management Board.

5.1 Appoint an Oversight Panel chaired by the Senior Deputy Speaker.

5.2 The Chairs of the Services, Finance and Audit Committees, as a group chaired by the Senior Deputy Speaker, meet the management prior to each quarterly meeting of the Commission. Management would prepare a report/dashboard and the Chairs would engage in a conversation around operational performance, goals, concerns – subsequently reporting back to the Commission. This conversation would mirror the existing process around meetings of the Services Committee.

5.3 Commission Members who are Committee chairs and members cease rotation en masse and move to staggered rotation to increase continuity in direction and experience. The Oversight Panel has the power to co-opt Members to bring management experience and to involve external experts as needed.

6 Appoint a Steering Group for Improvement.

6.1 The Oversight Panel appoints a Steering Group for Improvement which extends the ways of working pioneered by the Steering Group for Change, whose term and remit expires shortly.

- The purpose of the Group would be to legitimise and encourage constructive conversations among Members and staff to improve performance and learn from experience, demonstrating constructive, informal and equal working relationships.
- The Senior Deputy Speaker would nominate three Members and the Chief Operating Officer would nominate three employees and the group would be empowered to co-opt and invite attendance from other Members (especially those with recent management experience) and staff at its discretion.
- The Group would periodically report to both the Commission and the Executive (previously Management Board) to stimulate broad-based improvement activity across the organisation.

These recommendations should address a root cause of 'unclear accountabilities' and promote the principle of 'dynamic and challenging'.

Implementation

- High priority: Improving the Commission's oversight will signal change to the wider organisation and should be capable of rapid delivery.
- Dependencies and linkages: Improving oversight is strongly linked to A.1 Improving strategic focus and depends on successful recruitment to the senior leadership posts of Chief Executive/Clerk of the Parliaments and Chief Operating Officer.
- Responsibility: Senior Deputy Speaker, Committee Chairs, Chief Executive/Clerk of the Parliaments and Chief Operating Officer.

A.3 Improve the communication and media profile of the House's role and work

Context

Despite significant innovation in communications, the House's public profile is inherently difficult and therefore further progress is likely to be steady rather than revolutionary. The very different views we heard included:

- Many Members assert strongly that the House should have a much greater profile in mainstream and social media, highlighting its contribution to the national conversation, often through the work of Select Committees. They argue that, absent such a positive effort, the media stories featuring the House of Lords are dominated by periodic 'ping-pong' with the House of Commons, frustrating Government patronage, lack of democratic legitimacy, allowances, subsidised meals etc.

  The actions that these Members are looking for include much greater resourcing and senior leadership attention to communications and social media, while increasing support to Select Committees.
- Some Members fear that the public have little interest in Select Committees and that, not least because it suits Government to have a weak second chamber, raising the profile of the House would be nugatory or – at worst – counter-productive.
- Communications and Committee management can point to innovation and expansion of media work.
- Some senior managers (not actively leading the communications work) have reservations about increasing investment in communications and media, doubting both its impact and its value for money. This is evident in lack of resourcing in the Committee

Office and the variable output from Committees in social media, with a few very active and many completely inactive.

- Most staff who voiced opinions take pride in their work and the work of the House and would be keen to see a higher profile in the media. Many staff are active in voluntary work and make excellent ambassadors for the House while giving back to the community.
- A major challenge, however, is that, even with the best communications and media strategy and operations, reputation and media presence can be undermined by the unfortunate activities of a few Members which garner front page interest. While we worked on this review, at least two such occurrences were prominent in the media.

The dissatisfaction expressed by many Members is only partly an organisational issue. The relatively low priority given to external communications and social media is also due to:

- Lack of political consensus around the House's national conversation role which, almost by definition, has to be non-party political. Paradoxically, any decision on being non-party requires party consent.
- Reluctance of management to give time and resources without political cover. This reluctance contributes to an unhelpfully high internal turnover of staff supporting Committees and developing the necessary external relationships.

As mentioned above, the House has opportunities to catalyse the national conversation, especially through the work of Committees and through outreach. There are significant gaps in the national conversation that are inherently difficult for the Government or the House of Commons to occupy, especially issues that are long-term (and therefore not in the immediate political debate) or cutting across multiple Whitehall Departmental boundaries or vulnerable to misinformation (and in need of unimpeachably authoritative understanding).

The objective of our work in this area is to highlight the issues and press for a conclusive strategy that could gain broad support. However, organisational changes will have only limited impact without consensus on direction.

Existing/past initiatives

- The new and comprehensive Communications and Engagement Strategy, launched earlier this year sets out objectives for different stakeholders, including citizens across the UK, opinion formers and harder to reach groups. We understand that it is significantly bolder and braver than anything which came before and the Commission has agreed to promote it. As yet, many of the Members we have spoken to are not aware of it.

- Following the review of Committees in 2019, a business case was submitted and approved for two new HL6 posts supporting the work of Committees.
- The House of Commons has dedicated communications resource within each Committee team, but currently has this under review. We do not recommend this approach because of the resulting disconnect with the central communications team and the availability of scarce expertise.

Recommendations

This topic is one of those identified as partly outside our remit and partly within – communications and support to Committees are management tasks, but the desired objective is a change to the positioning of the House which is a political decision.

7 Improve the perceived status and value of the Communications Function – see the detailed organisation proposal in Section B.

8 Build the objectivity and credibility for the House of Lords to have the opportunity to lead the national conversation in selected topics. While professional communications would be part of this long-term campaign, the prioritisation would necessarily be for the political leadership.

8.1 Prioritise building the mainstream and social media presence of the House of Lords

8.2 Hold regular 'media impact reviews' with Commission and Management Board.

8.3 Build awareness with opinion-formers/reputable commentators and reinforce Members' standing as 'thought leaders' on specific national issues. Identify the minority of Members who can and should invest time, building positions as representatives of the House of Lords.

8.4 Add resource to the Committee Office to support long-term research projects and media support upfront in Committee work, identifying key themes and audiences.

8.5 Encourage staff to take on voluntary roles (through paid volunteering time) and share their work as 'ambassadors for the House' as appropriate, while 'giving back' to the community.

8.6 In line with the Communications and Engagement strategy, identify organisations outside of the House where it would be appropriate to encourage Members and staff to take on leadership roles, as part of more active outreach to opinion-formers.

These recommendations should address a root cause of 'tentative leadership behaviours' and adhere to the principle of 'promoting the value of our work'.

Implementation

- Long-term priority: Improving the media profile of the House's work will be a long haul.
- Dependencies and linkages: Success depends on confident leadership willing to invest in communications and additional resource.
- Responsibility: Committee Chairs, Chief Executive/Clerk of the Parliaments and Chief Operating Officer.

Management

A.4 Build leadership mindsets and capabilities for transformational change

Context

For the organisation to be transformed in the way this review envisages, the leadership group will need to make considerable changes to their leadership style. As a top priority they will need to develop and communicate an inspiring vision and direction, bring the organisation together and surmount the persisting cultural challenges. All of this will require a collective step change in mindset and capabilities. During the last nine months, the leadership has had to grapple with multiple challenges and dramatic change and this will only continue throughout 2021.

Setting ambitious direction: The current stated purpose of the administration is to "support and strengthen the House and its members …by:

- Providing excellent services to facilitate the work of the House and its Members
- Promoting public understanding of and engagement with the House
- Making Parliament safer, more secure and sustainable"

This is perceived by staff as predominantly 'keeping the show on the road' rather than instilling a level of ambition around which the organisation can collectively coalesce. The urgent issues of the day absorb the available time. As described in A.1-2 above, the Commission and the Management Board need to work together to set an ambitious strategy and the leaders need to bring it to life for staff. There needs to be a strong clear narrative around vision and change, passionately conveyed by the Clerk of the Parliaments and other members of their team.

Bringing the organisation together: Currently the different Offices can operate like a group of disparate businesses, rather than one organisation following a single unifying set of objectives and strategy. Whilst some moves have been made towards standardisation, the different Offices continue to move to the beat of their own drums.

Surmounting cultural challenges: As described earlier, the culture of the organisation has historically been one of risk-aversion and centralised decision-making. Although we are aware that there are steps afoot to make changes, many of which we highlight throughout this section A, we have come across many examples of staff trying new things but being thwarted in the process, and of others feeling impotent in their ability to make change happen. If the organisation is to evolve, leaders will have to adopt a more open, empowering, and innovative mindset.

Adopting the structural changes to the wider leadership team recommended in section B below, will go a long way to putting in place the leadership capacity needed to drive modernisation and change. Leaders at all levels in the organisation, will need to play a part. The leadership cohort will need to:

- Translate and communicate the medium- and longer-term vision and strategy for the organisation in a way which is relevant and compelling for staff in their part of the organisation.
- Inject energy into the workforce and bring people together to achieve a shared vision.
- Engage with staff, listen to feedback, help people to understand what the change will mean for them and what is expected of them.
- Instil a narrative and behave in a way which models and supports the new way of doing things.
- Take a step away from the currently hierarchical and opaque approach to dealing with issues and adopt a more open and collaborative problem-solving approach. Importantly, this would involve more joint Member and staff groups on the model of the Steering Group for Change.

Existing/past initiatives

- A new Leadership Development programme is being launched in January 2021 following a comprehensive discussion and procurement process. The programme is designed for staff at levels HL7 and above and will focus on leadership capabilities, as well as seeking to improve the level of diversity across the leadership group over time.

  The core objectives of the programme are to increase senior leadership capacity, shape organisational culture, invest in talented future leaders, lead inclusively, and address the disproportional representation of women and ethnic diversity in leadership roles.
- Coaching for leaders has been running for around one year, providing 1-1 coaching support for senior leaders.

Recommendations

9 Provide leaders with support and development

9.1 Make regular and comprehensive 'manager training' compulsory for any staff member who leads others – either through the Leadership Development Programme detailed above or the Management Development Programme (see A.9) as appropriate.

9.2 As described in Section C below, incoming and incumbent senior leaders (at and above SCS1A) should receive support including coaching, mentoring and a focus on team effectiveness

10 A contributor to the risk-averse mindset and a reluctance to rock the boat is, the fact that Members are involved in some senior appointments. Senior clerks may be tempted to be deferential to those who contribute to decisions about their career progression. For this reason, we recommend that appointments to senior roles, including senior clerks, are made with sufficient objectivity and independent input. This could be through the Civil Service Commissioner or equivalent.

11 Sometimes, the leadership group will not have all the expertise that they might need on a particular topic. If this is the case then they must feel comfortable acknowledging that fact and bringing on board specific expertise from outside of the organisation to contribute, challenge and improve the quality of insight and decision making.

These recommendations should address the root causes of 'insufficient professional capabilities' and 'tentative leadership behaviours' and will adhere to all five of the principle of the future organisation.'

Implementation

- High priority: Compulsory management and leadership training for staff should commence as soon as programme capacity is in place. As soon as new appointees take up their roles, they should receive the support they need
- Dependencies and linkages: Leadership Development is strongly linked to people development and work on values and behaviours described below
- Responsibility: Lord Speaker, Senior Deputy Speaker, members of the Management Board, Learning and Organisational Development Team.

A.5 Simplify decision-making process and improve delegation

Context

In earlier sections we address the interface and delegation between the Management Board and the Commission. There are also significant challenges within some of the administrative parts of the House which need to be addressed.

Simplify decision-making processes

Many of the decision-making processes across Parliament are highly complex and we often heard examples where employees and Members were not sure who was responsible for what and where the different accountabilities lay. This is true for major projects and bicameral projects and services (described in section A.7 below), some of the IT projects and organisational decisions.

Part of this is driven by complicated but defined governance processes. For example, the Clerk of the Parliaments chairs the Digital Strategy Board which has oversight of PDS. At the same time there is a new structure whereby each House will have the same CDIO who will be the customer for Transforming Digital Services and PDS will have a new MD.

In other instances, design choices have been made which do not seem the most logical. For example, Business Improvement and Change plays a critical role in driving cultural change across the organisation, along with other business improvement changes. Its new head has the title Director of Culture Change but, instead of being grouped with other areas concerned with organisational effectiveness and values and behaviours in the HR Office, it currently sits under the Reading Clerk, alongside R&R, Archives, Business Planning and Communications

Finally, the delineation of some roles has never been finalised or communicated properly. One key example is the role of Senior Deputy Speaker. This role now encompasses a much broader scope than its previous carnation of Chairman of the Committees, including acting across a broad range of short-term priorities on behalf of the Commission. However, some parts of the organisation do not understand the new scope of the role with the result that it can be a challenge integrating and embedding initiatives and decisions which come from the Senior Deputy Speaker's office.

Over-centralisation is a major challenge which needs to be addressed with some urgency

Representation of the organisation is over-concentrated in the Clerk of the Parliament role, not least when it comes to interactions with the

Commission and the Services and Finance Committees. Some members of the Management Board have never been to the Commission and some members of the Commission have no idea who is on the Management Board (or, in some cases, that it exists).

We heard in many interviews that decision making is centralised and staff do not feel empowered to make decisions which, in comparable organisations including the House of Commons, would be within their delegated authority. This contributes to the risk averse culture of the organisation and the limited innovation. The centralisation challenge has been raised in previous reviews, but it evidently persists. By way of illustration:

- Interviewees cited cumbersome and slow approvals processes, a default to detail, lengthy and repeated papers, micromanagement, and all decisions "drifting up" to the Management Board. Staff described how "everything defaults to the Clerk of the Parliaments office and that can create structural barriers to making progress."
- We heard how "the Clerk of the Parliaments even signs off every hire" for new posts, and that these multiple levels of escalation and sign off, can result in slow progress and a feeling of disempowerment and lack of agency.
- The "escalation to the top" has potential to make the House of Lords less nimble than the House of Commons where members of the Executive Board do not have to pass all papers to the Clerk before they go to the relevant Commission committee. In the Lords, many more papers must go through the Clerk of the Parliaments which can result in relative delays and can be troublesome for true partnership working when the House of Commons gets a head start.
- Management Board papers must be pre-cleared by the Clerk of the Parliaments. This means extra time needs to be built in for any topics destined for Management Board decision making – and some papers do not even make it to the Management Board.

As with many of these challenges, there are multiple causes:

- The Ellenbogen Report described how "procedural clerks are, by nature and nurture, detail-orientated, meticulous and perfectionist…[Managers] tend to micromanage and triple-check the work of more junior employees, eroding their autonomy and increasing bureaucracy." This level of attention may be necessarily for procedural work, however it is important to re-emphasise here that we are focused on non-procedural decision making. Our observation is that the management style adopted for procedural work is applied to other administrative work of the organisation and that this is sub-optimal. (The challenges that we find may also, in part, be relevant for improving procedural decision making but that is beyond the scope of this review.)

- In our focus group we heard how managers feel nervous about change and need reassurance from above "the board is like cover so that individuals don't have to take decision".
- The historic role of Clerk of the Parliaments as corporation sole and employer for all staff creates an overly-paternalistic culture and may make it harder for any individual in that role to delegate responsibilities and decision making.
- Information systems are adequate but are in need of upgrading in the near term and planning should start now.

The Clerk of the Parliaments and their senior team need to strike a better balance and adopt more delegation so that staff at all levels are appropriately empowered to make decisions and so that the Clerk of the Parliaments and the senior team have more time to focus on leading the organisation (see A.4 above).

Existing initiatives

- An independent strategic review over two years ago found that significant parts of Parliamentary Finance, HR and Payroll systems are not being delivered effectively and require extensive manual intervention and /or support. In terms of HR, data was found to be inconsistent and of varying quality across multiple systems and a new HR system has been prioritised with procurement slated for 2021 and completion in the first half of 2022/23. Work will begin on the House of Commons system where the need is greater with the House of Lords to go live in the second half of 2022/23. The Finance systems used in the two houses are built from the same product, Agresso, but are bespoke in fundamentally different ways to meet the particular needs of each House. We have heard how it is possible to "run the same numbers through the two systems and get very different answers." These systems will need to be updated and aligned but this is of a lower priority than the HR system and procurement is on hold for 3 or 4 years.
- In December 2018, an HR subgroup was created for the Management Board with the aim of discussing and agreeing some of the people issues outside of the Management Board meeting, thus freeing up time and speeding up decisions. We understand

that this has not been as effective as it could have been and has created another level of bureaucracy

- A Senior Leadership Forum (SLF), has been running for a number of years. It is a discussion forum and does not make decisions, but some consider it to have aided in building a more cohesive leadership culture.

Recommendations

12 Adopt new approaches and tools to improve decision making clarity and reduce centralisation.

12.1 Identify a clear methodology and approach going forward, to address the duplication, confusion, silos and complexity of the current organisational structure and design.

12.2 Revise delegation within the leadership structure to decentralise decision-making and introduce a new Scheme of Delegation which reflects a less centralised approach and sets out the delegation of responsibilities from Clerk of the Parliaments to other members of the Management Board, Heads of Office and committees and sub groups.

12.3 Management Board members to take more of a lead in meetings of Services and Finance Committees and lead the administrative engagement with Members and with the Commission, within their area of professional expertise.

12.4 The House of Lords to join with the House of Commons in embedding an upgraded HR and payroll system followed by a shared finance system. This will improve the collection, analysis and use of operational and financial data to inform decision making at all levels in the organisation and across Parliament.

13 Adopt increased decentralisation in ways of working.

13.1 Members of the Management Board should join the Clerk of Parliaments at Commission meetings for relevant discussions to build visibility and working relationship between the two bodies. Whilst these are held virtually, Management Board members should keep their cameras turned on.

13.2 Proactively change leadership behaviour to keep decision making at the correct level in the organisation and prevent it from always percolating to the top.

These recommendations should address the root causes of 'unclear accountabilities' and 'insufficient general management capacity' and will adhere to the principles of 'dynamic and challenging', 'delivering and improving' and 'inspiring and respected'.

Implementation

- High priority: Management Board members to play more of a role at the Commission and Domestic Committees as soon as the next round of meetings
- Dependencies and linkages: Leadership behaviour will be linked to Leadership development (A.4) and Values and Behaviours (A.13). Relationship between the Commission and Management is dependent on the recommendations in A.1 and A.2.
- Responsibility: Lord Speaker, Clerk of the Parliaments, Management Board and other members of management

A.6 Improve communication from Management Board through the organisation

Context

Repeatedly our interviewees and focus group participants told us that communication to and from the Management Board was "secretive" and a mystery. We heard many examples of people unsure as to whether their input had reached the Management Board for discussion – "staff raise issues, and they get filtered up and slowly disappear and drop off before reaching the top". There were many examples where members of staff were unclear about what had been decided, or even discussed in the Management Board meetings.

Our findings on this point are similar to those of the Steering Group for Change who, in their letter to the Management Board of 30 September 2020 set out three illustrations of the "inconsistent and unsatisfactory" communications of Management Board decisions:

> *"Board minutes and agendas are available online, but this is not the most accessible or inclusive way of sharing information with colleagues, especially for operational and non-desk-based colleagues. Minutes do not usually contain much detail and so are not always a useful source of information. This also puts the onus on colleagues to search through the records to dig out information of interest to them. "*

We observed reluctance on the part of the Management Board to share discussions or decisions before they have been finalised. Interim progress updates could increase the timeliness and completeness of communication and could provide an opportunity for further input from interested parties.

> *"Some information from Board meetings is cascaded to colleagues by Heads of Office but there appears to be no clear policy on what, or how much, information should be shared, and so there is inconsistency between departments. "*

This difference in approach can be to the detriment of staff relative to their peers in the House of Commons. It does sometimes happen than the same paper will go to the Management Board and the Executive of the House of Commons at the same time and the latter will then communicate the contents widely with staff whereas the Management Board choose not to do so, resulting in an asymmetry of information.

Whilst some Heads of Office are very diligent about sharing information, interviewees have described how others are "almost pathological" in their anxiety about confidentiality.

> *"Town halls should not be relied upon as a way to share information with colleagues as attendance can be quite low. They are also not always inclusive of operational and non-desk-based colleagues both in their current online format and when they take place on the Estate, due to availability of computers and clashes with shifts/ working patterns."*

Existing Initiatives

Management Board members are clearly aware of this set of longstanding challenges. Supported by internal communications, they have started to make some positive changes.

- Collection of feedback from attendees to the Management Board feedback on how inclusive they found the meeting and, largely successful, attempts to make attendees feel welcome.
- Regular town hall meetings, initially in person and now online. The most recent session was joined by approximately 380 people.
- Communication of key decisions (e.g., changes to leave policy, the pay settlement) to all staff has been improved and communications will more clearly flag where the communication relates to a management board decision that impacts staff.
- Links to the Management Board minutes now appear in each weekly news.

- The recent all staff communication following Lord Ahmed's Conduct Committee finding was viewed as a vast improvement on previous communications of that nature.

Recommendations

14 Revise approach to Management Board Communications

14.1 We agree with the recommendation made by the Steering Group for Change on 30 September 2020 that "there should be a culture of openness by default on Board decisions unless there is a clear reason not to be. Lack of transparency (and prompt communication of decisions) can increase concerns and misinformation, and damage trust and confidence in the Board."

14.2 Publish all Management Board papers as unrestricted on SharePoint hub, unless there is a strong reason to restrict all or part. If the latter is the case then the Management Board should, like its equivalent in the House of Commons, publish the reason why this is so.

14.3 Management Board communications need to be set in the wider context of internal communications within the House of Lords. Research from the Internal Communications team shows that colleagues feel overloaded by emails, as these have increased substantially this year. The focus should be on improving the quality and clarity of communications from the Management Board, not the frequency.

14.4 The Management Board needs more structured communications support and a policy for information sharing which sets out what information is shared to who, when and through which route (emails, cascades, forums etc). This should clarify the role of Management Board members and Heads of Office and their responsibilities in how information is fed up and cascaded back. Internal Communications have proposed a weekly briefing to Heads of Office and key senior people which sets out and explains what needs to be cascaded and to whom. If followed up and monitored this should go a long way towards improving the flow of information.

14.5 We recommend that someone from the Communications function attends all Management Board meetings so that they can hear discussions first-hand and advise on the appropriate communication approach. In some organisations this might be viewed as overkill but in the House of Lords the communications challenge has persisted for a long time and significantly contributes to a culture of 'them and us'.

14.6 One way to break down the mystique would be to humanise the Management Board and its members for other members of staff. Internal Communications have suggested some creative ways of doing this including vlogs of Management Board members and other meeting attendees to provide timely updates after meetings about the most relevant items discussed and progress made.

14.7 The tone of Management Board communications needs to match the desired culture, with more positive and inspiring phrasing and narrative. A start would be to schedule Town Hall events to cover different topics and not just hold them in response to negative events or allow them to be overtaken by such events. (We understand that this new approach has begun.)

These recommendations should address the root cause of 'tentative leadership behaviours' and will adhere to the principles of 'inspiring and respected' and 'promoting the value of our work'.

Implementation

- High priority: Openness by default and improved cascades
- Dependencies and linkages: Communication openness and style linked to A4. Leadership mindsets and capabilities for organisational change. Improving transparency and timeliness will also address a lack of clarity in decision making (A.5)
- Responsibility: All members of Management Board, Governance Office, Heads of Office, middle management, Internal Comms

A.7 Build 'good client and partner' skills for bicameral projects and operations

Context

Across the UK public sector in the last 20 years, there has been a trend towards:

- ***Shared services*** across larger units to improve access to expertise and manage costs. Examples include: Creating shared services units so smaller organisations can access specialist professional capabilities, buying services from a larger organisation (internally or externally) in order to spread fixed costs over a larger volume of activity, or outsourcing an activity that the customer organisation does not have expertise in managing.

- ***Major projects*** to catch-up on long-deferred infrastructure improvement. Examples include: Replacing deteriorating buildings to accommodate the armed services, building modern hospital and school facilities, transport infrastructure, major new information technology programmes in welfare and the NHS. Similar to shared services, these major projects are managed by project teams that are organisationally separate from the customer organisation.

Although there have been successes, there have been many disappointments across the both the commercial and public sectors:

- ***Shared services*** have struggled to deliver quality and savings, frequently due to insufficient harmonisation of customer requirements, a backlog of under-investment and customers taking an 'out of sight, out of mind' approach to the ongoing relationship. For example, sharing back-office services across Whitehall Departments has resulted in multiple re-sets after failure to reduce costs and/or deliver customer requirements.
- ***Major projects*** have frequently failed to deliver benefits while running over-budget and over-time. Projects typically fall into three categories with different failure modes:
  - ***Construction projects: buildings, railways, submarines, aircraft***
    Because partially-finished buildings or equipment are of minimal value, this category of projects tend to go both over-budget and over-time when they do not go well.
  - ***IT projects: NHS, welfare, banking systems***
    This category of projects tend not to go over-budget when they do not go well, instead the scope and customer benefits of the new systems are cut back.
  - ***Organisation projects: mergers, reorganisations, outsourcing***
    When this category of projects do not go well, it is often due to under-resourcing so they are usually not over-budget. Instead, they tend to be closed down and 'victory declared'.

The common feature of these disappointments has been the 'customer organisation' struggling to effectively govern the 'project organisation' that has been set up as a focussed expert group to deliver a specified set of goals.

Given that broader context of difficulties across the UK public sector, it is unsurprising that the House of Lords has followed these trends of:

- Depending on shared services, now accounting for 60-70% of the total budget, but struggling to achieve desired performance from these bought-in services despite the obvious logic of one-provider across Parliament, and
- Increasing investment in complex major building projects. Having struggled with over-runs in time and budget with Elizabeth Tower and Westminster Hall, the much-larger Restoration & Renewal (R&R) programme will be even more challenging, and
- Launching digitally-enabled organisational change programmes, such as Transforming Digital (a £38 million programme over 2021-25), which are as challenging as major building projects.

Members and management express frustration with services shared with the House of Commons and with major buildings and digital projects. This frustration is expressed around scope (questioning separate Lords' catering and Library), quality of service and control (a major challenge for management and Committees).

Evidence of underlying challenges of governance, management and skills

From our interviews and reviews of documents, there is clear evidence of underlying problems in the governance and management of major projects and shared services:

- No one person could give us a coherent account of the entire picture.
- Conversations frequently shifted subtly but importantly from 'demanding but hands-off customer' to 'engaged partner' and back again.
- Encouragingly, the 'next steps' in terms of governance and leadership are in active debate – the House needs to understand and actively support the conclusions as they come forward.

Instead, a picture of the overall system has to be pieced together with slightly different interpretations from the different players – Members, management, the House of Commons, PDS – which underlines the problems experienced:

Poor financial performance

A recent independent review of the Westminster Hall project looked into the lessons to be learned from this complex project whose Full Business Case in 2011 was budgeted at £5.75 million and, after several upward revisions during the work, the forecast outturn is now £16.6 million. This is the most dramatic example of projects hugely exceeding the final business case budget:

Project	Budget over-run
Westminster Hall	181%
Courtyards Phase 1	123%
Elizabeth Tower	31%
Millbank House	25%

Dysfunctional customer-supplier relationships

We heard extensive examples of negative cycles of criticisms/behaviour between House of Lords Members and management and suppliers, principally In-House Services & Estates and the Parliamentary Digital Service. Levels of trust and transparency of information are low, despite management efforts.

Unclear/inconsistent governance of projects

It has been hard to disentangle some of the governance structures and establish where accountability lies. The two Houses have a multiplicity of governance systems, duplication across project management offices, different project philosophies between digital, estates and organisational projects, much of which is not transparent to Members or management.

Impact of variable political input

The widespread acceptance that political leaders will periodically vary the goals (or details) of a project runs contrary to a fundamental tenet of successful project delivery: Crystal clear customer requirements that are not easily changed subsequently.

Undeveloped skills in key client leadership roles – SROs

The project leaders actually delivering project work are full-time professionals in engineering/construction/project planning/technology etc from the private sector contracting firms procured to do the work.

However, it is often not appreciated that professional expertise is needed on the customer or client side – roles designated 'Senior Responsible Owner' (SRO) in public sector parlance. SROs understand the work of the House, shape the business case and realise the benefits. In the past, there was varied experience in the SRO role:

- Some individuals described to us how they educated themselves and devoted significant time (1-2 days a week) to the role.
- Other interviewees described how SRO roles were given to individuals who did not necessarily have the requisite expertise or experience. They had limited training and were not subject to assessment in the role. In contrast, Whitehall now insists that all its SROs complete the Major Projects Leadership Academy, a 15-month development programme.
- In July 2020 the Finance Committee after four years of mounting concern and comment, declared the SRO system was "not fit for purpose." Reconstituting selection, training and assessment of SROs is currently under active debate across the two Houses.

Existing/past initiatives

The independent review into the Westminster Hall project (cited above) lists numerous initiatives under way to learn lessons and improve governance, procurement, project design etc in the estate projects alone. Although the estate projects are the most prominent, the major projects on which the House of Lords' future service depends divide broadly across organisational, estate and digital projects, each of whose leadership are developing different management and governance structures:

- ***Organisational projects*** will be led by a dispersed set of roles including the newly-appointed House of Lords Head of Business Improvement/Director of Culture Change.
- ***Estates projects*** are led by the House of Commons In-House Services and Estates (IHSE) who wish to move to a new SRO (Senior Responsible Owner) model with business 'sponsors' responsible for assurance of benefits, definition of requirements.

  The Managing Director of IHSE would take on all SRO accountability for the entire estates portfolio with individual project accountability delegated to individuals within her organisation. This has received interim, qualified Joint Investment Board support, but the Commission's Finance Committee has reservations around the professionalisation of SROs, the role of external advisers and how the new resources will be funded.
- ***Transforming Digital*** will completely reshape the way in which the two Houses and the Parliamentary Digital Service work together to deliver services, making fundamental change to governance, leadership, operating structure and the service portfolio. Most successful organisations now have digital innovation at their heart, and this bicameral initiative aims to ensure that is the case for Parliament, bringing digital closer to customers and integral to

both House services, with the outcome that new behaviours and technologies unlock that potential.

Transforming Digital will build the foundations for Parliament to do more with less, in the face of economic uncertainty, by improving collaboration and reducing manual processes. The Programme will bring together parliamentary expertise and specialist digital skills to make the best use of modern technology. These changes will enable both Houses to meet rising customer expectations for improved agility, quality, cost-efficiency and speed of delivery. The Strategic Outline Programme Case has been endorsed by both Houses Management Boards and at the end of November 2020 was agreed by the two Houses Accounting Officers.

- Basic project management process and tools are offered throughout the organisation and the EPMO provides 1-day training for SROs.
- The Infrastructure & Projects Authority (Cabinet Office) is reviewing governance of major projects in both Houses.
- The R&R programme has been set up on a statutory basis with a separate Sponsor Body and Delivery Authority, similar to the model used for the 2012 Olympic & Paralympic Games, with participation from the political leadership and management of both Houses. It therefore sits apart from the 'routine major projects' within the House of Lords management and structure.

What can be learned from wider public sector experience

A great deal of research and literature has focused on major projects and shared services in the UK public sector, especially by the National Audit Office and the Infrastructure & Projects Authority. The House can learn from the experience of others to make organisational changes that improve the chances of success with shared services and major projects. The most important elements for success are:

Get the project right from the start

It is an illusion that project estimates are generally based on expert knowledge and therefore initial budgets can be relied upon. From our interviews it appears that major projects in the House of Lords are affected by:

- ***Insufficient upfront spending and activity to scope the project***
Technical investigations have been limited to visual inspections when more intrusive techniques and more 'exploratory spending' is necessary. As the military say, time spent in reconnaissance is never wasted. Incidentally, the Ministry of Defence guideline is to

spend 15% of the project value in upfront scoping before final go-ahead is given to the project.

- ***Systematic over-optimism in budget and timetable***
  Most business cases suffer from over-optimistic assessments of how much time and funding is required to deliver, especially on the highly complex parliamentary estate. Parliament needs to review its approach to the calculation of contingency (formed of costed risk and optimism bias) and to develop its own default optimism bias percentages to replace those in the Green Book addendum which were developed for generic building projects.

Grip budgets and freeze requirements

Most public sector organisations can be tempted to allow tinkering with projects and obfuscate the consequences for project costs:

- ***Drifting budgets and controls***
  Until the project receives the go-ahead, project advocates are motivated to minimise the budget in order to get it approved by political leadership. Once the project is running, flawed estimates are revised upwards and managers are then motivated to report against the revised higher budget to avoid public embarrassment
- ***Costly customer behaviours***
  Customers who amend or 'improve' their requirements after initiation make it impossible to deliver on-budget and on-time. This is largely the result of 'too many cooks' permitted to offer views or to object to (e.g.) noise and disruption during the project.

Leadership on the 'client side' – the key role of SROs

The House of Lords has struggled with identifying and equipping individuals to play SRO roles and there is still debate on the best way to lead on the 'client side'. The subgroup of the Commission welcome the plans to professionalise the SRO function and bring it 'in house' under the control of the IHSE, but expressed concern at the suggestion that the SRO role should be carried out by the MD and her deputy. It has been agreed instead that a sufficient number of professionally qualified staff, experienced in running major projects should be recruited to act as SROs, leaving the MD and her deputy free to oversee major projects and to deliver the extensive change management programme necessary. This additional SRO resource will require new funding. Also, SRO training needs to be upgraded and other enhanced support, access to expert consultants, communities of practice etc provided – which requires additional people and money.

Managing risks, rather than trying to eliminate risk

Major projects are complex organisms that often behave unpredictably – risks cannot be eliminated, they have to be managed. SROs will be called upon by their contracting project directors to react to perturbances with significant contingency funds and/or with resources for specialist teams to resolve emerging risks. This will be a principal role for the new 'expert panels' being established by IHSE. Compared to many other building projects, the Palace of Westminster is more complex than the upgrading of most historic buildings and, as a large workplace, it also needs to become as technologically-complex as many new buildings. Any project within the Palace needs to expect 'unknown unknowns' similar to any construction/renovation project – e.g., anomalies underground, unexpected materials.

Recommendations

15 Introduce additional rigour into processes.

- 15.1 Adhere to a rigorous programme initiation process and embed project management discipline and consistent governance of projects throughout the organisation, including clear points of accountability and a mechanism to look for dependencies.
- 15.2 Agree the role and recruitment of SROs as the House's nominated 'client' for a project.
- 15.3 Insist on Service Level Agreements with all cross-Parliament service providers.

16 Learn from others.

- 16.1 Access capability and programmes from public sector experts including for selection/support to SROs of major projects. Engage experts from, for example, the Infrastructure and Projects Authority and the National Audit Office to advise or lend resource on specific issues and projects. Crucially, Parliament should avoid reinventing the wheel on project frameworks and academies.
- 16.2 Address governance issues across the major projects in Parliament, following the recommendations of the review by the Infrastructure and Projects Authority.

17 Identify the 'single voice of the House of Lords' for R&R as a key role within the new management structure.

These recommendations should address root causes in 'insufficient professional capabilities'/'unclear accountabilities' and promote principles of 'delivering and improving'/'dynamic and challenging.'

Implementation

- Medium-term priority: Reinforce programme to improve whole approach to major projects, with people in place following appointment of Chief Operating Officer
- Dependencies and linkages: Improved capabilities and selection of SROs.
- Responsibility: Chief Operating Officer and Major Projects director, Committee Chairs.

People development

A.8 Accelerate work on Values and Behaviours

Context

The organisation's values and priorities are set out in the 2019-2025 strategy and are well known amongst the staff we spoke to:

Values

- Inclusivity
- Professionalism
- Respect
- Impartiality

Priorities

- To deliver excellent service
- Embed inclusion, embrace diversity and improve our culture
- To adapt and innovate
- To work together

Although these are often stated, we have seen that they are not yet all fully embedded in the way the organisation works – as described below.

Existing initiatives

There is much activity in parts of the organisation to bring the values to life and support the desired change in organisational culture:

- A culture roadmap was shared with the Management Board in October 2019 and sets out a cultural development pathway which includes "aligning values, behaviours, processes and systems".
- The board took part in a culture workshop earlier this year looking at alignment of individual and organisational values and target culture.
- The Learning and Organisational Development team have developed a draft set of behaviours to sit alongside the values to give clarity around the expectations that staff (and potentially Members) can have of each other and to provide a shared language when discussing how to fulfil their respective roles.
- 12 workshops with 98 people took place throughout October and November 2020 to collect feedback on the draft values and behaviours. This will be shared with the Management Board in early 2021, together with a plan as to how they should be

embedded – e.g., into recruitment and selection, performance management and leadership development.

- The new externally-recruited Head of BIC/Director of Culture Change has recently arrived in post.

Recommendation

18 Accelerate the work on values and behaviours.

18.1 The values and behaviours work has been thorough and it now needs to be prioritised and properly resourced so that it can be embedded in all HR processes.

18.2 Leaders throughout the organisation need to be seen to wholly support and role model the values and behaviours, especially in their interactions with staff and Members.

19 Review breadth of Values and Behaviours.

19.1 The organisation needs to reflect and review whether the values and behaviours conclusions should be extended to the Members, so that everyone in the organisation is aligned in their expectations and approach to behaviours and broader culture.

These recommendations should address the root cause of 'outdated systems and processes' and will adhere to the principles of 'dynamic and challenging', 'delivering and improving' and 'seeing the bigger picture'.

Implementation

- Immediate priority – kick off the work set out in the culture roadmap.
- Medium term priority – embed values and behaviours into HR processes and leadership training.
- Dependencies – people management, leadership mindsets and capabilities, diversifying career paths.
- Responsibility – Management Board, Heads of Office, Learning and Organisation team.

A.9 Improve and standardise people management

Context

People management within the Administration has historically not been prioritised and, repeatedly, our interviewees described how the quality of people management across the organisation is patchy, which is in line with findings in the Ellenbogen Review. There are some areas of excellence and some areas where management skills are scarce. This is very much an area where the different Offices are doing their own thing.

A number of factors need to be addressed:

- Aside from the new appraisal process (see below), there is no clear guidance for managers on 'how to manage' which results in different approaches, depending on Offices' and managers' priorities and skillset. For some managers, the priority is the Members or their own workload.
- A high proportion of individuals with line management responsibility have little experience of working in other organisations and therefore do not necessarily know what good people management looks like.
- Junior clerks, often straight out of university, are sometimes given line management responsibilities with limited training, often for people significantly more senior than themselves. This was described in the Ellenbogen Report and is still an issue described by interviewees.
- There has, to date, been limited management training or uptake of people management tools such as leadership models, competency matrices and feedback conversations. Many of these tools are available, accompanied by training, and a couple of Offices have heavily invested in management training using their own budgets, but others have, so far, neglected this area.
- The challenge is exacerbated by limited priority given to good management skills in any evaluations or development. Strong management is often not recognised or rewarded, and poor management is not routinely remedied. We were told that "people know where the pockets of bad management are, but senior management have not been seen to intervene and root it out".

A major part of people management is performance management and the staff survey in 2018 found that "there is notable discontent with the way poor performance is managed. This issue is viewed by some to be managed inconsistently...and the culture doesn't encourage staff to speak up and challenge inappropriate behaviour." We understand that this is now starting to be addressed with the new PDR appraisal system.

Existing initiatives

- In 2020 the Management Board undertook a 360-feedback exercise for themselves.
- In 2019, the first cohort of 36 current and aspiring middle managers went through the first of the new enhanced Management Development Programmes. The curriculum is based around a core set of skills included managing performance, personal impact, developing the team and leading change. No further cohorts have gone through, although we understand that the intention is to roll this programme out to more groups in the next year.
- The new Leadership Development Programme will provide an opportunity for 100 leaders at HL7 to participate over the next 3.5 years.
- Since the Ellenbogen Report, some parts of the organisation have taken the initiative to address this challenge. For example, the Committee Office has established a set of expectations of line management which included:

    - Expectations checklist for line management relationship including catch-ups and regular feedback; and
    - Signposted training courses

  This has not been adopted elsewhere, as yet.
- In the past some management training has been undertaken jointly with House of Commons staff.
- A new Personal Development Review appraisal system has been in place from April 2019. This formalised regular thrice-yearly performance conversations and is used throughout the organisation.
- The Learning and Organisational Development team have been working to increase capability and confidence around open, honest conversations, effective listening skills and giving effective feedback through PDR workshops and new Quality Conversations workshops. Sessions on "how to manage remotely" have also been valuable in this area.

Recommendations

20 Make structural changes to improve people management.

20.1 Create a legal entity to become the formal employer or staff and contracting body (currently sitting with the Clerk of Parliaments).

20.2 The HR Director should be responsible for the development for all staff, including clerks who are currently managed by the Clerk of the Parliaments. The HR Department will need investment in additional resources and skills to be able to do this.

21 Provide tools and support to improve people management across the organisation

21.1 We reiterate the recommendation made in the Ellenbogen Report (Recommendation 11) that leadership and management training commensurate with the people responsibilities held should be mandatory.

21.2 We support the planned initiative to embed values and behaviours into the PDR system so that individuals are evaluated on a holistic set of behaviours, including their management skills.

21.3 Track record of people management should be an important criterion when considering any individual for promotion.

22 Senior leaders at Management Board and Heads of Office level, need to invest in their own development and role model the desired ways of working – a first step would be to create a Management Board development plan.

These recommendations should address root causes in 'insufficient general management capacity' and 'tentative leadership behaviours' and promote principles of 'inspiring and respected'.

Implementation

- High priority – transfer responsibility for development of clerks to HRD and increase uptake of tools and support to improve people management across the organisation
- Medium-term priority: Move away from the Clerk of the Parliaments as employer
- Dependencies and linkages: Building leadership mindset and capabilities and Accelerating Values and Behaviours
- Responsibilities – Clerk of the Parliaments, Heads of Office, HR Department

A.10 Diversify career paths and development

Context

Historically, there have been two distinct groups within the administrative functions: clerks and non-clerks and the two groups have had very different career experiences. The Ellenbogen Review highlighted in detail the resentment and cultural challenges that have ensued from this. Whilst some of this is now historic and there have been visible efforts to tackle exclusive practices, we have found that many staff still perceive a divide and feel their (non-clerk) development has been neglected.

Clerk Recruitment

Clerk recruitment has for many years involved a mixture of graduate recruitment and recruitment direct to HL8 grade.

For graduate recruitment, prior to 2018, the majority of clerks were recruited through the Civil Service Fast Stream and it was viewed as a bit of a 'closed shop'. In 2018, this was replaced with a bicameral Graduate Development Scheme, run by Parliament though both Houses plan to start using the Civil Service Fast Stream again from 2021. Once successfully promoted out of the graduate scheme, these clerks become part of the wider pool of 'career clerks' and are eligible for managed moves at their grade.

Before 2011 there were direct recruitments periodically, to HL8 Clerk roles, but these were almost exclusively former civil servants approaching the civil service retirement age which had not applied in the Lords. There was no expectation that they would seek to progress to other roles in the administration and they did not undertake procedural training. In some cases, these roles had been advertised and internal applicants from other roles were successful but had no route to undertake procedural training and therefore to move to other 'clerk roles'.

Now, for HL8 direct entry, clerk roles are advertised and recruited in the same way as any other role in the House. Up until 2015 this direct entry route only applied to committee clerk jobs but it has now been broadened. Prior to 2015, those recruited in this way could not progress to the wider career clerk stream or be eligible for managed moves outside the Committee Office. In 2015, this policy was changed so that committee clerks could take a procedural test and, if passed successfully, could move into the wider clerking pool and become eligible for managed moves in the same basis as clerks appointed through the graduate scheme. Today around two-thirds of clerks at HL8 have entered through open competition direct to HL8 clerk roles rather than the Civil Service Fast Stream or the graduate development scheme. We recognise that clerk roles can be demanding and that the evaluation and recruitment process needs to be rigorous and tough if it is going to select individuals of the correct calibre and it is important not to reduce the quality of work done in this area. However, recruitment processes should not put up a barrier which prevents talented individuals from undertaking procedural work. We understand that work has been done to make it easier for someone who is not a clerk to become a clerk. For example, it is possible to move from a policy analyst role to a clerk role. It is relatively rare for internal candidates to make this transition from other roles, although a few have done so.

Clerk Development

Despite improvements, there is still a perception amongst many staff that clerk development is what they characterise as a “medieval process” and that, once in role, clerks are looked after and automatically progress, with little competition. After recruitment, clerks undergo procedural training and then sit the procedural interview board followed at a later stage by the progression board (if not recruited directly at HL8 grade), both of which are highly demanding evaluative processes which not everyone passes first time. (Some committee clerks choose not to undertake the procedural board which means that procedural clerking roles outside of the Committee Office will not be available to them.)Further promotions are made on the basis of competition although, in practice, some of those have been limited to those within the clerk pool because they have required a certain level of procedural experience which non-clerks are unlikely to have gained.

Procedural work for those who are not clerks

A large number of colleagues who are not clerks support the procedural side of the House’s work. However, this contribution and expertise is not always acknowledged and there is a presumption, including amongst Members, that “only clerks know about procedure”. There seems to us to be no reason why procedural work should be considered the domain of one group of individuals who are treated differently from others. Whilst we recognise that many aspects of the work are highly complex and require a particular package of knowledge, intellectual rigour and interpersonal skills, there are many aspects of procedural work which, with training, can be learnt and mastered.

Having a greater diversity of staff involved in this functional expertise and treating it as just that, a functional expertise, would go a long way to reducing the perceived divide. We understand that this is recognised by the Management Board and that work is underway, through the Clearer Career Choices workstream to address this. A great example has been the creation of a rota of ‘hub clerks’ where a range of colleagues from different teams have been supporting sittings throughout hybrid working, receiving tailored training and gaining first-hand experience.

Creating opportunities for development in non-procedural work

Across much of the organisation, there is a lack of middle and senior management capacity and roles. Interviewees in middle management and senior roles described how they regularly work 15-hour days and are "chasing their tails" with more and more roles added to their day job. As well as creating overload for the individuals in these roles, the lack of posts at and immediately below Head of Office creates challenges for career path progression. It is one of the reasons cited for a 'brain drain' of talented individuals when they get to a certain level. With limited senior staff turnover and few senior roles to aspire to, those in waiting need to take a bet on someone retiring or moving on if they are to get a chance to progress.

With the advent of professional HR and Finance Directors, there are now more senior posts which are filled by individuals who are not clerks – but more needs to be done. The non-procedural work of the administrative functions has always been lower priority and sometimes neglected. Creating more senior roles will spread the work, build leadership and management capacity *and* broaden career progression opportunities for non-proceduralists.

Existing initiatives

Since 2015 several initiatives have been kicked off with the aim of reducing perceived inequalities and opening up career paths:

- Since 2015 colleagues in roles not categorised as clerk roles, have been able to transition into the clerk career route through posts advertised as HL8 Committee Clerk roles.
- Most clerk roles are now recruited through internal and external competition and are open to all colleagues. There are a small residual number of specialist procedural roles, usually in the Legislation Office and Journal Office, which are subject to managed moves and are usually advertised only to qualifying clerks through an 'expression of interest' process.
- The Management Board has initiated a Clearer Career Choices workstream which is being developed in close conjunction with the Steering Group for Change.
- A *Managing Your Career Development* brochure transparently provides examples and career pathways, including those for clerks, and highlights the range of development opportunities available with case studies and inspirational career stories. The brochure is intended to serve as the basis for a wide discussion about how current career opportunities and pathways operate for everyone and the priorities for further changes.

- Clearer Career Choices is also creating a procedural career community aimed at being open to anyone with an interest and recognising the professional expertise and procedural experience of people not in clerking roles.
- Work is underway to make procedural knowledge more accessible and engaging and a series of well attended seminars about how the House works day to day, has been running for over ten years, managed by the Procedural Centre and is open to everyone.

Recommendations

23 Create transparency about career paths.

23.1 Find a way of having more open and genuinely inclusive conversations about how the organisation wants to change any remaining exclusive practices or perceived differences between different career groups.

24 Make structural changes

24.1 Reassess the posts for which procedural expertise is necessary and the routes by which employees can move in and out of procedural roles. We understand that this work is planned for 2021 and will include a review of 'managed moves'.

24.2 Consider changing the nomenclature for groups of employees to remove the "upstairs, downstairs" perception. The 'clerk'/ 'non-clerk' titles seem particularly antiquated and divisive. As an example, for illustrative purposes only, clerks could become 'Procedural Specialists' to go alongside 'Policy Specialists', 'Finance Specialists' and 'Communications Specialists' etc. This issue is under live consideration within the House of Commons following their recent reorganisation and exchange of experience will be helpful.

24.3 Where there is a legitimate business need, create additional middle management roles to share the workload and provide development opportunities.

These recommendations should address root causes in 'insufficient general management capacity' and 'tentative leadership behaviours' and promote principles of 'delivering and improving, 'inspiring and respected' and 'promoting the value of our work'

Implementation

- Priority: Medium priority – Evaluate and make structural changes to posts
- Dependencies: Press Pause, HRD responsibility for clerk development, Clearer Career Choices
- Responsibility: Clerk of the Parliaments, HRD and team, Steering Group for Change

A.11 Improve Inclusion and Diversity

Context

The House of Lords Administration has adopted a comprehensive three year 'Focus on Inclusion' strategy which aims to drive culture change and make inclusion and diversity central to everyone's work.

Recruitment and promotion

As part of this strategy, the Administration has set comprehensive targets and rigorously collects and tracks data next to these targets, reporting to the Management Board every quarter.

Looking first at recruitment and promotion, the Administration is making more progress against its gender related targets than it is in relation to its ethnicity targets, although the picture is not consistent across the different levels of seniority. The target for attracting female candidates at all levels is 50%. Within the Administration, women currently make up 55% of staff. However, for Senior Civil Service grades and above (the most senior grades) this drops to 29%. The Administration, to its credit, has embraced a number of initiatives to help increase the numbers of senior women but the numbers are still too low and the Administration loses a disproportionate amount of young female talent because things are not changing quickly enough.

In addition, the nature of the work of the House means that there are some additional structural challenges that are not present in other organisations. As one member of our focus groups succinctly described it - "lots of progression in the organisation is based on being able to do things at strange times of the day and people with caring responsibilities struggle." This disproportionally impacts on women and the issue is likely to increase as the trend across the UK is for more people to become carers whilst also maintaining a career.

As at November 2020, 19% of employees (who have declared their ethnicity) identified as BAME[1] and the figure for SCS grades was just short of 9%. The

1 The term BAME is used to refer to Black, Asian and other Ethnic Minority colleagues. The House of Lords only uses the acronym 'BAME' to produce headline data in line with comparative data sets and recognises the breadth of cultural differences within this grouping

current targets on ethnicity are to attain 38% of applications from BAME candidates with a proportionate 38% offer rate, aligned to the economically active population of central London. Currently the organisation is falling short of both of these targets, but more so on the offer rate which may suggest some bias in the system.

On average, since 2017, the increase in numbers of BAME colleagues at HL7 and above has been 1.7% per year. It will take 17 years to reach 38% at this current rate unless some action is taken.

Pay

Whilst the gender pay gap still exists, it is gradually reducing. In 2019 the gender pay gap for the House of Lords for women was 11.9%, down from 13.7% in 2017. (In 2017 the gap for the House of Commons was 1.7% and 19.4% for average public sector). The gap within the senior pay bands has come down but the low female representation within this group is the key contributor to the persistence of the overall gap. In 2019, the ethnicity pay gap was 27.8%. The most prominent reason for this is the representation of BAME employees throughout the different pay grades.

Inclusivity

'Numbers' are a challenge for the organisation, particularly at senior levels, but the challenge is not just about numbers. In conversation with both Members and employees, it is widely perceived that the House is largely under-informed and at times can appear indifferent to the needs of people from minority ethnic groups and those with disabilities. Many feel 'done to' rather than engaged with.

The high-profile communications in the summer, following the murder of George Floyd in Minneapolis and widespread demonstrations in the UK, seriously misjudged the mood of staff. We understand that a lot of work was done subsequent to the original communication, including an apology and the communication of a more appropriate response, to demonstrate a better understanding of context, sentiment and the need to listen. The Management Board has, this year, restated its commitment to do better in the area of race.

There are six Workplace Equality Networks (WENs) which provide an opportunity for groups of people to discuss and consider issues relevant to their situation or of interest to them and can be useful forums for groups protected by equality legislation. The six are ParliABLE, ParliREACH, ParliGENDER, ParliOUT, ParliON and ParliCARE. They are thriving groups and the volunteer members get involved with initiatives at lots of levels within Parliament. However, they are, to some extent, becoming victims of their own success, pulled into many conversations, activities and decisions but with limited support.

Existing initiatives

- The 'Focus on Inclusion' strategy has made positive steps in improving inclusivity in different parts of the organisation. In the 2019 Stonewall Index, the Administration was ranked 64th out of 503 employers and was the highest ranked for any new entry. In 2019 it also achieved Gold Status National Inclusion Standard.
- A Press Pause initiative is being trialled until June 2021 for all posts over the HL7 grade which are advertised externally. It aims to ensure that recruitment campaigns have the best chance of reaching diverse audiences and continue to be fair and open. It is mandatory and allows recruitment to be paused if the short list of candidates is not proportionally diverse.
- The Management Board has agreed that HL1-HL6 roles should be advertised internally first, in order to maximise the opportunity for current employees to progress, with the aim of strengthening the talent pipeline and increasing diversity both in terms of gender and ethnicity at senior grades.
- The HR Office proactively uses search tactics to look for a more diverse group of prospective candidates and undertakes detailed analysis to keep learning and hone their approach.
- The Clerk of the Parliaments and HR, supported by Inclusivity & Diversity (I&D), are responsible for delivering several initiatives aimed at reducing the gender and ethnicity pay gap. The initiatives to reduce the ethnicity pay gap go beyond the regulatory requirements.
- The first job-share in the House was at the Head of Office level and a few more have followed, deeper in the organisation. Recently proactive guidance on job-shares has been developed along with a flexible working hub.
- The Leadership Development Programme which will launch in early 2021 has inclusive leadership at its core and a stated objective to increase diversity in the leadership group over time.
- A review of the WENs is currently underway, led by the I&D teams across both Houses, to understand the role that they play and to identify the support they need.
- The reverse mentoring initiative has had many successes. To build on these whilst addressing some of the scheme's challenges, it is being reframed as "Reciprocal Mentoring" with a focus on race

and moved under the auspices of I&D working with volunteers from ParliREACH.

Recommendations

25 Elevate the profile of Inclusion and Diversity.

25.1 The Government Equalities Office has identified visibility and positioning of inclusion and diversity professionals as one of the critical actions for improving equality in organisations. In line with the House of Commons, we recommend that the HR Director is renamed "HR and Diversity" Director to increase focus on this area and that the Inclusion and Diversity team is given a sufficient platform so that their expertise and professional knowledge are not overlooked when making organisational decisions.

26 Make changes to approach to recruitment and promotion.

26.1 To increase ethnic diversity at higher grades, the administration needs to attract candidates from the external jobs market. We support the I&D team's recommendation that all roles which are graded at HL7 and above should be advertised externally for a trial period of two years.

26.2 The Press Pause initiative needs to be extended indefinitely for HL8 and above, including members of the Management Board and all clerk roles.

26.3 Adopt a policy to 'promote in post' for less senior roles. Currently, when individuals grow their roles then they cannot be promoted whilst in post. Instead, the role is re-categorised and opened up to competition so that the incumbent must reapply. The organisation's I&D data shows that this is a pivotal point in the employee lifecycle where too many employees leave to gain higher graded jobs elsewhere instead of progressing through a job evaluation process. Since women and BAME individuals are currently most likely to be positioned within these roles (relative to, for example, HL7 roles), the current system works against efforts to increase diversity in more senior roles.

26.4 All selection panels should, wherever feasible, include diverse members (in terms of gender and ethnicity) with representatives from different parts of the organisation.

26.5 Some Offices use best practice interview techniques such as skills-based assessment tasks and these should become the norm across all Offices.

27 Expand flexible working opportunities.

27.1 Extend flexible working options for all employees. For employees who fall within the responsibility of the HR team, there have been improvements in working hours with the introduction of compressed hours and part-time working which helps particularly the case for those with caring responsibilities. However, this needs to be matched and supported in the clerking roles. Bringing all employees under the full auspices of HR should help here.

28 Continue to learn and improve.

28.1 The HR team currently reviews exit interviews but should become more systematic about how they learn from and respond to any patterns. Management Board should periodically review aggregated exit interview data and review verbatim comments from recent exits to understand reoccurring patterns and determine what actions may need to be explored.

28.2 In line with the findings from the ongoing internal review, provide support from the organisation to reinvigorate the Reciprocal Mentoring programme currently run and supported by volunteers from ParliREACH.

These recommendations should address the root causes of 'tentative leadership behaviours' and will adhere to the principle of 'inspiring and respected.

Implementation

- High priority – extend and expand Press Pause, rename HR and Diversity Director,
- Dependencies and linkages: Values and behaviours, Diversifying Career Choices, Management and Leadership Development, Communications from the Management Board, continued collaboration with I&D work in the House of Commons.
- Responsibilities – Clerk of the Parliaments and other members of Management Board, Heads of Office, HR Department.

A.12 Standardise HR approach and employment terms across Parliament

Context

There are currently different employment terms both within the House of Lords and across Parliament which creates feelings of inequality and can act as a barrier to career progression. In addition, we described above how different Offices can act as 'fiefdoms' and, whilst HR has made firm strides in standardising terms and conditions, there remain legacy issues. Heads of Office are still empowered to run their offices as they see fit.

The differences in employment terms across the Lords and the Commons/PDS can act as a disincentive for individuals who wish to move between the organisations to find new opportunities and develop in their careers. Employees who move in this way are required to re-interview, they lose their deemed service, and they must undergo a second probationary period. We spoke to one employee who had to resign from their job in the House of Lords and give up accrued holiday and then apply to the House of Commons, starting from zero in terms of accrued benefits. This all makes such moves less appealing. Our understanding is that the only employment benefit not affected by a move is pension.

We believe that some of these difficulties are, if not intentional, then not actively discouraged since a number of people we have spoken to think that the House of Lords would be a net loser to the House of Commons in a more open employment marketplace. If the House of Lords accepts, as we believe it should, that movement between the two Houses would be positive both for employees and their respective organisations, then these barriers need to be removed by providing a greater level of standardisation in employment terms and pay.

In addition, reducing the frictional irritation of different employment standards across Parliament – and enabling easier comparisons with the Civil Service – would improve the employment proposition to staff and reduce the perception of retaining out-moded differences.

The Ellenbogen Review recommended a single, unified Human Resources Office, serving Parliament as a whole (Recommendation 15). This has been considered and rejected by both the Management Board and the Steering Group for Change for the time being, on the basis that there would be little benefit, and, in the case of the Steering Group for Change, such a change would have only a marginal impact on the main issues it was proposed to solve - "lack of professionalisation, capacity, visibility and confidence in the Lords HR Office".

We agree that there are other more effective actions which have been and can be taken to address the issues raised about HR. Without going to a full shared service, there are steps which should be taken to improve standardisation of HR terms, grades and pay across the two Houses and PDS.

Recommendations

29 Clarify areas of cooperation between the Houses and PDS.

29.1 We support the Steering Group for Change's recommendation of 30 September 2020, that both Houses should agree a Memorandum of Understanding setting out current and planned areas for cooperation and collaboration between the HR Offices of PDS, Lords and Commons, including the allowance of continuity of service for employees who move between the different bodies and that the Management Board should review progress in this area.

29.2 We also agree that there should be clear and regular communication with colleagues on the ways in which the HR offices currently cooperate and the benefits of this cooperation.

30 Increase standardisation.

30.1 Standardise those aspects of employment terms and pay across Parliament which currently drive a sense of inequity and/or discourage mobility, ensuring a read across with the Civil Service.

30.2 Complete the standardisation of employment terms between different House of Lords Offices.

30.3 We suggest that the House of Lords Management Board annually reviews the possibility of unifying the whole or parts of HR function across Parliament in line with other public sector organisations. When doing this, we agree with the Steering Group for Change's recommendation that the Management Board considers any increase in demand amongst colleagues for a unified HR Service or evidence (e.g., from other public sector bodies) that this would make a significant difference in addressing ongoing issues with HR Services. Colleagues should have the opportunity to feed into these reviews.

These recommendations should address the root cause of 'outdated systems and processes' and will adhere to the principles of 'dynamic and challenging', 'delivering and improving' and 'seeing the bigger picture'.

Implementation

- High priority – Memorandum of Understanding
- Medium-term priority – Standardisation of terms which prevent movement

- Dependencies and linkages: people development, Diversifying Career Paths and Development
- Responsibilities – Members of Management Board, HRD and team, House of Commons/PDS HRDD and teams

B. Future leadership structures to enable change

The terms of reference for this Management Review specifically tasked us to review the two structural recommendations of the Ellenbogen Report – i.e., that a Director General be appointed to whom all staff (including the Clerk of the Parliaments) should report and that only individuals with significant external experience be appointed to the three most senior clerk roles in the House. This section B sets out our recommendations for future leadership structures to address the concerns raised in the Ellenbogen Report and, more importantly, to enable the successful implementation of the programme of organisational change set out in section A above.

B.1 Appoint a Chief Operating Officer as Deputy Chief Executive

We considered a range of options for the future leadership structure. Appendix 3 sets out the detail of the six options that were assessed – 'option 1' was maintaining the current structure, whereas 'option 6' was the Ellenbogen proposal of a Director General and we assessed four other distinct options.

- ***Option 1***
  We believe the current structure is unsustainable and ill-equipped to deal with the multiple changes facing the House of Lords, because the senior structure lacks both capacity and key capabilities, accentuating cultural and behavioural pressures. Persisting with the current structure (and its unreasonable overload of the Clerk of the Parliaments) would result in slower and more centralised decision-making and, in turn, greater frustration among Members and staff.
- ***Option 6***
  The Ellenbogen proposal of adding a Director General would add leadership capacity and (potentially) capabilities and would demonstrate a change in culture in terms of what it takes to reach the top of the organisation. However, we believe that a Director General would add an unnecessary layer of management (further slowing decision-making), would probably lead to conflict between two centres of power and faces a high recruitment risk. We received valuable insights from senior current and former leaders in the House of Commons, who have been through iterations of the Director General option.
- ***Option 3***
  We recommend adding a new role of Chief Operating Officer, reporting to the Chief Executive/Clerk of the Parliaments. In our opinion, this option brings the advantages of the Director General option without the risks. The benefits would include:

    - Retaining the Clerk of the Parliaments in the most senior leadership role as Chief Executive as well as the principal procedural and constitutional adviser to the House. This 'professional expert' model is followed by most organisations that depend on deep professional expertise – e.g., regulatory bodies, healthcare providers, defence-related bodies.
    - Adding senior leadership capacity and capability, focusing on the non-procedural service delivery to the House, looking across the entire organisation, specifically-charged with the portfolio of change initiatives and programmes. In the short term, it would be natural to look to recruit an individual who brings significant experience from outside Parliament.
    - Providing new career paths to the most senior levels of the organisation.
    - Retaining Finance and HR at the top table, in line with best practice.
- ***Options 2, 4 and 5***
  In our opinion these are all inferior solutions to option 3 – as detailed in Appendix 3.

The five principal leadership roles in the organisation would then be:

- ***Chief Executive and Clerk of the Parliaments*** – as now, chief executive, principal procedural adviser and Accounting Officer but, pending legislation, not the statutory employer. The main changes would be that the Clerk would be able to rely upon a strong 'number 2' with the same breadth of strategic and operational view across the organisation outside of the Chamber, that the Clerk would delegate much more to the other principal leaders – and be able to focus more time in leading the multiple programmes of change at a strategic and cultural level.
- ***Chief Operating Officer and Deputy Chief Executive*** – a new role, not 'the Deputy' in terms of people needing to go through the Deputy before engaging with the Chief Executive, but the clear 'number 2', working across the organisation, and accountable for the multiple programmes of change (organisational and digital) and major projects, along with in-house operational services, such as catering and facilities. This rather corporate title could be replaced by a more appropriate or traditional title, but we use it to make the role clear. As a rough guide, the Chief Operating Officer should plan to spend 70% of their time on 'number 2/general management oversight' and 30% as a direct line manager of

operations. See Appendix 4 for a draft job description for the Chief Operating Officer.

- ***Clerk Assistant*** – an expanded role, acting as the Clerk's Deputy solely on procedural and constitutional issues, with the Reading Clerk (in an adjusted role) reporting.
- ***Finance & Corporate Services Director*** – an expanded role, encompassing many of the corporate services roles currently exercised by the Reading Clerk.
- ***HR & Diversity Director*** – an expanded role, taking responsibility for clerks as well as professional staff and leading much of the organisational change programme day-to-day. Given the substantial people and HR focus of many of our recommendations, this role will require an individual of significant calibre and experience.

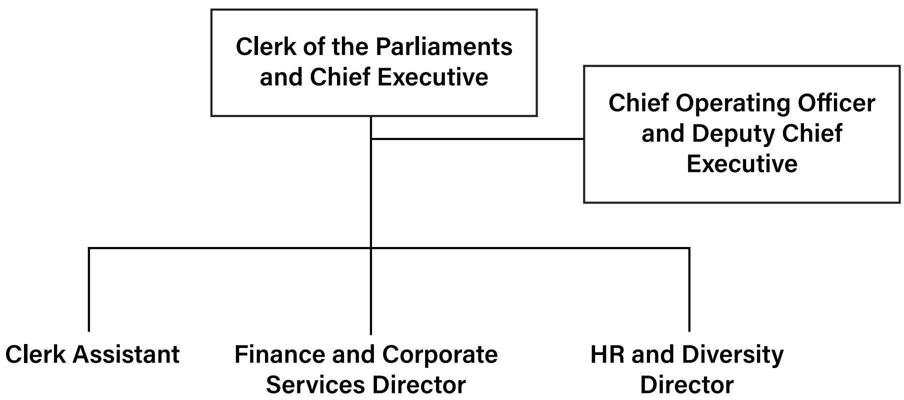


Figure 4 Five principal roles

The current structure of the organisation, we believe, contributes directly to the many criticisms we have also observed of slow decision-making, over-centralisation, lack of capability in key areas and poor communication with staff. Moving to our proposed senior structure will not alone deliver a more effective and energised organisation. The new structure needs to be accompanied by the important culture change programmes set up in response to the Ellenbogen Report and the improvements listed in our section A recommendations which, in turn, will be more productive once the weaknesses in the current structure are addressed.

B.2 Provide broader development for senior roles

Naomi Ellenbogen QC recommended (Recommendation 14b) that no clerk should be eligible to apply for, or be appointed to, any one of the three most senior clerking posts without first having spent a significant period of time working outside Parliament. In general, we agree that senior leaders in any organisation risk being prisoners of their own experience and do not realise that there are other ways of leading and working as an organisation. There is extensive research on the cognitive traps and organisational errors that befall leaders who do not realise the limitations of simply applying their own experience to situations that now call for different capabilities and leadership. We also agree with Naomi Ellenbogen's observation that the clerks in the House of Lords may be particularly acute examples of this leadership trap, given their exclusive development within the House of Lords. However, adopting a simple hurdle of 'outside experience' to be appointed to the three most senior clerking posts, or any of the other senior posts is, to us, too crude a measure and comes at too late a stage in leaders' development.

The House of Lords organisation is continuing and significantly expanding its programme of change and it would be more productive and lower risk to take a measured approach to introducing new capabilities and experiences than to rely on leadership that only draws upon experience in the House of Lords. In section A above, we recommend a series of measures that address the underlying issue of expanding the repertoire of leadership capabilities and external perspective. The most significant change involves open competition for all, and not just some, of the senior roles in the House of Lords – i.e., for the roles of Clerk of the Parliaments, Clerk Assistant, Directors of Finance, HR and Facilities. Any new senior role created under our recommendations in this report would also be covered, while the leadership roles within the Parliamentary Digital Service would be considered separately given its bicameral status. These roles should automatically be open to competition across the UK Public Sector (and selectively from the Private and Voluntary Sectors) with specific campaigns covering the House of Commons, devolved parliaments and the Civil Service. A professional recruitment firm should support open competition for the top roles and, to ensure objectivity, the panel for the most senior roles should include representation from the Civil Service Commission or equivalent.

B.3 Proposed management structure beyond five principal roles

If the House accepts our recommended senior leadership structure, there will be consequential changes required in the next levels of management. In our view, the opportunity should be taken to:

- Adjust spans of control and management layers in line with best practice to give a flatter, more delegated management approach.
- Group related capabilities in a more logical structure, enabling greater decentralised activity and simpler decision-making in line with our section A recommendations.

We illustrate in Figure 5 below our recommended structure for roles reporting to the five principal leadership positions. It is a logical structure based on what we perceive to be required to drive the necessary change and create an organisation which can successfully achieve its objectives. Our consultations have provided broad support for these changes, however we recognise that there may be alternatives on points of detail and it will be a critical role for the new Clerk of the Parliaments, Chief Operating Officer and HR Director to finalise this structure when they are all in post in 2021.

Note that the proposed structure in Figure 5 below shows areas where we are suggesting change. It is incomplete in that some roles at equivalent level but which will be unchanged are not shown. In addition, for visual clarity around such a large number of roles, the diagram focuses on reporting lines and does not detract from the 'number 2' role of the Deputy Chief Executive illustrated in Figure 4.

Summary of suggested changes

- Distribute Corporate Services role between COO, HR and FD
- Create new Head of Major Projects role
- CDIO reports to COO (not for line management)
- Create new Communications and Information Director role, reporting to COO and on the Management Board. There are different possibilities for where communications sits – this is just one of the options. Another would involve no new C&ID role with Archives and Communications reporting direct to the COO and the Library to the Clerk Assistant. A third could involve the Communications function sitting in the Clerk of the Parliaments office. There are pros and cons to each and we suggest this is a priority to work through once the new Clerk of the Parliaments and COO are in place.
- Add Diversity to HRD job title, in line with House of Commons
- Reading Clerk role to sit under Clerk Assistant
- The part of Business Improvement & Change which relates to organisational change to be separated from other building and R&R projects and moved within HR. The remaining business improvement areas which are not HR-related will need accommodating elsewhere – we anticipate that most will sit with the COO and team.

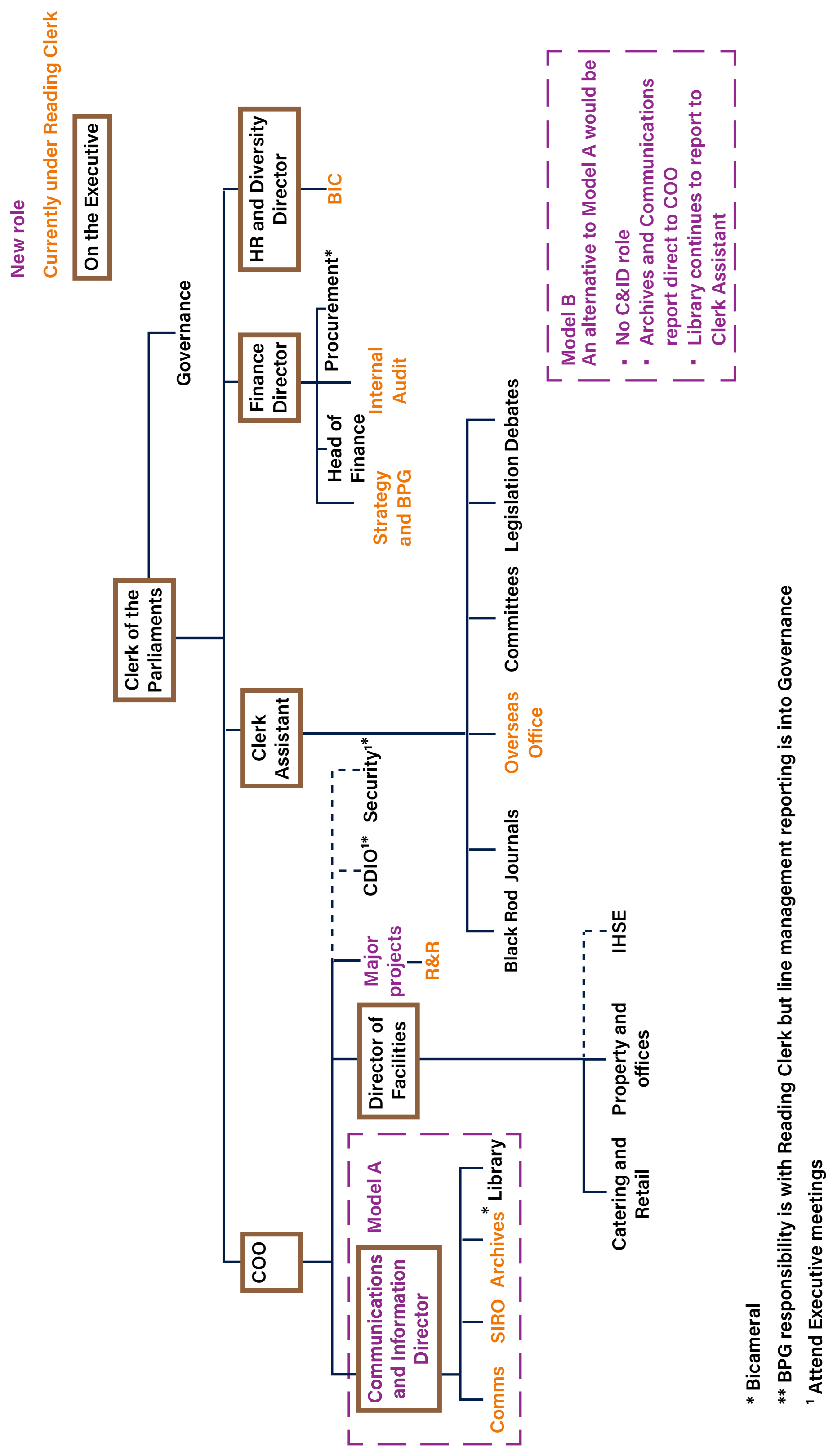


Figure 5 Proposed management structure

Strengths of suggested changes

- Roles which relate to the non-procedural activities of the organisation are grouped under the Chief Operating Officer and will receive greater attention, support and priority
- The new Major Projects role will significantly boost capability and capacity to run projects and be a good client and partner for bicameral projects.
- The new Communications and Information Director role will increase the status and visibility of communications, particularly if combined with this individual sitting on the Management Board. Staff working in Archives and the Library will still have 'their person' on the Management Board. (Note the other options for the Communications role set out above).
- The COO will have clear oversight and involvement in the work done by PDS which relates to the House of Lords.
- The Director of Facilities will report to the COO but will remain on the Management Board which is important given the large number of staff (over 200) who work in this part of the organisation.
- The roles of Finance Director and HRD will be expanded: functions with synergies will be grouped together and FD and HRD posts will in reality and/or perception have more equal stature on the Management Board.
- The HR & Diversity Director job title will give additional focus the to the inclusion and diversity part of the role.
- The part of BIC which relates primarily to organisational change, will sit with other HR professionals.

Recommendations

31 In summary, for the future leadership structure:

31.1 Appoint a Chief Operating Officer as Deputy Chief Executive reporting to the Clerk of the Parliaments with oversight of major change programmes and all non-procedural services to the House.

31.2 Provide broader leadership experience earlier in staff careers to prepare them for senior roles.

31.3 Restructure management roles below the five principal leadership roles to build capabilities and encourage decentralised decision-making and improved communication.

C. Successfully implementing this major programme of change

Implementing the recommendations in sections A and B will be an additional significant programme of change. Its scope and complexity will require:

- Prioritising organisational change and specifying responsibilities.
- Appointing people with strong leadership skills to key roles, holding them accountable and providing them with support.
- Managing a portfolio of change initiatives and projects, while encouraging participation and leadership at all levels including consistently strong senior stakeholder support.
- Setting a realistic timetable, then sticking to it.
- Making resources available to match ambitions for change.

C.1 Priorities and responsibilities

It is inevitable that the attention of the Commission and political leaders will focus on the immediate issues of the day and the political approaches and goals of the parties. Therefore, unless a deliberate effort is made at Commission level to keep a focus on management, any programme of organisational change stands a good chance of being neglected by the Members.

The responsibilities of each group need to be crystal clear:

Group	Responsibilities	Feedback / reports
Commission	Direction, budget approval	At each meeting
Senior Deputy Speaker	Steering the agenda for Commission and Oversight Panel engagement with management. Working closely with Clerk of Parliaments and COO to set direction for the change journey	To the Commission and Oversight Panel as needed to ensure progress

Group	Responsibilities	Feedback / reports
Oversight Panel	Ensuring oversight of management, holding to account and joint problem-solving. Providing guidance and support to the Implementation Programme Director	At each Commission meeting
Services and Finance Committees	As per existing remit	As per existing remit
Chief Executive/ Clerk of the Parliaments	Modelling change by, for example, visibly demonstrating transparent and decentralised decision making	To the Commission and Lord Speaker and Leader of the House
Chief Operating Officer	Day-to-day leadership	To the Commission, Oversight Panel and Deputy Senior Speaker
Steering Group for Improvement	Stimulus, challenge and monitoring	Similar model to existing Steering Group for Change
Non-executives/ external advisers	External learning	At each Commission meeting and on invitation
Executive	Delivery	Review full change dashboard quarterly and monitor progress and deep dive into areas/ expedited issues at each meeting
Staff	Input and work	Transparent communication and invitation to participate

Recommendations

32 To support a focus on priority changes:

32.1 Provide clear direction from the Commission and the Oversight Panel, including commitment to a detailed implementation plan, provision of resources when required, and participation in the new governance processes.

32.2 Develop an agreed 'change dashboard', updated and published regularly.

32.3 Undergo a periodic external 'check-up' on the health of the implementation plan along with questions to track progress included in the regular staff survey.

32.4 Encourage participation from a broad range of staff (and selectively from Members) in change projects.

32.5 Actively share approaches with the House of Commons, the Parliamentary Digital Service and comparable external bodies.

C.2 Critical role of new appointees in leading change

Like any organisational structure, the success of our recommendations depends crucially on selecting individuals with complementary knowledge, skills and experience. The selected individuals then need to display the personal motivation and capability to work together with a high degree of mutual trust and respect. Coincidentally, the House is in the position to recruit in rapid succession to the majority of the principal leadership positions:

- ***Chief Executive/Clerk of the Parliaments*** – a person with expertise in parliamentary procedure and the credibility to lead the organisation through a period of unprecedented change – organisational, digitisation, major projects and R&R, Equality Diversity & Inclusion and COVID to name the most obvious.
- ***Chief Operating Officer and Deputy CEO*** – a person with knowledge, skills and experience to provide strategic and day-to-day leadership of change across the organisation and bicamerally (outside of the Chamber and parliamentary procedure). As a rough guide, we suggest the COO should plan to spend 70% of their time on Deputy Chief Executive/oversight' and 30% as a direct line manager.
- ***HR & Diversity Director*** – as now, a person with knowledge, skills and experience to modernise the approach to people development and to support the senior leadership. The role in the new structure

will be expanded to include career development for all staff, including clerks. 'Diversity' in the role title signals the House of Lords' commitment to equality, diversity & inclusion although diversity remains everyone's job.

Selecting people for these complementary positions who demonstrate from their track record a conscious and supportive commitment to 'leading change' will give the House of Lords the best chance of success in this challenging context. We do not share the Ellenbogen Recommendation 14b that appointees to any of the senior posts must have spent time outside of Parliament gaining "fresh perspectives, expertise and experience". However, all senior roles need to be filled by individuals who are able to fully embrace and model leading change and new ways of working, including a willingness to learn from other organisations' experiences.

Recommendations

33 Adopt a new approach to performance management for the two most senior management roles.

33.1 On appointment, the Commission needs to set expectations for a break with the past by publishing annual objectives for the Chief Executive/Clerk of the Parliaments and the Chief Operating Officer

33.2 The contracts of employment for the Chief Executive/Clerk of the Parliaments and the Chief Operating Officer should specifiy that (a) they will be appraised annually in a process, led by the Lord Speaker, assisted by the Leader of the House and external members of the Commission, with input invited from Members and staff via 360 feedback, and (b) they will be appraised primarily on their leadership of change.

34 ***Support the senior leaders***.
To assure success post-appointment, the senior leaders need to be collocated and receive individual support in line with best practice across public services, commerce and charities including:

34.1 ***Collocation*** – the Chief Executive/Clerk of the Parliaments and the Chief Operating Officer must be in adjacent offices so they can spend unstructured time together and remain closely aligned – ideally with close proximity to the Lord Speaker and the Senior Deputy Speaker to ensure alignment.

34.2 ***Coaching*** – an accredited coach can be a valuable, confidential, non-judgmental support but, to maintain neutrality and value, should change every 6 months. The HR Director or Civil Service can advise and access existing frameworks – this would be paid support.

34.3 ***External mentoring*** – current and past leaders and advisers can often bring their expertise to bear, asking powerful questions, offering options. A pool of mentors should be regularly topped-up and accessed regularly – this would usually be unpaid support.

34.4 ***Peer support in multiple senses*** – a number of Members (notably recent former Cabinet Secretaries and Permanent Secretaries, current/recent leaders from businesses and public bodies) should be tapped for advice and support. In addition, 'peer leaders' in equivalent roles in the House of Commons and the devolved Parliaments should regularly meet.

34.5 ***Learning 'as a group' and 'in a group'*** – investing selectively in leadership development for different levels in the organisation in groups together and with colleagues from the House of Commons, because 'leaders learn from leaders' and to improve the likelihood of learning sticking when back in the work context.

34.6 ***Investing in team effectiveness*** – regular facilitated reviews and development support to encourage reflection, learning and continuous improvement by senior teams.

C.3 Portfolio of change – structure, controls, communications, dependencies and linkages

If approved, this report will create a substantial programme of organisational change that:

- Consolidates the existing large number of change projects and initiatives in people development and processes and systems;
- Adds new initiatives for governance and the Management Board; and
- Creates new roles (notably the Chief Operating Officer) and changes to existing roles to allow focus on the multiple programmes of change.

The only way to manage such a large and inter-connected programme of change is as a portfolio of change – that is:

- Decentralising most of the work to Member/staff groups
- Project-managing to ensure every group is clear on its purpose and the linkages to the work of other groups
- Making the work, progress and resourcing transparent to all

- Highlighting the dependencies, especially working with the House of Commons.

Recommendations

35 Formalise and resource structures to manage, coordinate and monitor implementation.

35.1 Establish a dedicated ‘organisation implementation team’ which reports to the Chief Operating Officer, and is tasked with tracking the portfolio of change activity, raising issues for resolution, and proposing integration with ‘business as usual’ at the right stage.

35.2 There are changes which can start (or continue) straightaway and so we recommend that a Programme Director is appointed immediately to play a planning and tracking role in advance of the COO arriving in post and then establishing a more formal implementation team, possibly making changes in personnel. The Programme Director should be an existing member of staff who is recommended by the Management Board and endorsed by the Senior Deputy Speaker, on behalf of the Commission . They should be supported by members of the BIC team and work closely with staff from different parts of the organisation.

35.3 We recommend that the Oversight Panel is also constituted immediately to provide direction and support to the Programme Director.

35.4 As part of transparency and participation in organisational change, ask the the implementation team to prepare a brief summary for every Commission meeting that is subsequently posted on the intranet.

35.5 Task the Chief Operating Officer with managing and reporting on the interactions across the organisation change programme, digital transformation, R&R, major projects, and interactions with projects and services provided by the House of Commons.

C.4 Timetable

A programme of organisational change of this scale needs to be planned to simultaneously:

- Keep up pace and momentum, while avoiding stress and risks of overwhelming the routine delivery
- Recognise dependencies and logical sequencing, without postponing the highest impact changes far into the future
- Provide for course correction and unforeseen events as needed.

We have developed a potential timetable in discussion with leaders and managers of current House of Lords change projects and initiatives. An outline is illustrated overleaf that shows how current and future initiatives need to be dove-tailed and choices made in order to avoid organisational overload. Some areas should not be launched until the new principal leadership posts are filled but there are a number of areas which can start (or continue) immediately.

Recommendations

36 To manage and keep on track with the implementation timetable, we recommend:

36.1 Focus early-2021 on appointing key leaders and stepping-up people development work. By mid-2021, once key leaders are in place, revise governance and management work.

36.2 By the end of 2021, substantial progress should be evident in governance, management and people development practices and the next wave of projects launched. By the end of 2022, the great bulk of our recommendations should be implemented.

36.3 Take stock every six months on the realism and ambition of the overall timetable.

	2021 February 2021 Appoint Programme Director	1 April 2021 New Clerk of Parliaments in place	1 May 2021 New COO and HRDD in place	2022 and beyond
GOVERNANCE				
A1 - Improve stategic focus by Commission	▪ Initiate conversations about statutory basis for Commission ▪ Establish secretariat	▪ Adopt interim approach to Commission status in line with intended legislation ▪ Agree Commission roles and delegation ▪ CoP joins Commission ▪ Establish 1-5 year priorities and agenda ▪ Management Board becomes 'House of Lords Executive'	▪ COO joins Commission ▪ Institute informal joint meetings between Commission and Executive team ▪ External members roll off Executive	▪ Put Commission on a statutory basis
A2 - Improve oversight by Commission	▪ Appoint Oversight Panel and set terms of reference ▪ Commence staggered rotation of Committee chairs and members	▪ Agree Memorandum of Understanding between Commission and Executive	▪ Establish Steering Group for Improvement	
A3 - Improve communication and media profile			▪ Structural changes to Communications Function	▪ Activities to elevate media profile of the House
MANAGEMENT				
A4 - Build leadership mindsets and capabilities	▪ Institute compulsory leadership and management training	▪ Provide support for senior leaders ▪ Incorporate independent element in selection for senior posts		
A5 - Simplify decision-making processes and improve delegation		▪ Executive members take greater lead in Services and Finance Committees	▪ Start to address duplication and complexity in current organisational structure ▪ Introduce new Scheme of Delegation	▪ Update HR and Finance systems
A6 - Improve communication from Management Board	▪ Adopt openess by default ▪ Provide structured communications support			
A7 - Build delivery expertise and 'good client' skills			▪ Embed project management discipline and governance including SLAs ▪ Agree role and recruitment of SROs ▪ Identify the 'single voice of the House of Lords' for R&R	▪ Access external expertise

Figure 6 Timetable for implementation

	2021 February 2021 Appoint Programme Director	1 April 2021 New Clerk of Parliaments in place	1 May 2021 New COO and HRDD in place	2022 and beyond
PEOPLE DEVELOPMENT				
A8 - Accelerate move on Values and Behaviours	▪ Continue to embed Values and Behaviours in HR process and behaviours ▪ Kick off culture roadmap		▪ Review whether Values and Behaviours should be extended to Members	
A9 - Improve and standardise people management	▪ Initiate creation of legal entity to become formal employer of staff		▪ Transfer development of all staff to HRDD ▪ Agree 12 month Executive development plan	
A10 - Diversify career paths and development	▪ Continue efforts to create open, inclusive conversations about career paths	▪ Kick off recommendations on managed moves	▪ Review role nomenclature	▪ Create additional middle mangement roles
A11 - Improve Inclusion and Diversity	▪ Start to advertise all roles above HL7 externally ▪ Extend and expand Press Pause	▪ Share best practice across Offices	▪ Elevate the profile of Inclusion and Diversity ▪ Adopt promotion in post for less senior roles ▪ Revitalise Reciprocal Mentoring	▪ Extend flexible working ▪ Diversify selection panels
A12 - Standardise HR approach and employment terms			▪ Complete standardisation of terms between Offices	▪ Agree MoU with House of Commons and clarify areas of cooperation ▪ Standardise terms which act as a barrier ▪ Review possibility of HR unification
STRUCTURE				
B - Future leadership structures			▪ Initiate restructuring of management roles below five principal roles	

Assumptions
- The new Clerk of the Parliaments will be identified by end of January 2021 and fully in post from 1 April 2021
- The new Clerk of the Parliaments will be able to participate in selection of COO and HRDD and in strategic discussions from 1 February 2021
- The new COO and HRDD will be in post from May 2021

C.5 Resources

We estimate that the additional annual cost to the House of Lords will be roughly £460,000 as the full cost (salary plus 50% overhead) of four new roles (Chief Operating Officer and Commission secretariat) established from early 2021. These roles, which are essential for our recommendations, equate to an increase of 0.2% in the House of Lords resource budget. In addition, the Secretariat will require an adequate budget to incur other necessary expenses to fulfil its role.

Additional posts	**Estimated cost with 50% added to salary cost**
1 Chief Operating Officer	£225,000
3 in Commission secretariat	£235,000
Total	*£460,000*

Investment in these additional roles will be more than recovered through the organisational effectiveness and efficiency improvements that will result from the entire programme.

Recommendations

37 To properly resource this programme of change, we recommend:

37.1 Completing the business cases and budgeting £460,000 for four new governance and leadership roles established from early 2021, together with associated non-staff costs to enable effective functioning.

37.2 New posts should be filled by open and fair competition.

List of summarised recommendations

We are recommending a total of 37 changes to the organisation of the House of Lords:

A. ORGANISATIONAL EFFECTIVENESS

GOVERNANCE

1 Reposition the Commission as the Board to whom management are accountable.

1.1 Ultimately, place the role and powers of the Commission on a statutory basis but, in the interim, contract among the new Clerk of the Parliaments, Lord Speaker and Leader of the House to act in line with the intended legislation.

1.2 The Commission thereby becomes 'the Board' to whom the Chief Executive/Clerk of the Parliaments and management are accountable:

1.3 The Management Board would cease to be a 'Board' and, in discharging the essential role in co-ordinating the work of management, would be retitled 'the House of Lords Executive'.

1.4 External Management Board member roles no longer a governance requirement. The Chief Executive/Clerk of the Parliaments should still be free to seek external expertise from other sources as needed.

2 Clarify the relationship between the Commission as Board, its Committees and the Management team.

2.1 Agree explicit roles and delegations defining:

- Decisions reserved to the Commission
- Remit and decisions delegated to Committees
- Decisions and responsibilities delegated to management
- Role of external members of the Commission

2.2 The Chief Executive (Clerk of the Parliaments) and the Chief Operating Officer join the Commission as non-voting members.

2.3 Reinforce direct communication through informal joint meetings of the Commission with management, as recommended in the Shephard Review.

3 To sustain the focus of the Commission's work.

3.1 Appoint a small secretariat who will:

- Pursue Commission decisions and priorities between meetings to avoid 'strategic drift', ensuring a unified approach to change and implementing this report
- Support the work of the Oversight Panel – see recommendation A.2
- Enhance communication and feedback from backbench Members
- Work with the management and staff to provide the Commission with the content and updates that it needs to play its role, and to ensure Members, management and staff are all on the journey together.

3.2 Establish priorities for Commission focus over a 1-5 year horizon covering:

- 'Business as usual' goals and approaches, including accountabilities for performance and quality of leadership of the organisation
- Strategic goals, including organisational change, digital transformation, major projects, R&R, people, business & financial planning, and communications

4 Agree a contract between the Commission and the Executive (currently the Management Board) to set out explicit roles, delegations, scope of decision-making and information-sharing around performance oversight:

- Targets, standards and commitments
- Information flows and feedback
- Action logs and follow-up
- Role of external members of the Commission

- Documents regularly shared among Commission and management using Diligent or another confidential system in line with modern Board practice.

5 Put governance in place to improve oversight and encourage consistent dialogue between the Commission and the Management Board.

5.1 Appoint an Oversight Panel chaired by the Senior Deputy Speaker

5.2 The Chairs of the Domestic Committees, as a group chaired by the Senior Deputy Speaker, meet the management prior to each quarterly meeting of the Commission. Management would prepare a report/dashboard and the Chairs would engage in a conversation around operational performance, goals, concerns – subsequently reporting back to the Commission. This conversation would mirror the existing process around meetings of the Services Committee.

5.3 Commission Members who are Committee chairs and members cease rotation en masse and move to staggered rotation to increase continuity in direction and experience. The panel has the power to co-opt Members to bring management experience and to involve external experts as needed.

6 Appoint a Steering Group for Improvement

6.1 The Oversight Panel appoints a Steering Group for Improvement which extends the ways of working pioneered by the Steering Group for Change.

- The purpose of the Group would be to legitimise and encourage constructive conversations among Members and staff to improve performance and learn from experience, demonstrating constructive, informal and equal working relationships.
- The Senior Deputy Speaker would nominate 3 Members and the Chief Operating Officer would nominate 3 employees and the group would be empowered to co-opt and invite attendance from other Members (especially those with recent management experience) and staff at its discretion.
- The Group would periodically report to both the Commission and the Executive (previously Management Board) to stimulate broad-based improvement activity across the organisation.

7 Improve the perceived status and value of the Communications Function – see the detailed organisation proposal in Section B.

8 Build the objectivity and credibility for the House of Lords to have the opportunity to lead the national conversation in selected topics. While professional communications would be part of this long-term campaign, the prioritisation would necessarily be for the political leadership.

 8.1 Prioritise building the mainstream and social media presence of the House of Lords

 8.2 Hold regular 'media impact reviews' with Commission and Management Board

 8.3 Build awareness with opinion-formers/reputable commentators and reinforce Members' standing as 'thought leaders' on specific national issues. Identify the minority of Members who can and should invest time, building positions as representatives of the House of Lords

 8.4 Adding resource to the Committee Office to support long-term research projects and media support upfront in Committee work, identifying key themes and audiences

 8.5 Encourage staff to take on voluntary roles (through paid volunteering time) and share their work as 'ambassadors for the House' as appropriate, while 'giving back' to the community.

 8.6 Identify organisations outside of the House where it would be appropriate to encourage Members and staff to take on leadership roles, as part of a more active outreach to opinion-formers.

MANAGEMENT

9 Provide leaders with support and development.

 9.1 Make regular and comprehensive 'manager training' compulsory for any staff member who leads others – either through the Leadership Development Programme detailed above or the Management Development Programme.

 9.2 Incoming and incumbent senior leaders (at and above SCS1A) to receive support including coaching, mentoring and a focus on team effectiveness.

10 Appointments to senior roles, including senior clerks, to be made with sufficient independent and objective input. This could be through the Civil Service Commissioner or equivalent.

11 Leadership group to bring on board specific expertise from outside of the organisation to contribute, challenge and improve the quality of insight and decision making to input to a particular topic.

12 Adopt new approaches and tools to improve decision making clarity and reduce centralisation.

12.1 Identify a clear methodology and approach going forward, to address the duplication, confusion, silos and complexity of the current organisational structure and design.

12.2 Revise delegation within the leadership structure to decentralise decision-making and introduce a new Scheme of Delegation

12.3 Management Board members to take more of a lead in meetings of Domestic Committees and lead the administrative engagement with Members and with the Commission, within their area of professional expertise.

12.4 The House of Lords to join with the House of Commons in embedding an upgraded HR and Payroll system followed by a shared Finance system.

13 Adopt increased decentralisation in ways of working.

13.1 Members of the Management Board should join the Clerk of Parliaments at Commission meetings for relevant discussions.

13.2 Proactively change leadership behaviour to keep decision making at the correct level in the organisation and prevent it from always percolating to the top.

14 Revise approach to Management Board Communications.

14.1 Adopt a culture of openness by default on Board decisions unless there is a clear reason not to be.

14.2 Publish all Management Board papers as unrestricted on SharePoint hub, unless there is a strong reason to restrict all or part. If the latter is the case then the Management Board should, like its equivalent in the House of Commons, publish the reason why this is so.

14.3 The focus should be on Improve the quality and clarity of communications from the Board, not the frequency.

14.4 Implement a policy for information sharing which sets out what information is shared to who, when and through which route (emails, cascades, forums etc).

14.5 Someone from the Communications function attends all Management Board meetings.

14.6 Introduce vlogs of Management Board members and other meeting attendees to provide timely updates

14.7 Schedule Town Hall events to cover different topics and not just hold them in response to negative events or allow them to be overtaken by such events.

15 Introduce additional rigour into processes.

15.1 Adhere to a rigorous programme initiation process and embed project management discipline and consistent governance of projects throughout the organisation, including clear points of accountability and a mechanism to look for dependencies.

15.2 Agree the role and recruitment of SROs as the House's nominated 'client' for a project.

15.3 Insist on Service Level Agreements with all cross-Parliament service providers.

16 Learn from others.

16.1 Access capability and programmes from public sector experts including for selection/support to SROs of major projects. Engage experts from, for example, the Infrastructure and Projects Authority and the National Audit Office to advise or lend resource on specific issues and projects. Crucially, Parliament should avoid reinventing the wheel on project frameworks and academies.

16.2 Address governance issues across the major projects in Parliament, following the recommendations of the review by the Infrastructure and Projects Authority.

17 Identify the 'single voice of the House of Lords' for R&R as a key role within the new management structure.

PEOPLE DEVELOPMENT

18 Accelerate the work on Values and Behaviours.

18.1 Prioritise and properly resource the values and behaviours work so that it can be embedded in all HR processes.

18.2 Leaders throughout the organisation need to be seen to wholly support and role model the values and behaviours.

19 Review breadth of Values and Behaviours.

19.1 The organisation needs to reflect and review whether the values and behaviours should be extended to the Members

20 Make structural changes to improve people management.

20.1 Create a legal entity to become the formal employer or staff and contracting body.

20.2 The HR Director should be responsible for the development for all staff, including clerks who are currently managed by the Clerk of the Parliaments. The HR Department will need investment in additional resources and skills to be able to do this.

21 Provide tools and support to improve people management across the organisation.

21.1 Leadership and management training commensurate with the people responsibilities held should be mandatory.

21.2 Embed values and behaviours into the PDR system so that individuals are evaluated on a holistic set of behaviours, including their management skills.

21.3 Track record of people management considered when promoting.

22 Senior leaders need to invest in their own development and role model the desired ways of working – a first step would be to create a Management Board development plan.

23 Create transparency about career paths.

23.1 Find a way of having more open and genuinely inclusive conversations about how the organisation wants to change any remaining exclusive practices or perceived differences between different career groups.

24 Make structural changes.

24.1 Reassess the posts for which procedural expertise is necessary and the routes by which employees can move in and out of procedural roles.

24.2 Consider changing the nomenclature for groups of employees to remove the “upstairs, downstairs” perception. The ‘clerk’/ ‘non-clerk’ titles seem particularly antiquated divisive.

24.3 Where there is a legitimate business need, create additional middle management roles to share the workload and provide development opportunities.

25 Elevate the profile of Inclusion and Diversity.

25.1 The HR Director is renamed “HR and Diversity” Director to increase focus on this area and that the Inclusion and Diversity team is given a sufficient platform so that their expertise and professional knowledge are not overlooked when making organisational decisions.

26 Make changes to approach to recruitment and promotion.

26.1 All roles which are graded at HL7 and above should be advertised externally for a trial period of two years.

26.2 The Press Pause initiative needs to be extended indefinitely for HL8 and above, including members of the Management Board and all clerk roles.

26.3 Adopt a policy to “promote in post” for less senior roles.

26.4 All selection panels should, wherever feasible, include diverse members (in terms of gender and ethnicity) with representatives from different parts of the organisation.

26.5 Spread practise interview techniques across all Offices.

27 Expand flexible working opportunities.

27.1 Extend flexible working options for all employees.

28 Continue to learn and improve.

28.1 Management Board to periodically review aggregated exit interview data to understand reoccurring patterns and determine what actions may need to be explored.

28.2 Provide support from the organisation to reinvigorate the Reciprocal Mentoring programme currently run and supported by volunteers from ParliREACH.

29 Clarify areas of cooperation between the Houses and PDS.

29.1 Both Houses should agree a Memorandum of Understanding setting out current and planned areas for cooperation and collaboration between the HR Offices of PDS, Lords and Commons, including the allowance of continuity of service for employees who move between the different bodies

29.2 Institute clear and regular communication with colleagues on the ways in which the HR offices currently cooperate and the benefits of this cooperation.

30 Increase standardisation.

30.1 Standardise those aspects of employment terms and pay across Parliament which currently drive a feeling of inequity and/or discourage mobility, ensuring a read across with the Civil Service.

30.2 Complete the standardisation of employment terms between different House of Lords Offices.

30.3 The House of Lords Management Board to annually review the possibility of unifying the whole of, or parts of the HR function across Parliament.

B. FUTURE LEADERSHIP STRUCTURE

FUTURE LEADERSHIP STRUCTURE

31 We recommend for the future leadership structure:

31.1 Appoint a Chief Operating Officer as Deputy Chief Executive reporting to the Clerk of the Parliaments with oversight of major change programmes and all non-procedural services to the House.

31.2 Provide broader leadership experience earlier in staff careers to prepare them for senior roles.

31.3 Restructure management roles below the five principal leadership roles to build capabilities and encourage decentralised decision-making and improved communication.

C. IMPLEMENTATION

PRIORITIES AND RESPONSIBILITIES

32 To support a focus on priority changes:

32.1 Provide clear direction from the Commission and the Oversight Panel, including commitment to a detailed implementation plan, provision of resources when required, and participation in the new governance processes.

32.2 Develop an agreed 'change dashboard', updated and published regularly.

32.3 Undergo a periodic external 'check up' on the health of the implementation plan along with questions to track in the regular staff survey.

32.4 Encourage participation from a broad range of staff (and selectively from Members) in change projects.

32.5 Actively share approaches with the House of Commons, the Parliamentary Digital Service and comparable external bodies.

CRITICAL ROLE OF NEW APPOINTEES IN LEADING CHANGE

33 Adopt new approach to performance management for the two most senior management roles.

33.1 On appointment, the Commission needs to set expectations for a break with the past by publishing annual objectives for the Chief Executive/Clerk of the Parliaments and the Chief Operating Officer.

33.2 The contracts of employment for the Chief Executive/Clerk of the Parliaments and the Chief Operating Officer should specify that (a) they will be appraised annually in a process, led by the Lord Speaker, assisted by the Leader of the House and external members of the Commission, with input invited from Members and staff via 360 feedback, and (b) they will be appraised primarily on their leadership of change.

34 Support the senior leaders.

To assure success post-appointment, the senior leaders need to be collocated and receive individual support in line with best practice across public services, commerce and charities including:

34.1 Collocation – the Chief Executive/Clerk of the Parliaments and the Chief Operating Officer must be in adjacent offices so they can spend unstructured time together and remain closely aligned.

34.2 Coaching – an accredited coach can be a valuable, confidential, non-judgmental support but, to maintain neutrality and value, should change every 6 months. The HR Director or Civil Service can advise and access existing frameworks – this would be paid support.

34.3 External mentoring – current and past leaders and advisers can often bring their expertise to bear, asking powerful questions, offering options. A pool of mentors should be regularly topped-up and accessed regularly – this would usually be unpaid support.

34.4 Peer support in multiple senses – a number of Members (notably recent former Cabinet Secretaries and Permanent Secretaries, current/recent leaders from businesses and public bodies) should be tapped for advice and support. In addition, 'peer leaders' in equivalent roles in the House of Commons and the devolved Parliaments should regularly meet.

34.5 Learning 'as a group' and 'in a group' – investing selectively in leadership development for different levels in the organisation in groups together and with colleagues from the House of Commons, because ‘leaders learn from leaders’ and to improve the likelihood of learning sticking when back in the work context.

34.6 Investing in team effectiveness – regular facilitated reviews and development support to encourage reflection, learning and continuous improvement by senior teams.

PORTFOLIO OF CHANGE

35 Formalise and resource structures to manage, coordinate and monitor implementation.

35.1 Establish a dedicated ‘organisation implementation team’ which, reports to the Chief Operating Officer, and is tasked with tracking the portfolio of change activity, raising issues for resolution and proposing integration with ‘business as usual’ at the right stage.

35.2 There are changes which can start (or continue) straightaway and so we recommend that a Programme Director is appointed immediately to play a planning and tracking role in advance of the COO arriving in post and then establishing a more formal implementation team. We recommend that the Oversight Panel is also constituted immediately to provide guidance and support to the Programme Director who we assume will work closely with staff from different parts of the organisation. The Programme Director should be an existing member of staff who is recommended by the Management Board and endorsed by the Senior Deputy Speaker, on behalf of the Commission. They should be supported by members of the BIC team.

35.3 We recommend that the Oversight Panel is constituted immediately to provide direction and support to the Programme Director

35.4 As part of transparency and participation in organisational change, ask the implementation team to prepare a brief summary for every Commission meeting that is subsequently posted on the intranet.

35.5 Task the Chief Operating Officer with managing and reporting on the interactions across the organisation change programme, digital transformation, R&R, major projects, and interactions with projects and services provided by the House of Commons.

TIMETABLE

36 To manage and keep on track with the implementation timetable, we recommend:

36.1 Focus early-2021 on appointing key leaders and stepping-up people development work. By mid-2021, once key leaders are in place, revise governance and management board work.

36.2 By the end of 2021, substantial progress should be evident in governance, management and people development practices and the next wave of projects launched. By the end of 2022, the great bulk of our recommendations should be implemented.

36.3 Take stock every 6 months on the realism and ambition of the overall timetable.

RESOURCES

37 To properly resource this programme of change, we recommend:

37.1 Completing the business cases and budgeting £460,000 for four new governance and leadership roles established from early 2021, together with associated non-staff costs to enable effective functioning.

37.2 New posts should be filled by open and fair competition.

Appendices

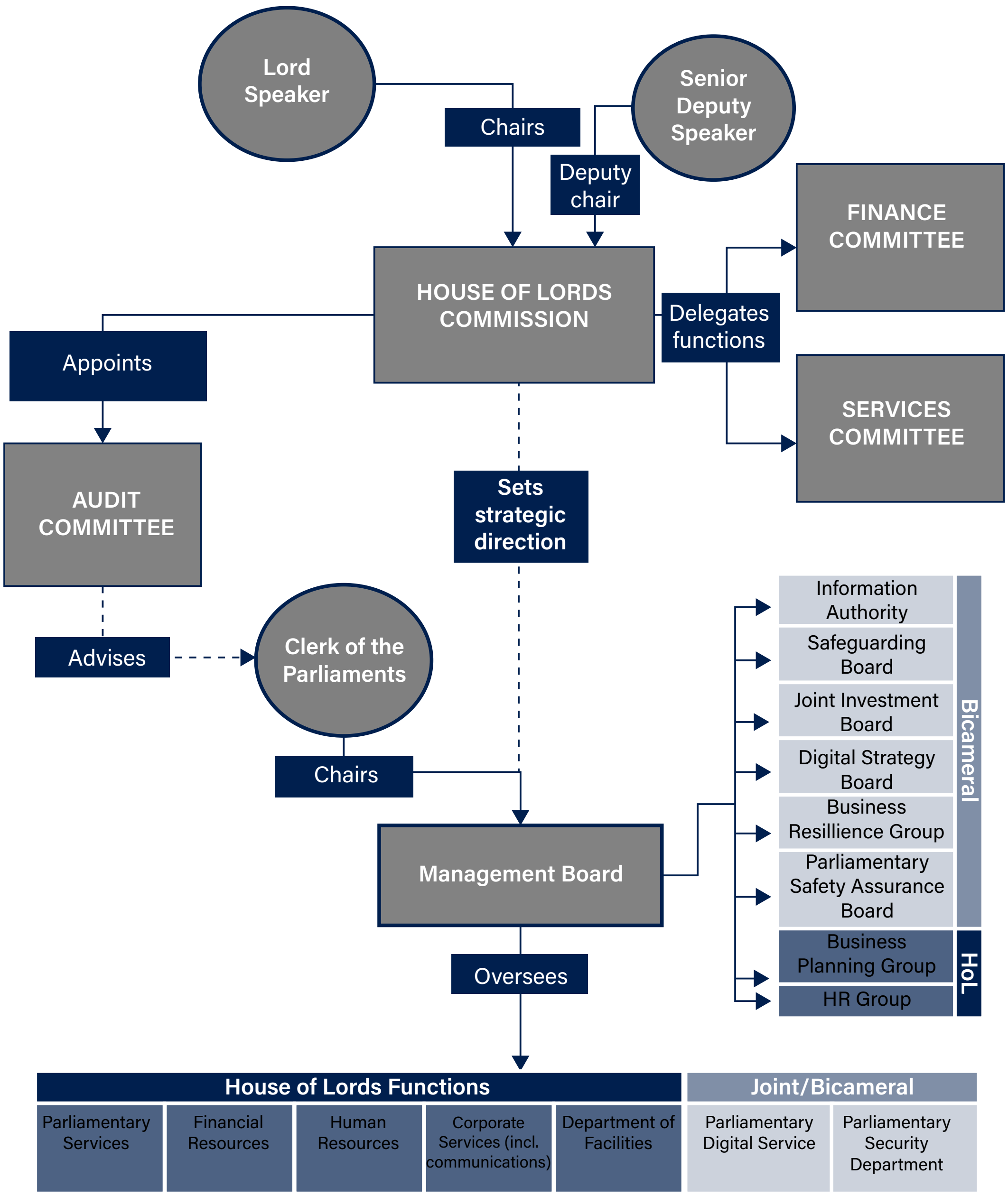
1: External Management Review Terms of Reference

The structure of the current Management Board and the posts which comprise it, and in particular to offer a view on the recommendation for a Director General; and

The skillsets and in particular leadership skills, which are required to meet the Administration's strategic challenges

Freedom to comment on whether the current structure of the organisation and the way it is run could be improved

Existing governance



2: Link between section A recommendations, root causes and core principles

Root causes	Section A recommendations
Unclear accountabilities	A.1 Improve strategic focus by the House of Lords Commission A.2 Improve oversight by the Commission of the management A.5 Simplify decision-making processes and improve delegation A.7 Build ‘good client and partner’ skills for bicameral projects and operations
Insufficient professional capabilities	A.4 Build leadership mindsets and capabilities for transformational change A.7 Build ‘good client and partner’ skills for bicameral projects and operations
Insufficient general management capacity	A.5 Simplify decision-making processes and improve delegation A.9 Improve and standardise people management A.10 Diversify career paths and development
Tentative leadership behaviours	A.3 Improve the communication and media profile of the House’s role and work A.4 Build leadership mindsets and capabilities for transformational change A.6 Improve communication from Management Board through the organisation A.9 Improve and standardise people management A.10 Diversify career paths and development A.11 Improve Inclusion and Diversity
Outdated systems and processes	A.8 Accelerate work on Values and Behaviours A.12. Standardise HR approach and employment terms across Parliament

Section A recommendations	Principles
A.1 Improve strategic focus by the House of Lords Commission	Dynamic and challenging Seeing the bigger picture
A.2 Improve oversight by the Commission of the management	Dynamic and challenging Delivering and improving
A.3 Improve the communication and media profile of the House’s role and work	Promoting the value of our work
A.4. Build leadership mindsets and capabilities for transformational change	Dynamic and challenging Promoting the value of our work Delivering and improving Inspiring and respected Seeing the bigger picture
A.5 Simplify decision-making processes and improve delegation	Dynamic and challenging Delivering and improving Inspiring and respected
A.6 Improve communication from Management Board through the organisation	Inspiring and respected Promoting the value of our work

Section A recommendations	Principles
A.7 Build ‘good client and partner’ skills for bicameral projects and operations	Delivering and improving Dynamic and challenging
A.8 Accelerate work on Values and Behaviours	Delivering and improving Dynamic and challenging Seeing the bigger picture
A.9 Improve and standardise people management	Inspiring and respected
A.10 Diversify career paths and development	Delivering and improving Inspiring and respected Promoting the value of our work
A.11 Improve Inclusion and Diversity	Inspiring and respected
A.12 Standardise HR approach and employment terms across Parliament	Dynamic and challenging Delivering and improving Seeing the bigger picture

3: Structural options considered

We set out below six different options that we considered and recommend Option 3. Option 3 involves the appointment of a COO to be the 'number 2' to the Clerk of the Parliaments. This option has the advantages of

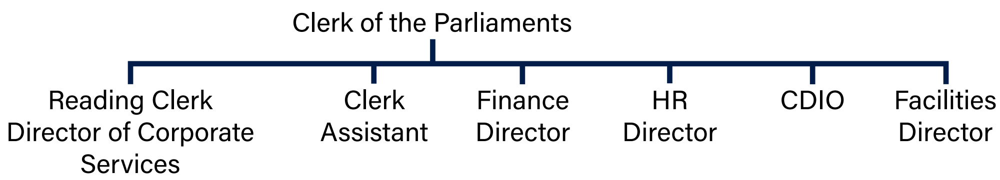
Ensuring that the most senior person in the Administration is deeply involved in the business of the House

Providing additional capacity and firepower to lead on areas which are currently lacking e.g., 'customer' role on major projects and cross-organisational working

Freeing up the Clerk of the Parliaments so that s/he is able to focus on procedural and constitutional matters and does not become a bottleneck for decision making

Signalling to the organisation that there are opportunities for career progression outside of the clerk route.

Option 1 - Current structure

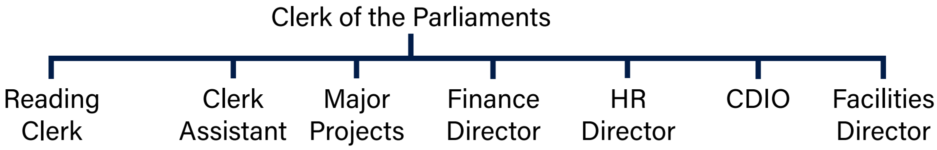


Pros	Cons
Relatively simple	Overload for Clerk of the Parliaments
No implementation challenges	Lack of cross-organisational insight
	Lacks certain professional skills
	No focus on major projects at senior level

What it will take to succeed	Senior leader attributes
The no regret recommendations described in A above will be even more important to achieve organisational change	Focus on cross-organisational issues

What it will take to succeed	Senior leader attributes
Recruit exceptional individual as Clerk of the Parliaments	Balance attention across Chamber/ leadership issues
	Delegate many tasks
	Master technology and major project issues

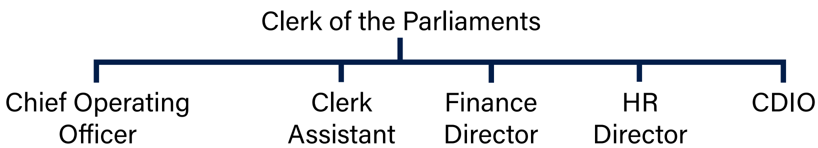
Option 2 - Add a senior major projects role



Pros	Cons
Adds professional capability and capacity	No cross-organisational role
Straightforward to implement	

What it will take to succeed	Senior leader attributes
Attract high-quality project expert to role	Focus on cross-organisational issues
	Balance attention across Chamber/ leadership issues
	Delegate many tasks
	Master technology issues

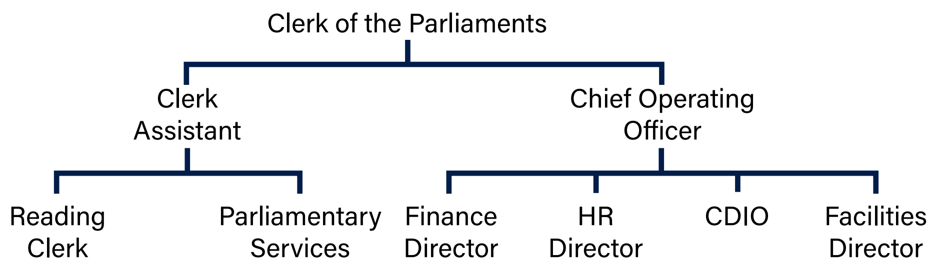
Option 3 - Chief Operating Officer



Pros	Cons
Clerk of the Parliaments leads on the business of the House	Significant change to multiple senior roles
Adds professional capability and capacity	Depends on productive senior relationships
Chief Operating Officer brings cross-organisational and 'customer' role for bicameral services	

What it will take to succeed	Senior leader attributes
Attract high-quality individual with professional skills	Focus on cross-organisational issues
Agree clear roles within senior management and Members	Balance attention across Chamber/ leadership issues
Clerk of the Parliaments delivers change leadership	Delegate many tasks
	Master technology issues

Option 4 - Clerk of the Parliaments with 2 Deputies (procedural and COO)

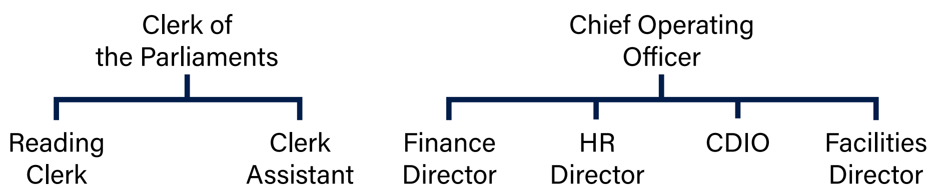


Pros	Cons
Clarity and simplicity at top of organisation	Inserts additional layer of management and removes Finance, HR, Digital from the 'top table'.
Chief Operating Officer brings cross-organisational and 'customer' role for bicameral services	Significant change to multiple senior roles
	Depends on productive senior relationships

What it will take to succeed	Senior leader attributes
Attract high-quality individual with professional skills	Focus on cross-organisational issues
Agree clear roles within senior management	Balance attention across Chamber/ leadership issues
	Delegate many tasks

This option is the one adopted by the Canadian House of Commons.

Option 5 - Joint leaders



Pros	Cons
Increases capacity and capability	Creates potential problem of alternate power structures
Chief Operating Officer brings cross-organisational and 'customer' role for bicameral services	Significant change to multiple senior roles
	Depends on productive senior relationships

What it will take to succeed	Senior leader attributes
Attract high-quality individual with professional skills	Close coordination and deliberate suppression of 'gaming'
Agree clear roles within senior management	Balance attention across Chamber/ leadership issues
	Delegate many tasks

This option is the one adopted by the Canadian Senate.

Option 6 - Director General

Director General

Clerk of the Parliaments

- Reading Clerk / Director of Corporate Services
- Clerk Assistant
- Finance Director
- HR Director
- CDIO
- Facilities Director

Pros	**Cons**
Clarity and simplicity at top of organisation	Inserts additional layer of management
Increases capacity and capability	Senior role not focussed on the business of the House
	Depends on productive senior relationships

What it will take to succeed	**Senior leader attributes**
Attract high-quality individual with professional skills	Focus on cross-organisational issues
Agree value-add and clear roles for Director General and Clerk of the Parliaments	Balance attention across Chamber/ leadership issues
	Delegate many tasks

This option is similar to the one which was adopted by the House of Commons in response to the Straw Review.

4: Draft job description for Chief Operating Officer

MAIN RESPONSIBILITES

The Chief Operating Officer is responsible for the services outside the Chamber to meet the needs of the House of Lords, including most of the House's approximately 600 employees and accounting for the bulk of the resource and capital budgets.

The successful candidate must be an inclusive and empowering leader who leads by example and in a collaborative style. The successful candidate must also be financially literate and have experience of managing substantial change programmes. The Chief Operating Officer would have the primary responsibility within the House of Lords for the multiple programmes of change – digital, organizational and physical upgrading of the services of the House.

The Chief Operating Officer reports to the Clerk of the Parliaments (who is also Chief Executive of the House of Lords organisation) and is the Deputy Chief Executive, providing broad oversight and coordination to the entire management of the House of Lords in providing services outside of the Chamber. The Chief Operating Officer is the direct line manager for the Directors of Facilities, Communications & Information, and Major Projects and provides direction to the bicameral roles of CDIO and Director of Security.

Delivering Change

The Chief Operating Officer will be expected to provide visible and active leadership of work to:

- Implement the agreed recommendations of the External Management Review;
- Maximise the opportunities of the Restoration and Renewal Programme for the House of Lords and Parliament;
- Act as the 'intelligent client and partner' for all the House's major projects, including working closely with the House of Commons and the Parliamentary Digital Service;
- Ensure the delivery of Transforming Digital and its planned benefits for the Lords;
- Increase the diversity of the House of Lords workforce, especially at senior levels; and
- Create an inclusive and open culture free from bullying and harassment.

Deputy Chief Executive

The Chief Operating Officer acts as Chief Executive and Chair of the House of Lords Executive in the absence of the Chief Executive and in areas delegated by the Chief Executive.

The Chief Operating Officer exercises broad oversight across all aspects of the House of Lords' service provision outside the Chamber and is responsible for bringing together and providing leadership to all management responsible for provision.

The Chief Operating Officer will represent the House of Lords on the R&R Sponsorship and Delivery Authorities in agreement with the Chief Executive.

Line management

The Chief Operating Officer will provide direct line management for:

- Communications and Information Director;
- Facilities Director; and
- Major Projects Director.

The Chief Operating Officer will provide House of Lords supervision and direction for the bicameral role of:

- Chief Digital and Information Director in the Parliamentary Digital Services; and
- Security Director in the House of Commons.

PERSON SPECIFICATION

Proven exceptional management and leadership skills, to provide visible and inclusive leadership to the whole organisation and to provide oversight and direction of multiple programmes of change;

Excellent communication skills;

The ability to lead by example in establishing an inclusive organisational culture that is open, fair and respects diversity;

Well-developed interpersonal skills and the ability to interact effectively with members and staff with different skills and specialisms;

Ability to delegate and work through others;

Strong intellectual skills and the ability to adapt to changing demands;

The ability to respond quickly to emerging events and to provide high-level, accurate advicwe in a pressured and fast paced environment; and

The ability to represent the House of Lords with other public, commercial and voluntary institutions at a top management level.

5: Consultation between September and December 2020

Member interviews	Over 30 Members were interviewed. This includes 1 Member of the House of Commons.
Staff interviews	Over 50 members of staff were interviewed. This includes a small number of House of Commons and PDS staff.
Staff focus groups	5 staff focus groups were facilitated. Over 28 members of staff attended. All staff in the House of Lords were invited to express interest.

Note: In addition to the above, subsequent interviews were held with many colleagues. Written feedback was also been submitted by Members and Staff.

In addition to interviews with staff and Members the Reviewers attended meetings, forums and events to inform the review.

The following is an overview of meetings attended, however is not a complete list. Note: Several of the following were regular meetings and were attended multiple times.

- House of Lords Commission meetings
- House of Lords Management Board meetings
- House of Lords Committee Chairs Forum
- New Member open events
- House of Lords Senior Leadership Forum
- Seminar on House of Lords Committees
- Party group meetings for all parties
- Peers advisory group
- Steering Group for Change meetings
- Team and project meetings related to culture change in the House of Lords

6: Overview of evidence

The following is included to provide an impression of the evidence collated and considered to inform the review recommendations. This is not a comprehensive list of all evidence considered.

Previous reports

- Report by Naomi Ellenbogen QC, July 2019
- Implementing the Recommendations of the Leader's Group on Governance 1st report of session. 2016-2017
- Governance of domestic Committees in the House of Lords. 2015-2016 – "Shephard Review"
- House of Commons Governance. 2014-2015 – "Straw Report"
- House of Lords Administration. Report of a review of the structure of the House of Lords administration and the operation of the Management Board. 2011 – "Thomas Review"
- House of Lords Senior Management Restructure. 2007-2008
- Review of the Management Board of the House of Lords. 2007 – Sir John Parker and Helen Mahy
- House of Commons Commission report. Review of Management and Services in the House of Commons. 2007
- Parliament in the Public Eye. Report of the Hansard Society Commission on the Communication of Parliamentary Democracy. 2005
- The Speakership of the House of Lords. Report with evidence. 2005

Terms of Reference, agendas and minutes

- House of Lords Commission
- House of Lords Domestic Committees
- House of Lords Management Board
- Administration sub-boards to the House of Lords Management Board
- Business Planning Group for the House of Lords
- Senior Leadership Forum for the House of Lords
- House of Lords Steering Group for Change
- House of Commons Commission
- House of Commons Executive Board
- Bicameral sub-boards to the House of Lords Management Board and House of Commons Executive Board

Communications

- Clerk of the Parliament's reports to the Commission
- Relevant past communications to staff and Members
- Communications and advice to staff and Members in relation to COVID-19
- Communications released during the period of the review
- Letters and correspondence from the Clerk of the Parliaments to staff and Members

Key processes and systems

- Performance management guidance
- Overview of existing HR and Finance systems
- Plans and progress for development of new HR and Finance systems
- Career development pathways and plans for development
- Payment terms/ grades (clerks/ non clerks)

Employment and culture

- Past House of Lords annual reports
- Research briefing. Governance and Administration of the House of Lords. 2017
- House of Lords organograms
- Bicameral and House of Commons organograms
- House of Lords Staff Handbook
- Past staff survey reports for the House of Lords
- House of Lords Corporate Strategy and priorities
- House of Commons Strategy
- Other Strategies in House of Lords including People strategy, Inclusion and Diversity Strategy, other
- Diversity statistics in the House of Lords and other benchmark data
- Values and Behaviours work in the House of Lords
- Project information from relevant current and past culture and communications work

Bicameral and Parliamentary Digital Service

- Overview of bicameral spending and resource breakdown
- Governance structures for bicameral activities

- Programme governance structures and processes
- Bicameral Strategies including Digital Strategy
- Transforming Digital overview
- Past papers on establishment of the Parliamentary Digital Service

Other

- Major project performance across Parliament, including Independent review of Westminster Hall major project, 2020
- Diary analysis for House of Lords Clerk of the Parliaments
- Administration structures in Canada, New Zealand, Australia, Welsh and Scottish Parliament
- Data demonstrating the growth in complexity within Parliament over the last 20 years e.g. headcount, number of projects, other
- Job descriptions for Management Board members in the House of Lords
- Letters of delegation to members of the House of Lords Management Board

7: Review team

Appointed by the House of Lords Commission in July 2020. Supported by staff of the Houses of Parliament, especial thanks to Olivia Satterthwaite, Sarah Kerr, Mary Savvides and Heidi Small.

Keith Leslie

Keith is Chair of Samaritans in the UK & Ireland and Chair of Mental Health At Work CIC. His executive career was with Shell 1982-93 where he held a series of general manager roles, then as a partner at McKinsey 1993-2006 and Deloitte 2006-17 where he served government clients on organisational improvement and leadership. He is the author of A Question of Leadership – leading organizational change in times of crisis (Bloomsbury 2021).

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