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## Summary Minutes of the Board Meeting, 30 March 2012

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### **Present:**

Permanent Secretary (Chair)  
Emyr Roberts  
June Milligan  
Gareth Jones  
James Price  
Bernard Galton  
David Sissling  
Elan Closs Stephens  
James Turner  
Adrian Webb  
Jeff Godfrey  
John Howells  
Martin Sollis

### **In attendance:**

Gwyn Thomas  
Crispin O'Connell  
David Nicholson  
Natalie Pearson  
Laura Harrison (observer)

### **Apologies:**

Michael Hearty  
David Richards

### **Secretariat:**

Emma Alexander  
Martyn Gunter

## **1. Permanent Secretary's Items [Oral]**

### *Permanent Secretary's items*

- 1.1 The Permanent Secretary updated the Non-Executive Directors on the ongoing work related to the future of the civil service led by Sir Bob Kerslake and Sir Jeremy Heywood. She noted that there was related work already underway within the Welsh Government civil service through *Fit for the Future*. She also reported that Sir Bob Kerslake and Sir Jeremy Heywood would be visiting the Welsh Government in April.

### *Director General Exception Reports*

- 1.2 The Permanent Secretary invited Director Generals (DGs) to share with Board colleagues any key issues from within their areas. Issues raised included the civil service pension scheme, Next Generation Broadband, UKTI, Wylfa, the change in Ministerial responsibility for substance misuse and the consultation on a single Welsh legal jurisdiction. The Board agreed to hold a future discussion on NHS finance and delivery. Director Generals agreed to engage with the Director General, Local Government and Communities, June Milligan for business continuity planning in advance of possible industrial action by tanker drivers.

*Remuneration Committee*

- 1.3 James Turner, Chair of the Remuneration Committee, give a brief update on the meeting held in February which had included regular recruitment reports and a discussion on the Transport Division.

*Operations Group*

- 1.3 John Howells, Chair of the Operations Group, gave an update on March's meeting which had included discussions on the Welsh language and iShare. The Group had also discussed the Welsh Government Environmental Management System. James Price, Director General, Business, Enterprise, Technology and Science (BETS) and the Permanent Secretary agreed to discuss the implications for the BETS estate separately.

**For decision**

**2. Minutes of 24 February and Matters Arising [Board(12)014]**

- 2.1 The minutes of the meeting held on 24 February were agreed as an accurate record.

**3. Merlin Contract Expiry Project [Board(12)015]**

- 3.1 The Permanent Secretary set out the parameters for discussion, and asked that the Board agree on an option for the future strategic direction for Welsh Government ICT.
- 3.2 The Board noted a minute provided by Michael Hearty which conveyed his views as he was unable to attend the meeting.
- 3.3 The Permanent Secretary noted that the First Minister had been briefed in advance of the discussion.
- 3.4 Bernard Galton, DG, People Places and Corporate Services (PPCS) and Crispin O'Connell, Deputy Director, Places and Services summarised the options for consideration and confirmed that the preferred approach was a phased move to multi-sourcing by extending Merlin (but over time starting to separate the ICT Services and Project Services contracts).
- 3.5 The Permanent Secretary asked for initial views from the Chief Information Officer (CIO) and from a Non-Executive Director perspective. Gwyn Thomas, CIO noted the opportunity for the Welsh Government to be at the forefront of ICT in Wales and confirmed that the preferred option provided strategic opportunities. James Turner, Non-Executive Director commented on the sound approaches he had observed, in his role as a member of the Project Board, during the development of the Business Case and the wide engagement that had been undertaken. He also commended the team on the management of the process.
- 3.6 The Permanent Secretary invited detailed comments on the Business Case. The issues raised included:

- the need to be clear on the scope of multi-sourcing and the associated risks and mitigation;
  - agreement that an ICT Risk Mitigation Strategy should be developed and considered at a Board meeting before the summer (which would include a focus on multi-sourcing);
  - the benefits that could be gained from improving the in-house ICT Intelligent Client Function;
  - the importance of identifying business needs through better forecasting and planning in order to determine ICT requirements. The Board were advised that the associated business plan would be discussed by the Operations Group and shared with the Chief Information Officer Council for Wales;
  - the need to actively and effectively manage the current contract during the move to any new arrangements.
- 3.7 The Permanent Secretary agreed that the graph showing the breakdown of ICT activity within and outside the current contract should be circulated.
- 3.8 In addition to the economic appraisal, the Board also considered the financial implications of the Business Case with a wide ranging discussion covering value for money, affordability, funding options, opportunity costs and financial arrangements in future years. They agreed with the suggestion made in the minute from Michael Hearty that further work be undertaken using a range of scenarios for budget projections over the period and the implications this might have for the level of service that could be afforded. This should be considered at a Board meeting before the summer.
- 3.9 The Permanent Secretary suggested that the Corporate Governance Committee consider the more detailed work on multi-sourcing.
- 3.10 The Board agreed the preferred approach of a phased move to multi-sourcing by extending Merlin (but over time starting to separate the ICT Services and Project Services contracts). They also agreed a contingency option of a re-procurement exercise in the event that the contract negotiations could not be successfully concluded.
- 3.11 The Board agreed the First Minister should be briefed on their decision following the meeting. In terms of wider communications, due to the commercially sensitive nature of the issue, the Board agreed that they would not communicate their decision more widely until contract negotiations were concluded.
- 3.12 The Permanent Secretary drew the discussion to a close and the Board agreed to return to the issue at the next meeting if contingency plans were necessary.
- 3.13 The Board commended the high quality of the Business Case and agreed that it had been developed with a proportionately detailed analysis of the potential options and deliverability of the proposal. The Board passed on their thanks to Crispin O’Connell, David Milner, David Nicholson and the wider team.

**For discussion**

**4. Monthly Finance Report [Board(12)016]**

4.1 Martin Sollis, Director of Finance and Procurement introduced the Monthly Finance Report paper which reported on the Welsh Government's 2011/12 forecast outturn position as at Month 11 and covered the period 1 April 2011 to 29 February 2012. The Board noted the content of the paper and discussed implications arising from the forecast outturn for 2011/12.

4.2 Martin Sollis reported that the Heads of Finance Network meetings were continuing to be held on a weekly basis until the end of the Financial Year to ensure the balance of risks and opportunities were managed. The Permanent Secretary thanked Martin and the Heads of Finance Network for their work. She also thanked the DGs for their input on the Departmental forecast outturn positions.

**5. Any Other Business**

5.1 No other business was raised.

**Board Secretariat, 5 April 2012**