



Treasury Minutes on the Thirty-second and Thirty-third Reports from the Committee of Public Accounts 2005-2006

32nd Report: Working with the voluntary sector

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Fountain

**Presented to Parliament by the Financial Secretary
to the Treasury by Command of Her Majesty
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TREASURY MINUTES DATED 8 JUNE 2006 ON THE
THIRTY-SECOND AND THIRTY-THIRD REPORTS FROM
THE COMMITTEE OF PUBLIC ACCOUNTS, SESSION
2005-2006

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Thirty-second Report

The Home Office and Her Majesty's Treasury

Working with the Voluntary Sector

In recent years, government has increased the role which voluntary sector organisations (VSOs) play in public service delivery. On the basis of a report from the Comptroller & Auditor General, Working with the Third Sector, (HC 75, Session 2005-06), the Committee examined the progress made by central government to improve the way it works with VSOs and the steps being taken by Departments to build funders' capacity to work effectively with VSOs.

Changes in ministerial responsibilities, announced on 5 May, include bringing together work from across Government, including that from within the Home Office and the Department of Trade and Industry of the Third Sector within the Cabinet Office. The Accounting Officer for the Home Office has given appropriate assurance to the Accounting Officer of the Cabinet Office about the resources necessary to implement the action set out in the response to the Committee for Public Accounts report.

PAC conclusion (i): Funding to the voluntary sector represents less than 1% of central government expenditure. Only limited progress has been made in increasing the sector's involvement in delivering government programmes, although it is often well placed to deliver public services to hard-to-reach groups in particular.

1. The Government agrees that third sector organisations¹, including the voluntary sector, are often well placed to deliver public services including to hard-to-reach groups. The sector has a vital role in society: its contribution through the engagement of volunteers, the services it provides, the support it gives to individuals and groups and its contribution to community and civil life is immense, invaluable and irreplaceable.

2. The Government is strongly committed to creating a framework in which the sector can continue to flourish, be strong and independent. The Compact on Relations between Government and the voluntary and community sector in England is the expression of the commitment to work in partnership for the betterment of society and to nurture and support voluntary and community activity. It therefore sets out the key principles and undertakings to support that commitment and is complemented by five codes: those on volunteering, consultation, community groups, black and minority ethnic groups and the funding and procurement code. The Compact applies across Government. In 98% of local authority areas, Local Compacts have been agreed or are in the process of being agreed.

3. The HM Treasury's 2002 Cross Cutting Review of the Role of the Voluntary and Community Sector in Service Delivery recognised that the sector and government have a mutual interest in building the capacity of voluntary and community organisations. Two programmes flowed from that review: Futurebuilders (£125m over 2005-07) to assist front line voluntary and community organisations to build their

¹ The third sector includes charities, voluntary and community groups, mutuals, co-operatives and social enterprises

capacity to increase the scale and scope of their public service delivery; and Change Up (£150m over 2004-08) to assist the third sector in delivering high quality, collaborative and sustainable sector support services and representation.

4. Moreover, findings from the State of the Sector Panel indicates that Government funding of the voluntary and community sector grew in 2003-04 – the estimated increase of median funding in that year is 12%. This is consistent with the estimate by the National Council for Voluntary Organisations² that voluntary and community sector organisations received some £10bn from the public sector, Lottery distributors and other public bodies in 2003-04 in comparison to £7.6bn in 2001-02.

5. Nevertheless, more progress could be made. The Cabinet Office is therefore taking forward policy initiatives: first, working with the third sector to strength Compact; and secondly working with HM Treasury, the Office for Government Commerce and other departments on a cross-departmental Action Plan to enhance the third sector's capacity to deliver public services.

6. The Compact has helped achieve progress, but in order to strengthen it further, the Government and the voluntary and community sector announced joint recommendations at the Compact Annual Review meeting on 30 November 2005. These included first, the introduction of a Compact accreditation or kitemark scheme and a clear and succinct set of Compact commitments, *Compact Plus*, thereby giving organisations a way in which they can demonstrate their practice is consistent with the general framework of Compact. Secondly, there would be an independent Compact Commissioner, tasked with promoting the importance of government and the third sector working in partnership through Compact, praising best practice and looking at specific concerns and issues, including those arising from the application of the Compact Funding and Procurement code. The process for recruiting the Compact Commissioner is underway.

7. The Third Sector Public Service Delivery Action Plan will be published in the coming months and it will set out measures to enhance the third sector's capacity to deliver public services. It will set out instances where government and the third sector work well in partnership to deliver public services and identify those barriers, real and apparent, which inhibit potential third sector providers from increasing their role. It will identify a number of specific areas where the Government believes the third sector could play a significantly increased role.

8. The actions and commitments to be set out in the Action Plan will focus on how the Government can ensure that the third sector can have an increasing role to play in public service delivery. The plan will cover: developing standard contracts in some key service areas; ensuring commissioning frameworks are fair to the sector; mapping the potential of the third sector to deliver; and mainstreaming best practice at local level. The actions in the plan are designed to be practical, effective and durable and reflect the Government's commitment to setting in train a series of concrete actions designed to improve the quality of the relationship between the public and third sectors in delivering services to the public. It is a key part of the process for ensuring that the full potential of the sector is realised in the level of public service delivery.

² The UK Voluntary Sector Almanac 2006: The State of the Sector Published: NCVO February 2006

PAC conclusion (ii): Voluntary sector organisations are often subject to greater scrutiny and monitoring processes than private sector providers. Funding may be received late, and contracts are often subject to annual renewal. The sustainability of the sector in delivering public services is dependent on departments applying fair funding practices.

9. The Government is clear that systems and procedures set up to fulfil funding organisations' accountability for the use of public funds, should avoid unnecessary burdens. It is also committed to ensuring that there is a level playing field for both third sector and private sector providers. HM Treasury has recently re-issued its September 2003 guidance *Improving financial relationships with the third sector. Guidance to Funders and Purchasers*³. This makes clear that all funding bodies should ensure they have procedures that are clear and, wherever possible, as simple as they can be. The guidance also sets out the expectation that funding bodies should set up monitoring and inspection requirements proportionate to the level of funding and risk. The Treasury will be working with key stakeholders to ensure this guidance is fully embedded within public authorities' funding practices where appropriate.

10. The principles set out in Guidance to Funders and Purchasers are consistent with the undertakings contained in the Compact Funding and Procurement Code. Therefore the Compact Commissioner will have a role to play in working with public authorities to ensure that their reporting and monitoring processes are consistent with these principles. In addition, many of the commitments in the forthcoming Third Sector Public Service Delivery Action Plan will reflect the importance of ensuring that funders and purchasers apply fair and consistent funding principles when commissioning public services.

PAC conclusion (iii): The Home Office's Public Service Agreement target to achieve a 5% increase in the volume of public services provided through the sector by 2006 is likely to be met but represents only a limited challenge. The Home Office and the Treasury should set a revised target beyond 2006 which provides a real incentive to departments to increase their engagement with the sector. The Home Office should agree supporting targets with individual departments, and timescales for implementation.

11. The Government accepts that Public Service Agreements should create a real incentive to deliver change. HM Treasury will consider, with departments, and as part of the Comprehensive Spending Review, how the performance management framework should further evolve so that it continues to drive improved performance and respond to new challenges. Any revised PSA in this area should set an appropriate challenge for departments to drive their engagement with the sector effectively and efficiently.

³ *Improving financial relationships with the third sector. Guidance to Funders and Purchasers* is available at <http://www.hm-treasury.gov.uk/media/485/B9/guidncefunders1505061v1.pdf>. It was published on 15 May 2006.

PAC conclusion (iv): Little hard data exists on how funding is distributed between voluntary sector organisations of different sizes, by region or demographically. The Home Office should establish a proper monitoring and reporting framework with departments to collect such data. It should then evaluate such data to ascertain, for example, that new organisations are not deterred from entering the market, and that the poorest communities are not disadvantaged by the way funding is distributed, programmes constructed or targeted, or by the absence of active VSOs in some communities.

12. The Cabinet Office will consider whether information from the State of the Sector Panel can be analysed in this way. An update from the Panel is expected to be published in Summer 2006. The Government considers that any data collection systems must add value, be proportionate and not create burdens, especially when the majority of voluntary and community sector funding is at the local authority level.

PAC conclusion (v): Issuing guidance to departments has had limited success to date. The Treasury and the Home Office should put more emphasis on practical support and incentives to enhance skills across departments in dealing with the voluntary sector. In particular, the Treasury, the Home Office and Office of Government Commerce should establish a centre of expertise in voluntary sector funding to make available expert advice to funders across departments, and in particular to support funders who may be too small to build their own professional capacity.

13. The Government and the voluntary and community sector are working together to establish a new independent public appointment of the 'Compact Commissioner'. This will help create a centre of expertise on effective partnership working between government and the sector. The Compact Commissioner will promote best practice and identify that which is poor, including conducting thematic and peer reviews.

14. As a result of the Treasury's 2002 Review of the involvement of the third sector in public services⁴, networks of departmental third sector champions and liaison officers were established to ensure that best practice and advice can be shared across departments and easily disseminated.

15. The Cabinet Office, as recently announced, will house the new Office of the Third Sector, bringing together the Government's approach to the sector, including areas of responsibility from the Active Communities Directorate of the Home Office and the Social Enterprise Unit of the Department for Trade and Industry. Also, as announced by the Chancellor of the Exchequer in Budget 2006, HM Treasury has established the Charity and Third Sector Finance Unit, to pull together all aspects of tax, spending and financial services policy relating to the third sector, including charities, voluntary and community groups, social enterprises, cooperatives and mutuals. The Unit has also launched the revised *Guidance to Funders and Purchasers*, which contains case-studies on best practice.

16. Both the new Office of the Third Sector and HM Treasury's Charity and Third Sector Finance Unit will be working with other government departments on third sector issues to ensure that the interests and needs of the third sector are taken into account

⁴ *The role of the voluntary and community sector in service delivery: a cross-cutting review* published by HM Treasury 2002.

when devising and implementing policies. Prior to that, the Home Office, HM Treasury, the Office for Government Commerce and the Department for Trade and Industry were already working together as well as with other government departments to ensure that central government and local authority expertise can be shared and built upon. For example:

- The Office of Government Commerce (OGC) and the Small Business Service (SBS) have been working on a programme to help smaller companies, including third sector organisations, enter procurement markets. This programme has resulted in the publication of a standard questionnaire to reduce the burden of pre-qualifying for contracts below EU thresholds, and the launch of a website advertising contract opportunities that fall primarily below EU thresholds. The OGC has also trained over 800 procurers in these areas, and the SBS, through Regional Development Agencies (RDAs), provides training for small to medium enterprises, including third sector organisations, to help them improve their capability in tendering for Government contracts.
- In the 2005 Pre-Budget Report, the Government announced the development of local area pathfinders, working across departments and with key national partners to explore ways in which the sector can add value to the delivery of local services. The work is currently looking at Tower Hamlets, Cumbria, Portsmouth, Nottingham and Dorset to identify and share good practice in local commissioning and procurement chains.

17. However, the Government agrees, from evidence available⁵, more progress could be made in ensuring that the principles endorsed in the Treasury 2002 cross-cutting review are fully and consistently applied at all levels in government. The Cabinet Office will take forward the Home Office's work with departments on their implementation of the recommendations in the cross-cutting review and to that end preparing the Third Sector Public Service Delivery Action Plan.

PAC conclusion (vi): Application and monitoring procedures can be unnecessarily burdensome for voluntary sector organisations. The Treasury and the Home Office should work with departments to promote the concept of a lead funder and, in particular, to consolidate funding streams. Such an approach would also generate administrative efficiencies across government.

18. The Cabinet Office and the Treasury agree that it is good practice wherever practicable to appoint a lead funder to streamline application processes and coordinate monitoring and inspection arrangements, where recipients receive funding from more than one funding body (or from different parts of the same funding body). This rationalises both the administrative requirements on funding bodies and the control burden on recipients of funds. In addition, where two or more organisations are funding the same third sector organisations, it may be appropriate for the major (lead) funder to shoulder the overhead costs associated with the work being undertaken on behalf of other funding bodies in order to reduce unnecessary bureaucracy. Such an arrangement should be agreed between all parties.

⁵ *Surer Funding* – Association of Chief Executives in the Voluntary Sector; the National Audit Office's report *Working with the Third Sector* (HC 75 Session 2005-06 29 June 2005; *Shared Aspirations* National Council for Voluntary Organisations – 29 June 2005.

19. Three regional pilots into lead funding were set up in January 2005 and are currently being evaluated. Once the evaluation is complete, the Cabinet Office and HM Treasury will consider how the lessons learnt from the pilot studies can be successfully implemented by funding organisations.

PAC conclusion (vii): Annual arrangements for funding services delivered by voluntary sector organisations are inefficient for departments and increase risks and uncertainty for voluntary sector organisations, which are likely to be reflected in a higher price for the services provided. The Treasury should make clear to departments that longer term funding arrangements are acceptable where value for money can be demonstrated, for example by contracting over a three year term where there is an intention to provide a service for longer than a year.

20. The Government recognises there has been a long-standing tendency at all levels to enter into short-term (that is, one year) funding arrangements with the third sector. Doing so can, and does, create a climate of uncertainty in which long-term – and sustainable – planning by the sector cannot be properly considered. While some progress has been made, HM Treasury's revised *Guidance to Funders and Purchasers* underlines the importance of creating stability in the funding relationship.

21. Equally, *Guidance to Funders and Purchasers* makes clear there is a need to guard against advocating long-term funding for its own sake. The length of funding should be tied to the length of the objective of the funding – with value for money the overriding principle that dictates whether or not a longer-term funding arrangement is appropriate.

22. The introduction of multi-year spending plans by the Government aims to provide certainty and flexibility for longer-term planning and management, and so reduce the tendency to be short-term and narrow in focus. The 2004 Spending Review announced the introduction of full three-year settlements for local authorities, who now also have the opportunity to pass on this stability, where it represents good value for money to do so, through to third sector organisations.

PAC conclusion (viii): Voluntary sector organisations often receive funding late from departments, requiring them to use their other resources to finance services initially, which presents particular difficulties for smaller organisations. Contract renewals are often not formalised until after the renewal date, diverting resources from the front line to negotiations with departmental officials and creating uncertainty of employment for those delivering the service. Departments should maintain contract registers to prompt timely renegotiation of contracts where renewal is appropriate. Timing of payments should be agreed as part of the contractual arrangements and such commitments should be met.

23. HM Treasury's revised *Guidance to Funders and Purchasers* makes clear that it is vital that timing of payments is considered in collaboration with, and not imposed upon, the funded organisation. It advises that funding and funded bodies should agree the timing of payments at the beginning of a programme. Funders should make a commitment to pay within a specified time or on a specified date or dates, and such commitments should be fully honoured. The Guidance also clarifies that in specific circumstances, Government Accounting allows for payments to be made in advance of expenditure. Payments in advance of expenditure to third sector organisations should be made on the basis of need and therefore can and should,

where appropriate and necessary, be made in order to achieve better value for money.

24. This is consistent with the set of undertakings set out in the Compact Funding and Procurement Code and also with the proposed set of succinct and clear Compact Plus commitments. It follows that any organisation opting-into Compact Plus will need to demonstrate that their practice with regard to timing of payments is in line with these commitments.

25. The forthcoming Third Sector Public Service Delivery Action Plan will cover the development of standard contracts in some key service areas and mainstreaming best practice at local level.

26. The Government endorses the conclusion that departments should maintain contracts registers to prompt timely re-negotiations where re-negotiation is appropriate. It is standard practice for departments to maintain records of contracts and their expiry date. It should be remembered that contracts formed as the result of a procurement process must be compliant with the legal and policy framework for public procurement, and therefore in nearly all instances will be re-tendered rather than simply renewed.

PAC conclusion (ix): Monitoring, control and audit of the voluntary sector can be more rigorous than that applied to private sector suppliers. For example, more detailed data on costs may be sought. The sector should expect to account for public monies received, but monitoring should be proportionate to the level of funding provided as excessive procedures undermine value for money.

27. The Government agrees that onerous and burdensome monitoring and reporting requirements do not necessarily deliver best value for money: if such processes are overly detailed or complex, they may detract funded bodies from delivering the agreed outcomes of the funding. Funders should strike the right balance between fulfilling their accountability requirements and seeking the right level of assurance for their funding of voluntary and community sector organisations. The Cabinet Office is working with departments on developing standard contracts and this work will cover the importance of having monitoring and control requirements that are proportionate to the level of funding. In addition, the Government considers it is important to work with auditors and other relevant bodies on this and welcomes the work done on the Combined National Audit pilot by the Government Office for the West Midlands.

PAC conclusion (x): The Home Office has a lead role in promoting good practice in engaging with the voluntary sector and yet some 72% of its own funding contracts are for less than one year. The Home Office should undertake a review of its own engagement with the sector across the whole department and implement its own and the Treasury's good practice procedures.

28. The Home Office agrees that it is right for it to review its own practice given its responsibility for these issues in the past and has established a programme board to bring together senior representation of the main areas with involvement in voluntary and community sector working. It has reviewed the apparent tendency to award short-

term funding. Examples of the department now awarding multi-year funding include:

- Strategic funding to voluntary and community organisations, as recently announced in the Strategic Funding review;
- The Change Up and Futurebuilders programmes, both of which award grants and loans long-term;
- Funding the charities Crime Concern and Crimestoppers through Strategic Partnership Agreements which total nearly £5.3m over three years;
- The National Offender Management Service's recent programme of some £900,000 grant funding to voluntary and community sector organisations provided for funding up to three years where requested. 6 grants have been awarded for three years, 5 for two years and 2 for one year; and
- The Home Office and the Department of Health worked together on the commissioning of Drug Treatment Services – the guidance issued advocates a minimum of two-year funding and makes clear that multi-year funding models should apply where the same service will be required over several years.

29. The Board is continuing its work to ensure that the Home Office follows best practice in its relationship with third sector organisations.

Thirty-third Report

Department for Culture Media and Sport

The Royal Parks and the Diana, Princess of Wales Memorial Fountain

The eight Royal Parks in London are major historical and cultural resources, which cover 5,000 acres and attract millions of visitors each year. The Parks are managed by The Royal Parks, an executive agency of the Department of Culture, Media and Sport. In 2004-05 the Agency's grant from the Department was £26.7m and its self-generated income amounted to £6.9m, making total income that year of £33.6m. On the basis of a Report by the Comptroller & Auditor General, *The Royal Parks, an Executive Agency, (HC 485 Session 2003-04)*, a subsequent memorandum updating the report, and a note on progress of the Diana, Princess of Wales Memorial Fountain, the Committee took evidence on the management of The Royal Parks, on achieving a wider range of users, and on the management of the Memorial Fountain project.

PAC conclusion (i): The Agency has accumulated a £65 million backlog of maintenance work. Having now completed condition surveys of the buildings and other structures in the Parks, the Agency should keep its records up-to-date so it can target resources on the areas of greatest need. By mid-2006 the Agency should have a costed plan for tackling the backlog, with clear performance milestones and measures.

1. The Royal Parks accepts this recommendation. By end June 2006 a costed plan for tackling the backlog will be in place, with clear performance milestones and measures. Our aim is to reduce the deterioration of the hard fabric within the parks in a cost-effective way, taking into account statutory obligations and operational needs.
2. The Royal Parks has already developed a risk-based model for weighing regulatory responsibilities and corporate objectives to target the areas of greatest need, scoring health and safety, statutory requirements and environmental priorities in conjunction with a project's anticipated contribution to corporate objectives and operational benefits.
3. Working in partnership with The Royal Parks Foundation, existing and future concessionaires, and other potential donors, The Royal Parks will seek effective ways of tackling the backlog to maximise best use of resources.

PAC conclusion (ii): Although commercial events help to generate income, large numbers of visitors can result in damage to the Parks. The Agency should seek opportunities to capitalise on the Parks' assets in less intrusive ways.

4. The Royal Parks agrees the statement and accepts this recommendation. We already have a published Events Strategy that seeks to balance the demand for events with protecting the fabric of the parks. The number of major events is limited and the impact on the park and park users is always taken into account in considering possible events and weighed against the benefits that the event brings. Any short-term reinstatement after an event is paid for by event organisers.

5. We will continue to encourage visitors, including those who do not currently use the parks, but while we must reflect the diverse needs of all our customers, the focus will be on those activities and events that minimise damage and disruption. Our corporate plan for 2006-07 to 2008-09 highlights our drive to secure new revenue streams and diversify our income raising ventures.

6. The Royal Parks created and appointed a new Board level role of Director Strategy and Marketing in January 2006. This Director has specific objectives relating to the extension and development of business opportunities to generate sustainable net income streams. Business cases for at least two new significant commercial opportunities will be approved by end December 2006.

7. The Royal Parks is actively evaluating schemes that enable us to both benefit from and enhance our asset base, including wider use of our properties. Some of these schemes may require the endorsement of the Department for Culture, Media and Sport (DCMS) and/or other Agencies. We will submit at least one estate property for endorsement as required by end June 2006.

PAC conclusion (iii): There is untapped potential for the Agency to generate income from its considerable assets. In seeking to increase its income the Agency should:

- **Take forward plans to brand and merchandise its own products, join forces with retail partners to reach a larger market and develop e-commerce opportunities via its website;**
- **See what lessons can be learned from others for example the National Museums and Galleries and other parks;**
- **Improve the information it holds about the cost and profitability of income generating activities, and manage them to make a profit;**
- **Coordinate its activities with those of The Royal Parks Foundation, which has proved a successful source of additional income, so that their respective roles and accountabilities are made clear.**

8. The Royal Parks accepts these recommendations. We are evaluating the opportunities and options for merchandising, including brand licensing, partnerships and distribution channels, and plan to implement the preferred option by the end of this Financial Year. Our current Web Configuration limits our ability to use this as a route to market but e-commerce will be a significant consideration in our business case to upgrade our Web facility.

9. We will continue to develop our relationship with National Museums and Galleries and ensure that we learn from their experience. We have already had discussions with some museums and galleries in the vicinity of the parks and are taking the lead to initiate joint marketing campaigns that enable visitors to plan their day or experience in and around the individual parks. The first *Experience* joint marketing meeting with partners will take place by end May 2006.

10. In addition, we have reviewed the commercial offer of a number of parks including Central Park (New York) and Centennial Park (Sydney). We have become a member of the *Parks Forum* (an Australian led initiative) and intend to use the opportunity for sharing experience, best practice and resource. We have also agreed to create a bilateral partnership with Birkenhead Park, to use twinning as a way to share learning.

11. The Royal Parks recognise that the focus of commercial activity should be net profit rather than revenue. Current financial systems and processes are not set up to capture full cost of activities. However, we implemented project accounting on a trial basis for events during 2005-06. We are evaluating this before considering the option of rolling out to other areas. We will develop a full cost model for all major commercial activity by December 2006.

12. There is a very good partnership between the Agency and the Foundation. However, as stated within our corporate plan, we will continue to develop that relationship and will pursue all opportunities between us. Where it is in the interests of The Royal Parks, and within the purpose of the Foundation, we will channel opportunities through the Foundation and vice versa. The respective roles and interfaces of the two organisations will be re-confirmed and communicated by end June 2006.

PAC conclusion (iv): The Agency is missing out on opportunities to learn from others. The Agency should be more outward looking in assessing its performance. The Agency should identify suitable comparators in other parks, nationally and internationally, and establish mechanisms for the sharing of information and best practice by the end of 2006.

13. The Royal Parks accepts these recommendations. The Royal Parks are now active members of the London Parks and Green Spaces Forum (part of the National Greenspace Programme) and contributes to the London wide parks benchmarking group. The Royal Parks will also be working closer and sharing good practice with other organisations such as The Corporation of London, English Heritage and Historic Royal Palaces.

14. In 2006, five of the Royal Parks are being entered into the national Green Flag Scheme following the success of Greenwich and Regent's Parks in achieving Green Flag status in 2005. In 2007, all eight Royal Parks will be entered for the Green Flag Awards.

18. Work is underway with international partners to look at best practice, to set standards and agree monitoring methods. Contact has been made with Parks Victoria (Australia), Centennial Park (Sydney, Australia), and Central Park (New York). Mechanisms for international benchmarking will be agreed by the end of 2006.

PAC conclusion (v): Visitor centres are only open during office hours and are often in the wrong place. Advice about the Parks should be readily available to visitors. The Parks' visitor centres should be situated where people can easily get to them and open when people want to use them.

19. The Royal Parks accepts this conclusion. We intend to use the new visitor centre, planned for Bushy Park, which has been subject to extensive consultation with the local community and park users, as a model for developing visitor centres in all the parks. That centre will adopt opening times that are planned around park usage. For example, looking at weekend opening and longer hours during the Summer. The new centre is planned to open by autumn 2007.

20. The agency intends to use the lessons from the consultation process at Bushy to engage with users of the other Royal Parks to consider the location, facilities and opening times of visitor centres in each of the Royal Parks. We will begin consultation on visitor centres in all parks by October 2006 and plan to introduce new style visitor centres in all the parks by June 2008.

PAC conclusion (vi): The Agency lacks reliable information about the users of the Parks. The Agency was unable to provide the Committee with information on the social background of the Parks' users and in an annual report to Parliament included a visitor numbers figure for which there was no clear basis. The Agency has agreed to report back to the Committee within a year with more information about the users of the Parks, and should ensure that only reliable information is reported to Parliament.

21. The Royal Parks agree this comment and recommendation. We now have data (not available at the time of the PAC hearing) relating to the social background and ethnic origin of park users for financial year 2004-05. This information was gathered by an independent market research agent. The research will be reviewed and updated as required to ensure continued relevance, including comparison against the London baseline.

22. There has not been a robust visitor counting exercise since 1995 and this is a recognised weakness. The Royal Parks have already commissioned a review of available methodologies for attaining accurate visitor counts in open spaces. We are also involved in a Central London Partnership trial of counting equipment. We will introduce a robust counting mechanism for visitors during 2006-07. To defray the costs of this work, four parks will be measured in the first year and the remainder in 2007-08.

23. The Royal Parks and DCMS will put measures in place to ensure that all future information provided to Parliament is reliable.

PAC conclusion (vii): The problems with the fountain reflected basic project management failures. The fountain was a small scale project, yet there were multiple stakeholders whose roles, responsibilities and accountability for the finished result were not clear. Nor were there clear plans for managing the project risks. As a result, the project was £2.2m over budget and there are continuing maintenance costs which divert resources from the Agency's other work.

24. The Department accepts this conclusion. Over the past four years the Department has invested heavily to improve project management standards and it has established a Project Centre whose roles include encouraging more robust project based working practices, up-skilling staff, and ensuring consistent progress reporting on project delivery to top management.

25. The Centre has good working relations with The Royal Parks team, who introduced a PRINCE2-based "Method for Successful Projects" on the 1 April 2006. With the support of the Department, The Royal Parks have undertaken a Gateway *Healthcheck* on their new programme management processes, and are planning a Gateway Review to track progress in Summer 2006. Several key Royal Parks staff have also undertaken Gateway Reviewer training. The Royal Parks have supported all this activity by a comprehensive training programme for Park staff and the establishment of a Centre of Excellence. To ensure that Project Management standards are raised and maintained, they will be undertaking annual assessments of their capability.

26. The adoption by DCMS and The Royal Parks of such processes, together with the use of the Gateway Review Process, will ensure that all projects are better managed in the future.

27. The Department accepts the conclusion of the Committee. In March 2005, The Royal Parks engaged with the Office of Government Commerce (OGC) to commission a health check report on the Diana, Princess of Wales Memorial Fountain project, drawing on the experience and knowledge of the OGC and delivered with the benefit of additional external consultancy. This report was concluded in July 2005. In the report it is noted that the principal value of the review will flow from the lessons that can be drawn from the activities and events that took place, and the Department has already taken steps to ensure that its conclusions have been fully shared with the Royal Household, who are the project owners for the Queen Elizabeth, The Queen Mother, Memorial.

28. As the Queen Mother Memorial project develops the Department will continue to offer its support to the Royal Household in their commitment to control costs and manage time, risks and stakeholder accountabilities in accordance with sound project management principles.

29. The Royal Household has already committed to ensuring that the ongoing maintenance requirements of the Queen Mother Memorial are kept to a minimum, and indeed the Project Brief states that *“Ease of ongoing maintenance by The Royal Parks is a key issue, so the use of water and moving parts is to be discouraged. Planting schemes should similarly be low maintenance in nature.”*



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