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**HEALTH AND SAFETY EXECUTIVE
The HSE Board**

Reduced Portfolio: The Story of Change in HSE

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Issue

1. Implementing, presenting and governing an appropriate portfolio for internal change in HSE.

Timing

2. For agreement at this meeting.

Recommendation

3. You are invited to:
 - a. Agree the approach to developing the reduced portfolio (paragraphs 8 - 10) and the content at Annex 1
 - b. Agree the working up of "the Story of Change in HSE" (para 11)
 - c. Comment on the roles in paragraphs 12 – 16 and decide who should provide the role of "Portfolio Steering Group" (para14)
 - d. Say whether you are content for the CPT to see Divisional Operating/Business Plans (paragraph 17).

Background

4. Two years ago the (now defunct) Resources and Delivery Group (RDG) started a debate around how to improve the management of internal change in HSE. Around 18 months ago, the Change Sub Group was established and has been responsible for developing practical proposals for taking this issue forward. Last summer, the Sub Group launched the "Rough Guide to Managing Change" which was aimed at helping managers to deliver change more successfully; **"doing things right"**. This paper addresses how we can improve the management of change at the corporate level; **"doing the right things"**.

Argument

5. A portfolio approach to managing change will provide us with the ability to understand whether we are doing enough of the right things in the right way and in the right order. More specifically, it will help us to:
 - a. Understand what projects have been commissioned, what collectively these add up to and what will be different as a result of delivering them;

- b. Have confidence that the projects we commission are deliverable and affordable;
 - c. Explain the change picture to staff
 - d. Assure ourselves that managers and staff can cope with the outcomes of these projects and still deliver the day job.
6. In the past, concern has been expressed at the overheads that portfolio management might impose on the organisation. We want an approach that is effective, but paper and process light; that provides appropriate controls and allows progress to be accurately assessed; and that does not distract managers and staff from the important business of delivery. The approach described in this paper has been crafted to deliver this, but success will depend on the extent to which we are prepared to enforce certain disciplines through the line management chain. These disciplines involve considering propositions for change as potential investments and broadly involve asking the following questions:
- Why we are doing this?
 - What resources do we need to do it?
 - What do we hope to achieve?
 - How it will be done?
 - Who is responsible for delivery?
 - When can we realistically start?
 - When is it expected to deliver?

The Way Forward

Developing the Portfolio

7. The Decision Chart in the “Rough Guide to Managing Change” (attached for convenience as Annex 1) set out a process and criteria for considering whether a project should be included in the portfolio. The original intention was to apply these criteria to existing projects and the actions from the Fundamental Review and that we would use the results to form the core of the initial portfolio. This has not been possible because the information required to apply the criteria to the FR actions is not available and is not likely to be so for some time. In the light of this, our judgement is that we have to find an alternative way forward. The following paragraphs set out a proposal for you to consider.
8. We propose to create the initial portfolio from the few, obviously large scale, change projects and develop it over time as and when information on other initiatives (and the FR in particular) becomes available. Although this approach is less rigorous and would give only a partial view of change, it is a start. It would capture the significant, “high stakes” initiatives and deliver some of the benefits of the portfolio approach. It could still provide a strategic focus to internal change and give HSE the corporate control it wants to ensure that resources are deployed wisely and effectively.
9. Following the steers you have provided in various discussions, a portfolio created in this way would include only those change initiatives that as far as we could reasonably judge:
- a. Involve large scale investment, considerable business change and significant risk;
 - b. Are corporate in impact, affecting staff from across HSE;
 - c. Are strategically important to improving the delivery of HSE’s interventions;
 - d. Will deliver in the medium to long term.

10. If so, we could use as our starting point the reduced portfolio shown in Annex 2. For each item in the reduced portfolio, we would need to continue working to establish information on costs, benefits; plans etc and we would need to accept that it will be some time before the picture is complete.

Do you agree that these factors provide a sufficient basis for judgements about what to include in the portfolio or are there others that we should include?

Are you content that the projects in Annex 2 are used to form HSE's initial internal change portfolio?

11. The section on presentation (paragraph 18) identifies that there is a considerable job to be done in terms of explaining the portfolio approach to staff and what it means for them and particularly in creating and describing the story of change that the portfolio represents. To create this story, we need to demonstrate how the components of the portfolio contribute to the successful delivery of HSC/E's business strategy. The logical sequence for this would be to start with an understanding of the strategy (what HSE wants to achieve); identify the interventions required to optimise the delivery of that strategy (the areas we need to improve in); establish the best way to configure the organisation and it's work to deliver these interventions and the gap between this and where HSE is today; and finally to identify and deliver the work streams necessary to transform the business and close this gap. We have sought to represent this logic in the diagram at Annex 3 so that people can easily recognise how this all fits together. **We would welcome your initial reaction to this and a steer on whether we should use this logic to guide our thinking in developing the portfolio further.**

Managing the Portfolio

12. Once assembled, the portfolio will represent a (at this stage, partial) snapshot of change in HSE. To turn the portfolio into a valuable management tool requires as a minimum, good governance arrangements. There are different ways to achieve this, but the solution needs to strike a balance between rigour and the effort involved in making the arrangements work. To manage the Portfolio, we see the need for three layers or roles: a team to gather and analyse information; a body to oversee the management of the portfolio; and an ultimate authority for decision making. Organisationally, these could translate as described below.

HSE Board

13. The HSE Board, advised by the Portfolio Steering Group (PSG), will have overall responsibility for the management of the portfolio and will decide on:

- a. The initial contents of the portfolio;
- b. New proposals - whether these should be done at all and if so, whether they should be managed as part of the portfolio;
- c. Whether to stop or reschedule existing projects in the portfolio.

Portfolio Steering Group (PSG)

14. The Portfolio Steering Group is a more descriptive title for the Management Board identified in the Decision Chart in the Rough Guide. The role of this Steering Group has not yet been allocated in HSE, but in theory at least, could be done by a body akin to the Change Subgroup or the HSE Board. The PSG will be responsible for:

- a. Ensuring that there is an integrated approach to the delivery of the various work strands described in the portfolio
- b. Assessing the scale of the change commitment represented in the portfolio against HSE's appetite, capacity and ability to absorb change and advising the HSE Board on the outcome;
- c. Providing direction to help overcome obstacles arising in the delivery of the overall portfolio;
- d. Taking stock of lessons learnt and commissioning action plans from the CPT to ensure that these are applied to new initiatives;
- e. Advising the HSE Board so that it can discharge the functions in paragraph 13.

The Central Portfolio Team (CPT) in BSD

15. The CPT will support the work of both programme and project managers and the PSG. It will do this by:
- a. Supporting and advising programme and project managers on the application of the entry criteria for the portfolio set out in the Decision Chart of the Rough Guide to Change;
 - b. Disseminating lessons learned and helping programmes and projects to take account of these at start up.
 - c. Providing the PSG with an assessment of the impact of any new proposals on HSE's ability to deliver the portfolio;
 - d. Preparing and presenting to the PSG, analyses on the components of the portfolio, including factors such as the degree of strategic fit, the capability and capacity to deliver and the expected costs, benefits and associated risks of the change;
 - e. Producing for PSG scrutiny and approval, regular reports on the progress of the Portfolio. These to include where appropriate, recommendations for remedial action.

Completing the Picture - Line Managers

16. The portfolio deals, rightly, with the big change items that cut across more than one Directorate, but there will be much change happening below this level which is not captured in the portfolio. For HSE to ensure that the overall management of change is improved, it is important that line managers follow the good practice and procedures in the Rough Guide. Line Managers will have a responsibility to consider implications of local change beyond their own areas. To do this successfully they will need to welcome constructive challenge from the PSG and the CPT. They will also need to take account of the wider messages on change in their communication plans.

Would you like to comment on these roles and in particular, on how the role of the Portfolio Steering Group should be filled and the extent to which CPT should provide a challenge function about the portfolio as a whole and individual projects and programmes?

Consultation

17. Consultation has taken place with PEFD regarding reporting arrangements and it has also been suggested that the CPT should see all Divisional Operating /Business plans in order to form a view on their impact on the agreed change portfolio and the rate of change in HSE. This will also enable the CPT to provide information to line managers to help them deliver their role set out above.

Are you happy for CPT to take up this suggestion?

Presentation

18. A communications plan is in place to explain the portfolio management approach, associated processes and roles and responsibilities to managers and staff in HSE. There will also be a substantial job to do in breaking the portfolio down into meaningful and connected themes and communicating these to staff.

Costs and Benefits

19. The costs and benefits of the projects set out in the initial portfolio need to be established more precisely and we seek your support to encourage workstream leaders to do this.

20. The costs of implementing and running with the portfolio approach amount to the effort of the CPT estimated at 5 FTE's annually and the initial effort of those managing the programmes and projects in following the procedures (part of programme and project working). The benefits of this expenditure are argued in the body of the paper.

Financial/Resource Implications for HSE

21. Almost entirely opportunity costs of staff resources that already exist.

Environmental Implications

22. N/A

Other Implications

23. N/A

Action

24. The Board is asked to:

- a. Agree the approach to developing the reduced portfolio (paragraphs 8 - 10) and the content at Annex 1
- b. Agree the working up of "the Story of Change in HSE" (para 11)
- c. Comment on the roles in paragraphs 12 – 16 and decide who should provide the role of "Portfolio Steering Group" (para14)
- d. Say whether you are content for the CPT to see Divisional Plans (paragraph 17).