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## HEALTH AND SAFETY EXECUTIVE

### The HSE Board

### RAIL DELIVERY PROGRAMME UPDATE

#### A Paper by Allan Sefton (Senior Responsible Owner)

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Cleared by Allan Sefton on 27 May 2004

#### Issue

1. To inform the Board on progress with the Rail Delivery Programme (RDP), and to seek its endorsement of the work carried out so far and support for work still in progress.

#### Timing

2. Urgent. The Programme has reached the half-way stage and is starting to move from the design/analysis stage to implementation.

#### Recommendation

3. That the Board agrees the actions at paragraph 29.

#### Background

4. On 12 March 2003, the Permanent Secretary at the Department for Work and Pensions wrote to the Permanent Secretary at the Department for Transport confirming his agreement on arrangements to provide HSE with additional resourcing of £8 million over two years to take forward a programme of rail reform. The broad aim of this programme (now known as the Rail Delivery Programme) would be to deliver business, quality and regulatory improvements in line with the Cullen agenda, and in support of HSE's vision and mission and its strategy for rail. It was made clear that the additional resourcing was for two years only so that the programme had to be delivered by no later than 31 March 2005. Whilst the prospect was an exciting one, a once and for all opportunity to address a number of key issues, this timetable was also extremely challenging and it was therefore vital that we moved quickly if we were to make full use of the additional funding. But it was also critically important that we got it right and

focussed our attention where it mattered.

5. Later developments, principally the advent of the Rail Review, have only served to reinforce this position. When the Review was announced, policy colleagues sought advice from DfT Ministers on whether work on the Programme should be discontinued. The response was unequivocal – that all work on the Programme and legislative reform should carry on as planned. Indeed, all that has happened subsequently suggests that, whatever the end result of the Review, it is vital that the benefits that will accrue from implementation of the Programme are delivered. It is also important to register that this is not the best environment in which to be seeking the engagement and ownership of staff to major organisational change and new ways of working. The Review, possible dispersal, press coverage, and the legacy of Alan Osborne's departure are still very much in the forefront of people's minds.

### **Underlying principles and approach so far**

6. It was agreed that the Programme should be managed in accordance with the principles laid down in Managing Successful Programmes and this discipline has been maintained. It was also agreed that the Programme represented an opportunity to work across the interface between policy and operations. Although many of the perceived benefits will accrue directly to HMRI in terms of a more efficient and effective organisation, these benefits will have a wider impact across the wider HSE and beyond. The Programme is therefore a joint one and we have adopted informally and internally the term 'HSE Rail' as a means of getting this message across to staff. Alan Osborne, and more recently, myself, became Senior Responsible Owner (SRO) for the Programme supported by a Programme Board drawn from the SCS members in HMRI and RPC. The Board decided to appoint a Programme Manager (PM), and to put in place a small Programme Office to provide ongoing support to the SRO, to the PM and to project managers.
7. Several issues have needed to be resolved:
  - the precise scope of the programme and what we were setting out to deliver. Although we had a steer from the bidding document, there needed to be clarity about what should be handled within the programme and what was mainstream work. In common with a number of programmes, we were not starting with a completely blank sheet of paper – there were projects already in hand or which had run into resourcing problems. We needed to be focussed on what legitimately should fall within the programme and what shouldn't. Some time was spent initially getting this agreed;
  - overall structure of the programme and making sure that any linkages and interdependencies both between projects within the programme and with projects elsewhere in HSE 'rail' and HSE more generally eg OPIP, Communications Strategy were picked up. This too has taken some time;
  - resourcing for the Programme, and the potential implications for mainstream work, was discussed at length at the Programme Board. It was important to strike a balance between involving and engaging staff in the disciplines of project working and putting them under additional pressure. It was important to ensure that this high priority work was delivered but the Board was also acutely conscious of the need to make every effort to minimise the impact on key tasks (but see below paragraph

20). Some care was taken in selecting project managers and project teams (where necessary) and ensuring that the line management and other arrangements were clearly understood;

- we also set out to actively engage staff in the development of the programme by encouraging all RI teams to identify how they could participate/contribute to the projects within the programme, eg as part of individual staff development initiatives. We held all RI events to kick start this process. In some instances, the SRO and PM, with the agreement of the Board, went outside HSE 'rail' for suitable project managers and team members in order to ensure that the project was approached with the right breadth and with an awareness of the bigger issues. We are immensely grateful for the positive reception we have had from all parts of HSE to our 'fishing' trips!
- partly to minimise the demands on HSE resourcing and partly to make progress more quickly, significant use has been made of consultants. The PM invited BEU to attend the first of our workshops for project managers and took advantage of the offer of consultancy help from LogicaCPMG in setting up the Programme and providing initial support for Project managers. More recently, a panel of consultants has been set up under the Framework Agreement, and these are 'on call' to project managers to take on and deliver individual pieces of work (where appropriate) under the supervision of the Programme Office.

### **What the Programme looks like**

8. At its broadest, the Programme has contained 14 separate projects. A diagram is attached at Annex A showing, in a simplified form, what the projects are and an approximation of how they fit together. The actual linkages and interdependencies are more complicated than appears here.
9. The individual projects are significantly different in size, breadth and importance. Four are critically important and represent the backbone of the whole programme. More detail is given on each of these below. Others eg interoperability will deliver outputs which will feed into those projects and influence what emerges from them and how they are implemented. One or two had already started before the bid for additional resourcing was successful but fulfill the criteria agreed by the Board for 'badging' against the Programme eg standards. What has been important throughout has been to adopt a consistent approach, particularly with the 'core' projects, and an example of that is given for topic planning (paragraph 15 below).

### Legislative reform programme

- 10 This project is taking forward HSE's review of the regulatory framework for railway safety cases, approvals and safety critical work, and proposals for the development of accredited certification of train drivers and signallers and suppliers of safety critical products and services to the rail industry. Work is currently at stage 5 – production of the consultation document – which is scheduled for publication on 6 September. The work is policy lead but with significant input from HMRI.

### Process integration project (PIP)

11. The work falls into three parts;

- considering the drivers for change, both external and internal, and developing an agreed view of HMRI future operations;
- developing a new design of HMRI delivery processes and a new organisation that will deliver the external and internal requirements for change;
- developing a plan, including management arrangements, for implementing the new delivery processes and organisation.

The project is HMRI lead but we have had a representative of OPD as a member of the team, and a member of the PIP project team has been providing input to the OPIP project.

#### Risk Profile Topic Planning

12. The objectives of this project were:

- to develop a planning process to develop, prioritise, and define topic strategies which are integrated and comprehensive
- to develop an appropriate organisational model for the implementation of the topic strategies; and
- to develop a high level implementation plan which will enable a complete set of risk profile topic strategies to be put in place.

13. This project - which has been lead by John Clegg on secondment from OSD - has been completed and has been handed over to HMRI for implementation. Attached at Annex B is a copy of the main output from this project ie the organisational model that John produced after consultation within HSE 'rail' and with other colleagues in HSE. Also attached by way of illustration is a diagram showing the structured approach that has been adopted throughout the Programme on advice from consultants. A new Topic Strategy Manager has been appointed to ensure that momentum is maintained in implementing the outcome of the project.

#### Business Planning

14. The project will design a process for HMRI that:

- starts with the development of Rail safety strategy, desired outcomes and performance targets;
- continues through Business Planning and Resource Allocation against agreed Duty-holder Intervention Plans and Topic Strategies;
- covers the development of budgets and management targets; and
- finally covers the in-year management of the business and the review of business performance.

15. The project aims to introduce particular new features to the Planning and Management process:

- ~ an ability to prioritise high level outcome targets and objectives;
- ~ a capability to model the resource implications of different strategy options;
- ~ a process for the development of PSAs / KPIs / management targets that related to the ability of HMRI to achieve the objectives set;
- ~ integration with the Topic Planning process and the newly designed Delivery Processes, particularly in the area of the development of Duty-holder Intervention Plans;
- ~ providing accountability for planning decisions made and for the use of public resources;
- ~ the development of a balanced scorecard for HMRI;

- ~ the development of an in-year management capability;
- ~ the establishment of a learning loop within the Planning and Management process.

The project is being lead by Chris Molde on secondment from FOD Midlands. It is at a relatively early stage but is progressing well. The project team will include representation from RPD.

### **Where we've got to**

16. After an initially slow start, the Programme is now moving ahead with some speed but there is still a lot of work to be done. In particular, PIP (paragraph 13 above) reached a critical stage in April when the Project Manager presented to the Board the outcome of the analysis so far and a range of alternative design options for future HMRI operations with a recommended option for endorsement. Following a series of meetings with staff, the Board endorsed a preferred option for future development, and there has been a period of intense activity thinking through what further work is needed to turn that design option into a realisable organisational structure and how and when that structure can be implemented. In a very real sense we are starting to move from the design stage (the RDP) to the implementation stage and, in order to manage this, and ensure a seamless handover from one to the other, the Board has agreed the appointment of an Implementation Change Manager (IPC) within HMRI (Bob Smallwood).
17. Initial thoughts on this were shared with the Programme Board and with RIMB in the last two weeks. The Board took the view that there were advantages in early implementation of the first stage of the organisational changes to keep up the momentum and that the aim should be to implement that first stage by the end of October. It was recognised that it is crucial that the new structure was able to cope with parallel running of key processes until the legislative and other changes that were currently in train came to fruition.
18. Implementing change necessarily involves a significant amount of work if it is to be managed efficiently and effectively and with minimal disruption to staff. A focussed and structured approach is vital and we have relied heavily on consultants to help us to identify the full implications of what we want to do. What is clear is that, to do this properly, will require a heavy up front investment of time and resource over the next 5-6 months, and that this will undoubtedly impact on existing plans. On balance, the Programme Board believes that it is important to 'take the hit' in order to deliver the benefits and HMRI senior management has been asked to review existing plans accordingly, recognising that the consequences will need to be identified and carefully managed, and provide a forecast of the likely impact on outputs and on income.
19. A number of other issues emerge from this. First, we need to ensure that there is strong leadership from the top throughout this process and that HMRI staff have an assurance that they have senior management support for what they are being asked to do. Second, it will be important to forewarn key stakeholders and dutyholders as soon as possible if HMRI is going to reduce involvement with or withdraw, even temporarily, from aspects of work where they would normally expect our involvement and/or intervention. The general feeling from RIMB is that, as long as this is clearly explained, our decision to move quickly is likely to be better understood and welcomed than our holding fire. However, we are conscious that there are reputational risks here and that this must be managed carefully. These are issues that the ICM and the RDP

PM will be considering in reviewing and updating the existing RDP communication plan and will look to HSE colleagues for advice.

20. As the implementation plan is developed and the individual workstreams are taken forward, it will be important for us to be able to tap into expertise available elsewhere in HSE for advice and support.

### **Issues and lessons learnt**

21. It would be less than honest to suggest that all has been plain sailing. It is also fair to say that we have had the advantage of running a self-contained programme (within limits) involving a single industry with a dedicated budget. Attached at Annex C is a brief list of the lessons learnt – what was good, what was less good and what we would do differently if we were starting again. Of these, I would highlight 4 as being of critical importance:
- strong and committed leadership
  - a focussed and structured approach. MSP provides a good framework but, particularly when time is of the essence, you really need to focus on the essentials. We have also benefitted from the advice and support we have received from LogicaCPMG in setting up projects, in particular the focussed and structured approach shown in Annex B.
  - ensuring that you are clear about what you are setting out to deliver (and what you aren't) before rushing ahead with projects.
  - actively involving/consulting/communicating with staff to gain their participation/ownership.

### **Consultation**

22. Only within HSE 'Rail'. However, the heads of OPD and SID, respectively, were briefed on progress on 24 May, and the DDG (Operations) attended RIMB on 26 May where progress was discussed.

### **Presentation**

23. The issues raised in paragraph 20 et seq will require careful handling.

### **Costs and Benefits**

24. At the highest level, the RDP is expected to deliver the following benefits (which will have an impact both on HSE and on the industry):
- a simplified and more effective regulatory framework
  - better targeted HSE involvement based on safety cases and strategies for addressing key risks; and
  - better integration of core HMRI processes.

Individual projects will deliver specific benefits as well as contributing to these overall benefits. We do not anticipate any costs to industry from the RDP as a whole although there will be some initial costs associated with the change of the legal framework. The benefits and costs of the latter are being considered as part of the legislative reform project, with a regulatory impact assessment in preparation covering both industry and

HSE costs.

### **Financial/Resource Implications for HSE**

25. The RDP has a ring-fenced budget which is monitored by the PM on a day to day basis. Reports are made to the SRO and the Board on a monthly basis. As discussed in paragraph 20 above, taking forward the emerging findings from the Programme from the design to the implementation stage is expected to result in an unplanned shortfall in our income from charging and delivery against planned targets and outputs. However, unless the process of change is managed properly, there are clear risks that the overall anticipated benefits will not be delivered. HMRI senior management is currently reviewing the implications so that a forecast can be made.
26. Although it is too early to offer precise figures, it is anticipated that it will be possible to make efficiency savings over a three year period as the new organisational structure is put in place and beds in. Work is in hand to identify the numbers involved and we will need to share these with staff. However, we anticipate that figures will be available by no later than the end of July.

### **Environmental Implications**

27. None.

### **Other Implications**

28. None.

### **Action**

29. The Board is asked to:
  - Note progress;
  - Endorse the work carried out so far;
  - Give its broad support for the work still in progress;
  - Support in principle the Programme Board's recommendation that the necessary work is put in hand to implement the first stage of the organisational changes needed by the end of October subject to providing a forecast of the consequences; and
  - notes the lessons learnt so far from managing the Programme.