

Charging Efficiency Project

Minutes of the Charging Efficiency Project Board - 4 March 2003 11.30am
Room 5S1, Rose Court

Present

Vivienne Dews (Chair), Clive Holtham, Steve Dennis, Len Creswell, Chris Willby, Alan Sefton, Jane Willis, Julie Pascoe, Brian Fullam (Project Manager)

1. Welcome and Introduction

1.1 Apologies were received from Bob Henry

2. Minutes of the last meeting

2.1 These were accepted and have been posted on the Project Bulletin Board but comments received from Bob Henry after publication, and circulated with the Annotated agenda for this meeting, were discussed. They are reproduced here for inclusion in these minutes with outcomes of the project board's discussion:

'Brian,

An observation regarding the minutes of the meeting held on the 5th December 2002 and in making these observations I recognise that every organisation records the discussion, outcomes and actions differently. Whilst I am not seeking to change what has been 'approved' I believe I would not be doing you and others on the committee a service if I did not raise these observations.

I remember instigating a debate on what do we mean when we are talking about improved efficiency and where does the concept of providing a service to those you are charging for your services fit in the review of charging policy. It may well be that this debate is reflected in the minutes and I am not recognising it in the terminology used however I have to say that I cannot identify the core of the debate we had in the Project Board meeting. My concern here is not about the specific accuracy of the minutes but is about a more fundamental question for me which is if I, or another external member of the Project Board, raise an issue for debate the nature of the debate is not reflected in the minutes or any attached notes. I think this is also reflected in the conversation we had on the margin of the meeting where I was raising a sense I had that the discussion was very internally focused and one got the impression that HSE were not considering an external perspective. My experience is that if you do not get that external perspective and I am not talking about my particular perspective, you end up internalising the debate and therefore any developed solutions. That may not be in the interest of HSE and probably not in the interest of those you are seeking to serve.

I make these observations not because I wish to be critical but more because I think they might add to the development of a more robust solution.'

Vivienne shared the view that this was an important point relating to the external perspective and that it might be felt that HSE was being inwardly focussed. Clive Holtham said that Bob Henry had not consulted him about the comments. The board regretted that Bob Henry was unable to attend the meeting due to ill health and it was agreed that HSE should be making the most of external board members. Brian Fullam said that he intended to contact Bob Henry.

Action : Brian Fullam

3. Matters arising

3.1 Although a documentary communication plan has not been produced, all project documents are available on the Charging Efficiency Bulletin Board on the HSE intranet and the HSE website so that they can be accessed externally.

3.2 Brian Fullam said he had met with the LPGAs as part of stakeholder update. They were aware of the increases in chargeout rates for next year - which were about to go to the Minister for signing. The delay in processing these was due to illness of the solicitor dealing with the regulations. The fees had been agreed in principle and the industry charging groups had been informed. Railways and Offshore groups had been least happy but the anticipated lobbying from industry had not been as severe as expected. Brian Fullam confirmed that he had been asked

by the LPGA about what efficiency saving might mean in terms of percentage reduction and that he had responded about 10% of the chargeout rate during the first year. Vivienne thought that this might be improved and Brian said that he hoped another 10% in the following year could be realised.

3.3 The need for more radical change that could affect chargeout rates was acknowledged and it was hoped that this might emerge from more substantive discussion about the progress of the project.

4. Report on Progress

4.1 Vivienne thought it would be useful to group issues under the broad headings of administration and overheads, then those relating to how work is done i.e. process issues.

a) Brian updated the board on the progress of the study undertaken by BSD of potential savings to be made at Lord Cullen House, Aberdeen (LCH) - the costliest of HSE accommodation until the 300% rise in cost for Rose Court in October. A number of options have been produced, the first indicated that for an outlay of £340,000, the same amount could be saved per year, and this would affect the chargeout rate by £2.60 reduction. Brian said that he would be meeting with staff and unions in Aberdeen on Friday (8th March) to brief them.

b) Across the charging regimes central overheads, RPD costs remained the main costs, then IT and accommodation. These three elements amount to about 25% of the overall cost. Vivienne queried the impact of T&S costs and Brian confirmed that these accounted for about 6-8% depending on the regime. T&S costs are highest in NSD due to the distances required to be travelled. The costs of Offshore (OSD) staff travelling from their London base to Aberdeen was a factor, as was the Railway Inspectorate (RI) which also required long distance travel from staff. If we could minimise T&S we could reduce chargeout rates.

Vivienne said that a breakdown of the individual regime chargeout rates by component would be useful.

Action: Julie Pascoe / Brian Fullam

c) There was a discussion about the Corporate Review work being carried out by Stephen Williams, including examination of RPD costs, which are not therefore covered in detail in the Charging Efficiency Project (CEP).

d) Alan Sefton stated that Alan Osborne (RI) was frustrated that the costs of accommodation were outwith his control, also IT arrangements for people working at home and that directorates should be able to manage their overheads for themselves. Brian Fullam gave approximate figures for the overhead costs per regime as: 43% for HID, 30% for NSD and over 50% for RI. Chris Willby said that HSE itself would challenge bills where overhead costs ran at 50% and that direct charges were much easier to justify.

e) There was a general discussion about how overheads were presented. Other costs were also raised including training costs, finance and planning. It was noted that IT support costs were questionably large - about £5,000 per person per year plus local costs, i.e. the cost of regime specific support - in HID this is 8-10 staff. The question of whether such costs would be better drawn into a central resource. Chris Willby pointed out that this was work done on systems that were not currently delivered through a central system. Vivienne Dews ventured that the reason for failure of central systems may be the maintenance of local systems. As an example, the PARIS system was discussed with regard to what maintenance/data management was carried out centrally and what information the divisions provided for this purpose. Delays of 3-4 months for central updates were cited as the reason for such systems being unusable by divisions. The discussion underlined the fragmented state of the IT systems used throughout the charging regimes.

Work recording was discussed in terms of chargeable time being directly attributable and more transparent to industries i.e. charging for actuals. Brian Fullam told the board about comparative government departments and agencies where everyone from the Chief Executive down work recorded and that HSE was singular in its approach. This also affected the calculation of unit

costs. Since unit costs are not recorded in HSE, quantification is based on guesswork - which is not efficient. Vivienne Dews asked if the final project report would include recommendations regarding this and Brian Fullam confirmed.

Vivienne Dews agreed to speak to Stephen Williams about the need for his work to flag up IT costs as an area for attention. It was agreed that the CEP should produce pointers.

Action: Vivienne Dews, Brian Fullam, Julie Pascoe

Clive Holtham queried government rules on apportionment within the chargeout rates. Steve Dennis responded that government rules were applied in that HSE was obliged to recover costs but the apportionment of central overheads, for instance, has to show that the money is put against chargeable activities - but there was an element of discretion.

e) Alternative ways of working were discussed including 'homeworking' which Clive Holtham thought meant different things to different people and suggested the term 'flexible working' as an alternative. The discussion centred round the work previously carried out within HSE, how other organisations operated. Cost reductions through savings on estates - total cost approx £20 million at present - were discussed with one or more pilot schemes being mooted by Steve Dennis. Jane Willis suggested that Bob Henry might be able to give useful input based on his experiences at CORGI.

Chris Willby pointed out that some existing staff may not want to work from home or might be unsuitable candidates. It was agreed that it would not be a suitable arrangement for all staff. Clive Holtham raised concerns about the possible loss of knowledge by HSE through fragmentation of the staff, the board also discussed the need for a reliable and integrated IT system necessary to support flexible working and how this should tie in with COIN project work. Vivienne Dews proposed that more work be done in this area. It was agreed that any proposals would have to be put to the HSE board.

Action : Brian Fullam and Julie Pascoe

f) The subject of T&S and travel was also discussed in relation to staff frequently travelling from their offices in Rose Court and Bootle to Aberdeen. The estate costs of Rose Court - due to rise from about £8,000 per head per annum to £24,000 - meant that even if staff were to move out, then subletting could be difficult in view of the competitive market. Chris Willby thought that given the substantial scope for reorganisation of Lord Cullen House, the matter of staff travelling from Bootle and Rose Court to Aberdeen, at considerable expense, should be high on the agenda and looked at quickly. Vivienne Dews said that work on this matter needed to be carried forward and that more analysis of hard information was needed - not only considering locations, T&S costs, travel etc but also what people thought about moves and for HSE what price would be worth paying' to implement changes.

Brian Fullam said that he planned to brief the staff involved, Chris Willby suggested that this should include line management. A questionnaire will be prepared and Brian Fullam will be available to explain the details to staff. Vivienne Dews said that it was important for Brian Fullam to be involved.

Action : Brian Fullam and Chris Willby

g) A discussion about travel time raised concerns for the wellbeing of people travelling long distances and recording, for instance 49 days travel time in 9 months. The board agreed with Jane Willis that this was neither healthy nor efficient. Vivienne Dews raised the general issue of industry paying for HSE staff who were based somewhere that was not operationally efficient, it was acknowledged that some staff were very difficult to recruit and HSE had on occasions recruited staff with a particular discipline regardless of their location.

h) Chris Willby outlined a number of contributory factors in the burdens on Inspector affecting productivity including investigations, prosecutions and IT constraints. Julie Pascoe concurred drawing the boards attention to the discussion paper on prosecution improvement and also the amount of time Inspectors were required to spend on data input - which should be considered an additional operational output.

The Board meeting broke for a few minutes and resumed with a working lunch, but without Clive Holham who had to leave due to a prior engagement.

h) Non-frontline activity was discussed and this was estimated to comprise 7% of the chargeout rate. The way in which written guidance and policy is produced was criticised. Brian Fullam and Julie Pascoe gave accounts of workshop findings that field staff found the procedures and guidance too long and detailed as to render it unusable. Alan Sefton ventured that documents had to be fit for purpose in terms of quality review criteria, that regimes were in a state of change with RI still to produce procedures for core processes. Vivienne Dews considered that an 'external eye' would be useful as the 'grit in the oyster', in looking at benchmarking something that could apply across the HSE charging regimes.

There was a brief discussion that underlined how the operational divisions considered that this approach might be difficult, considering the diverse statutory obligations and procedural frameworks that currently exist. Brian Fullam said that workshop information showed that processes were fundamentally similar and Vivienne Dews stated that step-change could not be discounted. Steve Dennis drew the board's attention to the Process Standardisation project being initialised through Operational Policy Division at the instigation of Justin McCracken, in which Brian Fullam and Julie Pascoe are involved. Board agreed that external 'grit in oyster' should be nominated and approached.

Action: Steve Dennis, Brian Fullam, Julie Pascoe

i) The potential for applying different work practices across HSE was highlighted by Brian Fullam who cited the use of band 5 staff in NSD and RI, to free up Inspector time. Band 5s are carrying out chargeable work that does not require the application of Inspector skills. Again, productivity measurement was discussed in terms of making work recording a requirement throughout HSE.

j) Administration of charging was briefly covered by Brian Fullam in an update to the board about what systems are in place - both IT and manual - and how these operate within the different regimes. Recommendations for streamlining and improving these systems will be presented in the final report to the board. There are links with Stephen Williams Corporate Review and Jane Willis agreed that some issues tied in with PEFD work - this should be explored.

Action: Brian Fullam, Jane Willis, Julie Pascoe

k) It was agreed that the next board meeting should be in April. It was acknowledged that a significant amount of work had come out of the meeting for completion within the month.

5. Review of Risks

5.1 Referring to the risk register Brian Fullam reviewed the following: Directorates had 1) co-operated and 2) provided resources. 3) The original Project team had included Charles Ransome who had become unavailable leaving only Brian Fullam and Julie Pascoe and that the main risk to the project remained the sudden departure of either! 4) There was always a risk that directorates would not embrace the projects findings because we 'remain a conservative organisation'.

Julie Pascoe asked for an additional risk to be registered, that 5) other projects and initiatives across HSE would produce diverse and conflicting recommendations and in order to address this an initiative/project register should be maintained to highlight duplication, overlaps or conflict in areas of work, objectives and possible outcomes.

A GANTT chart was suggested by Vivienne Dews as a way of project tracking.

Steve Dennis said that he was meeting Peter Graham with a view to discussing the 'big picture' and would liaise afterwards.

Action: Julie Pascoe, Steve Dennis

6. Next Steps

6.1 It was agreed that these had been identified throughout the meeting

7. Date of next meeting

7.1 To be arranged

Action: Julie Pascoe