

Charging Efficiency Project

Report on the findings to date of the Project Team

1. Appended to this note are three reports with the findings to date for:
 - i. Investigation and Prosecution
 - ii. Alternative working arrangements
 - iii. Charging administration and permissioning procedures.

2. Further work is underway on process improvements in inspection and assessment to enable inspectors to focus on those elements of their work that only they can do. We are also looking into the costs of training, a particular issue for the COMAH regime, and the costs of IS/IT systems. Reports on these areas will be circulated separately.

3. Not included are any figures on possible efficiencies in corporate functions e.g. finance, planning, personnel etc. This area of study is the subject of a separate project led by Stephen Williams the results of which should be available before the end of March and should therefore be available for inclusion in the final report.

4. None of these reports are able to quantify the potential efficiency savings, an indication of the difficulties in obtaining reliable data on unit costs. In the remaining month of the project we will attempt to obtain reasonable estimates of costs and feed those into the process models we have generated. However, there are always going to be considerable uncertainties in the figures we arrive at.

Brian Fullam
24 February 2003

1. Workshop analysis of investigation and prosecution across charging regimes has revealed that investigation will often take precedent over all other work diverting staff from planned chargeable work.
2. The time-consuming nature of investigations can be demonstrated by the tables below, which show recorded Band 3 time against specific investigations/prosecutions within the COMAH Regime, where the impact of diverting inspectors from chargeable to non-chargeable work is particularly acute

Examples – Regulatory HID Band 3 Inspector hours spent on investigations/prosecutions

2 non-chargeable investigations between June 2000 and February 2002, leading to successful prosecutions against BOC and Abb Fab Services.

	Activity duration before informations laid (hours)	Activity duration after informations laid (hours)	Total number of B3 regulatory Inspector hours recorded	Number of B3 inspector hours x chargeable hourly rate @ £107 - as indicator only	Costs recovered in court (£)
BOC	59.4	24.7	84.1	£8,998.7	6,480
Abb Fab	33.9	22.6	56.5	£6,045.5	2,500

Investigations between March 2000 and present. No prosecutions.

	Activity duration before informations laid (hours)	Activity duration after informations laid (hours)	Total number of B3 regulatory Inspector hours recorded	Number of B3 inspector hours x chargeable hourly rate @ £107 - as indicator only	Comments
EVC Chargeable	50	-	50	£5,350	No prosecution
LURGI non-chargeable	208.9		208.9	£22,352.3	No prosecution
Baldwins Industrial Services Plc and Brunner Mond (UK) Ltd all non-chargeable	a) 105 b) 1325 (Inspector (a) dealt with investigation, there was some handover and then a second Inspector (b) took over)		1430	£153,010	Investigation not complete

3. Serious and major incidents are time consuming and often require the input of experienced, senior inspectors, with support from experienced specialist inspectors. These are also the people who are most productive in carrying out chargeable work.
4. In the workshops there was almost unanimous agreement across the charging regimes that the increasingly complicated nature of large investigations and most prosecutions required up-to-date knowledge and a familiarity with the details of the legal process not easily retained without constant practice. It was also agreed that using a team, specialising in prosecution and investigation skills, that could lead on the investigation of the more complex incidents, and provide both legal and procedural advice, would lead to

productivity gains. The analysis also identified parts of the investigation and prosecution process that could be carried out or supported by HSE staff other than Inspectors engaged in assessment and inspection work.

5. One example of potential efficiency gains arises from the Railways Inspectorate where Band 5 support staff investigate reported track-suicides involving the members of the public. Carried forward into the other regimes, training could be provided to staff at Bands 4 or 5 to enable them to carry out specified investigation or prosecution support functions. Chargeable work could be charged to these staff.

6. Our findings, arrived at independently, mirrored the proposals for an investigation/prosecution support unit (IPSU) explored as part of the Prosecution Improvement Project. Some – though limited – concern was expressed about the narrowing of the scope of regulatory inspectors' job content, although it was perceived that the IPSU would provide development opportunities for inspectors who wanted to work in it for a period of time, and that their enhanced skills would ultimately benefit the field.

7. One of the more radical, and more long term, suggestions aimed at reducing prosecution costs was the introduction of fixed penalties for specified breaches. Apparently Agriculture Inspectors used this method of enforcement in the past. Savings would certainly be made in terms of inspector time and also in legal costs. Companies might also be encouraged to pay a fine than pursue a lengthy and expensive defence through court.

Issue

1. Accommodation costs represent 8 – 10 % of the hourly rate for the Offshore, Railways and COMAH regimes and 5% for Nuclear. Reducing these costs could have a substantial impact on the hourly rate.

Workplace considerations

2. A number of alternative workplace arrangements are available to reduce costs:
- homeworking
 - better use of space through open plan working
 - relocation of staff to maximise the use of office resource
 - travel/remote management

A. Homeworking in HSE

3. Homeworking is mandatory for one group of staff - Mines Inspectors.
4. Working from home was the subject of a project commissioned by the Estates Strategy Group in 1997 and the main report was produced in 1999¹.
- Four options were considered, no change, voluntary HW, mandatory HW for designated groups and the use of business centres²
 - The report concluded that opportunities existed for an extension of informal HW though this might be at a net cost to the organisation, whereas formal HW had the potential to save money
 - In relation to Inspectors, the report found that: *'These jobs are in many ways ideal candidates for HW in that they are jobs with a fair degree of autonomy, agreed work programmes (with specific outputs/products) and already involve travel to site beginning and ending at home. Mines Inspectors have been doing HW for many years. It would seem logical to take HW a stage further for other inspectors'*³
 - A paper was submitted to the HSE board.⁴ No decisions or actions were recorded but a policy decision appears to have been made not to develop homeworking as a serious alternative
5. This policy is reflected in the emerging outcomes of a project to review and update HW guidance, initiated mid 2002. Draft guidance has been prepared, requiring a business case to be submitted by individuals wanting to work from home based on 'a strong hardship case'. This approach is not designed to encourage staff or make the process easy. Existing guidance labours the complexity of the issues involved placing the responsibility for solving these on the individual.
6. As part of the Charging Efficiency Project, information on homeworking has been collected from within HSE and from external agencies previously excluded from the Working from Home Project, namely. SEPA, the EA and the Planning Inspectorate.

Homeworking Issues

¹ [B/99/r07](#)

² [Option 1](#) [Option 2](#) [Option 3](#) [Option 4](#)

³ Chapter 11 HSE WFH Report [Suitability of jobs for HW in HSE](#)

⁴ [B/99/r03](#)

7. HSE accommodation overheads could be reduced - thereby reducing the chargeable rate - if homeworking was extended and office space reduced.

8. The HSE Working From Home project report 1999 identified advantages of homeworking for 'an employer' which would also reflect the objectives of the Charging Efficiency Project, such as greater productivity, retaining valued staff, access to a wider range of skilled workers – no longer restricted to recruiting from one geographical area, reduced overheads.

9. To avoid duplication of facilities including IT equipment and costs, homeworking would have to be managed on a formal basis so that staff would be home based with only hot-desking or meeting facilities available at an HSE office.

10. Changes in work management would be necessary and would result in a change of culture.

11. Senior management have not been supportive of homeworking in the past and this may still present difficulties

12. Problems identified as part of the feasibility of HID and NSD inspectors working from home primarily cited i) issues about access to bulky files/papers ii) IT support iii) working patterns and culture. Improvements to electronic documentation and IT systems since 1999 may have addressed some of these issues i.e. safety cases submitted on CD ROM, the potential to use electronic mail.

13. Concerns relating to training may require revision of training policy. Consideration would have to be given to direct entry of technically qualified and competent staff from whatever source.

14. It is a stated Personnel Division objective for 2002/03 to 'introduce a new homeworking policy to provide greater flexibility of working patterns.

15. As a next step beyond individual homeworking, BSD is looking for a suitable opportunity, tied in with a lease break on an existing office, to run a pilot operation involving a group of staff. This would provide experience of supporting and managing such an arrangement. If such a group of staff were to be found in HID then the results of the pilot could be evaluated in terms of effect on charging efficiency.

Other organisations - examples⁵

Organisation	Basis - flexi/mandatory	Benefits	Allowances paid for HW
HSE	a) Flexible - individual requests for formal HW must be on basis of strong hardship case b) mines inspectors are formal HWs		a) Monthly £21 'Home as office' - not taxed but not extendable to other staff under treasury rules since 1987 ⁶ (<i>NB. seemingly not applied to the PI -below</i>)
Planning Inspectorate	Traditional - mandatory for inspectors. Expanded to include group of SEOs in 2001.	Reduced accommodation costs	a) Annual allowance of £450 paid b) travel expenses from home c) one off payment made when HW introduced for SEOs d) additional Insurance costs
EA	Flexible - dependent on suitability of job and applicant.	Recruitment for specific skills	a) London weighting still paid b) claims may be made for additional home running costs
ACAS -civil	flexible but experiment with 100% in	Increased productivity	No allowances paid on basis that savings

⁵ Information from those organisations examined in the WFH report plus SEPA, EA and Planning Inspectorate presented in a summary table

⁶ Chapter 9, ss 9.29, HSE WFH Project report B/99/R07 [Tax](#)

service organisation	one regional team – favourable & may be extended		on commuting compensate.
SEPA	Flexible - as part of Alternative Working Arrangements project	costs and personal mileage savings	
ADAS	Semi mandatory when company condensed offices to save money. Majority of employees moved to formal homeworking - those unable to found place in 'telecottage'. Cost cutting, competitive motive.	reduction of 65 offices to 25, increased productivity organisational survival	HW receives one off payment of £500.
Eagle Star Insurance	Traditional mandatory.	Increased company efficiency	£70 p.a. towards heat and light
Unisys	Flexi/informal as business centres - hot desks and workstations – were introduced to reduce office costs.	reduced office costs, greater office flexibility, better staff welfare	£100 payment of 'setting up' costs
Suffolk CC Trading Standards Department	Formal (mandatory) - though incidental rather than central to improved efficiency.	increased efficiency as part of local government review, reduced office space, increased client contact time	

B. Open Plan Offices in HSE

16. Many HSE offices are now open plan and this is standard for all new offices.

17. The most expensive accommodation in terms of cost per person per year is Lord Cullen House in Aberdeen due to a relatively low occupancy level. The existing office space is a mixture of individual offices and some limited open plan. A project by the Estate Management Unit is underway to assess how the space might be better utilised. The likely outcome is a recommendation to move fully to open plan with some of the building sublet.

18. The alternative is to increase the occupancy by moving more staff into Lord Cullen House. HID has a policy to do this by moving staff from Rose Court, the second most expensive office accommodation, as posts become vacant.

C. Relocation of staff

19. HID has 29 OSD inspectors who work from Rose Court. Most are discipline specialists providing support to the inspection teams on Aberdeen, Bootle and Norwich, developing guidance and standards and supporting research projects. Only 4, the Diving Inspectors, work mainly in southern England.

20. This situation has a historical basis, when these staff were recruited in the 1980s most of the major oil companies were based in London. The companies have since moved out of London to Aberdeen but the Inspectors remain.

21. There is a double cost to HSE in that not only are they based in expensive accommodation in London but since they frequently travel to Aberdeen, travel and subsistence costs are also a factor.

22. Relocation of these staff to Aberdeen would not only save on T&S but would lower the accommodation costs of Lord Cullen House per capita by maximising the use of accommodation. The space released in Rose Court could be used by staff who need to be based in London or sublet.

23. Personnel Division are undertaking a study of the legal feasibility of a bulk move of staff from London and the likely costs.

D. Travel and Subsistence

24. Travel and subsistence costs amount to between 5% and 7% of the costs per hour of the various regimes. A brief examination of the twenty highest T&S accounts in year 2002/3 in one regime showed a total expenditure of £250k for the first 10 months. The largest number of days recorded by one of the individuals as travel time in the same period was 49.

25. These figures suggest that is an area where further analysis could identify efficiency savings.

Charging procedures and processes and Knowledge Management

Charging Processes

Issues

1. Three issues which could reduce costs or otherwise reduce the chargeout rate were identified in workshops involving central and directorate accounts staff:

- the re-engineering of financial processes to streamline the charging process
- the re-engineering of the complaints process
- review basis for calculating chargeable rate

Discussion

2. The workshops identified a number of inefficiencies in the processes used to administer the preparation of invoices. The IT applications used to capture chargeable time vary between directorates but all suffer from the same difficulty that the output cannot be transferred electronically into HSE's accounts system, RASP. Instead, paper forms are prepared, signed and sent to the central billing office in Bootle where the data is input manually into RASP which then generated the invoices. These are sent to companies as paper documents. This dependence on paper documents provides a straightforward auditable trail for accountancy purposes.

3. Problems also arise through quality of work recording information. The quality of inputting is variable due to lack of inbuilt data quality control. As a result all the administration teams carry out some data quality checks.

4. Delay introduced by the handling of complaints can result in invoices being outstanding for some months. There are bureaucratic delays i.e. complaints/queries being logged twice in different geographical locations and additional delays because complaints are received centrally but answered by directorate administration teams. These can be addressed by re-engineering of the complaints process.

5. Chargeout rates are calculated on an historical basis that does not permit account to be taken of projected or in-year efficiencies. This needs to be changed. Also, chargeout rates are currently calculated on the frontline work of inspectors. Process changes identified by this project will result in other, possibly lower paid staff undertaking frontline contacts. The method of calculating chargeout rates should be modified to capture this change. One effect would be a reduction in the rate.

Process Modifications

6. The administrative system could be improved by removing manual handling of data and the transfer of data on paper forms. With little modification RASP could receive data electronically from the field systems through Excel spreadsheets. Additional modifications would be required for invoices to be sent to companies electronically. Both these changes would bring about savings.

7. Currently, queries or complaints about invoices are received centrally but are dealt with by the operational administrative teams. This separation of functions is not efficient, all queries should be handled only once.

Procedures

Issues

8. Issues arising:
 - work recording
 - written procedures
 - a. length
 - b. accuracy
 - c. streamlining, common processes, COIN

Discussion

9. Work recording practices vary across and within regimes. Some work recording is done by administrative support staff who collect information from Inspectors; elsewhere time is recording directly onto IT systems by inspectors. There has been no thorough evaluation of the efficiency and effectiveness of these two approaches. In some other government departments, where charging is undertaken, evaluation brought about change.
 - a. In the Food Standards Agency electronic work recording by frontline staff was abandoned in favour of a paper timesheet (a weekly two page document which also encompassed guidance on what work activity codes include).
 - b. The measure was introduced when the FSA assessed the efficiency of their electronic system and found that inputting by frontline staff was time-consuming, difficult to manage and the over complexity of activity categorisation (including topics, projects, policy work management activities etc.) led to inaccuracy, poor data quality, and unusable data. All these issues diverted frontline staff from their primary functions.
 - c. Collection of the timesheets and subsequent data input by support staff ensures a higher quality, consistency and Offices apparently feel obliged to provide timely information to a person rather than a system.
 - d. The Maritime and Coastguards Agency have avoided introducing a comprehensive work recording system, considering the cost benefit balance to be doubtful. They have however introduced universal time recording, including the Chief Executive, as a way of monitoring and understanding their cost base.
10. It is a universal complaint of inspectors that they are asked to record information that is not then used. A review of work recording to ensure only essential information is captured could release Inspector time. It may also lead to improvements in data quality and consistency with greater ownership of data by frontline staff.
11. The role of Safety Case Coordinators has proved effective in both railways and offshore safety in reducing the administrative load on inspectors. Consideration should be given to introducing this role to COMAH for the management of safety report files or documents. This would release Inspector time.
12. Workshop feedback from RI and HID identified common themes regarding written procedures, their excessive length and therefore unsuitability as an effective source of guidance. The safety case and safety report assessment manuals in use in HID, which can be found in the HSE website, are examples of the types of documents that raised most concern. In common with many HSE procedures they were found to be
 - a. far too long and detailed for reference by operational staff
 - b. not designed to be used electronically
 - c. huge documents to be printed out
 - d. not representative of the 'way things are really done'
 - e. too prescriptiveThere was a belief that the procedures had been developed in their current form to protect the organisation rather than to help staff carry out their work more effectively.

13. As a result only limited use was made of the documents. Instead, inspectors depended on their initial training and networked with colleagues when they encountered difficulties. The purpose, content and structure of procedures and guidance for the permissioning regimes should be reviewed to improve their usability. This is likely to require assistance by those expert in structuring documents for use with electronic media.

14. There are some examples of better practice in the NSD Business Management System where procedures are broken down into shorter elements each of which is usually accompanied by a process flowchart. However, added together the elements still amount to a substantial document. One suggestion for improving documents was to structure them around a flowchart with electronic links to more detailed but still brief guidance where this is necessary. Such an arrangement would enable easier updating and may reduce the temptation to print out the guidance.