

HMRI Investigation Report

TSSA Complaint - Network Rail 'Project Violet'

1. Introduction

1.1 In October 2003 Network Rail (NR) embarked on a management headcount reduction, variously called 'The Efficiency Improvement Programme', 'The Headcount Reduction Programme' or 'Project Violet'.

1.2 The programme appears to have been driven by the need to reduce operating expenditure quickly, with 31 December 2003 being the planned exit date for selected staff.

1.3 The project is seen by NR as a temporary expedient, pending the comprehensive restructuring of the company during 2004.

1.4 The objective has been to identify the bottom 15% of 'poor performers' in NR management grades 1-4, using a detailed ranking procedure.

1.5 By the end of the project 594 managers had left NR (based on figures obtained 18.12.03), representing around 15% of the target group. Amongst those affected were a number of Key Safety Post holders and a small number of Safety Critical staff, as follows:

Key Safety Post Holders	=	60
Key Safety Post Holder / Safety Critical – Combined post	=	4
Safety Critical Post Holder	=	8

1.6 NR does not consider the changes significant, and although deliberately engineered, they consider the reduction to amount to a short-term vacancy gap. Consequently the change management process contained in NR's railway safety case (RSC) has not been implemented and there has been no formal RSC validation of the process.

1.7 NR Regional Directors had been asked to ensure that, where there were safety implications, changes would not have a detrimental affect. Although (based on overviews provided by LNER & SR) efforts have been made to consider the impact on safety, especially with regard to Key Safety and Safety Critical post holders, there has been no systematic methodology for recording the process.

1.8 There has been no suitable and sufficient assessment of the potential risks associated with the project and, as yet, very little attention to analysing the workload of residual staff (termed 'survivors' by NR), who will have to deliver higher levels of output with reduced resource.

2. Project Methodology

2.1 The Project's key objective was to identify the "poorest performing" managers in the company over the affected grades throughout the NR functions of HQ, the Regions, West Coast Upgrade & Major Projects.

2.2 Each individual was ranked either 'A', 'B' or 'C', with top performers categorised 'A' and bottom performers classed as 'C'. The ranking was carried out using a 'Management Ranking Form (MR1)', which assessed individuals':

- behavioural indicators
- technical skills & knowledge
- length of service
- discipline record (for the previous 2 years)

2.3 The heaviest weighting was given to behavioural indicators. There was not a formal prompt to identify the safety content of individuals work and hence the consequences of their removal.

2.4 The initial phase identified 603 managers for removal. These were quickly notified by NR and each affected person was given a formal and (based on the evidence available) well-structured interview. There was an appeals process built into the project and the initial figure was subsequently reduced to 594. All these staff officially left NR employ on 31 December 2003. Their duties were transferred to remaining staff.

3. Railway Safety Case Implications

3.1 Network Rail did not consider that the Project required RSC validation. Their view was that as there has been no alteration to the organisational template, and duties will continue to be covered, validation was not needed.

3.2 The Network Rail RSC deals comprehensively with organisational change. Despite the company's view that Project Violet did not constitute such a change, the Project nevertheless changed resource levels without a corresponding reduction in duties.

3.3 Additionally, a further objective of the Project was to increase the span of control of managers. Currently (on average) managers have between 3 and 4 direct reports. An objective of the Project was to increase this to between 5 and 8 direct reports, in line with comparable organisations in other industries.

3.4 Although it is too early to fully assess the implications of this on safety it clearly represents a significant increase in the workload of some managers. Industry intelligence suggests that there is some concern within this group about their capacity to deal with more direct reports.

3.5 Even with a sympathetic interpretation of the NR RSC these changes should have triggered a detailed assessment of the safety implications of

Project Violet before its implementation. The relevant extract from the NR RSC is:

8.13.1 It is Network Rail policy that the safety implications of any proposed change are shown to be acceptable before implementation of the change. Network Rail operates a formal change management system to control the introduction of change and to ensure that all safety risks are identified, systematically addressed and controlled. This policy applies to changes relating to operations, infrastructure engineering, Traction and Rolling Stock (T&RS) routing, T&RS engineering, organisational structure, management systems and any other factors which may affect the safety of the operational railway'.¹

3.6 Had the formal change management system been implemented (described in the RSC and the supporting line standard RT/LS/P/020 'Management of Organisational and Safety Management System Change') a system of controls would have been triggered, including:

- risk assessment – to include consideration of transitional risks.
- justification for any significant changes to resource levels.
- the issuing of a safety validation certificate (level 2 change and above)

4. Investigation

4.1 At every stage during the investigation Network Rail have been fully cooperative and have readily provided supporting information. Meetings and/or inspections were conducted as shown below:

4 November	Meeting with NR HQ team – Overview
19 November	Meeting with NR HQ Project Manager – Project overview
28 November	Meeting/Inspection with LNER Snr. Mgt – Regional overview
1 December	Meeting/Inspection with Southern Region Mgt, Regional overview
1 December	Meeting/Inspection NR HQ (peripheral to scheduled meeting)
18 December	Meeting with NR Director HR & NR Safety Case Manager- Provide feedback.

Risk Assessment

4.2 Based on the information provided by the regions so far, a detailed HR process was followed for disposal of staff and transfer of duties. However, the HR process did not mirror the change management process described in the RSC. As a result no formal risk assessment was conducted.

4.3 The regions confirmed that they had asked (at NR's Operations and Safety Management Group Meeting on 28 October 2003) for clarification on the process for ensuring the Project 'did not create unacceptable risk'. Advice

¹ Underlining by HMRI

to the group was that NR HQ was conducting a risk assessment. The regions did not contribute to the process and, based on evidence available to date, a suitable and sufficient risk assessment was not conducted.

Workload Analysis

4.4 The regions were also asked about any analysis undertaken to ensure that remaining staff were not given unreasonable workloads. The general response was that, although the issue has been discussed as part of the project, no systematic process had been followed to assess workload.

4.5 Similarly, no assessment had been made of the potential impact of sick leave or emergency response on depleted resource levels, though both regions were confident that they would be able to cope.

Managing Stress

4.6 Network Rail provided a copy of their 'Managing for Health' procedure when questioned about stress management. An initial review of this indicated that although there is a process for referral in cases of stress there is no policy designed to manage stress before it becomes a problem. Network Rail pointed out (reasonably) that implementing the project over a tight timescale helped to reduce stress on affected individuals, which would have been more pronounced had the Project been more protracted.

4.7 It was noted that there is a commitment by NR to research the effects of (amongst other things) fatigue, stress and workload in their 2003 Safety and Environment Plan. Progress with this objective has still to be assessed.

5. Intelligence / Field Team Feedback

5.1 Despite Network Rail assurances that there is no change to their organisation, the effects of Project Violet have started to manifest themselves in the form of disruption to existing work streams. There is specific evidence to show that the work (for example) on revising the competence arrangements for signallers has been made more difficult to implement by virtue of a key member of the team (Professional Development Manager) being removed under the project.

5.2 HMRI colleagues also report disruption to work affecting track standards, though the precise impact on this and other work streams has yet to be assessed.

5.3 Although further investigation, beyond anecdotal evidence, would be required for HMRI to gauge the true level of disruption to existing work, initial findings indicate deficiencies in assessing the potential impact of Project Violet. It is for NR to review the consequences of Project Violet and to ensure that measures are put in place to address the outcomes. The Management of Health and Safety at Work Regulations 1999 require that organisational

arrangements and actions that could affect health and safety are effectively planned, organised, implemented, monitored and reviewed.

6. Conclusion

6.1 Network Rail stated that as the exercise did not alter the existing organisational template, no implementation of the change management process was required. Even if NR's premise (that their RSC did not require the change management process to be implemented) were accepted, the principles contained in it would have lent the project a rigour, in risk management terms, which is absent. In short, it would have demonstrated the organisation was doing what was reasonable to control risks arising from the project.

6.2 Although further investigations would be required to confirm these initial indications, it is possible to conclude from the evidence obtained so far that:

- The project and its methodology appear to have been hastily constructed and implemented. Whilst HR protocols appear to have been robust, the decision not to implement the safety change management process has resulted in less than adequate consideration of the impact of the change on risk controls.
- Specifically, there was no suitable and sufficient assessment of the potential increase in risk through the loss of resource.
- There was no robust workload analysis to ensure that staff taking on additional duties or increasing their span of management control do not have unreasonable demands placed on their time or competences. The issue of occupational stress has not been addressed proactively.

7. Future Reductions in Headcount

7.1 The extent to which Network Rail's risk exposure has been changed as a consequence of Project Violet is difficult to gauge at this stage. In fairness to the company it is possible that the safety risk has not significantly increased, but this has not been clearly demonstrated. The methodology of reducing headcount in the way the company have done on this occasion is not compatible with the aims of the Railway Safety Case Regulations and may have been contrary to Regulation 10 (the duty to conform with your safety case).

7.2 Any staff reduction needs to be managed systematically, so as to ensure that risk is properly controlled. If NR undertakes similar exercises in future then they should be conducted as part of the safety case change management process. This is particularly important as Project Violet has substantially eroded spare capacity in the organisation. It is difficult to conceive of any future reductions in the headcount, managed without the benefit of the safeguards contained in the change management process, which would not expose the company to significantly increased and possibly inadequately controlled risk.

7.2 If HMRI accepts significant headcount reduction exercises without duty-holders adopting an adequate change management process this would increase the potential for current risks to increase, and for additional risks to be introduced without sufficient controls.

8. Requirements

8.1 Network Rail should:

1. Conduct a formal, documented analysis of the safety implications of Project Violet. This should specifically consider any potential risk created by vacancies, the reallocation of work and the workload and competence of remaining staff carrying out the duties of former colleagues.
2. Provide a formal assurance that, should there be any future significant reductions in headcount, they will be conducted in accordance with the safety case change management procedure.
3. Meet its stated objective in the NR Safety & Environment plan, with regard to assessing the effects of stress and workload, and develop from it a proactive policy on managing the risk from occupational stress.

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