Chapter 7

Assessment of Organisational Change on Health, Safety and Environmental Protection.
Foreword

The Defence Operating Model establishes a single integrated framework of internal controls covering the entire Department which includes the designation of Defence Authorities. Although a Defence Authority, the Defence Safety Authority (DSA) operates outside of this framework in as far as it is directly accountable to the Secretary of State (SoS) for Defence and is not Held to Account by the Permanent Secretary; this is to ensure that organisational separation is maintained between those acting as a Regulatory Authority and those that deliver Defence outputs. To that end the SoS for Defence has empowered the DSA, by charter, for its roles as Regulator, Investigator and Defence Authority for safety. It has been granted independence from the rest of Defence (from financial, political and operational pressures) and is required to provide SoS with assurance that his policy on safety (including Health and Environmental Protection) in Defence is being promoted and implemented.

This policy and guidance provides a framework around which Defence demonstrates its compliance with the requirements of Health, Safety and Environmental Protection (HS&EP) legislation and where legislation is disapplied, that suitable arrangements are in place to safeguard personnel and the environment.

Authority

This document takes its authority from the SoS’s policy statement for HS&EP and the DSA Charter. Compliance with these polices will be assured by the DSA and reported to the SoS and the Permanent Secretary via an Annual Assurance Report. Regulation will flow from the policies detailed within DSA01.1 and 01.2, but will be assured separately by the authoring Regulator. Domain specific policy and regulation will be detailed within the relevant DSA02 level publications. Defence is to comply with the DSA policies and Regulation with equal diligence and vigour. Should there be conflict between policy and Regulation within the DSA’s publication suite then in the first instance advice should be sought from the Policy Team in DSA HQ by email at DSA-HQ-SafetyEnquiries@mod.gov.uk.

Application

This policy and guidance applies to all Defence Organisations/Agencies and Defence activities.
Chapter 7  
Assessment of Organisational Change on Health, Safety and Environmental Protection

Scope 01.2.7

1. This Chapter aims to:
   a) Describe the requirement, roles and responsibilities for assessing the impact of change on the Health, Safety and Environmental Protection (HS&EP) risks being managed within an organisation;
   b) To provide guidance on the content and process for conducting and assuring an Organisational Safety Assessment (OSA).

Policy 01.2.7 (1)

2. When considering the need to implement organisational change, the change owner shall:
   a) ensure that an OSA is undertaken to assess the impact on the HS&EP risks being managed by an organisation;
   b) appoint a Senior Responsible Officer (SRO) or Nominated Change Manager (NCM) with responsibilities to undertake an OSA;
   c) ensure that the OSA is proportionate to the complexity and scale of that proposed change;
   d) ensure that the Top Level Budget (TLB) Holders/Chief Executives (CEs), or delegated individuals, accepts any detrimental impact of the change and put in place effective preventive and protective measures to mitigate the risks identified by the OSAs within their Areas of Responsibility (AOR).

3. Where organisational change is initiated that affects another TLB/Agency, the wider Defence Operating model or is pan-TLB in nature, the initiator of the change shall:
   a) ensure that the affected TLB Holders/CEs are informed and OSA responsibilities and appointment of the SRO or NCM for the OSA agreed and recorded;

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1 Organisational change is considered to be the consequence that any change initiative (business or defence capability) has on people, process or policy.
2 The Change Owner is the initiator of any change programme and may not always be the TLB Holder or CE of an Agency/other government organisation ie its sponsor.
b) ensure that the affected TLB Holders/CEs, or delegated individuals, accept any detrimental impact of the change and put in place effective preventive and protective measures to mitigate the risks identified by the OSAs within their AOR.

Assurance

4. the SRO/NCM shall consult with the DSA Policy Team Leader on the scope and assurance requirements of TLB/Agency wide or pan-TLB OSAs.

5. Director General (DG) DSA will provide assurance to the SofS that the HS&EP impact of organisational change within Defence is being appropriately managed.

Records

6. An OSA and associated documentation shall be retained for a minimum period of five years after the change programme has migrated to business as usual.

TLB Holders and CE of Executive Agencies, SRO/NCM.

7. The TLB Holder/CE and SRO/NCM should be able to demonstrate that the OSA is an integral part of any change management programme and:

a) has been initiated at the concept stage for any proposed change initiative;

b) is proportionate to the complexity and scale of the change proposal;

c) remains a live document throughout the change process until it has become business as usual;

d) has nominated owners and appropriate governance;

e) is considered as necessary, as part of any wider change programme and its planning process; and
f) required actions are fully costed and resourced, and are included in the evidence submitted at the programme’s approval board as part of the Investment Approval business case.

8. The SRO/NCM should be able to demonstrate that the OSA is comprised of the six phases that reflect the stages of an organisational change programme and a written record of decisions, assessments and actions at each stage (see Annex A).

9. The SRO/NCM should be able to demonstrate consultation with the DSA and affected TLB Holders/CEs when managing change.

10. Change is an inevitable part of business improvement at all levels in an organisation, from increasing the efficiency of a process or updating equipment, to making major changes to an organisation. However, while the impacts of simple changes can be readily assessed to demonstrate their effectiveness, those at the organisational level can be more difficult because of the complexity involved or the lack of recognition of the potential impact on standards of HS&EP. The evidence for this comes from many investigations of both safety and major environmental accidents across the world: for example, the unassessed changes to the US oil industry regulatory organisation ultimately contributed to the BP Deepwater Horizon accident, which caused the death of 11 workers and huge environmental impacts. More relevant to Defence, the Nimrod Review observed that, “MOD suffered a period of deep organisational trauma between 1998 and 2006 due to the imposition of unending cuts and change which led to the dilution of its safety and airworthiness regime and culture…”. It is for these well understood reasons that the Secretary of State’s Policy Statement specifically requires the impacts of organisational change on all aspects of HS&EP to be fully assessed and controlled.

11. The application of this OSA policy is applicable to all levels of organisational change, from the strategic to the tactical and TLB to unit level. It is recognised and accepted however, that the OSA should be scaled, as required by this policy, to reflect the complexity and scope of the proposed change. It is the owner of the change that should define the scope and complexity of the OSA, seeking advice from the DSA when required.

12. The management of organisational change naturally focuses on risks that impact on the desired outcomes. However, this focus can be blind to unintended consequences such as degradation in the arrangements for managing safety and environmental protection.
The assessment of the impact on these arrangements and the implications of mitigating any degradation in standards that influence the choice of change options must be considered as an integral part of the change programme. Indeed, an organisational change programme should not receive formal approval to proceed without a prior and demonstrable appreciation of the full costs of the proposed organisational change. For the management of HS&EP performance and standards, this is achieved through an OSA.

13. **Phase 1: OSA initiation and declaration.** At the initiation of any change initiative which results in organisational change, the SRO or NCM should be identified as the owner of the OSA in the programme governance arrangements. The SRO/NCM should decide on the need to undertake an OSA and defining how extensive it should be, informed by the potential for the organisational change to impact on HS&EP standards. This is a fundamental and critical decision because it will determine the subsequent nature of the OSA. The SRO/NCM should formally advise the DSA Policy Team Leader of the intention to undertake an OSA. Typically, the following types of organisational change represent those that have significant potential to impact on the standards of safety and environmental protection:

a) By definition, changes to Duty Holding arrangements will have a high potential impact on the management of Risk to Life activities. The significance of such changes is such that the relevant Defence Regulator(s) will need to be assured by the OSA that the impacts of any changes are being fully mitigated. It may be that proposed organisational changes to a Duty Holder-facing organisation are also considered by the appropriate Defence Regulator(s);

b) Major re-organisation of staff or re-alignment of senior management responsibilities. The decision on whether this will influence safety and environmental protection standards will be dependent on the size of the organisation and the levels at which management responsibilities are held. For example, in a strategic headquarters the changes of senior management will have a high potential to impact on safety and environmental protection standards. Within a regional headquarters, the management level of significance could include changes to middle management;

c) The major re-basing of military equipment capabilities, such as aircraft, military vehicle fleets and maritime assets, potentially have both safety and environmental impacts from changes to the routine movement of workforces to increases in environmental noise;
d) The transfer of infrastructure and sites from or to another organisation or closure of major Defence sites will result in changes to the management arrangements that may have safety and environmental protection impacts;

e) Reductions to military and/or civilian staffing levels at a site or across an organisation will impact on the effectiveness of safety and environmental protection management arrangements, which need to be assessed; and

f) Outsourcing of major areas of MOD’s enabling or supporting capabilities to industry partners needs to be assessed for any impacts on the management of safety and environmental protection, particularly if there is a proposal to transfer specific responsibilities.

14. **Phase 2: OSA baseline.** Having decided that an OSA is necessary it is important to establish and understand the degree of pre-change HS&EP compliance. This will provide the baseline against which the impacts of the proposed changes can be assessed. The baseline can comprise any relevant information, metrics or data that provides a measure of the effectiveness of the pre-change management arrangements. This can include core elements of a HS&EP Management System (Annex B provides a summary) to assist in identifying potential impacts of change and relevant performance standards and metrics against each element, and any safety maturity assessment, providing that it is evidence-based. Collectively, these sources of measurable data will provide a composite baseline, which if collated provides a clear and readily understandable assessment of the existing level of HS&EP compliance.

15. Importantly, the information, data or metrics that are used to describe the baseline should be sensitive or responsive to the type of proposed organisational change. If this is not the case it will not be possible to assess the impacts of change. Importantly, DSA should be given visibility of the proposed baseline before the assessment is conducted. This will allow the impartial advice to be given on whether the baseline provides an effective measure of pre-change HS&EP, if the selected metrics are sensitive to the impacts of the proposed organisational change and allow DSA to raise any areas of concern.

16. **Phase 3: OSA assessment.** Having established an effective baseline, the change-sensitive metrics should ensure an objective assessment of the impact of the proposed organisational change on the pre-change levels of HS&EP. The overall assessment should
provide the SRO/NCM with an understanding of the potential impact of the proposed organisational change. Importantly, this assessment should inform the choice and costs of mitigations required to address any HS&EP impacts. For example, a significant reduction in the size of the workforce may reduce the management and oversight of HS&EP and this may require mitigation through additional external 3rd party auditing at additional cost. Importantly, DSA will advise on the adequacy of the assessment of the impacts on pre-change HS&EP and any proposed mitigations of these impacts before the OSA proceeds to the next phase. Where mitigations are required to reduce the impact of change on the baseline, the SRO/NCM should ensure that the costs of these mitigations are captured and described fully in the OSA.

17. **Phase 4: OSA submission.** The SRO/NCM should include the mitigating actions plan and associated costs described by the OSA in the evidence submitted for the change programme main gate business case (or similar) for any funding during the investment appraisal (IA) approval. This will ensure that implications of the proposed change programme on HS&EP and the associated costs of any mitigation are fully considered before approval is given for the implementation phase. The OSA should also describe the arrangements that the SRO/NCM will put in place for assuring that any impacts on the HS&EP baseline are fully mitigated during the implementation of the change programme. DSA should also be provided with a copy of the full OSA.

18. **Phase 5: OSA implementation.** On approval for the change programme to proceed from the change owner, the SRO/NCM should provide assurance through audits and monitoring relevant measures of performance and effect that any impacts on the HS&EP baseline are fully mitigated during the implementation phase. Where this assurance reveals new or unforeseen impacts on HS&EP the OSA will need to be reviewed. The SRO/NCM assurance activity may be subject to oversight by DSA.

19. **Phase 6: OSA Review.** The OSA should be subject to continual review from programme initiation through to Full Operational Capability (FOC) to ensure that new or emerging risks are captured and assessed and existing identified risks are all effectively managed and performance measured against the baseline.

20. If conducted correctly, and as an integral part of the change process, the OSA will add value in ensuring that the full costs of change are captured and the pre-change HS&EP is not degraded or have reputational or operational consequences. Importantly, the assessment of the impacts of the proposed changes should also
consider impacts on both the organisation’s own standards of HS&EP but also those of other organisations that might be affected by the proposed change programme. Overall, an OSA should deliver real benefits to any organisational change programme but if undertaken after the changes have been implemented or in isolation, the full value of an OSA will not be realised.

OSA Format.

21. An OSA is a form of risk assessment that allows the SRO or NCM to assess fully the potential impact of an organisational change on existing standards of HS&EP, within both the organisation and on other affected organisations, and any costs that might arise to provide mitigation where these standards are degraded. As with all risk assessments, the OSA should be undertaken before the organisational change is implemented. In common with all risk assessments, the OSA should be proportional to the potential impact of the proposed organisational change. In as much, the SRO/NCM is responsible for deciding if an OSA is required and how rigorous it needs to be, depending on the potential to degrade HS&EP standards. In this respect, the SRO/NCM can be guided by DG DSA.

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Organisational Safety Assessment Process

**Phase 1: Initiation and declaration**
SRO/NCM to initiate the OSA process as part of the organisational change programme, assesses the need to undertake an OSA and the degree of rigour required

DG DSA is to be advised of intention to undertake OSA

**Phase 2: Baseline**
SRO/NCM to establish baseline and submit to DSA HQ for approval

DSA to advise on the adequacy of the declared baseline

**Phase 3: Assessment**
SRO/NCM to assess the impact of change on the baseline and full costs of any mitigating actions

DSA to advise on the adequacy of the assessment

**Phase 4: Submission**
SRO to submit the OSA as part of any investment approvals process

DSA to be provided with full OSA

**Phase 5: Implementation**
SRO/NCM to ensure any mitigation is fully implemented in the change programme

DSA to verify implementation of mitigations

**Phase 6: Review**
SRO to review the OSA at preagreed key points through life of the change programme to FOC

DSA to advise on the adequacy of reviews
OSA EXEMPLAR

Phase 1: Initiation and declaration

The SRO for the proposed change programme must inform DSA of the decision to undertake an Organisational Safety Assessment (OSA). This notification must:

a) Confirm that the SRO’s responsibilities for conducting the OSA are reflected in the change programme plan and Terms of Reference;

b) Provide the timescales for the proposed change programme including those to achieve Initial Operational Capability (IOC) and FOC;

c) Describe the governance arrangements for the change programme, such as the stages for approval and by which body (e.g. Investment Approval Board, Single service management board);

d) Proposed timescales for the phases of the OSA (e.g. Phase 2: Baseline, Phase 3: Assessment);

e) Acknowledgement that each phase is to be submitted to DSA for its consideration;

f) Confirmation of the date for the OSA to be completed;

g) Enclose Terms of Reference for the proposed change programme and overarching Level 0 plan.
Phase 2: Baseline

HS&EP standards baseline

The HS&EP baseline should be representative of the pre-change standards and may include the following types of information:

a) Core elements of the Safety Management System and the Organisation and Arrangements Statement - this should identify senior management with specific HS&EP responsibilities (e.g. Duty Holding, command chain responsibilities and advisory and 2nd party auditing responsibilities) and HS&EP processes and procedures.

b) Outcome of 3rd party audits within the last 3 years (e.g. DSA management audits and external independent audits).

c) Trends in lagging HS&EP indicators (number of safety reports, number of injuries, statutory and DSA regulatory enforcement notices).

d) Previous organisational annual assurance reports on the level of compliance with statutory and Defence regulations (e.g. report to TLB holder).

e) Assessment of organisational safety culture or conclusions of self-assessment against MOD maturity model.

f) Relevant measures of performance for:
   i. Personnel competence and training;
   ii. Risk assessment and safety cases;
   iii. Supervision and control of activities;
   iv. Incident management and learning from experience;
   v. Emergency response arrangements.

g) Relevant measures of effect (e.g. increases in reporting rates resulting from cultural change programmes).
Phase 3: Assessment

Assessment of proposed change on safety and environmental protection standards baseline

The assessment of the impact of the organisational change needs to provide objective evidence where there will be no degradation in any of the elements cited as part of the baseline. However, where the assessment indicates that there will be an impact, this impact needs to be quantified. Where the impact is significant (e.g. may result in increases in injuries or environmental incidents) the means of mitigating such impacts must be identified and where this incurs financial or other resource costs, these need to be captured and recorded.

Each potential change needs to be considered for its potential impact on the measures captured in the baseline. Where there is no effect from the change, this needs to be fully documented in the OSA. Equally, where impact is identified the mitigating actions and costs need to be fully described in the OSA.

Example 1:

The organisational change may result in the removal of senior posts in the line management chain for the functions that provide advice and 2nd party assurance of compliance. Where this results in senior posts assuming more responsibilities, this may reduce the opportunity for advice and audit findings to be brought directly to the attention of the TLB’s high level safety committee or management board. The mitigation for this may be to alter reporting lines to ensure safety and environmental concerns are raised directly with senior staff. This may not involve any additional costs but would need to be reflected in relevant letters of authorisation and Terms of Reference. This finding would need to be detailed in the OSA assessment.

Example 2:

The organisational change may result in the closure of establishments and consolidation of assets, equipment, personnel and activities at larger sites. This may involve short term, large-scale re-basing of assets and construction projects which could cause major disruptions to local communities. In the longer term the transfer of particularly impactful activities, such as fast jet flying, to other geographical locations will have permanent environmental noise impacts on local communities. This may require the investment in local infrastructure and sound-proofing of housing, which will require funding. These impacts need to be fully described and costed in the OSA.

Example 3:

The re-organisation of senior management deletes a senior post which has Duty Holding responsibilities. The baseline organisation and arrangements will need to be revised to ensure the full Duty Holding responsibilities are transferred and held by a suitable and competent senior officer.
Phase 4: Submission

Submission of OSA for proposed change

The OSA for the proposed organisational change must be submitted for approval before the change programme is implemented. The OSA must comprise:

a) A documented safety and environmental protection baseline;

b) Assessment of the impacts of the proposed change programme on the pre-change baseline of HS&EP;

c) Detailed mitigation plan for any impacts on the safety and environmental protection baseline which has been fully costed;

d) A description of the arrangements that the SRO/NCM will put in place to ensure the implementation of proposed change is in accordance with the OSA.
IDENTIFYING CHANGE IMPACTS AND ESTABLISHING A BASELINE

Preamble.

Collectively the following areas make up the core elements of a safety management system. This approach is offered to SROs and their change teams as one way of helping to identify the potential impacts (both positive and negative) that may result as a consequence of change. Following an assessment of the potential impacts of the change a baseline should be established through the identification of applicable metrics and performance standards.

A. Applicable legislation, Defence regulations, policy & guidance.

Consider the impacts of change on the application and compliance with legislation, Defence regulations, policy and guidance, and the maintenance of knowledge and arrangements to track and influence emerging legislation, Defence regulations, policy and guidance.

B. Information Management.

Consider the impacts of change on the arrangements to generate and promulgate HS&EP information to those who need it (e.g. workforce, visitors, public, emergency services) and arrangements to make and keep records and the quality control of all information (e.g. risk assessments, procedures).

C. Organisational leadership, culture, capability & change management.

Consider the impacts of change on leadership behaviours and the HS&EP culture, the derivation of capabilities and resources (human, financial and material) required for the organisation to conduct its activities safely and the interfaces between the organisation and others with which it works.

D. Personnel competence & training.

Consider the impacts of change on the assessment of competences for all roles having HS&EP responsibilities in the organisation, and the competence and maintenance for those persons discharging such roles. Also the arrangements to train personnel to conduct activities safely.

E. Risk assessments & safety cases.

Consider the impacts of change on the arrangements to conduct suitable and sufficient assessments of risk and (as necessary) produce, document and maintain safety cases for the activity to be conducted, and arrangements to ensure effective HS&EP risk management, for example review boards, peer reviews/challenge, Duty Holders, escalation.
F. Equipment/materiel & infrastructure design & manufacture.

Consider the impacts of change on the arrangements to influence the design of equipment/materiel and infrastructure used in conducting the activity, the interfaces with those involved in the design, manufacture and commissioning of equipment/materiel and infrastructure prior to use, and and (as appropriate) the standards to be adopted; and the maintenance of knowledge about the standard, design and arrangements for equipment, infrastructure and design modification.

G. Equipment/materiel & infrastructure maintenance.

Consider the impacts of change on the requirements/arrangements to maintain the material state of the equipment/materiel and infrastructure and the arrangements for conducting and verifying the necessary maintenance including safe systems of work.

H. Supervision & control of activities.

Consider the impacts of change on arrangements for the supervision and control of activities; the creation, maintenance and adoption of safe systems of work (including the generation of procedures where appropriate, informed as necessary by any safety case) to control activities and arrangements for their implementation including supervision at all levels.

I. Incident management & learning from experience.

Consider the impacts of change on the arrangements for the notification, recording, investigation and reporting of incidents (e.g. near misses, abnormal occurrence, accidents, inspection and audits), the monitoring of trends; the generation and promulgation of lessons to be learnt from a commander’s or manager’s own incident or operational experience, and the monitoring of trends and the assimilation into management arrangements of lessons from these and relevant incidents anywhere.

J. Emergency Arrangements.

Consider the impacts of change on the arrangements for responding to emergencies (including accidents) and the preparation for such response and appropriate rehearsal or exercising of such response.

K. Self-assurance.

Consider the impacts of change on the mechanisms in place to enable confidence that the previous 10 elements are being conducted correctly and in accordance with the overall HS&EP management arrangements and on internal governance, monitoring, review, quality assurance.