1. **Purpose**

To set out the issues, purpose and process for the board’s strategic review of the company and to gain endorsement for the proposed conduct of the review.

2. **Background**

2.1 In April 2013 RSSB will be 10 years old. To identify how the company can best support the industry for the challenges of its next decade, the directors of RSSB agreed at the May board meeting to initiate a strategic review.

2.2 RSSB is a cross industry body – owned by the industry as a Company Limited by Guarantee, but independent of any one part or company. It has been reviewed several times over its life and a summary of the changes that have been made is included as Appendix 1.

2.3 RSSB has a range of competencies, tools, models and capabilities that support the industry in different ways. It employs around 230 people, covering several technical disciplines, including operations, engineering, human factors, risk assessment, economic evaluation, sustainable development, information technology, communications, as well as the support functions of finance, administration and HR. In its own register it lists around 180 generic industry assets such as risk models, training materials, guidance documents, information systems, standards, etc. It delivers over 180 products and services to the industry (such as organising conferences, facilitating industry decisions on standards etc.) it does this generally through cross industry governance groups.

2.4 In summary, RSSB works through a defined structure of cross industry governance (steering and working) groups to deliver a range of services that support the industry in better fulfilling their legal and commercial objectives.

3. **The need for a review?**

3.1 RSSB will be 10 years old in 2013 and its current business plan runs through to March 2014. Much has changed in the 10 years and the development of a
new strategic business plan gives the opportunity to consider and make adjustments to reflect those changes.

3.2 Whilst RSSB has delivered world class capabilities in areas of its operation and is recognised for doing so in some quarters (ORR review and feedback from a number of overseas companies), the level of support for RSSB ranges from very strong advocacy to indifference, even within single organisations.

3.3 The industry is changing rapidly and the organisation that was given a ‘Purpose’ statement relating to ‘leading the industry on Health and Safety,’ which was derived from the Cullen Report (Part 2) is now undertaking many economically driven activities, such as research, and the work of the systems interface committees. Even the ‘traditional’ supporting services it provides in standards and safety have fundamental economic purpose and value. So it is appropriate to consider the principle purpose of the company and even the company name.

3.4 Most of the products and services that RSSB provides are directly underwritten by cross industry stakeholder groups, but are they the right mix to reflect current industry challenges and opportunities?

3.5 The proposed objectives of the strategic review are therefore

a) to clarify for the future what support RSSB will provide to the industry
b) to develop a strategic business plan to commence from April 2014, and if appropriate, a revised Constitution Agreement

3.4 The proposed objectives of the strategic review are therefore

c) to address the mixed level of industry buy in to RSSB, and
d) to make appropriate changes to governance and organisation to efficiently deliver those support services

4. Some proposed parameters for the Review

4.1 In going into a review it is suggested that we, the RSSB board, should provide some clarity on a few areas to establish a foundation for the future.

4.1.1 The first area is that we believe there is an industry consensus that RSSB is better described as supporting the industry (its members) in a range of activities that enable them to better achieve their legal and commercial objectives. This contrasts with the aspiration in the Constitution Agreement which gives RSSB the role of leading Health and Safety improvement. If this is agreed, then one task for the review is to define a new purpose statement for the Constitution Agreement. In doing so, it is recommended that we start from the text that is in the current Business Plan (See Appendix 2)

4.1.2 It is also felt that industry and stakeholders are content with the status of RSSB as being an independent body that fulfils certain functions most efficiently done in one place for the industry, ‘owned by the industry but not
controlled by any single member or category of members\(^1\): It is proposed that this is confirmed at this stage as a key building block.

4.1.3 **Consideration of what RSSB delivers to best support the industry.** In addition to the existing core services, are there any other industry work streams that RSSB should be supporting with current or altered capabilities and how might these change? These issues will be established before considering what changes to the governance arrangements are appropriate and what organisation changes would most efficiently deliver the industry support.

4.1.4 The **scope** of the review and resulting business plan will include its purpose and scope, long term objectives, the portfolio of capabilities carried by RSSB and the services it delivers with them, the governance of the company and the organisation to deliver the plan. This element will include addressing the questions and issues outlined in **Appendix 3**.

4.1.5 The **budget for 2013/14** will be prepared on a business as usual basis with only those changes revealed up to September 2012 being taken account of directly - no assumptions will be made about changes during the course of the year though some provisions may be recommended. The budget for 2014/15 (and maybe beyond) will be prepared in parallel with the Strategic Business Plan

5. **Conduct of the Review and likely timescales**

5.1 It is proposed that the review is undertaken in the following manner:

5.1.1 A board sub-committee (consisting of 3 industry duty holder directors or their alternates (nominated by RDG\(^2\)), 2 supplier representative directors, the executive directors and an independent director (the Chairman) plus representatives from ORR and DfT – total 10) will oversee the review. The proceedings of the sub-committee will be independently facilitated and recorded. Outputs will be shared with the board but not made public.

5.1.2 RSSB executive board members will lead the process. Regular reports will be made to each full board meeting. As part of this process we will devote the dinner after the September board meeting to a full discussion about the strategic direction of the review so it is requested that all directors get this dinner in their diaries.

5.1.3 There will be wide consultation over the course of the review involving:

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\(^1\) This is a shortened version of the Cullen recommendation as to where RSSB should sit – endorsed by the ORR in the process to create RSSB

\(^2\) RDG has nominate Dominic Booth, Alain Thauvette and Paul Plummer to the sub-committee
a) discussion at the sub-committee and identification of consensus points or issues that need to be more widely considered,

b) production of an issues/agreed points statement,

c) face to face interviews with industry leaders and other senior stakeholders to confirm agreed points and seek views on issues identified for discussion,

d) two tiers of workshop involving:

   i) directors and policy makers from key stakeholders and,

   ii) a range of stakeholders that regularly interface with RSSB

e) The experience and ideas of the RSSB staff

5.1.4 Following the steps set out above the board sub-committee will debate the issues arising, consider the evidence and views expressed during the consultation and report to the board with a set of draft proposals that can lead to the creation of a high level business plan. The target for this is the March 2013 board meeting.

5.1.5 The draft business plan and draft CA will then be consulted upon. Depending on the nature of any changes, a revised CA should be deliverable by April 2014 at the same time as the revised business plan commences. If there is widespread agreement as to the direction by the end of 2012/13 then RSSB could move to make organisational changes during the course of the second half of 2013/ and first quarter 2014.

5.1.6 The new business plan would need to be consulted with RSSB members and any change in the CA would need to be consulted with RSSB members and approved by the ORR.

6. Recommendations

6.1 Directors are asked to APPROVE the form and approach proposed for the review, and AGREE the membership of the sub-committee.
Appendix 1

During its first 7 years there were 5 reviews – the last being the ORR Review which was published in early 2010. During the first 9 years RSSB has changed significantly: It has

1. Established industry processes to support evidence based decision making including developing world class risk models for the industry
2. Shifted its focus toward supporting business decisions while maintaining safety
3. Established a strategy for the management of GB standards in the context of the industry structure and the EU legislative agenda
4. Built its technical capability and integrated this with research
5. Established systems interface committees
6. Created the Sustainable Rail Programme
7. Established technical leadership and a strategic research capability
8. Switched research to a business focussed agenda
9. Ceased auditing and accident investigation
10. Has become established as a home for certain industry ‘corporate knowledge’
11. Reduced its costs to industry and government to the point where in 2012/13 it will cost less in cash terms than in its first year of operation (2003/4)

Appendix 2

Purpose of RSSB as set out in the current Business Plan (2009-2014).

RSSB will:

Provide high quality support services to our members to help them deliver their business objectives. These services are provided particularly where there is a need for knowledge and co-operation. They will help our members and consequently the industry to:

- Where reasonably practicable, continuously improve the level of safety in the rail industry
- Drive out unnecessary cost and
- Improve business performance
Appendix 3

Some of the issues suggested to be addressed by the review

What is the relationship with RDG and industry, Government and Regulator’s strategies?

Should RSSB deliver a number of its functions for all railway systems in Great Britain (such as those proposed by the DfT in relation to EU interoperability and safety)?

Is RSSB, Rail Safety and Standards Board the right name (it ignores the 30% of turnover spent on research and the economic objectives of many of the company’s other functions)?

Does the board continue to support consensus in cross industry decision-making?

What are the opportunities for further efficiencies in the way that RSSB delivers support to the industry across the range of products and services, and in the administration of these?

The review can pick up the RSSB sponsored groups element of the RDG initiated review of Cross Industry Groups and deliver value statements for each of the activities.