AGENDA ITEM: RSSB Board Meeting

DATE: 04 September 2014

SUBJECT: People Agenda

SPONSOR: Anson Jack

AUTHOR: Steve Roberts

1. Purpose

The purpose of this paper is to:

1. Update the board as to the progress of the ‘People Work Stream’.
2. Introduce the concept of an alliance between RSSB and National Skills Academy for Rail Engineering (NSARE) in delivering the People activities that support both the Rail Delivery Group (RDG) and Rail Supply Group (RSG).
3. Seek endorsement for RSSB’s involvement in these activities as a new ‘may’ function in accordance with the Constitution.

2. Discussion

2.1 The People Work Stream under the RDG supports the industry objective of reducing costs and delivering appropriately skilled people where and when they are needed. It is led by Alain Thauvette of DB Schenker with Executive RDG support from Gary Cooper of ATOC. Working within RSSB, Steve Roberts and a small team have programme managed this activity since a request was made to RSSB in May 2014. The team has made considerable progress in developing and moving toward implementation on the Driver Training project (T1016) and has also developed proposals for how the work stream can be taken further forward. The current components of the work stream are listed in Annex A and summarised in the diagram on the next page. The activity involves many varied sponsors and funding sources and Annex C lists some of the potential projects in the pipeline.

2.2 The RSG has recently created a Resources and Skills work stream, led by Paul Francis of Porterbrook. The RSG is working closely with NSARE to deliver its Resources and Skills activities, however, similar to RDG, there is no wish for duplication of activity and RSG has indicated support for the development of an alliance between RSSB and NSARE to support both RDG and RSG in this area.

2.3 At its meeting on 28 July 2014 RDG approved a proposal to turn the work stream into an industry capability to be delivered by an alliance of RSSB and NSARE. RDG has approved funding of £100K and Technical Strategy Leadership Group has approved £150k to enable both programme management and the development of further proposals/business cases through
to at least the end of 2014/15. A charter has been endorsed by RDG (Annex B) which sets out the current challenges and the target conditions to be met. RSSB and NSARE are working to define the best way to deliver a coherent programme of work in the people area.

3. Summary of activity and proposal

3.1 Through the research capability, its operational knowledge and experience and project management resources, RSSB was chosen by RDG to lead the work on driver training (T1016). Delivering this work in conjunction with NSARE and train operator nominated experts has proved to be an effective way of project managing cross industry opportunities. Working with NSARE has also highlighted a number of further opportunities to work together for the overall benefit of the industry and that is why we are proposing to go further and create a team in alliance with NSARE.

3.2 Below is a diagram which summarises at a high level the relationship between the funders/ sponsors and current activities. The top set of boxes describe the funders/ sponsors whilst the bottom set are examples of the activities that are currently being delivered. The delivery agent for these activities is intended to be an alliance between RSSB and NSARE.

Diagram showing sponsors and activities currently being undertaken by RSSB and NSARE

3.3 An alliance will enable a one team approach which will lead to efficient process and industry-wide coordination for undertaking projects. It also has the potential to reduce back office costs for individual projects.

3.4 In order to deliver the people work stream the following need to be put in place as soon as possible:

3.4.1 An alliance between NSARE and RSSB with respective roles and accountabilities defined – this is under development.
3.4.2 Funding to support the programme management and business case capability on an ongoing basis – sufficient funds to support the work stream to the end of the financial year have been identified and approved by RDG and TSLG.

3.4.3 A small team of people, supported by the RSSB and NSARE organisational capability to deliver and develop the activity. As RSSB is being asked to host this, it is proposed that directors approve the creation of a ‘May’ function under the constitution – to enable RSSB to formalise the temporary positions that have been created to get the programme this far.

3.5 We are working collaboratively with NSARE to develop the proposed alliance for the delivery of the projects commissioned and directed by the RDG People work stream and the RSG equivalent, with RSSB providing governance for the management of funds, while noting that many of the projects under this activity will have different funding streams and sponsors.

4. Risks

4.1 While there is a strong efficiency argument, and demonstrable industry commitment behind the creation of this capability, it will expose RSSB (and NSARE) to the employment risk of those people employed within the work stream. For 2014/15 all their costs are covered, but for 2015/16 onward there is a potential exposure. It is intended to develop a funding model through taking a small share of any savings achieved or extra industry income generated, (for instance potentially through training course licensing or fees ) to provide the right incentive structure for both the team and the sponsors/users. In practice, this is the sort of risk which RSSB can take on behalf of the whole membership to enable such cost saving initiatives to progress.

5. Next Steps

5.1 Presuming that directors endorse recommendation 6.3 a team of up to five RSSB employees, together with one or two people from NSARE will be created and hosted by RSSB. The team already has occasional secondments from industry members and this would be both encouraged and expected to continue.

5.2 In view of the provision by RSSB and NSARE of a programme management capability, directors may consider that RSSB should be represented on the RDG Steering Group in its own right (as NSARE are). The chairman of the group has indicated a willingness to welcome RSSB into this group.
6. **Recommendations**

The RSSB board is asked to:

6.1 **NOTE** the RDG decision to create a people work stream.

6.2 **NOTE** the intention to explore an alliance with NSARE to deliver projects for RDG, RSG, TSLG and others.

6.3 **ENDORSE** as a reserved resolution the creation of a ‘people work stream’ as a ‘May function’ of RSSB.

6.4 **ENDORSE** seeking membership of the RDG Steering Group to support the proper governance of the RSSB contribution to this activity.
### Annex A - Current Projects under the ‘people work stream’

**Includes estimate of costs**

<table>
<thead>
<tr>
<th>Who by</th>
<th>Project</th>
<th>Funding Required</th>
<th>Funding Source</th>
<th>Authorised</th>
<th>Client / Sponsor</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSSB / NSARE</td>
<td>People work stream programme office, Business cases etc</td>
<td>251</td>
<td>RDG ATOC R&amp;D PRIF (EIT) DfT Skills</td>
<td>RDG have authorised 100, TSLG Authorised £151</td>
<td>RDG people steering group/RSSB Board/RSG</td>
<td>Programme Office, Business Cases, to end of 14/15</td>
</tr>
<tr>
<td>NSARE</td>
<td>Skills Strategy Feasibility Study Support to industry promotion activities</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>51</td>
<td>Authorised by RSSB</td>
</tr>
<tr>
<td>TBA</td>
<td>Prospective</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>HS2 TBA</td>
</tr>
<tr>
<td>NSARE</td>
<td>TRS Resources Review</td>
<td>100</td>
<td>50</td>
<td>50</td>
<td>ATOC 50, TSLG conditionally</td>
<td>ATOC Eng Council cMar 15 Report like S&amp;T one</td>
</tr>
<tr>
<td>RSSB</td>
<td>Route Knowledge</td>
<td>&gt;250</td>
<td>&gt;250</td>
<td>TSLG 250</td>
<td>ATOC Ops Council Spec for Reqs for reduction in DT costs</td>
<td></td>
</tr>
<tr>
<td>RSSB</td>
<td>Driver Training</td>
<td>C 1000</td>
<td>959</td>
<td></td>
<td>RDG People SG New Training capability reducing costs</td>
<td></td>
</tr>
<tr>
<td>RSSB</td>
<td>Indicative total of existing plans</td>
<td>1660</td>
<td>100</td>
<td>50</td>
<td>1059</td>
<td>400 51</td>
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<tr>
<td>RSSB</td>
<td>Unallocated Funds</td>
<td></td>
<td></td>
<td></td>
<td>449</td>
<td>Remainder of £500k grant</td>
</tr>
</tbody>
</table>
### 1. Problem Statement
- The rail industry is fragmented, labour intensive and the cost of employment in the UK rail industry is considered high in comparison to other industries and needs addressing to assist in delivering an affordable railway (ref. McNulty Report).
- The UK rail industry has to compete for skilled resources with other industries but has no clear long-term strategy in place that supports the fluctuating volume and geographies of demand, leading to deferred activity and/or higher than anticipated labour costs.
- Industry demand is a mixture of individual member and whole industry activity and the extent of which and the inter-relationship is not clear, increasing the risk of excessive and unnecessary central control that cuts across individual business initiatives.
- There is no clarity of what should and shouldn’t be directed and governed centrally, which is potentially reducing the effectiveness of whole industry processes and individual member efficiencies.
- There is a perceived imbalance between Employer and Trade Union influence over the recruitment, training and working practices of operational staff.

### 2. Target Condition
- The industry has the right numbers of competent personnel, in the right place, at the right price with the right attitudes and skills, now and in the future.
- The current and future skills gap for railway specific personnel (certain engineers, operations planners, train drivers, front line managers, graduates and future leaders) is quantified and closed.
- The industry has a clear and agreed strategy for tackling the cost of employment of all personnel and its labour costs are not perceived by industry members, stakeholders and funders as disproportionately high.
- When competing for labour, the industry is able to secure the required resources as the labour market considers the rail industry a preferred choice.
- The industry understands labour demand in sufficient detail to differentiate between whole industry and individual member activity, applying central control to whole industry matters only.
- It is clear what should and shouldn’t be governed centrally and whole industry activity is considered effective and supportive of individual member activity.
- There is an optimum balance between Employer right to manage and Trade Union influence over the recruitment environment.

### 3. Project Scope
#### In Scope
- People issues across the entire industry.
- The development of a strategic vision for where the industry needs to be in 10 years in relation to key grade groups and key skills, including costs and working practices.
- Promoting the industry’s success, relevance, attractiveness and stability of employment.

#### Out of Scope
- Individual company initiatives on culture and behaviours
- Individual company initiatives on job design

### 4. Stakeholder Group

<table>
<thead>
<tr>
<th>Steering Group</th>
<th>Programme Team</th>
<th>Subject Matter Experts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail Delivery Group</td>
<td>Work Stream Sponsor</td>
<td>See Appendix A of People Workstream</td>
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<tr>
<td></td>
<td>Programme Manager</td>
<td>Proposal Paper</td>
</tr>
<tr>
<td></td>
<td>RDG Executive Lead</td>
<td>12 May 2014</td>
</tr>
<tr>
<td></td>
<td>1 x Owning Group Member</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 x FOC Representative</td>
<td></td>
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<tr>
<td></td>
<td>1 x Network Rail Representative</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CEO NSARE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 x Railway Supply Chain Representative</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Communications Professional</td>
<td></td>
</tr>
</tbody>
</table>

### 5. Outline Implementation Plan

**Scope:** The development of a strategic vision for where the industry needs to be in 10 years in relation to key grade groups and key skills, including costs and working practices.

<table>
<thead>
<tr>
<th>Key Milestones / Actions</th>
<th>Resp.</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify Key Grade Groups and Key Skills</td>
<td>Programme Manager</td>
<td>June 2014</td>
</tr>
<tr>
<td>2. Establish Baseline numbers</td>
<td>Programme Manager</td>
<td>June 2014</td>
</tr>
<tr>
<td>3. Identify all current activity, proposing what is in and out of scope</td>
<td>Programme Manager</td>
<td>June 2014</td>
</tr>
<tr>
<td>4. Design Work Stream Governance</td>
<td>RDG Executive</td>
<td>July 2014</td>
</tr>
<tr>
<td>5. Development of Programme Management succession proposals</td>
<td>Programme Manager</td>
<td>July 2014</td>
</tr>
<tr>
<td>6. Secure Funding for Programme</td>
<td>Comms Professional</td>
<td>June 2014</td>
</tr>
<tr>
<td>7. Develop a Communications Plan</td>
<td>Programme Manager</td>
<td>June 2014</td>
</tr>
<tr>
<td>8. Develop and agree a Programme of Work</td>
<td>Programme Manager</td>
<td>June 2014</td>
</tr>
</tbody>
</table>

### 6. Key Performance Indicators / Success Measures
- Established Whole Industry Baselines
- Industry Labour Costs
- Skills gaps
- Deferred Activity attributed to Labour Shortages
- Member and Employee Satisfaction
Annex C

Projects in the Pipeline

Trailblazer apprenticeships

Web Portal

Military recruitment