

Rationalisation and site closure

When rationalising a site's processes, looking at making employees redundant or planning a full site closure, the organisation's changing liabilities should not be overlooked. There is a clear business case for designating financial and management resources to a strategy that considers the key issues, identifies current and future exposures, plans how they should be managed, then determines how information will be captured and archived in an effective and easily retrievable manner.

During the run-down period, new risks will be presented as the site experiences non-standard activities such as the dismantling of plant and process, building structures and infrastructure, and temporary plant and materials are introduced. The business also needs to protect itself against the increased propensity for individuals to pursue personal injury claims as their loyalty and connection to the business is severed.

Without taking fundamental risk management steps, a business could find that it has gone through all the tough decisions necessary to preserve its short-term position, only to expose itself to liability issues which undermine its long-term viability.

KEY ELEMENTS OF THE RATIONALISATION PROCESS ARE:

- Appoint an executive team to create, implement, manage and monitor the site closure strategy
- Liaise closely with your insurance broker to ensure Insurance cover reflects the changing site activities and risk profile
- Record operations and site conditions whilst fully operational with video footage and photographs
- Pay particular attention to any contentious activity prone to speculative claims, especially where an existing claims pattern is already established.
- Fully assess and document any processes with the potential for future disease claims, e.g. noise, vibration, respiratory disorders, etc
- Consult with local and regulatory authorities
- If the site is leased, confirm all ongoing responsibilities once operations have ceased
- If the site is owned, consider how to protect the asset - revise fire and security arrangements
- If the site is to be sold, ensure relevant present/future liabilities are transferred to the buyer
- If employees are being transferred to new employers, check position under TUPE
- Identify and assess non-routine or enhanced risk exposures flowing from closure activities
- Ensure risk assessments, safe system of work and training procedures are maintained
- Ensure robust monitoring, investigation and recording of incidents/accidents, however minor
- For employees being transferred internally, arrange appropriate training for the new environment
- Consider cultural and human factors as claims drivers, especially where job losses are planned
- Ensure controlled communication with employees, customers, suppliers and the media
- Re-assess business continuity planning in light of new arrangements
- Appoint learned legacy contacts for liaising with insurers, local and regulatory authorities etc
- Ensure all relevant documentation created when the site was fully operational and during the run-down period is captured and stored so that it will be promptly retrievable

FURTHER GUIDANCE

See our Risk Management website at www.qbeeurope.com/rm, particularly:-

Issues Forum

- Managing Site Closures
- Major Accident Toolkit

Risk Management Standards

- Training and Competence Validation
- Risk Assessment
- Accident Investigation

For further information contact RM@qbe-europe.com