

INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1971

ASSEMBLY
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Agenda item 4

71FUND/A/ES.4/3
31 March 1998

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SECRETARIAT WORKING METHODS

Note by the Director

Summary:

A final report has been submitted to the Director by the consultants engaged in connection with the review of the working methods within the Secretariat, which the Assembly had instructed him to carry out in order to obtain the most efficient and cost effective way of managing the 1971 Fund and the 1992 Fund.

Action to be taken: Information to be noted.

1 At its 19th session, the Assembly instructed the Director to review the working methods within the Secretariat, possibly with the help of an outside consultant, in order to obtain the most efficient and cost effective way of managing the 1971 Fund and the 1992 Fund (document 71FUND/A.19/30, paragraph 12.7).

2 Following the discussion at the Assembly's 3rd extraordinary session, the Director fixed the terms of reference for the review of the working methods of the Secretariat as follows:

Overall objective: A review of the present structure of the Secretariat, its working methods and the distribution of tasks based on the current and future needs of the 1971 and 1992 Funds.

The review should include the following:

- 1 an assessment of the organisational structure of the Secretariat;

- 2 an assessment of the system used for handling claims for compensation, including the use of external experts for this purpose and the use of local claims offices;
- 3 an assessment of the present system of using external experts to prepare specific studies and assist where deemed appropriate;
- 4 an assessment of the system for the selection of experts and of staff of local claims offices;
- 5 an assessment of the extent to which the Director should delegate authority to take decisions in respect of the approval or rejection of claims, in respect of financial issues, and in respect of administration; and
- 6 an evaluation of the current posts in the Secretariat and of the distribution of work.

3 At its 20th session, the Assembly considered a document presented by the Director (document 71FUND/A.20/12) in which he submitted the interim report of the consultants he had engaged, namely, ER Consultants of Manchester (United Kingdom) and Gestion Publique Conseil of Paris (France).

4 The final report of the consultants is reproduced in the Annex. The consultants have, in addition, prepared a summary of their recommendations. This summary is reproduced as document 71FUND/A/ES.4/3/Add.1.

5 **Action to be taken by the Assembly**

The Assembly is invited to take note of the information contained in this document.

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ANNEX



International Oil Pollution Compensation Funds Review of Working Methods

March 1998

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International Oil Pollution Compensation Funds

Review of Working Methods

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1. Preface

At its 19th session, the Assembly of the 1971 Fund instructed the Director to review the working methods within the Secretariat in order to ensure that the 1971 and the 1992 Funds are managed in a way which produces the most efficient and cost effective outcome. (document 71FUND/A.19/30, paragraph 12.7)

The Director proposed terms of reference for the review (71FUND/A/ES.3.5) to the 3rd extraordinary session of the Assembly. The Director was asked to modify the terms of reference in light of discussion at the Assembly. The Assembly defined the terms of reference as follows:

Overall Objective: A review of the present structure of the Secretariat, its working methods and the distribution of tasks based upon the current and future needs of the 1971 and 1992 Funds.

The review should include the following:

- 1 an assessment of the organisational structure of the Secretariat;
- 2 an assessment of the system used for handling claims for compensation, including the use of external experts for this and the use of local claims offices;
- 3 an assessment of the system of using external experts to prepare specific studies and assist where deemed appropriate;
- 4 an assessment of the system for the selection of experts and of local claims offices;
- 5 an assessment of the extent to which the Director should delegate authority to take decisions in respect of the approval or rejection of claims, in respect of financial issues, and in respect of administration; and
- 6 an evaluation of the current posts in the Secretariat and of the distribution of work.

Because the Assembly attached such importance to the review of the Secretariat's working methods and related issues, it considered it important that the review should be carried out using the widest possible experience in the field of management study.

Thus two organisations were assigned this task. One, ER Consultants, is based in England (Cambridge and Manchester) and the other, Gestion Publique Conseil, is based in France (Paris). This choice brought not only an international perspective to the review

but also wider, complementary, experience of work in many aspects of private and public sector organisations both in the UK and France.

The Consultants conducted the background work for this report between July and October 1997.

Our approach to this assignment was to work both interactively and collaboratively with the staff of the Funds and others to ensure not only our complete understanding of the issues involved but also to ensure that any proposals for change were credible and would command the respect of those most closely affected.

The methodologies which we have adopted include the following:

- Semi structured interviews with staff members, local claims office staff, experts, consultants and other stakeholders including the Chairmen of the Assembly and the Executive Committee, Delegates to the Assembly, the Fund's Legal Advisers and Auditors. The purpose of these interviews was to establish in broad terms the purpose, objectives and responsibilities of peoples' roles as well as individual perceptions of current challenges for the Secretariat and their possible resolution. A list of those interviewed is attached in Annexes 6 and 7.
- The use of questionnaires which we completed with staff members; these were designed to identify not only the key tasks associated with each role but also the inputs required which enabled those key tasks to be completed and also the outputs of those key tasks in terms of either internal or external customer requirements.
- An organisation wide analysis of the decisions which are taken within the Secretariat and the level at which they are taken. This analysis provided the basis of a critical examination of decision taking and the delegation of authority within the Secretariat.
- The identification of the core management, business and support processes. We used basic business process analysis techniques to record and analyse and critically examine the Secretariat's key processes.
- The observation of activities and meetings provided the basis of an assessment of their purpose, the role of attendees and the key decisions made.
- A detailed assessment of the system used for handling claims for compensation, including the use of external experts.
- The field of investigation embraced both the Secretariat staff and also outside consultants and experts used by the Secretariat. This

provided a basis for evaluating, with the help of external stakeholders, the use of the latter rather than having such technical expertise in-house.

- Conducting a review and analysis of internal documentation relating to internal systems and procedures and other operating rules and regulations.

During the period of our work many people both inside and out of the organisation gave freely and generously of their time.

We are especially grateful to the staff of the Secretariat for their unfailing courtesy and helpfulness. We made many demands upon them, which were additional to their already heavy day-to-day workload associated with preparation for the October Executive Committee and Assembly.

We are grateful for the open and constructive responses from everyone to whom we talked. It is our hope that this impressive organisation may continue to grow from strength to strength.

2. Introduction

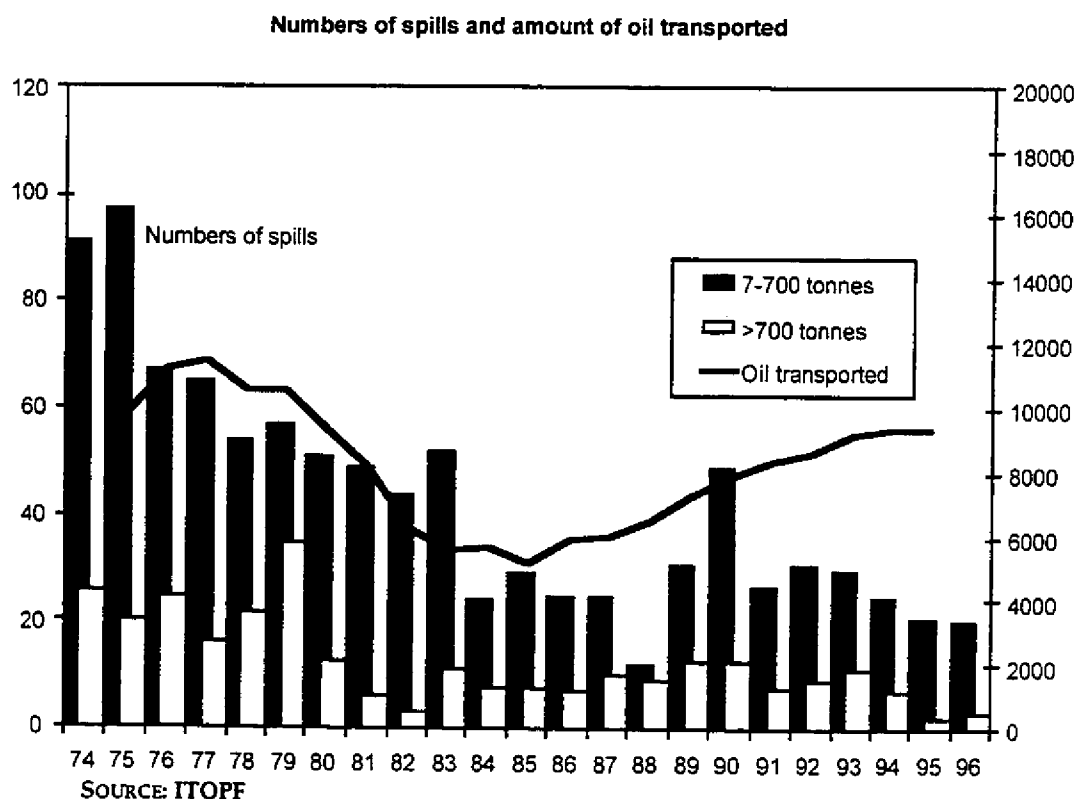
The environment within which the Fund operates has changed markedly since the Fund's inception.

The average number of both major and intermediate spills per year dropped dramatically during the 1980s and 1990s to between a half and two thirds of the number seen during the 1970s. This trend continued in 1996.

A comparison of the number of spills each year with the amount of oil shipped reveals that the large drop in the actual number of spills between the 1970s and 1980s was associated with a large decrease in the volume of oil being transported, so that the ratio of the number of spills to the amount of oil transported remained relatively constant throughout the whole period.

During the 1990s, however, there has been a steady decrease in this ratio, since the low incidence of spills has been maintained despite a significant increase in the volume of oil being transported by sea. This confirms that there has been reduction in the number of incidents in real terms.

Figure 1



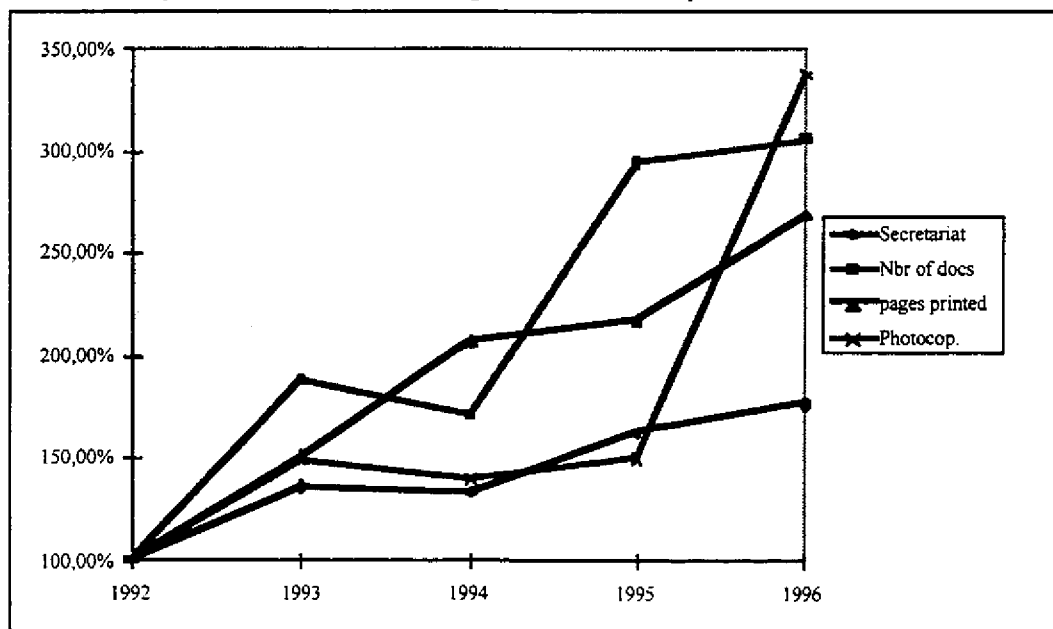
At the same time, the percentage of tanker spills covered by the Conventions has increased markedly as ratification has become widespread. In 1978 there were 14 1971 Fund member states, at the end of 1997 there were 75. There are 3 states which have gone straight into the 1992 Fund.

Simultaneously, the incidents have become more costly and more difficult for the Funds to process. The costs of claims are growing quickly. A recent study (ITOPF) shows there is an increase in the average cost of Fund claims in recent years. In the past, the Fund was mostly involved in refunding claims related to clean-up operations. In recent years, claims based on economic losses have become increasingly important. These types of claims generally concern a large number of individual claimants. Processing them is complex and time consuming.

Lately, there have also been a number of cases which have not yet been settled where the total claims exceeded the total amount of compensation available. This trend is a source of considerable concern to the IOPC Funds (with cases being brought to court and the provision of prompt compensation to claimants being consequently undermined).

The processing of claims has become increasingly complex. In 1989 the Executive Committee met for 2.5 days. In 1996 that increased to 10 days. In 1989 seven documents were issued for the Executive Committee sessions, in 1996 there were seventy. In 1997, eighty eight documents were issued and the Executive Committee met on 11 days.

Figure 2 Secretariat expenses & activity indicators



Source: IOPC Fund Secretariat

The amount of the photocopying has grown. In 1992 102,100 copies were made. In 1996 there were 344,000.

These are only a few of the indicators of the Secretariat's increased workload. The increase derives not only from claims processing but also from the Assemblies and Executive Committee meetings that are increasing due to the complexity of incidents and other issues under consideration. These require decisions of principle which the Director cannot take alone.

Despite the dramatic increase in workload, the operating expenses of the Fund Secretariat have remained modest. In 1991 Secretariat expenses as a proportion of claims paid out were 11%. In 1996 the figure was 5%. In 1991, every £1 spent on Secretariat expenses resulted in £9.06 being paid in claims. By 1996 this figure had risen to £20.10.

The overall situation has resulted in a work overload for the Secretariat, which is not likely to diminish in the years to come with the increased number of states ratifying the 1992 Fund Convention and possibly later with the entry into force of the HNS Convention.

We have held a wide range of interviews and discussions with many interested parties. It is clear that in the opinion of all those who we have interviewed a critical point is now being reached. Decisions must be taken in order to ensure that the Secretariat can continue in the future to fulfil its duties at the same level of excellence.

The challenge facing the Secretariat in the coming years is to ensure that the Fund can fulfil its objective of paying compensation quickly and equitably. This has to be achieved by responding swiftly to incidents as required by member states, by providing value for money and by ensuring that claimants receive equal treatment all around the world. A balance between these three objectives must be maintained in an increasingly demanding environment.

We believe that the key issue facing the Secretariat can be described in the following terms: A very small secretariat was created to administer a small international organisation. It must now evolve and transform itself to tackle more complex problems and an increased workload. The decision was taken in 1978 by the Assembly that the Fund Secretariat should be as small as possible and rely on external consultants for specific tasks. **The question, in 1998, is how small does small mean?**

To answer this question, we shall proceed in three steps.

Section Three will examine the Fund Policy concerning the Use of Experts, Local Claims Offices and the Claims Handling Process.

Section Four will address the problems currently encountered within the present organisational structure of the Secretariat.

Section Five contains our recommendations for change.

3. The Claim Handling Process, the Use of Local Claims Offices and the Use of Experts.

3.1 External Experts

The Fund mostly uses external experts. The experts provide technical advice regarding clean-up operations and the assessment of pollution damage claims arising from a spill. No interviewee was of the opinion that the Fund should use in-house expertise. The present system is more flexible and less costly than maintaining a full pool of in-house experts who might be under-utilised.

Section 3.2 describes the role of those experts who are recruited to manage Local Claims Offices.

That was also the opinion expressed by the Fund Executive Committee in its September 16, 1996 meeting when it examined a document on the 1971 Fund's use of experts which endorsed the following statement:

"The 1971 Fund decided at an early stage that it would not be economical for it to employ technical experts as members of the Secretariat (...) the need for expert advice can only be determined after an incident has occurred and often only after a particular type of damage has affected potential claimants. In many fields, there are very few experts with the appropriate experience."

However, the general opinion of the interviewees was that the input of external experts could be greatly improved if there existed within the Fund some technical capability.

3.1.1 A shallow pool of expertise...

The Fund draws its experts from a shallow pool of expertise. An annex to Document 71FUND/EXC.50/15 (16.09.96) lists the experts (other than lawyers) used by the Fund in recent years.

The expertise used by the Fund is competent in the following matters:

- Navigation.
- Salvage.
- Fisheries.
- Tourism.
- Clean-up operations.
- Environmental impact of oil spills.
- General assessment of claims and co-ordination of experts work.

The greatest part of this expertise is UK-based, but French, Japanese, Italian and Korean expertise is also used on a regular basis. German, Canadian, Spanish and Swedish experts have been used to deal with particular incidents.

3.1.2 ...a fact that can be explained by some very good reasons...

3.1.2.1 The IOPC Funds are located in London, like the IMO. For historical reasons, London remains a centre of expertise in maritime affairs unparalleled by any other city in the world. It is certainly the reason why it has been chosen as the seat of IMO, INMARSAT and the IOPC Funds. As the Funds are located in London, it is quite normal for it to use UK-based experts known for their quality and reliability, who speak what has become the international language of the sea.

3.1.2.2 The IOPC Funds have over the years co-operated closely with the insurer of ship owners' third party liabilities (the P&I Clubs) in their claims settlement procedures, in accordance with the Memorandum of Understanding signed in 1980 by the International Group of P&I Clubs and the 1971 Fund. Consequently, most of the experts used by the Funds are also used by the P&I Clubs. The Funds' Secretariat does not have the capacity to maintain an international network of agents able to be on the site of a spill as soon as possible and to identify the necessary expertise. The assistance of the P&I Clubs in this field is consequently precious.

Experts other than ITOPF (see below) are generally deemed expensive (both for the Clubs and for the Fund), because they are often the best in the market place and are a rare resource. It is however clearly advantageous for both parties to jointly use the same experts, provided there is no potential conflict of interest that could arise from a specific case. It would moreover be counter-productive if the P&I Clubs and the Fund used different experts to advise them on the same case.

3.1.2.3 The IOPC Funds as well as the P & I Clubs rely heavily on ITOPF expertise, comprising mainly marine biologists, chemists and civil engineers. These experts provide technical advice and assistance to the authorities in charge of clean-up operations. They also assess the technical merits of the claims for compensation, for both clean-up measures and damage caused by a spill. There is great value in the use of ITOPF experts, since they are leaders in their field and do not routinely charge fees to the IOPC Funds. ITOPF is a non-profit making organisation, financed through subscriptions levied on the world's tanker owners. There is also a great advantage for the Funds to use the same group of experts in all parts of the world to obtain uniform and consistent technical advice. We agree that it would not be wise for the Funds to set up a specialised pool of expertise such as ITOPF.

3.1.2.4 One critical consideration in the selection of experts is that not only must they be competent in their own technical field, they must also have a knowledge of the compensation system established by the Conventions and of the criteria for admissibility of claims. It is essential that experts have a broad knowledge of the Funds' policy to ensure there is consistency in the Funds' assessment of claims.

3.1.3 ...but is nevertheless becoming an issue...

With the growing number of Member States, the Funds are seen as being too dependent on a small group of experts, many of whom are UK-based and with whom there may be insufficient country specific focus, given the fact that most of these experts do not speak a language other than English.

A number of people to whom we spoke believe that the Fund Secretariat will have to employ more national/regional experts than it does presently. Use of this expertise it was recognised, should be carefully monitored, due to equality of treatment considerations. The national/regional experts could bring an invaluable knowledge of local customs and practices. On the other hand, others felt that local/regional experts are more likely to be subject to local pressures. They were also worried that they would not have a clear picture of how the IOPC Funds operate, nor have any previous experience of the management of an incident by the Funds.

3.1.4 ...among other issues identified by interviewees...

There was broad support among the interviewees for the view that the Funds need to actively manage their experts, from fee and contractual negotiation to performance monitoring and review processes.

Interviewees would be happy if there was more discussion of fees and contractual terms at the point of hiring experts. Whilst "trust" and "reputation" have been sufficient protection for the Fund in the past, many felt that this could be consolidated with an additional and more formal process.

Most Funds' officers have a legal or financial background. None has a scientific background. It is widely considered that the presence within the Funds' Secretariat of someone with a technical grounding would greatly improve the procedures for the selection of appropriate experts, the co-ordination of experts and the technical evaluation of experts. This person should also have the capability to frame the strategy for dealing with emerging technical issues.

3.1.5 ...but also by Delegates in London in connection with the Assembly and Executive Committee meetings in October 1997.

During the discussion in the Assembly the following points were mentioned:-

- The need to introduce a code of conduct for experts.
- The establishment of a list of recognised experts in all member states.
- The criteria which are applied in the selection of experts.
- The need for more technical expertise within the Secretariat
- There should be a periodic review of the criteria for the admissibility of claims.
- An "assessment of damage" manual should be published.

3.1.6 "World experts" and "Regional Partners". Case management teams.

We have seen that the Funds have good reasons to employ experts jointly with the P&I Clubs, from ITOPI and other sources, but there is a growing pressure to use more national/regional expertise.

We believe that a distinction needs to be made between the use of experts used to establish and manage a Local Claims Office and the use of experts who provide advice and support with respect to the assessment of claims.

The establishment and successful operation of an LCO would, we believe, be substantially enhanced if the LCO manager was either a national of the country concerned or a fluent speaker of a predominant language of that country.

The experts who advise on the admissibility of claims do not, we believe, need to have the same criteria applied to them. This is because it is important that the Funds maintain a cadre of experts engaged solely on the basis of expertise in order to ensure that common standards are applied throughout the world. They may well need the support of excellent interpreters, but they should be internationally based and available to support any incident in the world.

Accordingly with respect to the selection of potential LCO managers we would suggest that a number of "Regional Partners" are identified. These "Regional Partners" would be chosen from a register of competent individuals or companies selected by the Fund in each continent/region of the world. They will be trained to become knowledgeable and experienced in the workings of the Fund for a nominal retaining fee. When an incident occurs in their area, they could then be appointed to set up the LCO.

In the event of an incident, the Fund should be able to operate through a matrix organisation centred around **Case Teams** with regional responsibilities (for example: Western Europe, Eastern Europe, South America, Africa, Southeast Asia, Southern Asia, Korea, Japan...). The advantage is that such a team would be immediately composed of people knowing the Fund and its procedures as well as the region in which they will operate.

3.1.7 Some views on how to manage the Fund's relationship with experts.

We believe that three features stand out as being critical if the relationship between an organisation and its external experts is to be managed successfully:

- 1 An agreement and understanding of the purpose of the relationship.
- 2 A high level of management by the Fund.
- 3 A high level of trust and confidence between the Fund and the experts at every level, coupled with effective joint-planning, co-ordination, monitoring and review of activities.

These three critical common features can be broken down in seven **success criteria**.

Criteria	Description
1. Top management leadership (Director, Heads of Departments, Claims Officers)	§ Top management to provide commitment and support. § They provide the vision, values and framework within which the experts operate. § Top management "hands on", providing support to implementation managers and resolving major problems quickly and decisively.
2. Long term collaboration	§ The commitment must be long term in order to capitalise on joint experiences and ensure a confident relationship.
3. Clearly defined objectives, outcomes and measures	§ Realistic objectives and measurable outcomes must be set at the beginning of the relationship.
4. Effective communication strategy and communication management	§ Internal and external communication processes are established and actively managed. § Accountabilities for what is communicated, how, when and by whom are established.

Criteria	Description
5. Clearly defined performance measures	§ Outcomes, outputs and milestones are set and reviewed for all experts by the Secretariat.
6. Joint evaluation of experts	§ Experts should be evaluated with the help of ITOPF and P&I Clubs.
7. Optimised performance evaluation	§ Evaluation of experts performances should be general, but first focused on problems generated by experts.

3.2 The claims handling process and Local Claims Offices

With incidents generating a large number of claims, Local Claims Offices (LCOs) have been established by the Fund. That was the case in Lerwick, Shetland (UK), La Coruña (Spain), Milford Haven (UK) and Maracaibo (Venezuela) as well as Kobe (Japan). These offices have been established in co-operation with the relevant P&I Clubs. The LCO system can be compared with the Funds' use of experts: these are contracted out services that help the Fund to fulfil its mission in a flexible way and at a cost lower than any permanent system.

Most interviewees took the view that LCOs are an effective way of dealing with certain types of incidents. They also recognised that there are opportunities to improve their management by the Fund and to improve the co-ordination by the LCO of the work of individual experts.

Concerning the claims handling process, although it is complex, because it is partly designed for financial and policy control purposes, a number of people we interviewed believe that there are opportunities to adapt and modify current working processes to ensure that the Fund remains true to its principles of a speedy response to victims of spills.

In the course of our study, we spent two days reviewing and understanding the nature of the work undertaken by the Milford Haven Claims Office. Many of our conclusions are based on this experience, although we also took into account internal and external stakeholders views on other offices.

3.2.1 The usefulness of Local Claims Offices.

Most interviewees support the view that Local Claims Offices are useful...

The small size of the Fund Secretariat is a clear justification for the setting-up of an LCO in appropriate cases. A small and relatively under-staffed organisation would otherwise be unable to handle an incident generating a large number of claims.

LCOs are generally set-up with the participation of the concerned P&I Club. LCOs' experts are the same for both parties. Their main tasks are to inform the potential claimants (the claimants are given appropriate claim forms, with the IOPC Funds' Claims Manuals), to advise the claimants in the presentation of their claims, to examine the claims in co-operation with the technical experts and forward the claims to the Fund with a recommendation for decision. No decision on whether to accept or reject a claim is ever taken by an LCO.

In addition, the local claims office maintains the database of claims in the system and prepares statistics on claims and compensation amounts/trends for London.

LCOs are not only useful for functional, but also for political reasons. After an incident, public opinion will usually require that "something has to be done", and this view is strongly supported by the local politicians. The setting-up of an LCO fills a vacuum and is a demonstration of the IOPC Funds involvement and commitment.

...although some interviewees disputed this assertion...

Some views have been expressed that an LCO creates a local compensation culture which may, in the end, serve to generate additional claims. LCOs should be no more than an information centre offering advice to any claimants in the presentation of claims. The presence of an LCO can lead to conflicts and generate ill founded expectations, because claimants discussing their claims with experts think they are negotiating with the Fund.

Whilst it is recognised that there are sometimes political pressures to keep open an LCO, some interviewees thought that there might be a tendency for it to remain open too long after an incident has occurred. The perceived danger is that the LCO gets subsumed into local culture and that the necessary objectivity required of the LCO is compromised. Furthermore, some experts or consultants who are part of an LCO process might have a vested interest in the continuation of its activities beyond what is necessary. The LCO Managers, who we met, were well aware of this issue and highlighted it to us themselves.

...overall the LCO is seen as a benefit to Fund operation.

An overwhelming majority of interviewees both within and outside the Fund are in favour of LCOs as a way to deal with incidents generating a large number of claims. **It is the prevalent opinion that the benefits of setting up those LCOs far outweigh their disadvantages.** They are a vital link in the process which ensures that claims are settled quickly and fairly. Furthermore, Local Claims Offices, being established with the co-operation of local authorities (like in La Coruña), can be a partial answer to the problem of the use of local experts, since practical reasons for LCOs include the easier identification of claims, but also the ability to use local expertise in advising on claims.

3.2.2 nonetheless people believe that there are incremental opportunities to improve the claim handling process.

During the course of our interviews with Local Claims Office staff, Secretariat staff, involved experts and Assembly delegates, a number of incremental improvements were identified which people believed would enhance the impact of the Local Claims Office.

Among the suggested improvements were the following:

- *improved management of the LCO by the Fund*

The Fund, whilst regarding the LCO as its "external arm", needs to take full responsibility for defining and reviewing the parameters of LCO activity, the nature of the interface between the LCO and London, and the appropriate allocation of tasks. Thus performance measures would be established concerning the operation of the Local Claims Offices; for example, performance measures could relate to the volume of claims handled, the elapsed time for processing and approving claims and the cost per claim handled. These performance measures would be decided by the Secretariat. It is likely that the establishment of such performance measures will also lead to the closer management of experts with performance measures also being established for their work in assessing claims.

It was felt that as a result of this process the output of the work of the LCO's and the experts would be managed more closely, leading to improved value for money in respect of experts fees. It could also reduce the throughput time for claims which in turn would mean that compensation would be paid more quickly to claimants.

- *the setting up of a selection mechanism for the LCO manager role*

The role and competencies of the LCO manager and the fit between his/her activities and those of London-based staff could be codified, in conjunction with the P and I Clubs.

3.2.2.2and we identified a number ourselves

- *the setting up of a selection mechanism for the LCO manager role*

Once such a codification as described above has been agreed it could be used to establish a pool of external consultants who could be called upon, at short notice, to establish and manage an LCO anywhere in the world.

- *improved regular liaison between the LCO and the Claims Officers*

The reporting structure between the LCO and the London Claims Officers could be consolidated ensuring a regularity of reporting and contact on casework. The staff with accountabilities for the claims handling process and those with accountabilities for individual claims would be working to performance targets as would the LCO and individual experts. Therefore frequent contact between all these parties will be required in order to ensure that individual accountabilities are managed and met.

- *defined database requirements for the LCOs*

The claims handling database is a valuable management tool for use in the more detailed management of claims. The Milford Haven office's database contains information which was not electronically available outside the Local Claims Office. This database is an important management tool which could be made more widely accessible.

Some believed that developing common database formats for all LCOs would be a significant opportunity for the future, speeding up analysis and decision making. Thus the purpose of the database and its use in claims handling and archiving should be specified in advance.

It is recognised that there are complex issues of compatibility between the systems used by the Secretariat, the P and I Clubs and the experts who manage the LCO's but nonetheless it was felt that work should be done to examine whether a standard approach could be developed.

- *defined performance measures by which the activities of the LCO could be measured*

The claims handling process should be fully reviewed to identify activities and targets so that the contribution of the LCO, as well as the Claims Officer, can be monitored and managed.

3.2.3 The management by the Fund of Local Claims Offices

We were impressed by the quality of the management of the Milford Haven LCO by Captain Stuart MacDonald. The Secretariat itself is in the early stages of developing a structured management process for the LCOs in terms of performance and value for money. This will entail reviewing such issues like the speed of claims processing. Overall there will be a requirement that review and supervision be placed on a more formal managerial basis.

This co-operation is likely to improve greatly if the Claims Officer regularly visits the LCO. The LCO view was that the claims handling process was greatly facilitated by frequent visits which built rapport and understanding. The resolution of any difficulties between the Officer and the LCO was substantially facilitated by regular face-to-face contact and it was felt that there was a significant benefit in having the responsible claims handling officer being closely in touch with local issues.

At the conclusion of the Braer incident the Secretariat held a three day meeting with those most closely involved in managing the claims handling process. This was an excellent example of an initiative that the Secretariat could make more formal use of as part of a process of continual improvement. In addition, once processes are agreed and described in detail they can then be used as an audit tool by Secretariat's managers when LCO's are established and in operation.

3.2.4 The claims handling process

It has not been possible to establish the time it took to process the claims in various incidents, the P&I Clubs having refused the request made by the Consultants to analyse the LCO databases.

What can be added to the considerations on Experts and LCOs is that the claims handling process is lengthy because it incorporates a lot of controls. Those controls are useful, as they ensure a common policy and an equity of treatment for the claimants. However, in talking to LCO staff and experts, the widespread view was that there were opportunities to improve the claims handling process.

We summarise these opportunities below:

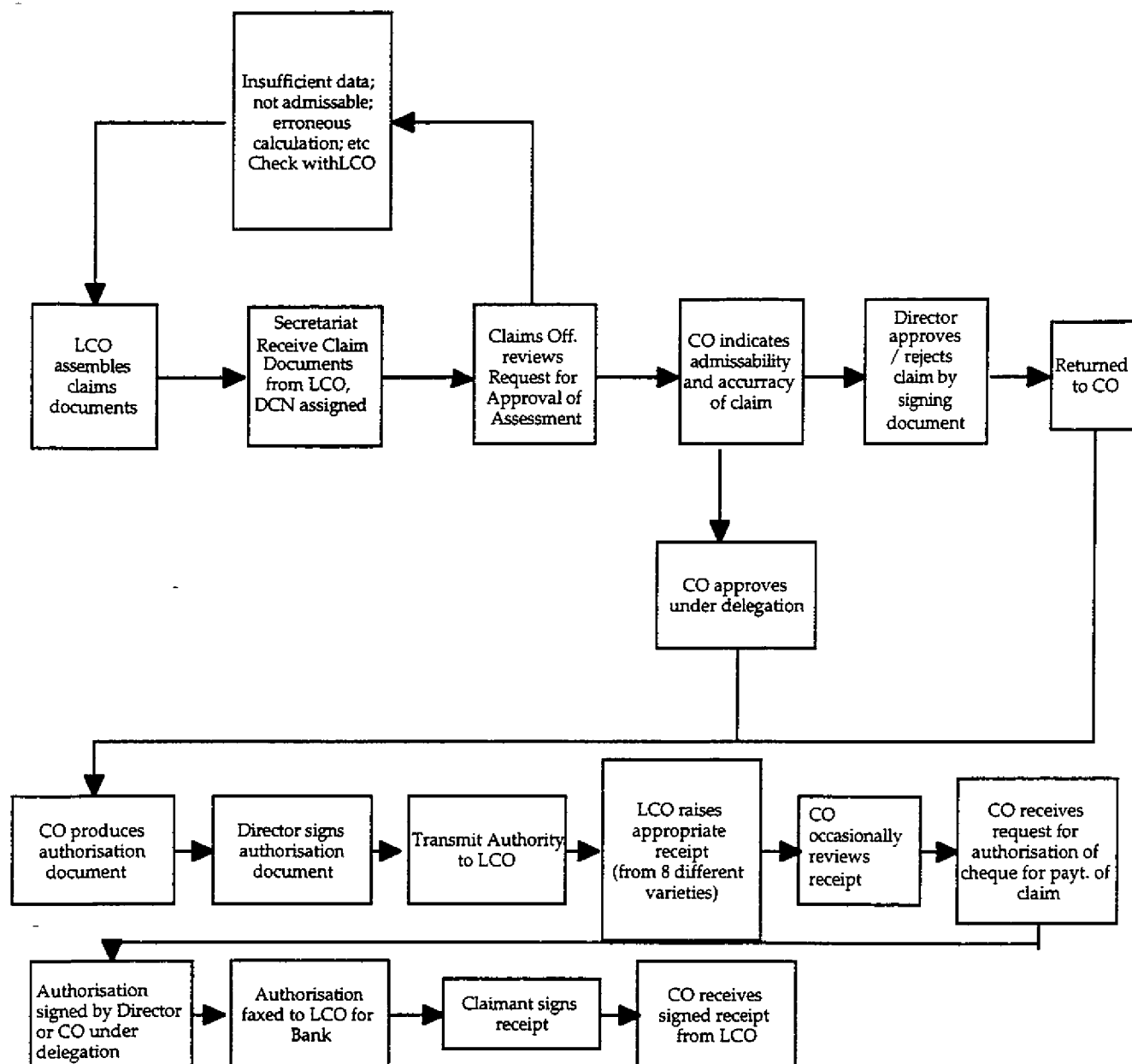
1. The issuing of payments to claimants

The issuing of payments to claimants is considered to be complex beyond the needs of the claims handling process. Whilst the local claims office has banking facilities for the payment of compensation cheques for collection by claimants - all cheques require authorisation in a separate document prepared and sent out by London. The claims office will request authorisation to prepare the cheque once approval has been assigned, the London office will authorise preparation of the cheques to the claims office and, in addition, advise the Bank of the requirement to honour the cheques issued by the local claims office. Only then will a cheque be issued ready for collection by the claimant.

2. The availability of information to claimants

The efficiency of the claims handling process could be enhanced if information on the Fund, its procedures and limitations is given to communities, their political leaders and civil servants living in specified coastal areas prior to any incident occurring. These coastal areas would be those of higher risk of suffering from the after effects of an oil spill. According to ITOPF experts, this has been demonstrated in Japan, where Japanese newspapers have delivered in many circumstances very useful information on the Fund. Although responsibility for informing the population rests with the Administrations of Member States, a certain number of issues relative to this point should be addressed by the Fund Secretariat.

AN EXAMPLE OF CLAIMS HANDLING: MILFORD HAVEN



3. The performance measurement of "speed of response"

Whilst it is acknowledged to be beneficial to "buffer" local staff by a London based approval and authorisation process for claims, it was noted that response time slows considerably when the Director or the Claims Officer are out of London.

Many interviewees believed that targets and measures of performance should be established in the claims handling process. Interviewees were of the view that not only could bottlenecks in the process, such as described above, be tackled, but also, it would be possible to review and establish performance standards which would enhance the responsiveness of the Fund. This would be particularly relevant in the 80% of cases which are relatively straightforward.

4. Defining the "ownership" of parts of the claims handling process

It is not clear which party, the claims office or the Claims Officer, feels primarily accountable for the movement of a claim through the handling process. Most interviewees assumed that the local claims office takes on a large part of the driving role as so much of the preparatory work, investigation and dialogue with the claimant will be undertaken by them. However it was not clear to us who believed it was their responsibility, in day to day terms, to ensure that the claims process works from start to finish.

The clarification of the process and the allocation of accountabilities to specific people is considered by many interviewees to be a crucial improvement that could be made to enhance efficiency.

4. The Organisation Structure of the Secretariat

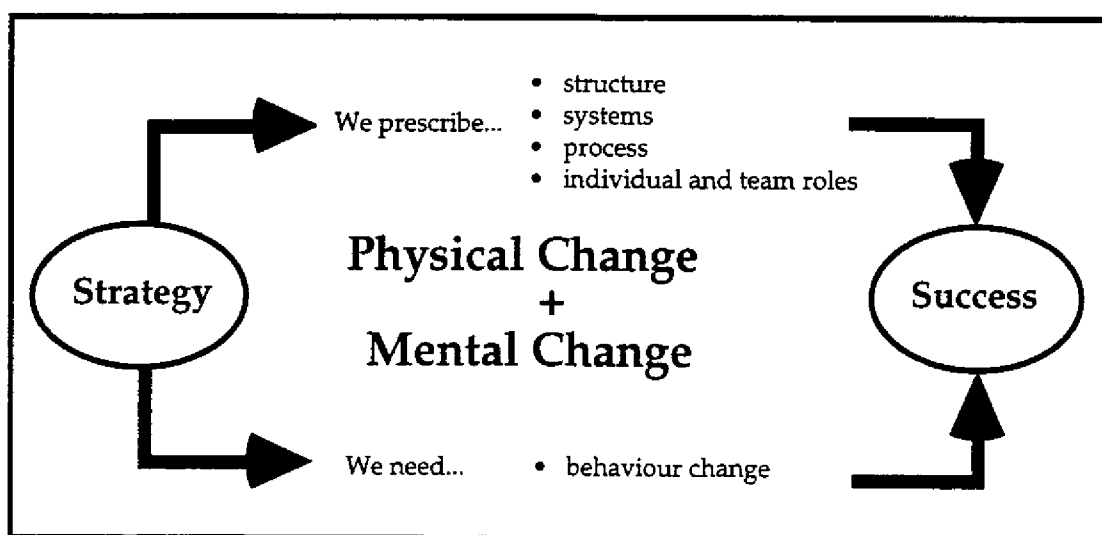
4.1 Introduction - The Characteristics of an Organisation

Organisation structure has, we believe, one purpose; it is a means of delivering and improving performance. Its inspiration, therefore, is the strategy of **what** the organisation wishes to achieve and **how** the organisation chooses to achieve its goals.

We define an organisation as *"a distinct entity comprising of a group of people with common goals, performing activities which are directed and co-ordinated"*. Organisations transform inputs into outputs (products and/or services) for customers. This transformation adds value for customers and stakeholders.

Stakeholders are those who have an interest in the strategy and objectives of an organisation - be they providers of revenue or partners in the delivery of the organisation's services. The managers of an organisation need to balance the requirements, needs and expectations of key stakeholders. To do this they must develop a clear strategy with agreed goals and objectives. Appropriate resources need to be deployed and allocated to deliver those objectives and employees need to be selected, trained and managed so that they can perform their roles effectively.

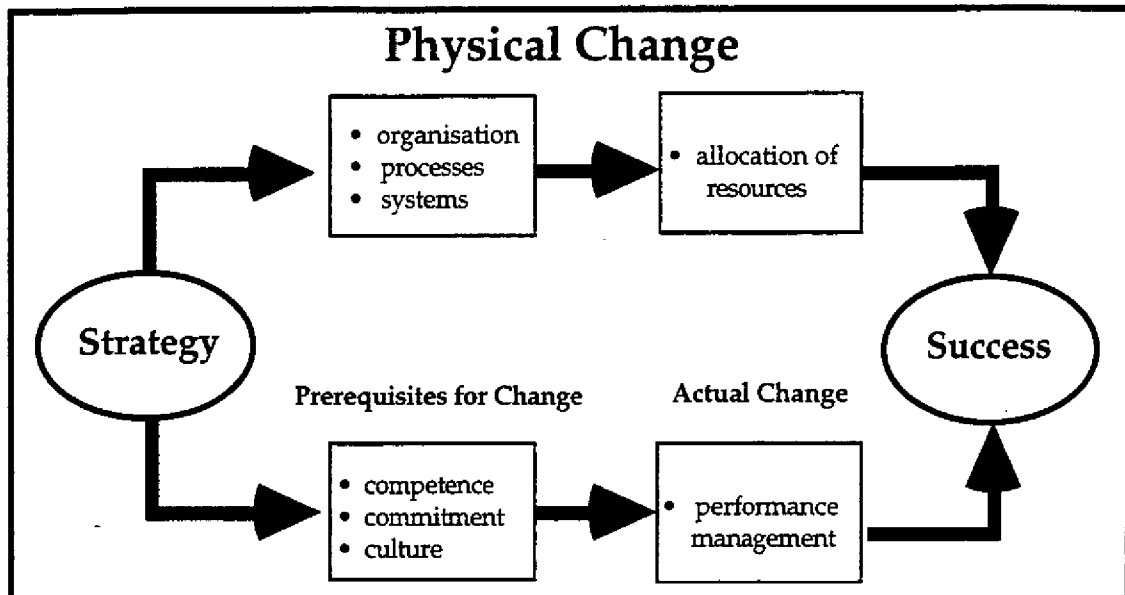
Organisational change thus can involve both structural modifications and changes to the way people behave at work; to change what people do and how they do it. Without seeking a change in behaviour, the benefits of organisational change are sometimes limited.



Taking the idea a stage further, both for the physical and the mental change, the following needs to happen.

The organisation has to be defined, processes and systems specified but it is only once resources have been allocated, systems changed and organisation processes operationalised that changes can occur. Similarly with mental change, one needs to define and develop competence, generate commitment and develop the culture. Then only through performance management can the actual change be embedded into the day-to-day life of the organisation.

This is summarised in the next diagram.



The design of an organisation should therefore have the following core characteristics:

- Clear organisation wide vision and goals
- Agreed departmental and individual accountabilities and goals
- Defined core work processes and outputs
- An appropriate organisation structure
- The measurement and review of performance
- Developing competence and commitment
- Reward and recognition
- Agreed behaviours and culture.

4.1.2 Clear Organisation-wide vision and goals

An organisation requires a clear, simple and penetrating statement of its purpose and mission. Unless the basic ideas on which an organisation is built are visible, clearly understood and explicitly expressed, the organisation is at the mercy of events. A lack of understanding of what it is, and what are its basic ideas, values, policies and beliefs makes it difficult for an organisation to rationally change itself. Furthermore, only a clear definition of mission and purpose makes possible clear and realistic organisational objectives.

It is the basis of priorities, strategies, plans and work assignments. It is the starting point for the design of managerial jobs and structures. Structure follows strategy; strategy determines the key activities of the organisation; and, importantly, strategy requires knowing 'what our business is and what it should be'.

4.1.3 Agreed departmental and individual accountabilities and goals

Objectives for the organisation need to be set. Once these are understood then departmental and individual requirements and contributions can be agreed and communicated.

4.1.4 Defined core work processes and outputs.

Processes are designed to meet goals, effectively and efficiently. Steps within processes are logical, streamlined and minimal in number. Information flows efficiently throughout the organisation, reaching those who need it with the minimum of delay. There are clear performance measures for each step of each process particularly at key interfaces. These may be between the organisation and external organisations, be they suppliers, customers, partners or government agencies. They may be internal interfaces, between different providers and recipients of a particular service or activity.

4.1.5 An appropriate organisation structure

The organisation is structured and its resources allocated to enable it to achieve its goals effectively and efficiently. Jobs are grouped into logical teams and hierarchies.

The manager organises by conducting a formal analysis of the activities, decisions and relationships required. The work is classified and divided into manageable units and into manageable jobs. These units and jobs are grouped into an organisation structure; people are selected for the management of these units and also for the jobs to be performed within the unit.

4.1.6 The measurement and review of performance

The manager measures and manages performance ensuring that measures are available which focus on the performance of the whole organisation as well as on individual job holders. The manager must analyse, interpret, review and appraise performance; and, importantly, communicate on these issues with those concerned.

4.1.7 Developing Competence and Commitment

Competence requires clarity about the purpose, role requirements and expected outputs of both teams and individuals. Then the skill and knowledge requirements can be codified and developed so that appropriate personal development and training plans can be determined.

Commitment requires effective leadership which motivates teams and individuals to achieve clear goals.

The manager works with a unique and specific resource - people. Working with people always includes the notion of developing their skills, expertise, capabilities and competencies in order to ensure that organisational aims and objectives are met both now and in the future.

The manager creates a team out of the people who are responsible for the various jobs; this is achieved through working practices and also through the relationships established with people with whom the manager works. The decisions made about people on, for example, pay, development and promotion also contribute to the development and motivation of the team. Also required are continuous two-way communication processes between colleagues, subordinates and superiors.

4.1.8 Reward and Recognition

In parallel with effective leadership is the need to evolve processes which provide for the effective reward and recognition of achievements. Ideally there should exist results focused performance management and pay systems which balance individual performance with internal equity and external comparability.

4.1.9 Agreed behaviours and culture

Changes in peoples' behaviour cannot be achieved simply by changing organisation structures. One needs to integrate changes in structure with changes in the 'ways of working' by developing decision making processes, training people in new and more collaborative ways and creating a culture which supports the achievement of the organisation's goals.

4.2 The assessment of the organisational structure of the Secretariat and the evaluation of current posts.

4.2.1 Introduction

The Secretariat, of the 1971 and 1992 Funds, exists to manage and administer the system for compensation for oil pollution damage established initially by the 1969 Civil Liability Convention and the 1971 Fund Convention.

The Secretariat can be rightly proud of its reputation with both governments and the organisations with which it works in partnership. Throughout our study we were consistently impressed by the high regard and esteem in which the Secretariat is held. Many people to whom we spoke went out of their way to pay tribute to the efficiency and the extraordinarily high quality of the work undertaken and delivered by the Secretariat. This view was complemented by similar praise for the staff of the Secretariat. Their dedication, commitment and rigour was often mentioned, allied to a courteous, friendly and informal style of working.

The only real concern that was expressed by those outside the Secretariat, was as to whether the current organisational structure would be able to cope with the demands placed upon it. There was real concern about the growth in workload for the Secretariat, about the increasing complexity and breadth of incidents which the Funds are having to manage and about how the Secretariat will manage the increasing demands which governments, claimants and other stakeholders would be expecting from them. In addition there is a particular worry that much of the work of the Funds depend upon the Director himself. He is universally admired for his expertise, professionalism, intellectual rigour, commitment and eminence. However there is a worry, shared by the Director himself, that too much of the work of the Secretariat depends on his personal involvement. Thus the start-point for our analysis was to study the overall objectives and goals of the Secretariat and to clarify its core work processes and outputs.

4.2.2 The Secretariat goals and processes

The Secretariat has, we believe, three key goals:

- 1. To pay compensation to victims of oil pollution damage in Member states. This means handling claims for compensation as effectively as possible, so as to ensure prompt compensation to victims.**

This entails the following processes:

- The dissemination of information about compensation after an incident
- The administration of claims submitted
- The assessment of claims
- The setting of payment levels by the Executive Committee
- The determination of legal issues of principle
- The feedback to claimants on the outcome of any assessment
- The payment of compensation

To deliver these goals the Secretariat has to contract work out to experts and consultants who deliver some or part of the various stages described above.

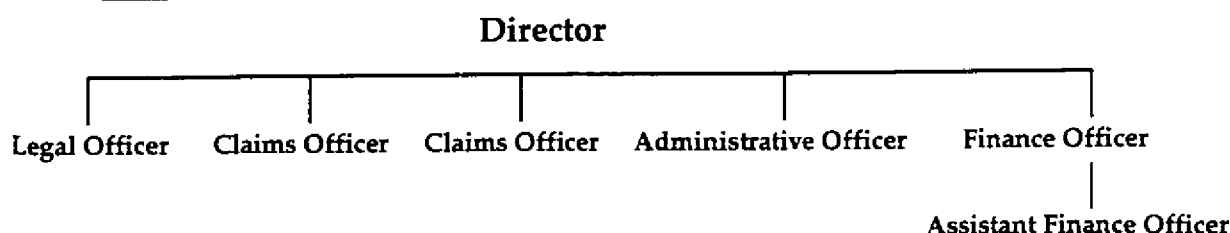
In addition many incidents will require an input of significant legal expertise and authority. Knowledge of international maritime liability and compensation law, of different nations' legal systems and procedures and the 'case law' of the Fund itself are significant inputs to this process.

2. **The Secretariat is accountable for managing the Funds' accounts, budgets, investments, compensation and administrative expenses and the collection of contributions.**
3. **The Secretariat has to prepare documents for sessions of the Assemblies, of the Executives Committees of the 1971 Fund and the 1992 Fund (when established) and of Inter Sessional Working Groups.**

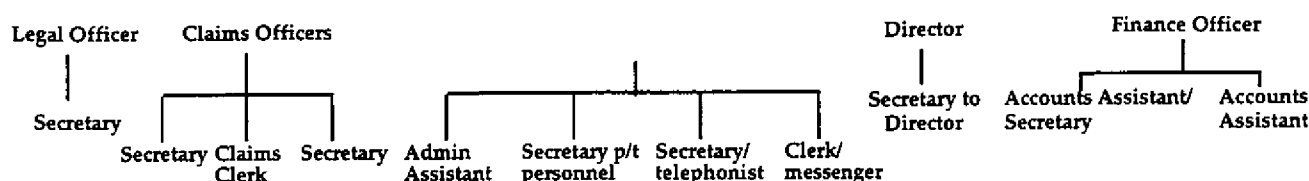
4.2.3 An appropriate organisational structure

To develop our understanding of the present organisational structure of the Secretariat we have used the draft documentation of job responsibilities that has been prepared by the Secretariat and we have also corroborated jobholders' understanding of their role through the interview process we conducted with the staff.

Professional Staff Group



General Staff Group And Their Reporting Relationships



In essence, the staffing of the Secretariat divides itself into two groups. The professional staff group consists of the Legal Officer, the Finance Officer, the Assistant Finance Officer, the two Claims Officers and the Administrative Officer. The General Staff group consists of the Director's Secretary and PA, the Messenger, the Claims Clerk, the Secretaries, the Telephonist and the Secretary with translation responsibilities.

In practice, we found very little evidence of any formal liaison between the two groupings and one of the fundamental pressure points for the Fund lies in the management vacuum that exists between the two groups. In addition, almost all staff regarded themselves to be working personally to the Director.

The Professional Staff Group

Legal Officer

The current post holder joined the Fund in June 1997, having attended all Fund Executive Committee meetings for a year prior to taking up his appointment. For many years the Legal Officer acted as a Claims Officer and was responsible for the processing of claims. Nowadays he still retains responsibility for the processing of claims in Japan and Korea. All checked claims are approved by the Director.

The Legal Officer is seen as one of the Secretariat's most senior members. The Legal Officer attends a number of regular IMO meetings, some of which he shares with the Administrative Officer, and ensures that amendments to the SOLAS and MARPOL conventions, in particular, are scrutinised for Fund implications. He will also prepare documentation when required for submission to the Executive Committee or Assembly.

The Legal Officer is accountable for providing advice to the Director and the Claims Officers on appropriate issues of legal principle and complexity. He also provides advice to the Director on significant policy issues which affect the Funds.

In addition the post holder is required to develop, maintain and manage relationships with lawyers world-wide working for the Funds.

The Finance Officer

The Finance Officer who had been in post since the inception of the Fund retired at the end of 1997 and a new Finance Officer assumed the role fully in the New Year. The new Finance Officer joined the Fund in November 1996 and has spent a year in handover of the role. Traditionally, the Finance Officer has also retained responsibility for personnel issues, and it is intended that this tradition should be continued with the new post holder.

The most substantial part of the role is concerned with the management of funds and investments. Supported by the Investment Advisory Body who meet quarterly to review and identify the most secure and productive investment opportunities for the Fund, the Finance Officer ensures that the operational, day to day management and movement of funds takes place to secure the best and safest return to the Fund. The Finance Officer will identify the appropriate decisions to be made but the final approval on most decisions will rest with the Director.

The Finance Officer prepares the Financial Statements and Budgets for the Assembly. He also ensures that foreign currency transactions, payments, banking services and the collection of contributions are managed by the Finance staff.

The Assistant Finance Officer

The current post holder joined the Fund in 1989 as accounts assistant/secretary.

The main aspects of the job revolve around the processing of contribution invoices (this year has seen the added complexity of deferred invoicing to handle which has added significantly to the Secretariat's workload), the preparation of investment and payment vouchers, the processing of salaries, the continual preparation of the accounts month on month and the preparation of documents for the Assembly. All documents, including vouchers, are signed by the Director whether they have been initially approved or not by the Finance Officer. The Assistant Finance Officer works closely to the Finance Officer and acts in a supporting rather than a decision making or initiatory role.

Administrative Officer

The Administrative Officer is a very experienced, knowledgeable and long serving member of the Secretariat's staff. The Administrative Officer's role embraces 3 main areas, membership, contributions and tasks related to preparing and drafting documents both prior to Assembly/Executive Committee meetings and during those meetings.

Membership issues that this Officer deals with relate to 92 protocols including treaty law issues, model legislation and instruments for ratification. The job holder prepares circulars and correspondence on ratification and denunciation questions and also the status of Conventions. The transition between the 71 and the 92 Funds is a responsibility of this job. The Administrative Officer also has contacts with governments and responds to general enquiries about the Conventions. With respect to contributions, the Administrative Officer explains to contributors the purpose and process of the system.

The job holder is also responsible for supervising the development of the contributors' database including the supervision of oil reporting and the levying of contributions.

As far as the Meetings are concerned, the job holder plans the documentation for Assemblies as well as preparing, drafting and checking documents for it. The Administrative Officer prepares and drafts briefs for the Chairmen of the Assemblies and the Executive Committee.

These tasks, which comprise the majority of the role, are augmented by assisting in the drafting and preparation of the Annual Report, general information booklets, articles and lectures as well as answering general enquiries. The job holder is involved in the preparation of statistics.

Claims Officers

Claims may be submitted either directly to the IOPC Funds Secretariat or to a Local Claims Office. In both cases, the objective of the existing procedures is to facilitate the out-of-court settlement of claims and the quick and equitable compensation of claimants.

The majority of claims are directly received and are examined by the Claims Officers in co-operation with the involved P&I Club. Experts are engaged at this stage in order to technically evaluate the claims and assess the amount of compensation due to claimants. Straightforward claims are quickly settled and paid. For other claims, the Claims Officers will request more information from the claimants. This will then be evaluated before a decision is made. If required meetings are held between the members of the Secretariat and the claimants in order to settle the claims.

Claims may also be presented to a Local Claims Office. After the Local Claims Office has received the claim, if appropriate with the assistance of technical experts, the claim together with a report about it, will be forwarded to the Fund Secretariat and the P&I Club concerned. The Claims Officer will then review the claim. As a result of this review the claims may be referred back to the Local Claims Office for further information. The calculations of the claimed amount may have been in error, the claim may have been presented with insufficient data or evidence to enable the Claims Officer to understand the claim or the claim may be inadmissible.

Recent incidents have resulted in increasing numbers of individual claimants who may need careful and patient handling before they come to an understanding of the claims process and its requirements. The Claims Officer, together with the Local Claims Office Manager, will assist in providing information and guidance to claimants to ensure that detailed and authentic claims are made with the required supporting evidence.

When the Claims Officer is assured that the claim is presented correctly with fully supportive and accurate information, the Claims Officer considers its admissibility and may approve it under the delegated authority arrangements; or it may be presented to the Director for approval. The Director normally has the authority to make final settlement of claims, provided they do not give rise to questions of principle. If it involves a matter of principle, it may be submitted to the Executive Committee for consideration. Following the approval of a claim a process for the authorisation of payment is initiated by the Claims Handling Office. The payment is authorised and the process is concluded by the issue of a receipt, signed by the claimant in exchange for a cheque.

There are two Claims Officers in post, one of whom was appointed as the first dedicated Claims Officer in the wake of the Haven incident in 1991, and the other of whom was recruited in 1996. Each Claims Officer carries broadly the same responsibilities in their role description, with each focusing on nominated key incidents. Each will then take on further incident responsibility as directed by the Director.

Despite the similarities in the role description, we found that in practice there were substantial differences in the ways of working of the two officers.

A substantial part of both Claims Officers jobs is to participate in negotiations about claims. In the Braer case in particular, this has involved many detailed face-to-face meetings with claimants under difficult conditions. Both Claims Officers play an important part in the drafting and preparation of documentation on cases for the Executive Committee and the Assembly.

The General Staff Group

This group of staff has recently taken steps to work together as a team to resolve working difficulties and undertake improvement activity. With the approval of the Director, a monthly general staff meeting has been instituted for the purposes of information exchange, improvement suggestions and resolution of small working difficulties. Whilst still at the early stages, all staff commented favourably on the usefulness of the meeting and indicated that some improvement suggestions had been given the support of the Director and led to actions being put in place.

The Director's Secretary and PA

This post focuses very largely on supporting the Director, managing his diary and commitments as well as document preparation for the Director, the Executive Committee and the Assembly. The Director's work does not necessarily take complete precedence but will be managed alongside an overall responsibility to support all the document demands of the Secretariat.

The Director's Secretary has, in theory, an overall responsibility to co-ordinate the work of all the secretaries but, in practice, there is ambiguity in the operation of this arrangement and it is not seen as a managerial responsibility. Each secretary works nominally to support a professional staff member or an area and the word processing and spreadsheet skills of the professional staff group are not sophisticated.

Most organisations, in our experience, have now reached levels of competence whereby basic document preparation is done directly by professional staff into their own terminals using standard formats. This ensures that secretarial time is utilised in the polishing and fine-tuning of presentational aspects of work.

Currently there are uneven loadings of work to be processed and the overall co-ordination role is not clear enough or strong enough to combat day-to-day fragility's.

The Claims Clerk

This is a relatively new post, created in January 1996, with the initial remit of providing clerical support at a detailed level to the resolution of the Braer incident - and therefore acting in a direct supporting role to one of the Claims Officers. It is intended in the near future, as the Braer reaches it's endpoint, for this role to move over to a more general supporting role to both Claims Officers and the Legal Officer.

The current focus for the role is therefore quite tight. Key responsibilities include the handling of first line relationships with solicitors acting for the Fund, the handling of claimant contacts direct with London, the primary liaison with the experts acting for the Fund and the preparation of case summaries for the Claims Officer. Once a fortnight or so, the Claims Clerk and the Claims Officer will review the workload, the priorities and any performance issues. The Claims Clerk also undertakes ad hoc research projects for the Director and others, as well as providing IT backup and trouble-shooting support.

The Secretaries

These job holders provide secretarial and administrative services to Officers of the Secretariat which include producing documents, entering data into databases, liaising with outside suppliers, for example, printers, as well as more routine tasks such as registering and franking mail. Other more specialist tasks include making travel arrangements for staff, arranging the production of overhead projector transparencies, using the Contributions database to request oil reports, send out reminders, enter oil figures and produce database derived reports such as comparative data year on year.

The Secretaries will produce first drafts of a number of documents and undertake proof reading. Some help with the design and layout of the Annual Report, others update lectures and articles.

The secretaries are, in theory, a group capable of co-ordination by the Director's Secretary. As noted before, each secretary works nominally to a professional staff member, whose need for basic word-processing and clerical support varies widely. This leads to problems of uneven work loading, and together with the ambiguity surrounding the management of the secretarial group, there results some overlap, duplication and day to day frustrations.

All but one of the secretaries are graduates and they are all fluent in at least one European language other than English. However, this resource is little used at the Fund, partly as a result of the managerial, data and word processing inadequacies noted above, but also because there is little opportunity for the language skills to be both practised and deployed.

The Secretary with translation responsibilities

Recruited initially as a secretary four years ago, the post holder's articulacy in her mother tongue (French) coupled with the acquisition of translation qualifications in her own time, have led to her specialisation on the translation side, particularly as the Secretariat moved to counter the inadequacies of the delivery of the IMO translation contract in the last years.

Her major responsibility lies with French documentation. She translates directly into the computer a first cut translation of many documents, polishes the first cut and will, if necessary, seek the guidance of the senior IMO translator. In addition, she has compiled an English-French glossary of required marine, legal or insurance terminology commonly used in IOPC Funds documentation and she has organised the support of some freelance translators who can be called upon to supplement her own availability. The translation secretary reports directly to the Director.

The Clerk/Messenger

A member of staff since 1984, the Messenger role has grown as the functions of the Secretariat have developed and evolved over time. A key responsibility of late has been the difficult job of archiving and storing all Fund documents, as well as the routine management of the messenger/courier activities through the postroom, the purchasing and stock control of stationery and consumables, the daily maintenance and cleaning of equipment and the organisation of printing and mailing.

A particular expertise in purchasing products and services at the best available cost has been developed over the years, by the Messenger, and should be capitalised upon.

The Messenger's objectives are set with the Director and he liaises and co-ordinates with the Director's secretary. In practice, the Messenger provides an essential support service to all Fund staff.

Clerk/Secretary - Telephonist

The job holder operates the telephone switchboard and also provides a message service for staff. The job holder also provides a full range of secretarial services. In addition the other duties of the job holder include running the daily computer back up and ensuring the security of the tapes, maintaining an inventory of office equipment and furniture. The post holder also provides IT trouble-shooting and back up support.

4.2.4 Opportunities for the future

In section 4.2.1 we noted the present informality within the current organisation. The flexibility that accompanies this enables the Secretariat to meet the wide range of demands made upon it. However as the workload has increased in both volume and complexity there is evidence that this informality may be beginning to become an impediment to the Secretariat's effectiveness. Higher limits of the shipowner's liability under the 1992 Protocol may reduce this workload. However it was the view of the vast majority of those interviewed that the effect would probably be very small.

In the previous section, section three, relating to the claims handling process, we identified areas where there was the potential to improve that process by adding significantly to the management expertise within the Fund.

For instance:

- The definition of objectives, measures and results for the claims handling process
- The establishment of clearly defined performance measures internally and for experts
- The establishment of a system of regular performance review of targets
- The evaluation of experts
- The establishment of quality assurance system
- The codification/capitalisation of knowledge and experience

Within the Secretariat itself there exists, we believe, an opportunity to adopt management processes which will facilitate the working of the organisation.

There is an opportunity to delegate more responsibility down from the Director, provided that people with the right competence and attributes are in post.

There are opportunities to clarify departmental and individual objectives; to establish performance measurement and review processes, to clarify reporting relationships; to agree appropriate two-way communication processes for the future; and to agree policies and practices in the management and development of staff.

We are concerned too that, on account of the Secretariat's inadequate managerial infrastructure and heavy workload, the Director himself is unable to optimally fulfil his prime role.

This we believe to be as follows: to be the political, legal and intellectual leader of the Funds; to be the key interface between the Funds and governments, the P & I Clubs and other key stakeholders; to be the initiator of strategic and policy reviews to ensure the Funds meet the circumstances of a changing world; to be the public face of the Funds; to be accountable for ensuring that the Secretariat delivers its outputs efficiently, cost-effectively and to the agreed quality standards. In order to achieve this we believe that a management structure needs to be established which frees the Director from much of the day to day administrative detail with which he is currently burdened.

4.2.5 The Director's authority and the opportunity to delegate.

As part of our terms of reference, we were asked to make "an assessment of the extent to which the Director should delegate authority to take decisions in respect of the approval or rejection of claims, in respect of financial issues and in respect of administration".

Articles 16 to 30 of the 1971 Fund Convention refer to the Organisation and Administration of the Fund and, in particular, article 28 defines the Secretariat and establishes the Director as the legal representative of the Fund and article 29 refers to the duties and responsibilities of the Director.

Article 29 paragraph 1 identifies the Director as the Chief Administrative Officer of the Fund who shall:

"subject to the instructions given to him by the Assembly and the Executive Committee, perform those functions which are assigned to him by the Convention, the Internal Regulations, the Assembly and the Executive Committee."

Paragraph 2 of Article 29 assigns a number of specific duties to the Director including sub section (e) of that article which states that the Director shall in particular:

"take all appropriate measures for dealing with claims against the Fund within the limits and on the conditions to be laid down in the Internal Regulations, including the final settlement of claims without prior approval of the Assembly or the Executive Committee where these Regulations so provide. "

The Internal Regulations, referred to above, are 16 in number for both the 1971 Fund and the 1992 Fund. These regulations, too, assign to the Director specific duties and responsibilities.

Our understanding of the Conventions and the Internal Regulations is that they provide the Director with wide discretion and freedom to act, for example, as follows:

The Director shall:

.....take all appropriate measures with a view to the proper administration of the Fund's assets. (Article 29 para. 2 (b) of the 1971 Fund Convention)

.....take all appropriate measures for dealing with claims against the Fund within the limits and on the conditions to be laid down in the Internal Regulations, including the final settlement of claims without prior approval of the Assembly or the Executive Committee where these Regulations so provide. (Article 29 para. 2 (e) of the 1971 Fund Convention)

.....give such detailed directions as are necessary to ensure effective financial administration and the exercise of economy. (Internal Regulation No 11 Internal Control).

Thus we have concluded that the Director *is* able to delegate his *responsibility* for specific aspects of the work of the Secretariat without compromising his overall *accountability* for the work of the Secretariat.

Thus, this report assumes no reasonable legal or regulatory constraint on the Director to delegate his authority in the discharge of his duties and responsibilities subject to any decisions of the Assembly in this regard.

The issue for the future is to establish an organisational structure such that the Director can feel confident in delegating issues to subordinates with the appropriate competencies in whom he can rely.

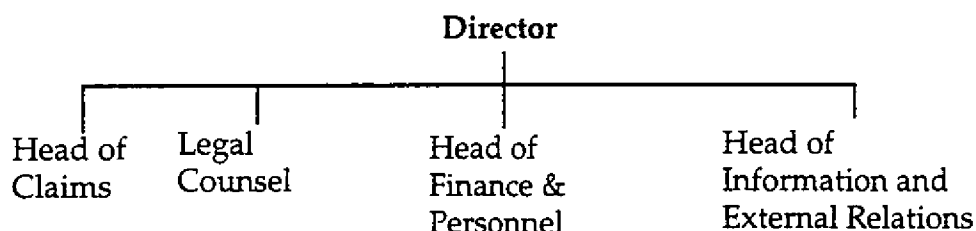
4.2.6 A New Structure

We propose the establishment of a formal management team responsible for the operational activities of the Funds. This will enable the Director to devote more time to the representational and diplomatic areas currently under pressure due to operational burdens - particularly his direct handling of individual claims. It would enable the Director to have the time to deliver the role as described in the final paragraph of section 4.2.4.

The proposal recommends the establishment of a Management team comprising the Director, the Legal Counsel and Heads of Departments. The three departments which are recommended to be established are as follows:

- A Claims Department
- A Finance and Personnel Department
- An Information and External Relations Department

This recommended organisational structure is described below.



4.2.6.1 The Legal Counsel

We would expect that the future appointment of Fund Director will continue to be drawn from those with considerable experience of international legal and political affairs. Thus the role of the Legal Counsel is to provide advice to the Director on significant issues of legal principle and policy.

This role would take on the lead accountability for supporting the Claims Team where any legal issues of principle arise. Cases which attract the attention of the Claims Team and are not straightforward would be passed to the Legal Counsel for comment. In addition, the Legal Counsel would be involved in the management of external lawyers contracted to act for the Fund anywhere in the world.

To fulfil the role of both high level scrutiny and management, we would expect such a person to have a considerable track record in maritime and compensation law.

The Legal Counsel would provide for the continued high level monitoring and involvement in IMO meetings which might have implications for the Funds. Any requirement for additional high level representational activity on behalf of the Fund would also be met by this role.

Where the Legal Counsel is deciding on what course of legal action to take in respect of points of principle, we would recommend that the Director, the Legal Counsel and the Head of the Claims department agree clear processes and authority levels in order to optimise their effectiveness.

The Legal Counsel would also be an **Ethics Official**. Building on the Fund's existing reputation and considering the money spent by the Fund and the necessity to have an equal treatment of all claimants, it is important to more formally establish a strong Code of Ethics to be observed by the Fund Secretariat personnel.

4.2.6.2 The Claims Department

The Claims Department should be headed up by someone who will take a management responsibility for the Claims team - this person will lead and guide the Claims Team and so ensure that the Director's involvement can be limited to regular performance reviews, process audits to ensure that claims are being handled in conformance with agreed procedures and policies and issues of special urgency or importance. The prime competence requirement for this role is the possession of excellent management and interpersonal skills. Ideally the Fund should recruit someone who knows the Fund well and could be immediately operational.

Reporting to the Head of the Claims Department would be Claims Officers and reporting to them would be Claims Clerks/Claims Secretaries and a junior secretary. On the dedicated secretarial side there is the opportunity to redefine the secretarial role to be that of a support service to professional staff, who could undertake more of their own word-processing. The actual number required should be determined only once the new structure is in place. However based on current workloads we would anticipate the need for three Claims Clerks/Claims Secretaries and a junior secretary. We believe that the existing Claims Clerk can continue with his additional role of IT support and troubleshooting.

We believe that the current approach to managing incidents on a project team basis can be extended and formalised. At the moment incidents are allocated on an individual basis to a claims officer, who then assumes individual responsibility for the incident. Other people, such as a Claims Clerk or a Secretary, who work on that incident do so because they work directly for that Claims Officer, rather than because there is a "team" approach with shared and common responsibilities.

There is also an opportunity for Claims Officers and their respective teams to share, to a larger extent than hitherto, their experiences through mutual discussions and agree on how to enhance the professional handling of their work. This project team approach would extend to include experts and other Managers as and when it would be appropriate in pre-determined and regular project reviews.

This could be extended to ensure that a quarterly good practice review is held, whereby key learning points from all cases are reviewed by the Claims Team and procedures are refined or retained as appropriate.

As was described in an earlier section - section 3.1.7 - we believe that the Claims Officers' role is to own and manage the claims handling process.

Whilst recognising that the majority of claims are handled directly by the Secretariat we believe that the Claims Officers relationship with a Local Claims Office should be characterised by the following guidelines:

- The role of a Local Claims Office is to inform the potential claimants, to advise them in the presentation of their claims, to examine their claims in co-operation with the technical experts and forward the claims to the Fund and the Club with a recommendation for decision. Currently no decision on whether to accept or reject a claim is ever taken by an LCO.
- The Claims Officers are accountable for the establishment and management of the operation of the LCO.

This means inter alia:

- selecting and training individuals who are capable of becoming LCO managers;
- setting up an LCO, when appropriate, after an incident;
- establishing the standards and performance measures for the LCO;
- agreeing the work to be undertaken by the LCO

- agreeing a process to negotiate with claimants
- reviewing on a regular basis the actual performance of the LCO against those standards and measures;
- dealing with the P & I Club involved in the incident - this will include managing and advising on issues where there is a potential conflict of interest between the Funds and the Club;
- liaising and co-ordinating with other relevant parties involved in the incident;
- supervising and managing the work of the experts involved in the case.

In time we believe that it may be possible to delegate some accountability for making decisions on claims to the LCO themselves. However we do not make that recommendation at this stage. Rather the first priority, we believe, is to establish the new management structure.

Technical / Scientific Advice

In addition, the scientific expertise of the Secretariat should be enhanced with the appointment of a person with substantial consultancy experience in the field of marine pollution, as an engineer or scientist. This role should provide the Secretariat with a direct body of experience in the recruitment and management of external technical experts, as well as the increased opportunity to challenge and review expert advice where required.

Further, this post holder would be responsible for the development, training and monitoring of the retained experts, as described more fully in the section on Claims Handling and the role of experts. This postholder would provide technical advice and support in each incident. To the extent required, he /she would advise the Director on issues of technical or scientific matters relating to the HNS Convention.

It is possible that the Fund could recruit an individual who would be able to combine the two roles of Head of Claims and Technical Adviser. However if this was not possible then an additional post of Technical Adviser would need to be created. This post could report either to the Head of Claims or to the Director.

4.2.6.3 The Finance and Personnel Department

The Finance Team should consist of the current Finance Officer supported by the current team but with the addition of an accounting clerk to support the team on the finance side.

It is critical that the Finance team is strong enough to ensure that the Director is not required to sign off every investment move, provided that control procedures are effectively enforced.

However, the overall performance of Finance should be the subject of a weekly meeting between the Head of Finance and the Director. Finance should also provide a report at a weekly management team meeting.

Finance should continue to retain responsibility for the strategic and administrative areas of personnel activity. The strategic area of personnel should be concerned with planning staff resources, remuneration and agreeing organisation-wide training and development.

The administrative support for personnel concerned should be with the effective provision of information to employees on contractual and policy issues. There are opportunities to ensure that questions relating to holidays, sickness and other similar day-to-day personnel issues are managed in a slightly more formal manner than is currently the case.

This would, however, only be an administrative role and we would recommend that other human resource issues involving staff matters such as appraisal, performance review and monitoring, training and development, discussions about personal or performance issues are dealt with within the line management structure. These activities are relevant to all employees. To facilitate understanding of the distinction between HR management and administrative areas of personnel, we will draft a short appendix section which clarifies our approach here more fully.

Finance should be accountable for managing the Secretariat's IT systems, procurement, travel arrangements, the Post Room and Messenger Services.

We believe that the opinion of an IT expert should be sought to advise the Secretariat on what word processing and database systems should be developed and introduced. The results of this advice may result in further resource requirements. This could take the form of either a dedicated individual employed by the Secretariat for a specific period of time or the establishment of a contract with a specialist consultancy.

The Head of Finance and Personnel would take on a co-ordination responsibility for office management of general staff as and when required.

4.2.6.4 The Information and External Relations Department

The purpose of the Information and External Relations Department would be to communicate information about the Funds to the outside world. Essential elements of its role would be to manage the following: the Secretariat's translation services, documents and publications, government liaison, contributor liaison and the promotion of the Funds.

In more detail this means the following:

Translation Services

The translation activities of the Secretariat are a crucial part of the workload for the staff in preparing for and servicing the work of the Executive Committee, the Assembly and the Secretariat itself. The Secretariat has had a contract in place since the establishment of the Fund with the IMO. In order to facilitate this contract, the Fund has for the last 4 years financed a translation post within the IMO.

The IMO has in recent years not been able to provide timely translation of documents due to their own heavy workload caused by their own internal translation requirements.

For example, documents submitted for translation with clear delivery requirements specified have often been returned from IMO some months after the required date.

This has resulted in one of the IOPC Fund secretaries, a French mother tongue speaker with translation experience, effectively recreating her role to accommodate a large part of the translation activity required by the Secretariat.

Apart from the Director, there is little evidence of any person regarding it as their responsibility to own the relationship between the IMO and IOPC Funds on the subject of the translation contract.

We understand that the IMO contract is up for renewal in June 1998. Therefore the resolution of the translation situation is both required and prompted.

Documents and Publications

We believe that the opportunity exists for the Secretariat to review its approach to documents and publications - their origination, their updating, their publication and their retention in an archive.

More specifically this means:-

- creating a database of precedents and decisions, built on the work carried out on an intermittent basis by the Administrative Officer.
- inter-facing with some of the IMO databases and archive facilities and ensuring that relevant information items are retrieved and circulated.
- reviewing the Funds' publications to ensure that they remain relevant and user friendly. A comparison between the content, style and presentation between the US NPFC Annual Report and that of the IOPC Funds would form an interesting exercise.
- maintaining database records of incidents, project management review information and expert reports.

These activities should be the accountability of the Head of Information and External Relations , with the assistance of a part-time secretary.

Promotion of the Funds

We believe that, with the enhanced management team structure, there will be no additional requirement for a separate PR/Public Affairs Team.

We believe that it should be the accountability of the Director and members of the management team to be able to respond to all public relations and information requirements, immediately after an incident - both in the country affected and in London. They should be supported by the Claims Officers. Relevant training and support will be required.

We do believe that there is a significant opportunity for the Funds to disseminate more information world-wide about the purpose and nature of the compensation system that exists to deal with major oil pollution incidents. We believe that it is worth reviewing in detail the "Outreach Programme" of the NPFC and identifying what practices may be relevant and transferable to the Funds. In this regard we believe that the proposal of the Australian delegation should be reviewed favourably.

We believe that the effective promotion of the Fund can help reduce the number of claimants resorting to litigation.

This promotion work should be the accountability of the Head of Information and External Relations .

The Head of the Information and External Relations Department

This role would be filled by someone with an excellent support service management background. His/her main skill would be in the managing the conflicting demands of a customer-focused service department and the performance management issues around the activities of the sections within the department.

4.2.6.5 The Management Team Overview

The Secretariat would in future be managed and led by the Director and his Management Team.

Each department would be headed by a manager, who would become a member of that management team.

Each manager would initially be required to review and set up processes and procedures for all common tasks and activities within their area, which could be simply documented, possibly using ISO9000 as a model.

Each manager would also be responsible for holding regular meetings at agreed frequencies to set targets, prioritise activities within the team and ensure that all relevant information about Fund activity is communicated effectively.

A weekly management team meeting would be held at which all operational matters requiring the broader consideration of the management team could be discussed and dealt with. In addition, the team would be responsible for defining the business plan for the Fund, defining direction and responding to emerging issues.

The team would support the Director in his key role of the public presentation of the Fund and the diplomatic support required by the Executive Committee and the Assembly.

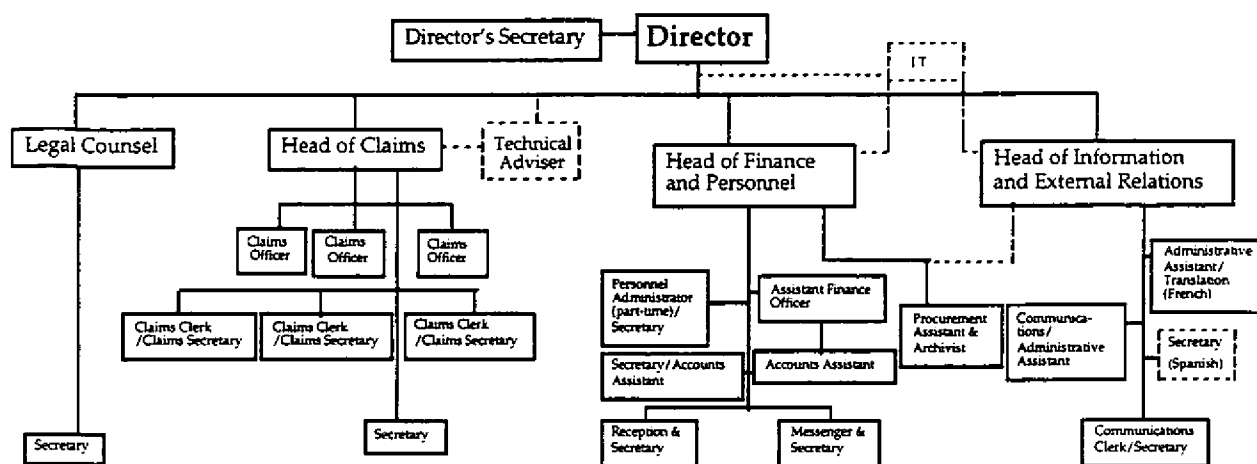
Once the management team has been established the Director should authorise either the Legal Counsel or the Head of Claims to act on his behalf whenever he is on leave or is otherwise not available. Once the new structure is in place the Director should submit a proposal to the Assembly to formalise such arrangements.

The role of the Director should focus on non-operational matters, except when consultation with managers is required, and on the diplomatic and representational needs of the Fund.

4.2.6.6 The complete new organisational structure

We believe that this management team will need to be supported by the following posts:

A New Structure in More Detail



This organigram only denotes reporting relationships. It does not describe the grading of posts.

4.2.7 The implications of this new structure

At the professional level, our proposal entails the creation of two new roles - the Head of Claims and the Head of Information and External Relations.

The organisation structure, shown above, also includes the third Claims Officer, already approved by the Assembly, but postponed by the Director pending the outcome of this report.

In addition we highlight the need for investment in IT resources.

Among the current general staff group the main challenge for the new management team will be to harness their talents and skills which are significantly under used. Our proposals are likely to require an additional post of a further secretary.

At the heart of our recommendations with respect to the general staff group is our view that the scope and nature of many of the existing jobs can be expanded.

In more detail this means the following:

Claims Department

We believe that the roles of Claims Clerk and Claims Secretaries could be combined, leaving just one Secretary to concentrate on the typing and secretarial needs of the department. This person would not need to be bi-lingual but would preferably have a working knowledge in French. Nor would the individual need to be a graduate. The Claims Clerk/Claims Secretaries would be expected to undertake their own word-processing. The Secretary should provide secretarial support to the whole department including the Head of Claims.

Secretarial and Administrative Support

Whilst we have identified a reporting structure for each individual, we recognise that in a small team the volume of work will fluctuate between departments. Therefore there will be a continuing requirement to ensure that all secretarial and word-processing resources are used flexibly across departments as and when necessary. It will be the responsibility of the management team to ensure that this is managed satisfactorily. The Head of Finance and Personnel will have the accountability to ensure that this process works effectively.

We recommend the recruitment of an additional secretary - again not necessarily bi-lingual or a graduate - to supplement the word processing requirements of the Secretariat. This person could also undertake a major part of the Secretariat's messenger and photocopying requirements.

We recommend the creation of a new post of Procurement Assistant/Archivist. Reporting in to the Head of Finance and Personnel, but with a close working relationship with the Head of Information and External Relations, this post-holder would be responsible for the procurement of office products and services as well as the Funds archiving requirements.

The administrative requirements of personnel would be undertaken as part of a Secretary's job within the Finance and Personnel Department.

Spanish as a third working language

In the organisation chart, we show, in a dotted box, an additional translator working in the Information and External Relations Department. We do this to highlight the likely need to recruit an additional translator if Spanish is adopted as an official language of the Fund. It is possible that an additional Secretary would be required.

Summary

The effect of these recommendations on the Secretariat staffing levels are summarised in the table below:

Resourcing Implications

Professional Staff Group : Post	Current	Future
Director	1	1
Legal Officer/Counsel	1	1
Head of Claims	0	1
Head of Finance and Personnel	1	1
Administrative Officer	1	0
Assistant Finance Officer	1	1
Head of Information and External Relations	0	1
Claims Officer ¹	3	3
Sub Total	8	9

General Staff Group : Post	Current	Future
Director's Secretary	1	1
Legal Officer's Secretary	1	1
Claims Secretary	2	1
Claims Clerk - Claims Clerk/Claims Secretary ²	2	3
Communications/Administrative Assistant	0	1
Secretary Information & External Relations	0	1
Personnel Admin and Secretary	1	1
Telephonist and Secretary	1	1
Clerk/Messenger - Secretary/Messenger	1	1
Secretary - Finance and Personnel Dept	1	1
Accounts Clerk	1	1
Procurement Assistant/Archivist	0	1
Administrative Assistant/Translator (French)	1	1
Sub Total	12	15

Secretariat Staffing	20	24
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As noted above, further additional staff may be required if Spanish is adopted as an official language.

An additional post of Technical Adviser may be necessary if the Head of Claims cannot fulfill both roles.

¹ the third post of Claims Officer was already established by the Assembly, but recruitment was postponed by the Director, pending the outcome of this study.

² the additional post of Claims Secretary has already been established by the Assembly, but recruitment was postponed by the Director, pending the outcome of this study.

5. Recommendations for Change

In this section we summarise all the recommendations we have made so far in the report under the relevant headings and also include any additional discussion and recommendations not covered by the substantive headings.

5.1 Our recommendations for changes to the present organisation

5.1.1 A new management structure

We recommend the following:

1. The move to a structure characterised by specific departments and a management team.
2. The creation of a new role of Head of Claims Department.
3. A new role of Technical Adviser should be created. It should be held by someone with significant scientific competence in the field of marine pollution. This role could be combined with that of the Head of the Claims Department.
4. The creation of a new role of Head of Information and External Relations.
5. The establishment of a formal organisation structure which clearly specifies all reporting relationships.
6. The definition of the accountabilities and responsibilities of all jobs.
7. The definition of appropriate methods of internal communication.
8. The identification of staff's training and development needs and have in place a process to prioritise and resource them.
9. The establishment of formal methods of performance review at the level of both the organisation and the individual.
10. The periodic review of the system implemented to check and control the Funds investments.

5.1.2 The creation of an implementation plan that will ensure that the selected changes are consolidated over time

Together with the Director and the Steering Group, we would recommend that a detailed implementation plan is produced, which will identify what actions by the Director and the Secretariat staff will be necessary within specified time scales. It will also identify any external assistance that may be required to effect the change. The plan will also need to specify what new processes may be required as well as the role and behavioural implications of the structural changes.

5.1.3 The communication process to the Secretariat staff

Throughout the course of this management study, we have been impressed by the dedication, support and courtesy shown to us by the Secretariat staff as a whole. Without their wholehearted co-operation, a study such as this would have been very difficult to develop. We are particularly pleased that the Director has put in place a variety of communication and consultation processes with the staff to discuss this report. We believe that the spirit of this process will need to be continued in order to assist in the successful implementation of these recommendations.

5.1.4 Review of Information Technology capabilities

We believe the Secretariat should commission a review of its current hardware and IT systems. This review should identify the shortcomings of what is in place now, identify clear user and organisational requirements by working with Secretariat staff and make recommendations for the future.

5.2 Recommendations on the use of experts, the Claims Handling Process and Local Claims Offices

5.2.1 The role of the Claims Officers and the use of experts

5.2.1.1 The recruitment of a Head of the Claims Department with excellent management and interpersonal skills. Ideally the Fund should recruit someone who knows the Fund well and could be immediately operational.

5.2.1.2 That the roles of a Local Claims Office and that of the Claims Officers based in the Secretariat should be formally defined using the guidelines outlined in Section 4.2.6.2.

- The role of a Local Claims Office is to inform the potential claimants, to advise them in the presentation of their claims, to examine their claims in co-operation with the technical experts and forward the claims to the Fund and the Club with a recommendation for decision. Currently no decision on whether to accept or reject a claim is ever taken by an LCO.
- The Claims Officers are accountable for the establishment and management of the operation of the LCO.

This means inter alia:

- selecting and training individuals who are capable of becoming LCO managers;
- setting up an LCO, when appropriate, after an incident;
- establishing the standards and performance measures for the LCO;
- agreeing the work to be undertaken by the LCO
- agreeing a process to negotiate with claimants
- reviewing on a regular basis the actual performance of the LCO against those standards and measures;
- dealing with the P & I Club involved in the incident - this will include managing and advising on issues where there is a potential conflict of interest between the Funds and the Club;
- liaising and co-ordinating with other relevant parties involved in the incident;
- supervising and managing the work of the experts involved in the case.

In time we believe that it may be possible to delegate some accountability for making decisions on claims to the LCO themselves. However we do not make that recommendation at this stage. Rather, the first priority, we believe, is to establish the new management structure.

- 5.2.1.3 The selection of experts requires a defined process and check-list. We would recommend that periodic reviews of regularly used experts should be held in which contractual and payment issues could be discussed and agreed. We recommend this not because there are any indications that the Funds have not received value for money in the past. Rather we believe that such a process provides proper management control and safeguards the interests of all parties. As well as providing routine opportunities for the review of market rates, the Fund should also ensure that, post-crisis in the management of any incident, a contractual terms meeting is held with the relevant experts, and precise terms agreed for the continuation of the project.

- 5.2.1.4 The Fund should ensure that on the engagement of experts there is clarity about the Secretariat's expectations. Outcomes should be specified, targets and project milestones (dates) agreed. The Secretariat should then evaluate experts' performance against those criteria.
- 5.2.1.5 The Fund should consider drafting more comprehensive briefing documentation which would accompany the awarding of a contract, when experts are engaged, spelling out the requirements of the Fund.
- 5.2.1.6 Due to the heavy reliance of the Fund Secretariat on ITOPF technical expertise, the negotiating of a Memorandum of Understanding with ITOPF is highly recommended. It would be an excellent vehicle for examining, with an open mind, the co-operation between the two organisations. Such a memorandum could be used as an example to be replicated in other contracts.
- 5.2.1.7 In an incident occurring in countries using such a widespread language as Spanish, the Fund should continue and endeavour to increase the use of experts who can speak Spanish (although not necessarily as their mother tongue).
- 5.2.1.8 It would be possible for the Fund to select and maintain a register of key partners in each continent/region of the world who could establish and operate a Local Claims Office for the Secretariat. These partners should be equipped to become knowledgeable and experienced in the workings of the Fund (through a Fund-developed comprehensive training programme). A nominal retaining fee may or may not be necessary.
- 5.2.1.9 The Fund could employ external assistance to evaluate the effectiveness of its use of its retained experts and partners.
- 5.2.1.10 A study should be undertaken of the different claims handling processes used by the Fund in different countries so as to improve the system.
- 5.2.1.11 Some representatives of the P&I Clubs, selected experts and local staff should be brought together with that of the Claims Officers and the Legal Officer to form a working group. This working group should recommend to the Director the management principles of a claims office in respect of:
 - 1. The clarification of the responsibilities and accountabilities in the claims handling process between a local claims office, the Funds and the Clubs.

2. The documentation and agreement of procedures and standards of operation, including the specification of IT and communication processes and equipment.
3. The required client handling skills profile for local claims office staff.
4. The codification of the relationship between the claims office and the operational activities of external experts.
5. The criteria for deciding the life span and assessing the effectiveness of the local claims office.

In addition to the above, Finance Department should be involved in reviewing the current payment and authorisation practices, to assess the time spent on double authorisation loops, and to define a set of agreed financial procedures which can be modified to fit with whatever legal or currency domain in which an office might be based.

- 5.2.1.12 A more detailed manual of procedures (how to run a Local Claims Office) should be set up, preferably in co-operation with someone who has run a Local Claims Office.
- 5.2.1.13 A closer look should be given to the Claims Offices databases. They should be standardised and include the possibility of functioning in different languages (English, French, Spanish, Japanese) and, at the same time, be converted from any language to English, in order to offer the possibility of making comparisons between incidents and contribute to enforce a policy of equality of treatment. Correctly used, these databases can be a very powerful tool to increase the Secretariat's overall efficiency.
- 5.2.1.14 The Secretariat's Claims Officers must be accountable for the management of the operation of LCO's.
- 5.2.1.15 Recognising that to-date only one Claims Office has closed, we believe that it is right that a post-closure workshop should be held in which LCO managers, Claims Officers, the Finance Officer, representatives from ITOPF and P&I Clubs review its operation. It should produce a report each time an LCO is closed. Prior to this workshop a short survey should be undertaken of a cross section of claimants (satisfied/rejected), about their perception of the Fund and how it works.
- 5.2.1.16 There should be within the Fund an officer responsible for ethical issues.

- 5.2.1.17 The Fund should create an Internet Web site operating in many languages. This site would include the Annual Report, the Claims Manual, press releases and indications on where to find more information on the Fund.

5.3 Translation

The IMO contract should be actively managed from now until the end of its term.

The IOPC Funds should consider changing radically its contract with the IMO. Thought should be given to reducing the Secretariat's dependence on the IMO by developing additional and more flexible ways of providing translation services. This could perhaps be achieved by the deployment of freelance translators, preferably with previous IMO experience and familiarity. Any such process would have to take note of the Funds' requirement for reliable and high quality services during meetings of the Assembly and the Executive Committee.

Further investigation of this option is required which may entail a visit to the Federal Government in Canada or an Intergovernmental Organisation. The objective of the study visit should be to investigate the application and use of software translation packages in a bi-lingual political and working environment.

A review of the process of document translation is undertaken with a view to increasing efficiencies and eliminating bottlenecks. This review should also deal with the implications of adopting Spanish as a third working language.

6. Implementation Planning

6.1 Introduction

The implementation of the recommendations of this report should be managed with sensitivity and care. Change in any organisation can be unsettling for those who work within it.

In a small tightly-knit team, like the Secretariat, it is especially important to ensure that everyone is fully involved in the development of the new organisational structure and the new ways of working. Much of the work to successfully implement this report's recommendations will be the accountability of the Director and his new management team.

To facilitate that objective we have identified four critical implementation steps which need to be put in place once the Assembly has given approval to the Director to proceed.

These four critical implementation steps are as follows:

- Appoint a Head of the Claims Department
- Appoint a Head of the Information and External Relations Department
- Establish appropriate ways of working to enable the new structure to function effectively.
- Clarify accountabilities in the Director's absence and submit a proposal to the Assembly in this regard

6.1.1 Appoint a Head of the Claims Department and a Technical Adviser (as appropriate)

Among the issues that will need to be addressed are the following:

- Defining a job/role description
- Defining the competence requirements for the role
- Establishing an appropriate selection process

When this post has been filled, consideration should be given as to whether there is need for the recruitment of a Technical Adviser. If so, the same issues as above will need to be addressed in filling that post.

6.1.2 Appoint a Head of the Information and External Relations Department

The issues identified above in section 6.1.1 are relevant to the appointment of a Head of Information and External Relations. Similarly an induction programme will be required if the person appointed comes from outside the Secretariat.

6.1.3 Establish the new organisational structure for the Secretariat and define new ways of working

Once the new managers are in position, the management team should establish an appropriate organisational structure in each department within the parameters laid down by the Assembly. This should be done in consultation and collaboration with the staff. This phase of work will need to address the following issues:

- Are clear job/role descriptions established for each post?
- Are the tasks and activities to be undertaken in each role clearly identified?

The establishment of a management team to support the Director in leading the work of the Funds will result in a markedly different style of working from that which has hitherto characterised the Secretariat.

Among the issues that the management team collectively will need to answer are the following:

- Establishing the Secretariat's goals and objectives:
 - What is the fundamental purpose of the secretariat?
 - What are its key goals and objectives?
 - How can the success of the organisation be measured effectively?
 - What strategies and plans are needed to deliver these key goals and objectives?
- Establishing which tasks and activities currently undertaken by the Director can in future be the responsibility of other members of the management team.
- What are the core work processes of the Secretariat? What are their objectives and goals? How should the Secretariat's performance against those goals be measured and evaluated?
- How should the collective performance of the Secretariat be measured and reviewed?
- How should the objectives for each member of staff be set?
- What performance review meetings will be required?
 - Secretariat wide?
 - By individual?
 - By department?
- What communication processes need to be established?

- Secretariat wide?
- By department?

- How will the training and development needs of the Secretariat be identified?
- What are the behaviours which the management team wish to characterise the way they manage and lead the Secretariat?

In addition each departmental manager will need to answer many of the above questions with respect to the operation of his/her own department.

6.1.4 Clarifying accountabilities in the Director's absence

The Director will need to define in detail the role and accountabilities of the individual who will act on his behalf when he is not available. This will then need to be communicated to the staff and other key people associated with the Funds. The Assembly should be invited to take a decision on this delegation of authority.

6.2 Office Space and Accommodation

With the increase in staff numbers, the Secretariat will need additional space. At present the Secretariat is working in a relatively cramped environment. The archive is close to capacity, the availability of appropriate meeting rooms is sometimes a source of concern and there is no appropriate Reception area. Ideally the Secretariat should remain within the IMO building on Albert Embankment. There are benefits to be gained on policy, practical and cost grounds, for this to be the case. Thus the Director will need to enter discussions with the Secretary-General of the IMO to identify whether extra space within the building can be made available.

If space cannot be found in the building then the Secretariat may be required to move to alternative premises. This could have further staffing implications, as currently the Secretariat benefits from services provided by the IMO, like reception, security and miscellaneous administrative support.

The Role of Personnel



Human Resources plan
Succession Planning
Co-ordination of
Training/Development
Training Needs Analysis
Role and Skills definition
Grading and salary issues
Pensions administration

Strategic

Performance review and
appraisal
Contract renewal discussions
Personal and performance
issues

Line

Information on contractual
terms and conditions
Information on sickness,
maternity, paternity and
holiday policies
Basic advice on pensions

Administrator

7. Appendices

1. List of Interviewees - internal
2. List of Interviewees - other stakeholders

APPENDIX ONE**IOPCF Secretariat Employees interviewed**

Mr M Jacobsson	Director
Mr S Osanai	Legal Officer
Mr S Nte	Finance Officer / Personnel Officer
Mr R Pillai	Finance Officer
Ms S Gregory	Claims Officer
Mr J Maura	Claims Officer
Ms H Warson	Administrative Officer
Mrs P Binkhorst Van Romunde	Assistant Finance Officer
Miss C Peyre	Principal Administrative Assistant
Mrs R Dockerill	Principal Clerk - Secretary
Miss K Wise	Director's Secretary
Miss L Cogan	Principal Clerk - Secretary
Miss J Copley	Senior Clerk - Secretary
Mr M Zotti	Senior Clerk - Messenger
Ms P Bain	Senior Clerk - Telephonist
Mr M Morgan	Senior Claims Clerk
Miss L Plumb	Clerk - Secretary
Miss C Lean	Clerk - Secretary

APPENDIX TWO

International Oil Pollution Compensation Fund - List of Interviewees

External to the Secretariat

Mr C Coppelani (President - Fund Assembly)
Mr W Oosterveen (President - Executive Committee)
Mr W Stuart (Australian Delegation)
Mr F Wall (British Delegation)
Mr J Wren (British Delegation)
Mr A Popp (Canadian Delegation)
Dr R Renger (German Delegation)
Mr E Conte (Italian Delegation)
Professor H Tanikawa (Japanese Delegation)
Mr J Vonau (Polish Delegation)
Mr P Troop (Canadian Delegation)
Mr G Lee (Korean Delegation)
Mr G Sivertsen (Swedish Delegation)
Mr C de la Torre (Spanish Delegation)
Mr J Herbaux (Fina Marine)
Mr M Göransson (IMO)
Mr D Lashmar (National Audit Office)
Mr H Jackson (National Audit Office)
Mr I White (ITOPF)
Mr J Nichols (ITOPF)
Dr T Moller (ITOPF)
Mr H Parker (ITOPF)
Ms C Grey (ITOPF)
Dr B Dicks (ITOPF)
Mr A Graham (UK Club)
Mr G Daines (UK Club)
Mr J Hare (Skuld Club)
Captain J Maxwell (Brookes Bell & Co)
Captain S MacDonald (Saltire Management Ltd)
Mrs V Beswick (L & R Management Consultants Ltd)
Mr C Morton (L & R Management Consultants Ltd)
Mr D Campbell (D C Marine)
Captain J Noble (Murray Fenton)
Mr P O'Donovan (Lawyer)
Mr R Oldham (OIPC)
Capt J Irvine (Shell)
Mr P Franklin (MacAllister Elliott & Partners)
Mr A Wood (Eurisc)
Mr P Guerin (OCIMF)
Captain D Capizzi (US National Pollution Funds Center)