Managing Change - Property

Managing change is central to the effectiveness of risk management. Changes to buildings, services, plant, machinery, storage, protection systems, supply chains, business activities, maintenance budgets, or key personnel could alter the risks that threaten your business.

Introduction

Organisational change is unavoidable and brings with it new and altered risks and vulnerabilities that need to be correctly managed. Robust managing change procedures are particularly prevalent within industries where incidents have high severity consequences, such as chemical, petroleum and other energy industries

All businesses, from an office to a fully integrated production facility, have varying degrees of hazards and exposures that, if left unchallenged during a change, could lead to a loss that significantly impacts the business.

Examples of changes that need to be managed

- New buildings or alterations/extensions
- New or replacement suspended ceilings, wall partitions or flooring
- Penetrations to existing walls, floors or ceilings
- Building services such as cabling, process or building heating, boilers and lighting
- Modifications or alterations to processes and/or process equipment
- Changes to raw materials or raw material suppliers
- Alterations to, or new storage methods/arrangements, changes to storage heights, or changes to the type of storage (goods/packaging)
- Changes to building/plant protection infrastructure, including fire alarms, fire detection or fire suppression systems, and fire sprinkler protection systems
- Changes to management procedures
- Changes to key personnel

External contractors

Companies that have a single Facilities Manager, Health and Safety Manager or Maintenance Engineer may rely heavily on external contractors who may not understand the specific hazards or risks associated with a site.

- They may not have the interest in a business as their primary concern, and as a result often need closer supervision
- This may be relevant in areas with critical or sensitive plant or machinery, where the work is located in high-risk areas or where the exposure/impact to your business is high

Managing change procedures

Experience shows that a number of significant losses can be attributed to the lack of a formal change management procedure, or where the site management or contractors haven't adhered to the standards in place.

- Many losses are larger than expected due to the legacy that remains following inappropriate historical changes
- The largest losses normally have numerous changes involved
- Small changes have the potential to have a large impact
- For a managing change process to be effective it needs to be formal, robust and rigorous, and have accountability and closure

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Essentials of Designing a Managing Change Procedure

It is important to establish formal written managing change procedures and implement them throughout your business. Procedures should be designed to incorporate all types of changes to your business. Smaller changes/investments and less obvious projects can lead to unexpected losses, as they are more likely to escape notice. All changes have the potential to lead to a loss and this risk is increased if they are not managed effectively.

As a minimum, include the following in any managing change procedures:

1. Establish a Managing Change Team (MCT)
   o Define roles and responsibilities, from pre-planning stages to commissioning and final handover
   o Include team members from across different areas of the business
2. Clearly identify what constitutes 'change' and other terminology to ensure consistency in approach
3. Define the scope of what is included or considered a change and what is excluded
4. Develop guidelines for key managing change issues to assist users, such as evaluating hazards (risk assessment in whatever guise), communicating changes, tracking changes and providing an emergency change review procedure
5. Develop Request for Change (RFC) notice, review and approval procedures. This is dependent on the type and complexity of the changes being planned/implemented
6. Identify likely changes or alterations. These should include minor modifications or replacements that may require a simple review process only
7. Integrate managing change procedures within current company procedures
8. Plan and programme change in advance
9. Complete formal risk assessments and quantify the exposure from a property damage and business interruption perspective, for the lifecycle of the change (before, during and after)
10. Involve Aviva and other bodies as appropriate, including local planning/emergency authorities. Aviva would like to:
    o review your change in advance
    o review any drawings and submissions on your behalf or for you, and
    o complete field review and formal acceptance tests as required
11. Consider and specifically review in detail the buildings and areas of the proposed work, the access requirements, the processes, the plant/machinery and the proposed work involved
12. Only use contractors who are suitably experienced and competent to undertake the work. The selection procedure should also include a formal check that the contractor has adequate employers' liability and public liability insurance cover
13. Ensure that all work is underpinned by formal risk assessments and method statements
14. Identify and provide specific requirements for monitoring/supervising all employees and contractors who will implement the changes
15. Ensure adequate employee and contractor induction and operational training is completed
16. Review/modify the building's:
    o Fire risk assessment
    o Dangerous Substances and Explosive Atmospheres risk (DSEAR) assessment, if appropriate
    o Construction and compartmentation drawings
    o Services' drawings
    o Plant layout, equipment, etc.
    o Drawings
17. Periodically review and update the managing change procedures based on experience
18. Include the managing change procedures in regular self-inspections/audits and ensure robust follow-up measures/systems are in place to confirm that any findings are monitored through to resolution

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19. Establish a procedure to modify the managing change procedures, the reviews and approvals necessary for making a proposed change and communicating agreed changes and controls on procedure documentation

Requests for Change

The procedure can be modified based on project or change size, complexity and the hazards that are present. Where it is appropriate, a Request for Change (RFC) form can be completed and submitted to the Managing Change Team (MCT).

- The MCT will determine the appropriate RFC review and approval process, in accordance with the managing change procedures or actions to be taken
- The MCT should review the proposal, identify potential hazards and threats or effects on the business, processes, operations, customers and suppliers
- The MCT will present/refer back to the project, confirming the action points and recommendations to be completed and/or the levels of approval required to progress the change
- Once approved and actions agreed, the MCT will monitor the change progression and provide support as necessary as changes occur. They will ensure any deviations are reported, documented and appropriate actions are implemented. This may involve further review and approval of any revisions to the agreed plans
- Once completed, the MCT will record the outcome and the actions undertaken for future review, if required
- The MCT should ensure all relevant management systems are modified during the change and permanently revised following the change

Request for Change (RFC) Forms

A RFC document is a formal written request for permission to change or alter buildings, process, procedures, plant and machinery, storage, supplier, etc. The form should be developed in combination with and integral to the managing change process, and should incorporate, but not be limited, to:

- RFC number
- Date
- Change description and rationale
- Pertinent dates/timescales of the change
- Who is requesting?
- Reviews undertaken
- Reviews to be taken
- Hazards, exposures and threats to the buildings, contents and business identified and quantified (see Appendix 1)
- Revisions required to procedures and drawings
- Process safety information and revisions
- Training required
- Authorisation requirements and authorisation signatures

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Checklist

You'll find our 'Managing Change' checklist in Appendix 1, which can be tailored to your own organisation.

Specialist Partner Solutions

Aviva Risk Management Solutions can offer access to a wide range of risk management products and services via our network of Specialist Partners who are reputable companies offering agreed discounted rates for Aviva customers.

For more information please visit:

[Aviva Risk Management Solutions – Specialist Partners](#)

Additional Information

Relevant Loss Prevention Standards include:

- Managing Change - Liability

To find out more, please visit [Aviva Risk Management Solutions](#) or speak to one of our advisors.

Email us at riskadvice@aviva.com or call 0345 366 6666.*

*Calls may be recorded and/or monitored for our joint protection.

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Appendix 1: Managing Change Checklist

AVIVA

Location	
Date	
Completed by (name and signature)	

The following are common areas that can increase and influence the risk before the change has started, during the change itself and as the change is nearing completion or being closed-out. These will help you to compile a more appropriate or pertinent support framework/checklist in those areas that should be considered. You may want to consider the three prompts for your comments to each area of consideration:

- Before change (B)
- During change (D)
- Completion of change (C)

	Managing Change Checklist	Y/N	Comments (B), (D) or (C)

1.	Have quantified risk assessments for property damage and business interruption been completed?
	
	 Critical, important or vulnerable:
	 • Machinery or equipment?
	 • Infrastructure, services and utilities?
	 • Stock and products, etc.?
	
	 Have all perils been considered:
	 • Fire?
	 • Smoke?
	 • Water?
	    o Surface water?
	    o Escape of water?
	    o Pipe leakage?
	    o Roof leakage?
	 • Theft?
	 • Other?
	 • Non-insurable perils?		

2.	Have Aviva or other bodies been notified and involved in the change process?		

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	Managing Change Checklist Contd.	Y/N	Comments (B), (D) or (C)
3.	Have non-combustible materials been selected for construction (Insurance/LPCB approved)? Aviva always recommends the use of non-combustible materials.		
4.	Fire compartmentation: Penetrations should be sealed with materials having a consistent fire resistance rating.		
5.	Do structural elements require a fire resistance coating/protection?		
6.	Have suitable and reliable automatic and manual fire detection measures been considered? • Manual bells? • Manual break glass alarms? • Automatic fire detection? • Signalling to a 24/7 reliable and consistent response?		
7.	Are the fire alarms operational?		
8.	Have suitable and reliable automatic and manual fire protection/suppression measures been considered? • Fire extinguishers, hoses? • Hydrants and water supplies? • Sprinkler protection? • Special and local extinguishing systems?		
9.	Timelines for key equipment/area strip or fit-out versus plant/fire protection/detection impairment/installation?		
10.	Are appropriate plant protection/detection impairment management procedures in place?		
11.	Has the impact to the site and/or building been considered? • Access? • Fire escape? • Emergency planning?		

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	Managing Change Checklist Contd.	Y/N	Comments (B), (D) or (C)
12.	Is the emergency response appropriate? • Site level? • Public authorities?		
13.	Are safe methods of working employed? • Risk assessments? • Method statements?		
14.	Are contractors closely managed and do they follow agreed procedures, complying with all risk assessments and method statements?		
15.	Is the work location suitable?		
16.	Is there a rigorous routine for waste removal and housekeeping?		
17.	Is there a dedicated external area for storage of waste? • At least 10m away from the building?		
18.	Have potential ignition sources been identified and safely controlled? • Electrical? • Hot work - any heat/spark producing activity? • Smoking? • Friction? • Hot surfaces?		
19.	Is a hot work management system including hot work permit in place?		
20.	Has security and threat of malicious damage, arson, theft, etc. been considered?		
21.	Are suitable safe electrical equipment/systems provided for hazardous locations? • DSEAR assessment?		
22.	Has inspection, testing and maintenance been considered? • Plant protection systems? • Fire protection systems?		

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	Managing Change Checklist Contd.	Y/N	Comments (B), (D) or (C)
23.	Are training procedures satisfactory for employees, contractors?		
24.	Is electrical grounding provided?		
25.	Are ventilation/venting systems adequate?		
26.	Are explosion prevention measures in place?		
27.	Are Material Safety Data Sheets (MSDS) available and are hazardous materials' risk assessments completed?		
28.	Are operational safety interlocks provided and in operation? Are impairments considered in risk assessments?		
29.	Are instrumentation and critical controls satisfactory? Building Management Systems?		
30.	Is fire resistance needed for supporting steel work, critical control systems, cable runs and services, etc.?		
31.	Are adequate pressure relief devices fitted? Flame arrestors?		
32.	Any potential chemical reactions identified with appropriate controls?		
33.	Are inert gas and/or purge requirements considered?		
34.	Are corrosion control measures taken?		
35.	Is there adequate pipe and equipment identification and labelling?		
36.	Is there adequate spillage control?		
37.	Are environmental exposures and protections considered?		
38.	Are seasonal atmospheric conditions considered? • Spring? • Summer? • Autumn? • Winter?		

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	Managing Change Checklist Contd.	Y/N	Comments (B), (D) or (C)
39.	Are third party exposures considered? • Within the site? • External to the site?		
40.	Are site drawings updated? • Construction? • Fire compartmentation? • Services? • Process and instrumentation? • Fire protection, etc.?		
41.	Is electrical testing of new installations completed? Is thermographic imaging survey considered for any new electrics? (Reduce exposure while under warranty)		
42.	Any additional comments:		

Please Note

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