

| Health and Safety Executive Board Paper | | HSE/04/015 | |
|---|------------------|-------------------|---------------------------------|
| Meeting Date: | 18 February 2004 | Open Gov. Status: | Closed until post Board Meeting |
| Type of Paper: | Above the line | Paper File Ref: | |
| Exemptions: | None | | |

HEALTH AND SAFETY EXECUTIVE

The HSE Board

HSE Balanced Scorecard for 3rd Quarter 2003/04

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Issue

1. Assessment of HSE's performance for the 3rd quarter 2003/04 using the Balanced Scorecard.

Timing

2. Routine.

Recommendation

3. That the Board:
 - Confirms that Red status be assigned to Leadership.
 - Confirms that Amber status be assigned to Delivering Planned Work, Delivering the Major Hazards PSA, Health and Safety in HSE, Recruitment, Delivering Change, Applying Science and Technology, Profile and Image, Trust and Reputation and Stakeholder Engagement
 - Notes that five indicators are still to be developed
 - Notes that all D/Ds have been asked to consider new SMART indicators (if necessary) by 1 April
 - Considers/notes other issues identified in the paper.

Background

4 The Balanced Scorecard (Annexed) includes supporting material for each of the indicators including a short narrative where required. Five key indicators still remain undeveloped (Leadership, Delivering change, Profile and Image, Trust and Reputation and Stakeholder Engagement), in these cases a more full narrative report is provided and a subjective judgement on traffic light status made. There is an absence of data for some indicators due to the constraints of annual data collection.

Overall Picture and Related Business Risks

5. HSE's overall performance in the third quarter 2003/04 is mixed, with 5 Green and 9 Amber and 1 Red status assigned. There continues to be good performance in Delivering PSA 1, Living Within the Budget, Allocating Resources to Priorities and Retaining and Motivating, all maintaining a Green status. There has been an improvement in performance in Applying Business Improvements, and some encouraging activity in Applying Science and Technology and Stakeholder Engagement.

6. The Board's attention is brought in particular to:

- the Red assigned to Leadership. *Poor Leadership* is one of HSE's key business risks, which may contribute to a *threat to reputation and loss of confidence /trust of stakeholders*,
- the Amber for Delivering Planned Work due to two Reds. RI has a Red for 'number of complaints followed up' and NSD has a red for the 'safety cases' indicator. This exposes HSE to

business risk as a *failure to achieve key operational outputs and outcomes*. Failing to complete safety casework on time may also contribute to business risk from *poor customer relationship management*;

- the Amber for Delivering PSA 2 is due to two Ambers for the Rail and Offshore indicators. The Rail Amber is precautionary, pending further quarter results of the new Safety Risk Index. The Offshore Indicator (a reduction in hydrocarbon releases) has projected that the annual target will not be met. This exposes HSE to business risk as a *failure to achieve key operational outputs and outcomes* and due to the high profile nature of major hazards work, may increase HSE's risk from *poor public image*;

- the Amber for Health and Safety in HSE due to the marked rise in instances and duration of sickness absence and the four 'over three day' injuries reported in the last quarter. This may put HSE at a risk of *shortage of competent staff*; which could impact on performance, particularly *failure to achieve key operational outputs and outcomes*.

- the Amber for Recruitment is due to the increase in numbers of staff occupying unfunded posts in Rose Court, this may expose HSE to increased risk from *failure to plan and target resource use for delivery*.

Overview of the 4 Business Perspectives

Delivering The Mission

7. The Amber for Delivering Planned Work arises from two Reds, for 'complaint follow-up' work (RI) and Safety Case work (NSD), and an Amber for Safety Case work in RI.

8. The Red for RI 'complaint follow-ups' is not a great cause for concern. It merely reflects that for a number of complaints, the outcome has yet to be closed, and the results entered on FOCUS. Action has been discussed at RI Ops Div MB to ensure that FOCUS records are promptly completed and operational inspectors have been advised. A Green is anticipated for the next quarter and 2003/04 overall.

9. The Red for NSD is a cause for concern as the reported outturn falls significantly short of the targets set (12% into the red) The narrative identifies lack of resources, reactive work and work of a higher priority as causative factors, (as in the previous two quarters). The degree to which other priorities deflected from achieving this target has been reported to Justin McCracken. It is worth noting that when considering Allocating Resources to Our Operational Priorities, (OPM B); NSD has consistently exceeded its quarterly planned figure in 2003/04.

10. NSD report that the current database is appropriate for showing the impact of resources and emergent work, but it is not a good measure of actual in-year performance of agreed work delivered through agreed resources. NSD's analysis and re-assessment of its performance against the Balanced Score Card requirements will be completed shortly, and its revised figures will be reported to the Board at the meeting on 18 February. Lawrence Williams' explanatory narrative can be found at Annex 2.

11. The Amber for RI is indicative of sustained significant improvement over quarter three (Red in first two quarters). During that time all Rail Safety Cases have met performance standards.

12. **Delivering PSA 1:** At the end of the 3rd quarter, activities in most Priority Programme business plans are on track. Agriculture, Health Services, MSD, Slips and Trips and Stress report plans are largely on track with operational activity above target in agriculture and increased in Stress. The Falls From Height plan is now progressing well. "Government Setting an Example" (GSE) has made some progress: the Minister fully supports the programme and will chair a Task Force meeting in March. Workplace Transport plans for the 3rd quarter have been set back and an action plan to put the Programme back on track is being drawn up as a matter of urgency. There have been some limited delays in progressing some project work in Construction due to other demands but over the longer term, the Programme is broadly on track. Of the 19 "surrogate" indicators for report this quarter, good or very good progress has again been made in most. Preventive inspections are above plan and progress has been made on a number of projects in the "Externalities" part of HSE's work.

13. The Amber for Delivering PSA 2 is as a result of two Ambers (Rail and Offshore). Rail's Amber is a precautionary measure, pending the analysis of several more quarterly reports before a high degree of confidence can be assigned. It is worth noting that there is a reporting lag of one quarter using the new Safety Risk Index, due to the way data is collected, collated and passed to HSE for analysis. Offshore (reduction in the number of hydrocarbon releases): amber assigned because projected outturn exceeds target. Possible reasons for the apparent decline in performance for this year include a degree of complacency by industry because the trend has been so good in recent years. Poor performers will be appraised and remedial measures put in place. Prematurely disbanded 'support teams' will be reinstated and industry will develop guidance to deal with emerging problems.

14. An Amber status assigned to Health and Safety in HSE is a cause for concern. "Instances of absence" show a marked and ongoing increase (419 this quarter) although this may be seasonal this quarter. Guidance on which traffic light to apply states that 'a rise in the instances of absence for a second consecutive quarter will change the Amber indicator to Red'. Following the 4th quarterly report it will be possible to judge the overall annual trend in absence data. There have been 4 'over 3 day' injuries. One injury was a twisted ankle (twisted on rubber mat in Lab). One was a sprained back, (lifting boxes). One was sprained shoulder/neck muscles (when stretching). The fourth incident was a road traffic accident whilst at work, and as such was not reportable under RIDDOR.

Managing Resources

15. A continuing Green is assigned to Living Within the Budget where HSE (excl HSL) Outturn to date compared to Budget Profile is showing a Net Resource underspend and the Forecast Outturn against Budget is showing an £8.5m reduction which is made up of £5.7m on Admin, £1.7m on Programme and £1.1m extra income. The Admin Forecast reflects the strategy of constraining expenditure whilst maintaining activity and should be considered alongside activity levels in Key Indicators 1 and 6. Targets are largely being achieved and in some cases exceeded. (However paragraph 9 should be noted.) Bearing down on spend therefore, is not at the expense of planned outputs

16. Good performance has again been reported in Allocating Resources to Priorities and Retention and Motivation; however Recruitment has again moved to an Amber status, due to the increase in numbers of staff occupying unfunded posts in Rose Court. There remains however a continued downward trend in the number of staff occupying unfunded posts in Bootle and other HSE locations.

Continuous Improvement

17. A Red status for Leadership is assigned, as the emerging results of the Staff Attitude Survey do not reflect staff confidence in HSE's Leadership to 'lead and motivate by providing clear purpose and direction'. These results will provide a baseline on leadership issues, which will be followed by a series of bi-annual, short sharp "temperature taking" surveys that will enable the gauging of perceptions of HSE's leadership.

18. There is also limited evidence of significant action in this quarter. HSE's Leadership Development Programme has delivered 23 one-day modules and 8 lunchtime seminars – however, as yet there has been no systematic evaluation. Evaluation of the DWP 'Leading the Vision' Programme (residential) shows a 90+% satisfaction against objectives.

19. A continuing Amber is assigned for Delivering Change. The 'Living the Values' events were completed on schedule by the end of November. Immediate evaluation showed a high proportion of staff felt able to contribute their ideas, but some are reserving judgement, awaiting demonstrable management-led change. The winding up of the Change Programme Board has caused a hiatus in overall reporting responsibilities, but BEU will take up this responsibility for reporting in the final quarter. Consideration must be given to the development of this indicator, or to whether it should be replaced now that the Change Programme Board has ceased to exist.

20. An Amber status for Applying Science and Technology is not an immediate cause for concern. The narrative reports that overall performance is moving from Amber towards Green. Recruitment of a Band 3 to facilitate training for 'Guidelines 2000' will enable 'roll out' in the 4th quarter (assuming all else remains up to current standards, this will see the traffic light moving to Green in the 4th quarter). 65.2%

of research work and 65% of support work carried out was assessed as high priority. 74% of the projects evaluated were considered, by the internal customer, to be of immediate use to operational or policy work.

21. A Green has been assigned for Applying Business Improvements. Of the four sub indicators, only one can be reported at this stage, however, it shows an improvement on the last quarter. Each D/D has a BI Plan - although it is a matter of judgement whether they could all be regarded as 'significant and balanced' - improving on that is the next task. The new Business Improvement and Efficiency Board has recently been initiated and the inaugural meeting held in December. This should bring a strategic steer to configuration of Business Improvement work going on across the organisation. Development of sub indicators two and three, which have not yet been reported on this year, will be considered at a workshop set up specifically for the purpose of ensuring a more robust reporting position.

Reputation

22. No indicators have been developed for either Image and Profile or Trust and Reputation. An Amber status has therefore subjectively been assigned. Negative attacks on HSE were much reduced between October and December compared to the previous quarter. HSE's image remains fragile and has taken quite a knock by the recently announced rail review. Alan Osborne's resignation "statement" achieved some coverage damaging to HSE. There have been intermittent articles that make sideswipes at health and safety and HSE, and occasional cartoons showing HSE's perceived over-zealousness. Issues which reached the national press in a positive way included a front page piece in the Financial Times about the 'Offences and Penalties Report', coverage in the FT on the launch of our new Strategy; the European Health and Safety Week launch and the publication of the study on stress carried out jointly by the HSE and Personnel Today.

23. A qualitative study of attitudes and perceptions shows that health and safety is a significant issue for many employees, awareness of HSE among citizens and understanding among employees is very low and patchy. It is understood, if at all, as an arm of Government. Knowledge was largely confined to construction, engineering and nursing. Very few media incidents are noticed at all by the general public, apart from rail crashes, and those only rarely. These findings are to be tested in a large-scale survey in January or February. Indicators are to be developed following analysis of the survey results. (e.g. concern about health and safety against other concerns, familiarity and favourability of HSE against other organisations, levels of agreement with vision)

24. An Amber status for Engaging Stakeholders is subjectively assigned, as indicators have still to be developed. Although the new Director of Communications plans the development of a programme for communication/ stakeholder engagement there are no grounds for moving to a Green or Red status, as we have no objective evidence of success, improvement or failure. It is reported that there is a significant amount of activity underway, but there has been little evaluation of its impact.

25. The qualitative study discussed in paragraph 23 points to widely differing responses from stakeholders on health and safety. These perceptions are being tested in a larger scale survey to report in February. Levels of engagement with HSE staff will be tested in the current staff survey.

Costs and Benefits/Financial/Resource Implications for HSE

26. Some redirection of resources may be necessary to address areas highlighted in this paper as requiring action.

Development of the Balanced Scorecard.

27. There are no developmental issues for discussion this quarter. However, we have asked D/Ds to consider new SMART indicators (if necessary) by the beginning of April so that they can be brought before the Board for agreement alongside the "End of Year" Report.

Placing the Balanced Scorecard on the Internet

28. Following discussions at previous Board Meetings the Board will know that, the Balanced Scorecard Report is placed in full on the HSE internet website, taking into account any comments made

at the meeting and reflecting any necessary changes. HSE's Strategic Planning Unit (SPU) is currently reviewing all the issues related to performance reporting, including openness and what might justifiably and rightly be made available to the public. A paper will be drafted for consideration shortly. In the meantime, the Balanced Scorecard Report will remain closed until the Board has discussed it. Following which an assessment of the extent of the openness warranted by the report will be made.

Action

The Board is asked to

- confirm that Red status be assigned to Leadership
- confirm that Amber status be assigned to Delivering Planned Work, Delivering PSA 2, Health and Safety in HSE, Recruitment, Delivering Change, Applying Science and Technology, Profile and Image, Trust and Reputation and Stakeholder Engagement
- If confirmed, note the overall picture and the business risks identified (paragraph 6), and discuss what actions, if any, may need to be taken
- Note that indicators are still required for Leadership, Delivering Change, Image and Profile, Trust and Reputation and Stakeholder Engagement. (There is some suggestion that Leadership and Stakeholder Engagement and Profile and Image indicators will be developed in the next quarter.)
- Notes that D/Ds have been asked to consider new indicators if necessary
- Note the position with NSD's safety-case work (paragraph 9)
- Notes the arrangements for placing the Report on the internet