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## HEALTH AND SAFETY EXECUTIVE

### The HSE Board

#### HSE Balanced Scorecard for 4th Quarter 2003/04

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#### Issue

1. Assessment of HSE's performance for the 4th quarter 2003/04 using the Balanced Scorecard.

#### Timing

2. Routine.

#### Recommendation

3. That the Board:
  - Confirms that Red status be assigned to Leadership (paragraphs 18 & 19).
  - Confirms that Green status be assigned to Health and safety in HSE (paragraphs 12, 13 & 14).
  - Confirms that Amber status be assigned to Delivering Planned Work, Delivering the Major Hazards PSA, Profile and Image, Trust and Reputation and Stakeholder Engagement.
  - Notes that five indicators have remained undeveloped throughout 2003/04 and considers having these indicators developed in quarter 2 for subsequent reporting in quarter 3 2004/05.
  - Accepts the proposal that in 1<sup>st</sup> quarter 2004/05 the Delivering Change indicator will no longer be reported against as it will be subsumed into the Applying Business Improvements indicator. (See paragraph 20.)
  - Considers/notes other issues identified in the paper.
  - Considers and accepts proposals for changed indicators described at Annex 2

#### 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.

#### Overall Picture and Related Business Risks

5. HSE's overall performance in the fourth quarter 2003/04 is mixed, with 9 Green and 5 Amber and 1 Red status assigned. Good performances continue in Delivering PSA 1, Living Within the Budget, Allocating Resources to Priorities, Retaining and Motivating and Applying Business Improvements, all maintaining a Green status. There has been an improvement in performance in Health and Safety in HSE, Recruitment, Delivering Change and Applying Science and Technology.

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 three Ambers. RI has an Amber for 'number of complaints followed up' and both RI and NSD have Ambers for their respective 'safety case' indicators. 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 a Red status assigned to the Offshore Indicator. The Offshore Indicator (a reduction in hydrocarbon releases) has reverted to close to baseline (2001/02) values following a four-year downward trend. 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*;

## **Overview of the 4 Business Perspectives**

### **Delivering The Mission**

7. The Amber for RI 'complaints follow-up' is an improvement on last quarter's outturn, but retrospective closure of some uncompleted complaint records on FOCUS has not seen the anticipated return to a green status. RI management propose further remedial action for 2004/05, including lowering RI's current aspirational target (100%) to bring it in line with those of other operations groups (90%).

8. The Amber for Rail Safety Case work is indicative of sustained improvement over the last nine months (Red in first two quarters). During that time it was not possible to recover the early shortfall. The Safety Case team are working up proposed new definitions to address the problem, which gave rise to the early shortfall.

9. The Amber for NSD Safety Case work shows an improvement on performance in the previous quarters, and is only 2% (5 or 6 further safety cases) away from achieving a green status. Managers have been made aware of the need to set realistic target dates based on planned resources and inspectors are more aware of the need to record changes in the database more accurately. However, NSD continue to identify lack of resources, reactive work and work of a higher priority as the underlying causative factors, (as in the previous three quarters).

10. Delivering PSA 1: Priority Programme plans have broadly been delivered, although the "GSE" Programme has ended the year with a red (progress having slowed up somewhat as the Ministerial task force (a key feature) has not yet met). However, renewed Ministerial interest and a now fully resourced HSE Programme team should see progress in the next quarter. Following a red in the third quarter positive progress has now been made in the Workplace Transport Programme. Surrogate indicator targets/plans were exceeded in most Programmes although a mixed picture emerges from RCI information in the Falls from Height, Slips and Trips and MSD Programmes. In particular 4th quarter data comparison in MSD shows a statistically significant fall in the proportion of duty holders with "good performance" scores; and a statistically significant rise in the proportion of duty holders with "poor performance" scores: a reverse of performance in previous quarters. The number of notices issued continues to show a downward trend and the numbers of MSD inspection contacts are down, MSD therefore ended the year on an Amber. Overall however Priority Programme performance is assessed as green.

11. The Amber for Delivering PSA 2 is as a result of one Red status assigned to the Offshore indicator (a reduction in the number of hydrocarbon releases). The outturn exceeds the confidence limits assigned to the target trajectory. Possible reasons for the apparent decline in performance for this year are similar to those given in the 3<sup>d</sup> quarter and include a degree of complacency by industry because the trend has been so good in recent years. Poor performers are being appraised and remedial measures put in place. Resources applied to the Managing Hydrocarbon Release Offshore key Programme finished at 157% against the plan, demonstrating the additional effort applied to tackle some duty holders.

12. For Health and Safety in HSE, the last quarter has seen a reduction in both number of instances of sickness absence and average days absence per staff year. The overall annual picture shows that from April 2003 to the end of March 2004 a total of 32,269 working days were lost in HSE

through sickness absence. There has been a reduction in the average number of working days lost per staff year due to sickness absence, from 8.36 in 2002/03 to 7.97 at the end of 2003/04 and similarly a reduction in the number of instances of sickness absence from 7152 to 6672.

13. There have been 4 'over 3 day' injuries. One injury was a sprained ankle (sustained during a heavy fall whilst returning from a training course). One was a strained back, (lifting boxes during a stock take). One was a back injury (sustained by slipping on a wet kitchen floor). In the fourth incident a contractor twisted his knee. The total number of reported accidents, ill health and near misses has risen 24% in the last quarter (from 83 to 103).

14. The guidance on assigning a red, amber or green, does not cater for the circumstances described at paragraphs 12, but because there has been an improvement overall in 2003/04 compared with 2002/03, a Green status has been subjectively assigned. **The Board is invited to consider and confirm the status assigned to this indicator.**

### **Managing Resources**

15. A continuing Green status is assigned to Living Within the Budget where HSE (excl HSL) Indicative Outturn against Final Estimate is showing a net resource underspend of £20.2m consisting of £6.6m underspend on Admin and GAE, £2.1m on Admin other, £11.7m on Programme, with a slight under recovery of £0.2m on income. This indicative net resource outturn is within 1% of the key December Forecast and reflects the strategy of constraining expenditure whilst maintaining activity and should be considered alongside activity levels (see key performance indicator 1 and 6). Targets are largely being achieved and in some cases exceeded. Bearing down on spend therefore, is not at the expense of planned outputs.

16. Recruitment has an improved Green status, due to the decrease in numbers of staff occupying posts that are not included in work plans in Rose Court and a continued downward trend in the number of staff occupying posts that are not included in work plans in Bootle and other HSE locations. For the third quarter running 100% of agreed posts advertised have been filled within a set timescale.

17. Good performance has again been reported in Retention and Motivation and a Green status assigned. The overall turnover rate has remained fairly static in comparison with 2002/03 figures (a decrease of 1.5%). Only one employee discipline, 'specialists', have an Amber status assigned, as the turnover rate has increased by 3.7% on last year's overall rate. Allocating Resources to Priorities reports that 206 460 regulatory contacts were made across HSE, of which 83 003 were preventative inspections. End of year outturn exceeds the planning figures in both cases.

### **Continuous Improvement**

18. The indicator "owner" assigns a Red status for Leadership for the second consecutive quarter. Personnel however, have reported some positive reaction to recent Strategy Roadshows, which have increased the profile and visibility of the DG. Leadership will be discussed at the HSE Board's away day in July 2004 and Board Members' profiles will be raised via a programme of visits to local offices. Personnel also report some positive reaction to recent Strategy Roadshows, which have increased the profile and visibility of the DG.

19. The results of the Staff Attitude Survey remain the key indicator for Leadership. These demonstrated a lack of staff confidence in HSE's senior management 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 gauge perceptions of change in HSE's leadership.

20. Delivering Change has been assigned a Green status in its proposed final quarter as an indicator. The Change Programme has drawn to a close with all of its projects now completed. There have been many achievements including the setting up of SID, COSAS and Policy Group and Living the Values workshops for all staff. In some cases the original projects led to further work, which has been taken over and embedded in HSE's mainstream. These included flexible working pilots and the London review. The creation of the Business Improvement and Efficiency Board (BIEB) and associated

BI indicators already proposed would subsume 'Change' delivery within them. As a topic Delivering Change goes to the heart of what the BIEB is about.

21. An improvement in Applying Science and Technology has seen a Green status assigned. 65.2% of research work and 65% of support work carried out was assessed as high priority; with an increase in spend from £11m to £16.9m. Now that further staff resource has been assigned, appropriate training is being developed to influence policy makers and introduce the Guidelines 2000 Quality System.

22. 74% of the projects evaluated were considered by internal customers to be of immediate use to operational or policy work. More than 30% of project outcomes were assessed as having longer-term value. Impact Evaluation Studies are being undertaken in 3 areas. A further area has already been evaluated, identifying evidence of improved and ongoing compliance with a set of regulations and an ACOP, a more competent workforce and better flexibility and practicality in implementing the requirements.

23. A Green status has been assigned for Applying Business Improvements. (BI) Of the four sub indicators, only two can be reported at this stage. (Quarterly reporting on the two remaining indicators will commence in 2<sup>nd</sup> quarter 2004/05 and Business Efficiency Unit proposes two further indicators – see Annex 2). End-of-year outturns were stronger than earlier BI plans might have suggested. Savings of £12.7m exceeded the 5% target by 1.1%. Increasing awareness in newer Directorates of the importance of BI plans was apparent, although some help is still needed to improve techniques for capturing savings. It was disappointing, however, that virtually no contributions were made by HID, NSD and OPD.

### **Reputation**

24. The 'owner' of the Image and Profile indicator reports a cautionary Amber status, highlighting that "looking at the year as a whole, our position has probably worsened.... and it will be a challenge over the next few months to improve matters". HSE's image was damaged between January and March following the announcement of the Rail Review and the Government's suggestion that it may take Rail Safety regulation away from HSE. The Transport Select Committee's report into railways was also damaging. The national media have been critical of HSE's stance on the proposed Work at Height Regulations. To balance this, HSE has had some good publicity, particularly on high profile prosecutions. A 'Guardian' supplement and 'Building' magazine carried pieces on working days of inspectors, the latter, a four page spread on a day in the life of one of HSE's construction inspectors.

25. An Amber status has been subjectively assigned to Trust and Reputation. Results from a Mori Poll in February 2004 show that there is overwhelming support among employers, employees and a wider population for HSE, supporting recognition of HSE's vision of health and safety as a cornerstone of a civilised society. HSE is more familiar to and well regarded by employers and employees than the Environment Agency or the Food Standards Agency. 82% of employers have a favourable opinion of HSE and 92% of those who have had contact with HSE find us helpful.

26. Health and Safety requirements are also generally positively viewed – 73% of employers think that they benefit the company. There is however no room for complacency as nearly half (47%) report that although they benefit the company, the legislative requirements of health and safety are over bureaucratic. With political audiences and opinion formed the evidence is mainly anecdotal but less positive. A survey by nfpSynergy also in February 2003, entitled "Non-departmental bodies impressing MPs", showed that only 32% of MPs think HSE is effective or very effective, compared to 66% who so judge the Audit Commission, or 47% the Environment Agency.

27. An Amber status for Engaging Stakeholders is subjectively assigned, as indicators have still to be developed. The Communications Strategy has identified stakeholder engagement as a priority for 2004/5. Rapid action is planned for 2004/05 to address the issue. Without objective evidence of success, improvement or failure there are no grounds for moving to a Green or Red status.

### **Costs and Benefits/Financial/Resource Implications for HSE**

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

#### **Development of the Balanced Scorecard.**

29. The Business Efficiency Unit (BEU) propose that from 1<sup>st</sup> quarter 2004/05 the Delivering Change indicator will no longer be reported against as it will be subsumed into the Applying Business Improvements indicator. (See paragraph 20.)

30. RI propose reducing their aspirational target for OPM C, a sub indicator within Delivering Planned Work, in order to bring it into line with those of other Directorates. BEU proposes two new sub indicators within Applying Business Improvements. Details can be seen at Annexe 2.

#### **Action.**

31. The Board is asked to
- Confirm that Red status be assigned to Leadership
  - Confirm that green status be assigned to Health and safety in HSE
  - Confirm that Amber status be assigned to Delivering Planned Work, Delivering PSA 2, 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, Image and Profile, Trust and Reputation and Stakeholder Engagement and considers having these indicators developed in quarter 2 for subsequent reporting in quarter 3 2004/05.
  - Accepts proposals for changes to the Balanced Scorecard indicators (paragraphs 29 and 30 above).