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HEALTH AND SAFETY EXECUTIVE

Delivering the PSA: Summary Performance Report for Quarter 2 (2006/07)

A paper by Strategic Planning Unit

Agreed by Vivienne Dews on 2nd November 2006

Issue

1. The Strategic Programmes' performance against the Public Service Agreement (PSA) targets during the second quarter (Q2) of 2006/07.

Timing

2. Routine. The Commission will consider the ministerial submission at its meeting on 7th November. PEFD will submit the report in time for the next ministerial KIT in early December.

Recommendation

3. The Board:
 - a. Discusses the Strategic Programmes' performance (see Annex A);
 - b. Indicates whether it is happy for Strategic Planning Unit (SPU) to submit the summary report to the Minister;
 - c. Considers the recommendation from the Worker Involvement and Business Involvement Programmes that they be closed (see paras 8-10);
 - d. Indicates whether (despite the closure of the formal programmes) the ministerial submission should continue to include performance information on business involvement, worker involvement and LA partnership work (para 11); and
 - e. Considers the implications of increased future reporting to HSC on the format of these documents.

Background

4. SPU prepares a quarterly summary report of the Strategic Programmes' performance, which we submit to the HSE Board, HSC, and the Minister. We arrived at the current format of the report (Annex A) as a result of consultation with the Commissioners.
5. Due to the relative timings of November's Board and HSC meetings, the Commissioners will discuss this report before the Board.

Argument

6. Annex A is a summary of the Strategic Programmes' performance during Q2, 2005/06. The Strategic Programmes report good progress, leading to an overall marking of **Amber/Green**.

7. The report also includes detail from the 2005/06 health and safety statistics. In terms of PSA 5, the statistics are good news, with all three conventional health and safety indicators showing movements in the right direction. However, based on only a single year's data, it is not possible to say whether or not we are 'on track' to deliver these targets. In brief:
 - a. The rate of **fatal and major injuries** fell by 6.8% in 2005/06; however this indicator has shown fluctuations in the past so it is too early to say if the reduction will be maintained.
 - b. The incidence rate of **work-related ill health** shows a statistically significant fall in 2005/06, though the range of possibilities for this is quite wide (2%-20%).
 - c. The number of **working days lost** per worker shows a statistically significant fall (around five million fewer days lost that last year), again with quite a wide range of possibilities (3%-25%).
8. In terms of the 10-year Revitalising Health and Safety targets (which are measured from a different base year), the statistics suggest that we are on track to meet the ill health target, probably on track for days lost, but not on track (despite the fall in 2005/06) to deliver the injuries target.

Worker Involvement and Business Involvement Strategic Enabling Programmes

9. The Worker Involvement (WI) and Business Involvement (BI) Strategic Enabling Programme Boards have agreed that these programmes should close formally at the end of this financial year. This is because both programmes have substantially met their objectives to date, and continuing workstreams can be run as effectively and more efficiently without a programme structure (i.e. with members of the Programme Boards used as a contact network for advice as necessary rather than for formal governance).
10. The WI and BI teams in Cross-cutting Interventions Division will continue to champion within HSE the benefits of worker involvement and provide a focus for business customer needs, including those of SMEs. These teams will play their part in the market segmentation/SME workstreams recently agreed by the HSE Board, as a result of Fundamental Review.
11. The directors of the two programmes (Jenny Eastabrook and Elizabeth Hodgkinson) and the Senior Responsible Officer (Giles Denham) therefore recommend that the HSE Board agree to the closure of both programmes by the end of this financial year.

Performance reporting on post-programme work

12. The Local Authority STEP has also come to a conclusion. Would the Board like to continue reporting on these areas of work (i.e. business involvement, worker involvement, LA partnership), despite the closure of the formal programmes?

Future performance reporting to HSC

13. At a meeting on 31st October, the HSC Chair, Chief Executive, Director of Resources and Planning agreed that HSC should start receiving the quarterly reports on HSE's Balanced Scorecard (BSC) and monthly reports on finance. SPU is also working to integrate the BSC, Corporate Risk Management Plan and the PSA reports into a single paper, in response to the Fundamental Review's conclusion that HSE should aim for simpler, leaner performance management processes. The Board should consider whether these changes present an opportunity to make further improvements to the format of HSE's reporting material.

Consultation

14. Colleagues from across HSE have provided the information in Annex A. HSC discussed the report at its meeting on 7th November.

Financial/Resource Implications for HSE

15. The staff-related costs of producing this summary report are approximately £15k.

Action

16. SPU will make any amendments to the ministerial submission that the Board requests and submit it to the Minister. The submission is likely to be discussed at the meeting between Lord Hunt, the HSC Chair and senior HSE managers on 8th December.

To: Lord Hunt

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Delivering PSA 5: Summary Performance Report for Quarter 2 (2006/07)

Summary: This submission reports on delivery of the work-related health and safety Public Service Agreement (PSA 5) during the second quarter of 2006/07. The **Major Hazards** Strategic Programme remains broadly on track to deliver its targets, although the nuclear indicator has started to show a slight upturn and the continuing need to divert resources will reduce the programme's ability to maintain and improve control of major hazard risk in the longer-term. The programme to deliver the **conventional health and safety** targets is proceeding largely to plan, with some notable successes, but the tightening resource position means that the way ahead may be difficult. The health and safety statistics for 2005/06 are encouraging. The overall status of PSA 5 remains **Amber/Green**.

Issue

1. HSC/E's quarter 2 performance report on delivery of the work-related health and safety Public Service Agreement targets arising from the Spending Review 2004 (PSA 5).

Recommendation

2. You note the progress of HSC/E's Strategic Programmes in delivering the **conventional health and safety** and **major hazards** elements of PSA 5.

Timing

3. Routine. You will have the opportunity to discuss this report and future reporting on HSE's evolving programmes at your December KIT meeting with Bill Callaghan (HSC Chair) and HSE's Executive team.

Background

4. PSA 5 (for the SR2004 period) comprises six sub-targets: three on **conventional health and safety** outcomes and three on precursor incidents in **major hazard industries**. Annex 1 contains further detail on these targets.
5. This paper is a summary of the HSE's performance against the PSA targets during Q2 2006/07. It is based on new outcome information from the health and safety statistics for 2005/06 (published 2nd November) and reports on the progress of HSE's two Strategic Delivery Programmes (SDPs) and four Strategic Enabling Programmes (STEPs).

Where we are

6. HSE's current status in terms of delivering PSA 5 is **Amber/Green**. The table below provides a breakdown, showing how we have reached this assessment.

	2005/06		2006/07	
	Qtr 3	Qtr 4	Q1	Q2
PSA 5 overall assessment	Amber/Green	Amber/Green	Amber/Green	Amber/Green
Conventional health & safety	Amber/Green	Amber/Green	Amber/Green	Amber/Green
3% reduction in injuries	Amber/Green	Amber/Green	Amber/Green	Amber/Green

B/06/096 - Annex A

	2005/06		2006/07	
	Qtr 3	Qtr 4	Q1	Q2
6% reduction in ill health	Amber/Green	Amber/Green	Amber/Green	Green
9% reduction in days lost	Amber/Green	Amber/Green	Amber/Green	Amber/Green
Major Hazards	Green	Green	Amber/Green	Amber/Green
Nuclear	Green	Green	Green	Amber/Green
Onshore	Green	Green	Amber/Green	Amber/Green
Offshore	Green	Green	Amber/Green	Amber/Green
Strategic Enabling Programmes				
LAs and HSE Working Together	Amber/Green	Green	Green	Green
Enforcement	Amber/Green	Amber/Green	Amber/Green	Amber/Green
Business Involvement	Amber/Green	Green	Green	Green
Worker Involvement	Amber/Green	Green	Green	Green

Key:

Green:

Good – requires refinement and systematic implementation

Amber/Green:

Mixed – aspects require substantial attention, some good.

Amber/Red:

Problematic - requires substantial attention, some aspects need urgent attention

Red:

Highly problematic – requires urgent and decisive action.

7. We have attached the reports from the Fit3 and Major Hazards Strategic Delivery Programmes at Annexes 2a and 2b respectively.

Overview

8. We have already reported to you that, with hindsight, HSE went into 2006/07 over-committed. HSE's financial strategy for the SR2004 period was to spend strongly in 2005/06, kick-starting its health and safety intervention programmes with extra investment (e.g. in the Workplace Health Connect pilots and publicity campaigns). But it was always clear that we would have to scale back in the remaining two years of SR2004. This has proved more difficult than expected and you have received full briefing on HSE's actions to manage expenditure down. Inevitably, we will have to prioritise carefully, constraining some spending (although the detail of this has yet to be agreed), which increases the risks to delivery of the PSA.
9. We have now completed our Fundamental Review; the objective of which was to "help improve HSC/E's ability to deliver both its mission and PSA and ensure its resources are used to best effect". The action plan we have adopted as a result of the Review focuses on three themes:
- **Making best use of resources** (including development of a system to monitor and manage staff time and introduction of improved performance management systems);
 - **Improving delivery** (including strengthening the evidence base for HSE's interventions, developing an approach for closer working with other regulators, and bringing greater customer focus to our stakeholder engagement by concentrating on their needs and the ways that they organise themselves);
 - **Making best use of science** (including improving evaluation of HSE's impact and establishing better partnership working with the Health and Safety Laboratories).

The action we take under all three of these themes should help us to deploy our available resources for maximum impact in terms of delivering PSA 5.

Fit for work, Fit for life, Fit for tomorrow (Fit3)

A/G

10. During Q2, Fit3 has made good progress against its targets, as well as delivering wider health and safety benefits beyond the PSA. Five of the component programmes remain at Amber/Green; Disease Reduction has moved up to Green status and Construction continues to show Green. Fit3's status overall remains **Amber/Green**, recognising that while most target audiences are reacting positively to its interventions; this is not yet true across the board.
11. HSC published the 2005/06 health and safety statistics on 2nd November. In terms of PSA 5, the statistics are good news, with all three conventional health and safety indicators showing

movement in the right direction (see Annex 3 for a graphical representation). In brief:

- The rate of **fatal and major injuries** fell by 6.8% in 2005/06; however this indicator has shown fluctuations in the past so it is too early to say if the reduction will be maintained.
 - The incidence rate of **work-related ill health** shows a statistically significant fall¹ in 2005/06.
 - The number of **working days lost** per worker shows a statistically significant fall², around five million fewer days lost that last year.
12. In terms of the 10-year Revitalising Health and Safety (RHS) targets (which are measured from different base years), the statistics suggest that HSC/E are:
- On track to meet the ill health target (-20%). Since 2001/02 (the base year) there has been a significant fall in the rate of ill health incidence³;
 - Probably on track to meet the days lost target (-30%). Since 2000-02 (the base year) there has been a significant fall in the number of working days lost per worker⁴;
 - Not on track (despite the fall in 2005/06) to meet the injuries target (-10%). Since 1999/00 (the base year) there has been no clear change in the indicator.
13. The 2005/06 statistics have increased our confidence that we can deliver the ill health and days lost RHS targets (from an assessment last year that we were 'probably' and 'possibly' on track). Although the rate of fatal and major injuries has fallen over the last two years, the picture is less clear-cut. There has been continued improvement in the production sector, which HSE has targeted and engaged, the number of fatal injuries in construction is the lowest on record, and major injuries due to falls from height are down by 12% on last year. But a challenge remains in the service sector where major injury rates, while lower than production, have continued to rise. We are investigating whether these rises are consistent across all parts of the sector and, if not, what might be influencing this.
14. Part of the services sector is local authority (LA) enforced. Fit3 has developed its partnership working with LA colleagues to increase our collective capacity to deliver. Over the last quarter, this has included holding events and engaging with the HSE/LA Enforcement Liaison Committee (HELA) and the Local Authorities Coordinating Office on Regulatory Services (LACORS). Fit3 has also been working with the LA STEP on reporting for 06/07 and planning the LAs' contribution to Fit3's targets in 07/08. We have been encouraged by the commitment that LAs have shown to HSE's priorities and their significant contributions to a number of Fit3 initiatives.
15. Fit3 is also reliant upon HSE's Field Operations Directorate (FOD) to deliver many of its interventions. FOD's projected delivery is on or above target for most Fit3 programmes, although progress on stress and public services will not become clear until our new operational data collection system has bedded in properly. Fit3 continues to work closely with FOD on planning for 2007/08.
16. For Q2, Fit3's delivery highlights include:
- Projects with Royal Mail, the food industry, and the waste and recycling industry, which are showing real benefits in terms of reducing work-related injuries;
 - The Construction Programme remains Green. This reflects the publication of the 2005/06 fatal accident statistics showing a reduction in both the number and rate of fatalities, development of the Construction Design and Management (CDM) Regulations continuing to plan, and Tessa Jowell (the Olympics Minister) signing up to the '2012 Construction Commitments';
 - The Disease Reduction Programme has moved up to Green status in recognition of a major reduction in injury rates for vehicle spray painters, the launch of a major campaign on asbestos, and improved links with LAs and other important delivery partners;
 - Re-establishing the network based on the Ministerial Task Force with your support and that of DCLG ministers;
 - Delivering the 'Healthy Workplace Solutions' high-level events and early workshops (on

¹ The range of possibilities for this fall is 2%-20%

² The range of possibilities for this fall is 3%-25%

³ The range of possibilities for this fall is 17-33%

⁴ The range of possibilities for this fall is 15-35%

B/06/096 - Annex A

stress and public services) – initial feedback is positive

- All three strands (inspection, publicity and stakeholder engagement) of this year's Better Backs campaign are going to plan.

17. Challenges for Fit3 include:

- The new statistics show that slipping and tripping injuries (by far the largest contributor to the injury indicator) have remained stubbornly flat over the last year. Although there have been some successes in certain sectors (e.g. hotels & catering and industrial cleaning), the overall statistics raise doubt over Fit3's ability to deliver the injury PSA target by 07/08.
- Workplace Health Connect is still well below target on numbers of calls to its Adviceline, although the more important measure of visit referrals has exceeded targets.
- The loss of Communications Managers (due to their short-term contracts ending) has presented problems for a number of Fit3 programmes, affecting campaign work and budgetary controls. HSE has now introduced training to build communications skills and expertise in house, though these new posts will take time to become effective;
- The latest figures for civil service sickness absence are disappointing, though valuable in bringing the issue to Gus O'Donnell's attention.

Major Hazards

A/G

18. The Major Hazards Programme's status at the end of Q2 is **Amber/Green**, reflecting the mixed picture provided by the precursor indicators and a continuing need to divert the programme's resources into non-PSA work.
19. The introduction of nuclear new build, the MoD investment programme, Nuclear Decommissioning Authority related work, and the continuation of the Buncefield investigation and follow-up continue to place increasing demands on already stretched staff and skills resources (although some of these costs will be recoverable from duty holders and should not have any *financial* impact on other work). While this issue is not expected to have a significant impact on PSA delivery in the short term, in the longer-term our ability to maintain and improve controls of major hazard risks overall will inevitably be reduced.
20. The **nuclear** indicator has shown an upturn during Q2 (an outturn of 37 against a plan of 34). This is attributable to emerging nuclear issues with operating reactors, ageing plant degradation and safety management issues at chemical plants. HSE recently took successful enforcement action against British Nuclear Group (Sellafield) following the leakage of radioactive liquor at the THORP reprocessing plant. We hope the £500,000 fine and £68,000 costs imposed reinforce the importance of nuclear licensees maintaining high safety standards. There were wider messages for Boards of companies in the judge's summing up.
21. Last quarter, the **onshore/chemicals** indicator showed a surprisingly low outturn (16), well below the predicted target (40). The investigation has identified problems with the way some 'dangerous occurrences' have been entered onto our new operational data collection system. This appears to be a procedural rather than a system problem and a provisional outturn figure of 77 has been reported (ahead of the Q2 target of 80). We are still working to validate this figure.
22. The **offshore** indicator is marginally behind plan (an outturn of 35 against a plan of 34). However, given the low figures involved, this is not of immediate concern and the offshore programme of work continues as planned.

Local Authorities and HSE Working Together

G

23. The LA STEP has continued to make good progress and realise its ambitions. Its status remains **Green** and the programme's work is now complete. However, work on embedding and consolidating the partnership continues. Local Authority Unit (LAU) intends to produce a "partnership management plan" on work up to March 2008. This will be a good time to take stock against the success criteria being developed for the longer-term partnership.
24. Q2 saw continuing progress with longer-term areas of work such as:
 - Developing a performance management framework;
 - Assessing the options for the Enforcing Authority Regulations (flexible warrants and other initiatives currently being piloted); and

- Revising HSC's guidance to LAs on s.18 of the Health and Safety at Work etc Act 1974.

Their resolution will depend in considerable measure on the outcomes of the work to establish the Local Better Regulation Office, and related matters addressed in the Local Government White Paper.

Enforcement

A/G

25. The Enforcement STEP has made good progress on its three central work streams. However, until the Programme's products are implemented and start to realise benefits, its status remains **Amber/Green**.
- *Efficiency and effectiveness of reactive work:* The Programme has developed measures to improve the efficiency and effectiveness of investigation and prosecution activities. FOD has started trialling the measures, and operational managers will be sharing experiences at their forum in October. The STEP's next phase will be to capture lessons learnt and good practice, and share it with HSE and LA colleagues.
 - *Aligning enforcement with Fit3:* Work to relaunch the inspection topic packs and provide inspectors with tools to aid them in taking prosecutions arising from preventive work, continues to plan. Due to the significant LA contribution required to deliver the PSA, it seems likely that Fit3-directed inspection will lead to an increased level of preventive formal enforcement activity, including prosecutions.
 - *Communications:* The STEP continues to seek to ensure that a consistent message on the role enforcement plays in underpinning delivery of HSE's goals, is communicated to inspectors.
26. The Chief Executive presented the enforcement statistics for 2005/06 on 2nd November, which show a continuation of the downward trend in enforcement activities of the recent past (for further detail see the submission on the new statistics, sent to you on 31st October⁵). He recognised the results of the recent Regulatory Decision Making Audit, which found some areas of underperformance against HSC's Enforcement Policy Statement (EPS).
27. Work to implement the STEP's recommendations and products within HSE's operational directorates continues and operational figures for the first six months of 06/07 show an upturn in enforcement activities against the same period last year. This is believed to reflect greater consistency of enforcement decisions with the EPS, resulting from closer management and monitoring of enforcement activity by operational managers.

Business Involvement

G

28. The STEP continues to perform well and has reprioritised its work streams in order to maintain impact with reduced funding for communication and research. Its status remains **Green**.
29. Work is progressing well on the STEP's individual elements, particularly:
- The Large Organisations Partnership Pilot (LOPP) – The programme team is conducting a review to assess the success of LOPP's first twelve months. An initial meeting of the participating organisations hosted by BAE Systems, proved a success and led to establishment of a network to share best practice.
 - Directors' responsibilities – This work has reached an important milestone, with the Institute of Directors agreeing to lead a steering group that will develop new guidance for directors on their health and safety responsibilities.
 - Small and Medium sized Enterprise (SME) indicator - Since the start of 2005/06, 5700 businesses have completed the self-assessment questionnaire against a target of 4250. Uptake is linked to the level of awareness of external stakeholders in small businesses.
 - Corporate Health and Safety Performance Indicator – CHaSPI is slightly below target - 70 organisations have completed (against a target of 75), of which 42 have gone public with their results. This work remains a high priority.

Worker Involvement

G

30. During Q2, the STEP has made good progress against planned activities. The report for Q1

⁵ "PUBLICATION OF HEALTH AND SAFETY STATISTICS FOR 2005/06"

B/06/096 - Annex A

highlighted the risks that reducing the programme's research funding might create. The programme team has been working closely with CoSAS⁶ colleagues to maximise resources and has found alternative sources of evidence to fill the gaps. As a result, the STEP's status remains **Green**.

31. The programme has engaged well with Fit3 delivery programmes, particularly by contributing to the Musculoskeletal Disorder Programme's 'Better Backs' campaign. There is a strong worker involvement element to publicity materials and there has been a good level of engagement with trade unions.
32. The 'Improving worker involvement, improving health and safety' consultation exercise closed in early September. It received 440 submissions from trade unions, trade associations, employer organisations and from individuals. The first findings will be presented to the HSC in November. The key task for the next quarter will be to collate and analyse the responses and present recommendations to HSC in February.

⁶ Corporate Science and Analytical Services Directorate

TARGETS

Revitalising Health and Safety targets

By 2010, reduce:

- the incidence rate of fatal and major injury incidents by 10% (1999/00 baseline);
- the incidence rate of cases of work-related ill health by 20% (2001/02 baseline); and
- the number of working days lost per 100,000 workers from work-related injury and ill health by 30% (2000-02 baseline).

Achieve half the improvements under each target by 2004 (SR2000 PSA).

SR2004 PSA

By 2008, improve health and safety outcomes in Great Britain, through progressive improvement in the control of risks in the workplace.

We will measure progress against the following targets. These are grouped under the two main areas of HSC/E's work:

- Conventional health and safety - Achieve by 2007/08 (against a 2004/05 baseline):***
 - A 3% reduction in the incidence rate of work-related fatal and major injuries;
 - A 6% reduction in the incidence rate of work-related ill health;
 - A 9% reduction in the number of days lost due to injuries and ill health.
- Major hazards – Achieve by 2007/08 (against a 2001/02 baseline):***
 - A 7.5% reduction in the number of events reported by licence holders, which HSE's Nuclear Installations Inspectorate judges as having the potential to challenge a nuclear safety system;
 - A 45% reduction in the number of major and significant hydrocarbon releases in the offshore oil and gas sector;
 - A 15% reduction in the number of relevant RIDDOR reportable dangerous occurrences in the onshore sector.

Full details on the target are available in the PSA Technical Note - (<http://www.hse.gov.uk/aboutus/plans/sr2004.htm>).

Health & Safety Executive

Fit for work, Fit for life, Fit for tomorrow (Fit3) Strategic Programme

Programme Performance Report for Quarter 2, 2006-07

1. Overall status			
Strategic Programme Target	3% reduction in the incidence rate of work-related fatal and major injuries; 6% reduction in the incidence rate of cases of work-related ill health; 9% reduction in the incidence rate of days lost due to work-related injuries and ill health	Current status	Amber/Green

Green: Good – requires refinement and systematic implementation.

Amber / Green: Mixed – aspect(s) require substantial attention, some good.

Amber/Red: Problematic – requires substantial attention, some aspects need urgent attention

Red: Highly problematic – requires urgent and decisive action.

2. Strategic Programme Director's Assessment (including any decisions required)		
Construction Programme	Current status	Green
Injury Reduction Programme		Amber/Green
Public Services Programme		Amber/Green
Stress Programme		Amber/Green
MSD Programme		Amber/Green
Disease Reduction Programme		Green
Workplace Health Connect		Amber/Green

Current Performance

This Quarter takes us to halfway through the PSA period, and sees us heavily into delivery. Promisingly, most Programmes are making good progress against targets, and also delivering wider benefits contributing to Health and Safety more broadly than our PSA targets.

Falls From Height and Workplace Transport are on track to achieve - or exceed - targets, and progress on Noise and Vibration is encouraging. Sectors continue to deliver valuable benefits, notably in work with Royal Mail and the Food Industry. However, there are still concerns over whether Slips and Trips will meet targets, which will have a major impact on the Injuries Reduction Programme as a whole. A new Slips and Trips Programme Manager has just been appointed.

The Construction Programme's key milestone for Q2, preparing the CDM Regulations, was successfully delivered and HSC agreed package on 17 October. Importantly, the release of the Fatal Accident Statistics in August demonstrated significant improvements in the number and rate of incidents in the industry – both were the lowest on record. Progress in partnership working, delivering skills and training and SME engagement is designed to maintain these trends.

The Disease Reduction Programme has moved to 'Green' delivery status. Significant reasons for this include a major reduction in the incident rate for vehicle spray painters, the successful launch of the Asbestos campaign (with positive early feedback), good progress on the Skin project, a second meeting of the Partnership Board with considerable positive progress having been made, and increasing good working links with delivery partners. Risks to the maintenance of 'Green' status focus around the need for adequate funding for long-term Cancer work, and the need to replace Communication expertise lost in Q2.

Public Services, Stress, Musculoskeletal Disorder and Days Lost Programmes have been brought together under the new Health and Work Division, achieving a more coherent approach, as well as providing opportunities for business efficiencies.

Public Services are progressing well against planned activities with positive early feedback from stakeholder engagement, and the reestablishment of the Ministerial Task Force – though disappointing figures on Civil Service absence rates (due to a change in the calculation method) have been a frustration. Stakeholder engagement and FOD/LA briefing for the Better

Backs Campaign was on target – with excellent feedback - and the continuing rollout and follow-up to the Stress Management Workshop for senior HR Managers is being positively received – although there still difficulties in getting the right delegates to attend. Workplace Health Connect is realising benefits of earlier fine-tuning, and although still below their target number of calls, the more important measure of visit referrals has far exceeded targets.

FOD projected delivery is well in excess of plan for Falls From Height and Workplace Transport, and on target for other Programmes with the exception of Stress and Public Services, where the limitations of work recording and COIN are felt more keenly. The Falls campaign resulted in a surge of activity in early summer, but the extra Workplace Transport work reflects the continuing difficulties in achieving accurate targeting. Increasingly close links have been made in planning the 2007-8 Portfolio, and it is very encouraging to note the continued prioritisation FOD give to resourcing and supporting Fit3.

Communications spend for 2006-7 is as planned, and allocated budgets for 2007-8 projects/activity have been agreed with Programmes (subject of course to resource availability). A major negative impact has been the loss of Communications Managers across Programmes, impacting on campaign work and budgetary controls. A training package to improve communications skills amongst HSE employees will begin shortly, and will go some way to mitigating these problems – although we cannot expect these new posts to take on the work of experienced professionals immediately.

Engagement with Local Authorities has stepped up in Q2, with the help of LAU colleagues. Joint working events have been held, and increasing involvement with HELA and LACORS is designed to further improve our joint working efforts.

At the Fit3 strategic level, progress has been made on developing the 2007-8 Portfolio; improving performance reporting; better synergy with delivery partners; post-PSA planning; and facilitating improved cross-Programme working. Benefits from these will be reaped over future Quarters, including organisational value following the PSA period.

My overall assessment of the ability of the programme to deliver the targets remains as amber/green. We are seeing positive impacts of our interventions in most of our target audiences; however this is not yet true across the board. Additionally, we are still lacking robust evidence to validate our intervention modelling assumptions. However, the major challenge for us is the limited resource climate, which threatens future work – particularly key areas of raising public awareness, and adequate support and briefing for delivery partners.

Delivery highlights this quarter include:

- Projects with Royal Mail, the Food industry, and the Waste and Recycling industry continue to show real benefits
- MGS2 preparations completed to target
- CDM Regulations to CONIAC
- Tessa Jowell, the Olympics Minister, signed up to the 2012 Construction Commitments'
- Major Asbestos campaign launched, positive feedback already received on content
- The DRP Partnership Board, comprising external stakeholders, has received encouraging feedback from members
- The network based on the MTF has been re-established, with political support from Lord Hunt and DCLG ministers
- The 'Healthy Workplace Solutions' high-level events and early workshops have been delivered – initial feedback is positive
- Better Backs campaign and publicity on track, and target number of stakeholder engagement achieved

Enabling and planning highlights this quarter include:

- Disease Reduction Programme is now at 'Green' delivery status
- Development of an audience-based Portfolio, which will enable us and our delivery partners to plan interventions better
- Partnership events held with LA delivery partners
- Endorsement of 2007-8 Portfolio by Local Authorities, via HELA and LACORS Policy Forum
- Indicative communications resource has been allocated to Programmes for 2007/8

B/06/096 - Annex A

- Successful restructuring of the new Health and Work Division
- Positive indicative outcome trend for Falls From Height, Workplace Transport and Construction Programmes
- Continuing FOD commitment to prioritising Fit3 work

Lowlights this quarter include:

- Resource pressures have limited our planning of the 2007-8 Portfolio
- The loss of Communications Managers limits our delivery expertise
- Limitations to FOD and Local Authority management and reporting information – difficult to interpret scale of contribution or achievement
- Slips and Trips indicative statistics cast a doubt on the achievability of the Injuries Reduction Programme
- Disappointing figures for Civil Service sickness absence

3. Trajectory against performance indicators

The Performance Reporting Dashboard for Fit3 and component Programmes will be available for Q3 2006, following completion of work on each of the component programme performance frameworks. See annexes for individual programme performance information.

4. Key Milestones

<i>A traffic light assessment of delivery of planned activities and milestones. Comments on reasons for red or amber/red assessments and actions to regain lost ground</i>	Status (last Qtr)	Status (this Qtr)
Fit3 2007-8 Portfolio developed and agreed	Green	Green
3/7 Event held with Local Authority delivery partners to develop and strengthen the partnership	Green	Green
Portfolio management software (Change Director) Proof of Concept – tested and complete	Green	Green
2007-8 Portfolio agreed by Programme Board (including FOD, Local Authority & Communications delivery partners)	Green	Green
<i>As above but for the six months following the date of the report</i>		
2007-8 FOD & Communications resource allocated (Q3)		Amber/ Green
2007-8 Local Authority resource allocated (Q4)		Amber/ Green
2007-8 Audience-based Portfolio/Delivery Strategy agreed with delivery partners (Q3)		Amber/ Green
Detailed delivery planning for 2007-8 (Q4)		Green
Dashboard Reporting – suite of performance indicators agreed for Fit3 and component Programmes (Q3)		Green
Fit3 Benefits Plan developed (Q3)	Green	Amber/ Green
HSC, HSE Board, HELA, LGP and LACORS Papers (to endorse 2007-8 Portfolio) (Q3)		Green
External communication of Programme achievement/progress towards PSA targets as reflected in Annual Statistics		Green
Evaluation plan agreed and resourced (Q3)		Green
Communications expertise developed amongst existing HSE staff (by Q4)		Amber/ Green
Partnership Workshop with Local Authority Partnership Teams		Amber/ Green
Partnership Conference – opportunity to influence elected members (Q3)		Amber/ Green
Formalise arrangements with CoSAS Programme Support Staff		Amber/ Green

5. Key Risks (updated 16 October 2006)

B/06/096 - Annex A

	Description:	L	I	Action taken since last report to manage risk / change status	Status (last Q)	Status (this Q)
1.	The mix of projects is wrong due to not enough evidence to know that the project will work (what they can reasonably deliver)	M	H	Prioritised extramural research bid for Fit3 agreed, with the understanding that not all proposals will be accepted. Exploring ways of getting more informal evaluation evidence.	Red	Red
2.	The mix of projects is wrong due to inadequate performance information to allow effective programme management and 'running adjustments'	M	M	Dashboard reporting is developing and will be in place for Q3.	Amber	Amber
3.	The mix of projects is wrong due to insufficient resources being secured to ensure the right project/intervention mix	H	H	In-house training of new Communications Managers. Continuing commitment from FOD secured.	Red	Red
4.	The delivery agent (LAs) fails due to not having the right skills, or not being committed to or understanding their contribution	M	H	Commitment by LA Partnership Managers to contribute to briefing and support - if materials provided.		Red
5.	Beyond Fit3 - what is to happen after Fit3 to ensure benefits are maintained and to avoid loss of staff from critical projects because of uncertainty about their future role?	M	M	A Fit3 Benefits Plan will be developed during Q3, which will complement Dashboard Reporting but also give a wider picture of value added.	Red	Amber

Note that some risks to delivery are likely to remain red throughout the life of the programme because the impact if realised is high. Mitigating measures are applied to control and reduce the risk, but often these are sufficient only to reduce the likelihood to a medium level. For example, prioritising work can only mitigate resource constraints – they cannot be overcome altogether. A medium-high combination of likelihood and impact results in a high overall risk.

Some of the changes from Red to Amber result from the change to the risk matrix used corporately by HSE.

Impact

High	PSA target(s) missed Serious damage to relationships with key stakeholders Negative & high profile publicity leading to loss of public confidence in HSE Serious loss of business efficiency Major civil claims against HSE may be made
Medium	Culpable breaches of our legal and regulatory obligations occur Relationships with some stakeholders adversely affected Negative publicity leads to PQs, and negative public / employer comment Some loss of business efficiency
Low	Some negative publicity, though short-lived Loss of some resource but limited value and not enough to undermine delivery of Strategy

6. Resources

Overall position:

Resource Expenditure:	Allocation for Year 2006/07	Actual to 30 Sept 2006	Commentary

B/06/096 - Annex A

Staffing T&S T&C	£11,257,782 £757,524 £194,957	£5,854,307 £464,825 £97,623	T&S and T&C costs have been reduced in comparison to Q1, and if Q2 spend is repeated Fit3 should be able to stay within budget. Savings on staffing costs will take longer to filter through, and it is worth noting our staffing allocation for Q2 is close to £1m less than Q1.
Communications spend	£6,268k (revised fig less £1.5 million TV spend)	£2,232,315 spent £3,169,351 committed	Communications spend for 2006-7 should be within budget, although there are several issues that are being addressed.
S&T	£6,932,000 committed	£2,978,100	We are tightening up our commissioning protocols, to ensure efficient use of research funding.

Major Hazards Strategic Programme Performance Report for Qtr 2, 2006/07

1. Overall status			
Strategic Programme Target	Narrative description of target	Current status ♣	Traffic light showing the likelihood of delivering the target
Nuclear	Number of events which are judged to have the potential to challenge a nuclear safety system to end Qtr 2 is 37 (Qtr 2 target 34)	Amber/ Green	Amber/Green
Onshore	Number of Dangerous Occurrences at COMAH sites to end 2nd Qtr is 77 (2nd Qtr Target 80) <i>NB This figure is provisional until full validation is completed</i>	Green	Amber/Green
Offshore	Total number of major and significant hydrocarbon releases to end 2nd Qtr is 35 (2nd Qtr Target 34)	Green	Amber/Green

♣ Status can be:

Green:	Good – requires refinement and systematic implementation.
Amber/Green:	Mixed – aspect(s) require substantial attention, some good.
Amber/Red:	Problematic – requires substantial attention, some aspects need urgent attention.
Red:	Highly problematic – requires urgent and decisive action.

2. Strategic Programme Director's Assessment (including any decisions required)

The mid-year figures on progress towards our PSA targets present a mixed picture; nuclear and offshore are slightly above the mid-year target whereas onshore/chemicals are below. As a result of this and the demands on resources set out below, overall confidence that we will continue to meet our targets is rated at **Amber/Green**

Demands on resources continue and pressure will increase with the introduction of nuclear new build, the MoD investment programme, NDA related work and the continuation of the Buncefield investigation with its subsequent follow-up. While this pressure is not expected to have a significant impact on delivery of PSA targets in the short term, inevitably our ability to maintain and improve controls of major hazards risks overall is correspondingly reduced and increases the chance of major hazard incidents occurring in the long term. These demands are exacerbated by our significant loss of experienced staff in the offshore sector, and are reflected in our assessment of risks.

The upturn in precursor events in the **nuclear** industry can be attributed to emerging issues with operating reactors, ageing plant degradation and safety management issues for chemical plant. The £500,000 fine and £68,000 costs imposed on British Nuclear Group, Sellafield following enforcement action in connection with the leakage of radioactive liquor at the THORP reprocessing plant will help to reinforce the importance of the high safety standards message to nuclear licensees

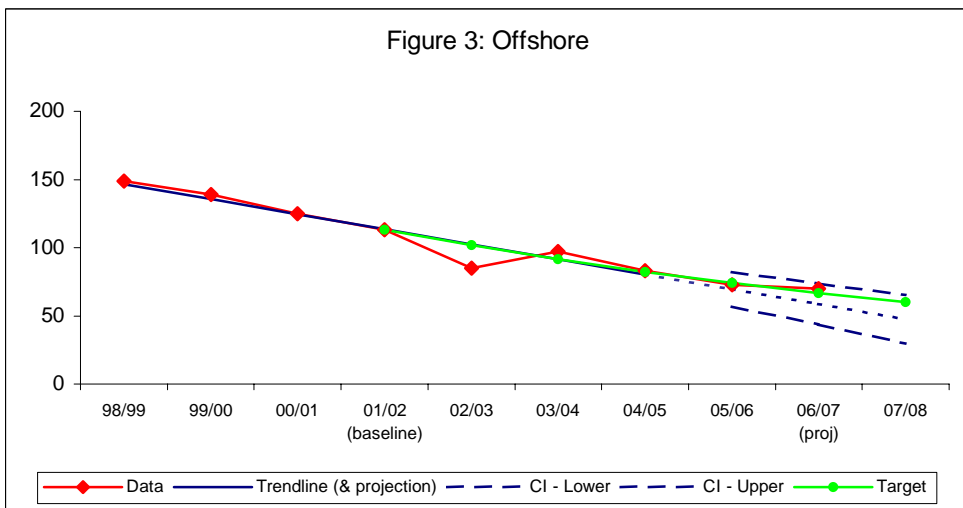
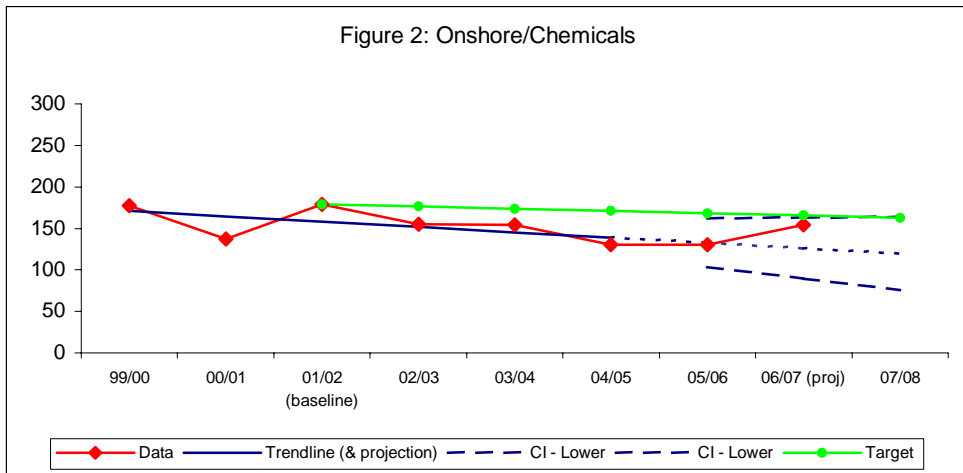
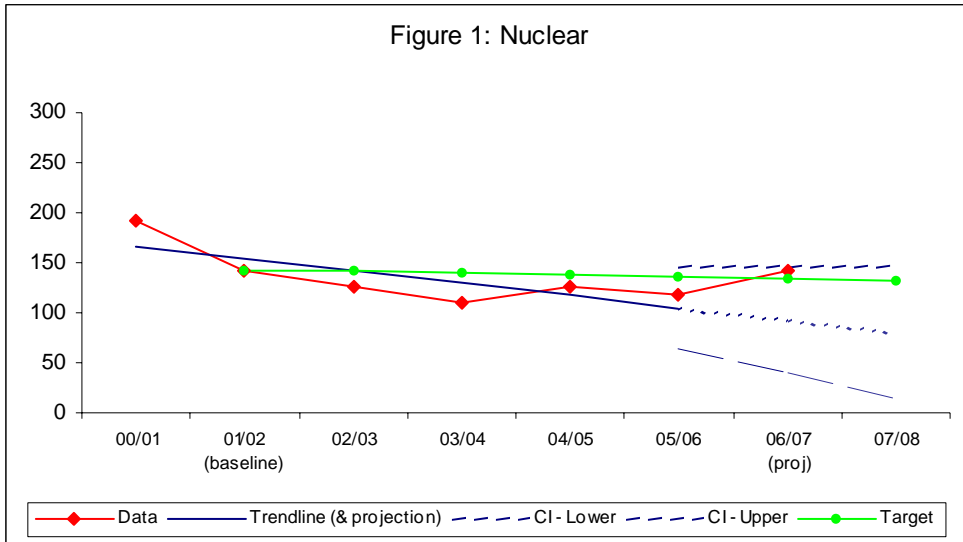
Last quarter, the indicator for **onshore/chemicals** reported a surprisingly low outturn, well below the predicted target (16 v 40). The investigation by HID has identified problems with the way some of the relevant Dangerous Occurrences have been inputted onto COIN. The initial investigations are showing this to be a procedural rather than a system problem and a provisional outturn figure of 77 has been reported; work is still in progress to validate this figure.

The findings of a Fatal Accident Inquiry (FAI) into the deaths of two offshore workers on the Shell Brent Bravo installation have been released. The report endorsed HSE's investigation and did not reveal any new issues. Despite the findings of the FAI, the offshore unions subsequently raised questions about HSE's regulation of the offshore industry and our relationship to Shell in particular. This led to significant media interest in Scotland and culminated in HSE senior managers meeting both the unions and senior management of Shell. HSE have devised a revised operational intervention plan for Shell offshore

installations and Shell have identified four key areas they will be targeting. Progress on both will be monitored over the next 6 months.

The indicator for **offshore** shows that the target was not quite achieved (35 v34). However the under achievement is not considered to be significant given the low figures involved. The programme of work aimed at reducing releases is to continue as planned. The steadily increasing trend in minor hydrocarbon (non-PSA) release rates has shown a reversal over the past year and is now also showing an improvement.

3. Trajectory against performance indicators



4. Key Milestones			Status	
A traffic light assessment of delivery of planned activities and milestones over the <u>last 6 months</u> .			Last Q	This Q
	Number of safety cases processed to relevant standards and timescale continue at a high level of performance (Nuclear = 100 %, Onshore = 100%, Offshore + 100%)			Green
Nuclear:				
A draft suite of performance metrics has been identified as a basis for managing NSD's business. Preliminary data has been received and an initial review suggests that it may only provide limited information. Work is ongoing to develop a set of licensee safety performance indicators (SPIs) across the sector			Green	Green
NSD is reviewing the potential impact on NSD of internal and external challenges to its operating environment. An initial report is planned for Q3.			Green	Green
NSD will produce a report in Q3 on its THORP incident investigation findings			Green	Green
Onshore/Chemicals:				
A partnership programme to develop SPIs with key representative organisations is being implemented across the onshore sector; there is a positive 'take up' by companies. Work is also progressing with a number of major hazard business segments e.g. chlorine industry, pharmaceuticals, and tank storage, to design agreements in which SPIs will form a component part.			Amber	Green
Onshore/Specialised:				
Compliance against the new Manufacture and Storage of Explosives Regulations through planned interventions and investigations continues to be checked. Assessment of COMAH new entrant safety reports to revised Safety Report Assessment Manual timetable. Transition to new default classifications for fireworks for transport in progress. Delivery of updated competence frame work to new explosives inspectors			Green	Green
Offshore:				
The UKOOA/HSE Industry Integrity Workgroup (IIWG) is awaiting the nomination of a senior manager from the UKOOA Step Change Leadership Team as chairman before starting up again. Corrosion has been identified as a major issue for asset integrity over the foreseeable future. An HSE/industry sub group has been set up in advance to address the issue.			Green	Amber

5. Key Risks					
Description:	L	I	Action taken since last report to manage risk / change status	Status	
				Last Q	This Q
Programme Risk 1: Lack of Industry Commitment:					
Lack of industry commitment leads to uncertainty and negative influences on PSA delivery	M	M	Nuclear: NSD is working to resolve confusion in the mind of licensee's concerning the role of the Nuclear Decommissioning Agency (NDA). British Energy and BNG Sellafield continue to be pressed for a programme of work to rectify weaknesses identified in the safety reviews they submitted. Onshore Chemicals: The benchmark guide on process safety indicators is being actively promoted within the Chemicals sector. Offshore: Difficulties	Amber	Amber

B/06/096 - Annex A

			in recruitment to HSE/Industry working group on corrosion is set to ease following industry's commitment to appoint a senior manager as chairman.		
Programme Risk 2: Current measures make it difficult to track progress and could be misleading in terms of risk control:					
Lack of confidence in the precursor measures because the supporting evidence for each precursor is not available or they do not reflect risk, undermines their validity as PSA targets.	M	M	Nuclear: Validation trials of the revised performance metric is underway with a view to gaining greater confidence in industry precursor event analysis by April 2007. Onshore: Explicit demonstration of how operators measure major hazard performance is now a required element of statutory (COMAH) safety reports. Cross cutting project to identify new performance indicators (SPIs) initiated and a community of interest on SPI has been established.	Amber	Amber
Programme Risk 3: Resources:					
Programme has insufficient resources within individual D/D's which affects ability to perform MHSP obligations	H	H	Nuclear: NSD continue to have difficulty in achieving cadre; a revised benefits package is being discussed and opportunities are being sought to recruit internally. Onshore: Buncefield and follow-up work has absorbed significant resource and has impacted on our capability to intervene elsewhere. Work not directly targeted at PSA targets is being sacrificed in the short-term and arrangements for staff to be released from the investigation as early as possible have been made. Offshore: We continue to lose experienced staff in this sector and this is impacting on our asset integrity inspection programme in this sector. External recruit campaign continues and further upskilling of new staff has been introduced. Industry demand for expertise is exacerbating pressure on resource. Budget reallocation will result in pressure but at present it is not clear what that impact will be.	Amber	Red
Programme Risk 4: Changing Operating Environment:					
Changing operating environment impacts on ability to deliver against PSAs	M	M	Nuclear: The impact of NDA's strategy on industry is being monitored but potential presents both the long-term and short-term consequences for NSD. The major investment by MoD and the implications for any nuclear new build is predicted to further stretch NSD's resources. The increasing impact of ageing plant on PSA results has been noted and intervention strategies have been put into place. Offshore: Pressure due to increased activity offshore has stabilised. However industry in the UK is losing experienced staff as new drilling	Amber	Amber

B/06/096 - Annex A

			rigs are being deployed elsewhere in the world and drawing away limited expertise.		
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L=Residual Likelihood and I = Current Impact: Likelihood **and** Impact **can be rated low/medium/high.**

Impact

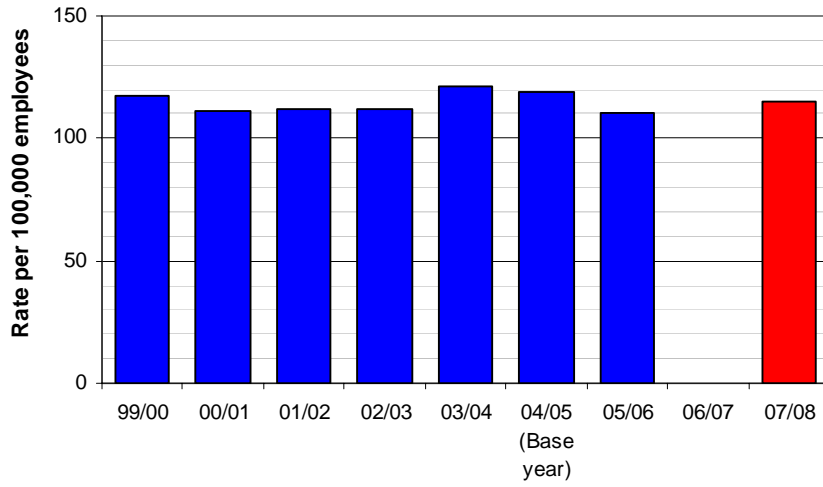
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6. Actions Report for Red risks

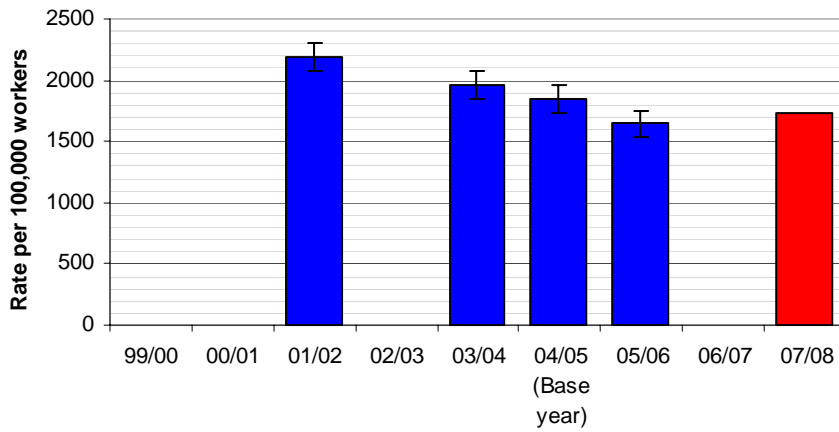
Issue	What is happening	Action	By whom?	By when?
Programme Risk 3	New Employment Package being developed for Nuclear Inspectors.	Planned implementation during 2006 (CEO in discussion with Treasury). Need to develop contingency if the resource gap is not plugged	NSD Director	End 2006
	NSD is reviewing the potential impact on NSD of internal and external challenges to its operating environment	An initial report reviewing challenges to NSD.	NSD Director	Q3 2006
	Integrated Regulatory Review Service (IRRS) review of NSD's capacity to service potential new build.	Action Plan to progress IRRS recommendations is being implemented.	NSD Director	Q4 2008
	Internal recruitment being pursued, and external recruitment under consideration	Advert for internal candidates produced and review to be undertaken following current campaign	HID Director	Q4 2006

**PSA 5: Conventional Health and Safety Indicators
(inc. newly published data for 2005/06)**

Incidence rate of fatal and major injuries



Incidence rate of work-related ill health



Working days lost per worker

