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HEALTH AND SAFETY COMMISSION

CORPORATE GOVERNANCE

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Issue

1. To give the Commission an overview of reviews in progress or recently completed with relevance to HSC/E's corporate governance.

Timing

2. Routine

Recommendation

3. The Commission is invited to note the strands that are likely to affect the future structure and work of HSC/E.

Background

4. The Commission is being updated on progress on the Hampton review. Other reviews with the potential to impact on the work and structures of HSC & HSE are at varying stages of progress.

Argument

5. Annex A gives information on the various reviews with - where possible - website addresses for further details and copies of reports. Some reviews have been completed and HSE action is well in hand. In others, further work on impact will be carried out.
6. The review with potentially the most significant impact is the **Hampton** review, looking at the interactions between business and regulators. Publication of the interim report is

imminent. A separate MISC paper will shortly be circulated and an oral update will be provided at the December meeting.

7. The **Lynton Barker** report 'Enhancing the Effectiveness of Independent Boards in executive Non-Departmental Public Bodies' has just been published by the Treasury. Its remit is independent boards of NDPBs, which typically comprise members not having executive responsibilities. The report contains an assessment framework based on essential components of performance, and describes key elements of good practice. It has a potential impact on how HSC operates, and relationships with DWP and HSE.
8. The Likierman review of corporate governance in central departments led to a draft code of good practice. Consultation on this has just finished and after consideration by the Civil Service Management Board it will be put to Ministers early in 2005. Whilst the main focus will be for DWP initially, it has the potential to affect DWP / HSC/E relationships.
9. The Gershon review of public sector efficiency was aimed at releasing resources to the front line focussing on main government departments. HSE is pursuing an efficiency programme in line with the spirit of the report, and the Board has set an efficiency target of £50m over the period 2005/6 – 2007/8. The Lyons study looked at the scope for relocating public sector activities from London and the South East. HSE has already announced plans to relocate a significant proportion of non-operational Rose Court posts to Bootle.
10. A Treasury-led review of the effectiveness of departmental financial management arrangements will lead to an iterative dialogue between departments and HMT. It is intended to be the start of a continuous improvement process and whilst this will be initially for DWP, HSE will use it to assess its own financial management effectiveness.
11. Following the July 2004 HSE Board event, changes to HSE's Board and organisational structure were announced in September 2004. These changes, planned to be completed by the end of December 2004, aim to improve HSE's ability to progress towards PSA targets. They also simplify HSE governance structures.
12. A study by Sir Alan Langlands of CIPFA aims to recommend principles for a code of good governance, and proposals as to how the public sector is encouraged to adopt them. As the main focus is on local public sector and voluntary organisations, it is expected to have little impact on HSC/E.
13. A review of the measurement of UK government output and productivity led by Sir Tony Atkinson is expected to finally report in January 2005. Although DWP feature in the report, this is in the context of benefit/pension handling, it is unlikely to have much direct impact on HSC/E.

Consultation

14. None.

Presentation

15. None.

Costs and Benefits

16. N/a.

Financial/Resource Implications for HSE

17. Impossible to quantify at this stage with many of the reviews yet to finally report.

Environmental Implications

18. N/a.

Other Implications

19. The Hampton review could potentially affect the enforcement activities of LA's.

Action

20. The Commission is invited to note the number and range of reviews which have the potential to affect the future work and structure of HSC/E.

Misc/04/31

Current Reviews with relevance to Governance

Review	Scope	Conclusions / Timing	HSC/E Involvement / Potential Impact
Hampton	Interaction between business and regulators, from form-filling to enforcement action, through inspection and licensing.	Plans to report at the time of Budget 2005.	HSE had several meetings with Hampton. Potentially major impact, although early signs are that Hampton regards HSE as exemplar in some areas. But risks remain re role / structure of HSE.
http://www.hm-treasury.gov.uk/consultations_and_legislation/hampton/consult_hampton_index.cfm			
Lynton Barker	Enhancing the effectiveness, performance and relationships of NDPB Boards.	Final report published November 2004, setting out framework for review of effectiveness of executive NDPB's.	Potential impact - DWP may carry out review of HSC/E arrangements.
http://www.hm-treasury.gov.uk/documents/public_spending_and_services/public_services_productivity_panel/Building_effective_boards.cfm			
Likierman	Review of corporate governance in central government departments.	Conclusions brought together and developed into a Central Government Code of Good Practice on Corporate Governance. Consultation exercise with Departments ended 24 November; aim is to put proposals to Ministers early in 2005. Also taking forward other strands, i.e. Departments' relationships with their NDPB's.	HSE has input views at a dedicated Likierman-led seminar (for small departments/NDPB's), at which the Head of PEFD attended. Potential impact but main focus for DWP initially.
(Copies of draft consultation not yet on HM Treasury (HMT) website)			
Gershon	Review of Public Sector Efficiency, aimed at releasing resources to the front line.	Reported July 2004.	Primarily focused on main departments. We are pursuing an Efficiency programme in line with spirit of Gershon.
http://www.hm-treasury.gov.uk/media/B2C/11/efficiency_review120704.pdf			
Lyons	Study scope for relocating public sector activities from London and the South East.	Final report published 15 March 2004 and Government response published in 2004 Spending Review White Paper.	We have already announced plans to re-locate c20% of non-operational Rose Court posts to Bootle and are fully compliant with spirit of Lyons.
http://www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm			
Departmental Financial Management Review	HM Treasury review of financial management (FM) effectiveness - set out in SR2004 and conducted department-by-department.	Individual departmental reviews will identify generalised issues which will lead to an iterative dialogue between departments and HMT. Reviews intended to be the first stage of a continuous improvement process.	Initially for DWP but useful for HSE to use as checklist to ensure FM effectiveness.
(Copies of review not yet on HMT website)			

Internal HSE review following July 2004 Board event	Board assessment of HSE governance.	Changes announced September 2004, taking effect by end December 2004.	Impact on governance of Strategic Programmes and some corporate Boards.
http://intranet/managinghse/strategyDELIVERY/dg-240904.htm (link to HSE Intranet site only)			
Study by Sir Alan Langlands (set up by CIPFA)	Independent Commission on Good Governance in Public Services, chaired by Sir Alan Langlands.	Published set of common principles Sept 2004. Consultation closed 29 Oct 2004. The Commission aims (by end 2004) to recommend principles for a code of good governance and proposals for how public sector should be encouraged to adopt and enforce them. Should be similar to the 'Combined Code' in private sector.	Limited impact if at all. Primary locus seems to be local public sector & voluntary organisations.
http://www.opm.co.uk/ICGGPS/			
Atkinson Review	Review of measurement of UK government output and productivity, led by Sir Tony Atkinson (Nuffield College, Oxford).	Interim report July 2004, further consultation with final review report due to be published January 2005.	Comprehensive report but probably limited direct impact on HSE. DWP feature in the report, but in context of benefit/pension claim handling.
http://www.statistics.gov.uk/about/methodology_by_theme/atkinson/			