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HEALTH AND SAFETY COMMISSION

Delivering the PSA: Summary Performance Report for Quarter 3 (2006/07)

A paper by Strategic Planning Unit

Agreed by Vivienne Dews on 26th January 2007

Issue

1. The Strategic Programmes' performance against the Public Service Agreement (PSA) targets during the third quarter (Q3) of 2006/07.

Timing

2. Routine.

Recommendation

3. The Commission:
 - Discusses the Strategic Programmes' performance (see Annex A); and
 - Indicates whether it is happy for Strategic Planning Unit (SPU) to submit the summary report to the Minister.

Background

4. SPU prepares a quarterly summary report of the Strategic Programmes' performance, which we submit to the HSE Board, HSC, and the Minister.
5. Due to the relative timings of November's Board and HSC meetings, you will discuss this report before the Board. It is possible that the Board's discussion on 7th February will result in some changes to the PSA submission. We hope it will be acceptable to clear any such changes with the Chair, before we submit this report to the Minister.

Argument

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

Consultation

7. Colleagues from across HSE have provided the information in Annex A. HSE Board members have agreed the content.

Financial/Resource Implications for HSE

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

Action

9. SPU will make any amendments to the ministerial submission that HSC and the HSE Board requests, before submitting it to the Minister. The submission is likely to be

discussed at the next meeting between Lord McKenzie, the HSC Chair and senior HSE managers.

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Delivering PSA 5: Summary Performance Report for Quarter 3 (2006/07)

Summary: This submission reports on delivery of the work-related health and safety Public Service Agreement (PSA 5) during the third quarter of 2006/07. The programme to deliver the **occupational health and safety** targets is proceeding largely to plan, with some notable successes, but also some areas of concern (particularly our ability to deliver the injuries target). The **Major Hazards** Strategic Programme remains broadly on track to deliver its targets, although the offshore indicator continues to move away from the target. There is some concern that emerging external pressures 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 overall status of PSA 5 remains **Amber/Green**.

Issue

1. HSC/E's quarter 3 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 PSA 5 and indicate any preferences you have for future reporting against the PSA.

Timing

3. Routine. You will have the opportunity to discuss the content of this submission and future arrangements for reporting progress against PSA 5 at your next 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 occupational health and safety outcomes and three on precursor incidents in key major hazard industries. Annex 1 contains further detail on these targets.
5. In 2004, HSE established a number of Strategic Programmes to deliver the PSA. Two Strategic Delivery Programmes (SDPs) - Fit for Work, Fit for life, Fit for tomorrow (Fit3) and Major Hazards – are tasked with delivering the PSA sub-targets. HSE also created four Strategic Enabling Programmes (or STEPs) to implement key elements of HSC's Strategy and support the SDPs. Each of the Strategic Programmes has a limited lifetime. The Local Authorities and HSE Working Together STEP has already concluded, having delivered its objectives successfully. The Worker Involvement and Business Involvement STEPs will close by the end of 2006/07.
6. This report follows a style and format that HSE agreed with HSC and your predecessor, and has used for the past couple of years. We would be grateful if you would indicate whether this meets your needs. If not, we would be happy to discuss options for different formats with you.

Where we are

7. 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 4	Q1	Q2	Q3
PSA 5 overall assessment	Amber/Green	Amber/Green	Amber/Green	Amber/Green
Occupational health & safety	Amber/Green	Amber/Green	Amber/Green	Amber/Green
3% reduction in injuries	Amber/Green	Amber/Green	Amber/Green	Amber/Green
6% reduction in ill health	Amber/Green	Amber/Green	Green	Green
9% reduction in days lost	Amber/Green	Amber/Green	Amber/Green	Amber/Green
Major Hazards	Green	Amber/Green	Amber/Green	Amber/Green
Nuclear	Green	Green	Amber/Green	Amber/Green
Onshore	Green	Amber/Green	Amber/Green	Green
Offshore	Green	Amber/Green	Amber/Green	Amber/Green
Strategic Enabling Programmes				
LAs and HSE Working Together	Green	Green	Green	Closed
Enforcement	Amber/Green	Amber/Green	Amber/Green	Amber/Green
Business Involvement	Green	Green	Green	Green
Worker Involvement	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.

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

Overview

9. 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. on the Workplace Health Connect (WHC) pathfinders and publicity campaigns). But it was always clear that we would have to scale back in the remaining two years of SR2004. This has been more difficult than expected, but HSE has succeeded in bringing 06/07 finances under control by using uncommitted expenditure from projects, cancelling plans for a sixth WHC pathfinders and reducing the size of the organisation (through natural wastage and a limited early retirement scheme). The success of these actions has positioned HSE to manage next year's reductions more comfortably, but strict financial controls and downward pressure on staffing will continue.
10. We have had some discussions with DWP about HSC/E's allocation for the SR2007 period, and the prospect that this might not be settled until well into 2007/08. The HSC Chair has written to the Secretary of State, setting out the difficulties that an annual 5% real terms cut would cause. HSE recovers the full cost of much of its major hazards work and has a legal duty to enforce the law, so the weight of any budget reductions would fall on work to improve occupational health and safety outcomes. Following a meeting with the Secretary of State last December, HSE is now exploring the opportunities to supplement its funding through charging.
11. Last year, the HSE Board commissioned the Fundamental Review, which aimed 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 increasing efficiency, improving operational effectiveness and achieving better outcomes from HSE and LA interventions. It is based around three themes:
- Making best use of resources** (including development of a system to monitor and manage staff time and improving performance management);
 - Improving delivery** (including developing an approach for closer working with other regulators, and focusing our engagement with employers by industry sector and targeting risk);
 - 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 (together with efforts to modernise working methods, and improve how and where we work) 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

12. The Fit3 Strategic Delivery Programme is focused on delivering the occupational health and safety element of PSA 5, by reducing work-related injuries, ill health and the resulting working days lost. During Q3, Fit3 has continued to make good progress against its targets, as well as delivering wider health and safety benefits beyond the PSA. Its status overall remains **Amber/Green**, recognising the large quantities of 'good work' carried out within the programme, productive working relationships with Field Operations Directorate (FOD) and the local authorities (LAs), and effective stakeholder engagement.
13. HSC published the 2005/06 health and safety statistics during Q3. In terms of PSA 5, the statistics are good news, with all three occupational health and safety indicators showing movement in the right direction (see Annex 3 for further detail). However, the targets still represent a considerable challenge; particularly the rate of fatal and major injuries, which has fallen over the last two years but shows no clear trend over the last five years. Injury rates have continued to improve 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 the sheer size of the industry combined with rising major injury rates, results in large numbers of injuries.
14. Looking forward, in year monitoring and predictive tools also show some challenges; with an essentially flat line predicted for slips and trips and one or two specific industries showing potential upturns in injury numbers in the next two quarters. Although these figures are not validated, we have already put in place measures to mitigate the potential effect and prioritised work accordingly.
15. Fit3's partnership with local authority colleagues is vital to addressing these issues successfully, particularly in the services sector. During Q3, Fit3 has continued to engage well with the Local Authorities Coordinating Office on Regulatory Services (LACORS). We have been encouraged by the commitment that LAs have shown to HSE's priorities, such as the recent *Devon Slip Blitz* (involving 571 visits and effective use of local media) and *Bad Hand Day* (a campaign to raise hairdressers' awareness of dermatitis, which should result in 20,000 contacts, far exceeding expectations).
16. For Q3, Fit3's delivery highlights include:
 - a. Major steps to reinvigorate work on slips and trips, including plans for a significant increase in field resource devoted to this issue, better training for inspectors and a relaunch of the website;
 - b. Most output targets from the *Don't take a Gamble* publicity campaign on asbestos met or exceeded. Evidence on the effectiveness of the campaign will be reported in Q4.
 - c. Positive initial feedback from the *Better Backs* campaign, including widespread coverage in the press and on the radio, and a 99% increase in visits to the Musculoskeletal Disorders website.
 - d. Workplace Health Connect continues to exceed its target for visit referrals;
 - e. The draft *Construction Design and Management Regulations* have been finalised, agreed by HSC and remain on track for implementation by April 2007.
17. Challenges for Fit3 include:
 - a. HSC/E's current resource climate, which has created pressures across Fit3 (including inability to renew the contracts of much needed communications professionals). Fit3 has made some in-year adjustments and revised elements of next year's plan. HSE is now running training to build communications skills and expertise in house.
 - b. Current recording and reporting mechanisms for FOD and LAs make it difficult to link inputs to outcomes (a relationship that is already intrinsically difficult to define). This, in turn, limits Fit3's ability to manage its performance and make running adjustments. Some limited remedial measures have been identified for 2006/07, but this is an issue that touches all of HSE.

- c. Now into the second half of its life, defining what follows Fit3 has become increasingly important. There is a critical need to realise and sustain the benefits from work that Fit3 has initiated. The Strategic Programme Director will be working with colleagues across HSE to ensure this is built into plans for the next Spending Review period.

Major Hazards

A/G

18. The Major Hazards Strategic Delivery Programme focuses on HSE's work to regulate and assure safe management and control of those industries where catastrophic failures have the potential to cause significant harm. The three-quarter year figures on progress towards the major hazards PSA targets continue to present a mixed picture; resulting in an **Amber/Green** rating overall.
19. The Energy Review, the implications of nuclear new build and continuation of the Buncefield investigation all have the potential for significant impact on HSE's ability to stimulate PSA delivery and its capacity to influence the wider management of major hazard risks in the longer term. New nuclear and offshore personnel are starting to arrive during Q4 (some of which have moved from other parts of HSE), to mitigate the demands on already stretched staff and skills resources and the loss of experienced people to industry. HSE has approached Treasury for additional funds to improve the salary ranges in Nuclear Safety Directorate (NSD) to aid retention of staff and, in particular, recruitment to enable NSD to meet its existing and longer-term future demands.
20. During Q3, the **offshore** indicator has continued to fall behind target (an estimated outturn of 54 against a target of 51). Numbers at this level are vulnerable to statistical fluctuation, but current performance points to the 2006/07 target not being met.
21. The recent upsurge in offshore activity has exacerbated problems with a lack of competent and trained personnel in the industry; which is linked potentially to an increase in the number of incidents arising from poor control of work activities. Ageing of offshore plant and equipment and maintenance issues are also associated with this increase. Nonetheless, it is encouraging that the indicator continues to show a long-term downward trend.
22. HSE has worked with the offshore industry to refine and refocus its intervention strategy, and the industry's priorities. We continue efforts to reduce hydrocarbon releases, particularly through the ongoing inspection initiative on installation integrity, which we plan to extend into 07/08. HSE also plans to raise the profile of major accident risks with the industry as a whole, including establishing cross-industry groups on safety critical elements, integrity and corrosion.
23. The **nuclear** indicator is on track (an outturn of 97 against a target of 101), having been slightly above target at the mid-year stage. Ongoing safety issues with operating reactors continue to lead to very high levels of reactive work, which delays planned safety reviews and increases future risks to the nuclear PSA.
24. The prospect of nuclear new build, Nuclear Decommissioning Authority (NDA) related work¹ and MoD's investment programme continue to place demands on Nuclear Safety Directorate's (NSD's) resources. HSE has developed and implemented joint intervention strategies with the Defence Nuclear Safety Regulator to maximise the effectiveness of limited HSE resource, while delivering proportionate, targeted regulation. We are concerned about the recent introduction of extra constraints on NDA's budget for this financial year and the next, and the potential impact on the nuclear safety programme. NSD has started work urgently to assess the implications for nuclear safety, and any additional enforcement action that might be required.
25. The **onshore** indicator remains on track (an outturn of 112 against a target of 120). Investigating the Buncefield incident and following up the subsequent Safety Alert and Task Group recommendations (issued in February and October 2006 respectively) continue to place increasing demands on resources. While this is not expected to have a significant impact on the delivery of onshore targets in the short term, our ability to maintain and improve controls of major hazards risks on other sites is correspondingly reduced and will

¹ This includes licensing activities associated with restructuring of licensees who operate on NDA sites, development of integrated strategies for radioactive waste and spent fuel and monitoring of NDA activities

reduce our regulatory oversight of them. This will have limited impact as long as it does not continue in the long term. Hazardous Installations Directorate (HID) is arranging to release staff from the Buncefield investigation as soon as possible and has commissioned a review to look at resources available for administering and enforcing COMAH².

Enforcement

A/G

26. The Enforcement Strategic Enabling Programme is responsible for developing plans to improve HSE and LAs' formal enforcement activities so that they support delivery of the PSA. It is focused around three central workstreams, developing measures to:
 - a. Improve the efficiency and effectiveness of investigation and prosecution activities;
 - b. Align enforcement activity with Fit3's priorities; and
 - c. Communicate a consistent message on the role enforcement plays in underpinning delivery of HSE's goals to inspectors.
27. During Q3, the Enforcement Programme has continued to make good progress. Two of its workstreams (*efficiency & effectiveness* and *aligning enforcement to Fit3*) have now both moved to implementation. The *communications* workstream has been delayed by loss of expertise (through expiry of the external communication managers' contracts). As a result, the status of the Programme remains **Amber/Green**. A new communications manager has now taken up post with the Programme. A project has also started within FOD to evaluate the added benefits of adopting alternative business models for frontline delivery.
28. In-year data on enforcement activity indicates an upturn compared to last year, with notices served and informations approved being similar to the harder comparator of 2004/05 levels. HSE recently conducted a Regulatory Decision Making Audit, which found some areas of underperformance against HSC's Enforcement Policy Statement. This was reflected by the enforcement statistics for 2005/06 (published last November), which showed a continuation of the downward trend in enforcement activities of the recent past.

Business Involvement

G

29. The Business Involvement Strategic Enabling Programme works to promote the business benefits of well-managed health and safety as an integral part of effective business management. The programme's work is progressing well and its status remains **Green**. Focus continues on the priority workstreams:
 - a. *The Large Organisations Partnership Pilot (LOPP)* is designed to improve HSE's engagement with large organisations (through a single 'account manager'), encourage better management of health and safety, and create a forum for sharing best practice. An example of this is the 'return to work and rehabilitation' event that *AstraZeneca* is organising in conjunction with HSE for all LOPP organisations.
 - b. *Directors' responsibilities* – The first two meetings of the Institute of Directors led steering group have now taken place, to develop new guidance for directors on their health and safety responsibilities. On track to publish by the second quarter of 2007/08.
 - c. *Small and Medium sized Enterprise (SME) indicator* - Since the start of 2005/06, 6550 businesses have completed the self-assessment questionnaire against a target of 5125. Uptake is linked to the level of awareness of external stakeholders in small businesses.
 - d. *Corporate Health and Safety Performance Indicator* – CHaSPI is slightly below target - 83 organisations have completed (against a target of 87.5), of which 52 have gone public with their results. Uptake is linked to the level of awareness of external stakeholders in large businesses.

Worker Involvement

G

30. The Worker Involvement Strategic Enabling Programme is designed to secure more and better worker involvement in management of health and safety risks, by raising awareness, influencing attitudes and changing behaviours. During Q3, the programme has maintained good performance, with the result that its status remains **Green**. The programme's productive working relationship with Fit3 has continued, notably:
 - a. The programme's contribution to *Better Backs* was a success, resulting in worker involvement becoming one of the campaign's key themes and improved engagement

² The Control of Major Accident Hazards Regulations 1999

with trade unions;

- b. The programme has produced a topic inspection pack for HSE/LA visiting staff. This provides guidance on worker involvement and suggests a process for encouraging employers and workers to engage in consultation.
31. The programme team will present a full report to HSC in March, detailing the results of the recent worker involvement consultation exercise, HSE's worker involvement achievements to date and the proposed approach to current and future work on worker involvement.
 32. The HSE Board has agreed to the Worker Involvement and Business Involvement Programme Boards' decisions to close the programmes by the end of 2006/07. Both teams will continue to champion within HSE the benefits of worker involvement and provide a focus for business customer needs, including those of SMEs. As a result of their move to 'business as usual' working, these areas of work will no longer be covered in any depth in these PSA performance reports.

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:

i. *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.

ii. *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>).

Progress towards Fit3 PSA targets:		
By 2007/08 we need to deliver against a baseline of 2004/05:		
A/G	Injury	3% reduction in the incidence rate of cases of work-related injury
G	Ill health	6% reduction in the incidence rate of cases of work-related ill health
A/G	Days lost	9% reduction in number of days lost to work-related injury and ill health

Fit3 Quarterly Report: Q3 2006/07

Overall Status	
A/G	Good requires refinement and systematic implementation

IRP	DRP	H&W	CD
A/G	G	A/G	G

Delivery Highlights

Very positive Annual Statistics for 2005/6

- IRP – Reduction of 6.6%
- DRP – Skin down 2.5%, Asthma also down
- H&W – positive downward trend, on target
- CD – Fatalities down 14%, injuries down 5.1%

Continued support from FOD to delivery priority areas, and to plan 2007/8 interventions

Continued engagement from Communications Directorate to deliver 2006/7 activity and plan 2007/8 campaigns

Continued good engagement with LACORS and LA partners

Major steps taken to reinvigorate Slips Programme

High uptake of Product Safety website

LA involvement in 'Bad Hand Day' above expectation

Positive early indications from 'Don't take a Gamble'

Control of Asbestos Regulations to Parliament

Better Backs campaign – positive initial feedback

WHC still above target for referrals

CDM Regulations finalised and passed through HSC

We are now in the second half of the PSA Programme, and consequently well into delivery. Earlier detailed and intensive planning is now bearing fruit.

Q3 saw the publication of some very positive annual statistics. Although there were pockets of lower achievement, generally the results demonstrate the good work Fit3 Programmes have been doing. Although it is difficult to link our activity directly to outcomes, we are convinced that we are a significant driver for positive change – based in part on our detailed ILM planning, and the lessons we have learnt so far.

I am, however, far from complacent and one concern arises from our in-year and forward trend injury monitoring for our Injury Reduction Programme, which shows potential upturn in specific areas. Although these in-year tools are not validated, they are a good general indicator of trend. Mitigating and contingent measures have been, or are being, put in place to counter this apparent upturn.

Once again, we can report good engagement with FOD and LA delivery partners. There is a concern regarding our ability to monitor interventions. This is a reflection of constraints in the recording and reporting mechanisms, and certainly not in any way a criticism of the good work being done. The systems simply do not allow us to link inputs to outcomes. Some limited remedial measures have been identified for 2006/7, but it is an issue that touches all of HSE; we need to be able to track links between inputs, outputs and outcomes to justify our activity and future funding, as well as sustaining the LA partnership.

Looking forward, planning for 2007/8 is well advanced, despite the fact that the resource climate has required some re-planning of 2007/8 work as well as 2006/7 adjustments. We are also aware that the Fine Tuning Project may result in further adjustments to plans close to the start of the new operational year.

An increasingly important area of focus is to define what follows Fit3. There is a critical need to properly realise the benefits of all the good work Fit3 Programmes have initiated, and achieve a sustainable position. I will be working with colleagues across Fit3 and the wider organisation to ensure this is built into plans for the next PSA period.

Risk & Resource Status

Overall Resource position:			
Resource Expenditure:	Budget (2006/07)	Actual YTD	Commentary
Staffing (to Nov 2006)	£11,257k	£7,721k	Staffing costs are coming down as a result of my affordability plan, although the reductions I have been asked to take are a significant challenge and a potential risk to delivery
T&S (to Nov 2006)	£757k	£591k	Measures are in place to control a small projected overspend
T&C (to Nov 2006)	£194k	£110k	We are already forecast to come in under budget on T&C, reflecting good work by my Programmes
Research (to Sept 2006)	£8,572k	£4,789k	
Comms	£5,986k	£5,232k	Communications budgets are now monitored monthly and, in collaboration with CD & CDS we are broadly on target

Status	Key Milestone
Previous Q	
Achieved	Annual Statistics communicated
Achieved	Short-term Science Plan updated
Achieved	Dashboard Reporting in place
Achieved	Operational instructions submitted
Achieved	2007/8 Portfolio finalised
Next 6 Months	
On target	Detailed 2007/8 Communications planning
On target	2007/8 Instructions to delivery partners
On target	Fit3 Governance Review
On target	Fit3 Street – guidance to LAs
On target	Communications training to replace lost staff

Key Risk	L	I	Action taken to manage risk in Reporting Q	Last Q	Current Q	Trend
Not enough evidence to know that the project will work	M	H	<ul style="list-style-type: none"> •Extramural and HSL research bids prepared and submitted, short-term science plan updated in light of reduced resource allocation •Dwindling CoSAS PST support a concern, working to find a solution 	H	H	↑
Insufficient resources secured to ensure the right project/intervention mix	L	H	<ul style="list-style-type: none"> •2007/8 delivery planning on track, reassessment of resource needs •Tightening of Communications & HSL spending allocations •Training of new Communications Managers 	H	M	↓
Inadequate performance information to allow effective programme management and 'running adjustments'	M	M	<ul style="list-style-type: none"> •Dashboard Reporting •Limited solutions to problems of reporting field delivery •Work initiated to rationalise different advice and guidance to Programmes 	M	M	↔
The governance underpinning Fit3 does not facilitate efficient delivery	M	H	<ul style="list-style-type: none"> •Governance Review led by Fit3 Programme Manager •Gateway 0 Review to follow Governance Review •Risk increasing in light of resource limitations and staff losses 	New Risk	H	↔

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 3 is 97 (3rd Qtr target 101)	Green	Amber/Green
Onshore	Number of Dangerous Occurrences at COMAH sites to end 3rd Qtr is 112 (3rd Qtr Target 120)*	Green	Green
Offshore	Total number of major and significant hydrocarbon releases to end 3rd Qtr is 54 (3rd Qtr Target 51)	Amber/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.

* Following investigation to correct the inputting and recording of information on the number of Dangerous Occurrences on COIN the indicator for Onshore/Chemicals has been validated by HID.

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

The three-quarter year figures on progress towards our PSA target continue to present a mixed picture; whilst it is encouraging that two sectors, Nuclear and Onshore, are on track the Offshore sector is now at risk of not meeting its target.

As previously identified, demands on resources from the Energy Review, the implications for nuclear new build and the continuation of the Buncefield investigation all have the potential for significant impact on HSE's ability to stimulate PSA target delivery and our capacity to influence the wider management of major hazard risks in the longer term. These, together with the performance of the offshore sector, continue to place high demand on HSE across the full range of Major Hazards. Measures have been taken to recruit to Nuclear and Offshore, and these staff are starting to arrive during Qtr 4.

Offshore

The indicator for Offshore shows that we are not on track to achieve the target for reducing hydrocarbon releases; the end 3rd Qtr estimated figure of 54 is moving away from the target of 51. This points to the end of year target not being met. (NB numbers at this level are vulnerable to statistical fluctuation). It is encouraging, however, that despite the level of offshore activity continuing at very high levels, the long-term trend in hydrocarbon releases is still downward.

The level of offshore activity has resulted in the sector facing difficulties over the availability of competent and trained personnel; which is potentially linked to an increase in the number of incidents arising from poor control of work activities. Ageing of plant and equipment and associated maintenance issues are also associated with this increase.

HSE has worked with the industry to refine and refocus its intervention strategy – and the priorities for the industry. HSE is continuing efforts to reduce hydrocarbon releases, particularly through the ongoing initiative on installation integrity. Maintenance of plant is a key factor here and feedback from initial inspections has resulted in a focus on key aspects of this such as competence, work planning and hazard management. A new initiative extending this work is planned for 07/08. HSE is also seeking to raise the profile of major accident risks with the industry as a whole, including establishing cross-industry groups on safety critical elements, integrity and corrosion, so that the focus on major hazards is maintained.

Nuclear

NSD is currently on track to meet the nuclear target following the mid-year point figures being slightly above target but risks continue to require careful management.

Ongoing safety issues with operating reactors continue to lead to very high levels of reactive work with delays to planned safety reviews, which carry potential future risks to the nuclear target.

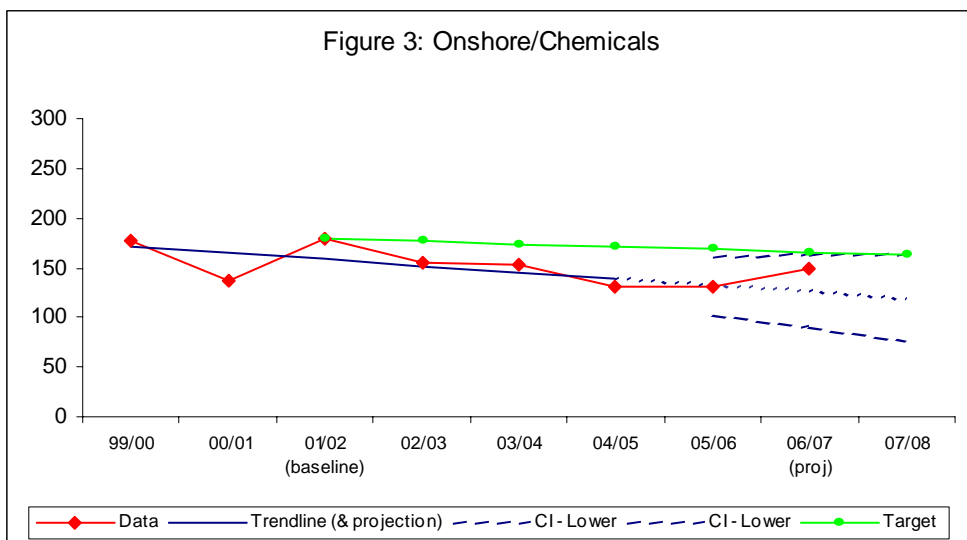
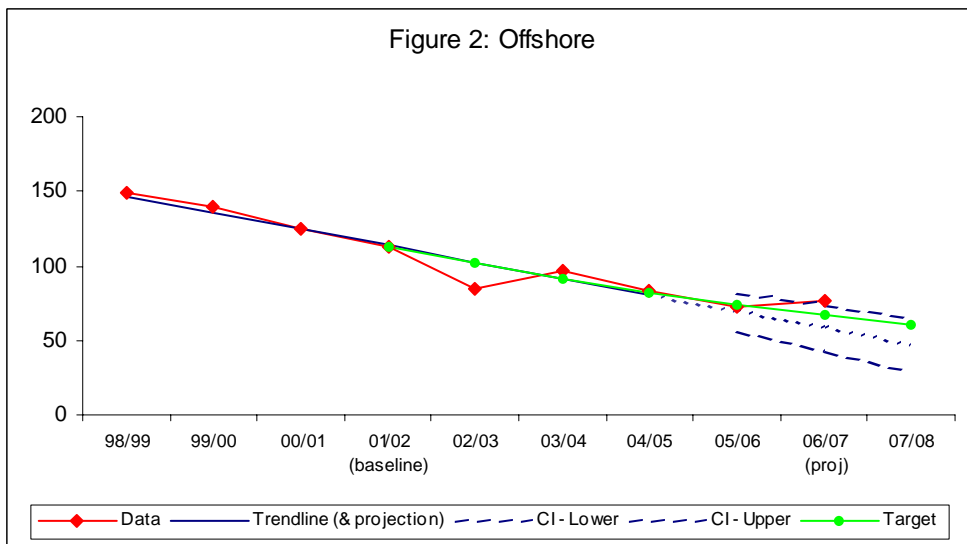
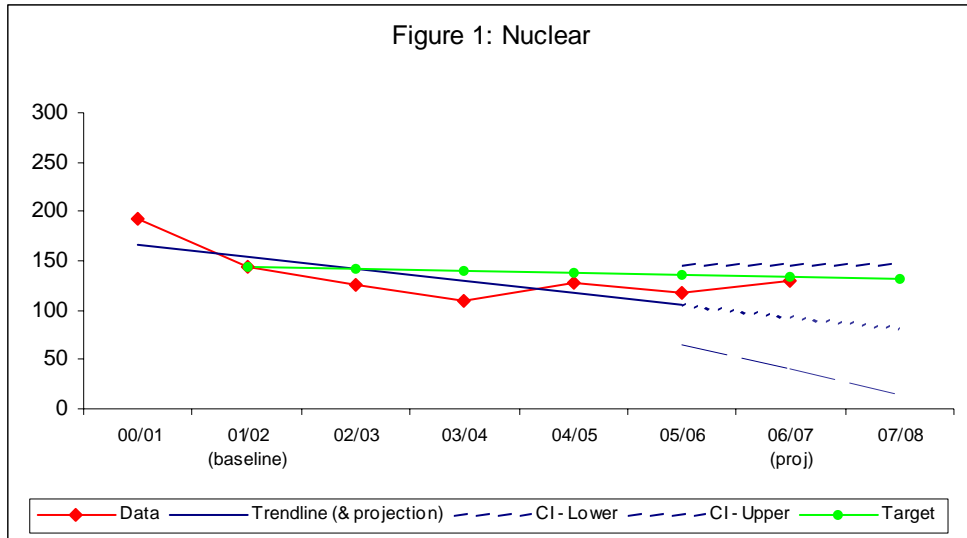
Demands on resources continue, particularly the prospect of nuclear new build, NDA related work and the MoD investment programme. We've developed and implemented intervention strategies with the Defence Nuclear Safety Regulator; maximising use of limited HSE resource, whilst delivering proportionate, targeted regulation.

HSE is concerned about the recent introduction of extra constraints on NDA's budget for this financial year and the next and their potential impact on the nuclear safety programme. Work has been initiated urgently by NSD to assess the implications; this will involve the devolved administrations where appropriate.

Onshore

Investigation of the Buncefield incident and the subsequent follow-up to the Safety Alert and Task Group recommendations (issued in February and October 2006 respectively) continue to place increasing demands on resources. Whilst this is not expected to have a significant impact on the delivery of onshore targets in the short term, our ability to maintain and improve controls of major hazards risks on other sites is correspondingly reduced and will reduce our regulatory oversight of them. This will have limited impact as long as it does not continue indefinitely.

3. Trajectory against performance indicators



4. Key Milestones		
<i>A traffic light assessment of delivery of planned activities and milestones over the <u>last</u> 6 months.</i>	Status	
	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	Green
Nuclear:		
NSD has been trialling a revised PSA metric with industry since April 2006. Regulatory review indicates that the revised metric is problematic in terms of auditability and offers little advantage over the current PSA metric. To address shortfalls in the current PSA metric, NSD is improving its own assessment of events contributing to the metric. NSD is also working with industry to develop Safety Performance Indicators (SPIs) of licensees' nuclear safety performance. This work involves extending SPIs agreed with operating reactor operators to other nuclear facilities.	Green	Green
NSD has produced a report reviewing the potential impact on NSD of internal and external challenges to its operating environment. Initiation of work is planned for Q4 to address these challenges.	Green	Green
NSD has produced a report on its THORP incident investigation findings. NSD plans to publish the report early in the new year. NSD plans to issue a Consent for restart of THORP on a similar timescale.	Green	Green
Work has commenced to address priority recommendations from the IAEA Integrated Regulatory Review Service review of NSD, particularly its capacity to service new build.	New	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. HSE continues to apply pressure on UKOOA to appoint a Chair and raise the profile of major accident risks. 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. It has met twice and is developing guidance with funding from the Energy Institute. The influence network model has now been developed for influencing major hazard risks in the offshore industry and joint workshops further refined outputs to better prioritise and target action by the industry and interventions by HSE. These will be incorporated into the 2007/08 workplan.	Green	Amber
Onshore/Chemicals:		
The implementation of a partnership programme to develop SPIs with key representative organisations across the onshore sector is taking place with a positive 'take up' by companies. In addition, work is progressing with a number of major hazard business segments, e.g. chlorine industry, pharmaceuticals, tank storage, to design "covenants" in which SPIs will form a component part.	Green	Green
Onshore/Specialised:		

Continue to check compliance against the new MSER regulations through planned interventions and investigations (amber). Assessment of COMAH new entrant safety reports to revised SRAM timetable (green). Transition to new default classifications for fireworks under ADR (green) Delivery of updated competence framework to new explosives inspectors (amber).	Green	Amber
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5. Key Risks					
Description:	L	I	Action taken since last report to manage risk / change status	Status	
				Last Q	This Q
<i>Programme Risk 1: Lack of Industry Commitment:</i>					
Lack of industry commitment leads to uncertainty and negative influences on PSA delivery.	M	M	<p>Nuclear: NSD is working to resolve confusion in the mind of licensee's concerning the role of the Nuclear Decommissioning Agency (NDA).</p> <p>NSD continues to press major licensees for programmes of work to rectify weaknesses identified in safety reviews submitted.</p> <p>To address industry concerns over regulatory consistency and proportionality, NSD has involved stakeholders in major projects such as the Energy Review and development of the revised Safety Assessment Principles.</p>	Amber	Amber
<p>a. <u>Onshore: Specialised</u></p> <p>Fragmentation of Britain's gas distribution networks giving rise to uncertainty in the attitude of the new companies and how risks will be managed in the future.</p>	L	H	<p>New operators have expressed commitment to exemplary H&S performance and to the PSA 2 targets. Some areas of concern have been addressed by notice; additional inspections to assess progress with compliance are taking place in all networks.</p>	Green	Green

b. <u>Onshore: Chemicals</u> Loss of Industry Commitment to improvements.	M	M	Sustained and continual efforts are ongoing to maintain commitment, The benchmark guide HSG254 <i>Developing process safety indicators</i> , has now been published in conjunction with the Chemical Industries Association. A number of Divisional programmes are resourced to maintain and support momentum in promoting SPIs with industry through site intervention plans, assessment of COMAH safety reports, and bespoke workshops.	Amber	Amber
c. <u>Offshore</u> The industry has tended in recent years to focus on traditional health and safety risks at the expense of major hazard risks – at least as far as a drive for continuous improvement is concerned.	H	M	Continued pressure applied to raise awareness, focus and priority of the industry in relation to major hazard risks. HSE's development of a revised intervention strategy has involved the industry and this process has helped refocus the industry's priorities. This now needs to be translated into programmes of work within the Step Change initiative.	Amber	Amber
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: Regulatory validation of a revised PSA metric indicates difficulties in auditability of supporting data. To address shortfalls in the current PSA metric, NSD is improving its own assessment of events contributing to the metric. NSD is also continuing to work with industry to develop Safety Performance Indicators of licensees' nuclear safety performance.	Amber	Amber
a. <u>Onshore: Chemicals</u> Current performance measures don't fully reflect changes in MH risks.	M	M	Competent authority procedures to assess COMAH safety reports now require the operator to make an explicit demonstration of how operators measure (major hazard) performance.	Amber	Amber
Programme Risk 3: Resources:					
Programme has insufficient resources	H	H	Nuclear: In response to NSD difficulties in achieving cadre, a	Red	Red

<p>within individual D/D's which affects ability to perform MHSP obligations.</p>		<p>revised benefits package is being discussed with Treasury. A successful internal recruitment campaign has been undertaken with start dates negotiated. A major external recruitment campaign is planned for 2007 on the back of a revised package. NSD is implementing improved management of procuring technical support to supplement existing resources.</p>		
<p>a. <u>Onshore</u></p> <p>The Division has agreed a resource commitment to take forward the development of sector indicators in 2007/08. The Buncefield investigation, other major incidents and their follow-up work have taken significant resource from across the major hazards sector, which impacts on planned intervention work elsewhere; but it has provided a platform to focus industry's attention on SPIs.</p>	<p>M</p>	<p>M</p> <p>Work not directly targeted at PSA targets is being sacrificed in the short-term and arrangements for staff to be released from the Buncefield investigation as early as possible.</p>	<p>Amber</p>	<p>Red</p>
<p>However it is clear that the resources in CI are inadequate and spread too thin and leads to a sub-optimal oversight of the sector.</p> <p>Other non-operational priorities in addition to training (e.g. COIN implementation, COIN model office roll-out, EDRM/Outlook roll-out) will impact on staff availability for operational work in the next 9 months or so.</p>	<p>H H</p>	<p>M</p> <p>Work has been commissioned to critically review the resources available to administer and enforce COMAH.</p> <p>HID will seek to share and minimise the burden of COIN and EDRM implementation.</p>	<p>Amber</p>	<p>Red</p>

<p>b. <u>Offshore</u></p> <p>Increasing drilling activity in the UK Continental Shelf is taking place. The increase in the oil price is a major factor in the increase in drilling activity; this is encouraging some duty holder's to delay decommissioning some installations whilst keeping operating costs (including maintenance) low. The increasing activity offshore continues to put pressure on experience levels although the industry has introduced more innovative ways to recruit.</p>	L	M	<p>Availability of suitably competent staff continues to affect the industry in particular the supply side when activity is exceptionally high. Large maintenance campaigns during summer shutdowns have increasingly utilised migrant labour.</p>	Green	<u>Amber</u>
<p>c. <u>Offshore</u></p> <p>OSD continues to lose experienced resources to the offshore industry which is affecting its ability to maintain thorough inspection verification. This is now beginning to impact on strategic inspection and the KP3 Asset Integrity Inspection Programme.</p>	M	M	<p>The recruitment campaign continues but remuneration levels being offered are low compared to industry packages. Training programme to up skill recruits has been developed. The remaining vacancies have been re-advertised and the continuous recruitment campaign on HSE website is to be maintained.</p> <p>An exercise to identify inspectorial staff from within HSE who have suitable skills expertise and experience and who are able to transfer into the Offshore Division has been completed. An addition of 4 staff will begin their induction training from Mar 07.</p> <p>There will consequently be a high short-term training load as the internal and external recruits gain experience.</p>	Amber	<u>Amber</u>

Programme Risk 4: Changing Operating Environment:					
Changing operating environment impacts on ability to deliver against PSAs	M	M	<p>Nuclear: The impact of NDA's strategy on industry is being monitored and is presenting long-term and short-term consequences for NSD.</p> <p>Recent indication of constraints on NDA funding pose a significant new risk. Urgent work has been initiated to address this risk.</p> <p>The implications for any nuclear new build and the major investment by MoD are further stretching NSD's resources.</p> <p>Intervention strategies developed jointly between NSD and MoD's Defence Nuclear Safety Regulator (DNSR) are being delivered across the Defence sector to maximise the use of limited NSD and DNSR resources through joined-up working and complimentary proportionate and targeted regulation.</p> <p>The increasing impact of ageing plant on PSA results has been noted and intervention strategies have been put into place. For operating reactors, emerging issues with ageing plant have led to very high levels of reactive work resulting in delays to planned safety reviews, with potential for increased future risks to the PSA target and to safety review programmes. Regulatory schedules have been developed as part of NSD's regulatory review processes to target areas expected to give most safety benefit and to reduce future risks of emerging issues. For chemical plant, NSD is planning high-level regulatory interventions to tackle safety management and ageing plant infrastructure issues.</p>	Amber	Amber

<p>a. <u>Offshore</u></p> <p>Increasing drilling and development activity in the UK Continental Shelf continues. The increase in the oil price is a major factor in the increase in both; this is also encouraging some duty holder's to delay decommissioning some installations whilst keeping operating costs (including maintenance) low. There is currently a surge in the construction of new drilling rigs for deployment worldwide. The first of these are currently being delivered and introduced into service. This is placing demands on the rig owners to move some experienced crew from amongst their current workforce, meaning a potential dilution of experience in existing crew that may affect some rigs operating in the UK sector. Supply side resourcing is also under pressure due to large onshore projects for example the 2012 Olympics which are attracting skilled workers</p>	L	M	<p>Position has stabilised to an extent, with new offshore staff having gained some experience. Although the industry has identified competence and training as a major ongoing issue. Activity in offshore exploration remains high and availability of experienced skilled resources and bed spaces continue to be an issue.</p>	Green	Green
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L=Residual Likelihood and I = Current Impact: Likelihood and Impact can be rated low/medium/high.

Impact

High	<p>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</p>
Medium	<p>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</p>

Low	<i>Some negative publicity, though short-lived Loss of some resource but limited value and not enough to undermine delivery</i>
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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.	Implementation sought for Q4 2006/07 (CEO in discussion with Treasury).	NSD Director	Q4 2006/07
	Internal recruitment	Suitable internal candidates have been identified and will take up post during Q4 2006/07. Further trawl planned for Q3 2007/08.	NSD Director	Q3 2007/08
	External recruitment	Campaign ready to be launched once New Employment Package agreed.	NSD Director	Q4 2006/07
	NSD is implementing improved management of procuring technical support to supplement existing resources	NSD exploring with potential Technical Support Organisations their capabilities to deliver under Framework Agreements.	NSD Director	Q1 2007/08
	NSD has reviewed the potential impact on NSD of internal and external challenges to its operating environment.	Work is to be initiated in Q4 to address challenges to NSD.	NSD Director	Q4 2007/08
	Integrated Regulatory Review Service (IRRS) review of NSD, particularly its capacity to service potential new build.	Action plan to progress IRRS recommendations is being implemented.	NSD Director	Q4 2007/08

PSA 5: Conventional Health and Safety Indicators

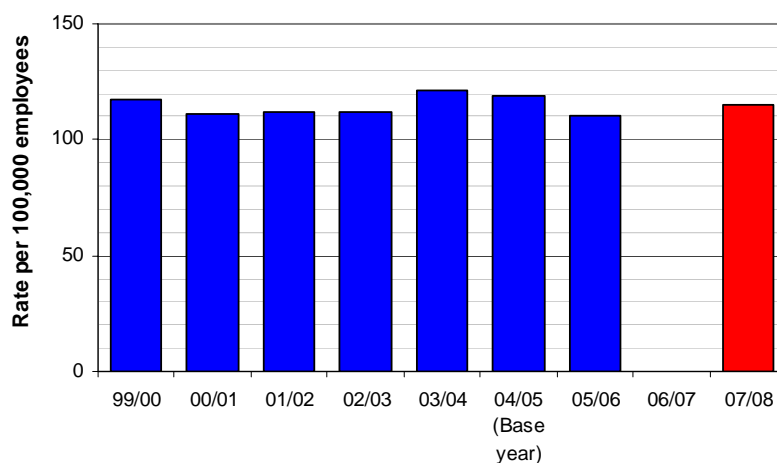
Sub-target	Baselines (2004/05)	Outturn (2005/06)		Target (2007/08)	
		Indicator	Reduction	Indicator	Reduction
Fatal and major injuries	118.6	110.7*	6.8%	115	3%
Ill health	1800	1600	11%**	1692	6%
Working days lost	1.5	1.3	14%***	1.4	9%

* Provisional

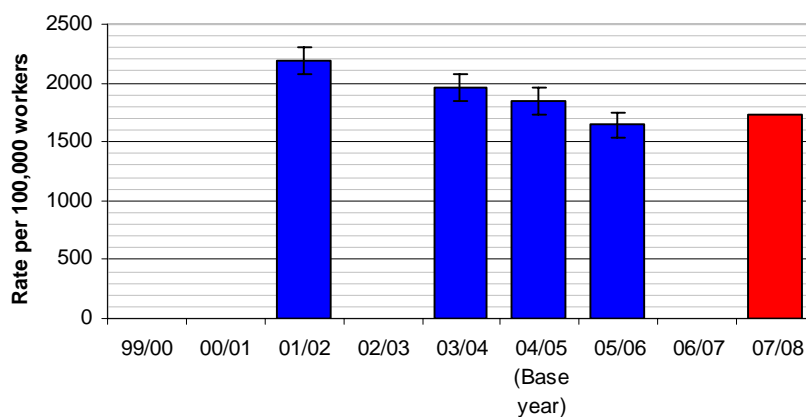
** Subject to 95% confidence interval - range of possibilities is 2%-20%

*** Subject to 95% confidence interval – range of possibilities is 3% - 25%

Incidence rate of fatal and major injuries



Incidence rate of work-related ill health



Working days lost per worker

