

Health and Safety Executive Board Paper		HSE/02/045	
Meeting Date:	2 October 2002	Open Gov. Status:	Fully Open
Type of Paper:	Above the line	Paper File Ref:	
Exemptions:	None		

## HEALTH AND SAFETY EXECUTIVE

### The HSE Board

#### Balanced Scorecard - key performance indicators

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Advisor(s):

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#### Issue

1. Consideration of Balanced Scorecard performance indicators and the means to monitor their achievement

#### Timing

2. Immediate, we need to establish the relevant indicators in the planning process for D/Ds for 2003/4

#### Recommendation

3. The Board
  - notes the structure of the scorecard
  - considers and identifies the key performance indicators they need to carry out their corporate management role; and
  - approves the development work and related resource needed to implement the delivery of the indicators.
  - considers and agrees the ways the scorecard is used, in particular the frequency of presentation to the Board.

#### Background

4. The Board has taken two previous papers, B/02/024 and B/02/030, and agreed:
  - to adopt the balanced scorecard; and,
  - the outline structure and format of the scorecard.

This paper sets out proposals for the key performance indicators necessary for effective management of the business and their use by the Board.

#### Argument

5. Effective performance management, requires a mix of leading and lagging indicators. However for any HSE scorecard the lagging indicators inevitably will be available infrequently, in some cases only annually.
6. The leading indicators (delivery of selected inputs and outputs) will show progress with those activities we have defined as key to delivering the business objectives. These indicators are very much based on existing management information streams some of which are already used to report to the Board, monthly or quarterly.
7. The lagging indicators will show the impact of the above key activities. Some will be based on existing information streams, e.g. numbers of accidents. Others are based on currently developing information streams, e.g. improved risk scores and others are based on totally new information streams such as the indicators *in managing external relationships*.
8. Many of the lagging will either not be available or not suitable for reporting more frequently than six monthly or in the case of those in *managing external relationships* more frequently than annually.
9. Annex 1 sets out the key performance indicators for each of the four business aspects. The Annex identifies the recommended key indicators of each objective, highlights the issues around each indicator and invites the Board to confirm their support for the further work to develop indicators and in some cases agree the alignment of resource to gather the necessary information.
10. I propose the balanced scorecard is provided to the Board every quarter with leading indicator information provided. It will be an exception reporting approach as opposed to a numbers based approach. For example we will ask “are planned inspection programmes being delivered against the planned profile?. If not how significant is the variance against the profile and what action is proposed to recover the situation?”.
11. Where it is possible lagging indicator information such as total number of reported incidents and dangerous occurrences will be provided six monthly. However we will review the usefulness and cost of providing this information. Other lagging indicators, which will be more expensive to produce, will be provided annually. Indicators under *managing external relationships* are likely to require external surveys ; probably provided by the new intelligence hub and resourced by them.
12. The scorecard is not an annual tool in that every year it starts with a blank slate. The information will be provided cumulatively to enable trends to be recognised and analysed. I propose the full report with data against all indicators is used by the Board in setting their priorities and allocating resources in the next planning round.
13. We will also use the scorecard to report on performance management to DWP on a quarterly basis.

### **Consultation**

14. Relevant Directorates are being consulted in the development of performance indicators.

### **Presentation**

15. None at this stage of development of the approach.

## **Costs and Benefits**

16. There will be no costs to others outside HSE, the benefits whilst primarily aimed at the Board will expand beyond HSE primarily to DWP and the Treasury in demonstrating the corporate approach to performance management.

## **Financial/Resource Implications for HSE**

17. PEFD will find resources for the central management of the process from within existing budgets - the balanced scorecard is, to a significant degree, a case of working smarter rather than an additional piece of work. However whilst some of the new performance indicators we have proposed will be gathered as part of the new management indicators some D/Ds have already or about to begin using there will be other indicators that will require some resource to develop and gather; just how much resource will depend on the Board's decisions on this paper.

## **Environmental Implications**

18. N/A

## **Other Implications**

19. N/A

## **Action**

20. PEFD will work with Directorates and Divisions to

- develop the detail of the indicators
- develop the mechanisms for assessing their delivery,
- and set baselines and "traffic light ranges".