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## **HEALTH AND SAFETY EXECUTIVE**

### **The HSE Board**

#### **REVIEW OF HSE'S SECTORS**

##### **A Paper by Phil Scott**

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**Cleared by Justin McCracken on 22 Dec 2002**

#### **ISSUE**

- 1 This paper outlines the issues arising from the review of HSE's Sector functions and IACs, and the way forward.
- 2 Sectors will play a vital role in achieving the vision for HSE's change programme – at the centre of the policy and operations interface. This is not new, but there are changes needed to relationships and structures so that Sectors are better able to fulfil their HSE function and respond to changing priorities.
- 3 We have also been asked to look at possible changes to IACs – what they do, how they work, how they are supported by HSE, and how they are administered.

#### **TIMING**

- 4 Urgent. We were asked by the Board to progress the review urgently, so that by the end of 2002 the principles and possible shape of any changes would be clear. Thereafter a period for consultation will be needed, and a transition plan for achieving agreed changes. As discussed below, there are some potential changes which could be made quickly; for others a transition period will be both necessary and helpful.

#### **RECOMMENDATIONS**

- 5 We recommend that:
  - a. the principles of Sector working (in particular the "vision" set out in para 8) and the broad shape of change set out in this paper be agreed;
  - b. Sectors are explicitly structured and managed as HSE entities;

- c. some specific changes (para 47) be brought into effect quickly;
- d. the paper be used as the basis for consulting Sector staff and others with an interest in their work;
- e. with a short covering paper, this paper be presented to the Commission for information on the Sector changes and for views on the proposed approach to the IAC issue;
- f. stakeholder consultation be initiated by a letter from DG and Chair to IACs, and to other interested groups;
- g. all the foregoing be pursued with a view to agreeing a detailed implementation plan with Ops, Policy and other stakeholder divisions by the end of March.

## BACKGROUND – THE VISION

6 The underlying reasons for reviewing the Sector function in HSE are the same as those for the other elements of the change programme:

- making progress towards the “one-HSE” vision (which is a necessary part of)
- ensuring that HSE’s resources are most effectively directed to delivering agreed priorities.

7 Sectors have been a very successful part of HSE’s armoury and we need to maintain their unique contribution. Their work has generally been characterised by good co-operation with colleagues and with stakeholders. But there have been some frustrations, on all sides - from policy colleagues on issues of responsiveness; from field staff on the multiplicity of issues Sectors ask to be pursued; and from Sectors on the difficulties of securing field resources for projects. There are also potential inefficiencies where Sectors and Policy sections overlap in their responsibilities, and belief by both sides that the other is sometimes “free-lancing” rather than working co-operatively.

8 Most of these issues were identified in the early papers for the change programme. The case for change can be summarised simply. The change programme is fundamental to HSE’s future. The continuing importance of Sectors to HSE makes it imperative that they change too. The Board is invited to endorse the following “vision”, derived from the change programme, as providing a “design brief” for the detailed changes to Sectors:

- Sectors play a crucial role in helping HSE deliver "joined-up" working between policy and operations;
- Sectors’ work in supporting operations remains important but their overall focus needs to change to provide an HSE rather than a directorate-specific role: helping policy formulation, and policy dissemination and implementation inside and outside HSE;
- in order to achieve this we need to clarify Sectors’ role with respect to other parts of HSE, and we need stronger supporting frameworks, particularly for planning and accountability;
- Sectors need to play an active part in defining and delivering outcomes through project and programme working;
- we must allocate Sector effort to HSC/E's priorities, including increasing the support we give to Local Authorities and the sectors they enforce, and reducing effort in sectors which are not priorities;

- the structures and priorities of Sectors should be dynamic, in response to emerging issues and changing priorities
- whilst we recognise the continuing importance of operational experience, we expect the staffing of Sectors to continue to change, to include policy and other disciplines;
- we support the continuation of the principle that Sector work be in geographically-dispersed locations.

## APPROACH TO THE REVIEW

9 The terms of reference and arrangements for the review, agreed by OMF, are at Annex 1.

10 We have approached the review in the light of the following:

- there have been few quibbles with the analysis set out in the OG Study, or with the ensuing need to review Sectors' functions; this has been confirmed by our discussions with DDs;
- the initial scope of the review should include all of HSE's Sector functions, whilst recognising that the immediate need for change in some Sectors (such as Construction, where their work is already explicitly part of an integrated Priority Programme) might quickly be ruled out;
- there is currently little Sector work with those sectors which fall to LA enforcement;
- the time constraints would militate against developing a detailed specification for change (though this is in our view not necessary or desirable at this stage)
- in common with other parts of the change programme, the success of any recasting of HSE's Sector work will lie more with behaviours and ways of working than with structures, though structures can help reinforce the desired behaviours as well as removing barriers
- we are not starting with a clean sheet, nor do we have a systematic methodology for allocating resources. But we considered we should establish some basic comparative analysis of sectors and their hazard and risk profile to support judgements about the coverage of Sectors and IACs. This work is underway. An update will be given to the Board at the 8 Jan meeting. The work will need to be completed before the candidate Sectors for the revised structure can be confirmed.

11 This paper does not therefore suggest a fully worked-up model of how HSE's Sectors should operate. It sets out the objectives and principles of Sector working, roles and responsibilities, and a possible structure, for agreement by the Board, informed by the views of managers, staff and stakeholders. Despite the risk of being seen to specify a solution in advance of a complete analysis of the issues, it seemed right to us to anchor the debate in a possible model, as a way of reducing the number of "what if..." questions. Consistent with the approach to other elements of the change programme, it also seems right that, after the Board has agreed the broad shape of the changes, the detailed arrangements to deliver them should be primarily the business of the managers and staff involved.

## SECTORS IN HSE – THE CURRENT POSITION

12 Sectors have been widely recognised as delivering a useful and successful function in HSE. The various parts of HSE have had focal points for work with certain industries over many years.

13 A detailed current picture of HSE's Sectors has been summarised for the review but is not included with this paper as it is not quite complete (and is not crucial to the arguments). It will be included with the consultation papers. In brief, Sectors' functions include:

- setting operational priorities through Sector plans (though with the advent of the HSC priorities this has been refocused in non-priority Sectors on identifying the sector targets for action on the priority hazards);
- advising, training and developing operational staff; in particular on enforcement related to the standards expected in the sector;
- engaging with external stakeholders, and supporting a wide variety of IACs and other organisations;
- publishing sector-specific guidance; commissioning research; and acting as expert witnesses;
- providing operational/practical input into policy-making and thence into development of Regulations, ACoPS and Guidance.

14 Sector work has drawn heavily on operational experience and this has helped Sectors' credibility with external partners, but in recent years a broader range of staff has increasingly been used to carry out roles for which inspector experience is not necessary.

15 A number of past reviews have considered the rationale for NIG/Sector activities, most notably an HSC NIG review in 1987, the Martin/Wilson study (1990), the Impact study (1992), MAFS/SMR (1995). These reviews have generally recognised the virtue and practicality of having an operational intelligence/guidance function closely allied to the front-line work which it supports.

16 There are also benefits in a geographically-dispersed cadre of Sector staff, in terms of access to their industries; in providing career development opportunities for field staff without the need for a move of house; and as a way of enriching the experience of inspectors who may well return to front-line work after a spell in a Sector. At a time when new approaches to achieving outcomes are being developed, Sectors provide the practically-based input to devising relevant initiatives, projects and activities.

## THE CASE FOR CHANGE

17 At the beginning of 2002 the Operations Group Study examined the case for changes to our operational policy functions. Sectors are major contributors to operational policy making and the conclusions of the Study, as modified by the subsequent development of the change programme and Board decisions, underpin the case for change. In particular we need to ensure more corporate behaviour – to help consistency; where HSE-wide solutions are appropriate, to develop them once only; and to ensure accountability for both the development and the delivery of such solutions.

18 But it is not necessary to draw all operational policy-making into the centre – the Board has agreed the “distributed” model – where ODDs take stewardship of corporate

functions, as with the ex-TD Corporate Topic Groups. The argument for a distributed OP function is based on recognising (a) the benefit of close working between OP-making and operations; and (b) that Sectors have on the whole been a success which should be built on.

19 In FOD, the reorganisation of NIGs into Sectors in 1995 had the objective of encouraging Sectors to take a more strategic view, shifting resources from more mature sectors to fewer priority areas. This was also seen as helping to shorten the very extensive agenda of Sector-driven 'priorities' which field staff were expected to meet. This has not really worked, partly because many Sectors (other than Construction and to a lesser extent Agriculture) are not very coherent (making decisions about the relative merit of one sub-sector against another difficult), and partly a lack of will to confront the powerful forces (internal and external) in favour of maintaining the status quo.

20 In HID, RI and NSD, Sectors functions are carried out, though not always in separately identified sections. HID has recently undertaken a detailed business review which has resulted in changes which in some respects have foreshadowed the recommendations in this review; the need for clarity of role and the avoidance of self-tasking being two key drivers. RI is currently undergoing a review of its operational policy functions as part of the recent management changes. This will help inform our own review, particularly in considering the role of "single-industry" Sectors, and those supporting permissioning regimes.

21 The impetus and ethos of the change programme, the specification of HSE priorities in the Strategic Plan, and the current pressure on HSE's resources mean that the time is now right to tackle the question of better prioritising our Sector effort, against the following questions:

- what are the functions which Sectors are best placed to deliver for HSC/E – including in the LA-enforced sectors?
- what is the appropriate size, in broad terms, of the contribution of these functions to meeting HSE's business needs, having regard to other demands on resources?
- for sectors as a whole, where do the priorities for Sector work lie?
- for each specific sector, what is the optimum contribution by Sectors to achieving HSC/E's objectives?

### Sectors' role and functions

22 The strategic drivers for change noted above indicate strongly that all HSE's Sectors should primarily be seen as HSE entities. This is not simply a "rebadging" exercise, even though it is proposed that Sectors will remain located in and managed by their current Directorates. It will reinforce the responsibilities Sectors already have for making an effective link between policy and operations, and for considering and responding to HSC/E's strategic needs – no piece of Sector work should go ahead without asking whether there is an HSE perspective and how it might be met. Specifically, work should be tested against the contribution it makes to the PSA, Priority Programmes etc.

23 This does not in our view imply that Sectors must confine their activities to the current Priority Programmes or even the Strategic Plan priority blocks. For example, all Sectors, priority and non-priority, have roles in gathering sector-specific intelligence and

horizon-scanning (not least to prepare for the next generation of priorities); in supporting inspectors and others on reactive work (including parliamentary business) on sector-specific issues; and in providing a means for engaging with stakeholder groups and encouraging their efforts on priority work.

24 For FOD's Health and Safety Units, where the focus is on topics rather than specific sectors, the case for change seems overwhelming. HU and SU should deliver their roles for all Sectors and not just in FOD. Not least they have a crucial role in moderating a range of individual Sector views as an input/feedback to policy colleagues. The idea has been readily accepted by FOD – in practice some work for the whole of OG already happens informally. There will undoubtedly be some sensitivities to address in formally spreading the HU/SU remit to other ODs. Whilst we do not see these as insuperable, the benefits of devising and promulgating pan-HSE solutions will only be realised if we can avoid “not invented here” and “take it or leave it” thinking in operational DDs.

25 Most if not all of the projects within the current change programme have an interest in and a link to the role of HSE's Sectors. In particular the policy review proposed an enhanced role for currently non-priority Sectors in “care and maintenance” – keeping an eye on the issues in their sectors and providing a source of expertise for both policy and operations, with their “shadow” policy sections being wound up. This will contribute to the removal of overlap, duplication and confusion between some Sectors and policy. The policy project does however note that some Sectors – involved in the Priority programmes, or in the major hazard block in the Strategic Plan – are already more coherently bound into the strategy-policy-operational policy stream.

26 From a policy perspective the establishment of the Priority Programmes has not always been characterised by the joined-up working needed from Sectors. Doubtless some of this is due to the tensions inherent in matrix management, and some to personalities. But whatever the cause, we need better clarity about the respective roles of the various contributors to the Programmes, and planning and accountability procedures to underpin this, as a necessary step towards more project and programme working generally.

27 Communications and stakeholder engagement will be areas where we need to better co-ordinate activity between sectors and policy. For example, we may wish to develop jointly key messages that we want the whole organisation to deliver consistently. We should also be looking to harness and direct activity in certain key areas or with key stakeholders such as the public sector where policy is working across Whitehall (eg DH, DWP, Cabinet Office) on specific issues aimed at delivery of PSA targets (e.g. sickness absence management).

28 The implementation of the policy review is now well underway. It would seem that the HSW Framework and Core Functions Division is the obvious coordination link between Sectors and Policy. This will need to be developed with policy colleagues.

29 As the Strategy and Intelligence Division (SID) begins to exercise its role we see strong links with Sectors being established. SID will be a powerful influence on the role that Sectors will play in developing and delivering HSC/E's strategy and therefore on their coverage and activities, and will be major customers of Sector intelligence.

## Coverage

30 It is clear that we need to look at whether Sectors' work has the right balance across the economy. As noted above, Local Authority enforced sectors such as retailing (which employs 11% of the GB workforce) have virtually no Sector coverage. The analysis based on the "risk profiles" of sectors (mentioned at para 10) will confirm how we should adjust the effort we devote to specific sectors, but it is argued below that some "big picture" judgements can be made in anticipation of this detailed work.

## IACs

31 The inclusion of IACs in this review is sensitive – stemming from the role of IACs as servants of the Commission; the recent review and the transfer of formal administration to HSE; the desire by HSC and HSE to focus IACs' efforts on our priorities; HSE's wish to improve our engagement with stakeholders (of which IACs are an important class); and concern on all sides not to damage productive relationships.

32 There is current work underway in SASD to look at the administration of HSE's delegated responsibilities for IACs. A draft GAP is out for consultation. But the policy project raises the more fundamental issue of the continued relevance of some IACs, and the need for a more flexible way of providing stakeholder advice to the Commission and input to policy-making, as well as their potential as contributors to priority programmes and delivery of the PSA targets.

33 We need however to be careful to be consistent and clear in our messages to IACs and the myriad other groups of stakeholders with whom HSE has engaged, over many years. We are striving for better engagement with a more diverse range of stakeholders. Though we must prioritise our support for such groups, it would be perverse if we gave the impression that we are cutting off access or that we are unwilling to tackle important health and safety issues in their spheres of interest. We make proposals about this issue below.

34 The HSE responsibilities for IACs already provide some direct leverage for reform, but it seems right to tackle the question of our Sector coverage before considering the input needed from IACs. The Commission recently discussed and agreed the need for IAC reform in the context of the constraints of SR2002. At the same time there are indications that the Hamid/Tudor criteria for IAC work, and the related exhortation towards delivery of the strategic agenda, are being heeded. The Ceramics IAC has recently recast its workplan to become more self-sustaining, as well as more focused on Commission priorities. Similar work is underway in the Foundries IAC. We suggest these examples be publicised to other IACs, with suitable endorsement, possibly from the Chair. This would put the detailed reform agenda with Chairs and Secretaries of IACs, and IACs themselves, with appropriate involvement of OPD, SID and Policy Directorates (depending on the final policy structure).

## SECTORS FOR THE FUTURE

35 Sectors have been an effective means of:

- linking operational experience to policy development
- translating policy developments into operational activity
- catalysing sector-related inspection programmes

- providing a consistent approach to enforcement in their sector
- providing a point of entry to HSE for the sector as a whole, and for HSE's communications with and advice to sector stakeholders, and
- supporting operational inspectors through training, advice, guidance and standard setting,

and we believe that these broad roles should continue, but, as the argument above suggests, they need to be better focused and better co-ordinated.

36 There is also an enhanced role for Sectors related to the 'beyond compliance' debate, which implies a more 'operational' or delivery role for Sectors where the mainstream field operational effort is absent or has been scaled down.

37 We will need to consider whether the mechanisms for better co-ordination of Sector work across HSE should deal separately with permissioning and non-permissioning work. This will be addressed in the sector analysis work.

### Principles

38 The vision for change set out in para 8 and the argument above suggests the following principles for the recasting of Sectors:

- avoiding overlap, duplication and confusion between Sectors, and between Sectors and policy sections.** *This implies 1) a resolution of the proposal for transfer of "care and maintenance" policy issues from existing policy sections to Sectors; 2) a mechanism for HSE-wide co-ordination of Sectors' work, which would involve policy interests; and 3) a more effective directory to signpost "who does what"*
- ensuring that the resources we devote to Sectors are being applied to those parts of the economy which will most benefit in health and safety terms from Sector oversight (in both HSE and LA-enforced sectors).** *This implies judgements both about the overall amount of resource to be devoted to Sector work and the relative priorities between sectors. This will be an outcome of the risk profiling work referred to in para 10 above.*
- as part of this, being more flexible in switching Sectors' attention to the priorities; reducing the number of sub-sectors demanding their share of "the action" and thereby dispersing Sector and operational effort across too broad a front; and avoiding the perpetuation of standing groups and the self-tasking which can result, including spoon-feeding mature sectors or sub-sectors.** *This implies Sector Heads proposing, for agreement at HSE level, workplans which can be justified against these principles.*
- making greater use of project and programme working in order to focus on the delivery of specific business objectives in a collaborative manner.** *This would also need to be set out in Sector plans, but will clearly also depend on discussion and agreement with the other parties involved in the work.*
- ensuring consistency of approach between Sectors where the health and safety issues are essentially the same, and that pan-HSE solutions are being applied consistently.** *This implies the establishment of a pan-HSE co-ordinating*

*mechanism to agree who is doing what, to identify opportunities for Sectors to deliver pan-HSE outcomes, and to ensure they are being applied by ODDs. HU and SU will also have an important role in identifying such opportunities.*

- f. ensuring that issues are being looked at with due regard to the HSE perspective, and in particular that Sectors are playing back their experiences into strategic thinking and policy making.** *OPD, policy divisions and SID will have a role in helping Sectors achieve this.*
- g. but in all of this not compromising the essential role Sectors play in providing a source of expertise and advice to front-line staff, and an HSE-wide approach to cross-cutting issues such as MSD and stress.** *However, a reduction in the number of standing groups familiar with particular sub-sectors will mean that Sectors will not be able to maintain as full a range of detailed expertise as hitherto.*

### Other design issues

39 With fewer standing groups, inspectors seeking advice and external stakeholders seeking a route into HSE need a way to contact the more diverse Sectors (in both responsibility and geography). We need staff who understand the spread of responsibility of Sectors, are able to analyse the questions raised to identify where the matter of concern can best be dealt with, and refer the person to a suitable source of advice. The systems used by HSE Infoline are relevant. An improvement to our internal directory (mentioned in para 38a above) is also an important need.

40 With a relatively inexperienced field force, particularly in FOD, it is important to consider in a little more detail the implications of principle 'g' above. It is the case now that we do not have ready-made answers to all sector-related questions. Some issues become priorities, are worked on by Sector staff who thereby develop expertise, but after a time, the issues and the staff move on and the source of expertise is whatever has been committed to written guidance. Though we should avoid wasting effort in re-solving old problems, it seems right that we should encourage field staff to be confident in approaching unfamiliar problems from a perspective of first principles rather than always expecting a ready-made answer or someone who can provide one.

41 Nevertheless it is necessary for reasons of efficiency and consistency that we retain routes to identify "topic experts" who can apply their experience and knowledge to help field staff. With fewer standing groups maintaining their familiarity with specific issues and processes, the implication is that the "expert" in a particular sector problem, if one exists, may be anywhere in HSE rather than in a sub-Sector. To a degree this already happens, but we need to develop much better ways of identifying and then tapping these sources of knowledge. This will be a prime interest for both SID and the Chief Scientist's Unit, and is of course part of the wider knowledge management and communications challenges.

### Resources

42 Sector work is undertaken across all operational DDs. They represent roughly 6-8% of their resources. There is no firm basis for determining the proportion of effort which should go into Sector work, but past reviews have consistently judged that something around this proportion is a reasonable balance between "front-line" field work (in essence

dealing with one-off cases, whether of inspection, investigation or enforcement), and work to deal with whole industries or sub-sectors at a more strategic level.

43 In the short term the sector risk analysis will give us the basis for asking questions about current allocations, and developing some criteria for justifying Sector resources for each sector. It may not be a precise process as Sector activities can be undertaken by operational personnel, and in HID and NSD some are also delivered alongside other HQ functions. But the judgements we make should be more explicit.

44 One key point – which follows clearly from the discussion in this paper – is that we are not aiming for a “one size” solution for all sectors. We need to be smarter in discriminating where more Sector activities can achieve the impact we seek (eg where the levers for improvement lie with a few key influences) and where we should better apply operational activities with little or no Sector contribution. These points in particular have shaped the model we propose below.

45 The criteria for Sector coverage, and decisions on the resources we can overall afford, will need to be consistent with the current work to take a further look at resource allocation to priorities following the SR2002 settlement, that is, based on impact. They will be similar to the Hamid/Tudor criteria for IACs: at a first cut they might include: a significant population exposed to risk – employees or public; public/political concern; sector not well-organised to look after itself, and existence of significant risks or poor standards, or potential to gear up sector intermediaries through modest Sector effort; Sectors have levers to bring about improvements; significant contribution to Priority Programmes and the Strategic Plan.

46 Having made decisions about Sector coverage at a strategic level, subsequent work to map allocation of SICs to Sectors will be initially based on accident and ill-health statistics and the size of affected workforce. We will then explore with Sector managers detailed allocations to ensure that synergies of approach, interlinks etc are adequately accounted for. The detail of how Sector managers then organise their Sectors should be for them, but the main accountability will be through the planning process and the influences on it exercised by OPD and SID in particular.

## WHAT ARE THE KEY CHANGES WHICH WILL HELP DELIVER AGAINST THIS BRIEF?

47 Some of the detailed considerations will rely on the mapping exercise, but we have already outlined some of the changes we believe are needed, and which can be achieved relatively quickly; in summary:

- all Sector groups to be formally acknowledged as HSE entities, under the stewardship of their existing Directorates
- in particular, to develop the role of HU and SU so that they deliver their role on cross-cutting issues for all DDs
- to specify a responsibility on Sector managers to make detailed proposals for re-shaping their Sectors as necessary to achieve the principles set out above – this would be both an initial task, following this review, and a continuing responsibility
- to establish a forum, jointly chaired by OPD and a suitable policy colleague, and with SID as a member, which would co-ordinate Sectors' work, provide peer

challenge for the discharge of the previous responsibility, identify issues for collaboration, agree workplans etc.

48 We believe that there are also some structural changes which will support the achievement of the principles:

- though we believe that all Sectors should be subject to the mapping exercise and thereafter to justify their work and resources against the principles, we do not see an immediate need for structural changes to the **Construction** Sector in FOD, the Sector functions in **NSD**, or the Sector Groups in **HID**, except to identify and transfer to HU and SU any resources dealing with cross-cutting health and safety topics;
- in **Railways**, the internal review should be conducted with the Sector principles in mind, and the proposals as they affect the Railways Sector be put to OMF (pending the establishment of the Sector forum proposed above);
- in the **Agricultural** Sector, we see strong arguments for expanding its remit to include **Food** and, possibly, the **food retailing** sector: this would provide coherence of the “from field to fork” sort, reflecting the influence of food retailers with food producers. There would be related opportunities for closer working with DEFRA. The inclusion of food retailing would also provide opportunities for joint working with LAs, as well as giving greater Sector support to this important part of the economy;
- we propose that the existing Sectors dealing with Engineering, Polymers and Fibres, and Metals and Minerals, plus the transfer of Wood from the current Agriculture and Wood Sector, be combined into a **Manufacturing** Sector. The prime aim would be to encourage a much greater focussing on fewer priorities, but we recognise that this would be a very large Sector in terms of traditional coverage, and existing commitments might require greater resources than the Sector might have at its disposal in the longer term. The sector mapping work will help illuminate this issue;
- we propose that the current Services sector be explicitly re-focussed on **Public Services** – in recognition both of the similarity of techniques for influencing generally highly-centralised power structures, and the wish to establish high and preferably exemplary H&S standards in the public sector. This would probably include Air Transport (links with BAA etc) but exclude Docks, which would (with Utilities) arguably sit better with a new “**Private Sector Services**” grouping. This would also include the “Entertainment” element of the current Food and Entertainment Sector, as well as possibly other small SIC groupings, if the mapping exercise identified any such changes as sensible;
- the biggest gap in coverage, as we have noted above, is in the sectors which fall to **LAs** for enforcement: retail, banking and finance, leisure, call centres etc. It is part of the current thinking emerging from work to review the roles of LAU (and HELA) that LAU would in due course operate much more like a Sector to support the LAs’ work with these sectors. But it is not likely to be in a position to do so for perhaps 6-9 months. We see considerable virtue in reinforcing the modest Sector effort currently deployed by the Food and Entertainment Sector on LA matters so as to act as “caretaker” for these sectors. This would also have the practical benefit of providing an initial critical grouping for the “Private Services” Sector, as well as

redressing the weight lost by the proposed transfer of Food to the Agriculture Sector

- as we have seen in previous exercises, attempting to neatly compartmentalise the whole economy in a few coherent Sectors is not possible without at least one group acting as a “sweeper” for sub-sectors which have no obvious home. This means that the proposals above must be tested for coherence and subject to confirmation based on the detailed work to analyse the sector risks and ways of reducing them.

## WHAT REMAINS TO BE DONE?

49 The main tasks to be completed are:

- the sector analysis (end-Jan)
- design and deliver a consultation exercise (start with this paper, complete by end-Jan)
- design and agree with the Board the Sector co-ordination mechanisms outlined above, in particular addressing the question of separate mechanisms for permissioning and non-permissioning work (end-Jan)
- explore and formalise the relationships and respective roles and responsibilities between Sectors and policy divisions, and the central Units such as SID (end-Feb)
- settle the detailed groupings of SICs into Sectors (end-Feb)
- develop an implementation and transition plan (end-March).

## SOME IMPLEMENTATION ISSUES

50 Following the changes Sector staff will be spread across the country (especially if a single Manufacturing Sector is implemented). Remote management will be an issue, though there are also advantages. It should encourage project working involving operational staff with the most relevant expertise to solving the problem (this could also encourage cross-sector and cross-Directorate approaches to problems). A more fluid complement to Sectors, including policy and S&T staff, can also encourage exchange of staff with OGDs. Sector working can also be seen as a competence in itself, not simply a move for inspectors once they have acquired enough technical knowledge in a particular field.

51 The consultation exercise will seek comments on other issues which will need to be addressed in the implementation plan.

## COSTS AND BENEFITS

### **Costs of change**

52 There will be some need to retrain/refocus staff to new duties if they are transferred to different areas of work, say from industrial sector work to LA-related activities.

53 Some additional management overhead may be required to allow OPD to discharge its coordinating role effectively. However, these costs should at least be balanced by the better direction of sector resource, the reduction of duplication and the better engagement

of all parts of HSE's Operations. Other management arrangements are left largely intact and so should be cost neutral.

54 The transfer of some core policy responsibility to Operations will require some Operational resource. However, the nature of the work transferred is likely to require only a light touch and so have a low resource demand. What is key is that Core Policy should maintain sufficient resource to respond should any transferred responsibility suddenly become a priority.

### **Benefits of change**

55 We would expect the following benefits from the changes:

- Improved targeting of resources and joint working, through improved planning and coordination of Sector functions across HSE
- Sector resource is devoted to LA activities as appropriate
- Closer links between Sector activities and Priority Programme requirements across HSE Operations
- Transfer of policy responsibilities to Sectors will expand the development opportunities available to staff without the need for them to work in London or Bootle
- Improved integration of LAU as a Sector should facilitate better coordination of the approach to retail and financial organisations and provide potential for moving on the Beyond Compliance agenda e.g. the role of the retailer in securing health and safety standards in construction, food preparation and agricultural supply.

### **CONSULTATION**

56 With the DDGs and as noted in Annex 1.

### **FINANCIAL IMPLICATIONS**

57 As paras 52-54 above.

### **ENVIRONMENTAL IMPLICATIONS**

58 None.

### **ACTION**

59 The Board is requested to agree:

- a. the principles of Sector working (in particular the "vision" set out in para 8) and the broad shape of change set out in this paper;
- b. in particular that Sectors are structured and managed as HSE entities
- c. some specific changes (para 47) be brought into effect quickly;
- d. the paper be used as the basis for consulting Sector staff and others with an interest in their work;

- e. with a short covering paper, this paper be presented to the Commission for information on the Sector changes and for views on the proposed approach to the IAC issue;
- f. stakeholder consultation be initiated by a letter from DG and Chair to IACs, and to other interested groups;
- g. all the foregoing be pursued with a view to agreeing a detailed implementation plan with Ops, Policy and other stakeholder divisions by the end of March.

## TERMS OF REFERENCE

The terms of reference for the review are:

To review the roles, responsibilities and coverage of HSE's Sectors in the light of:

- their relationships with Operational and Policy divisions
- their contribution to front-line activities and to policy making
- the role of Sector advisory bodies and Industry Advisory Committees
- the emerging changes to the structure and ways of working in HSE
- the Strategic Plan and the role of Sectors in delivering Priority Programmes
- the business need for maintaining standing links with specific industry sectors and for continuing dealings with non-priority Sectors
- the needs of the LA-enforced sectors for Sector coverage
- the costs and benefits of current and potential functions

To make recommendations to the Board for any changes to current arrangements and resourcing to maximise the efficiency and effectiveness of those arrangements in ensuring successful stakeholder engagement and supporting delivery of HSC/E's business needs and priorities.

The review has been conducted as an element of the Operational Policy project within the change programme, and in accordance with the arrangements for managing the programme. OMF has acted as an informal project board, as it has for the OP project as a whole. An outline of emerging issues was discussed by the Board at its 6 November meeting, and by OMF on 25 November.

The main contributors to the review have been the cross-Directorate OP project team (OPD, HID, FOD, RI, NSD), augmented by discussions with other colleagues in policy and operational DDs. Most recently a wider group has been consulted or contributed, notably the Heads of FOD's Health and Safety Units and their division heads, some other FOD sector and division heads, FOD HQ, and the Head of RI2.