

Health and Safety Executive Board Paper

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HEALTH AND SAFETY EXECUTIVE

The HSE Board

HSE Balanced Scorecard for End Year 2002/03

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Issue

1. Presentation of an end of year Balanced Scorecard for 2002/03.

Timing

2. Routine. This paper is linked to the end year report that is being presented to the Board at the same meeting (B/03/043).

Recommendation

3. That the Board:
 - Notes the End Year Balanced Scorecard and overview at Annex 1;
 - Agrees this format should be the style for future presentations;
 - Agrees the indicators identified so far to fuel the scorecard and notes the work to be taken forward to develop remaining indicators;
 - Agrees the timetable for quarterly presentation of the Scorecard during 2003/04 (annex 2) and a review of the usefulness of this approach to management reporting at the end of 2003/04; and
 - Notes arrangements for meshing the Scorecard into DWP reporting processes.

Background

4. The Board agreed the headline "traffic light" indicators for the Balanced Scorecard at the 5 February Board Meeting. This paper develops that Scorecard further to include the supporting indicators for the headline traffic lights. It proposes a layout for presenting the Scorecard to the Board each quarter.

5. The Balanced Scorecard has 15 traffic lights. Supporting indicators have been identified for 11 of these and work is in progress to identify indicators for the remaining five. Where there is no indicator for a headline traffic light, a narrative report is provided to give the current status and the work in hand to develop indicators.
6. The Scorecard will be presented to the Board each quarter in the format proposed at Annex 1. The first formal presentation of the Balanced Scorecard will be at the Finance Board in August for the first quarter 2003/04. A timetable for future presentations is suggested at annex 2.
7. Annex 1 includes
 - A covering overview of the status in each perspective of the Balanced Scorecard (annex 1a). This overview also summarises business risks highlighted by the Balanced Scorecard; and
 - The Balanced Scorecard for the end of 2002/03 (annex 1b), this includes supporting reference material giving the detailed outputs/statistics for each of the indicators in the scorecard and a short narrative where required. Where indicators are not yet identified fuller narrative reports are provided.

Argument

8. The information contributing to the Balanced Scorecard will be collected on a quarterly basis either directly from contacts in relevant Directorates or centrally from those who have a lead in the area (eg PD for HR indicators, PEFD for finance indicators, COSAS for S&T indicators and BEU for Business Improvement indicators).
9. Where information is available for 02/03 this has been included in the scorecard and a traffic light has been highlighted. For some areas (Delivering the Major Hazards target, Recruitment, and Applying Science and Technology) all the indicators to be used are new indicators for which historical data is not available. These squares are "greyed" out but will be reported on in the first or second quarter of 03/04 depending on when the first reports are available. Indicators have been identified for Delivering Change but further work is necessary to develop these and a full report will not be possible in the first quarter, for this report the traffic light is based on a milestones report. Indicators have not yet been identified for the areas of Leadership, Image and Profile, Trust and Reputation and Engaging Stakeholders and further work is needed in these areas. In the meantime a narrative report has been provided.

Consultation

10. Those Directorates required to contribute to the Scorecard have been consulted on the development of indicators. DWP have not been consulted on the format of the Balanced Scorecard but are involved in the arrangements for reporting progress with the delivery of the Major Hazards Target and the Worker Health and Safety PSA. So far as possible PEFD will ensure a single information stream is used for the Balanced Scorecard and for reporting onwards to DWP.

Presentation

11. The Scorecard is intended as a management information tool for the Board. This paper is open and will be lodged on the intranet and Internet, but there are no plans to formally launch or publicise the Balanced Scorecard. Some of the information in the scorecard will be made available publicly as part of the Annual Report and Accounts or as part of other papers and some will be represented and submitted to DWP for quarterly reporting purposes.

Costs and Benefits

12. None external to HSE.

Financial/Resource Implications for HSE

13. The Scorecard imposes some new reporting requirements on some D/Ds, for example where arrangements are being introduced to collect data on new indicators and to report on these. PEFD has worked with these D/Ds to ensure that demands are kept to a minimum and do not outweigh the benefits of reporting this management information.

Environmental Implications

14. None.

Other Implications

15. None.

Action

16. The Board is asked to note the conclusions of this baseline scorecard and to discuss actions arising (see para 3) as appropriate.

End Year 2002/03 Balanced Scorecard Report

Overall Picture and related Business Risks

This is the first Balanced scorecard and it is difficult to provide an overall picture given that there is an absence of data in some perspectives.

The Red light on Delivering the Worker Health and Safety PSA is cause for concern and does expose HSE to business risks under strategy failure. In particular, taken with the Green for Delivering planned work, this exposes us to the risk of failing to demonstrate that the strategy is delivering health and safety benefits. Work to improve the linkages between planning and delivery and to improve the quality and frequency of health and safety statistics should address this risk.

Health and Safety in HSE is Green at present but the increase in the incidence of sickness absence if continued might be cause for concern as it has the potential to undermine progress to achieve Cabinet targets.

Financial Risks are highlighted under Managing Resources in particular the underspend on programme might suggest a failure to plan and target this resource towards delivery and/or poor control of resources. Similar risks are highlighted from the position on income.

The position on Leadership is not clear because of the limited evidence available but it does expose risks of organisational capacity failure (eg poor leadership). Other indicators under this perspective do not suggest exposure to Business Risks at present.

On the basis of narrative reports provided, our Reputation would appear vulnerable, exposing us to risks from Stakeholder Management failure. Our image and profile seems positive (although fragile) which would suggest that we are controlling risks on public image but Trust and Reputation with key stakeholders is more ambiguous and might expose us to risk if our position with these was threatened. Work to improve stakeholder engagement is proceeding positively but key areas to address might be stakeholder relationships with the Department, Ministers and N^o 10.

Summary of potential exposure to Business Risks

Strategy failure

- 4) Failure to demonstrate that the strategy is delivering health and safety benefits

Organisation capacity failure

- 6) Poor Leadership

Stakeholder management failure

- 14) Poor relationship with key stakeholders

Planning & financial failure

- 19) Failure to plan and target resource use for delivery
- 21) Poor control of resources & financial loss

Overview of the 4 Business Perspectives

Delivering The Mission

A full report on the delivery of planned work for 2002/03 is provided in the End Year Report (paper B/03/043). OPMs for 02/03 were largely delivered. Regulatory contacts were significantly above target but incidents investigated were marginally below profile. Numbers of complaints followed up is provisionally given at 83%, which is 4 percentage points below target. However, the figures for complaints followed up are being checked, and the final outturn should be closer to the planned. The first quarter report will be based on the new OPMs recently agreed by the Board. Performance measures for Policy Group and other Directorates in this area are to be developed.

A Red traffic light is given for progress against the PSA target for worker health and safety, as the figures do not show the required reductions. It is not possible at this moment to say whether the target will be met. Action has been taken to improve arrangements for managing and reporting on progress with the PSA and in particular the Priority Programmes.

No traffic light is provided for Major Hazards, as this is the first time of reporting. A first quarterly report will be provided in July/August.

Improved awareness of the need to report health and safety incidents has led to an increase in reporting in HSE, especially stress incidence. There has also been an increase in the incidence of sickness absence although the average working days lost per employee is only slightly higher at 8.36 (compared to 8.06 in 2001/02). The historical trend is still downwards but this indicator needs to be monitored.

Managing Resources

An amber traffic light is given for "Living within the Budget". This is because of an unforecast underspend on Programme Budget and the position on income which exceeded our estimate by £1.7m. This on its own would merit a red traffic light. The End Year Report gives further detail on the financial position.

Allocating resources to operational priorities is a new indicator and historical data is only available for FOD. This shows that they applied more resources than planned to work on the priority programmes. Reports for other Operational Directorates will be provided at the end of the first quarter. Similar indicators for Policy Group and other Directorates are to be developed.

The indicator for Recruitment is new and no historical data for comparison is available. A first report will be given at the end of the first quarter.

HSE's indicators for Retention and Motivation are a mixture of turnover and diversity measures. Turnover rate is on target at 0.5% variance from the average of 7.2%. Diversity indicators are given as a baseline for this scorecard.

Continuous Improvement

No indicators are available for Leadership but a narrative report has been provided. The most recent staff survey highlighted poor perceptions of leadership within HSE and a programme of work to improve leadership in HSE is being developed. indicators to track progress on leadership could be developed from this work.

The Change programme is on track and a milestones based report is provided.

Indicators for Applying Science and Technology are new and a baseline will be provided at the end of the first quarter. Initial indications are that there is still some work to be done in implementing arrangements to ensure the application of Science and technology is embedded in HSE.

Business Improvement indicators are nearly all new and a report on these will be provided in the first quarter. However, the previous target to achieve 3% efficiency gains from Business Improvement was achieved (6.4% gains made) and has been recorded, as this measure will continue. A full report on Business Improvement is provided in the End Year Report.

Reputation

Narrative Reports are provided for all measures in this perspective as indicators are yet to be developed. Work to develop indicators will continue based on research that is underway and further discussions with D/Ds leading on these areas.

The narrative reports for Image and profile and Trust and Reputation suggest that our position here is ambiguous. Our Reputation with the public generally may be strong but knowledge of what we do is limited and hence the depth of this public support might actually be quite limited. There is also some evidence to suggest that our reputation with stakeholders in Government, industry and trade unions is vulnerable.

A wide range of work to engage stakeholders is being taken forward but more needs to be done to coordinate approaches and to engage hard to reach groups.

