

Health and Safety Executive Board Paper			B/03/072
Meeting Date:	19 November 2003	Open Gov. Status:	Closed until post Board meeting
Type of Paper:	Above the Line	Paper File Ref:	
Exemptions:	None		

## HEALTH AND SAFETY EXECUTIVE

### The HSE Board

#### HSE Balanced Scorecard for 2nd Quarter 2003/04

A Paper by Andy McGrory and Carole Lomax

Advisor: Tony Mulhall

Cleared by Jane Willis on 13 November 2003

#### Issue

1. Assessment of HSE's performance for the 2nd quarter 2003/04 using the Balanced Scorecard.

#### Timing

2. Routine.

#### Recommendation

3. That the Board:
  - Confirms that Amber status be assigned to Delivering Planned Work, Health and Safety in HSE, Leadership, Delivering Change, Applying Science and Technology, Applying Business Improvements and Stakeholder Engagement
  - Notes that indicators are still required for five indicators
  - Considers/notes other issues identified in the paper, particularly paragraphs 12, 14, 22, 23, & 24.

#### Background

4 The Balanced Scorecard at this six-month stage includes supporting material for each of the indicators including a short narrative where required (Annex 1). Five key indicators remain undeveloped (Leadership, Delivering change, Profile and Image, Trust and Reputation and Stakeholder Engagement), in these cases a more full narrative report is provided and a subjective judgement on traffic light status made. There is an absence of data for some indicators due to the restraints of annual data collection.

#### Overall Picture and Related Business Risks

5. HSE's overall performance in the second quarter 2003/04 is again acceptable. There continues to be good performance in Delivering PSA 1, Delivering PSA 2, Living Within the Budget, Allocating Resources to Priorities and Retaining and Motivating, all continuing as a Green. There has been an improvement in performance in Recruitment, and some encouraging activity in Delivering Change, Applying Science and Technology, Applying Business Improvements, Profile and Image, Trust and Reputation and Stakeholder Engagement.

6. The Board's attention is brought to:

- the Amber for Delivering Planned Work due to two Reds in the RI and NSD 'safety cases' indicator. The reasons for the red for RI are similar for those reported in the first quarter. The red for NSD is the failure of greater significance, falling 15% into the red status and 20% short of the green. This exposes HSE to business risk as a *failure to achieve key operational outputs*

and outcomes. Failing to complete safety casework on time may also contribute to business risk from *poor customer relationship management*,

- the Amber assigned to Health and Safety in HSE due to three major injuries reported in the last quarter alone (higher than in the two preceding fiscal years). As HSE's health and safety performance is publicly reported, it runs a very real business risk of *poor public image*; and
- the Amber for Leadership due to the limited progress in the 2<sup>nd</sup> quarter, exposing HSE to risk from *Organisational Capacity Failure (i.e. poor leadership)*.

## **Overview of the 4 Business Perspectives**

### **Delivering The Mission**

7. The Amber for Delivering Planned Work arises from two Reds for Safety Case work in RI and NSD, and an Amber for the % of incidents that met HSC criteria investigated by NSD.

8. The Red for RI safety cases is not a great cause for concern due to the targets set and the small number of cases processed in the second quarter. A further case processed to time would change the status to amber and a further five cases to green. Because such small numbers can affect easily the status RI needs to revisit the ranges which determine it, but the Board should note the narrative which suggests issues with safety case management and internal communication between essential personnel, which may need addressing.

9. The Red for NSD is a cause for concern as the reported outturn falls significantly short of the targets set (15% into the red) The narrative identifies lack of resources, reactive work and work of a higher priority as causative factors. The degree to which other priorities are deflecting from achieving this target is currently being investigated and a report will be sent to Justin McCracken.

10. The NSD Amber status for incidents investigated is of less concern. The narrative provided highlights a change in the indicator definition. The very marginal shortfall meant that investigation of one more incident would give a green status, and two more would give a 100% return.

11. Delivering PSA 1: Priority Programmes are mostly on track with the majority of selected milestones. Of 21 'surrogate indicators', overall good progress has been reported, particularly in construction. The new priority programme 'Government setting an example' reports little real progress during the last quarter – although the process of laying sure foundations continues. Development is expected following the first meeting of the new Programme Board in December.

12. Because health and safety statistics are published annually, in-year monitoring of Delivering PSA 1 is determined by progress with selected milestones and surrogate indicators (Green at this stage). 2002/03 statistics, shortly to be published, suggest the possibility that targets may not be met if current trends continue. DWP will therefore require an HSE action plan. **Does the Board agree that the draft new Strategy can be used for this purpose?**

13. For the other key indicators in this section, there was a good performance again for Delivering PSA 2 (Major Hazards) but Amber status assigned to Health and Safety in HSE is cause for concern. Three major reportable incidents involving HSE staff in the last quarter is more than in 2001/02 (2) and 2002/03 (1). Absence data for the quarter is not available, however, it would not be likely to affect the status.

### **Managing Resources**

14. A continuing Green is assigned to Living Within the Budget where the outturn against both budget profile and the forecast outturn are below plan. This is consistent with the decision to bear down on spend (although the **Board should note that the reduction in Forecast Outturn against Budget includes £1.4m relating to Cullen**; an underspend accounted for by funds assigned to project officers yet to take up post). Performance in Living within the Budget should be considered alongside activity levels in Key Indicators 1, 3 and 6\* because of the importance of sustaining activity whilst constraining expenditure. Targets are largely being achieved and in some cases exceeded – except

most worryingly in NSD safety-case work where resources are cited as the reason for shortfall. This shortfall, more than any other, has determined an Amber for "Delivering Planned Work". Bearing down on spend therefore, is not at the expense of planned outputs, but the Board should **note the position with NSD** whilst awaiting the outcome of the investigation described at paragraph 9.

*\*Delivering Planned work, Delivering PSA2, Allocating Resources to priorities*

15 Improvement has been reported for Recruitment (a move from Amber to Green status) and good performance has again been reported in Allocating Resources and Retention and Motivation.

### **Continuous Improvement**

16. An amber status for Leadership is assigned since there is limited evidence of significant action in this quarter. HSE's Leadership Development Programme is up and running, but it is not known how many SCS have attended. Evaluation of the DWP 'Leading the Vision' Programme will not be available until the new-year. The benefits of leadership initiatives take time to come through and the results of the 2004 Staff Survey (available February) will more easily measure progress on leadership issues. However, redirection of resource may be necessary to progress this indicator.

17. A continuing Amber is assigned for Delivering Change. Progress continues in the second quarter in the same areas highlighted in the first quarter's report. No new work or significant progress in previous areas is reported. Redirection of resource may be necessary to progress this indicator.

18. An Amber status for Applying Science and Technology is not an immediate cause for concern. The narrative reports that overall performance is moving from Amber towards Green. A forthcoming external audit will scrutinise HSE's S&I provision and an action plan will be prepared setting out work to remedy any identified weaknesses. Training for 'Guidelines 2000' will be rolled out in the 4<sup>th</sup> quarter. 67% of research work and 65% of support work carried out was assessed as high priority and 71% of projects evaluated were considered, by the internal customer, to be of immediate use to operational or policy work.

19. An Amber for Applying Business Improvements is not immediate cause for concern. However, the narrative highlights a data reporting/collation issue that must be noted for future reporting. Similar to last quarter, of the four indicators, only one can be reported at this stage. The new Business Improvement Board has recently been agreed and is due to meet for the first time in December. This should bring a strategic steer to configuration of Business Improvement work. Development of indicators two and three should follow this top down strategic steer.

### **Reputation**

20. No indicators have been developed for either Image and Profile or Trust and Reputation. An Amber status has therefore subjectively been assigned. In response to bad press reported in the 1<sup>st</sup> quarter, two very good interviews with Bill Callaghan in the Evening Standard and the Financial Times met those criticisms head on. HSE continues to receive positive coverage in the regional and specialist media. There are also several examples of national newspapers ready to write critical articles, which were not published after Press Office successfully refuted their allegations.

21. An amber status for Engaging Stakeholders is subjectively assigned. Although planned programmes for communication/ stakeholder engagement are earmarked for development by the new Director of Communications, significant risks are attached to the current lack of progress in both. Change must progress at the same rate in this area as in others. However, the narrative provided for this quarter provides details of all Stakeholder Engagement Initiatives currently running across HSE and those planned for the immediate future. The narrative also clearly recognises that effective engagement is key to the success of the new HSC Strategy.

### **Further Development of the Balanced Scorecard.**

#### **Action if status is amber or red**

22. **The Board may wish to consider future reporting requirements** for those indicators assigned amber or a red status. When reporting to the Department, DWP requires a robust action plan for tackling targets with a red or amber. In addition, the amber rating can only be used once; in the

subsequent quarter the target must either improve to warrant a green status or it automatically becomes red. Although DWP guidelines relate to the overall status of delivery of the PSA and the reporting framework is different from the Balanced Score Card, the Board may wish to require an action plan for those areas (within indicators) which report red or amber status in any quarter, or where shortfalls against plans continue for more than one quarter.

### **Changing indicators**

23. Some original indicators are not proving as useful as first thought, or are difficult to report against. Alternatives offered will be identified for the Board's consideration and approval. This quarter, NSD has redefined target OPMD, FOD Allocating resource (FOD only - balance of resource committed to Proactive/reactive) and offshore and rail the current major hazards targets. **Is the Board content with the new definitions described at Annex 2?** Separately, the Board is asked to note that new surrogates are being considered in the MSD/Health Services Priority Programmes and proposals for a risk-weighted and combined index to replace the current 5 rail indicators is currently being developed.

### **The Balanced Scorecard: "Change" in HSE and Business Risks**

24. The Board will wish to note that further development of the Balanced Scorecard will be necessary to realign it with the 2004/05 'planning round' and the introduction of 'Programme and Project' working. D/Ds will need to steer teams to consider the development of new SMART indicators that fit with forthcoming new working arrangements. The Board should note that further development of Balanced Scorecard reporting will take place in the next quarter, in line with Board Paper B/03/60 (discussed 5 November), encouraging D/Ds to consider the 'leading' Business Risks that may have led, or contributed to, the poor performance that has been reported in a given quarter.

### **Costs and Benefits/Financial/Resource Implications for HSE**

25. Some redirection of resources is necessary to address areas highlighted as requiring action in the overview. Similarly, some D/Ds must still put in place data sampling and collection methods imposed by the Balanced Scorecard (e.g. ways of assessing and reporting media coverage.)

### **Action**

26. The Board is asked to

- Confirm that Amber status be assigned to Delivering Planned Work, Health and Safety in HSE, Leadership, Delivering Change, Applying Science and Technology, Applying Business Improvements and Stakeholder Engagement
- If confirmed, note the overall picture and the business risks identified (paragraphs 5 and 6), and discuss what actions, if any, may need to be taken
- Note that indicators are still required for Leadership, Delivering Change, Image and Profile, Trust and Reputation and Stakeholder engagement
- agree that the draft new Strategy can be used as an action plan to get Delivery of PSA1 back on track (paragraph 12)
- note that £1.4m relating to ring-fenced Cullen is underspent (paragraph 14)
- note the position with NSD's safety-case work (paragraph 14)
- consider future reporting requirements where an amber/red is assigned (paragraph 22)
- consider the new indicators described at paragraph 23 and Annex 2
- notes issues concerning the development of the Balanced Scorecard (Paragraph 24).