

Health and Safety Executive Board Paper**HSE/04/044**

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HEALTH AND SAFETY EXECUTIVE**The HSE Board****HSE Balanced Scorecard for 1st Quarter 2004/05****A Paper by Andy McGrory****Advisor: Tony Mulhall****Cleared by Vic Coleman on 1 September 2004****Issue**

1. Assessment of HSE's performance for the 1st quarter 2004/05 using the Balanced Scorecard.

Timing

2. Routine.

Recommendation

3. That the Board:
 - Considers the 'Balanced Overview of the Four Business Perspectives' at annexe 1;
 - Confirms that Amber status be assigned to Delivering Worker Health and Safety Targets, Delivering the Major Hazards PSA, Delivering Health and Safety in HSE, Allocating Resources to Priorities, Leadership, Profile and Image, Trust and Reputation and Stakeholder Engagement;
 - Notes the ongoing development of four indicators;
 - Considers/notes other issues identified in the paper;
 - Considers and accepts proposals for changed indicators described at Annex 3.

Background

4. The Balanced Scorecard (Annexe 2) is a method of measuring and managing performance across HSE. Supporting material is included for each of the indicators, including a narrative where required.

5. There is notable interest in HSE's use of the Balanced Scorecard as a performance reporting and management tool from outside the organisation. The move to develop and then report the quarterly Scorecard and associated papers on the internet has generated much interest from other Government Departments (including DWP, the Forestry Commission and DfES), Business Management Fora, Consultants and one PhD postgraduate student. This positive move demonstrates HSE's transparency and undoubtedly contributes to the image and reputation of HSE as an organisation, and to its leadership.

Overall Picture and Related Business Risks

6. HSE's overall performance in the first quarter 2004/05 is mixed, with 6 Green and 8 Amber status assigned. There has been an improvement in performance in Delivering Planned Work and Leadership. Good performances continue in Living Within the Budget, Recruitment, Retention and Motivation, Applying Business Improvements and Applying Science and Technology, all maintaining a Green status. Amber status has been assigned to Delivering Worker Health and Safety Targets, Delivering the Major Hazards PSA, Delivering Health and Safety in HSE, Allocating Resources to Priorities, Image and Profile, Trust and Reputation, and Stakeholder Engagement.

7. The Board's attention is brought in particular to:

- the Green assigned to Delivering Planned Work shows some improvement on last quarter's performance. RI has delivered a Green for Safety Cases processed to time and quality standards. NSD has moved to a more meaningful measure of performance by using the issue of Consents and Agreements which permission licensee's activities rather than the completion of ARFs (assessment request forms).
- The Amber assigned to Leadership in HSE has been assigned due to analysis of evaluation forms from the Strategy Roadshows (see paper B04/042). This is particularly noteworthy when considering that staff feelings were running high during the delayed and protracted pay negotiations and has provided some evidence that senior management 'lead and motivate by providing clear purpose and direction'.
- the Amber for Delivering Worker Health and Safety Targets has been assigned by HSE's Delivery Board. This was due to there being no clear evidence of reduction in the incidence rate of fatal and major accidents, and insufficient progress in all Strategic Programmes. This may expose HSE to an increased business risk as a *failure to achieve key operational outputs and outcomes* and may increase HSE's risk from *poor public image* and *poor relationships with key stakeholders*.
- the Amber for Allocating Resources to Priorities, due to two Ambers for 'percentage of resource (inspector time) committed to Strategic Programmes as a proportion of that planned' for HID and RI. This may expose HSE to an increased business risk as a *failure to achieve key operational outputs and outcomes* and may increase HSE's risk from *poor public image* and *poor relationships with key stakeholders*.

Other Areas Requiring Agreement of the Board.

8. A decision was taken by the Executive to cease reporting Regulatory Contact Numbers in FOD; the number is no longer planned or profiled. FOD accounts for over 80% of regulatory contacts reported. On the grounds that FOD are no longer reporting on this indicator, reporting by other Operational Directorates (O/D) would not give an overall view of performance and has not been included this quarter. O/Ds will be made aware of the need to continue recording this data for answering regular enquiries and PQs etc.

9. An Amber status has been subjectively applied to Leadership in this quarter. There has been some positive reaction to recent Strategy Roadshows, which were attended by over a third of all staff. Of those attending, approximately 75% thought they were useful and 63% felt better informed about the reasons for change in their work. The next biannual 'temperature taking' survey, designed to measure the nature and extent of any change in employee perception of Leadership will take place in October 2004.

10. An Amber status has been subjectively assigned to Image and Profile. There has been quite a lot of mixed coverage this quarter. Media analysis for last quarter shows 90% of media coverage was factual, 8% positive and 2% adverse. HSE media coverage reached a potential audience of 65,136,000 ('opportunities to see'). There were approximately 4.5 million visits to the HSE website in quarter 1, and in excess of 600 000 enquiry calls to HSE Infoline.

11. An Amber status has been subjectively assigned to Trust and Reputation. Our standing with key stakeholders in and beyond the rail sector may have been damaged to a degree by discussions over the rail review process. In the period ahead of this report, evidence to the Work and Pensions Select Committee indicated general support for HSC/E and the current legislative framework from our major stakeholders - most took the opportunity to be supportive, while pursuing specific issues of concern. HSE Infoline received 620 unsolicited letters of thanks – 7% of all written traffic received.

12. An Amber status for Engaging Stakeholders has been subjectively assigned. In this quarter corporate external stakeholder engagement work concentrated on planning and is not expected to show up in results 'on the ground', however there have been many individual examples around HSE of good practice in building and maintaining relationships with stakeholders. There have also been many important Initiatives to improve communications with staff in this period.

Costs and Benefits/Financial/Resource Implications for HSE

13. Some redirection of resources may be necessary to address areas highlighted in this paper as requiring remedial action.

Development of the Balanced Scorecard.

14. From quarter 2 onwards, new indicators are proposed for Delivering Health and Safety in HSE, to bring the Balanced Scorecard in line with HSE's corporate reporting. Further work is required on reporting Sickness Absence data and its impact on the Health and Safety headline indicator. Details can be seen at Annexe 3.

15. CoSAS has proposed a new suite of indicators for the Applying Science and Technology, to update and progress existing indicators. Details can be seen at Annexe 3.

16. A revised suite of operational Output and Performance Measures (OPMs) for the year 2004/05 were discussed by a working group earlier in the year, proposed to and cleared by the Operations Management Forum and accepted by members of the HSE Board by correspondence. We are now reporting against these OPMs.

Action.

17. The Board is asked to
- note the overall picture and the business risks identified (paragraphs 5&6), and discuss what actions, if any, may need to be taken;
 - Note that indicators are still required for Leadership, Image and Profile, Trust and Reputation and Stakeholder Engagement, which should be developed (by the

indicator owner, or their representative) by the end of quarter two for presentation to the Board; and

- Accepts proposals for changes to the Balanced Scorecard indicators (see annexe 3).