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HEALTH AND SAFETY EXECUTIVE

The HSE Finance Board

HSE Balanced Scorecard for 3rd Quarter 2004/05

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Issue

1. Assessment of HSE's performance for the 3rd quarter 2004/05 using the Balanced Scorecard.

Timing

2. Routine. This paper however is being brought the Board after the end of the fourth quarter, although it relates to information from quarter 3. This has been due to shifting meeting dates, full agendas and other Board commitments.
3. In order for the balanced scorecard to be a credible performance management tool it is important that the paper is considered as close to the end of the relevant quarter as possible.

Recommendation

4. That the Board:
 - Considers the timing issue above;
 - Considers the 'Balanced Overview of the Four Business Perspectives' at annexe 1;
 - Confirms that Red status be assigned to Delivering Health and Safety in HSE and Amber status be assigned to Delivering Worker Health and Safety Targets, Retention of personnel, Leadership, Internal Communications and Stakeholder Engagement;
 - Notes the ongoing development of the Leadership indicator;
 - Considers/notes other issues identified in the paper;
 - Considers and accepts proposals for changed indicators described at Annex 3.

Background

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

Overall Picture and Related Business Risks

6. HSE's overall performance in the 3rd quarter 2004/05 is mixed, with 8 Green and 5 Amber and 1 Red status assigned. There has been an improvement in performance in Profile. Good performances continues in Delivering Planned Work, Delivering the Major Hazards PSA, Financial Management and Monitoring, Recruitment, 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, Allocating Resources to Priorities, Retention of personnel, Leadership, Internal Communications, and Stakeholder Engagement. Delivering Health and Safety in HSE has been assigned a Red status.

Key Issues

7. Some organisational changes came into effect in October 2004 which were aimed at helping the organisation to implement the strategy and progress towards delivering our PSA target. Amongst other changes, the Health and Safety Hazards and Sector Strategic Programmes were merged and rationalised into one Strategic Programme. Programme activity has been crafted into three main blocks aligned with the PSA targets. The emerging Strategic Programme is called 'Fit for work, fit for life, fit for tomorrow' and is almost wholly responsible for the Delivering Worker Health and Safety Targets.
8. An Amber status has been assigned to Delivering Worker Health and Safety Targets. Largely positive progress is reported overall, however the Amber rating is based on individual ratings for milestones achieved in the Programme Blocks (see Table 1 on page 5 of Annex 2) and not actual progress with the Revitalising Health and Safety targets. The Amber may expose HSE to an increased business risk from *failure to achieve key operational outputs and outcomes* and may increase HSE's risk from *poor public image and poor relationships with key stakeholders*.
9. A more definitive assessment of progress against Delivering Worker Health and Safety Targets became possible after publication of the Health and Safety statistics for 2003/04 on the 18th November 2004. Latest reported data shows little change in the rate of fatal injury.
10. There has been a decrease in the rate of major injury in the more traditional production industries and an increase in some service industries such as public administration, hotels, catering and transport. There is evidence to suggest that reporting levels have increased, leading to an overall judgement of no clear evidence of change in the incidence rate of fatal and major injury since 1999/2000, the base year for the Revitalising Health and Safety targets.
11. Work related ill health data shows a fall in the incidence rate of musculoskeletal disorders and a levelling off in the earlier rise in work related stress. There have been reductions in the incidence rate of asthma and dermatitis, but a continuing rise in asbestos related cancer. This leads to the overall assessment that there is no clear evidence of change in ill health incidence since 1999/2000. For working days lost there is no statistically significant change evident. For further information see <http://www.hse.gov.uk/statistics/overall/hssh0304.pdf>
12. The Green for Delivering the Major Hazards PSA has been assigned based on a continued good performance in all but the Rail component of the indicator. Rail maintains a Red status as the trend is above the target trajectory and not converging with it. The projection is that, although performance is showing slight improvement with respect to the baseline, it is not enough to prevent further divergence from target. All of the key areas of concern were challenged and actions being taken to improve the

position discussed at the meeting between HSE Rail and Network Rail on 28 January. The Red assigned to the rail precursor indicator may expose HSE to an increased business risk from *failure to achieve key operational outputs and outcomes* and may increase HSE's risk from *poor public image*.

13. The indicator owner has assigned the Red for Delivering Health and Safety in HSE. This was due to two out of three health and safety sub-indicators moving to a Red status (number of reported slip and trip incidents and referred DSE related issues). A small reduction in number of days sickness absence per staff year per quarter is seen alongside a seasonal increase in instances of sickness absence.
14. The indicator owner has applied an Amber status to Leadership in this quarter. Slow progress is being made, but continual change and residual resistance to the strategy is reflected in some mistrust of the leadership. In October the SCS met to continue shaping change across HSE. The theme of the Conference was 'Focussing upon Delivery'. They set about identifying simple effective ways to resolve the identified staff-based barriers to delivery.
15. Senior Civil Servants have been undertaking a series of career reviews to identify Band 1 & 2 staff who have the competencies, proven track record of high performance and have demonstrated potential to progress to the Senior Civil Service within 5 years. Local support and training are planned to help eligible staff attain skills and experience in the necessary areas.

Costs and Benefits/Financial/Resource Implications for HSE

16. Some redirection of resources has been brought about due to the formation of the 'Fit' Strategic Programme. Further redirection of resource may be necessary to address other issues highlighted in this paper.

Development of the Balanced Scorecard.

17. At the previous Board meeting where the second quarter's Balanced Scorecard was discussed, the Board requested a significant revision of much of the Scorecard. Work is underway with members of the RDG, BEU, Communication Directorate (CD) and Financial Management Team to progress this work.
18. Work is due to commence with PD to develop indicators to replace the Recruitment and Retention of Personnel indicators with more meaningful measures of Human Resource function, arising from the emerging Workforce Strategy and the Human Resource Service Transformation project. PD also intend to retain the 'occupancy of unfunded posts' indicator within Recruitment at a pan-HSE level. There are currently no unfunded posts across the organisation and effective planning and managed moves where necessary should prevent any further cases.
19. A meeting has been held between CD and Strategic Planning Unit to firm up sensitivities or tolerances for the status of Profile and Stakeholder Engagement. A set of rules for the combination of these sub-indicators has been developed.
20. An indicator for Internal Communications has not yet been developed, although the long awaited bi-annual staff 'temperature taking' survey is being arranged by CD and will carry an appropriate set of questions on internal communication issues. The

survey will also include questions relating to how staff perceive the leadership of HSE's senior management (among others), and information to inform personnel issues. In the interim continued use of narrative is envisaged for the Leadership indicator, reporting on topical issues and applying a subjective status.

Action.

17. The Board is asked to
- Note the overall picture and key issues and discuss what actions, if any, may need to be taken;
 - Note that the Amber status for Delivering Worker Health and Safety Targets is based on individual ratings for milestones achieved in the Programme blocks, and not on progress with the Revitalising Health and Safety targets.
 - Note that indicators are still required for Leadership, and that a major revision of much of the Scorecard is ongoing;
 - Considers and accepts proposals for change to Balanced Scorecard indicators (see annex 3).