

Health and Safety Executive Board Paper		HSE/05/044	
Meeting Date:	7 September 2005	Status:	Partially open (annex 3 fully closed)
Type of Paper:	Above the Line	Paper File Ref:	
Exemptions:	As above		

## HEALTH AND SAFETY EXECUTIVE

### The HSE Board

#### Managing Business Risk and Performance

#### Consideration of HSE's Balanced Scorecard and Corporate Risk Register.

#### A Planning, Efficiency & Finance Division Paper

Advisor(s): Andy McGrory, Mike Lacaille, Avril Adams, Bill Tomkins

Cleared by Vic Coleman on 1 September 2005

#### Issue

1. Assessment of HSE's performance in 1<sup>st</sup> quarter 2005/06 and of the updated corporate risk register.

#### Timing

2. Routine.

#### Recommendation

3. That the Board:

**confirms that the joint presentation of the Scorecard and risk register is in a format which members find useful and suggests any further improvements;**

**notes the overall picture; and**

**considers the key issues and discusses whether further remedial action is required.**

#### Background

4. A balanced overview of the 4 business perspectives of the Balanced Scorecard is at Annex 1. The Scorecard is at Annex 2. Supporting material is included for each of the indicators, including a narrative where required. The risk register is at Annex 3.
5. This quarter PEFD has produced an integrated report, drawing links between salient business risk and performance management issues. It has confirmed the status of the indicators and related business risks with indicator owners where appropriate.

6. The Balanced Scorecard for 2005-06 has been refined, with revised tolerances for each indicator reflecting HSE's move to a four-phase traffic light system. Revised tolerances for most indicators have been set, details of which can be obtained from Strategic Planning Unit. Annex 4 sets out Personnel Division's proposals for a revised suite of indicators relating to Personnel issues. These will be firmed up once the Board has considered and agreed the proposals.
7. The updated corporate risk register draws on input from risk owners and also from quarterly performance reports to RDG (which contain summaries of key risks in our strategic programmes).

### **Overall Picture**

8. Given the scale of the task, Delivering Worker Health and Safety Targets is assessed as Amber/Red this quarter. There have been encouraging signs of improvement in the Reputation quadrant - although further work is needed on Stakeholder Engagement, and significant risks remain in this area. There remain severe risks on SFAIRP and on pay issues.

### **Delivering Worker Health and Safety Targets**

9. Good progress has been made in developing the Fit3 Strategic Delivery Programme and the plans for its component Programmes. We have started strongly on delivery activity in several component programmes, but some are not as advanced in their stages of delivery. Urgent work is being undertaken to establish programme baselines against which to measure the impact of our interventions and to commission better/leading indicators. A key challenge is tackling the target shortfall for the 'working days lost' target. Given the uncertainties around the "days lost" targets and other elements of the Programme and the scale of the task, an Amber/Red rating is given overall, although we are on track with activity and milestone indicators this quarter.
10. This is related closely to the risk of Failure to deliver mission critical projects on the corporate risk register (Risk 12) which has a Red ('Severe') marking. There are three key elements to this risk; we need:
  - i) baseline data in order to manage and evaluate the Fit3 Programme
  - ii) to deliver Fit3 targets within the timescale of the PSA
  - iii) to produce sufficiently robust contracts for Workplace Health Direct.

### **Delivering Health and Safety in HSE**

11. This has improved significantly to Green this quarter. Reporting against revised targets for 2005-06, the Qtr 1 outturn was lower than that for the equivalent period in 2004-05. In October 2004, following poor performance on HSE's corporate targets, the Corporate Health and Safety Committee developed and implemented an action plan to raise the profile of HSE's health and safety strategy and policy. One ongoing and very visible measure arising from this is the ongoing health and safety poster campaign.

## **Reputation**

12. Profile has reported a continued Green status this quarter. There has been an increase in the ratios for favourable media coverage in the press, most notably a rise from 17:1 to 72:1 in trade press. Colin Douglas has asked Press Office to investigate the reasons for this improvement.
13. Stakeholder Engagement has improved this quarter, from Red to Amber/Red. 20 key stakeholders have completed their action plans (although some remain at a drafting stage) and a workshop has been arranged in September to review progress and intensify effort to turn plans into action. The intention is to focus initially on some 15 stakeholders. Communications Directorate planned to monitor successful stakeholder engagement using a 'life stage' model developed by the Central Office of Information. Monitoring of stakeholder communication performance using the life stage model will commence in Q3. These issues are directly reflected in the risk register (risk 6, rated Amber).
14. Internal Communications has also improved, from Red to Amber/Red. A programme of Board visits to regional offices has commenced and new corporate briefing arrangements have been put in place (although there has been a noticeable hiatus between 'Cascade Briefing' and the new arrangements; 'Exchange'). Evaluation of these measures has yet not been possible, as they have not been completed. The Staff Attitude Survey planned for November will allow for direct comparison with the 2004 results for questions on internal communication. This improvement is reflected in the measures taken and planned in the risk register (Risk 4).

## **Longer-term risks**

15. Two other 'Red' risks remain: one (risk 2) relates to pay issues, the other SFAIRP. The impact of the equal pay judgement could be financially severe, and failure to achieve a pay settlement could also have severe repercussions. On SFAIRP, the potential impact is clearly major, although this is not an immediate threat – European Court judgement is not expected until 2007.
16. There is a proposal that Risk 14 (failure to recognise key issues in time eg a politically sensitive regulatory decision) should be removed because it is too vague to assess accurately. This is true but it is a risk that in the past has proved all too tangible once the event occurs and it can impact substantially on reputation.

## **Financial/Resource Implications for HSE**

17. Redirection of some resource may be necessary to address issues described above.

## **Further Development**

18. RDG considered the issue of corporate performance management at its meeting on 31 August. RDG agreed that a better suite of performance measures was required - including the urgent need to have more accurate and complete information on the cost of activities - together with an overall push on improving performance management. It was agreed that the Scorecard should continue to be developed as the main corporate performance management tool. RDG asked that a project team be formally established, led within RPD, to steer future development. Annex 5 provides a summary of the performance management material that informed the RDG discussion.

## **Action**

19. PEFD proposes that the Board:

- indicates whether the integrated report is in a format which members find useful and whether it requires any further changes;
- discusses the key issues raised;
- directs any remedial action;
- agrees proposals for changes to indicator tolerances;
- agrees that the proposed suite of personnel indicators provides the information the Board requires and provide any necessary further steer;
- decides what action it wants taken in relation to Risk 14 on the risk register; and
- notes planned development activity.