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**HEALTH AND SAFETY EXECUTIVE
The HSE Board**

1st Progress Report on the Fundamental Review (FR) Action Plan

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Issue

1. Implementing and presenting the FR Action Plan.

Timing

2. For agreement at this meeting.

Recommendation

3. That the Board agrees the FR Action Plan and notes progress to date; agrees the implications of its commitment to use the Rough Guide to Change for implementation and the actions which flow from it; and discusses how it wishes to handle future presentation.

Background

4. The Board considered a first draft of the FR Action Plan at its residential meeting in Liverpool on 6 September 2006. It asked PEFD to rework the Action Plan in the light of the Board's discussion. The Plan has now been brigaded under three themes, ownership of each work strand has been assigned to a senior manager, a time objective, benefits statement and progress column have been added. The new version of the Action Plan is attached at Annex A. While this rework has been going on, individual strand leaders have been making progress to implement their particular actions.
5. As the Board is aware, feedback from Board Members' visits in October 2006 indicated that it had not been possible to convey key messages about the purpose and outcome of the FR as effectively as the Board would have wished. Externally, Departmental Fundamental Reviews were seen as initiatives which enabled Departments to live within their SR2007 settlements, i.e. they were in effect efficiency and/or prioritised cost cutting reviews. Although HSE's FR Action Plan contains a number of efficiency elements, its main thrust is to improve effectiveness and achieve better outcomes from HSE's (and our LA partners') intervention programmes. In this sense, it does represent a more fundamental approach than simply prioritised cost reduction.

6. The Board committed to use the Rough Guide to Change to implement the FR Action Plan and a number of consequences flow from that decision. The Board's Sub-Group on Change met on 1 December and, among other things, discussed how the FR and the approach and disciplines agreed in the Rough Guide inter-acted.

Argument

7. The Action Plan at Annex A has been brigaded under three themes: Making the Best Use of HSE Resources; Improving Delivery; and Making the Best Use of Science. In addition, the Plan has been presented in a simple column form; the lead manager or management group who are responsible for taking forward implementation identified; and, where it is has been possible, the baseline from which quantified benefits can be drawn has been declared. A column on progress and the next milestone to be achieved has been added. Progress is variable as might be expected from the range of work strands. The Board is invited to note progress to date and indicate whether it is content with the themes and general shape of the Plan?
8. There is some further work needed on most of the individual strands of the Action Plan. In particular, in some cases, a timetable, the resources required to carry out the work, their cost and a clear statement of the benefits ('what will be different when the work has been carried out') need more specific articulation and, where appropriate, quantification. The Board's endorsement is required to ensure that this takes place within a reasonable timescale – RPD suggest by mid-January 2007 (see below).
9. One of the earlier commitments the Board made was to integrate the outcome of the FR into its corporate 'Change Portfolio' (i.e. those projects which were introducing significant change and where the Board wanted progress to be visible to it through regular reporting, probably via the Balanced Scorecard). It decided a set of criteria by which initiatives entered its corporate Change Portfolio which rely partly on costs and the importance of the benefits. The Board also decided that it did not wish the FR to be a Programme in its own right, rather that some of the strands would be implemented in Directorates in the normal course of work (which should equally of course have a timetable, quantified resource commitment and a clear beneficial outcome). An explicit statement of costs and benefits is necessary however to apply the criteria and to select what is likely to be included in the Portfolio and what should be taken forward in Directorates. BSD is willing to help work strand leaders to articulate costs better and benefits and would, via the Change Sub-Group, bring proposals for the contents of the overall Change Portfolio (wider than the FR) back to the Board in February or March 2007. In this context, is the Board therefore content work that work strand leaders should, where it is not already available, provide the information in paragraph 8 by mid-January while continuing implementation?
10. BSD has also carried out some initial work on overall impact of the FR and the dependencies between work strands. This seems to indicate that there may be too much bunching with insufficient resource to deliver or absorb the volume of proposed change, and that the dependencies will mean some sequencing and hence re-scheduling. This should be clearer once firmer costs and timetables are available. Identifying this now usefully responds to the criticism that there is too much uncoordinated change.

11. Mangers ability to explain and present the FR internally should be enhanced with greater clarity about the timetables, costs and benefits of each work strand concentrating only on the audience most affected. The Board may wish to consider whether future presentation should be focused on individual work strands, rather than seeking to explain the FR as a whole. An alternative at the corporate level would be to focus presentation on the broader Change Portfolio when it is available in March which would have greater breadth. Does the Board wish to give a steer on its preferred way forward?
12. Externally, RPD will continue to present the outcome of the FR in the context of the SR2007 discussions and HSE's Efficiency Plan.

Consultation

13. Discussion with most of those involved in implementing the FR work streams and in the Change Sub-Group.

Presentation

14. See paragraphs 11 and 12 above.

Costs and Benefits

15. The paper seeks the Board's support that the costs and benefits of the individual work strands in the FR should be articulated more specifically. The costs are likely to be, at most, a few days effort for one or two people in some work strands and some resource commitment from BSD to help them. The benefits of this expenditure are argued in the body of the paper.

Financial/Resource Implications for HSE

16. Almost entirely opportunity costs of staff resources that already exist.

Environmental Implications

17. N/A

Other Implications

18. N/A

Action

19. See para 3.

The Fundamental Review will be implemented using the principles of 'The Rough guide to managing change in HSE'

	Outcome / Outputs	Leader	By when	Benefits	Progress & next milestone
Making Best Use of HSE's Resources					
1	HSE has an effective system for monitoring and managing people's time Produce agreed specification for Resource Management System (RMS) and develop proposals for Board decision on implementing RMS	Director, Resources & Planning	Detailed User Spec. to be agreed by Board end-Mar 2007	RMS is an essential pre-requisite for enabling staff to manage their time effectively and focusing effort on productive activity; it is also a key enabler for unit costing. HSE's annual direct pay costs are c£137m, 60% of Admin spend	HSE Board agreed high-level specification for RMS in October 2006. Project Board to consider draft detailed specification Dec ember 2006
2	HSE has simpler and leaner planning / reporting processes that enable people to focus on delivery Develop and implement framework for setting organisational priorities for a three year period, leading to a more streamlined, unified planning and reporting system, providing a basis for driving performance improvement	Director, Resources & Planning	From 2007/08	Increased focus and simplicity will bring greater clarity, utility and visibility – and will reduce transactional costs. Performance data, KPIs and targets at individual, team and at Unit level. Current costs across HSE estimated to be c£3m pa	1. Integrated corporate performance report combining PSA report / Balanced Scorecard / risk from Qtr 3 2. ½-day Board session on four-year rolling corporate plan December 2006
3	Develop zero based approach to internal forms	Head, Business Services Division (BSD)	Jan 2007	Abandoning obsolete or inefficient internal processes will free-up resource	
4	Develop proposals for 'Fewer Better Meetings' Initiative	Director, HID		Reduced T&S and staff opportunity costs (c £15m annually)	
5	Rationalise operational information and guidance	Head, Ops. Support Dir.	Various milestones through to autumn 2007	Removing local variations will free-up time and improve compliance	


	Outcome / Outputs	Leader	By when	Benefits	Progress & next milestone
6	Rationalise the HSE change initiative portfolio	Board sub-group on Change / Head, BSD	Board Feb 2007	Improve effectiveness, efficiency and impact of business change	Complete first cut of mapping by Dec 2006.
7	HSE has improved procurement and contract management, with users clear on what to expect from services and how best to obtain them				
	i) Establish criteria for “make or buy” decisions and embed their use in planning processes	Head, PEFD	April 07	HSE will have better VfM distribution between internal and external service	Criteria have been agreed and will be applied as the business plan is developed.
	ii) Ensure that the contracts we enter into are fewer and more strategic, starting in the areas of: <ul style="list-style-type: none"> • Communication, information and publicity • Staff learning and development 	Head, CDS Head, HR	April 2007 April 2007	Annual spend on Info. & publicity c£10m. Training & Conf. spend c£4m	
	iii) Ensure that contracts reflect the user perspective, & that that user feedback is received systematically and used to manage contracts	Head, BSD	Jan 2007	Improved customer experience and satisfaction leading to reductions in nugatory effort and improvement in morale	
	iv) The Intranet to state simply what service staff can expect, giving a list of FAQs about the service and an email address/phone number for contact when people are not satisfied with the service they have received	Head, BSD	Jan 2007	More user-focussed, professional corporate support with clarity of expectation on service levels	
v) Establish and embed arrangements for "user"/contract manager communication for contracts for staff services					
8	All solicitor agents used are engaged through a tendered process	Legal Adviser	April 2007	Reduced legal costs. Annual spend currently c£4m	

Improving Delivery

	Outcome / Outputs	Leader	By when	Benefits	Progress & next milestone
9	<p>Decision-making is driven by a clear strategic view of business need</p> <p>Produce clear statement of HSE businesses</p>	Director, Policy Prog's	Statement produced	Greater clarity will bring sharper focus and reduce nugatory work	<p>Incorporate into corporate business planning.</p> <p>Agree communication strategy.</p>
10	<p>Enforcement delivery activities are consistent and making an impact</p> <p>Implement agreed recommendations to improve the consistency of operational decision making with the HSC's Enforcement Policy Statement (EPS) and improve the delivery of investigation and prosecution activity. Pilot alternative business models for frontline delivery.</p>	Director, FOD	<p>Enforcement Programme phase 1 report – Dec. 2006</p> <p>Internal Audit report for risk management of high profile case - end-November 2006</p> <p>Alternative business model project plan – end-Dec. 2006</p>	Improved effectiveness and cost-effectiveness. Reduced risk of reputational damage from inconsistent approaches and decisions	<p>Recommendations of the Enforcement STeP have been agreed for implementation within operational directorates. Benefits Realisation team set up to monitor implementation and carry forward legacy issues. Guidance for notification of sensitive HSE cases to senior management is in preparation. Post RDM Audit, FOD Legal and Enforcement to review the enforcement management arrangements (EMA) and enforcement management model (EMM) to ensure decisions compliant with EPS.</p> <p>Pilots of alternative frontline delivery models to be set up in two FOD divisions. Project plan available end-Dec 2006.</p>
11	<p>Improve HSE's performance in fulfilling its public accountability role and customer satisfaction by reviewing how HSE can help its staff improve the service provided to senior customers, getting it right first time more often, reducing duplication of effort and dealing with issues (e.g. complaints) at the right level</p>	Director, Policy Prog's			
12	<p>HSE has an effective evidence base, and knows what works</p> <p>Collate what HSE already knows about the effectiveness of its interventions and how it can exploit that knowledge & how it can plug the gaps in it</p>	Chief Scientist	Dec 2006	Better resource targeting and securing better impacts for the same or less resource	<p>Paper to Board December 2006. Fully collating what HSE already knows about interventions Mar 07</p>
13	<p>HSE is an effective influencer of others</p> <p>Introducing a customer focused, consistent, joined up approach to influencing others which is integrated as a key part of HSE's formal planning processes</p>	Director, Strategic Prog's	Integration with HSE's planning processes by Feb 2007	More effective (and cost-effective) approaches to securing better health and safety performance	

	Outcome / Outputs	Leader	By when	Benefits	Progress & next milestone
14	HSE works effectively with other regulators. Develop approach to working with identified key regulators. Feed lessons to planning process for consideration of activity with other regulators.	Director, Comm's	Scope prospect for building relationships by April 2007	Securing better health and safety performance through others in cost-effective ways	
15	HSE has established firm partnership with LAs, which demonstrably contributes to delivery A vision statement, drawn up jointly and agreed with LAs, on the LA/HSE partnership, with related success criteria and the means of assessing their achievement.	Head, LA/HSE Partnership Programme	Jan 2007	To build on the success of the LA Strategic Programme so as to sustain and develop the LA/HSE partnership, and so that it becomes part of "the way we do business" and has demonstrable and positive impact on health and safety	Vision/success criteria will be part of "Partnership Plan" now being drawn up to cover the period from Sept 06 to Mar 08 – as agreed by first meeting of Partnership Management Group on 26 Oct. Plan to be reviewed by meeting with both DCEs in early December. Impact: LAs will each be asked to produce 2 "stories" illustrating their work during 06-07, as an adjunct to the quantitative information being collected. Available summer 07.
16	Joint work planning with Local Authorities in Autumn 2006 for 2007/08	Head, LA/HSE Partnership Programme	March 2007	To sustain and develop the LA/HSE partnership	Partnership Managers are currently in discussion with their LAs to promote take-up of the 07-08 portfolio of Fit3 proposals. In some regions this will lead to joint operational plans between FOD and LAs. Collated summaries of LA effort on Fit3 should be available in Apr/May 07
17	HSE has sound information for fully effective performance management and targeting of resources Develop a better segmented business and / or duty holder-based approach to engagement	Head, Strategy Division (part of fine tuning project)	Feb 2007	Better targeting and focus will lever greater effectiveness and improve cost-effectiveness	
18	Improve HSE's information databases on businesses to better target interventions by risk and sector			Better data will improve the transparency of performance for both stakeholders and HSE	
19	Define more clearly what information businesses need to manage better their own health and safety performance				
Making best use of Science					

	Outcome / Outputs	Leader	By when	Benefits	Progress & next milestone
20	<p>Effective governance of S&T (at Board, HSL and project level)</p> <p>Using in-house scientific expertise more effectively</p> <p>Establish HSE/HSL Partnership</p>	MBUS Project Board	Jan 2007	Better strategic oversight, direction and alignment with HSC's Strategy. Will lever greater impacts and better vfm; improved focus, impact, productivity to reduce transactional costs	<p>First Board sub-group meeting pending outcome of MBUS. Ad hoc arrangements in place Dec 06 for next year's science spend.</p> <p>Report back to Board 2007.</p>
21	<p>S&T Planning to 2011 and beyond</p> <p>Ensure that HSE has a clear understanding of its S&T needs in the medium and long term.</p> <p>Establish draft delivery function plans which include S&T requirements including a forward look at business needs to 2011</p>	MBUS Project Board	Draft plan for Nov 2006	Better science plans will enable the right capacity to be built up and will lead to greater prioritisation and impact	Critically dependent on preparation of HSC/E's 4-year delivery plan
22	<p>Sound financial arrangements</p> <p>Secure better management of S&T spend, align spend with business need and specified outcomes, ensure accountability goes with authority to commit budgets.</p> <p>Complete work on simplifying and improving procurement and management arrangements for S&T work</p>	MBUS Project Board		2006/07 budget for research / support is £42m, including c£36m with HSL	
23	<p>Organisational Delivery</p> <p>Scientific research and support delivers efficiently and effectively. Establish Science & Technology Group as a functioning entity in HSE and as part of a new delivery structure including embedded functions (to include S&T business partners)</p>	MBUS Project Board	Implement new delivery structure by 1 April 2007	Lever better value from S&T resource; reduce management overhead and transactional costs. Aim to release c£1m	Milestones pending outcome of MBUS project steering group.
24	<p>Improve knowledge management in HSE, particularly in relation to research and interventions</p>	Chief Scientist's Unit	Propose a way forward to HSE Board by Jan 2007	Better knowledge management will improve access, reduce transactional costs; avoid nugatory costs; improve quality of decision-making	
25	<p>Agree measures needed for cost effective evaluation of HSE's impact:</p> <ul style="list-style-type: none"> - Rationalise the current evaluations in progress - Oversee introduction of a more strategic approach to evaluation 	Analytical Services Division (CoSAS)			

Key:  possible candidates for action embedded in core business

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