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## HEALTH AND SAFETY EXECUTIVE

### The HSE Board

#### FINE TUNING REVIEW - UPDATE ON BETTER SEGMENTING OUR MARKET

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#### Issue

1. To provide an update on the Fine Tuning work stream to examine how we might better segment our approach to duty holders to improve targeting of our planned activities and to seek the Board's agreement to the next steps for this work.

#### Timing

2. Routine.

#### Recommendation

3. The Board are asked to:
  - a. endorse the segmentation framework for our planned work activities set out at paragraph 8;
  - b. agree the development of a plan to implement the use of the framework, to include work with the Local Authorities to explore how they can be integrated into the process; and
  - c. agree the prioritisation of social science based research to improve our knowledge of duty holder motivation and attitudes as described at paragraph 15.

#### Background

4. The Fine Tuning Report identified there is considerable frustration that our current approach to targeting of resources is not as good as it needs to be to maximise our impact and that we have not developed a convincing strategy to set out the impact we expect from planned activities. There is agreement that one size does not fit all and there is a need to better identify audiences, through market segmentation, so we can target them with the most effective tools. The situation is different for major hazards as there are fewer, less diverse, duty holders and a permissioning regime in place which provides a framework in which to allocate resources, because of this an approach to segmenting areas of responsibility has been developed in partnership with duty holders. For these reasons major hazards are not part of the scope of this project but may provide lessons from which it can learn.
5. The current financial situation and the likely outcome of SR2007 mean we have to assume we will have less resource available to deliver planned proactive work.

It is increasingly important therefore that the use of this resource is properly targeted to ensure the outcomes we have defined are achieved. Effective targeting is also essential to delivering the Hampton (or better regulation) principles which requires us to focus our interventions where the highest risks exist and on the non-compliant.

6. The work has taken as its starting point the recommendations made in HSE Board paper, B/06/89, 'Segmenting HSE's approach to duty holders', the attitudinal research sponsored by Communications Directorate and recent work done as part of the SME Information and Advice Project. It is recognised significant knowledge and experience already exists in the organisation about how we might segment and target audiences and the project needs to build on this.
7. The project is still at the scoping stage and the paper sets out initial conclusions and recommendations for next steps based on discussions with a selection of staff in COSAS, Policy Group and Communications Directorate.

## **Argument**

### **What is segmentation?**

8. Our problem in seeking a way to get the best return on our resources is not a unique one. Private industry has long made use of segmentation in marketing and public relations to direct the focus of their activities and increasingly the methodology is being applied by the public sector, for example the Environment Agency and DEFRA are both exploring its use. Segmentation is a tool to aid decision making in determining where and how to target resources and what interventions/services/products to offer to maximise impact. It is a three stage process:

1) **Market and audience segmentation** – the process of identifying coherent groups of similar duty holders (customers) by overlaying a series of homogeneous characteristics.

1.1 Identify the basis of segmentation

1.2 Determine the basic characteristics of each group identified

2) **Targeting the audience** – the process of selecting which segments to pursue

2.1 Evaluate the relative attractiveness of each segment

2.2 Select the segments to be targeted

3) **Positioning the intervention/service/product** – the process of ensuring the service/product offered is attractive to the duty holder (customer)

3.1 Develop a customer profile

3.2 Determine the intervention mix to be used

### **How might we use it?**

9. It remains for the Board to set overall business priorities taking into account the Commission's Strategy, the Departmental Service Objectives that are agreed, political priorities, government wide initiatives etc. Segmentation would be used within the priorities set to determine how best to deliver proactive work where we have a choice about what we do and can define the specific outcomes we want to achieve. The purpose of proactive work being to – improve health and safety outcomes by influencing (including the use of enforcement where appropriate) duty holders and others to change their behaviour. What we are seeking to achieve, once we have the top level priorities, is the best way to deploy our resources for planned activities to help deliver them.

10. The discussions held so far have identified a wide range of work already taking place designed to help better target our proactive work and improve its impact. However, much of this activity appears to be taking place in isolation having been initiated to meet the needs of particular projects or teams. There is limited evidence of information being shared and links between different areas of work being made. This risks duplication of effort, eg. at least three teams are examining how best to target and influence SMEs. We must also avoid separate plans which result in multiple approaches to the same duty holders with different messages.
11. As set out above segmentation offers a framework which could be used to better coordinate our planned activities, both strategically and practically. The adoption of a common process across all relevant parts of the organisation would enable an overview of the work to be established which in turn would help to improve the planning and management of the various activities at each level. A common process would also allow an effective challenge function to be built in at key stages of project development. A potential risk which needs to be managed is the relative balance of resources used to do research and analysis as compared to the resource available to actually deliver the intervention mix designed at the end of the process.
12. The framework also has the advantage of putting into place a strong dependency between research, decisions about resource deployment and delivery mechanisms providing a better way to describe, and defend when challenged, what we are doing and why. This strong linkage would also be helpful in addressing the concerns raised by the BRE audit about the mismatch of targeting between HQ objectives and the ability of the field staff to target their efforts effectively to meet them.
13. Ideas about how the framework might be implemented need further consideration and discussion. However, to be effective it would need to be a corporate activity and be owned and managed collectively.

### **Where are we now?**

14. It is recognised that there are a number of examples, both current and historical, where the segmentation approach described has been applied and positive outcomes achieved, often within readily identified industrial sectors, for example, in quarries, paper mills, and the waste recycling industry. However, taking a wider view the focus of our work has tended to be at levels 1 and 2 with less attention to level 3. This is borne out by the evidence from the Fit3 evaluation work, which in summary has found that we have had some success in raising levels of awareness but, with rare exceptions, our interventions have not yet brought about the sustained changes in actual behaviour we are seeking. It follows that if we continue to do the same things, in the same way, we are likely to continue to get the same results. To avoid this trap more emphasis needs to be given to work at level 3 to better understand what motivates and influences those we want to target. A better understanding of our 'customers' will enable us to set more relevant and realistic behavioural outcomes and design intervention mixes which will have the greatest impact in achieving them.
15. Research in this area to start to fill our knowledge gap is key to the successful implementation of the framework and to achieving the benefits it potentially offers. Some work to conduct social science based research is already under discussion and it is proposed to develop this as a priority. In the preliminary

stages it is suggested the work would largely be qualitative and incremental, starting with a range of in depth interviews in specific sectors to gain insights into the drivers for business decisions and what influences them. In addition, it is also proposed to initiate work to collect together examples of where segmentation has already been used to identify the lessons learnt and start to develop a knowledge base to supplement and inform the broader strategic research.

16. The paper focuses on the macro level use of segmentation, however the approach is also useful at the micro level and there are a number of examples of how interventions have been adapted to take account of particular local needs and issues to improve their impact. The Fine Tuning increased use of local discretion being integrated into the plans for next year builds on this experience and the work done will feed in to the research work to help develop our knowledge. The BRE review findings highlight the difficulties we currently have at the micro level in implementing a properly targeted approach and work is already in hand to look at how we can improve this as part of the Fine Tuning work stream on intelligence and targeting.

### **So what is new?**

17. The proposals are designed to build on the experience gained through the Fit3 programme. The principles of segmentation are not new and it is recognised they have increasingly been applied as the programme has developed. Where we see a difference in approach is in the following ways:

- i) using segmentation to provide a framework to better coordinate our planned proactive work, in particular, to bring all the functions together, on an equal footing, at the start of the process to have a collective discussion and agree the approach to be taken for an identified segment;
- ii) greater focus on achieving sustainable behavioural change from specifically targeted “customers”;
- iii) a focus on designing the most appropriate intervention mix based on research at level 3 and a discipline to test impact before wider implementation and commitment of resources for delivery; and
- iv) a more flexible and dynamic use of staff working in task and finish teams established to deliver specific outcomes.

### **Consultation**

18. Discussions have been held with a sample of staff in COSAS, Policy Group, Communications Directorate and with some HSE Board members. Further consultation will be required to develop the next steps of the work, including work to involve the Local Authorities.

### **Presentation**

19. At this stage of the project the proposals concern the development of improved internal procedures which build on existing work and best practice. Assuming the framework is endorsed the development of the approach will have relevance to our response to the BRE audit and may attract some ministerial interest for this reason.

## **Costs and Benefits**

20. The use of the segmentation framework and the adoption of a common process across the organisation is designed to both to improve efficiency by enabling work already being done to be better coordinated and to improve effectiveness by ensuring the interventions used are better targeted to the audiences they are being applied to. The implementation of the framework will need to be carefully managed to ensure that the effort put in at each level is proportionate to the outcome to be achieved and the resources available to deliver it.
21. Until the options for implementing the framework are developed it is not possible to estimate the extent of any additional cost to the organisation in terms of process. The anticipated removal of duplication of effort and the implementation of an effective challenge function at an early stage in project development will help to offset this.

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

22. The introduction of the framework is principally about better managing existing work and resources. Any impact will therefore be in terms of redirecting or reorganising resource already allocated to planned proactive activities.
23. It is proposed the research work to develop understanding of what motivates different duty holders and what HSE might do differently to encourage them to take action would be done incrementally to test that the approach used was delivering what we needed before being extended. Preliminary work could be started this financial year and a broad estimate is that this would cost about £30K.

## **Environmental Implications**

24. N/A

## **Other Implications**

25. The adoption of the framework will in the medium to longer term have an impact on the content of our planned proactive work and hence the nature of the work done in partnership with the Local Authorities, and will need to take account of current work by BRE and the establishment of LBRO. As the work develops we will seek ways to share the lessons with LAs and how to involve them in the process to improve the analysis. Given that plans for 2008/09 are already well progressed there is unlikely to be any significant immediate impact providing time for full consultation and the development of a joint approach using the framework where this is appropriate.

## **Action**

26. If the recommendations at paragraph 3 are accepted further work will be done to develop the detail so firm proposals can be put to the Board in January.