

Health and Safety Executive Board		Paper No: HSE/09/104	
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Keywords:	<p align="center">Customising support for SMEs – HSE’s response to the Strategy’s SMEs Goal</p>		

Purpose of the paper

- To invite the Board to:
 - Agree the overall approach to delivering the Strategy goal on Small and Medium sized Enterprises (SMEs);
 - Note the developing workstreams that will support and deliver the strategy.

Background

- The new Health and Safety strategy goal - ***to adapt and customise approaches to help the increasing numbers of SME’s in different sectors comply with their health and safety obligations*** - reflects the difficulties SMEs experience in accessing, understanding and implementing guidance on proportionate health and safety management. Reaching and influencing this audience is a considerable challenge given the large number of SMEs (~ 5 million) and their diverse attitude and approach to seeking help.
- HSE and Local Authorities (LAs) currently engage with SMEs directly through written, telephone and face-to-face routes and indirectly through a range of intermediaries. However, there are a considerable number of SMEs to reach. Currently there are around 4.7 million SMEs, with 1.3 million of them employing nearly half the workforce.¹ SMEs are present in all industry sectors including those associated with the highest risk of injury/ill-health. Two-thirds of SMEs fall within the LA enforced sectors. It is estimated that workers in SMEs account for 78% all accidents; 76% of all days lost due to injury and 70% of days lost due to ill health. However many SMEs could be characterised as medium to low risk. Key facts about the SME landscape are given in **annex 1**
- As an increasingly important part of UK plc, SMEs have also been at the centre of a number of government-wide reviews with the aim of promoting and enabling an enterprising economy. HSE itself has been subject to many of these reviews with the most recent by the Risk and Regulation Advisory Council (RRAC). This consolidated many of the findings of previous reviews and summarised the need as “reducing uncertainty, building confidence and improving outcomes”.



¹ <http://stats.berr.gov.uk/ed-sme-smestats2007.xls>

Argument

5. Developing an environment over the next 5 years where SMEs are enabled and empowered to better manage their health and safety is the key objective and is illustrated by a destination statement provided in **annex 2**.
6. A range of work across HSE and LAs to influence SMEs is already in hand for 2009/10 and planned for the 210/11 workyear. A delivery framework (see **annex 2**) has been developed to coordinate activity and establish commonalities and links with other strategic themes and projects such as work on competence, HSE's Easier Access to Services programme and current/potential drivers on reducing regulatory burdens on SMEs and promoting enterprise.
7. The framework is composed of 4 key themes under which a number of individual workstreams will be taken forward. The workstreams have been subject to a prioritisation and segmentation exercise to ensure that resource is focused on those activities that will have the greatest positive impact. **Annex 3** summarises the prioritisation and segmentation work so far. Where workstreams have the potential to require substantial resource, pilots are planned to scope the resource requirements and further prioritisation will be used to identify areas of most need.
8. An essential component of the delivery of these work streams is engagement with the customers, Trade Associations, including HSE's Small Business Trade Association Forum (SBTAF), Local Authorities as fellow regulators and potential delivery agents, and Trade Unions. There are already some examples of effective delivery of fit for purpose guidance by stakeholders such as the Motor Vehicle Trade Association and further work is planned to refine our stakeholder map - recognising HSE must use leverage and gearing to reach this wide and diverse audience. The real challenge is developing even more imaginative ways of reaching SMEs who do not belong to any form of trade association.
9. A summary of the framework and workstreams that will be taken forward is given below. Further detail is provided in **annex 4**.
 - a) **Production of fit for purpose information and guidance, badged specifically for SMEs and presented in an accessible format through relevant channels.** Aimed principally at the low-medium risk businesses this guidance will become the definitive advice for SMEs. Describing the 'what' and 'how' of complying with duties it will be market tested with customers and stakeholders, including relevant employee representatives and SBTAF. It will be clearly identifiable (branded) as straight-forward and definitive guidance and provide signposts to further relevant material where there is a defined need resulting from the segmentation and prioritisation work. This phase will be complete by March 2010. A concerted campaign with all delivery agents, including LAs, intermediaries and government websites to make this resource accessible will be developed and rolled-out during 2010-2012. An innovative approach to channel selection, including using modern media will also be employed, e.g. using 'Hero' brands to deliver messages and novel digital approaches to marketing and outreach such as BT's **tradespace** and the London Business Network's Olympic website – **competefor**.

b) **Production of SME-friendly sector specific guidance for key HSE and LA enforced “at risk” sectors.** This work will build upon the review of general guidance (above) and employ the same approach to developing clearly identifiable, definitive advice and effective delivery. The work will focus on two industries within the manufacturing sector in the first instance, to gain an appreciation of the scale and resource required and will be complete by end 2010/11. The prioritisation and segmentation work will then be used to identify further high-risk industries where a beneficial impact can be achieved by improving existing guidance.

c) **Specific mechanisms to engage SMEs by face-to-face intervention.** Key “at risk” sectors identified by the prioritisation framework will continue to be targeted for resource intensive face-to-face interventions by HSE, LAs and stakeholders to improve competence and confidence. Improved stakeholder mapping and segmenting tools will enable even better targeting and joined up working. Underpinning these face-to-face interventions will be the availability of good quality basic and sector-specific guidance as described above.

d) **Targeted enforcement based engagement with rogue elements in key “at risk” sectors.** For this subset of SMEs enforcement will be the default intervention. Work is underway to build on existing initiatives and explore joined up approaches with other regulators based on shared data for those displaying unacceptable behaviour.

Research, intelligence and evaluation

10. In order to target interventions even better, richer intelligence is needed. Some of this will derive from the outstanding correlation by CSAG of the evaluations of Workplace Health Connect, Workboost Wales, the Milton Keynes pilot, the Scottish experience and in the future, the Estates Excellent project learning and similar initiatives by FOD and LAs. Other information will come from improved field intelligence. There is also a body of survey, research and analysis that again CSAG will be leading to explore the drivers, incentives and motivators for SME engagement which is somewhat longer term. Planned research into leadership, competence and worker involvement/vulnerable workers can also be explored for its SME component. The currently limited intelligence and tools available to identify SMEs in their growth phase will also be used in a small scale pilot to test the practicability and impact of this approach during the 2010/11 workyear and to identify any further research required in this area.

11. Evaluation will be primarily aimed at measuring changes in attitude and behaviour although performance and health and safety outcomes will also be monitored. The challenge will be to find early indicators of behavioural change that will demonstrate that the strategy is on track and sustainable.

Action

12. In light of the proposed plans you are invited to:
- endorse the overall approach to delivering the SME Strategy goal;
 - note the specific workstreams developed to deliver the goal; and
 - provide steers on any further work

Financial and resource implications

13. The direct costs for the work of the SAT so far have been met from existing resources. Across HSE there are a range of current and planned initiatives which support HSE's engagement with SMEs. Both the current and planned work will be delivered within HSE's existing budget allocations for the 2009/10 and 2010/11 work years. Pilot projects to review HSE's guidance will be used to further refine future costs. It has been agreed with Communications Directorate that the additional 1 x FTE Communications Project Manager post (**annex 4**) will be funded from the Directorate's budget for the 2010/11 work year with potential funding for 2011/12.

Costs / benefits

14. The proposed benefits to SMEs are access to simpler, clearer guidance that aids understanding and compliance with duties under health and safety law and the delivery of a consistent approach and message to SMEs from key members of the health and safety system.

Paper clearance

15. The paper was cleared SMT on 4 November 2009.

Annex 1

The SME Landscape

Key Facts

- There are around 5 million SMEs
- 99.9% of all private sector enterprises are SME's
- This accounts for 48% of overall employment
- The average lifespan of an SME is 3 years (but this is determined by the type of business and sector).

Profile of SMEs from the Inter-Departmental Business Register (IDBR)

The latest published data from the IDBR shows 2.2 million enterprises registered for VAT and/or PAYE. These enterprises break down as follows by size and broad enforcement responsibility:

(Enterprises, thousand)

	Micro (0-9 employees)	Small (10-49)	Medium (50-249)	Large (250+)	Total
Industries mainly enforced by HSE	787	92	17	5	900
Industries mainly enforced by LAs	1,137	104	16	4	1,261
Total	1,924	196	33	9	2,162

58% of the VAT/PAYE registered SMEs are LA-enforced.

In addition to the 2.2 million above, there are an estimated 2.7 million sole traders with no employees bringing the total number of SMEs close to 5 million.

The table below shows the 10 industries (in terms of 2-digit Standard Industrial Classification (SIC) codes) with the highest number of VAT/PAYE registered SMEs. This group make up almost 80% of all registered SMEs but clearly represent the full range of risks in terms of health and safety.

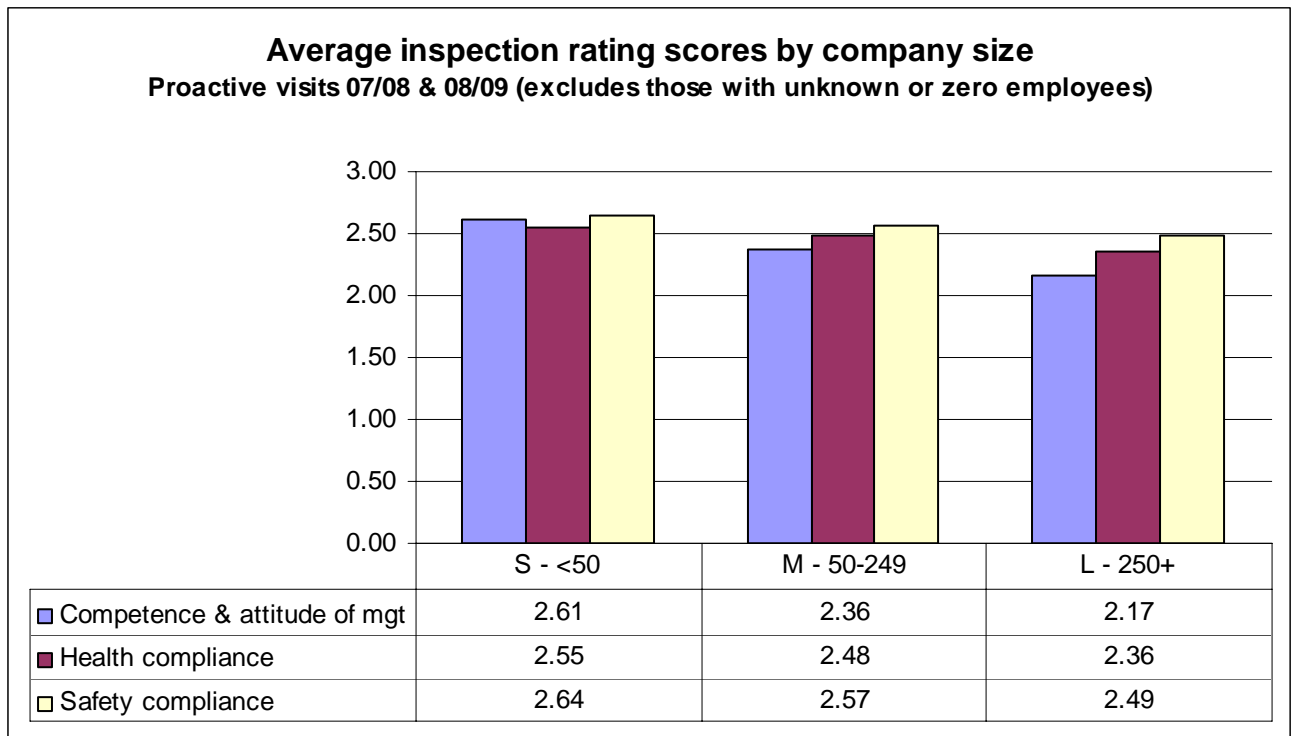
SIC code	SIC description	No. VAT/PAYE registered SMEs (thousand)	% of all VAT/PAYE registered SMEs
74	Business services	435	20%
45	Construction	250	12%
52	Retail	198	9%
01	Agriculture	149	7%
55	Hotels & catering	136	6%
70	Real estate	117	5%
72	Computer services	115	5%
51	Wholesale	108	5%
85	Health & Social care	79	4%
92	Recreational, cultural & sporting activities	74	3%

Health & Safety climate and risk control

In 2007/08 and 2008/09 there were 37,000 proactive visits recorded on COIN (defined from Service Order records). In terms of company size, these break down as follows:

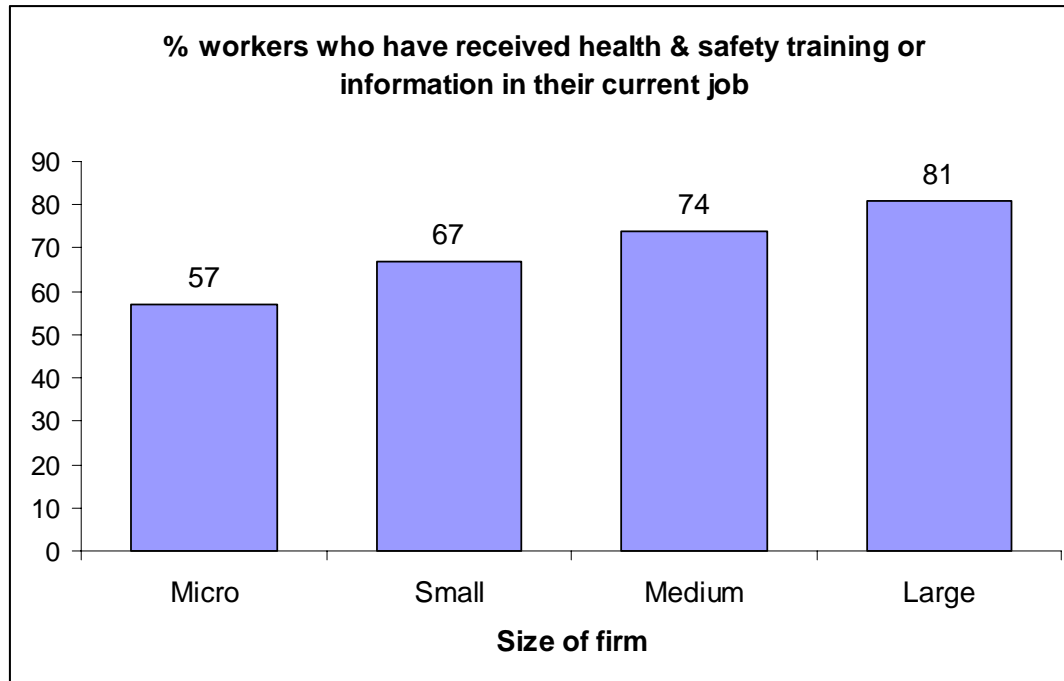
- No employees – 2k (5%)
- Less than 50 employees – 14k (39%)
- 50-249 employees – 3.4k (9%)
- 250+ employees – 1.3k (3%)
- Company size unknown 16k (43%)

The chart below shows the average Inspection Rating Score assigned by inspectors for Competence and Attitude of Management, Health Compliance and Safety Compliance by size of firm (where size is known and the relevant aspect is scored). Higher scores relate to poorer standards. This shows that, on average, small firms tend to have higher (i.e. worse) scores than large firms, particularly in terms of Competence and Attitude of Management.



Provision of health and safety training

The Fit3 survey also asks whether workers have received health and safety training in their current job. The results are shown in the chart below and demonstrate a clear relationship between size of firm and availability of training.



Knowledge of health and safety

Research suggests that many firms believe they are already compliant. In a 2008 survey, 48% of SMEs said that they didn't need to seek health and safety guidance (Mori/Anderson research 2008). The Fit 3 employee survey also reported that 68% didn't think their job could have an effect on their health and safety, and of those who were aware of the risks, 73-97% were confident that they knew how to minimise them.

An HSE survey of hairdressers reported that every single business interviewed thought that they were fully compliant. However, when questioned further, only 19.5% were fully compliant with COSHH, 61% fully compliant with electrical safety and 46.3% complied with risk assessments. (Fairman and Yapp 2005)

The 2008 Mori survey demonstrated that knowledge of HSE diminishes with the size of the business: In businesses with 1 to 49 employees, 8% had good knowledge, 41% had fair knowledge, 48% had little knowledge and 2% had never heard of HSE. In businesses with 50 to 250 employees, 13% had good knowledge, 58% had fair knowledge, 27% had little knowledge and 3% had never heard of HSE. In businesses with over 250 employees, 35% had good knowledge, 53% had fair knowledge and 10% had little knowledge of HSE.

The 2008 Mori Anderson research asked small businesses 'What issues cause you to seek guidance?' The responses were: General Health and Safety Management systems 14%; Risk Assessment 6%; Waste removal/disposal 5%; Fire regs/Safety inspection 4%; COSHH 3%; **Nothing 48%**.

Two HSE projects aimed at SMEs, Workplace Health Connect(WHC) and Healthy Workplaces Milton Keynes(HWMK), both reported that businesses wanted help on setting up basic health and safety management systems and related risk assessments. WHC reported that there was a real need to get businesses up to scratch with the basics before considering dealing with more complex issues, and HWMK found that companies want reassurance that they are getting it right.

The 2005 report into hairdressing businesses concluded that *“Lack of awareness meant not being able to relate legislative requirements to individual business operations. More information will not make the situation better....what is needed is for businesses to recognise the gap between how they are operating and how they ought to be”. Intervention strategies must consider how to get SMEs (in this sector) to recognise the knowledge gap. (Fairman and Yapp 2005)*

Annex 2

Destination statement

At the end of the 5-year strategy, HSE and Local Authorities (LAs) have developed and implemented mechanisms that will achieve a landscape where:

- SMEs are aware of their key risks; are aware of the core actions they need to take; know where to go for advice and are achieving compliance across key risks in a proportionate way;
- HSE and LAs have a clearly articulated strategy for influencing SMEs and means for sustainable delivery are in place;
- HSE's "service" for SMEs is customer focussed and gains recognition as a 'one stop shop' for quality support on health and safety issues;
- HSE/LAs are fully aligned with cross-government initiatives to influence small firms; and
- There are measurable improvements in the number of accidents/injuries/ill-health amongst SMEs.

Framework for delivery

The Strategic Action Team to provide a sounding board – line management and business to prioritise delivery.

- Fit for purpose, generally accessible guidance on key basic health and safety requirements available for all business;
- Sector specific, fit for purpose guidance available for key HSE and LA enforced "at risk" sectors;
- Appropriate specific mechanisms are in place to engage SMEs by face to face intervention;
- Targeted, enforcement based engagement of rogue elements in key "at risk" sectors.

Annex 3

Prioritisation and segmentation criteria

A prioritisation and segmentation exercise has been undertaken to aid the coordination of activities across HSE, LAs and stakeholders and focus resource towards those that will have the greatest positive impact. This exercise has used the following well developed criteria:

- does the SME fall into the medium to low risk category with no known record of serial bad performance or compliance avoidance
- does the SME operate in a definable sector/sub-sector where the risks can be deemed higher end as supported by accident, injury and/or ill-health statistics.
- The SAT initiated some early work to help define such “at risk” sectors more closely and an agreed ranking has been produced.

Further criteria to assist with improved prioritisation and segmentation need to be developed. These criteria will include:

- does the SME have vulnerable workers or operate in a sector where this is likely to be the case (recent work carried out in the SW ‘workplace risk atlas’ can inform the definition and identification of SMEs with vulnerable workers)
- whether the SME is in a (sustainable) growth phase such that it is likely to be receptive to advice on how to get basic and proportionate H&S management systems into place (this is an attractive approach, but further research is required – see Research and Intelligence section).

Target industries

Analysis of available data has identified high priorities across both HSE and LA enforced industries. These target sectors, which have higher than average injury and ill-health rates, cover around 700, 000 VAT or PAYE registered SMEs (a third of the total).

HSE already has work in hand to target SMEs for the high risk agricultural and construction sectors. Similarly Hazardous Installations Directorate has a clear policy for intervening with sites not subject to COMAH safety Case regime. We do not believe more should be done with these three sectors but we should keep a watching brief to ensure relevant lessons learned can be shared.

The other “at risk” sectors account for 300,000 VAT or PAYE registered SMEs (13% of the total). These sectors are: woodworking, paper and pulp, waste and recycling, road transport and warehousing, postal and courier services, leisure activities and the manufacture of non-metallic mineral products, basic metals, fabricated metal products, motor vehicles and transport-related products.

Annex 4
Framework and workstreams

Theme A: Production of fit for purpose information and guidance, badged specifically for SMEs and presented in an accessible format through relevant channels.

Activity underway				
Workstreams	Lead	Timescale	Resources	Comments
<p>1. Step by step basic guidance on managing health and safety:</p> <p>(a) Finalise and SME proof, including SBTAf, TAs, TUs and customers</p> <p>(b) Re-badge as SME specific</p> <p>(c) Launch on website and market</p>	<p>SID/CD (SCS lead: Clive Fleming Official lead: Katherine Fuller)</p>	<p>(a) By Jan 2010</p> <p>(b) Jan 2010</p> <p>(c) March 2010</p>	<p>Being met from existing resources</p>	<p>In hand and proceeding This includes two elements:</p> <ul style="list-style-type: none"> • creating a quick-start version (as per the Anderson review) • developing a visual identity for SME publications
<p>2. Additional SME guidance, eg, Essentials of Health and Safety at Work</p> <p>(a) Review content and prove with SBTAf, TAs, TUs and customers</p> <p>(b) Re-badge as SME specific</p> <p>(c) Launch and market</p>	<p>SID/CD (SCS Lead: Clive Fleming Official lead contact: Katherine Fuller)</p>	<p>(a) By Jan 2010</p> <p>(b) Begin Jan 2010</p> <p>(c) March 2010</p>	<p>As above Priorities will be determined by criteria such as the most frequently used/requested pieces of guidance</p>	<p>As Above</p> <p>Note – a risk assessment and policy template aimed at SMEs was launched on the 1st September. Work continues to promote and embed its use with SMEs.</p>
<p>3. Delivering the guidance</p> <p>(a) Build on current activity with BusinessLink and Directgov to develop a programme of work to improve the consistency of Government information on health & safety</p>	<p>CD/SID and BSD (SCS Lead: Sally Sykes Official lead: Vinny Kenny)</p>	<p>(a) ongoing (see 5a)</p>	<p>(a) Being met from existing resources</p>	

(b) Refine the HMRC Business Advice Open Days, based on evaluation of current design	SID/FOD/LACORS (SCS lead: Clive Fleming Official contact: Katherine Fuller)	(b) Ongoing and will continue	(b) Met from existing resources (~£25k)	(b) There are currently 15 events nationwide (attracting ~ 7, 500 delegates) with a further 10 smaller-scale events planned for 2009/2010 (expected to attract ~ 1000 delegates).
Planned activity				
4. Formal Guidance, eg Guide to Measuring health and Safety Performance HSG65 (a) Review to see if SME supporting guidance is available – and if not, is it needed? (b) SME proof: including SBTAf, TAs, TUs and customers	CD and relevant policy lead (SCS Lead Sally Sykes Official Lead: Vinny Kenny)	Pilot with workstream 7	Work is in hand to scope the remit and resource that may be needed to deliver this workstream. Priorities will be determined by criteria such as the most frequently used/requested pieces of guidance Relevant links have been made with the ongoing HSG65 project.	
5. Delivering the guidance (a) Continue the programme of work (see 3a) to ensure consistency of Government information on health & safety (including working in partnership with Directgov and BusinessLink) (b) Develop a mechanism and full engagement strategy to increase awareness amongst LA partners of HSE SME-friendly guidance material, including establishing links between LA and HSE's website and use of HSE's guidance	CD/SID and BSD (SCS Lead: Sally Sykes Official contact: Vinny Kenny) LAU/LACORS/CD (SCS Lead: Marcia Davies Official contact: Tony Hetherington)	(a) 2010 onwards (b) Complete by end 2012	(a) Being met from existing resources (b) 1xFTE Communications Project Manager required for 2-years	
(c) Develop a programme of work with LAs to	SID/LACORS	(c) Dependant on	(c) Met from existing	

engage with all other delivery stakeholders to ensure consistent use of HSE guidance to SMEs	(SCS Lead: Clive Fleming Official contact: Katherine Fuller)	workstream 1	resources	
(d) Develop proposals to use BT Trade space as a delivery vehicle for SME advice – work is in progress to see how best to proceed	CD/SID/FOD London (SCS Lead: Sally Sykes Official contact: Kenny MacDonald)	(d) Dependent of outcomes of workstream 1	(d) Met from existing resources	
(e) Develop proposals for HSE wide engagement in Small Business weeks (Autumn 2010), including providing business awards with partnership organisations	CD/LACORS (SCS Lead: Sally Sykes Official contact: Vinny Kenny)	(e) Complete by end Oct 2010	(e) £50k for 2010	

Theme B: Production of SME-friendly sector specific guidance for key HSE and LA enforced “at risk” sectors.

Activity underway				
Workstreams	Lead	Timescale	Resources	Comments
6. Review sector Specific guidance (a) Pilot a review of sector specific guidance / develop sector specific guidance in	Manufacturing Sector/CD (SCS lead: Marcia Davies Official contact: Graeme	end 2010/11 for Manufacturing Sector. Other Sectors will be prioritised	The pilot phase will be met from existing resources. Resources for the full project	

<p>Printing, Plastics and Wood working to ensure:</p> <ul style="list-style-type: none"> - general advice in SME friendly - where necessary, detailed advice is SME accessible - learning points are captured and applied to further reviews. <p>(b) SME-proof the advice including SBTAf, TAs, TUs and customers. Re-badge and market using the new SME visual identity</p>	<p>Walker)</p> <p>see above</p>	<p>after this</p> <p>see above</p>	<p>will be determined by the pilot. Priorities will be determined by criteria such as the most frequently used/requested pieces of guidance</p> <p>see above</p>	
<p>7. Develop proposals for delivery of general and targeted guidance using the <i>competefor</i> Olympic website – and evaluating its effectiveness in achieving behavioural change</p>	<p>CD/SID/FOD London (SCS Lead: Stephen Williams)</p>	<p>Preliminary contact made and timescales under development</p>	<p>Resource to manage this work within FOD London is currently being identified</p>	<p>The aim is to use this dedicated active website to properly trial e-marketing</p>
Planned activity				
<p>8 Review of sector specific guidance</p> <p>(a) Identify and review/develop specific guidance in LA 'at risk' sectors as at 5a</p> <p>(b) . SME-proof the advice</p>	<p>LACORS/LAU (SCS Lead: Marica Davies Official contact: Tony Hetherington)</p> <p>CD/SID</p>	<p>By 2012</p> <p>By 2012</p>	<p>Part of the communications project manager post in workstream 5b</p> <p>Part of the communications</p>	

including SBTAF, TAs, TUs and customers. Re-badge and market			project manager post in workstream 5b	
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Theme C: Specific mechanisms to engage SMEs by face-to-face intervention.

Activity underway				
Workstream	Lead	Timescale	Resources	Comment
9 Develop a strategic direction paper to give a statement of frontline priorities and examples of engagement techniques.	CSAG (SCS lead: David Riley Official contact: Kate Sweeney)	Delivered	From existing resources	The paper is based on data from RIDDOR, Labour Force Survey and the recent benchmarking exercise.
Planned activity				
Workstream	Lead	Timescale	Resources	Comment
10. Develop targeting and segmenting tools to help guide the frontline	CSAG (SCS lead: David Riley Official contact: Kate Sweeney)	Ongoing	Being met at present from existing resources	

Theme D: Targeted enforcement based engagement with rogues elements in key “at risk” sectors.

Activity underway				
Workstream	Lead	Timescale	Resources	Comment
<p>11 Examples of what has worked and what has not been collected for sharing with frontline staff including:</p> <p>(a) producing a statement on data sharing across other regulators, including what is currently possible and ongoing work to improve intelligence.</p> <p>(b) producing a toolkit of previous initiatives /approaches that have been successful in dealing with rogues</p>	<p>FOD/LAU/ LACORS (Lead contacts: Max Walker/Graeme Walker/Richard Boland)</p>	<p>On going</p>	<p>Currently being met from existing HSE and LACORS resources</p>	<p>More work is needed to ensure we can offer the frontline an up to date picture of what works and the extent to which we can share data between authorities. The Vulnerable Worker Programme (BIS Enforcement Programme Board) ‘Single Enforcement Helpline’ provide intelligence from other agencies who deal with ‘rogues.</p>