

OPERATING AND FINANCIAL REVIEW

1. The preamble to the Health and Safety Commission Annual Report and Health and Safety Commission and Executive Annual Accounts 2003/04 includes details of the Department with responsibility for the HSC/E and its Ministers, an analysis of the business of the HSC (its aims and objectives), the Commission's duties and powers of action, members of the HSC/E.

Operating review

2. This Report describes the work of HSC/E during 2003/04 and is based on the plans contained in the HSC Business Plan 2003-2004 (which in turn is based on the Strategic Plan 2001-2004 (see <http://www.hse.gov.uk/aboutus/plans/index.htm>) published in September 2001. The Plans focused HSC activity on achieving the national targets for health and safety launched by the Government and HSC in June 2000 and published in the Revitalising Health and Safety Strategy Statement (RHS). The targets are to:

- reduce the number of working days lost per 100 000 workers from work-related injury and ill health by 30% by 2010;
- reduce the incidence rate of fatal and major injury incidents by 10% by 2010;
- reduce the incidence rate of cases of work-related ill health by 20% by 2010; and
- achieve half the improvements under each target by 2004.

3. Achieving half the improvements by 2004 was one of the targets in the Department for Work and Pensions' Public Service Agreement (PSA) (originally in the PSA for our previous sponsoring Department - the Department of the Environment, Transport and the Regions) which was published following the Government's Spending Review 2000.

4. Also in 2000, the Commission, Government and other stakeholders launched a long-term strategy to improve occupational health, Securing Health Together. This forms a central plank of the RHS Strategy Statement. It commits all concerned to achieve both the health-related targets set out in RHS and additional targets by 2010. Details can be found on <http://www.ohstrategy.net>.

Principal activities in pursuance of the aims and objectives

5. In 2003/04, HSC/E's contribution continued to be based around four programme-based blocks:

- taking action in priority areas ('Priority Programmes');
- ensuring an effective regulatory regime in the major hazards sectors (Work in major hazard industries);
- securing compliance with the law ('Securing Compliance'); and
- meeting the mandate given by Government ('Mandatory Activities').

6. The Report also provides information about how HSE is managed, health and safety in HSE, output and performance measures and legislative timetables (Section 2 Managing the Organisation and Annexes 1 and 2).

Delivery 2003-2004

General

7. Most published plans and activities in all Programme Blocks have been delivered or well progressed.

Priority Programmes

8. The majority of planned activities have been delivered or well progressed and almost all milestones achieved. A key feature of all the Programmes has been the focus on partnership working and involvement of key stakeholders, including local authorities, trade unions, workers, their representatives, employer groups and small businesses. New partnerships have also been established to amplify the impact of the programmes. HSE has also actively participated in numerous seminars and conferences. Another main focus of the majority of Programmes has been to secure better compliance.

Major hazard industries

9. Of the four targets (rail, nuclear, onshore and offshore) set for Major Hazards, three were achieved and one (offshore - a reduction in the number of hydrocarbon releases) exceeded the confidence limits assigned to the target trajectory. Overall, these new targets have been taken forward well with the industry and an action plan has been drawn up for the one for offshore.

Securing compliance

10. HSE has had a successful year with a number of targets exceeded. Examples of highlights include the successful introduction of a manual handling 'passport' scheme for client handling across the 15 NHS Trusts in Wales; projects on safe use and maintenance of ladders (including joint work with a major employer) and with the Royal Mail Group plc; and increased joint working with local authorities.

Mandatory activities

11. Policy Group came into existence at the start of this working year, and was formed from the merging of HSE's Safety Policy Directorate, Health Directorate, Railway Policy Directorate and the Strategy and Analytical Support Directorate. The work planned by these separate Directorates was prioritised and continued according to need.

12. Work continued with the long-term Strategic Programmes to improve health and safety, including Securing Health Together and related programmes on health work and recovery, developing new ways of working with other Government Departments to deliver cross-government goals on health (eg the Healthy Workplaces Initiative), rehabilitation and engaging small firms; and promoting worker involvement through increasing worker consultation in health and safety; and taking forward other measures and initiatives to promote and encourage greater employee involvement.

Managing the organisation

13. This section includes information on a wide range of management and business issues including diversity, the Race Equality Scheme and Race Relations (Amendment) Act 2000, green housekeeping and employee involvement. A great deal has been achieved on diversity over the past twelve months and highlights over the period are included. On business improvement, having achieved cash releasing and/or productivity savings of 3% of administrative costs for each of the last three years, HSE set a target of 5% for 2003/4. Against this new ambitious target incremental improvements

continued to play an important part. The outturn results show that HSE achieved savings valued at £12.7m for the year, achieved through a combination of cash savings and quantifiable added benefits - equivalent to 6.0% of total administrative costs (excluding HSL) of £209m.

Outputs and Performance Measures (OPMs)

14. Three of the five operational OPMs show an above target outturn; there was a shortfall in the remaining two for the reasons described. The majority of other OPMs exceeded targets. Of particular note are the achievements with targets set for the number of publicity products purchased or accessed, the number of publicity products made available and the percentage of public enquiries responded to within ten days.

Legislative timetable

15. Annex 2 contains full details of European and domestic legislative projects planned for the reporting year and an up-to-date report on the position at the end of the year.

RHS targets

16. Progress against the RHS targets will be reported in the autumn in HSC's *Health and Safety Statistics Highlights 2003/04*.

17. The RHS targets stimulated a new approach in HSC and HSE to tackle performance, but it became clear that more had to be done to mobilise the whole health and safety system if targets were to be achieved.

18. As a first step, HSC adopted a new vision early in 2003. That new vision is: 'to gain recognition of health and safety as a cornerstone of a civilised society, and, with that, achieve a record of workplace health and safety that leads the world'.

19. The development of a new Strategy followed, published in February 2004. The new Strategy signals a new approach. First, we cannot do this alone. We need to understand and value more the contributions of others and work with them in robust new partnerships. Second, we need to work better and more smartly to support the whole health and safety system and create a greater understanding of its concepts. Third, we need to be clear about our priorities and focus our activities on our core business and the right interventions. And lastly, we need to be more effective in communicating our vision and making it clear that we are not seeking a risk-free society but one where risks are properly understood and managed.

20. The new Strategy will inform our new Business Plan for 2004/05 and this will involve a significant rearrangement of how we plan and manage our priorities.

Financial review

21. Schedule 1 shows the combined HSE/Health and Safety Laboratory (HSL) outturn against Estimate. HSE's financial strategy throughout 2003/04 has been to bear down on expenditure while sustaining activity. We have settlements in respect of 2004/05 and 2005/06 but subsequent years will be reviewed within SR 2004. The resource outlook shows that there will be a significant squeeze on HSC/E's administration resources, particularly 2005/06, as the baseline reduces but costs rise in some areas, such as accommodation, quite sharply. However, we have a programme of cutting costs, which in many ways has anticipated the thinking on slimming back office services emerging from the Efficiency Review. We will continue to work along these lines. We are also carefully prioritising our work and ensuring that our resources, particularly our staff efforts, are diverted to where they will have most effect - in line with our strategy.

22. By bearing down on administration spend this year through our efficiency measures we have deliberately built an End Year Flexibility (EYF) fund (ie underspends may be carried forward to help ease and manage pressures in future years).

23. HSE's Programme spend has, in recent years, been centred in the areas of science and technology and publicity. With the publication of the new Strategy; the creation of a Communications Directorate with a new Communications Strategy and plan; the setting up of a series of Strategic Programmes and the emergence of (what will become) a powerful Delivery Board it is likely that there will be greater call on Programme resource and a need to ensure it is being used in a manner which best supports the Strategy and maximises value-for-money. HSE has therefore actively avoided fully committing its Programme resource in 2003/04 while considerations were given to how Programme resource might best be deployed.

24. A possible source of additional funds is by increasing the scope of our charging regime and external advisers have been engaged to advise on this.

25. Details of HSE/HSL involvement in PFI projects are in paragraph 6 of the 2003/04 Accounts Foreword.

Further information

26. In addition to publishing this report as a printed document, you can also find it on the HSE website. The website addresses for main publications and information are given throughout this report. Further, more comprehensive information on publications and reports referred to can be found on the HSE books website (<http://www.hsebooks.co.uk/homepage.html>). HSC/E also provides a contribution to the Departmental Annual Report which includes progress with targets and information on Better Regulation. The Departmental Report 2004 can be found on <http://www.dwp.gov.uk/publications/dwp/2004/dr04/home.asp>.

27. The HSE website also contains up-to-date information and advice on health and safety issues including the latest statistical information (<http://www.hse.gov.uk/statistics/index.htm>). Advice can also be sought via HSE's Infoline: telephone 08701 545500; e-mail: hseinformationservices@natbrit.com. Staff here can help answer general enquiries and tell you about our publications.