

*Royal Society for the Prevention of Accidents*

***dash*** *Director Action on  
Safety and Health*

*Measuring and Reporting on Corporate  
Health and Safety Performance*

*‘Towards Best Practice’*

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(Final draft)*

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## **EXECUTIVE SUMMARY**

### **Objective**

This report, prepared by the Royal Society for the Prevention of Accidents (RoSPA) with input from a wide variety of 'key players' and experts, presents consensus and best practice advice on measuring and accounting for corporate health and safety performance. It takes account of responses and follow up interviews with 'key players' in relation to a series of questions raised in a consultation document '*Measuring and Reporting on Corporate Health and Safety Performance*' (RoSPA 2000) issued by RoSPA in March 2000 as RoSPA's contribution to a wider initiative, '*Director Action on Safety and Health*' (see annex one) which is designed to enhance board level leadership of health and safety management.

### **Context**

The report examines performance measurement and reporting against the background of the Government's and Health and Safety Commission's (HSC) plans for '*Revitalising Health and Safety at Work*' (HSC/DETR 2000) as well as the recommendations of the *Turnbull Report* (ICAEW 1999) concerning holistic business risk management. The underlying premise is that, at present, health and safety management is not generally well understood or accorded sufficiently high status by board level directors and senior managers. However, if there were a clearer expectation that organisations should measure and report periodically on their health and safety performance, this unacceptable situation would change. Such an expectation would cause more organisations to set and assess progress towards improvement targets and diagnose problems in the context of continuous improvement.

### **Issues**

The report discusses the overall concept of performance and issues relating to performance measurement including the limitations of traditional measures such as injury rates. It suggests an holistic approach to performance assessment by combining measures of the integrity and performance of the health and safety management 'process' (for example, by auditing health and safety management systems and/or measuring 'health and safety culture') with measures of effectiveness in controlling principal risks, and measures of health safety failure (for example, near misses, injuries, harms to health, associated economic loss, enforcement and claims experience etc).

### **Options**

The report reviews the case for corporate reporting of health and safety performance, both internally and externally, and explores possible 'best practice' options and new initiatives in this area. It concludes with a series of recommendations on approaches which companies and other organisations might adopt to providing certain details of their OS&H performance in their annual reports.

### **Feedback**

The recommendations in the report are not prescriptive but are intended to stimulate further discussion and development. Comments and feedback should be sent to Roger Bibbings, Occupational Safety Adviser, RoSPA, Edgbaston Park, 353, Bristol Road, Birmingham B5 7ST (Tel 0121 248 2095 - Fax 0121 248 2001 - Email [rbibbings@rospa.co.uk](mailto:rbibbings@rospa.co.uk)).

## **PART A. INTRODUCTION**

In March 2000, as its contribution to the DASH initiative, RoSPA published a consultation paper (called '*Measuring and Accounting for Corporate Health and Safety Performance*') (RoSPA 2000) seeking views on the case for improving approaches to measuring and accounting for corporate health and safety performance. This was circulated to 'key players' in the British 'occupational health and safety system' and was made available on [www.rosipa.co.uk](http://www.rosipa.co.uk). It examined performance measurement and reporting against the background of strategic policy development in occupational safety and health (OS&H) as raised in the Government's and the Health and Safety Commission's (HSC) plans for '*Revitalising Health and Safety at Work*' (HSC/DETR 2000) and wider issues of holistic business risk management raised in guidance on the *Turnbull Report* (ICAEW 1999).

The central premise of the consultation paper was that more effective approaches to corporate OS&H performance measurement and performance reporting are necessary. If organisations were encouraged - or even perhaps a statutorily required - to provide details of such performance in their annual reports, this would help raise the status of OS&H and its management, particularly among board level directors. It would also enable more organisations to set and assess progress towards improvement targets and provide a means of diagnosing problems in the context of continuous improvement.

The document re-examined issues such as:

- the limitations associated with traditional, 'direct' OS&H performance measures such as lost time injury rates;
- the difficulties involved in devising other 'direct' measures, for example, relating to health; and
- the problems associated with measuring performance 'indirectly' by monitoring aspects of the health and safety 'process', for example, using auditing to check on the integrity and performance of health and safety management systems.

It also referred to other forms of measurement such as measuring 'health and safety culture' and put the case for a multi-dimensional approach to performance measurement. It concluded by reviewing the case for and against corporate reporting of health and safety performance, both internally and externally and explored options for new initiatives in this area.

While it contained tentative RoSPA views at certain points, it was intended primarily to stimulate discussion. Questions were interspersed within the text to help focus attention on some of the key issues.

In addition to considering written responses to the paper (see annex two), RoSPA has also undertaken a series of one-to-one interviews with 'key players' and other experts (see annex three) to gauge views around a set of core questions (see annex four). These were carried out by members of the Society's National Occupational Safety and Health Committee (NOSHC) which has also advised on the project, including the content of this report.

Since publication of the consultation paper, the Government and the HSC have made a series of recommendations in their report, *'Revitalising health and safety at work'* (HSC/DETR 2000). These urge all large employers, as well as employers in the public sector, to begin to include details of their health and safety performance in their annual reports (action Points 2 and 13.) *'Revitalising'* also refers specifically to RoSPA's work on DASH.

Mostly recently, the HSC have published proposals (HSC 2001) for a Code setting out guidance on directors' health and safety responsibilities, suggesting inter alia that board members should review (at least annually) their health and safety performance and report on their performance in annual reports. (A further Commission document is expected on this setting out minimum standards.)

In the light of a variety of views expressed on questions raised in its document (see annex five), RoSPA has sought, to make recommendations on a way forward, including what it perceives to be an outline approach to best practice.

## **PART B: BACKGROUND**

### **Reducing risk, harm and loss**

While Britain has a good health and safety performance based on international comparisons of reported occupational injuries and disease (ILO, 1998), there is still massive scope for further reduction in levels of risk, harm and loss associated with work activity across the whole economy. This is particularly true for small and medium size firms: 95% of all UK businesses now employ fewer than 50 employees, accounting for over 45% of the workforce. (HSE: 1995a)

The scale of occupational accidents and ill-health suggests that of work related harm is substantial with annual trends remaining fairly static (HSC, 1999). ). For instance:

- In 1998/99 there were 257 fatalities involving workers or the self employed and 393 fatalities involving members of the public resulting from accidents which were related to work (HSC, 1999). This figure is based on reports made under the *Reporting of Injuries, Disease and Dangerous Occurrences Regulations* (HSE 1996).
- According to estimates derived from evaluation studies currently being undertaken for the Government's independent Work Related Road Safety Task Group, between 800 and

1,000 fatalities may be occurring annually in accidents which have 'at-work' vehicle involvement.

- The Labour Force Survey suggests that, in 1998/99, around a million workers suffered a workplace injury. Nearly 400,000 of these accidents were reportable to enforcing bodies (HSC, 1999).
- In 1998/99 there were around 14,000 cases of premature death attributed to past exposure to occupational hazards including asbestos, coal dust and carcinogenic agents.
- The prevalence of self-reported work-related illness in Great Britain is estimated to be around 2 million based on the SW195 (HSE 1998a) survey of self-reported work related ill-health. Prominent occupational health concerns include musculoskeletal disorders; stress (depression, anxiety and stress ascribed disease) and lower respiratory disease (HSC, 1999).

The Labour Force Survey suggested that, in 1995/96, occupational injury and ill-health accounted for around 24 million lost working days with 27,000 people being forced to give up work. The associated costs to the British economy and to society as a whole were estimated to range from £3-4 billion and from £10-14 billion respectively. These costs each account for about 0.6-1.2% and 1.4-2.0% of the Gross Domestic Product (HSE, 1999).

HSE studies have indicated that about 70 per cent of reportable accidents could have been prevented had employers ensured that reasonably practicable precautions were put in place. (HSE 1995b)

### **'Revitalising' health and safety**

The Government's and the HSC's plans for 'Revitalising Health and Safety', (HSC/DETR, 1999) and their associated plans for occupational health ('Securing Health Together' - SHT) (HSC 2000a) announced in June, set out an ambitious framework for strengthening the health and safety 'system' (e.g. policy making, laws, management by employers, workforce involvement, workplace inspection, research, information, training, etc). The plans set overarching national targets for improvement. These include a 10 per cent reduction in the incidence of fatal and major injuries and a 20 per cent reduction in work related ill health by 2010, with half of these to be achieved by 2004.

Key elements of the strategy include: establishing closer partnership between the 'key players' and enhancing the factors which currently 'drive' the system, including: regulation and enforcement; claims for damages; workforce and public expectations; and business self interest (for example, reducing costs to businesses due to accidents and work related ill health and demonstrating excellence in health and safety management for commercial and other purposes).



'Revitalising' and SHT address a wide range of issues, many of which parallel and overlap the RoSPA's own policy agenda. Some of these include:

- raising OS&H awareness generally;
- stepping up enforcement;
- 'naming and shaming';
- looking at the possibility of enabling private OS&H prosecutions;
- looking at the feasibility of introducing innovative penalties such as compulsory retraining of managers and directors and other kinds of remedial programmes;
- making directors more directly accountable for health and safety performance;
- setting out a statutory code for directors and making a single director responsible for reporting to and from the board on OS&H matters;
- working towards setting a health and safety management 'yardstick';
- getting the insurance industry more involved in promoting and supporting OS&H management;
- empowering safety representatives;
- making occupational health a central feature of all future health and safety and public health strategies, including making OS&H part of local Health Improvement Plans (HIMPs) and providing services via Primary Care Groups (PCGs);
- making rehabilitation a clear priority;
- using the supply chain as a route for encouraging clients to require smaller companies to raise their health and safety management standards;
- getting all Government Departments and public bodies to become OS&H exemplars;
- insisting on evidence of high OS&H standards in all government procurement procedures, particularly in construction;
- producing a 'ready reckoner' to help companies assess the likely cost effectiveness of investment in OS&H;
- incentivising better health and safety performance through grants and tax incentives;
- embedding safety and risk concepts in education at all levels, including via the National Curriculum and in the education of safety significant professionals;
- developing 'joined up' approaches with other departments and agencies; and
- working with Regional Government and the new Small Business Service (SBS) so that health and safety becomes an integral part of the development of every new business.

On the other hand, there are many other specific issues not mentioned within 'Revitalising', including joint DETR/HSE work on occupational road risk, stress, violence, safety in major transport modes, accident investigation and the entire range of on-going HSC/E hazard focused policy and enforcement work.

### **The importance of director leadership**

A fundamental challenge in meeting the national headline targets in 'Revitalising' will remain that of enhancing the competence of organisations (and in particular of managers) to address health

and safety as an integral part of business management. Strengthening the leadership role and influence of board level directors will be particularly important. This is especially so in large organisations because of their potential to influence health and safety in smaller businesses via the supply and contracting chain.

A particularly significant recommendation in 'Revitalising' is that all large companies - beginning with the top FTSE 350 and all Government and public sector employers - should begin to report on their OS&H performance to a common standard in 2002 and 2001 respectively; to be followed in 2004 by all companies employing more than 250.

## **PART C: HEALTH AND SAFETY MANAGEMENT**

### **The management system approach**

One of the strengths of the UK approach to OS&H is the understanding that regulators and duty holders should not simply focus on control of specific hazards but should address the capability of organisations to tackle work-related risks proactively and systematically. This approach, which draws heavily on ideas in the area of quality management, involves employers having an OS&H management system comprising policies, structures and procedures which enable their organisation to 'lock on' to its risks and achieve continuous improvement in performance.

Such a 'systems' approach, informed by risk assessment and characterised by multiple feedback loops from monitoring and review, has been promoted in HSE's guidance '*Successful Health and Safety Management*' HSG65 (HSE, 1997a) and similar BSI guidance, BS 8800 (BSI 1996a). Both have stressed the potential of a 'systems' approach to enhance standards of health and safety and this has been reflected in 'Revitalising' which focuses on the need to improve the OS&H competence of organisations as well as of individuals and has proposed the idea of a health and safety management 'yardstick' or standard (Action point 4 in '*Revitalising*').

### **Director engagement with OS&H**

Despite the success of publications such as HSG65 and BS 8800, there is evidence that many organisations are failing to understand the position OS&H in relation to total quality management (TQM) and business excellence models or the potential of such models to inform and improve their approach to OS&H management.

Research on implementation of TQM has suggested that leadership and continuous improvement with respect to OS&H is often far behind that for product or service quality (HSE, 1997b). A key influencing factor is insufficient appreciation of the 'business case' for OS&H at director level.

In part this may be because many directors, particularly those in smaller firms, have not fully understand or responded to contemporary OS&H concepts:

For example, they may:

- perceive OS&H as a technical and regulatory compliance issue; but
- fail to understand the goal setting approach to OS&H law;
- see health and safety requirements as over-restrictive or 'burdensome'; and
- wrongly interpret HSC/E guidance as having prescriptive regulatory force;
- see regulations as being too vague and/or impossible to comply with; and
- fail to fully appreciate the 'business case' for OS&H.

Research on OS&H coverage in MBA courses in business schools (carried out by the Health and Safety Unit of Aston University in 1997 in conjunction RoSPA) has suggested that there is still insufficient coverage of OS&H concepts in professional education. This largely is because of the perception of course providers that health and safety is essentially rule based and lacks intellectual challenge (Hawkins and Booth, 1998). It was found that, except in the rare cases where there were local 'champions for the subject, health and safety was not covered in any detail; perceptions of the subject were on the whole negative and outdated; and its relationship to the modern management agenda was not appreciated. It was recommended that OS&H should be covered in business schools' curricula but not as a separate subject and the approach should be to explore the issues involved and the management approaches required through core aspects of the curriculum using case studies.

### **Strengthening director involvement**

Greater uptake of pro-active risk management is unlikely unless there is increased commitment to OS&H from senior business leaders. Factors which are likely to stimulate greater director involvement in OS&H include:

- ethical considerations;
- official guidance on directors' OS&H roles;
- the 'business case' for OS&H (including loss of corporate credibility following accidents etc);
- OS&H law and enforcement;
- client pressure;
- trades union and workforce involvement;
- the impact of common law claims;
- shareholder, public and political expectations;
- legislative reform to enhance corporate and director liability; and
- higher standards of corporate governance.

The current debate about the liability of individual directors for OS&H management failures (emanating from new Government proposals on reform of the law on manslaughter) has also been echoed in part in wider debates about standards of corporate governance and risk

management. The full impact of reports in this area, including Cadbury, Greenbury and Hampel (Combined Code 1998) and the Turnbull report (ICAEW, 1999) as well as recent guidance from BSI (BSI 2000) has yet to emerge.

Another important development is the 'Global Reporting Initiative' (GRI 2000) which, although not covering OS&H specifically, sets out general principles and practices which are relevant to internal and external corporate reporting on OS&H. It underlines the need for clear, corporate accountability on a whole range of business performance issues such as the environment and ethical trading, strengthening the growing expectation that risk management as a whole should take on a much higher profile in organisations.

These developments will not only affect PLCs but also large public sector organisations, the NHS, local authorities and many other diversified and multi-branch organisations. This will mean that OS&H questions will have to be addressed as part of operations risk - but equally effort will be needed to ensure that OS&H questions and expertise are not submerged in this wider approach.

Organisations will not be able to respond to these influences unless they develop and implement robust approaches to health and safety management. That in turn will not be possible unless they are able to develop effective ways of measuring OS&H performance, both to monitor OS&H operationally and to take an overview at a divisional and/or corporate level, for example by monitoring progress towards corporate improvement targets and communicating the results to internal and external audiences. Developing robust and meaningful approaches to OS&H performance measurement is thus an important ingredient in future UK OS&H strategy.

## **PART D: MEASURING OS&H PERFORMANCE**

### **Measurement and management**

In business '*what gets measured gets managed*' . However, in the field of OS&H, it is far from clear whether 'key players' share a clear view of performance and its measurement.

Regulation 5 of the *Management of Health and Safety at Work (MHSW) Regulations* contains a general requirement for organisations to monitor and review preventive and protective measures although the accompanying Approved Code of Practice (ACoP) to the Regulations says little about appropriate approaches to monitoring - either actively or reactively (HSC 2000b). This is surprising given that Regulation 5 qualifies the duty to "... put in place and give effect to suitable health and safety management arrangements.." by saying that regard must be taken of the nature of the employer's activities and the size of his undertaking.

Parts 5 and 6 of HSG65 give general advice on active monitoring and appendix 6 of HSG65 advises on the calculation and use of accident incidence and frequency to measure safety performance. Part 6 in particular suggests areas for the development of key performance

indicators and refers to the value of ‘benchmarking’, on which there is now separate HSE guidance (INDG301).

Annex E of BS 8800 provides a fuller explanation approaches to monitoring, stressing the value of pro-active and reactive monitoring and the need to select an appropriate range of indicators. It differentiates between ‘direct’ indicators of performance (eg accident rates) and ‘indirect’ indicators (such as health and safety training, compliance with systems of work etc), stressing that time often needs to elapse before the latter can affect the former and that linkage between the two ‘may not be perfect’.

It also states “*Accident data should never be used as the sole measure of OS&H performance*” and “*..organisations should select a combination of indicators as OS&H performance measures*”.

Guidance is given on objective/subjective and quantitative/qualitative performance measures as well as on measurement techniques. These include, for example, specific inspections and workplace tours using checklists, environmental sampling, behaviour sampling, and attitude surveys. There is also a section on hazardous event or ‘near-miss’ investigation.

Although both HSG65 and BS 8800 suggest that OS&H performance should be measured, one of the reasons why OS&H receives less board level attention than other business priorities is because of the difficulty in measuring effectiveness in responding to what is a complex, multi-dimensional challenge.

### **Problems in current practice**

It is clear to RoSPA that many organisations still make no attempt at all to measure OS&H performance.

Among those that do, use of ‘direct’ indicators to assess ‘safety output’ (eg injury rates) has dominated to the exclusion of other indicators such as measures of ‘safety climate’ or various aspects of the safety management ‘process’.

The measurement of OS&H management ‘process’ using audit systems leading to a score or ranking, is now more common, particularly in larger, high hazard organisations. However, it is still not widely accepted as a measure for setting meaningful and measurable corporate targets for improvement. Instead, the use of ‘output’ key performance indicators (KPIs) such as lost time injury rates (LTIR) tend to dominate to the exclusion of other such indicators as:

- ‘near misses’;
- unsafe acts and conditions;
- environmental indicators (measurement of airborne contaminants, noise, vibration etc); and
- work related health damage.

Moreover, generally speaking, performance assessment tends to focus on **safety** and exclude **health** considerations.

Common terms used to express 'safety' performance include:

- numbers of accidental injuries per year;
- rates of accidents per 100,000 employed;
- frequency of accidents per million person hours;
- days lost due to injury per year;
- severity rate (ratio of major to minor outcomes);
- estimated accident costs.

### **Lost Time Injury Rate**

Many companies in the UK have adopted 'Target Zero' as a focus for health and safety performance and a motivator for staff. In such organisations, the length of time since their last 'lost time' or 'medically treated' work related injury is given special significance as the principal indicator of success or failure in health and safety management. While many argue that every accident can be prevented, in reality, especially in very large organisations, some level of error leading to harm is probably inevitable. This is particularly so if it is accepted that preventive interventions are always based on incomplete data and understanding and are always likely to involve some degree of non-compliance. Simple calculations suggest, for example, that in a business employing 1,000 people which has managed to achieve one tenth of the national average RIDDOR rate (a substantial achievement in many sectors), there will be a notifiable injury at least once every 18 months.

The obvious limitation of a single focus on LTIR is that it shifts attention of away from other unplanned events with the potential to cause injury, including 'near misses' and 'unsafe acts and conditions'. It also excludes injuries to persons not employed (eg the public). Furthermore, the exclusive use of LTIR can be an extremely limited because it reveals nothing about whether the underlying management processes are appropriate or adequate. The real causes of prevention failure are invariably deeply rooted in the ineffective management of operations, which includes failure to control behaviour and change attitudes.

In its defence it is often argued that LTIR is a simple measure that all workers can understand. Research suggests that there are predictable ratios or 'accident triangles' which describe the relationship between LTIR and the incidence of events such as minor injuries and non-injury accidents (HSE, 1997a). The use of such modelling needs to be approached with caution: the ratios involved do not apply to all scenarios. In fact HSG65 specifically cautions against this in relation to measuring effectiveness in managing major hazards. (For example, success in preventing slips, trips and falls does not automatically imply success in managing large toxic, flammable or explosive inventories!).

Also, whether or not an injury leads to lost time is affected by operational, economic and social pressures. Even in well managed businesses there are problems of under-reporting. HSE work on accident rates in manufacturing (HSE 1998c) suggests that, while rates of fatal and major injuries are higher in small firms, the rate of less severe reportable injuries may actually be lower in such businesses. This possibly because of greater pressures on employees to remain at work.

There are many problems associated with the interpretation of changes in accident or injury rates. Accidents are low frequency events which require sophisticated statistical analysis. Often this is not appreciated, leading to the mis-interpretation of changes in accident statistics, for example, when considering the incidence of accidents in small organisations. An informed observer would want to assess whether small increases in numbers of accidents are part of a more generalised pattern of health and safety management failure or whether they are within the limits of random variation.

Research carried out by RoSPA suggests that the variability in accident rates across UK organisations as a population is so great that any attempt to analyse accident statistics in studies which consider less than 1,000 organisations is statistically meaningless. In other words, the variability of accident rates in UK industry is so large that the probability of making an error in the interpretation of the results is nearly 100 per cent!

A further criticism that can be levelled at the use of LTIR as a single performance measure, is that, this ignores issues such as work related ill health and unsafe conditions such as the unacceptable exposures to health hazards. Health damage is generally a bigger issue than accidental injury but health performance indicators are harder to identify and quantify. HSE estimate that early death from past exposure to hazardous working conditions is at least one (if not perhaps two) orders of magnitude greater than death due to workplace accidents (although much of this occurs after those affected have ceased employment).

Some may seek to argue that good health and safety management which produces a low a lost time injury rate is more likely to address health protection as well. But an absence of accidents cannot be taken to imply a low rate of work related ill health since neither modelling nor data are available to support this. Many organisations regard their sickness absence rates, in part at least, as an indicator of OS&H performance. However, most sickness absence is due to non-work related ill health.

### **Auditing health and safety management systems**

'Direct' output performance measures such as LTIR are often seen as the most valid indicators of success and failure in accident prevention ('the proof of the management system pudding'). Yet in many ways monitoring 'indirect' OS&H 'process' indicators is fundamentally more important. Output indicators focus on how much an organisation has 'got wrong'. Such measures of relative failure need to be set against what an organisation has 'got right'. This can be achieved by measuring the integrity and performance of health and safety management systems. The results of periodic and well structured OS&H management systems auditing can

provide a more valid measure of performance over time than use of a reactive measure such as LTIR (although fundamental research is still needed to assess the extent of any relationship between audit scores and such performance data).

In recent years there has been a proliferation of health and safety management auditing activity, due partly to the introduction of the MHSW Regulations and HSE's promotion of HSG65. There are many approaches to auditing, as seen by the range of proprietary systems available. There is also confusion about what constitutes auditing, with many tending to conflate the apparently similar (although in HSG65 terms, distinct) concepts of 'monitoring', 'auditing' and 'review'. In part this is because the auditor, like the manager measuring performance, does indeed collect evidence through observation, interview and tracking procedures, and does review performance against targets. What is often not so clear is that the OS&H auditing, like financial auditing, constitutes an external, independent, sampling check on existing systems which **themselves** embody measurement, checking and periodic review.

Although there is a British Standard for auditing (BS1 1996 b), possible reasons for variations in approach may be that, apart from guidance in HSG65 and in BS8800, there is no generic standard against which OS&H audit systems themselves can be compared. Each individual system is founded on a model of what is considered to constitute effective health and safety management. Some, like RoSPA's health and safety systems auditing package, 'Quality Safety Audit' (QSA), are based directly on HSG65 and involve use of question sets which probe the integrity and performance of management systems horizontally, while including some vertical 'verifiers'. Other systems take the form of vertical compliance audits based around certain activities or pieces of legislation.

Whatever approach is adopted, a key principle should be that health and safety management auditing should not just check on the effective elimination or control of risks by specific preventive measures but should assess the completeness and operation of key elements in the health and safety management system (HSMS). This means gathering evidence from documents, from observation and from interviews to assess the adequacy and implementation of elements such as policy, organisation, planning and implementation, monitoring and review - and ensuring that, in practice, they operate as a system which 'locks on' to potential problems and deals with them before harm occurs.

Measuring in this way enables the duty holder and other players to assess the strengths and weaknesses in existing management arrangements, including gaps between 'theory espoused' and 'theory practised' and to assess differences in management performance between (and within) undertakings and over time.

HSG65 contains useful advice on the case for auditing and the issues to be considered in selecting and/or preparing for audit. Further HSC/E guidance could be useful, for example, at a sector level, to help businesses develop their overall approach. At present auditing is used mainly as an internal management technique, providing diagnosis of areas for improvement. But



its outputs can also be used more widely in furnishing evidence of health and safety management capability and performance to others - for example, to clients, business partners, investors, insurers, shareholders, workforce representatives and enforcing authorities. It is also used as a basis for certification (see below).

Involvement in carrying out audits can also increase understanding of health and safety management, for example, when managers and workforce representatives are jointly involved in evidence gathering and analysis and when the results of audits are considered by joint health and safety committees.

With the exception of some high hazard industries, there is currently no legal requirement for organisations to audit HSMS. Auditing is used by HSE inspectors, both in enforcement and in developing initiatives within companies and sectors. Although there may be an implication within Regulation 5 of the MHSW Regulations that companies should undertake audit, there is a strong case for making this an explicit requirement.

RoSPA is arguing for a clearer interpretation of regulatory requirements for auditing, moving beyond the explicit auditing requirements of 'safety case' regulations and providing authoritative advice on this in the MHSW ACoP. Alternatively HSE could be given the power to require independent auditing, for example, in high risk organisations or activities or following convictions for health and safety offences.

There remains a major challenge in developing approaches to audit which are appropriate for small organisations. It could be argued that the need of the small firm to assess safety input or 'process' can be adequately met by simple periodic inspection or review. On the other hand, there may be value in their involving auditors to provide an external view. This may be particularly important where risks are substantial or safety depends on rigorous adherence to set procedures.

### **A health and safety management standard?**

In April 1999, BSI's commercial arm, sponsored by a consortium of certifying bodies, launched OHSAS 18001. This is a health and safety management system 'standard', certification to which is also based on auditing. Certification is now widely available and has been taken up by a variety of organisations in different sectors.

Many industry organisations however have expressed opposition to the proliferation of such a quasi standard. Their concerns include:

- the fact that a 'standard' is unnecessary given the authoritative guidance already available in HSG65;
- the level of competence required of auditors - a critical issue - is not specified;
- there is the danger of too great a reliance on scrutiny of documents rather than evidence gathered by interview and observation;

- given this bias, ‘certification’ to such a ‘standard’ cannot of itself attest to high or improving standards of overall performance, only basic standards of administrative consistency;
- ‘certification’ is likely to be pushed inappropriately to clients by certifying bodies (many with little previous involvement in OS&H), leading possibly to additional costs, bureaucracy and little real added value;
- when required by clients in the contracting context, this in turn may violate principles of ‘good regulation’ and thus may serve only to damage perceptions of health and safety in general (c.f. experience with BS 5750/BS EN ISO 9000 in relation to quality); and
- the significance of basic ‘certification’ on these lines is likely to be oversold by both ‘certificating bodies’ and the ‘certificated’.

Whatever the validity of these concerns (many of which RoSPA shares), the future of OS&H management standards remains very much an open question. ‘Revitalising’ includes a recommendation that there should be a health and safety management ‘yardstick’ and at an international level work is continuing within the International Labour Office (ILO) on an international OS&H management guidance standard.

Regardless of whether certification gains wider acceptance, it seems clear to RoSPA that companies will need to be encouraged to prove to themselves and others that they:

- have the essential elements of a HSMS in place;
- are on a path of continuous improvement;
- are measuring progress against plans and targets; and
- are learning from their health and safety experiences.

Organisations need to consider carefully how they can best furnish evidence to key audiences of their capability to manage health and safety. Small firms, for whom requirements for extensive documentary evidence will not be appropriate, need to be encouraged to develop approaches which are proportionate to their circumstances (for example, reporting against a simple health and safety action plan).

RoSPA takes the view that developing consensus about HSMS standards and auditing (and health and safety performance measurement generally) is going to be vital in order to meet the targets set in ‘Revitalising’. It also feels that the promotion of OHSAS 18001 in the market, as well as the continuing proliferation of a variety of approaches to auditing, poses a number of potential difficulties. The Society has therefore suggested that the HSC should consider setting up a special review group in this area to examine and report on the issues involved and to serve as a focus for stimulating a wider debate on strategic OS&H management issues raised in ‘Revitalising’.

### **Measuring OS&H ‘culture’**

While the management ‘systems’ view of OS&H focuses heavily on the formal features of proactive health and safety management, there is an increasing understanding that the

effectiveness of systems depends in practice on the creation and maintenance of a robust health and safety 'culture' at the workplace. BS 8800, for example, stresses that the success of formal health and safety management arrangements depends heavily on 'culture and politics' within organisations and that OS&H 'culture' is a subset of an organisation's overall 'culture'.

Although the concept of 'OS&H culture' may lack some degree of intellectual rigour, it can be defined as a shared understanding within an organisation of the significance of health and safety problems and the appropriateness of measures needed to tackle them. HSG65 also talks of culture in the context of 'control', 'co-operation', 'communication' and 'competence'.

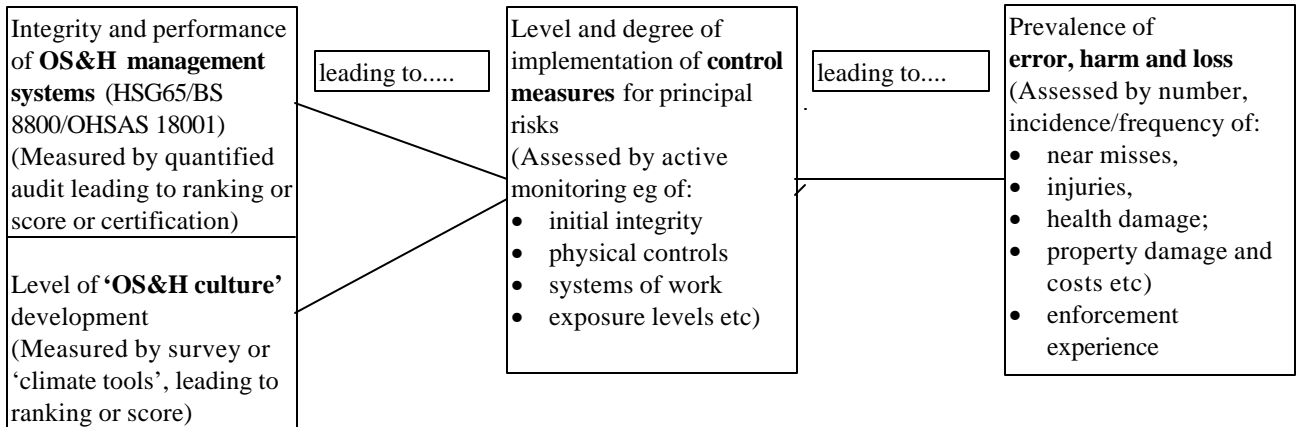
Recently the HSE (HSE 1997c) and others have developed tools to 'measure' health and safety culture, mainly through the use of confidential questionnaire 'Safety Climate' survey techniques which probe employee attitudes, perceptions and behaviour. The results are designed to help identify strengths and weaknesses. These can then be compared, for example, with results from more formal audit processes. Users of the HSE's survey tool have reported that it can present challenging findings to senior managers and that organisations using it need to be prepared to embrace its findings in a positive way. It is becoming clear that OS&H 'culture' or 'climate' surveys can be a useful complement to formal auditing and can yield useful insights at a corporate level.

### **An holistic approach?**

It should be clear from the above discussion that OS&H performance is multidimensional. No single measure provides an overriding indication of an organisation's success or failure in managing work related risk. A more holistic approach is required based on the assembly of an 'evidence package' composed of 'leading indicators' (such as measures of 'culture' and measures of the integrity and performance of management systems) linked to 'lagging indicators' such as control standards (and their implementation) for principal risks. These in turn can be related to further 'lagging, output indicators' such levels of error, harm and loss (see figure 1 below).

**Figure 1**  
**An holistic view of corporate OS&H performance**

## Management systems and 'culture'



In practice measuring all these parameters effectively poses a number of challenges. Some can be measured by continuous whole population monitoring, some only by using sampling techniques. There are likely to be many factors affecting the practicability and efficacy of measurement in each case. And there is always the danger that false significance will be attributed to that which can be measured because what is truly significant still defies measurement. Care has to be taken when seeking to interpret the significance of trends in each area and when seeking to relate them to one another.

Nevertheless, organisations which are currently assessing corporate performance using single measures, such as accident rates, should be encouraged to adopt a more holistic approach, using an appropriate selection of indicators. While integration of such measures into a single performance measure is unlikely to be possible (or indeed meaningful), read together, they can still provide powerful data to evaluate progress within and between organisations and over time.

The HSE are encouraging organisations to 'benchmark' against one another for health and safety purposes. RoSPA recommends that such benchmarking should include comparative review of approaches to corporate performance measurement.

## Targets?

'Revitalising', SHT and the Government's wider 'Our Healthier Nation' plans all contain national improvement targets (including targets for accident and ill health reduction). At present the 'Revitalising' targets are expressed as reductions in the 'national OS&H failure record', particularly the incidence of notifiable accidental injuries and work related ill health. But these terms are not directly transferable to most businesses, even to the 25,000 or so major businesses in the UK employing more than 50 people. Even for these organisations RIDDOR events are still likely to be relatively rare. In Britain's 3 million small and micro businesses, even though sectorally reportable injury rates may be higher than in larger concerns, in each one, the average interval between injuries will be very long indeed.

Nevertheless, the headline targets set in ‘Revitalising’ do challenge every organisation in the British economy to consider what contribution they can make to achieving a lasting improvement in its occupational accident and ill health record. They also challenge specific sectors to set themselves evidence based, meaningful and measurable targets to help drive their on-going efforts to achieve higher levels of health and safety performance.

In practice the term ‘target’ tends to be used quite loosely alongside the related (although arguably distinct) concepts of ‘mission’, ‘vision’, ‘aspiration’, ‘aim’, ‘goal’ and ‘objective’. Target setting, if it is to be useful however, has to be based on good data, robust analysis and a sound understanding of the processes through which improved risk management can be achieved. At a corporate or divisional level it needs to be based on a sound understanding of the causes and ‘preventability’ of each accident and instance of work related ill health. There is also the need to establish sound ‘baselines’.

The reasoning underpinning targets and how they were arrived at needs to be more widely shared so that all those involved in target setting, whether across a whole company or sector or at a departmental level within a business, can compare their approach with that adopted by others. When setting ‘output’ performance targets therefore, besides focusing on reductions in lost time or medically treated injuries, organisations also need to look at indicators such as:

- ‘near miss’ rates,
- reductions in exposure to harmful agents in the work environment (eg airborne contaminants, noise, radiation etc) and
- reductions in exposure to harmful burdens (physical, psychological).

More importantly perhaps, they also need to be able to identify meaningful OS&H management ‘process’ targets.

If targets appear to be ‘plucked from thin air’, not only will they lack transparency, meaning and credibility but they will not secure workforce and management ‘buy-in’. As with good budgeting, targets will not be robust unless they are based on a rigorous ‘ground up’ approach in which, at each stage, the key stakeholders are subject to challenge on their estimates.

Members of the workforce, as keepers of the knowledge about working conditions and possibilities for change, should be consulted by employers as required by legislation via appropriate structures (eg safety committees). They should also be given opportunities to initiate debate themselves and to compare notes with colleagues within and across their sectors or with others outside. Targets which merely assert unrealistic goals but without indicating the means by which they can be achieved serve no useful purpose and need to be challenged.

If it turns out that the wrong targets have been selected, then they need to be changed or adjusted, particularly if duty holders merely seek to deliver against them rather than the real, underlying objectives (for example, target driven managers asking themselves, ‘did the accident

really qualify as ‘lost time?’). There is much experience outside OS&H, for example, to demonstrate that badly thought out process targets can actually cause harm (for example, targets to improve school performance standards actually led to a huge increase in the number of excluded children).

RoSPA proposes to establish a further occupational safety ‘key issue’ project, ‘*Targets for Change*’, in 2001 designed to bring together high performers’ experiences in setting evidence based OS&H performance improvement targets in a joint consultative setting.

## **PART E: REPORTING ON CORPORATE PERFORMANCE**

### **Accounting for performance internally**

Periodic reporting on health and safety performance within organisations is fundamental to the HSG65/BS 8800 approach. If they are to manage health and safety effectively, it is essential that, periodically, organisations should set out a clear and concise account of their performance against strategy for the whole workforce, but especially for managers, safety representatives and health and safety professionals. This is to enable all employees to understand progress in achieving corporate health and safety objectives and for those with management responsibilities to communicate such information to key internal and external audiences.

Many large companies produce internal health and safety performance reports, often in conjunction with reports on environmental performance. Smaller organisations too can provide simple periodic reports on progress in tackling health and safety matters using their internal communications procedures.

### **Reporting externally**

The requirements of the workforce for information on OS&H performance overlap with those of a number of other external stakeholder audiences such as shareholders as well as regulators, insurers, clients, local and national political bodies and the media. Through its consultancy and awards work RoSPA has become aware of a number of cases in which companies have developed an ‘open’ approach to OS&H performance reporting, although the level of detail and approach may be varied on occasions to take account of varying audience needs and characteristics.

More recently, the wider issue of companies reporting on their management of risk (particularly financial risk but not excluding risks from work activity) has been explored in the Turnbull report and in BS PD 6668.

An analysis of coverage in their annual reports of OS&H by companies in the FTSE 100 was carried out by the charity ‘Disaster Action’ three years ago (DA 1997). This showed that roughly half covered health and safety in some way. Coverage varied from the superficial (perhaps even the cosmetic) to the relatively informative. Among those companies that did not

mention health and safety informatively were many which are acknowledged to be 'market leaders' in health and safety.

### **Costs and benefits of reporting**

Enhanced OS&H reporting by companies imposes certain costs but there are also many potential benefits.

Costs include both those associated with editing and publishing the required information as well as those arising from the maintenance of record systems, monitoring and the analysis and verification of the resulting data. It could be argued that many of the data are (or should be) gathered for operational purposes anyway and thus the main additional costs will be those associated with aggregation, analysis and dissemination. There could be disproportionately greater costs for smaller organisations, particularly if the information needed was extensive.

Besides direct financial costs there may be other indirect costs incurred in reporting, particularly if the information gives a negative impression of a company's approach to health and safety and if quoted inappropriately in the media or used as evidence in civil proceedings.

So far as benefits are concerned, in RoSPA's view the advantages to annual OS&H performance reporting are:

1. It provides essential information to shareholders on the organisation's approach to risk management and its effectiveness, explaining the organisation's approach to OS&H as a key business performance objective.
2. It provides essential information to other key stakeholders/partners such as the workforce; contractors/suppliers/customers; regulators, insurers, political representatives and campaigning organisations and can therefore complement the existing requirement to report on environmental performance. In addition, it can provide a basis for providing information to the media and wider public.
3. It can enable companies to report on progress towards the achievement of improvement targets.
4. It can help to create a greater understanding of the 'management system' approach to OS&H.
5. It can provide a basis for 'benchmarking', for example, within a sector or a group of companies.
6. It can help to demonstrate openness and transparency, both internally and externally.

7. It can provide a basis for celebration of achievement, helping to demonstrate and reinforce the organisation's H&S values and culture.
8. It provide a useful way of collating summary information on OS&H in support of other business processes such as tendering, entry to awards schemes and so on.
9. For those companies already achieving high standards, publicising a positive OS&H profile can help to help secure competitive advantage in the marketplace.

Looking at the balance of costs and benefits, it might be hard to show a direct causal link between corporate performance reporting and any subsequent reduction in levels of risk, harm and loss. However, creating a climate in which corporate OS&H reporting became an established norm, with an accounting requirement affecting the company at its highest level, would create a powerful incentive in companies with deficient senior OS&H management to improve. The main net benefit therefore would be in enhancing the influence of other OS&H performance 'drivers' (particularly those associated with fear of loss of reputation, business opportunities and competitive advantage).

In RoSPA's opinion it seems likely that, for the economy as a whole, the additional costs to companies of reporting will be significantly outweighed by the benefits of improved OS&H performance as well as the other incidental commercial benefits of the kind referred to here (although detailed CBA studies would be required to confirm this). The more organisations are able to communicate their OS&H performance data in a variety of ways (for example, in tender documentation, in seeking awards, in communicating with customers, insurers, regulators, the media and so on) the greater the resulting benefits are likely to be.

### **Law and/or guidance?**

The case for mandatory coverage of health and safety performance by companies in their annual reports was originally developed by the Robens Committee whose report informed the enactment of the *Health and Safety at Work Act* of 1974. Section 79 of the Act made provision for making regulations (linked to company law) to require companies to include details of their health and safety performance in their annual reports. This was never implemented and, in the mid nineties, when company law to which it related changed, the section was repealed.

The idea of encouraging (or requiring) coverage of OS&H performance in annual reports was raised again in the HSC/DETR 'Revitalising' consultation document published in July 1999. Paragraph 45 stated "*Publishing details of health and safety performance in companies' Annual Reports can be another powerful tool. There is already a requirement to report environmental performance. Whether on a compulsory or voluntary basis, a higher profile for health and safety in annual reporting could help improve performance.*"

Paragraphs 42 to 46 of the 'Revitalising' strategy statement published in June 2000 stated that the HSC would promote publication of guidance by March 2001 to allow large businesses to



report publicly to a common standard. It stated that the Government and the HSC would challenge the top 350 businesses to report to these standards by the end of 2002 and would work to extend this to all businesses with more than 250 employees by 2004.

While it was clear that in the first instance a voluntary approach was to be pursued paragraph 43 stated, ‘..ministers are minded to move to a compulsory approach if good progress is not made against this action point.’ The statement drew attention to RoSPA’s initiative on performance measurement and reporting and stated ‘Ministers attach particular importance to details of prosecutions, fines and statutory notices being made public’. Action point 13 stated ‘All public bodies will summarise their health and safety performance and plans in their annual reports, starting no later than the report for 2000/1’.

What RoSPA has sought explore in its consultation document has been not only views about the advantages of reporting but whether a voluntary or mandatory approach should be adopted and, if a mandatory approach was considered desirable, whether it should be a goal setting duty informed by authoritative guidance or a prescriptive one - limited, for example, to requiring the reporting of certain specified information (eg numbers of reportable injuries, dangerous occurrences and diseases, any enforcement action taken against companies and associated costs with some specific detail perhaps on fatal injuries and serious incidents).

Response to the RoSPA consultation exercise has shown that there is a variety of approaches that could be adopted. However it seems that most companies are anxious to find the way of reporting that is most meaningful for them and do not wish be constrained by a prescriptive requirement.

Essentially any report in a business context (even the humblest departmental memo) needs to include key a range of key indicators of performance status and progress (‘where we said we wanted to be’, ‘where we are now’, ‘where we plan to be next’ and ‘how we plan to get there’). Many consultees, including some health and safety professionals and trades unionists, have expressed the view that OS&H performance reports to stakeholders produced by larger organisations in particular, should, at the very least, include information on their H&S failure record (such as that referred to above).

On the other hand, the majority of consultees agreed that it is of equal if not greater importance for organisations to also explain progress achieved in strengthening their OS&H policy, organisation and arrangements. How that can best be achieved in a meaningful way and within the constraints of an annual report format, is however a considerable challenge. Several consultees pointed to the growing volume of many annual reports; the perceived tendency of companies to ‘embroider’ reports on OS&H and environment (as opposed to including hard data) in order to promote their public image; and the advantages of including a fuller account of OS&H performance and plans in separate reports.

RoSPA agrees that, in the first instance a voluntary approach should be adopted with close monitoring of how organisations tackle the challenges involved. Some criteria need to be established by the HSC and others against which to assess progress.

Were it agreed in due course that a mandatory approach was necessary, RoSPA's preference would be for a new goal setting duty, supported by an ACoP, requiring 'adequate and suitable' information on performance to be made available to a number of stakeholder audiences. Were a more limited prescriptive duty (relating, for example, only to notifiable accidents, dangerous occurrences, cases of ill health and enforcement action) to be introduced, then there would be a need to consider whether such reporting should apply to some or all companies or be applied through a graded approach according to size, level of risk or possibly in the light of enforcement action. In RoSPA's view, a goal setting duty would allow for reporting against a more holistic model of performance while allowing for flexibility. Indicative standards for compliance with the standards set out in the ACoP and 'good guidance' would be necessary in this case.

### **Encouraging best practice**

Whether or not mandatory requirements are eventually introduced in this area, RoSPA believes there is a need to institute systems which will help to identify, encourage and facilitate best practice. These include not only the development of consensus about the overall approach but publicity and awareness raising, dissemination of information, briefing and training, and facilitation of benchmarking.

### **RoSPA's recommendations**

In light of review of the results of consultation by RoSPA's NOSHC, the Society has decided to make the following recommendations:

Organisations within scope of Action Points 2 and 13 in 'Revitalising' should include concise information in their annual reports on their overall approach to health and safety management, together with an appropriate package of key, quantitative indicators which, when assessed together, will enable the informed reader to obtain a clear overview of that organisation's OS&H status, progress and targets.

While there will continue to be a variety of approaches to OS&H performance reporting, RoSPA recommends strongly that an organisation's OS&H performance 'evidence package' should reflect broadly the holistic approach to performance discussed in Part D above.

Options for the package include:

#### **CULTURE:**

Measures of culture (for example, 'climate' survey results)

**MANAGEMENT SYSTEMS:**

OS&H management system audit scores and rankings; and/or appropriate OS&H management system certification

**RISK CONTROL:**

Control data for selected, principal risks (level of measures, degree of implementation/compliance etc - see Part D )

**OUTPUTS:**

Failure data ('near misses'/incidents, injuries, work related ill health, sickness absence, associated costs, claims and enforcement experience etc - see also Part D)

Because of social concern that surrounds serious events, companies should consider including additional summary details on all fatal and major injuries, cases of notifiable industrial diseases and prosecutions.

RoSPA strongly recommends that performance reporting should encompass, where appropriate, the OS&H performance of contractors, subcontractors and other relevant business partners. Reports should also refer as appropriate to occupational health, hygiene and welfare programmes; success in OS&H award schemes - both external and internal; involvement in 'good neighbour' activities; development of OS&H communications; and so on.

Some attestation as to the appropriateness and integrity of the information is clearly important. RoSPA recommends that OS&H performance reports should be verified by a 'competent person' to assess their completeness, relevance and the overall accuracy of the 'evidence package'. They should also be 'signed off' by the most appropriate senior officer of the organisation, for example, a board level director with oversight of OS&H, as well possibly as by the company safety committee and/or the company's external auditors.

## **PART F: PROGRESS AND FEEDBACK**

### **Raising understanding**

This report is founded on the assumption that a stronger focus on OS&H performance measurement coupled with improved reporting on corporate OS&H performance to stakeholders will help to raise understanding of OS&H as a strategic business objective, particularly among board level directors.

In many respects OS&H performance measurement is still in its infancy compared with other business measurement disciplines. At present sadly, many businesses still do not seek to measure OS&H performance at all. For them, any attempt to measure in order to assess problems, priorities, areas for action and resulting change will be a step forward. Nevertheless for those businesses which do already seek to measure OS&H performance at a corporate

level, there is a need to continue to develop more robust approaches and to explore options for reporting on such performance to key audiences.

### **A broad approach**

In this report the Society has sought to give guidance and set out a broad approach, taking account of the balance of views expressed during consultation. While the Society has begun to form its own views at a number of points, it does not want to be overly prescriptive but to encourage organisations, and in particular their senior directors, to focus on key questions around which debate can be encouraged. The important thing is that approaches adopted to measurement of and reporting on performance should be appropriate to the circumstances and needs of each organisation and should actually help in achieving the overall objective which must be to reduce error, injury, health damage and economic loss.

### **Ways forward?**

RoSPA would like to receive further views on steps that can be taken to promote best practice in OS&H performance measurement and reporting. Possible options include:

- a critical review of the reports of the FTSE 350 and public bodies for 2002;
- a focus on reporting in existing benchmarking schemes;
- a continuing review of approaches to auditing, culture measurement and certification;
- alignment of OS&H performance awards with the 'holistic' approach;
- institution of new awards specifically for excellence in reporting;
- training for appointed company financial and OS&H auditors;
- coverage in business education syllabi and continuing professional development; and
- a special conference in 2003 to assess progress and to identify options for promoting best practice.

### **Comments**

The Society would welcome comments on issues raised here. These should be addressed to Roger Bibbings, Occupational Safety Adviser, Royal Society for the Prevention of Accidents, Edgbaston Park, 353, Bristol Road, Birmingham B5 7ST (Email [rbibbings@rospa.co.uk](mailto:rbibbings@rospa.co.uk) Tel 0121 248 2095 Fax 0121 248 2001).

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**11th January 2001**

## **Annex one**

### **The DASH initiative**

The DASH initiative is a loose consortium of organisations (see below) which are concerned with director involvement in health and safety and which have agreed to remain in contact to share information and to co-operate wherever possible. Its general aim is to address the specific and distinct OS&H role of directors, including those directors at board level who may be charged with oversight of health and safety matters - and specifically what is needed to enable them to initiate and drive effective risk management in their organisations. Participants are focusing in various ways on how such directors can exercise influence personally within their organisations and what appropriate incentives, tools, opportunities and support can be provided to encourage high standards of OS&H leadership at this level.

Some of the key issues and questions that are being addressed in this context include:

- What do directors typically need to **'feel, think, understand, know and do'** to lead OS&H in their organisations?
- What are their **views of the subject** of OS&H and what tends to determine these views?
- To what extent have board level directors failed to grasped the proactive **'management systems' approach** to OS&H as embodied in guidance such as HS(G)65, BS 8800 and also clearly implied in the MHSW Regulations?
- How valid or useful is the advice **on directors' OS&H roles** in HSG65 or BS 8800?
- There are a range of **OS&H 'drivers'** - OS&H law and enforcement, the cost of accidents and ill health, supply chain pressure for OS&H standards, trades union involvement and common law claims, shareholder and insurer expectations, political and media scrutiny as well as changes in the area of corporate and director liability and corporate governance. How significant are the above 'drivers' in influencing corporate approaches to OS&H? What other factors are likely to affect their impact?
- Is OS&H still fundamentally 'law driven'? If so, do directors agree that the **legal architecture/enforcement** regime for OS&H is appropriate to meet the needs of UK PLC?
- How can the **trades unions** be enabled to develop a more strategic input to OS&H? What will be the likely effect of changes in **common law claims trends** ?
- To what extent and in what ways is OS&H management likely to be influenced in future by **shareholder, media or political scrutiny**?



- How compelling is the ‘**business case**’ for OS&H as opposed to the ‘**ethical case**’?
- Is there a case for greater **corporate and director liability** in relation to OS&H? Have conscientious boards really got anything to fear from impending reform of the law in this area?
- What opportunities exist for enhancement of OS&H as a consequence of current developments in the field of **corporate governance** and specifically corporate risk management?
- Is there a case for an OS&H management systems standard and should there be closer **integration** between management systems for OS&H, environment and quality?
- What are the barriers to more meaningful and effective **measurement of OS&H performance** and which approaches are likely to be most useful at board level including reactive measures of output as well as measures of input?
- Is there a need for better guidance on **OS&H management systems auditing** and should organisations report on their corporate OS&H performance, both internally and externally in **annual reports**?
- Is there a need at board level to measure ‘**health and safety culture**’ as well as other key aspects of OS&H management?
- How can OS&H be made more attractive to directors in **small firms**?
- To what extent are directors in large organisations conscious of the need to **extend their OS&H** influence to other companies with which they have business relationships?
- Is there a case for structured **research** into the OS&H perceptions, understanding, knowledge and roles of directors?
- In the light of answers to these questions, which **DASH initiatives** are likely to be most relevant? How can directors be most effectively **involved** in their development?

The DASH liaison group (see below) is designed to encourage the development of a linked programme of activities over the next two to three years, each of which in a different way will be aiming to encourage more effective involvement of directors in OS&H. It will focus particularly on the key role to be played by board level directors in driving effective OS&H management in their organisations and in achieving high levels of corporate OS&H performance.

Currently some of the 'players' and potential activities involved in the project at present are as follows:

1. **Chair** - Dr John Sellars CBE, RoSPA Executive Committee;
2. **RoSPA** - Roger Bibbings MBE, Occupational Safety Adviser, RoSPA (co-ordinator) - *consultation on encouraging best practice in corporate reporting on OS&H management performance*;
3. **Health and Safety Executive** - Christina Roberts, Operations Unit, - *in addition to on-going campaigns (eg on occupational health), the development of initiatives on 'measuring OS&H performance', 'benchmarking' and 'senior leadership'*;
4. **Engineering Employers Federation** - Paul Reeve, Health, Safety and Environment Adviser - *an evaluation and relaunch of EEF's earlier 'Safety Pays' campaign*;
5. **Institution of Occupational Safety and Health** - Hazel Harvey, Head of Professional Affairs - *promoting the role of the H&S professional to senior managers*;
6. **Trades Union Congress** - Owen Tudor, Senior Policy Officer - *developing guidance for trade unionists on strategic OS&H partnerships with employers*.
7. **Aston University** - Janine Hawkins, Health and Safety Unit - *research into board level OS&H roles, based on its 'business schools' research methodology*;
8. **Loughborough University** - Prof Sue Cox, Head of Business School - *promoting Loughborough's senior OS&H business course*;

The purpose of the Liaison Group is: to exchange views on objectives in relation to DASH; to review the progress of the above programme as a whole; to exchange information on individual projects; to suggest changes to the overall direction of DASH; and to reinforce interlinkage and to avoid unnecessary overlaps and frictions.

Accordingly the role of members of the group is: to engage in a broad exchange of views on the subject of DASH; to report regularly to the liaison group on DASH related projects; to flag up any slippage or change of direction in individual DASH projects; through discussion, to further the aims of DASH; and to provide mutual support to one another.

In addition to IBM who provided supporting for the launch conference on 27th October 1999, it is envisaged that there will be a range of other organisations in the private, public and voluntary sectors who will wish to be associated with the group either as members or by being 'copied in' on developments.

RoSPA is providing the secretariat for the Group.

**Annex two**

**Written responses** (to RoSPA's consultation document, '*Measuring and Reporting on Corporate Health and Safety Performance*')

These have been received from:

Lorraine Gwinnutt, APIL

George Allcock, GKN

Robert E Langford, ICAEW

Jacqueline Jeynes, Opal Services

Dr Donald Dean, SOM

Nina Wrightson, Northern Foods

John Theobald, MFI Furniture Group

Jenny Bacon CB, HSE

Clive Castell

Owen Tudor, TUC

Barrie Berkley, Disaster Action

## **Annex three**

### **One-to-one interviews**

#### **By Roger Bibbings, RoSPA**

- **Dr Janet Asherson**, Confederation of British Industry
- **Owen Tudor**, Senior Policy Officer, Trades Union Congress
- **Paul Reeve**, H, S and Environment Director, Engineering Employers' Federation
- **Dr Norman Byrom**, Operations Unit, HSE
- **Brian Kazer**, Blue Circle Industries
- **Rob Gwyther**, South West Water
- **Prof Richard Booth**, Aston University
- **Peter Weaver**, Taunton Deane Borough Council

#### **By Dr Anna Rowbotham, RoSPA**

- **Geraint Day**, Institute of DirectorsD
- **Gemma Hawes**, Association of British Insurers
- **Bud Hudspith**, H&S Adviser, Graphical Paper and Media Union
- **Jacqueline Jeynes**, Federation of Small Business

#### **By Peter Coyle, H&S Adviser, Electricity Association**

- **John Evans**, Head of Health Safety and Environment, Powergen
- **Clive Castell**, Scottish Power

#### **Prof Peter Waterhouse, NOSHC**

- **Phil Lewis**, Chemical Industries Association
- **George Allcock**, GKN, Group Safety Adviser
- **Rob Strange**, Chief Executive designate, IOSH

## **Annex four**

### **Core questions in the RoSPA consultation document**

#### **Senior leadership**

- To what extent do senior managers (including board level directors) fail to address OS&H adequately because of the difficulties involved in corporate performance measurement?

#### **The concept of performance**

- What is generally understood by the concept of health and safety performance?
- Is a multi-dimensional approach meaningful/feasible?

#### **Current/future practice**

- What are the main problems associated with current practice?
- What is the role of auditing in performance measurement?
- Is culture measurement meaningful/relevant?

#### **Standards and target setting**

- Is there a case for an authoritative health and safety management standard?
- What guidance is required to help sectors and organisations to set appropriate OH&S improvement targets?

#### **Corporate OS&H reporting**

- What are the benefits and problems associated with reporting externally and internally on corporate OS&H management performance?
- Is there a case for mandatory inclusion of a minimum set of OS&H performance indicators in companies' annual reports?
- If so, how should such a duty be scoped/framed?
- Should OS&H information in annual reports be 'signed off' (and, if so, how should this be done and by whom)?

#### **Encouraging best practice**

- What steps are necessary to encourage best practice in measurement and reporting?
- Is there a case for 'good guidance' and/or perhaps an award?

## Annex five

### **Summary of main views expressed in response to RoSPA's consultation document**

There appeared to be broad agreement that **board level leadership** of OS&H is essential and that good OS&H management standards must be seen as a key business objective.

There seemed to be agreement about the need for a **multi-dimensional approach** to H&S performance but there was no consensus about what the key dimensions are ( for example, integrity and performance of management systems, levels of control of principal risks, 'near misses', levels of harm - injury and ill health - and loss, enforcement experience etc). '**Culture measurement**' was seen as an emerging technique which could complement other measures.

There was a variety of views about the relevance of **lost time or reportable injuries** as key indicators, especially in SMEs and individual divisions of companies. (Most seemed to agree with the criticisms of over-reliance on Lost Time Injury as set out in the RoSPA document but accepted that this is the one bit of information which many organisations tend to collect.)

There was a general view that **audit** is essential but there was a variety of views about how to ensure it is meaningful and whether or not it should be mandatory.

Similarly there was a variety of views about the case for **an H&S management standard**, although in general there was opposition to the idea of a 'certificatable' standard. There was agreement about the case for targets but a strong view that they must be business and sector specific as well as relevant to SMEs.

**Internal reporting** on performance was seen as vital to keep all employees informed and engaged. Although there are some exceptions, there seemed to be a general acceptance that **external H&S performance reporting** is beneficial but there was much opposition to the idea of a mandatory (and certainly a prescriptive) requirement that would inhibit organisations from adopting the most relevant approach. There was some support for headline reporting in annual reports with separate reports on H&S, possibly integrated with reporting on environment.

There were several ideas about **promoting best practice**, principally benchmarking and dissemination of good guidance. There were many **other useful pointers** to company experiences, sector approaches like that of the Chemical Industries Association's 'Responsible Care' programme, the operation of schemes in the environment area (Business in the Environment Index, for example) and linkage to reporting on sustainability and holistic business risk management etc.

The body of evidence arising from consultation provides an important resource for **further careful study** and is available on request from RoSPA.

**Annex six**  
**Acronyms**

<b>ABI</b>	<b>Association of British Insurers</b>
<b>BS</b>	<b>British Standard</b>
<b>BSI</b>	<b>British Standards Institution</b>
<b>CBA</b>	<b>Cost benefit analysis</b>
<b>DA</b>	<b>Disaster Action</b>
<b>DASH</b>	<b>Director Action on Safety and Health</b>
<b>DETR</b>	<b>Department for the Environment Transport and the Regions</b>
<b>EEF</b>	<b>Engineering Employers Federation</b>
<b>FTSE</b>	<b>Financial Times Stock Exchange</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>HEA</b>	<b>Health Education Authority</b>
<b>HImPs</b>	<b>Health Improvement Plans</b>
<b>H&amp;S</b>	<b>Health and Safety</b>
<b>HSC</b>	<b>Health and Safety Commission</b>
<b>HSE</b>	<b>Health and Safety Executive</b>
<b>HSMS</b>	<b>Health and Safety Management System</b>
<b>HSW</b>	<b>Health and Safety at Work</b>
<b>ICAEW</b>	<b>Institute of Chartered Accountants of England and Wales</b>
<b>ILO</b>	<b>International Labour Office</b>
<b>IoD</b>	<b>Institute of Directors</b>
<b>IOSH</b>	<b>Institution of Occupational Safety and Health</b>
<b>KPI</b>	<b>Key Performance Indicator</b>
<b>LTIR</b>	<b>Lost Time Injury Rate</b>
<b>MBA</b>	<b>Master of Business Administration</b>
<b>MHSW</b>	<b>Management of Health and Safety at Work</b>
<b>NHS</b>	<b>National Health Service</b>
<b>NOSHC</b>	<b>National Occupational Safety and Health Committee</b>
<b>OS&amp;H</b>	<b>Occupational Safety and Health</b>
<b>OHSAS</b>	<b>Occupational Health and Safety Accreditation Standard</b>
<b>PGCs</b>	<b>Primary Care Groups</b>
<b>PLC</b>	<b>Public Liability Company</b>
<b>SHT</b>	<b>‘Securing Health Together’</b>
<b>SBS</b>	<b>Small Business Service</b>
<b>TQM</b>	<b>Total Quality Management</b>
<b>TUC</b>	<b>Trades Union Congress</b>
<b>QA</b>	<b>Quality Assurance</b>
<b>QSA</b>	<b>Quality Safety Audit</b>
<b>RIDDOR</b>	<b>Reporting of Injuries Diseases and Dangerous Occurrences Regulations</b>

