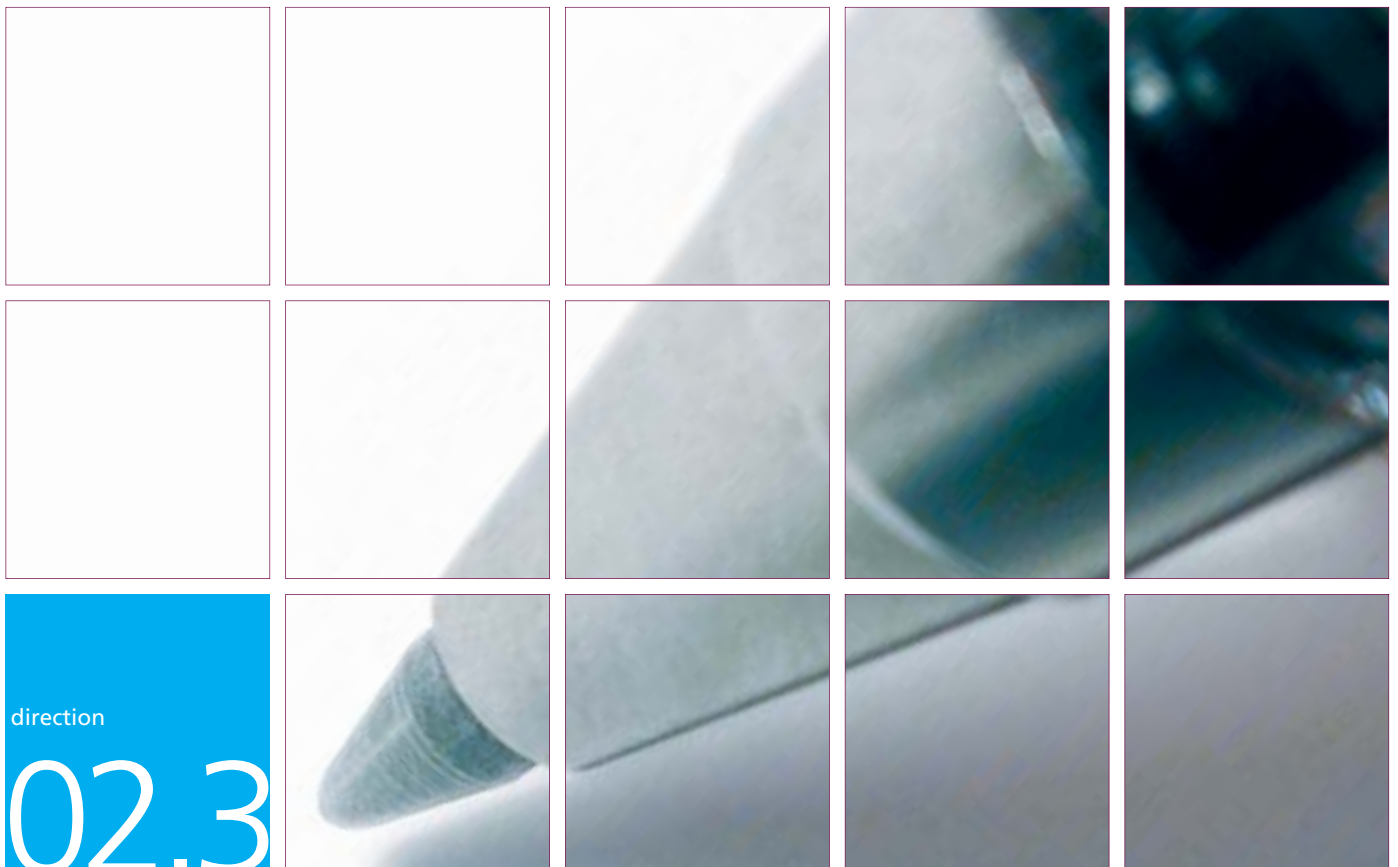# Reporting
performance

Reporting performance
guidance on including health and safety performance in annual reports

This guidance is aimed at occupational safety and health professionals, and others responsible for internal and public reporting of organisational health and safety performance. Annual reports provide organisations with a vehicle for describing their risk profile and performance in managing significant risks, including health and safety risks. IOSH recommends the inclusion of summary health and safety performance results in all organisational annual reports (already a UK government recommendation for public bodies) as an incentive for continual improvement.

Three standards of reporting are outlined in this guidance. For each of these standards, there is a common basis as follows:

- data on annual outcomes (accidents and ill health, lost time and incidents)
- analysis of the data against targets
- indication of the priorities for the coming year (programme for continual improvement).

As an organisation increases its commitment to managing workplace health and safety hazards, it is expected that it will build from the first level, through the second and ultimately to the third level. As experience is gained by the organisation, a Level 2 reporting system will most likely influence the Level 1 report contents, while Level 3 will influence both Level 1 and Level 2 contents.

1. Overview

- **Level 1 'Minimal' health and safety reports** – these should be issued by all organisations; typically, findings are compiled by directors (trustees for a charity) and presented in a section of the annual report.

- **Level 2 'Comprehensive' internal health and safety reports** – these will be developed as organisations increasingly accept the business case for good health and safety performance, rather than viewing it purely as a compliance issue.

- **Level 3 'External' health and safety reports** – these will be issued by organisations which value their public image and accept that dialogue with external stakeholders is a key component in their long term sustainability.

It is recognised that many organisations currently report internally on health and safety (ie Level 2), but do not cover it in their organisational annual report (ie they are not reporting at Level 1). In such circumstances, it will be necessary to persuade the executive board of the merits of Level 1 reporting and a phased implementation could be suggested. In the first year, this might consist of a short overview paragraph within the annual report, referencing the internal health and safety report, while in following years there could be fuller inclusion and progress towards a basic Level 3 report. The ultimate goal is that all organisations should aspire to Level 3 reporting, either as a stand-alone document or as part of a wider corporate social responsibility (CSR) report.

> "IOSH recommends the inclusion of summary health and safety performance results in all organisational annual reports"

2. Definition

Level 1 – 'Minimal' health and safety reports

These are expected from all organisations, including reports of zero accidents/incidents, where applicable. Data should be compiled for all work activities, including direct employees, other employees/contractors and members of the public. The following is the minimum that should be included in annual reports:

- workplace injuries/ill health, subdivided, where appropriate, into fatalities plus major injuries and lost-time events[1]. For most organisations it is best to present the data as frequency rates, rather than absolute numbers, thereby allowing comparison with previous performance, long term targets, sector/national averages, and so on. For ease of understanding by non-specialists, it is recommended that injury rates and days lost are quoted per 100 workers (full-time equivalents for organisations with part-time employees). Very few organisations now have systems for measuring total hours worked, but for those with such data, 100 full-time employees work approximately 200,000 hours per year. If fatalities occur, the rate is most easily understood if calculated per 10,000 workers.
- in addition to reporting accident and ill health events, it is good practice to report total days lost, again per 100 workers. This provides a measure of both the severity of the injury/ill health and the effectiveness of rehabilitation.
- comparison with any long term organisational or national targets. It is good practice to aim for continual improvement, but it must be realised that in smaller organisations a single serious injury or fatality in a particular year can represent a very high rate, so longer term trends are also important. For UK-based organisations, national targets will include the relevant national or sector *Revitalising health and safety*[2] and *Securing health together*[3] targets.
- all other significant health and safety-related events. These may be positive (eg awards won, extended accident-free periods) or negative (eg statutory notices received, convictions, fines paid, insurance claims settled greater than, say, £50,000 or 0.1 per cent of turnover).

- indication of the priorities for health and safety management improvements and performance targets in the coming year.

Level 2 – 'Comprehensive' internal health and safety reports

Reports will typically include both results statistics and other performance indicators, with analysis of relevant trends and a commentary that covers health and safety performance more anecdotally. It is recognised that annual reports for internal stakeholders may have significantly different contents from public reports, though the growing trend for external stakeholders to expect transparency from organisations means that such distinctions may be increasingly difficult to justify.

Statistics and performance indicators

Organisations committed to achieving high standards of occupational safety and health find that mere numerical reporting of significant failures and comparison with long term targets, as in a Level 1 report, does not provide the information needed to drive improvements. Additional data required includes systematic analysis of the root causes of injuries, ill health and damage. Level 2 reports will therefore build on the data in Level 1 reports by analysis of causes of major health and safety incidents, together with commentary on key results from internal inspections, audits and external inspections/verification. The detail appropriate for the report will vary according to the size of the organisation. For large organisations, an overall summary report should be compiled from more detailed reports that cover each operating site, subsidiary company, and so on.

The Level 1 statistical summary of health and safety results (lagging indicators, all of which represent failures) must be supplemented by other measurements which provide positive assurance that good practices aimed at preventing injuries and incidents are implemented (leading indicators), together with analysis of trends in these indicators in relation to challenging long term goals. A wide variety of indicators can be used, but it can be difficult to find ones that are truly applicable across a whole organisation, except in very small organisations. It may be helpful to use a form of health and safety 'balanced scorecard' to summarise results, because reliance on a single indicator is unlikely to drive improvement in all the necessary areas.

"growing trend for external stakeholders to expect transparency from organisations"

"use a form of health and safety 'balanced scorecard' to summarise results"

The Health and Safety Executive (HSE) has published a collection of measurement ideas[4] that have wide application. The following indicators are examples that could be used to help drive improvements within smaller organisations. Some are possibly too detailed for inclusion in annual reports, but may aid the planning and management of improvements for local work groups and smaller workplaces:

- evidence of management commitment, eg number of board-level workplace visits, inspections or committees attended that have a health and safety theme
- average health and safety training days per employee, or percentage holding a recognised standard, eg S/NVQ or 'safety passport'
- evidence of worker involvement, eg via observation schemes and reporting
- measurements of health and safety culture
- percentage of risk assessments completed/reviewed
- health and safety inspections and audits completed versus target
- percentage of completed actions from audits and inspections, including regulatory inspections
- percentage of safety critical maintenance, inspection and testing completed on schedule
- emergency response drills and exercises held
- where injury rates are very low, use lower-severity but more statistically meaningful injury/illness criteria, such as medical treatment injuries or total days lost
- number of new occupational ill health cases, total days lost and any ill health retirements
- insured and estimated uninsured costs of accidents, major damage and other events
- near-miss events with major potential for loss.

Health and safety commentary

The health and safety commentary can cover such topics as:

- health and safety policy and implementation arrangements, including board responsibilities and professional resources available to provide health and safety advice
- main occupational safety and health hazards associated with the organisation's business, provisions for risk assessment, and assurance that control measures are suitable and effective

- whether the health and safety management system is based on a recognised standard, current improvement priorities and plans
- arrangements for auditing the health and safety management system, including any external auditing/verification
- arrangements to promote worker rehabilitation after injury/illness, and an indication of their success
- the extent of employee involvement in health and safety management processes, including new hazards, work processes and accident/ill health investigation
- training provided, including that for executives and other senior employees
- causes of the most serious accidents and episodes of ill health, together with actions taken to prevent recurrence
- how health and safety performance of contractors and suppliers is managed and assured
- occupational road risk and other travel hazards
- activities involving key external stakeholders, eg customers, neighbours, non-governmental organisations
- whether the reported performance data have been verified by an independent body, employee safety representatives or committee.

Level 3 – 'External' health and safety reports

Organisations should plan their 'external' health and safety report in the context of overall CSR reporting. The Global Reporting Initiative (GRI)[5], an increasingly influential global body, issues guidelines for public CSR reporting. The health and safety of employees, including subcontractors, is but one reporting area of more than 120 recommended in the current GRI guidelines. This IOSH guidance does not cover these other areas in detail, but the good practice recommended for health and safety reporting is consistent with the wider issues covered in the GRI guidelines. Smaller organisations and those operating solely in a developed nation such as the UK may find that the minimum standards expected in global CSR reporting have little relevance to their operations, so that the commentary in their public reports is likely to consist mainly of a high level summary of their internal (Level 2) report.

CSR reporting processes typically include verification of all internally generated data, thereby increasing their external credibility.

"could be used to help drive improvements within smaller organisations"

"verification of all internally generated data, thereby increasing their external credibility"

Level 3 reports should include an assurance that health and safety risks are appropriately included in governance processes in accordance with any national mandatory (or voluntary) codes for organisational risk management.

Key areas affecting health and safety in 'current best practice' external CSR reporting standards include demonstrating compliance with recognised global/ international/national standards for:
- board-level responsibilities and assurance/verification processes
- extending the health and safety policy to cover joint ventures, contractors, partners and the supply chain
- relevant international codes, notably those issued by the International Labour Organization in relation to:
  ○ recording and notification of occupational accidents and diseases
  ○ occupational health management
  ○ HIV/AIDS
  ○ human rights (eg child labour, freedom of association/collective bargaining, forced labour), including via the supply chain

- implementation of joint health and safety committees and other means of workplace consultation and involvement
- training, for all levels and categories of employee
- customer/consumer health and safety monitoring and assurance.

In addition to this assurance about compliance with recognised standards, it is likely there will be a wider commentary that covers commitment to high standards via policy statements, short and long term improvement targets, use of formal management systems, employee involvement, and so on, together with recognition of any notable achievements and business impacts of any major accidents.

"improvement targets, use of formal management systems, employee involvement"

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References

1. *The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995*, (L73), 1996, HSE Books, Sudbury, UK.
2. *Revitalising health and safety strategy statement*, (OSCSG0390), 2000, DTLR, Wetherby, UK.
3. *Securing health together*, (MISC225), 2000, HSE Books, Sudbury, UK.
4. *A guide to measuring health and safety performance*, 2001, HSE, www.hse.gov.uk/opsunit/perfmeas.htm.
5. *Sustainability reporting guidelines on economic, environmental and social performance*, 2000, GRI, Boston, USA.

For fuller references, further reading and useful website links, visit the IOSH website: www.iosh.co.uk/technical. Comments should be sent to IOSH's Head of Technical Affairs at the address overleaf or emailed to richard.jones@iosh.co.uk.

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