



## Health and safety at the top of the agenda

The UK Government recently launched its strategy entitled 'Health, work and well-being – Caring for our future.' This strategy seeks to improve the health and well-being of working age people via an inter-departmental collaboration between the Department for Work and Pensions (DWP), the Department of Health and the Health and Safety Executive (HSE). It recognises that the approximately forty million working days that are lost to occupational ill health and injury in the UK each year costs around £12 billion.

Insight welcomes this new strategy, as we recognise the financial benefits to companies resulting from good occupational health and safety (OHS) programmes. Employees have the right to work in an environment that takes due regard for their health and safety, and directors have duties to ensure that the workplace respects this right. Failure to meet these duties can lead to costs for shareholders. These costs can arise from a variety of sources including fines, compensation, insurance, sick pay, lost productivity, lost management time in dealing with incidents, reduced staff morale, and a tarnished corporate image.

Insight has been working with the HSE's Business Involvement Programme for nearly two years to help it to promote 'appropriate health and safety management as an integral part of effective business management,' via a range of non-regulatory measures. Insight's specific aim is to increase corporate understanding of the business benefits of good OHS. Our work to date has involved collaboration with the HSE on a series of case studies on the financial and social benefits of director leadership on health and safety. We have also assisted with the development of a Corporate Health and Safety Performance Index (CHaSPI).

We have focussed on CHaSPI, in particular, because we believe that increasing the transparency of OHS practice and performance should encourage companies to maintain high standards in this area. CHaSPI enables boards to benchmark their OHS performance and management systems against similar organisations and facilitates consistent reporting to shareholders.

The Index also has the potential to contribute to reducing the regulatory burden on companies, although it is not currently being used in this way. Our specific suggestion was that the HSE could consider offering organisations that score well in CHaSPI a lighter regulatory touch. This would mean that companies with, for example, low injury rates and good management systems, would be subject to fewer site visits in return. This recommendation is consistent with the conclusions of the Hampton Review into regulatory inspection and enforcement, which aimed to reduce the administrative cost of regulation to the 'minimum consistent with maintaining the UK's excellent regulatory outcomes.' This potential for reduced regulation is one of the themes we highlighted when we met with Lord Hunt, the Parliamentary Under-Secretary representing the Department for Work and Pensions in the House of Lords in November 2005.

We also stressed our view that, in order to help propagate the Index, corporate participation in the Index should be rewarded in some way. We highlighted the need for an effective communications strategy for CHaSPI, such that sufficient companies take part in the Index so as to make the comparison of performance it offers meaningful. Lord Hunt undertook to consider these ideas further. Subsequently, Insight met with Dr. Bill Gunnyeon, the Chief Medical Advisor at the DWP, to discuss these ideas further.

Insight is also co-funding a research project with the HSE that seeks to define best practice standards in the governance of corporate OHS. The report, when it is published later this year, promises to highlight several interesting issues. Following a similar approach to that of the Combined Code, it will consider the role of boards in establishing a culture that promotes good health and safety. It will also offer guidance on the appropriate nature of non-executive director oversight in this area, whether and how incentives can be built into the remuneration of directors and senior managers to deliver good health and safety performance and how internal control systems can incorporate health and safety considerations.

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Produced by the Insight Investor Responsibility Team

Web: [http://www.insightinvestment.com/responsibility/investor\\_responsibility\\_home.asp](http://www.insightinvestment.com/responsibility/investor_responsibility_home.asp)  
Tel: 020 7321 1162