BRITISH
SAFETY
COUNCIL

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Jane Leavens

Corporate Law & Governance Directorate

Department for Business, Innovation and Skills

1 Victoria Street

London SW1H 0ET

Dear Jane,

**The Future of Narrative Reporting – submission by the British Safety Council**

The British Safety Council welcomes the opportunity to submit views on this consultation. We have restricted ourselves to commenting on specific questions posed in the BIS consultative document and have followed the question numbering used in the consultative document.

Founded in 1957, and operating in over 50 countries, the British Safety Council is a leading independent authority on occupational health and safety. As a registered charity with a global network of 8,000 members and subscribers, drawn from the private, public and third sectors, the British Safety Council provides information, audits, expert training and qualifications, all designed to promote a healthier, safer and more sustainable society, and in the longer term, to influence these agendas on the worldwide stage.

Recently we have contributed to Lord Young's review of health and safety and compensation culture and have provided detailed evidence of our members' concerns and views on the issues that go to the heart of this review.

Our main focus has been to respond to questions 9, 10 and 13.

**Our overview**

One of the stated aims underlying the consultation being undertaken by BIS, *The Future of Narrative Reporting – a Consultation*, is to meet the government's commitment to reinstate legal requirements that will ensure that companies spell out publicly and transparently how they are managing their environmental and social responsibilities and risks.

This commitment, when implemented, may have a significant impact in encouraging companies in the words of the government to be "clearer sighted and focussed on the issues which matter to their long term success". Health and safety and environmental management are two such issues that should go to the heart of the new reporting requirements.

While it is certain that companies under the new requirements will be required to report publicly on their environmental management measured against key performance indicators, as waste and emissions, we wish to have certainty too the management of health and safety will be treated similarly.

Attempts by DWP Ministers, with the support of HSC/E, a few years ago to require compulsory reporting in the defunct OFR of company performance in managing health and safety was strongly resisted by the old DTI and Accounting Standards Board on the grounds that for most companies health and safety did not pose a sufficiently important risk to the business. That argument did not stand up then and does not stand up now.

There are excellent examples of high quality corporate responsibility and sustainability reports including from First Group and Carillion among others. Their reports come alive with hard evidence as to how they are actively delivering on their social responsibilities including environmental and health and safety management.

Public reporting of health and safety and environmental management and performance does have a cost which is considerable for larger organisations. But there are considerable benefits too. We should be aiming for a high quality reporting regime for all medium and large organisations in the private, public and third sectors one which promotes, encourages and recognises the vital contribution that effective health and safety and environmental management to long term success.

**Questions 9 and 10**

The statutory reporting standard would help to improve the standard of reporting considerably. Traditionally almost all of the FTSE100 companies have reported annually on their management of risk concerning environmental and health and safety management whether in the body of their annual report, social responsibility or sustainability reports. There are many excellent reports which exemplify reporting best practice.

However once you move on to listed companies outside of the FTSE you get a very different picture. Taking just five companies at random who feature in the Sunday Times top Track 250 (17th October 2010) what is apparent on a quick search of their respective websites is that annual reports and business reviews are largely absent.

Only one of the following five companies - Donnelly Group, Stannah Lifts, Adelie Group, Aurora Fashions and Center Parcs – had a readily accessible business review or report on the management of the environment of health and safety and that was Center Parcs. It may well be that the other four companies have information concerning future trends, employees, environment, social and community matters tucked away and not easily accessible. This however defeats the object – accessibility of key information to stakeholders is essential.

There should be a comprehensive and proportionate set of performance indicators for the management of environmental and health and safety risks that form an integral part of the statutory reporting standard. It should be relatively easy to reach broad agreement as to what those measures should be – just need to distill down a handful of key indicators currently in use. But it is not just metrics that should be reported but essential information concerning instances or occurrences that may impact on the particular company's corporate reputation. Stakeholders need to be informed of remedial measures put in place to prevent a re-occurrence of an accident or incident.

**Question 13**

Sharing reporting best practice is key to driving up the quality of reporting. We are a bit wary of suggesting an awards scheme for reporting excellence but they do have their value. Guidance and best practice dissemination are both essential – but we recognise that in these resource stretched times a publicity campaign may be out of reach. Web-based freely accessible guidance will assist considerably.

Yours sincerely

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