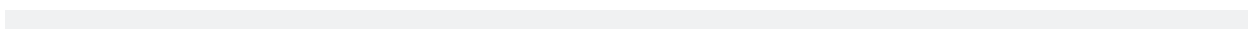


# Health and Safety Executive Annual Report and Accounts 2020/21

HC 403





# Health and Safety Executive Annual Report and Accounts **2020/21**

Presented to Parliament pursuant to paragraph 10 (2) and (4) of Schedule 2 to the Health and Safety at Work etc Act 1974.

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HC 403



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# Performance – Overview

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## Overview summary

This section provides a short summary about what HSE does, our purpose, the key risks to the achievement of our objectives and how we have performed during the year.

## Summary statement from HSE's Chair and Chief Executive

As we continue to face the biggest global health challenge of our generation, HSE is committed to playing a full part in supporting the effort to combat this, leading on reducing the risks of coronavirus (COVID-19) in the workplace. This builds on our role as a trusted, proportionate and enabling regulator and demonstrates that our purpose, to prevent work-related death, injury and ill health, is more vital than ever.

HSE's role has continued to broaden and grow over time to encompass public safety assurance on a wide range of issues, enabling business and protecting the environment. As demonstrated during the pandemic we also ensure that critical national infrastructure can continue to function safely – in particular through our major hazard permissioning approaches and our work on cyber security.

Our original Business Plan for 2020/21 changed radically as we took on different and additional work due to COVID-19 and, from late March until the present day, we have played a critical role, helping to reduce the level of transmission and supporting the country's economic recovery following periods of lockdown.

Highlights of our COVID-related work include:

- Both developing and publishing our own suite of guidance and information and also assisting in the **development of cross-government COVID-secure guidance for businesses**, focused on the practical measures needed to work safely during the pandemic.
- Partnering with other government departments to **increase capacity for mass laboratory testing**.
- Continuing to **provide vital technical and scientific support to government**, including introduction of a framework to allow the variation of the existing product authorisation processes to speed up production of much-needed hand sanitisers and disinfectants.

- **Facilitating the effective use of personal protective equipment (PPE) in work**, both to aid the safe return to work and ensure employers can effectively manage the risks posed by COVID-19. This included setting up a Virtual PPE Unit to provide technical advice as quickly as possible, ensuring that PPE products were fit for purpose.
- **Creating the processes to undertake spot checks and inspections relating to COVID-secure workplaces**. Using a blend of in-house and third party capability we have significantly increased our capacity to undertake telephone and physical on-site checks. We have exceeded the government target of 110,000 spot checks,<sup>1</sup> completing **over 182,700** by the end of March 2021. This key work involved working closely with local authorities (LAs)<sup>2</sup> to allow us to extend our reach into a larger number of businesses and sectors.
- **Making sure that our people are safe and effective**, ensuring, where possible, that they can continue to work safely and effectively from home throughout the lockdown periods and various working restrictions that have been in place.

We have also seen **significant changes in a number of our regulatory regimes following the UK's withdrawal from the European Union (EU)**. HSE was a key contributor to cross-government work to prepare for the end of the transition period on 31 December 2020, in addition to making preparations to ensure our own organisation was prepared, particularly in key areas including the regulation of workplace goods, machinery, equipment, civil explosives and chemicals.

We have been working closely with colleagues from the Ministry of Housing, Communities & Local Government (MHCLG) to prepare for the creation of a Building Safety Regulator (BSR), within HSE. The creation of the new regulator is one of the reforms government committed to following the Grenfell Tower tragedy. We have established a BSR transition programme and appointed Peter Baker as the first Chief Inspector of Buildings, who will lead the BSR. As part of this work, we are supporting publication of a draft Building Safety Bill which will be subject to parliamentary legislative scrutiny.

In addition to the above, our core role as a regulator has remained constant and we have continued to deliver key areas of a 'business as usual' plan through the application of a range of regulatory tools to improve workplace health and safety, bringing together different interventions to achieve impact. We have also continued to influence and engage stakeholders, build knowledge and awareness of health and safety risks and encourage behaviour change through assessments and direct interventions, including inspections, investigations and prosecutions.

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1 Spot checks: a mix of telephone, site visit and as required inspection activity to ensure COVID protocols on social distancing and infection control measures were being adhered to within workplaces.  
2 HSE collaborated with and conducted spot checks on behalf of 120 LAs.

This report outlines both our delivery and also the support role we have played across a wide range of regulatory activities, throughout the year, reflecting some of our key achievements in a number of areas, including:

- leading and engaging with others to improve workplace health and safety;
- providing an effective regulatory framework;
- securing effective management and control of risk;
- reducing the likelihood of low-frequency, high-impact catastrophic incidents;
- enabling improvement through efficient and effective delivery.

The world and our approach may change, but one thing remains the same – the commitment of those who work for HSE to reduce risk, protect people and the environment and to save lives. We are extremely proud of the way our colleagues have responded, and continue to do so, to the unprecedented challenges posed by the pandemic and we are privileged to lead them in this.

Finally, we would like to record our appreciation for the significant contribution made by Martin Temple during his term as Chair of HSE, which ended in July 2020.



**Sarah Newton**  
*Chair*

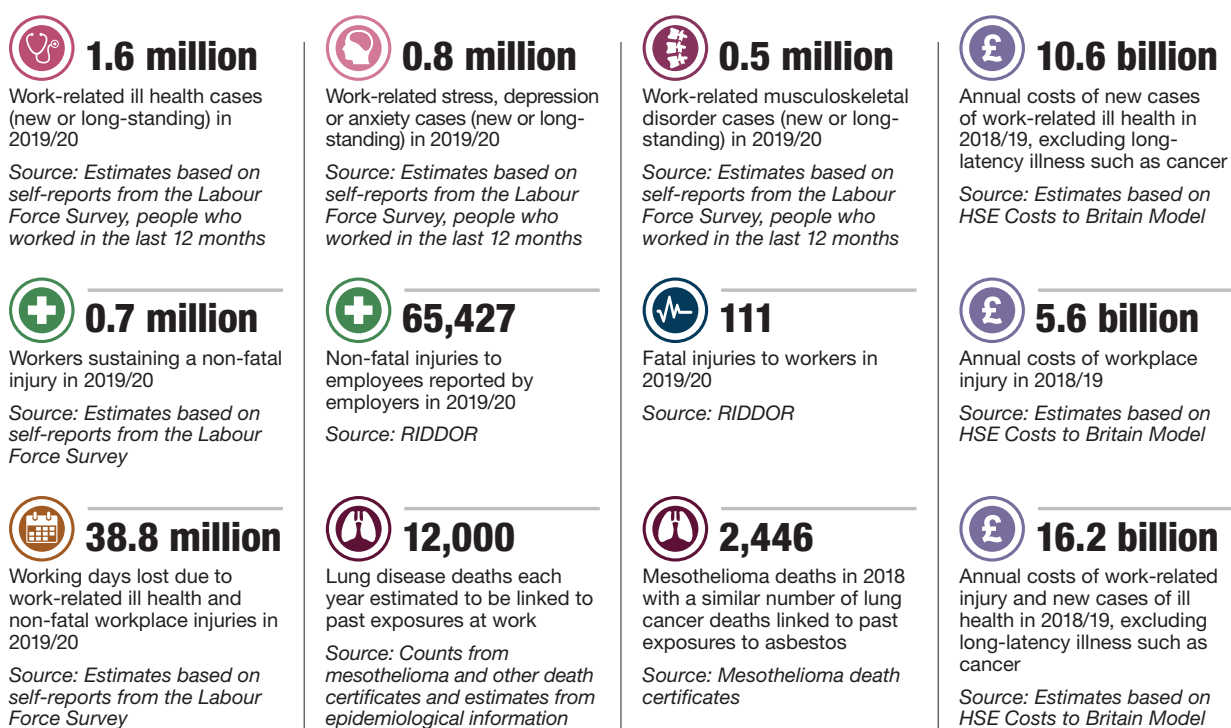


**Sarah Albon**  
*Chief Executive and Accounting Officer*

## Performance overview

Our health and safety statistics<sup>3</sup> continue to be a stark reminder of the challenges we face in continuing to improve Britain's performance.

**Figure 1** National health and safety statistics 2019/20



## Who we are

HSE is the independent regulator for work-related health and safety in Great Britain (GB). We are committed to playing our part in the wider health and safety system to ensure that others play theirs in creating healthier, safer workplaces.

Following the Grenfell Tower tragedy and government's commitment to reforms in building safety we now also have a new regulatory role as Building Safety Regulator (BSR).

Our oversight of the chemicals industry enables the safe and sustainable use of thousands of pesticides and biocides. Through our work, we reduce the potential harm to people or the environment and maximise the benefits to ensure essential products remain on the market and can be used safely.

3 [www.hse.gov.uk/statistics/overall/hssh1920.pdf](https://www.hse.gov.uk/statistics/overall/hssh1920.pdf)



## HSE Board

The HSE Board sets our overall strategy and objectives within policy frameworks set by the government.

Further information on the Board can be found in the Governance statement on page 67.

## Our Executive Management Committee

Working closely with the HSE Board, senior executives lead HSE and drive its long-term performance. The Executive Management Committee (ExCo), formerly Management Board, is accountable to the HSE Board for effective day-to-day management of HSE. Further information is included in the Governance statement on page 67.

## What we do

Our purpose has always been to prevent work-related death, injury and ill health, with our role broadening over time to encompass public safety assurance on a wide range of issues. These include enabling business, protecting the environment and ensuring critical national infrastructure functions through major hazard permissioning and work on cyber security. More recently we have taken on the role of Building Safety Regulator (BSR) and have established a BSR transition programme under the leadership of our newly appointed Chief Inspector of Buildings. This programme will ensure we have policies and structure in place to begin regulating once the legislative requirements have been fully established.

We apply a range of regulatory tools to improve health and safety, bringing together different interventions to achieve impact. We influence and engage stakeholders, create knowledge and awareness of health and safety risks, and encourage behaviour change through assessments and direct interventions including inspections and investigations.

Our priorities for the year were outlined in the 2020/21 HSE Business Plan,<sup>4</sup> which was updated and published in November 2020 to take account of the critical role HSE has played in the national response to COVID-19, helping to reduce the level of transmission as well as support the country's economic recovery. The plan outlines our key areas of work for 2020/21, reinforcing our existing commitment to the priorities which are set out over the following pages.

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4 [www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan2021.pdf](https://www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan2021.pdf)

## Lead and engage with others to improve workplace health and safety

Our Helping Great Britain work well strategy<sup>5</sup> recognises a need for broad ownership of health and safety. Anyone who carries out or influences workplace activities or behaviours has a key role. We are committed to playing our part in enabling others to create healthier, safer workplaces. Using our expertise, we are helping to reduce the cost of workplace injury and ill health to the economy, therefore helping improve productivity.

We have a key role in advising the GB and devolved governments' wider health and work priorities. As the governments' chief occupational health adviser, we have expertise in the causes of work-related ill health<sup>6</sup> and the measures which can prevent or minimise it. However, the health of the working population is not solely related to workplace conditions.

Our aim is to reduce work-related ill health through the application and enforcement of health and safety legislation, and by supporting and seeking to influence wider health interventions where they are linked with work and employment.

We see opportunities in bringing our expertise to work with others across government departmental boundaries to address national issues, for example improving health outcomes as described in the NHS long-term plan for England. As well as tailoring direct interventions with individual businesses to achieve behavioural change, we provide:

- focused engagement and collaboration across networks with a strong interest in improving work-related health and safety. This includes employees and employers, trade unions, industry associations, professional institutions and third-sector bodies, alongside other government agencies and regulators;
- specific, insight-led behaviour change campaigns to achieve tangible improvements in awareness and action on the key issues and themes set out in our strategies;
- guidance and advice that is accessible, understandable, meets the needs of users, and encourages proportionate risk management. This includes working with others to tackle disproportionate business-to-business burdens, which for many SMEs<sup>7</sup> can mask the benefits of regulation;
- world-class science and evidence to support our regulatory activities. We provide a number of routes to enable others (other government departments, public and private sector organisations) to access our know-how, specialist facilities and research to improve workplace health and safety performance.

We have continued to work closely with local authorities (LAs) as co-regulators to conduct spot checks on behalf of 120 LAs.

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5 [www.hse.gov.uk/aboutus/strategiesandplans/index.htm](https://www.hse.gov.uk/aboutus/strategiesandplans/index.htm)

6 [www.hse.gov.uk/aboutus/strategiesandplans/health-and-work-strategy/health-and-work-strategy.pdf](https://www.hse.gov.uk/aboutus/strategiesandplans/health-and-work-strategy/health-and-work-strategy.pdf)

7 SMEs are small to medium enterprises - ranging from medium-sized businesses to very small operators that employ only a few workers.

Our joint LA/HSE Statement of Commitment sets out the shared vision for the ongoing co-regulatory partnership. This describes how working together as effective, modern and professional regulators will secure the positive benefits of world-leading workplace health and safety.

### **Provide an effective regulatory framework**

Good regulation is essential to successful businesses, and HSE will be working to achieve the right regulatory balance between supporting excellent business practice and protecting workers. The goal setting and risk-based regulatory framework is founded on two enduring principles:

- those who create risks have a responsibility to manage them;
- action should be proportionate to the risks that need managing.

To complement this, we have continued to support businesses by sharing examples of good practice, helping to build a common understanding of what a proportionate management approach to health and safety looks like.

We have contributed towards the government's Reforming Regulation Initiative, while continuing to ensure that health and safety regulation remains targeted and proportionate, and always considers the needs of small businesses.

We made extensive contributions to the government's fundamental reform of the building safety system following the Grenfell Tower disaster and on 20 January 2020 it was announced that a new Building Safety Regulator would be established within HSE. Since then we have continued to engage with the devolved administrations on building safety to ensure we are prepared for this new role.

On 31 January 2020, the UK left the EU and entered a transition period until 31 December 2020. We contributed to the government's work during the transition period to prepare for the outcome of the future relationship negotiations with the EU. This included ensuring that a UK chemical regime was operable from 1 January 2021.

We continue to have a significant role in helping the government deliver its net zero priority. As an enabling regulator, HSE has continued to ensure that new energy technologies are introduced safely by keeping its policy, regulation and science up to date and alert to future developments.

### **Secure effective management and control of risk**

One of the foundations of our role as a regulator is to secure the effective management and control of risk. We use different interventions to assess and secure effective management and control of hazards and remove risk from the workplace. These include inspections, investigations, permissioning and licensing regimes. Our activities are based on intelligence and targeting in line with published sector strategies.

From early 2020, we have been dealing with the new high risk of the global COVID-19 pandemic. Some industries and sectors previously considered low risk in terms of worker protection or public safety are now considered potentially higher risk during the crisis.

In response, since late March 2020 we have carried out a programme of interventions to check how businesses are implementing measures to reduce transmission of COVID-19. We have employed a blended approach, including virtual inspections (using IT platforms), spot checks carried out by telephone call, and traditional on-site visits and responding to concerns.

We have continued to amplify this through our 'COVID-Secure' campaign, a blended, 'ONE HSE' approach of regulatory interventions, mass market or targeted communications, and stakeholder/partnership engagement that brings together experts from across our organisation. Using existing resources and the additional £14.2m funding made available in May 2020, we have aided safe return to work and ensured employers are managing risks posed by COVID-19 by carrying out compliance spot checks to ensure COVID protocols on social distancing and infection control measures were being adhered to.

Given this reprioritisation of resources to COVID-19, we planned a smaller programme of inspections of the specific core initiatives. We revised our business plans to take account of COVID-related work and have invested considerable efforts in our recruitment programme. This has included the on-boarding of new inspectors and ex-inspectors (where we targeted retired/former HSE inspectors to assist in the COVID spot checking regime).

We have made changes to how we monitor performance to aid targeting of inspections. There is now more focus on performance through the introduction of a visual hub. Our continued oversight of the chemicals industry made sure the safe and sustainable use of thousands of pesticides and biocides has been maintained throughout the crisis. Through our work we continue to reduce the potential harm to people or the environment and to maximise the benefits to ensure essential products remain on the market and can be used safely.

We investigate incidents, causes of ill health and health and safety concerns (complaints), in line with our published selection criteria. In addition to drawing on our science and engineering specialists and facilities to provide forensic analysis, we work with other regulators, the police and local authorities to determine causes, learn and share lessons and ensure necessary measures are in place to prevent recurrence.

Where businesses are not managing risks to people's safety or health, we secure improvements in line with our enforcement policy and enforcement management model. Through proportionate enforcement action, we seek to prevent harm, secure sustained improvement in the management of health and safety risk and hold people to account when they fail to meet their obligations to protect people. Where appropriate, we prosecute those who behave in a reckless way or where there has been a serious breach of duty.

Our approach supports fairness for those who invest appropriately in managing risk and work safely, deterring those businesses who fail to meet their obligations or deliberately break the law and place people at risk.

We use data and evidence to better target our regulatory work, and amplify the outcomes from our frontline inspection, investigation and enforcement activity with modern communication techniques. Our Measuring Strategy<sup>8</sup> helps to make sure that we collect the right information to support a culture of continuous improvement, ensuring that benchmarking and evaluation are built into our approach.

### **Reduce the likelihood of low-frequency, high-impact catastrophic incidents**

Great Britain has highly specialised, strategically important industries which are essential to the country's economy and social infrastructure but whose processes and hazard potential can cause great harm to their workers, the environment and the public. A single incident with catastrophic consequences can undermine entire sectors by eroding public trust in such high-hazard industry activity.

HSE's regulatory approach is to provide assurance that the risks in these high-hazard industry sectors are being properly managed. The approach is described in our Major Hazard Regulatory Model.<sup>9</sup>

The aim of our regulatory activities in major hazard sectors is to:

- confirm dutyholders<sup>10</sup> have properly focused their risk management efforts on major accident hazards, and are controlling risks and complying with the law;
- take proportionate action, including enforcement, to ensure dutyholders make improvements where there is evidence of significant shortfalls in control measures;
- provide advice to the planning system to protect people around major hazard sites, major hazard pipelines and licensed explosives sites.

We work collaboratively with other regulators, agencies, government departments and devolved administrations to promote cooperation, minimise duplication, coordinate joint regulatory activities, and share information and intelligence. We will not intervene if another regulator has specific responsibility. We work closely with established stakeholder groups in major hazard industries to drive and influence behavioural change.

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8 Measuring Strategy as published in: [www.oem.bmj.com/content/76/Suppl\\_1/A64.3](http://www.oem.bmj.com/content/76/Suppl_1/A64.3)

9 [www.hse.gov.uk/regulating-major-hazards/major-hazards-regulatory-model.pdf](http://www.hse.gov.uk/regulating-major-hazards/major-hazards-regulatory-model.pdf)

10 Dutyholder: a person i.e. a corporate body or an individual, who has legal responsibilities under health and safety legislation.

We ensure that our approach is based on the best available data and evidence including foresight analysis to consider the future world of work.

Our delivery plan includes a programme of offshore and onshore major hazard interventions, while recognising that delivering safety case and safety report assessments and investigations that meet our incident selection criteria take priority.

### **Enable improvement through efficient and effective delivery**

To maximise our potential to influence positive change we must continue to use our resources efficiently and effectively, while investing in capability and supporting infrastructure.

Following our strategic review to determine how we want HSE to develop to face a future world of work while retaining our core regulatory skills and purpose, we invested in our supporting infrastructure. We have invested in IT equipment to begin to improve organisational and network resilience to provide the platform to enable delivery of more regulatory services in an efficient and effective way.

Our people are at the heart of what we do and the difference we make. We need to continue to make HSE an excellent place to work – building a more diverse and inclusive workplace, where everyone feels valued and is treated with dignity and respect. Our people are at their best when they can be themselves. HSE is fully engaged with the wider Civil Service aim of being a Brilliant Civil Service and the UK's most inclusive employer.

Since 2010, we have delivered more than £100m of savings to government through a combination of reducing our running costs and generating income through cost recovery and commercial activity. We have a continued and rigorous focus on driving efficiency and continuous improvement in the delivery of our functions to secure a sustainable financial footing for HSE.



## Performance summary

This report aligns with our published 2020/21 HSE Business Plan.<sup>11</sup> It is laid out to reflect what we planned to deliver and our progress against those priorities.

This section provides a synopsis of work to support government initiatives in tackling the effects of the COVID-19 pandemic in the workplace and performance against the key strategic themes as outlined in our 2020/21 Business Plan:

- leading and engage with others to improve workplace health and safety;
- providing an effective regulatory framework;
- securing effective management and control of risk;
- reducing the likelihood of low-frequency, high-impact catastrophic incidents;
- enabling improvement through efficient and effective delivery.

Further detail is provided in the Performance analysis on pages 19 to 62.

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11 [www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan2021.pdf](https://www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan2021.pdf)

## HSE performance 2020/21 at a glance

<b>£250 million</b> <sup>12</sup> Total expenditure for year	<b>£77 million</b> Income and cost recovery	<b>£173 million</b> Government funding within financial targets set by Department for Work and Pensions
<b>2431</b> members of staff (FTE) across various locations in the UK, with the majority working at home throughout the year due to the pandemic		Sick absence reduced to <b>4.6 days</b> per full-time equivalent (FTE) against target of 6 days per FTE

### Sustainability improvements<sup>13</sup>

Reductions have been made in:

- greenhouse gas emissions by **73%**
- use of domestic flights by **78%** and waste generated by **74%** (against 2009/10 baselines)
- paper usage by **78%** (against 2011/12 baseline)

### Enforcement action

Completed **206** prosecutions with a **94%** success rate for convictions

Issued over **2950** notices including approximately:

- **1100** notices for improvement
- **1825** prohibition notices

Completed **58%** of fatal investigations within 12 months of receiving primacy against our target of 80% – delivery was affected by issues related to COVID-19 working restrictions

### Business plan delivery: **79%** of milestones delivered

Over **14,880** inspections<sup>14</sup> completed including:

- COVID-19 compliance: over **9000** inspections
- Food and drink manufacturing: **1000** inspections
- Waste and recycling: **1000** inspections
- Construction sector: delivering **1120** inspections under a planned major health campaign
- Asbestos: **860** inspections and **100%** of asbestos licence applications were delivered

Completed over **182 700** spot checks to ensure workplace premises were COVID-secure, including **5000** spot checks on schools across the UK

Established new UK regulatory regimes during EU exit transition period

Continued to enable the safe and sustainable use of pesticides and biocides by completing evaluations and authorisations within the required timescales for:

- **86%** of biocide products
- **82%** of plant protection products

Giving advice and guidance on health and safety throughout the year, our website was visited by **15.8 million** users with **68.0 million** page-views and a 'usefulness' scored rating of **72%**

Dutyholder feedback:

- **71%** of dutyholders said they had taken action as a result of a visit
- **95%** stated the outcome of the visit was proportionate to the risks identified

Responded to **81%** of **3910** FOI requests received within our 20-day target

Handled over **46 000** concerns about workplaces and activities and **23 000** COVID-related concerns

- 12 £250m is the budgetary figure which differs from total expenditure reported in the SoCNE on page 109, which excludes capital expenditure. Funding of £173m differs from the value disclosed in the Cash Flow on page 111 as this includes non-cash transactions such as depreciation.
- 13 Sustainability improvements compared to the baseline years are more pronounced than previously reported as a result of the majority of staff working at home due to the pandemic.
- 14 All inspection figures are based on live data, therefore maybe subject to some increase due to delayed input.

# Performance – Analysis

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We continue to have robust performance and risk frameworks in place.

Our suite of performance indicators act as preliminary risk indicators highlighting potential areas of concern – performance information and operational risks are reviewed monthly by our Executive Management Committee (ExCo) supported by a quarterly in-depth review by the HSE Board.

ExCo reviews performance and agrees actions required where performance is not meeting expectations or where HSE may be subject to increased levels of risk. Details of the most significant risks we have managed in 2020/21 are included within the Governance statement on page 67.

## Our performance

The following section provides further detail of HSE's delivery during 2020/21, including:

- a table of all milestones as published within the 2020/21 Business Plan with confirmation of delivery, including reasons if missed;
- examples of our work to support government initiatives in tackling the effects of the pandemic and performance impact within the key strategic themes as outlined in our Business Plan.

## Delivery of our planned milestones

The impact of the pandemic on our usual business plans has been significant and, despite best efforts, this has meant some of our planned activities for delivery have not been achieved.

We published our revised 2020/21 Business Plan in November, where we committed to delivering our support to the government in tackling the ongoing effects of the COVID-19 pandemic. The plan also included delivery of a wide-ranging set of actions as our contribution to improving health and safety performance.









Some of the key performance detail of our achievements against these published business plan milestones is reflected within the strategic themes on pages 19 to 23.

As part of our contribution to improving health and safety performance across the UK we have delivered 79% of our planned milestones within the year. While

this is below our planned 90% target, it remains an achievement given the challenges of the year.

Table 1 shows all the milestones from the published business plan and whether or not they were delivered during the year and, where applicable, a brief summary as to why delivery was missed.

**Table 1** Business Plan milestones      Delivered       Not delivered 

<i>Business Plan milestones</i>	<i>Status</i>
<b>Lead and engage with others to improve public workplace health and safety</b>	
Continue to focus our activity on tackling ill health as part of the Health and Work programme	
● Respond to green paper: Advancing our Health Prevention in the 2020s <i>Work is on hold as advised by the Department for Health and Social Care (DHSC) team - one of the factors for this has been the reorganisation of Public Health England.</i>	
● Engage with the Department for Work and Pensions (DWP) to respond to Health is Everyone's Business <i>Delivery was dependent on progression of the work by the DWP/DHSC joint Work and Health Unit; the pandemic has impacted on the delivery of their work.</i>	
● Publish improved guidance on implementing good quality health surveillance	
● Deliver survey to track employer awareness and action on HSE's three health priorities	
● Promote advice on musculoskeletal disorders (MSDs) through Reducing risk through design award (2020)	
● Publish bespoke work-related stress materials for public sector organisations	
Engage and collaborate on the learning from our expert science and research with those who can influence	
● Ensure measures are in place to assess the impact of the Health and Work programme	
● Deliver an agreed communications plan to disseminate findings	
● Share our capability in a key government priority area	
● Work with partners to make defined training content affordable and accessible to SMEs	
Establish the Building Safety Regulator (BSR) in shadow form ahead of legislation	
● Design an operating model for the BSR	
● Develop a communications plan and deliver first phase	
● Agree a BSR Transition Plan with DWP and the Ministry of Housing, Communities and Local Government (MHCLG)	
● Develop and agree legislation plan to ensure the BSR is prepared for Royal Assent	
As part of the transition period, establish the full operating capability of a new UK chemical regime	
● Agree funding and capability programme for new UK chemical regime	
● Establish effective regulatory framework for UK chemicals by January 2021	

Business Plan milestones	Status
Prepare and contribute to the Energy Transition (Net Zero) government priority	
● Review regulatory framework for carbon capture, utilisation and storage (CCUS)	✓
● Engage with industry and stakeholders regarding regulatory changes for CCUS	✓
● Evaluate effectiveness of the Department for Business, Energy & Industrial Strategy (BEIS) Hydrogen Programme Delivery	✓
<b>Secure effective management and control of risk</b>	
Undertake spot checks and inspections to ensure workplaces are COVID-secure for employees and the public	
● Set up a cross-HSE team to support and facilitate the effective use of PPE and carry out market surveillance work	✓
● Establish a COVID inbound enquiry service	✓
● Work with local authorities on standards, campaigns and spot checks	✓
● Carry out communications activity through multiple channels	✓
● Complete a GB-wide, targeted and proactive programme of spot checks focused on COVID-secure workplaces	✓
● Investigate 100% of COVID-19 concerns received	✓
Target our inspections on specific issues including work-related ill health	
● Undertake a smaller than planned programme of around 8000 proactive inspections which includes specific focus on:	
● woodworking sector – control of wood dust: <i>No inspections were completed in this sector due to reprioritising of activity towards food and waste and recycling as these industries carried on throughout lockdown restrictions. This work will now commence in 2022/23 with targeted communications issued to maximise impact</i>	✗
● food manufacture and production – control of flour dust	✓
● control of welding fumes in fabricated metal manufacture: <i>Activity was reprioritised around COVID-19 compliance. Work will be re-planned for 2021/22 with relevant campaign communications issued to maximise impact</i>	✗
● waste and recycling sector	✓
● agriculture: <i>As part of a wide strategic intervention programme, farmers were due to be invited to attend an agricultural compliance event, with subsequent inspections focused on risks aligned with compliance event content. As no compliance events (where specific site visits are targeted) could be held due to the pandemic restrictions, no agriculture inspection visits could be arranged or conducted. The agricultural compliance events will take place via e-learning during 2021/22 and will be followed by targeted inspections to a mix of those farms taking the training offered at the events and those that declined</i>	✗
● one major health-focused construction initiative	✓
● fixed and travelling fairgrounds including inflatables: <i>A programme of inspection activity around travelling and fixed fairgrounds was not possible as, due to the pandemic lockdown restrictions, fairgrounds were not allowed to operate. These are expected to recommence during 2021/22 once pandemic working restrictions are lifted</i>	✗

<i>Business Plan milestones</i>	<i>Status</i>
Investigate to swiftly tackle and reduce risks, securing accountability for victims and families	
<ul style="list-style-type: none"> <li>● Complete 80% of fatal investigations with 12 months of primacy <i>Due to issues created by the lockdown including, initially, court closure and later obtaining witness statements and PACE interviews this target was not met</i></li> </ul>	✗
<ul style="list-style-type: none"> <li>● Complete 90% of non-fatal investigations within 12 months</li> </ul>	✓
Operate effective statutory schemes, ensuring the safe use of potentially harmful substances	
<ul style="list-style-type: none"> <li>● Complete 80% of plant product evaluations and authorisations</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Complete 80% of biocide product evaluation and authorisations</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Establish pesticide enforcement function</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Programme of inspections to ensure compliance with Control of Asbestos Regulations</li> </ul>	✓
<ul style="list-style-type: none"> <li>● 90% of asbestos licence applications completed to time</li> </ul>	✓
<b>Reduce the likelihood of low-frequency, high-impact catastrophic incidents</b>	
Provide assurances that dutyholders are identifying and managing their major hazard risks	
<ul style="list-style-type: none"> <li>● A programme of inspections to address priority areas at major hazard sites</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Assess 75% of safety cases and reports to agreed timescales</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Assess licences, classifications, notifications and authorisations to timescales</li> </ul>	✓
Strengthen major hazard leadership and worker engagement	
<ul style="list-style-type: none"> <li>● Deliver 16 targeted inspections to assess leadership in the onshore chemical industry <i>Due to pandemic these were re-scheduled or delayed. There have been 7 leadership interventions carried out, with another partially complete and one repurposed</i></li> </ul>	✗
<ul style="list-style-type: none"> <li>● Targeted inspections focused on offshore tier 1 contractors</li> </ul>	✓
Deliver robust and consistent regulation of decommissioning and dismantling of oil and gas infrastructure	
<ul style="list-style-type: none"> <li>● Provide training in regulation of onshore decommissioning and dismantlement</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Engage stakeholders to clarify regulations of decommissioning and dismantlement</li> </ul>	✓
Raise operators' focus on cyber security to ensure appropriate protection against major incidents	
<ul style="list-style-type: none"> <li>● Programme of 15 specific inspections to examine cyber precautions</li> </ul>	✓
<b>Enable improvement through efficient and effective delivery</b>	
Invest in our infrastructure, focusing on IT to ensure we are fit for the future	
<ul style="list-style-type: none"> <li>● Complete network redesign project supported by external assurance</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Deliver data centre migration project to external hosting</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Redesign and replace outdated IT infrastructure in Buxton</li> </ul>	✓



<i>Business Plan milestones</i>	<i>Status</i>
<ul style="list-style-type: none"> <li>● Complete required office moves <i>Delays due to the pandemic have affected moves, refurbishments and installation of IT equipment</i></li> </ul>	✗
<ul style="list-style-type: none"> <li>● Develop an agreed HSE information governance framework <i>No work has been carried out and the plan is to reschedule for 2021/22</i></li> </ul>	✗
Support our people to be the best they can by improving inclusion and wellbeing	
<ul style="list-style-type: none"> <li>● Embed arrangements for prevention of mental ill health and promotion of wellbeing <i>The process has been delayed due to the pandemic and the expected completion date is towards the end of Quarter 1 2021/22</i></li> </ul>	✗
<ul style="list-style-type: none"> <li>● Reduce average working days lost (AWDL) to 6.0 days per full-time equivalent (7 days in 2019/20)</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Deliver a programme of leadership events</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Develop programme and governance for BSR and EU Transition capability training</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Hold a series of all-staff events <i>Delayed due to concerns regarding access to the virtual event (took place week commencing 19 April 2021) for all colleagues and in light of the current roll-out of equipment and Microsoft Teams</i></li> </ul>	✗
<ul style="list-style-type: none"> <li>● Achieve an Engagement Index score of 57% (6% improvement)</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Develop an agreed, robust and evidence-based pay business case <i>Work continues to progress but has been disrupted and delayed by COVID-19, the announcement of the pay freeze for 2021/22 and the need to settle the 2020 pay award</i></li> </ul>	✗
<ul style="list-style-type: none"> <li>● Improve recruitment process by reducing time to hire by 11 days <i>No progress in this financial year as resource was redirected to support COVID-19 work. This is to be progressed during 2021/22</i></li> </ul>	✗
<ul style="list-style-type: none"> <li>● Reduce instances of bullying and harassment by 23%</li> </ul>	✓
Secure a sustainable financial future for HSE by improving performance through data	
<ul style="list-style-type: none"> <li>● Develop our Spending Review 2020 case</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Consult on cost-recovery proposals and put enabling legislation in place <i>Ministerial approval was received in March 2021 but still requires consultation with industry – now due summer 2021/22</i></li> </ul>	✗
<ul style="list-style-type: none"> <li>● Develop visual Performance Hub</li> </ul>	✓
<ul style="list-style-type: none"> <li>● Establish the Regulatory Assurance Oversight Group (RAOG) and develop three lines of defence model to improve regulatory assurance</li> </ul>	✓

## COVID-related work undertaken during the pandemic

HSE has played a critical role in the national response to the pandemic. Some examples of the work we have conducted during the year is set out on the following pages.

During this year we have played a key role in the development of cross-government COVID-secure guidance for businesses focused on the practical measures needed to work safely during the pandemic. We developed our own suite of guidance and information, published on a dedicated HSE coronavirus microsite.<sup>15</sup>

Our scientific evidence and research on COVID-19<sup>16</sup> continues to help to improve understanding of how to control the risks of virus transmission in workplaces and other settings. It is used to inform decision making by our policy makers and wider government. Our Chief Scientific Adviser, Professor Andrew Curran, is a participant in the UK's Scientific Advisory Group for Emergencies (SAGE), which provides scientific and technical advice to support government decision makers during emergencies.

We continue to provide advice to businesses on a range of topics, including how to complete a COVID-secure risk assessment and engage with workers about their concerns, in addition to more specific topics, including disinfecting premises and social distancing in the workplace. All content is reviewed and updated regularly to reflect developing scientific evidence and understanding; this includes what public health experts are telling us about new variants. We also regularly publicise COVID news and updates via social media and through our free e-bulletin subscription service: Coronavirus: latest information and advice.<sup>17</sup>

### Steps taken to protect our colleagues

The COVID-19 pandemic has been a major event worldwide and, in line with government guidance, has required different approaches to be adopted in our organisation to allow us to keep our colleagues safe and to enable HSE's business operations to continue safely. This has required a significant amount of collaborative effort across HSE, to move quickly from the crisis situation in late March/early April 2020, to a more settled state and to put in place arrangements to keep our people safe, informed and able to work well from home, in the office or on site.

This has meant rapid organisational innovation and changes to the way we worked, with new COVID-19 safety controls, HR policies and working arrangements put in place at pace which under 'normal' circumstances would

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15 [www.hse.gov.uk/coronavirus/index.htm](https://www.hse.gov.uk/coronavirus/index.htm)

16 [www.hse.gov.uk/coronavirus/science-research.htm](https://www.hse.gov.uk/coronavirus/science-research.htm)

17 [www.hse.gov.uk/coronavirus/index.htm](https://www.hse.gov.uk/coronavirus/index.htm)

have taken much longer to develop and deploy. In addition, the wider 'COVID-environment' was continuously evolving, with numerous changes to restrictions from the devolved nations and changing guidance from public bodies (including HSE as part of our regulatory function).

Enabling effective working during the pandemic presented a number of challenges. Ensuring our people could work safely and well at home, in the office or on site required us to:

- develop new guidance and policies to advise our colleagues on new COVID controls and safe systems of work;
- conduct a new COVID corporate risk assessment for the organisation, for each office, and for different working situations;
- accommodate a move to total home and digital working and remote management almost overnight: gathering data to understand individuals' personal home working circumstances; procuring and dispatching new IT kit and office accessories to people's homes;
- plan a phased and controlled return to office working with local teams guiding the development of local controls to meet central guidance and local teams ensuring colleagues were informed and inducted in new ways of working in HSE premises.

Overall, our people and supporting corporate services responded well to these challenges. We have supported our people to navigate the changes introduced and for the majority have enabled them to work safely and well from different work settings throughout the pandemic. This has included recruiting a number of new employees who were able to join HSE successfully during the crisis.

### **Our support and research in supply and use of personal protective equipment (PPE)**

We continued to carry out our role as the authority for market surveillance<sup>18</sup> for PPE used at work. Through this role we facilitated the effective use of PPE in work to aid those in healthcare and other critical frontline services to remain safe from exposure within the workplace and ensure employers managed risks posed by COVID-19. To meet the demand for PPE in healthcare, legal requirements have been temporarily eased, including conformity assessment procedures and markings (ie CE-marked).

In response to many enquiries about the quality, correct use/re-use and decontamination of personal protective equipment we set up a new Virtual PPE Unit, made up of regulatory inspectors, policy makers and scientists, to provide technical advice as quickly as possible and ensure that PPE products were fit for purpose.

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18 HSE is the market surveillance authority for PPE used at work – PPE placed on the market must carry a CE mark to provide assurance that the product meets the essential health and safety requirements of the PPE regulation.

Following the EU-approved regulatory easements (ie the temporarily eased legal requirements referred to earlier) to aid the speed up in the supply of PPE during the pandemic, our PPE unit approved all non-CE-marked PPE before it could enter the NHS supply chain.

We worked closely with the Department for Health and Social Care (DHSC), Public Health England, the NHS and other government departments to help the Government's aim to ensure there is a continued supply of PPE during the pandemic. Bespoke training was provided to collaborating government departments, external contractors and the NHS technical assurance teams. This work was delivered at pace across five sessions, with each course typically reaching 20–50 delegates. The training included detail on the requirements of the applicable regulations, standards, the CE-marking process, the easement route and the identification of counterfeit products and technical documentation.

Since mid-April 2020 up to March 2021 HSE's technical assessment team and senior decision-making group (DMG) has considered 883 enquiries for PPE to enter the supply chain, technical assurance requests and advice. Our DMG has considered and agreed 114 regulatory easements and refused 67 products. In total the DMG has considered 370 enquiries, made up of regulatory easements, technical assurance requests and advice, the group has agreed with 158 enquiries and rejected 212 enquiries (these figures include the easements referred to above).

In the initial stages of the pandemic when there was a critical shortage of PPE within the healthcare sector, questions were raised about the safe re-use of items intended for single use. Our PPE technical team investigated if single-use gowns could be appropriately decontaminated and remain effective for re-use by frontline workers. The investigation results were reported in three days, enabling health services to make informed decisions regarding the use and deployment of PPE, preventing an imminent shortage of gowns.

HSE had a presence on the ground at the NHS PPE HUB, Daventry, to move the backlog of procured and donated PPE from warehouses to frontline healthcare workers between April and August 2020. In collaboration with other government departments and agencies we helped develop a bespoke database to ensure consistency and a decision trail; this database was adopted by DHSC.

While at Daventry, decisions were made on orders covering over 328 million individual items of PPE. Of these:

- 65 product lines were deemed not fit for any use;
- 52 product lines were not fit for healthcare;
- 24 product lines were deemed not to be PPE;
- 83 product lines for which testing was required because there was no or insufficient data available on which to grant an easement.

Throughout the pandemic HSE has continued to give technical support to the UK government, providing scientific evidence and advice used to inform the development of government guidance. This has enabled PPE stocks coming into the healthcare supply chain to be evaluated to ensure it met essential health and safety requirements and to provide assurance to healthcare employees that they were adequately protected.

### **Manufacture and supply of biocidal hand sanitiser products**

Of primary concern was the continued UK availability of safe and effective biocidal hand sanitisers and disinfectants throughout the pandemic to help protect people. Following reports of significant challenges to normal supply chains for the raw ingredients needed to produce vital biocidal products, HSE worked closely with other government agencies, manufacturers and their trade associations to help meet the unprecedented and urgent demand arising from the COVID-19 pandemic.

Using emergency provisions under the biocidal products regulations, we quickly established a framework to provide derogations from product authorisation requirements for certain hand sanitisers, for example those based on WHO-specified formulations.<sup>19</sup> We publicly set out our approach to enforcing regulatory requirements relating to biocidal active substance supply chain obligations, recognising that, in some circumstances, manufacturers might need to find alternative suppliers of raw ingredients to supplement those obtained via their regular supply chains.

### **Partnered with other government departments to increase capacity for mass testing**

Prior to the pandemic the UK had a very low capacity for mass testing. Work carried out by our microbiological specialists provided advice to government and industry sectors involved in diagnostic testing, research and vaccine development. In partnership with other government departments we helped to develop comprehensive guidance which has resulted in this capacity being significantly expanded, through the setting up of new laboratories (compliant with health and safety legislation).

### **Established an inbound COVID-19 enquiry service**

We put in place a multi-channel dedicated COVID enquiry service to offer advice and guidance to employers, employees and citizens.

This was rapidly established and implemented and has been in place from early May 2020 with the aim to provide dutyholders, employees and members of the public with rapid responses to COVID-secure enquiries.

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19 [www.who.int/gpsc/5may/Guide\\_to\\_Local\\_Production.pdf](https://www.who.int/gpsc/5may/Guide_to_Local_Production.pdf)

HSE handle all online enquiries and have partnered with a third-party organisation to deliver the telephony service, which is in operation Monday to Friday, with the online service available 24 hours a day, 365 days a year. Since the service began HSE has dealt with online enquiries within 2.4 working days, with telephone enquiries dealt with at the point of contact.

### **Communications activity for employers to help manage risks posed by COVID-19 in the workplace**

We have undertaken extensive communications through multiple channels to reach and engage a wide audience, ensuring employers have the right advice and guidance and that employees feel safe and confident in the knowledge their employer is managing risks posed by COVID-19 in the workplace. We have issued guidance on requirements for work-related cases of COVID-19 diseases, deaths and dangerous occurrences under RIDDOR,<sup>20</sup> together with webinars and e-bulletins to support businesses.

The national spot check campaign continues with national, regional and sector-focused activity. This multichannel campaign approach includes media briefings, PR, social media, stakeholder engagement, direct email e-bulletins and website updates. This has included our issue of 300 external e-bulletins to over 50 different sector and topic subscriber lists, including 873 000 new e-bulletin subscriptions resulting in delivery of key advice and guidance directly to 22.5 million total recipients. We have also conducted COVID-19 Virtual Town Halls with MPs.

We have produced additional website content to help the UK continue to work safely during the coronavirus outbreak<sup>21</sup> which has received over 10.3 million views. The campaign targeted key sectors still operating during the lockdown with employees in the workplace, to reinforce the message to stay COVID-secure and to advise businesses that we are increasing the number of spot checks, visits and inspections being carried out.

Regional spotlights on areas such as Slough and Hull have been developed and received positive feedback from Spot Check Support Officers relating to how our communications have led to an improvement in engagement rates in this area.

### **Ensure workplaces are COVID-secure – proactive programme of 110 000 spot checks**

We significantly increased our capacity and capability to undertake spot checks and inspections related to COVID-secure workplaces as a result of the government's allocation of £14.2 million of additional funding in 2020/21.

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20 [www.hse.gov.uk/coronavirus/riddor/riddor-reporting-further-guidance.htm](https://www.hse.gov.uk/coronavirus/riddor/riddor-reporting-further-guidance.htm)

21 [www.hse.gov.uk/coronavirus/](https://www.hse.gov.uk/coronavirus/)



We put in place a temporary blend of in-house and third-party capability to undertake telephone and physical on-site-checks, supported by an analytics and intelligence function. This new model has allowed us to be proactive at a large scale and enabled us to react rapidly to changing environments and risk profiles.

We designed, developed and implemented the spot check approach, set up internal teams and leveraged external partners, and have exceeded the government target of 110 000 spot checks, completing over 182 700 spot checks by the end of March 2021.

We have used a targeted approach to high-risk and high-profile sectors (eg meat processing and packaging), specific geographic targeting (eg early local lockdown areas such as Leicestershire) and working in partnership with LAs to deliver specific sector/geographic spot checks.

In October 2020, two new field-based suppliers were contracted to deliver site-based spot checks and support our delivery. Around 43% of spot checks completed to date have been done on site by either contracted suppliers or HSE inspectors, with the remainder completed remotely over the telephone. We have and will continue to adapt and improve our questions to fully cover central government workplace guidance on COVID-19 control measures as and when it changes.

Adopting this approach has meant that we focus our activity in a targeted and proportionate way, providing us with greater opportunity to effectively deploy our valuable resources, in the right way, at the right time, ensuring that we have the maximum impact. We have also been able to extend our reach into a large number of businesses and sectors that were previously not necessarily considered high risk by HSE, and to work much more closely at an operational level with LAs.

### **Work with local authorities – to ensure consistent standards of regulatory activity and undertake joint campaigns**

We have worked closely with LAs to ensure consistent standards of regulatory activity and have undertaken joint campaigns.

In September we launched the Spot Check Service for LAs:

- targeting 50 000 businesses;
- engaging with 149 LAs;
- delivering across 116 LAs;
- 18 000 spot checks completed and 1100 visits undertaken by LAs.

We have developed specific campaigns to deliver spot checks in areas of national priority:

- nearly 5000 spot checks on schools in the autumn of 2020;
- an ongoing collaborative effort with LAs to spot check over 1100 health and social care settings.

As the impact of the pandemic continues, HSE will be working in collaboration with LA colleagues to react to changes in both national and local lockdown restrictions and maintain spot check delivery where businesses remain open. We have sent guidance and information to LAs to increase the profile and engagement of this work.

We are continually identifying opportunities to improve the LA/HSE Spot Check Service. Collaborative developments since we launched the service include:

- improving delivery of spot checks across taxi drivers and private hire companies;
- supporting HSE/LA enforced businesses through:
  - industrial estate campaigns;
  - county-wide sector campaigns (warehousing and essential retail);
  - working with primary authorities to deliver the service across national organisations.

## Lead and engage with others to improve workplace health and safety

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Our progress against all milestones under this area in our 2020/21 Business Plan can be seen at page 19.

Much of our COVID-related work has centred around working with other government departments and industry specialists (refer to previous pages 24-30).

### Focus on tackling ill health as part of the Health and Work programme

We have provided practical advice and appropriate tools to support the management of work-related stress and mental health at work.

#### Work-related stress (WRS)

Our interventions in WRS and mental health at work continue to reflect our commitment to working with and through industry sectors and the wider health and work community.

This involves supporting cross-government initiatives, using evidence to inform and drive behavioural change and working with regulatory and specialist colleagues to support direct interventions. A key development this year has been the establishment of a communications round-table initiative with supported and trusted business intermediaries including:

- Advisory, conciliation and arbitration service (Acas)
- Institution of Occupational Safety and Health (IOSH)
- Royal Society for the Prevention of Accidents (RoSPA)
- British Safety Council (BSC)
- MIND – the mental health charity
- Trades Union Congress (TUC)
- British Occupational Hygiene Society (BOHS)

The aim of this initiative is to improve co-ordination in extending our collective reach and impact in promoting key messages on work-related health issues that will encourage positive action and changes in behaviour. We will continue to develop these partnerships in the year ahead.



We are also supporting the work of the DWP/DHSC Joint Work and Health Unit in relation to the work of the Mental Health team and the 2019 'Health is Everyone's Business' (HiEB) consultation. This work aims to support activity to reform the Occupational health market and improve employer access to information and advice to support people with disabilities and long-term health conditions to stay in work.

We have supported the government response to the pandemic through the provision and dissemination of demand-led advice, guidance and practical tools that meet the needs of employers and employee representatives. This will support the effective prevention, management and control of WRS, and help promote mental health and employee wellbeing. This work has resulted in the publication of sector-focused Talking Toolkits<sup>22 23</sup> (public services and construction) along with an HSE mobile app and interactive stress indicator tool for SMEs (advising on risk management, control and stress risk assessment).

We continue to engage with over 150 000 subscribers on WRS through its stress e-bulletin, most recently using the bulletin to obtain evidence of the impact of COVID-19 on WRS and mental health approaches to risk assessment. The intelligence gathered from this work will help to inform future planning and policy interventions. We are also continuing work to evaluate the effectiveness of the management standards stress risk assessment approach, and also to map the mental health landscape and explore the key levers and drivers of change.

Our engagement with industry has been facilitated through 'virtual' contact, via webinars, one-to-one meetings and social media activity. For example, we have provided support to a rolling programme of Chamber of Commerce events nationwide, the Chartered Institute of Personnel and Development (CIPD) annual conference, TU and employer-led events. At a strategic level we influence key decision makers through HSE's membership of the National Forum on Health and Wellbeing, the Workplace Health Experts Committee, the Affinity Health at Work research consortium and the NHS Employers Partnership Group.

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22 [www.hse.gov.uk/stress/assets/docs/stress-talking-toolkit.pdf](https://www.hse.gov.uk/stress/assets/docs/stress-talking-toolkit.pdf)

23 [www.hse.gov.uk/coronavirus/working-safely/talking-to-your-workers/stress-wellbeing-support.htm](https://www.hse.gov.uk/coronavirus/working-safely/talking-to-your-workers/stress-wellbeing-support.htm)

**To better influence health and safety improvement we have continued to engage and collaborate on the learning from our expert science and research.**

During this year we have continued to underpin the health and safety system through evidence from applied health and safety research. We have also made our science available to those who need it and in a form that meets their needs. Further details of the significant contribution our science makes are in our Annual Science Review.<sup>24</sup>



We have worked with partners to deliver affordable and accessible training content in two defined topic areas for small to medium enterprises (SMEs – ranging from medium-sized businesses to very small operators that employ only a few workers) and hard-to-reach dutyholders. We have delivered:

- a programme of training on Slips & Trips through an organisation called Virtual College.<sup>25</sup> This course is a modular e-learning programme, which takes HSE content and puts it into a package designed to be accessible by SMEs;
- a mobile app<sup>26</sup> with our publication partners which provides HSE guidance in a format geared towards SMEs and micro businesses.

24 [www.hse.gov.uk/research/content/science-review-2021.pdf](http://www.hse.gov.uk/research/content/science-review-2021.pdf)

25 Slips, Trips and Falls Training: Introduction Course | Virtual College ([virtual-college.co.uk](http://virtual-college.co.uk))

26 [books.hse.gov.uk/HSE-Mobile-App?utm\\_source=hse.gov.uk&utm\\_medium=refferal&utm\\_campaign=hse-solutions-app&utm\\_content=home-page-news](http://books.hse.gov.uk/HSE-Mobile-App?utm_source=hse.gov.uk&utm_medium=refferal&utm_campaign=hse-solutions-app&utm_content=home-page-news)

## Provide an effective regulatory framework

HSE has continued to work to achieve the right regulatory balance between supporting excellent business practices and protecting workers.

Some examples of our role in this are outlined in the following pages.

### Establish the Building Safety Regulator (BSR) within HSE in shadow form ahead of legislation

The government committed to the introduction of radical reforms of the building safety system following Dame Judith Hackitt's independent review<sup>27</sup> of building regulation and fire safety after the tragic events at Grenfell Tower. At the heart of these reforms was the creation of a new Building Safety Regulator (BSR), which the Housing Secretary announced would be established within HSE in January 2020.



As the Building Safety Regulator HSE will have three key functions:

- to lead the implementation of the new, more stringent regulatory regime for higher-risk residential buildings;
- to promote competence among industry professionals and regulators who have key roles in delivering safe, high-performing buildings;
- to oversee the building safety and performance system.

Since then we have created a Building Safety and Construction Division and appointed the first Chief Inspector of Buildings to lead the BSR, establishing a BSR transition programme and appointing a BSR programme director in April 2020. We have put in place robust governance and management arrangements.

We have supported MHCLG<sup>28</sup> in publishing a draft Building Safety Bill in July 2020, and Pre-legislative Scrutiny in November 2020, and in finalising the proposed scope of the new higher-risk building regime. We are also leading on the Fees and Charges secondary legislation as well as advising and supporting MHCLG in other areas.

We now have leadership responsibility for the Joint Regulators' Group (JRG), working with partner regulators, early adopter organisations, and design trial

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27 [www.gov.uk/government/collections/independent-review-of-building-regulations-and-fire-safety-hackitt-review#final-report](https://www.gov.uk/government/collections/independent-review-of-building-regulations-and-fire-safety-hackitt-review#final-report)

28 MHCLG: Ministry of Housing, Communities and Local Government.



participants to produce early material for landlords and building owners on the principles of safety cases, to enable them to prepare for the proposed new regulatory regime.

In our support of over 44 stakeholder events, reaching over 8000 stakeholders, leaders and professional bodies, we have reached just over 5 million individuals about HSE's future BSR role through social media channels, signing up nearly 6000 organisations to our regular BSR updates.

We continue to support the prioritisation of existing buildings through the Fire Protection Board and we are working closely with the National Fire Chiefs Council on the working arrangements and the fire safety capability.

### **Establish new UK regulatory regimes during EU exit transition period**

The UK's withdrawal from the European Union (EU) required significant changes to the regulatory regimes for chemicals to ensure their continued operability in GB and NI.

HSE contributed to cross-government work to prepare for the end of the transition period on 31 December 2020, as well as making the preparations to ensure the readiness of our own organisation, where key areas of regulation were impacted, particularly in:

- **regulation of chemicals:** details of one example of our work in this area – biocide regulatory regime preparations – is shown in the following pages;
- **regulation of workplace goods, machinery and equipment;**
- **civil explosives:** including establishing new permissioning and security arrangements for relevant industry use of explosives, supporting the establishment of a new conformity assessment and significant operational support to other government departments and devolved administrations in preparation for border changes.

This was hugely challenging against a high level of uncertainty and required new/amended regulations, systems and processes, as well as significant recruitment and skills development, to ensure HSE could carry out functions previously carried out on our behalf by EU institutions or shared between its member states.

Our focus was to help ensure business continuity, providing effective guidance and support to stakeholders in making their own preparations and operating under the new GB regimes.

HSE has met these challenges both during and post-transition – receiving positive feedback from stakeholders – and is planning further development of capacity and capability to improve its services as a regulator outside of the EU.



## Biocides regulatory regime preparations to leave the EU

### *Regulating biocides*

Biocides are chemicals used to control pests (harmful or unwanted animals, insects, fungi, viruses or bacteria) which can cause significant environmental contamination, and pose serious risks to human health if not used in a way that reflects their authorisation conditions.



Regulation of biocidal products is one of a number of chemicals regimes operated by HSE. We are also responsible for the regulation of the classification, labelling and packaging (CLP) of chemicals and for the regime of prior informed consent related to the export of designated hazardous chemicals. Further information about our work in chemicals regulation is on our website.<sup>29</sup> We are also responsible for delivering the regulatory requirements for pesticides, detergent and chemicals covered by REACH.<sup>30</sup>

Under EU and UK biocides regulation, UK and EU-based businesses must obtain authorisations to sell biocidal products.

These products are typically used in areas such as:

- wood and masonry preservation;
- managing invasive insect species;
- pest control;
- infrastructure maintenance, eg pavements;
- offshore installations;
- specialist paints and coatings, eg marine anti-fouling products;
- food storage and preparation;
- human hygiene and domestic pet-care.

### *Transformation from EU to GB regulation*

The most important milestone was to ensure GB regulations were developed and in place for 1 January 2021. All Statutory Instruments<sup>31</sup> had to be developed to reflect new independent GB regimes. This meant preparing to:

- deliver functions previously carried out by the EU Commission and its chemicals agencies;
- tackle significantly increased workloads (as we would no longer be sharing evaluations with EU member states) and continuing to provide regulatory services to keep pace with existing expectations;

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29 [www.hse.gov.uk/crd/](http://www.hse.gov.uk/crd/)

30 REACH: UK Registration, Evaluation, Authorisation & restriction of CHemicals

31 Statutory Instruments: legislation owned and enforced by HSE and local authorities. More information on our website: [www.hse.gov.uk/legislation/statinstruments.htm](http://www.hse.gov.uk/legislation/statinstruments.htm)

- inherit a work programme for GB, which was developed and planned on the basis of work-sharing among 28 member states, and to adapt this for GB;
- design processes and tools to enable our permissioning functions to continue without access to the EU IT systems, data and support;
- increase capacity and capability by growing and developing our workforce;
- deliver new joint decision-making arrangements with Scotland and Wales, reflecting their areas of devolved interest in the chemicals regimes;
- put in place processes and systems that will allow HSE to continue supporting Northern Ireland authorities in their role as a competent authority under EU legislation (which still applies in Northern Ireland under the Northern Ireland Protocol).

### *Our approach*

The lead-in time for the development of the processes, tools and resource and skills growth required to deliver GB biocides and our other regimes meant planning on the basis of a number of possible scenarios. We developed, tested and refined assumptions against each scenario and built our processes and tools in line with developing assumptions.

Our expert workforce is a mix of policy, operational policy and support and regulatory scientists with a range of scientific specialisms able to evaluate the hazards and risks involved in using biocidal active substances and products, working together to deliver a safe biocides regime for consumers, operators and the environment. We have started to increase our capacity for delivery of this work, with further recruitment planned to reflect the need to further grow the GB regime to fully meet the regulatory expectations over coming years.

We **prioritised our work to minimise disruption for businesses**. Under the terms of the Withdrawal Agreement, businesses were required to find alternative evaluating authorities for applications led by the UK. HSE provided significant support to affected businesses, in some cases liaising directly with EU authorities to minimise disruption and costs and support the timely authorisation of their products. This meant evaluating authorities were able to complete the actions to allow HSE to complete the necessary steps which would provide access to the UK market prior to the end of the transition period.

We provided tailored advice to businesses on how to navigate the transition from the EU regulatory framework to the new GB regulatory framework. This meant providing advice on how to adjust their applications to overcome delays and regulatory hurdles in the EU system to enable HSE to provide timely access to the UK market for their products.

Providing this level of support to applicants was resource-intensive against a backdrop of preparations for establishing the GB framework. However, the investment ensured that both businesses and HSE avoided expending unnecessary effort and costs while also supporting business activity and consumer choice.

### ***Next steps***

We will continue to refine and finalise processes and plan for the longer-term transformation of our services to deliver our vision of becoming a globally respected independent regulator.

### **Prepare and contribute to the Energy Transition (Net Zero) government priority and development of the renewables sector**

Our science expertise and research is being used to study alternatives to fossil fuels to ensure that safety is at the forefront of proposed new technologies. In 2020/21 this has included using hydrogen to store energy and the ways this can be safely transported via the repurposing of GB's existing gas network.<sup>32</sup>

### **Research into the safe use of liquid hydrogen**



Overhead and close-up images of an elevated liquid hydrogen release at the Frith Valley test site, Buxton

With the target of net zero carbon emissions by 2050 in the UK, HSE scientists and engineers are studying alternatives to fossil fuels, including using hydrogen as a 'vector' that can be used to store energy produced in low carbon ways. With a greater energy density than the gaseous form, liquid hydrogen (LH2) could form part of the UK's energy strategy in the future. In order to enable the safe and widespread adoption of LH2 as an energy storage and transportation method, the Prenormative Research for Safe Use of Liquid Hydrogen (PresLHy) consortium has studied several high-risk and poorly understood phenomena relating to the substance.

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32 [www.hse.gov.uk/research/content/science-review-2021.pdf](https://www.hse.gov.uk/research/content/science-review-2021.pdf) See page 51 Decarbonisation and repurposing of pipework.

Scientists and engineers at HSE's Science and Research Centre conducted a series of 57 full-scale experiments to investigate the behaviour of LH2 in an accidental spillage scenario. These investigations focused on three main aspects: the release and dispersion characteristics of a spill, the propensity for a spill to generate an electrostatic charge capable of igniting a hydrogen cloud, and the effect of congestion on an ignited cloud of hydrogen. A limited number of experiments were also designed to study the effect that common emergency response techniques have on LH2 spills. Both a sprinkler system and fire hose were deployed on a pool of LH2 to investigate the potential for rapid boiling.

The experimental series yielded valuable data including direct measurements of the mass flow rate of the LH2 liquid hydrogen in the pipework, in what could be a world first. These data will help to inform potential accident prevention and mitigation measures as members of the PresLHy consortium continue to develop engineering safety tools and a liquid hydrogen handbook that will enable industry to adopt the technology with more confidence.

### **Decarbonisation of heat by repurposing the UK's local transmission pipeline system**

Working with industry partners and BEIS, we conducted a study to identify the gaps to be addressed to ensure safe pipeline repurposing. Our scientists have conducted a series of experiments, which have provided valuable ground-breaking data in the flow rate of liquid hydrogen in pipework.<sup>33</sup> This will help to inform potential accident prevention and management in the development of safety tools and guidance that will enable industry to adopt this type of technology.

We are continuing to forge relationships and identify the work needed for the regulation and safety of hydrogen trials. We continued to support government policy through our active involvement on the Hydrogen Heating Programme Management Board and Hydrogen Advisory Council Working Group on Regulations and Standards.

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33 [www.hse.gov.uk/research/content/science-review-2021.pdf](https://www.hse.gov.uk/research/content/science-review-2021.pdf) See page 38 Research into safe use of liquid hydrogen.

## Secure effective management and control of risk

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One of the foundations of our role as a regulator is to secure the effective management and control of risk. We use different interventions to assess and secure effective management and control of hazards and remove risk from the workplace. These include inspections, investigations, permissioning and licensing regimes.

Since late March 2020, HSE has carried out a programme of interventions to check how businesses are implementing measures to reduce transmission of COVID-19 at their sites. We have employed a blended approach, including virtual inspections (using Skype/Microsoft Teams), spot checks carried out by telephone (examples detailed earlier in this report on pages 24-30) and the more traditional on-site visits which have included some COVID-19 compliance checks, highlighted by the following examples.

### Targeted inspection campaigns

Our intention was to target our inspections on specific issues, including a sustained focus on work-related ill health and, where possible, our inspection campaigns for the year have aligned with specific issues, as outlined within our sector and health priority plans.<sup>34</sup>

We planned to undertake around 8000 proactive inspections, including those within high-risk industry sectors. However, the unprecedented and ongoing pandemic has had a significant impact on our planned campaigns for the high-risk sectors. This has included reprioritising inspection work to ensure key sector workplaces were COVID-secure and could remain safely operational. This has also meant that some planned campaigns could not be conducted at all due to pandemic lockdown restrictions. In spite of all these issues we have delivered over **14 880** inspections, including **5500** conventional health and safety inspections and over **9000** COVID-19 inspections.

It was a priority to ensure that key sectors, considered essential to societal wellbeing, could continue to operate during the pandemic. To support this, planned proactive inspections were conducted to make sure they had COVID-secure control measures in place to protect their workers. These included the following examples.

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34 [www.hse.gov.uk/aboutus/strategiesandplans/sector-health-plans.htm](https://www.hse.gov.uk/aboutus/strategiesandplans/sector-health-plans.htm)



### ***Manufacturing in the food industry***

A programme of **1000** inspections was conducted within the food industry. Bakeries were excluded, but flour dust risk controls were assessed at production facilities where relevant. These visits supported safe working in industries significant to the GB economy.

We applied the lessons from working alongside public health-led Infection Management Teams (IMT) during the first six months as many of the workplace 'outbreaks' were in the food manufacturing sector.

### ***Waste and recycling***

A bespoke programme of over **1000** inspections of waste and recycling premises was carried out early in 2021. In about one-third of those visits we responded to intelligence received from other regulators about poor performance. The visits had a specific focus on transport and maintenance activities, including machinery isolation arrangements. In addition, these visits examined COVID-secure compliance.

### ***Transport and logistics***

In a joint collaboration between HSE and LAs we conducted an inspection programme in the transport and logistics sector during November–December 2020. The focus was on COVID-19 risk management and provision of welfare facilities, particularly for drivers visiting premises as part of their work at a peak time for the sector, covering Black Friday and the festive season.

We focused on three UK logistics hotspots where there was a concentration of relevant businesses about which concerns had been raised: the Midlands, the M62 corridor between Liverpool and Hull, and the Edinburgh to Glasgow corridor.

We used a range of interventions combining site visits and virtual head office inspections to check if corporate policy was being applied and embedded across multiple sites.

- HSE conducted 10 virtual head office inspections and 31 site inspections, which revealed a positive picture for the industry. While there was some inconsistency in application of policy and management arrangements, these – and most on-site issues found – were addressed through verbal advice. There were three contraventions of health and safety law that resulted in letters being sent relating to failures in social distancing, hygiene and cleaning.
- Local authorities carried out 20 inspections of warehousing activities and this work revealed a positive picture for the industry. One Improvement Notice was served due to hygiene, cleaning and welfare facilities issues.

We have shared examples of good and bad practice with the industry throughout this programme of work and will produce a feedback report in 2021/22 to further promote a cycle of improvement.

## Education

We undertook a programme of independent checks regarding implementation of the COVID-19 school reopening guidance. HSE inspectors were asked to assess against the relevant devolved guidance for schools by the Scottish and Welsh governments, and against the guidance from the Department for Education for all England inspections.

The initial stage of this programme involved telephone checks of a representative sample of **500** schools in 16 Scottish local authorities. Over **80%** of schools involved were judged to have a good understanding of the guidance and what it means to be COVID-secure at this initial stage. We conducted follow-up site visits to **108** schools in Scotland, where it was less certain they were following the guidance.

Similar work was undertaken in England and Wales with **5000** initial telephone spot check calls to schools. Again, over **80%** of schools involved were judged to have a good understanding of the required standards. We also conducted follow-up site visits to over **1000** schools where this was less certain.

Following these checks nearly all of the schools were found to have implemented COVID-secure measures in accordance with national schools COVID-19 guidance, with only 12 letters sent and two Improvement Notices (INs) being served, relating to the implementation of a suitable cleaning and disinfection regime.

## NHS

Between December 2020 and January 2021 we inspected **17** acute hospitals in 13 NHS Trusts in England and two NHS Health Boards in Scotland and Wales respectively. We saw a range of compliance with relevant COVID-19 control standards, both in terms of comparing the hospitals with each other but also within individual hospitals. Five hospitals were highly compliant, four were given advice and eight received formal letters requiring remedial action to be taken. The summary findings of this inspection programme, which included positive and negative aspects, were shared with all NHS acute trusts and boards in England, Scotland and Wales.

### *Cross-government task force for the textiles industry in Leicester*

Following extensive media<sup>35</sup> coverage of alleged poor conditions in garment factories in Leicester, HSE had a role in a cross-government intervention to address inequalities in worker health and safety and COVID-19 impacts. A rapid 'lessons learned' exercise about the COVID-19 experience was published.<sup>36</sup> The government has previously committed to strengthening the current labour market regulatory framework in which HSE has a role alongside bodies such as

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35 [www.bbc.co.uk/news/uk-england-leicestershire-53311548](https://www.bbc.co.uk/news/uk-england-leicestershire-53311548)

36 [assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/924639/ Local\\_COVID-19\\_outbreaks\\_lessons\\_learned\\_and\\_good\\_practice.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/924639/Local_COVID-19_outbreaks_lessons_learned_and_good_practice.pdf)



the Gangmasters Labour Abuse Authority, HMRC and the Employment Agency Standards Inspectorate.

### *Follow-up of incidents and concerns*

We have responded to **over 500 local incidents** across various local authority areas with local incident management teams. By the end of March 2021 HSE's regulators have been involved in dealing with **695** workplace and local area outbreaks, joining public health-led infection management teams to help establish whether workplaces are potential causes of transmission; **659** of these cases have reached an outcome.

We have completed over **205 500** COVID-related cases encompassing social distancing concerns, spot checks and outbreaks. The main issues people report are whether employers are taking measures to try to comply with following guidance about keeping the right distance apart and cleaning regimes.

After contacting employers and making appropriate enquiries we have so far concluded that over **194 500** of these (95%) have been assessed as compliant or referred to other regulators. We reached that conclusion after establishing that work had been suspended while the company or organisation put in place measures to achieve the social distancing guidance.

In terms of outcomes, over **7600** cases resulted in verbal advice and written correspondence was provided in over **1760** cases requiring certain action to be taken. For verbal advice, we concluded that the issue was relatively minor or simple to put right and we were confident – given the record and response by the organisation or business – that they would act on the advice. Although we would not do so normally, we are currently contacting dutyholders to check that the verbal advice has in fact been followed, as this is a novel area for all dutyholders.

Where we have written to an organisation, we have concluded that there has been a material breach of law and will verify that the employer has taken the action we required, and we have served notices in **256** cases.

In total, HSE have undertaken over **78 000** site visits as at the end of March 2021, resulting in the following outcomes:

- in over **69 800** cases, no further action (ie compliant) was required;
- in over **5850** cases verbal advice was provided;
- a further **1540** cases required written correspondence;
- a total of **220** cases resulted in notices being served;
- in **740** cases we were unable to follow up (typically where HSE was unable to identify the business based on the information provided).

## Investigate to swiftly tackle and reduce risks, securing accountability for victims and their families

Investigation work, whether measured by its impact on health and safety or by the speed, ease and efficiency of our processes, continues to be one of our priorities.

We continue to investigate incidents and health and safety concerns in line with our published selection criteria and seek timely completion of both fatal and non-fatal investigations.



When consistent with HSE's enforcement policy, we prosecute those who commit serious breaches of the law.

### *Fatal investigations*

Timely completion of fatal incident investigations continues to be one of our highest priorities. Despite considerable efforts throughout the year, it has not been possible to progress all investigations through to completion within 12 months of HSE taking over primacy, with completion of **58%** of investigations into fatal incidents within this specified timeframe.

There continues to be a number of reasons for this including technical complexity, evidential challenge and delays (eg court closures due to pandemic) – often outside of HSE's control.

However, one of the key factors in failing to meet this target is the effects of the pandemic, with a number of investigations delayed due to inability to complete PACE<sup>37</sup> interviews, or to take witness statements due to lack of available technology or unavailability of people.

We continue to closely monitor our performance in this area and keep the HSE Board informed throughout the year.

### *Non-fatal investigations*

We met our target on completing **90%** of non-fatal investigations within 12 months of primacy of the incident,<sup>38</sup> with a decrease of around **10%** (**6183** cases v **6774** cases from last year) in those incidents meeting the selection criteria for investigation.<sup>39</sup>

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37 PACE: the interviews are under caution as per PACE: Police and Criminal Evidence Act (1984).

38 By law, you must report certain workplace injuries, near-misses and cases of work-related disease to HSE. This duty comes under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, known as RIDDOR. More information on RIDDOR reporting can be found on our website [www.hse.gov.uk/riddor/reportable-incidents.htm](https://www.hse.gov.uk/riddor/reportable-incidents.htm)

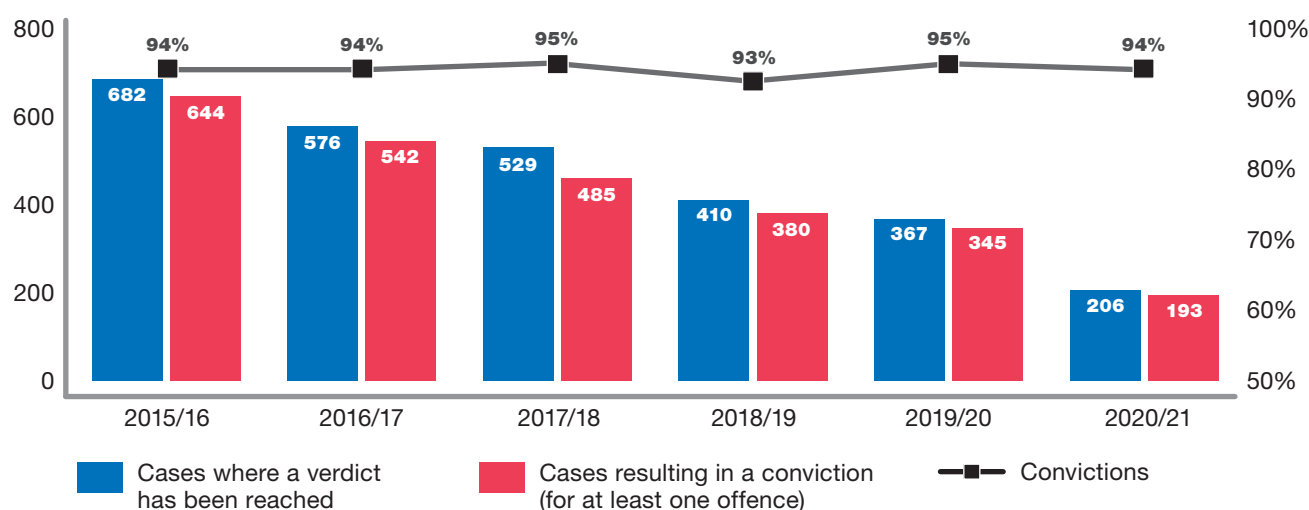
39 [www.hse.gov.uk/enforce/incidselecrits.pdf](https://www.hse.gov.uk/enforce/incidselecrits.pdf)

**Table 2** Percentage of fatal and non-fatal investigations completed

	2016/17	2017/18	2018/19	2019/20	2020/21
Fatal investigations completed within 12 months of primacy* (target: 80%)	68%	72%	56%	75%	<b>58%*</b>
COVID-19 fatal investigations (target to be agreed)	-	-	-	-	<b>47%</b>
Non-fatal investigations completed within 12 months of incident (target: 90%)	89%	89%	89%	90%	<b>90%</b>

\* Note: Fatal investigation figures based on completion within 12 months of primacy, ie date investigation passed to HSE following police enquiries) as there is no primacy date for COVID-19 fatal investigations these are shown separately.

The number and percentage of cases successfully prosecuted by HSE, **holding to account those who failed to meet their obligations**, are shown in Figure 2.

**Figure 2** Prosecution cases<sup>40</sup> (brought by HSE and, in Scotland, under Crown Office and Procurator Fiscal Service (COPFS))<sup>41</sup>

There have been **seven** prosecutions during 2020/21 resulting in fines of over £1 million, and **22** HSE prosecutions resulting in custodial or community service/rehabilitation orders.

Due to court closures during the first lockdown and subsequent pandemic restrictions affecting both investigations (for example, in obtaining witness statements during lockdown periods) and court hearings, there has been a noticeable impact on prosecution numbers during the year.

<sup>40</sup> The data for prior years has been sourced from official health and safety statistics [www.hse.gov.uk/statistics/overall/hssh1920.pdf](http://www.hse.gov.uk/statistics/overall/hssh1920.pdf). The figures shown for 2020/21 are based on live operational data and as such are provisional until official statistics are published in autumn 2021.

<sup>41</sup> In Scotland, HSE and local authorities investigate potential offences but cannot institute legal proceedings. HSE and local authorities send a report to the Crown Office and Procurator Fiscal Service (COPFS). COPFS makes the final decision whether to institute legal proceedings and which offences are taken. The year of an offence or case is based on when a verdict has been reached.

The following are examples of the prosecutions which concluded during 2020/21:

- A theme park operator was fined £1 million following the death of an 11-year-old girl who fell from a rapids ride and drowned. Our investigation identified failings in the management of the risk posed by the ride, including issues with training, signage and rescue systems as well as a failure to make appropriate changes following previous incidents. HSE is currently developing new guidance regarding these types of rides, which should be available later in 2021.
- A seven-year-old was ejected from a fairground ride at a theme park and fell to the ground suffering a serious head injury and recovery is ongoing. The child was not wearing a seatbelt and the investigation revealed that suitable operating procedures and monitoring of ride operators in relation to ride restraints were not implemented. The defendant company was fined £333 344 and ordered to pay full costs. HSE liaised closely with the family of the child and kept them regularly updated throughout the proceedings.
- A five-year-old girl was using a rope swing in a council-maintained play area. The rope was attached to a log that had been planted vertically into the ground. A poor inspection regime had failed to identify the log was rotting. The log broke at the base and struck the girl causing fatal injuries. Proceedings were laid at the start of lockdown with all hearings and conferences taking place remotely. The council pleaded guilty, was fined £333 344 and ordered to pay HSE's full costs.
- A construction company pleaded guilty to an incident which caused multiple serious injuries to an employee and was fined £100 000 and ordered to pay full costs. The employee was demolishing an internal wall that collapsed. Our investigation showed company failings in the planning, management and monitoring of the construction work to alter and refurbish a domestic property that affected structural stability of the building. The evidence showed insufficient consideration was given by not having a competent person on site to advise on the structure and temporary works, and an absence of a written design to follow regarding the demolition work being carried out.

## Operate effective statutory schemes, ensuring the safe use of potentially harmful substances

We have a statutory role to identify risks arising from the use of chemicals at work and ensure those responsible reduce these risks to levels that are acceptable to society.

### Through oversight of the chemical industry

This oversight enables the safe and sustainable use of thousands of pesticides and biocides.

In this capacity we have continued to evaluate and make regulatory decisions on the authorisation of biocidal and plant protection products, approval of active substances, and to monitor maximum residue levels of pesticides in food, before they can be sold on the UK market.



Our aim to complete 80% of plant protection product evaluations and authorisations within the relevant deadlines was delivered, with completion of **82%** of the **985** plant protection product assessments received in-year.

Our aim to complete 80% of biocide product evaluations and authorisations within the relevant deadlines was delivered, with completion of 86% of the 257 biocide product assessments received in-year.

### Through regulatory controls of asbestos

Asbestos can still be present in any building built or refurbished before the year 2000 and is classed as a category 1 human carcinogen. It is estimated that asbestos-related disease caused by exposure decades before current controls were introduced (from the 1980s) still kills around 5000 people each year. Published statistics for the years up to 2020 will continue to reflect a similar picture, in terms of annual numbers of deaths, because of the latency of this disease.





Work with asbestos requires a high degree of regulatory oversight. As part of this we:

- operate a statutory asbestos licensing regime – granting and renewing licences to carry out high-risk work with asbestos (subject to assessment that required standards can be met);
- evaluate all licence applications;
- conduct a proportionate inspection programme of notified licensed asbestos removal work to ensure compliance.

We conducted a programme of inspections of individual licensed contractors to ensure compliance with Control of Asbestos Regulations 2012, completing over **860** inspections.

We have completed **100%** of asbestos licence applications to time.

## Dutyholder feedback

We successfully changed to electronic surveys in the first half of 2020/21 to allow feedback to continue through the pandemic. We have received a **good level of positive feedback** in relation to how we conduct our inspections from a sample of dutyholders who had received a visit.

Due to the effects of the pandemic and subsequent delays in issuing surveys we have had a lower number of responses so comparison to previous years' figures is difficult.

- **71%** of respondents said they had taken action as a result of a visit (90% in 2019/20)
- **95%** of respondents considered the outcome of the visit proportionate to the risks identified (82% in 2019/20)
- **97%** considered the activities inspected were appropriate to the risk (84% in 2019/20)
- **96%** considered the inspection was conducted in an efficient and effective manner (85% in 2019/20)

## Responding to enquiries from the public

We aim to respond promptly to all enquiries or concerns raised by members of the public.

Over the year we have received over **151 000** contacts. These include incoming calls (and COVID-19 calls), advice, concerns, working safely (COVID-related enquiries) about workplaces and activities.

We have received over **46 000** concerns and HSE has received over **78 000** COVID-related contacts; over **23 000** have been COVID-related concerns.

Inevitably, some of these are considered low risk and do not justify further follow-up or investigation; some are outside of our remit and redirected as appropriate (for example, to the relevant local authority).

Of those considered to be within our remit we:

- completed **94%** of investigations into reported health and safety concerns within the agreed timescales;
- carried out follow-up activity on **5943** of **9591** concerns raised by potential whistleblowers (ie employees, ex-employees, self-employed, union/work safety representatives) that presented a significant risk.

Similarly, when information is requested from us – for example under the Freedom of Information (Fol) Act – we aim to respond promptly. We responded to **81%** of **3910** Fol requests received within the 20-day target.

### ***Complaints reported to Parliamentary and Health Service Ombudsman***

From the data provided by the Parliamentary and Health Service Ombudsman (PHSO), which is responsible for investigating formal complaints made by the public against government departments, for 2019/20 there were 31 complaints assessed (compared to 8 complaints assessed in 2018/19), none of these were upheld.

Table 3 is the latest available PHSO annual analysis of the complaints it received about HSE.

**Table 3** Complaints received by the PHSO about HSE in 2019/20

<i>Enquiries received</i>	<i>Complaints assessed</i>	<i>Complaints resolved through intervention</i>	<i>Complaints accepted for investigation</i>	<i>Investigations upheld or partly upheld</i>	<i>Investigations not upheld or discontinued</i>
32	31	0	0	0	0



## Reduce the likelihood of low-frequency, high-impact catastrophic incidents

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Our regulatory approach is to provide assurance that risks in highly specialised or high-hazard, strategically important industries are being properly managed. The approach is described in our Major Hazard Regulatory Model.<sup>42</sup>

### Provide assurance that dutyholders are identifying and managing the major hazard risks they create

In spite of continued disruption arising from the pandemic lockdowns, and reprioritisation throughout the year to allow COVID-19 resilience visits to be conducted, we have continued to provide assurance that dutyholders are identifying and managing the major hazard risks they create.

We used intelligence from multiple sources to deliver a programme of regulatory activities including:

- targeted Inspections to test dutyholders' risk management systems;
- assessment of safety cases and reports by which dutyholders demonstrate how they control major hazards;
- issuing licences, classifications and authorisations for explosives manufacture, storage and transport and genetically modified organism assessments;
- advising planning authorities on proposals for hazardous substance consents and developments around major hazard sites.

We delivered a programme of **500** proactive interventions to address priority areas at major hazard sites focusing on those underperforming dutyholders. This programme focused on and identified failings in control systems to bring about improvement at COMAH<sup>43</sup> sites to reduce risks presented by such sites to workers, the public and the environment.

Plans to assess over 75% of safety cases and reports for major hazard sites to agreed timescales have been fully met, achieving **77%** of the **167** dutyholder submissions received, ensuring appropriate arrangements were in place for the control of major accident hazards and to limit the consequences should any occur.

Our performance for other key measures for the major hazards sector covering assessment of licences, classifications, notifications and authorisations to statutory or published timescales is shown as follows.

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42 [www.hse.gov.uk/regulating-major-hazards/major-hazards-regulatory-model.pdf](https://www.hse.gov.uk/regulating-major-hazards/major-hazards-regulatory-model.pdf)

43 COMAH: Control of Major Accident Hazards

- Processing of major hazard applications for licences, approvals and notifications within agreed timescales of 75% has been met, achieving **100%**. The purpose of this work is to provide assurance to society that hazardous materials are being handled safely.
- We provided statutory public safety advice to the planning system to agreed timescales for **83%** (against a target of 75%) of the planning and hazardous substances consent applications on which HSE were consulted.

### **Provide training for regulation of decommissioning and dismantling of oil and gas infrastructure**

To ensure delivery of robust and consistent regulation we provided training in the regulation of onshore and offshore decommissioning and dismantling works across operational teams which will facilitate delivery of HSE decommissioning strategies.

In addition to this we established stakeholder engagement opportunities via onshore and offshore supply forums to clarify regulation for decommissioning and dismantling. As well as ongoing work with industry operators these forums enabled direct contact with critical supply chain members to enhance understanding and communication for both the onshore and offshore sectors.

### **Raise operators' focus on cyber security**

The National Cyber Security Centre has indicated threat levels to cyber security within the UK's major hazard industries are increasing. Greater integration of IT and industrial control systems requires greater precautions against cyber-attacks on systems delivering major accident controls.

Our priority is to raise operators' focus on cyber security to ensure appropriate protection against major accidents. We have done this through targeted inspections and continued influence through engagement with stakeholders.

On behalf of the Department for Business, Energy and Industrial Strategy (BEIS), we carry out inspections and investigations under the Network and Information Systems (NIS) Regulations.

We conducted a programme of cyber security inspections at the sites of operators of essential services (as deemed under NIS & COMAH) using the data and intelligence obtained from the NIS Cyber Assessment Framework self-assessment.

Our specialist inspectors completed five full cyber security inspections at establishments subject to both COMAH and NIS requirements and five follow-ups to previous cyber inspections. These have been conducted using a secure remote inspection protocol developed by HSE to avoid the risk and restrictions created by the pandemic.

The full inspections have, as in previous years, focused on getting operators to put in place a cyber security management system so they can consistently and sustainably ensure the sufficiency of their countermeasures against cyber-attacks in a rapidly developing landscape. Challenges this year have included getting operators to understand that this is not just an 'IT problem' but one with many facets involving the interface between information technology and industrial automated control systems (operational technology) and thus getting people with the right competencies is vital to effective protection.

As a result of our continuing programme of cyber security inspection, operators of these essential services will continue to improve their countermeasures to protect against disruption of supply by cyber-attack.

## Enabling improvement through efficient and effective delivery

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To maximise our potential to affect positive change we must continue to use our resources efficiently and effectively, while investing in capability and supporting infrastructure. We have an ageing infrastructure following historic under-investment, which has led to unsupported systems and given rise to ongoing and future challenges in both organisational resilience and security. In 2019 we undertook a strategic review to determine how we want HSE to develop to face a future world of work while retaining our core regulatory skills and purpose.

### Our infrastructure

From this strategic review it was considered critical that in 2020/21 we invested in our supporting infrastructure to both improve organisational resilience as well as provide the platform to enable delivery of more regulatory services in an efficient and effective way.

### We have invested in our infrastructure focusing on IT to ensure we are fit for the future

**Working through the pandemic:** All HSE staff began 2020/21 working from home, after our Executive Committee took the decision (on 23 March) in response to the first lockdown of the COVID-19 pandemic.

We rapidly accommodated a move to total home, digital working and remote management. After gathering information to understand individuals' personal home working circumstances we procured and dispatched new IT kit and office accessories to people's homes. This meant that virtually all our IT users were able to function adequately. For the remainder of this financial year, colleagues have continued to work from home, with only occasional, very limited, access to HSE's offices.

During summer 2020, a further decision was taken to improve the resilience of working arrangements at home and all colleagues were supplied with a variety of computing devices and accessories to ensure they were able to work in a sustained manner. We have distributed items of additional IT equipment, office chairs and desks to colleagues in an unprecedented logistical exercise.

Our IT service desk has tackled an extraordinary volume of requests for new items (over 33 400) and contacts (over 62 400) for assistance to resolve issues. The replacement programmes to modernise the laptop and smart phone estate continued with new smart phone and Windows 10 devices issued to colleagues. Once returned, the old devices were cleaned, wiped and redeployed to support colleagues in need of devices to allow them to work effectively from home. The

old Windows 7 devices were repurposed in a particularly innovative method that allows the computer's life to be extended and devices to be operated securely.

**Our IT modernisation programme:** This has continued, redesigning the data network as recommended in external reviews in 2019, and establishing a new data centre to take advantage of the security and resilience opportunities available commercially.

Colleagues have supported the development of a variety of new applications and forms, allowing HSE to become the UK's regulator of chemicals following the UK exit from the EU in January 2021.

**Managing our estate:** Four offices were closed, prior to moving colleagues to new offices mid-2021 and all IT, information and furniture was removed and placed into storage. Additionally, a new room and desk booking system was implemented to support offices to become COVID-secure and a new modern internet web browser was installed to replace older browsers, allowing the adoption of modern web communication platforms including Microsoft Teams and Zoom.

In November 2020 we also supported the separation of the Office for Nuclear Regulation (ONR), the culmination of a highly technical data and service migration that had been planned for almost two years.

## Our people

The challenges of an ageing workforce, our retirement profile and the ongoing challenges of the onboarding of new inspectors are changing the way we work. As we gear up for these changes and resulting new responsibilities our people remain at the heart of what we do and the difference we make.

We intend to continue with our efforts to make HSE an excellent place to work, where everyone feels valued and is treated with dignity and respect.

As people are at their best when they can be themselves, HSE remains fully engaged with the wider Civil Service aim of being a Brilliant Civil Service and the UK's most inclusive employer.

The following examples reflect some of the areas we are developing to support our people to be the best they can by improving inclusion and wellbeing.

## Achieving Culture Excellence at Health, Safety and Wellbeing (ACE@HSW)

As the COVID-19 pandemic emerged in 2020, HSE took steps to balance both the operational challenges we faced during the pandemic with the health, safety and wellbeing of our colleagues. We aimed to prevent mental ill health arising in the first place through our leadership, communications and revised arrangements. We then promoted and supported colleagues in their personal health and wellbeing throughout the pandemic.

We paused our improvement activities associated with the ACE@HSW programme and focused on developing and designing a suitable risk assessment approach to cover our HSW risks arising from:

- working from home;
- working at external/dutyholder premises;
- working in internal HSE premises.

All three followed our published 'Risk management and risk assessment' approach and took account of guidance from other government departmental bodies such as the Department for Business, Energy and Industrial Strategy (BEIS) and Public Health England. We have built a control hierarchy to manage both the physical and mental health risks of COVID-19 from such work activities, instilling confidence in our controls and arrangements and allowing for a structured consultation with key stakeholders such as trade unions and our internal specialists.

We have continued to prioritise how we look after our colleagues throughout the year. The launch of the HSW policy Statements of Intent in 2019/20, with their associated communication campaign, prepared and primed HSE with a framework to manage our own HSW as the pandemic emerged.

They were used regularly to reinforce how colleagues could adapt and cope with changes as they impacted the way in which we worked. Like many organisations in the UK, we have learned from recent experiences of working differently. We have restructured our ACE@HSW Improvement Programme to ensure that we are capturing opportunities to improve further and focus on developing our HSW culture. Details of reported health and safety incidents in HSE can be found in Table 20 on page 99.

We have made good progress in **organisational internal engagement** with our Engagement Index score for 2020 at **60%**, reflecting 6% improvement compared to the previous survey, as measured through the Civil Service People Survey.

We have also shown improvement in the percentage of staff who stated within the People Survey they have personally experienced bullying or harassment at work during the past 12 months, as measured by the Civil Service People, which measured 9% for the 2020 survey reflecting a reduction from 13% in 2019/20 survey.

## Our finances

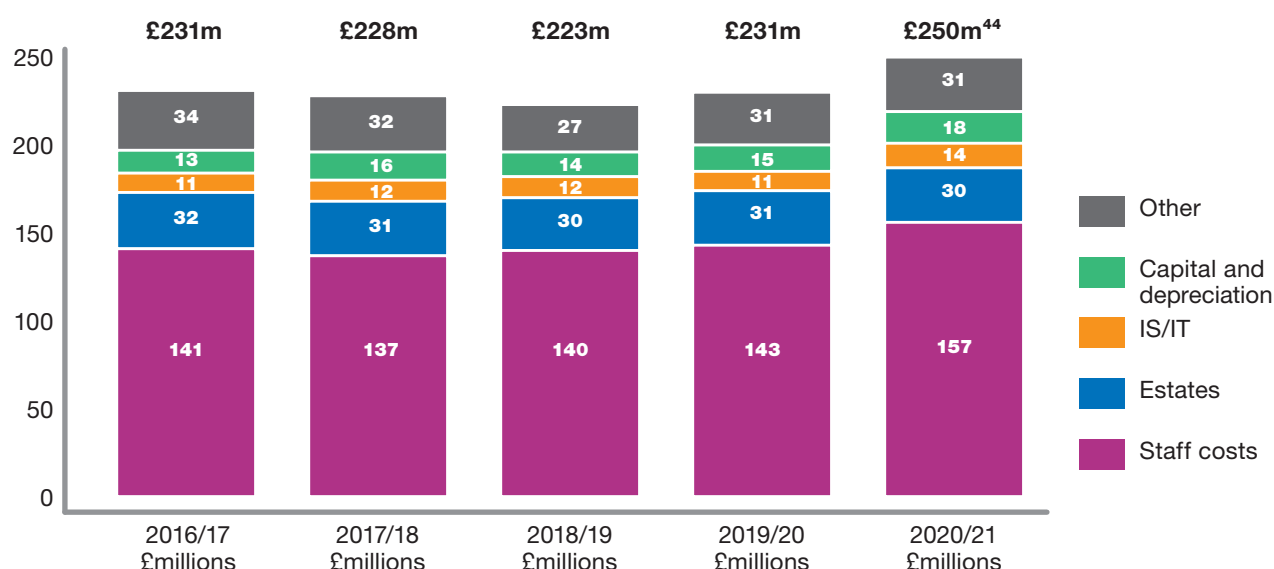
Like many organisations, we face a number of significant and ongoing financial challenges. In 2020/21, the pandemic has affected us directly, for example through reduced cost recovery and commercial income.

The wider economic impact of the pandemic on businesses has resulted in reduced and delayed debt recovery and the increased pressure on public finances. As part of Spending Review 2021 and beyond, we will be reviewing

our cost base so that we deliver HSE's strategic objectives as efficiently and effectively as possible, ensuring that some of the new ways of working that were developed to meet the challenges of the pandemic are embedded in our operations.

At the same time we have received additional funding from government to establish the Building Safety Regulator and undertake COVID-secure compliance activity, responsibilities which continue beyond 2020/21 and which create further delivery challenges and opportunities.

**Figure 3** HSE expenditure



Expenditure was £19 million higher than in the previous year principally as a result of the following, for which we received additional government funding.

- **Supporting the government response to the pandemic.** The details are set out in the performance analysis (pages 19 to 62) and included:
  - establishing an inbound enquiry service to offer advice and guidance to both employers and employees and undertaking proactive spot checks and inspections, to ensure workplaces are COVID-secure. The cost of this and related activities was £13.1 million, which is disclosed in Note 3 in the financial statements;
  - leading a COVID-19 national core study on the transmission of the virus in the environment, including in workplaces, transport and other public settings. The cost of this work was £2.5 million in 2020/21.
- **Establishing the Building Safety Regulator (BSR) in shadow form ahead of legislation,** which has included creation of a new Building Safety and Construction Division.

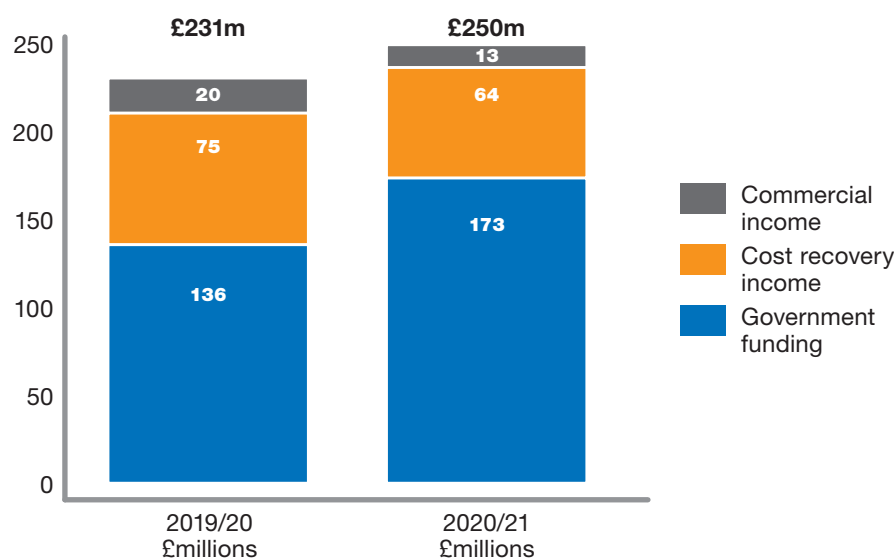
<sup>44</sup> £250m is the budgetary figure which differs from total resource expenditure reported in the SoCNE on page 109. This is due to financial reporting treatment differing to budgetary reporting treatment for certain items.



- **Establishing new UK regulatory regimes**, to ensure that we were fully prepared for the end of the EU transition period on 31 December 2020.

Our total expenditure of £250 million was funded by a combination of income (31% in 2020/21 compared to 41% in 2019/20) and government funding (69% in 2020/21, increased from 59% in 2019/20).

**Figure 4** HSE funding sources



### ***Management of monies owed to HSE***

The level of debt at 31 March 2021 has increased to £35 million, compared to £28 million at 31 March 2020, although £14 million of this balance was less than one month old. The value of debt that is greater than six months old was £14.1 million at 31 March 2021 (£1.9 million higher than the year before). We have assessed the collectability of debt balances at 31 March 2021, using both past collection rates and our expectations about future recoverability. This has resulted in a significant increase in the level of impairment to £9.5 million which is an increase of £3.1 million from last year and reflects the impact of the pandemic on the economy and consequent adverse impact on debt recovery.

We continue to apply our debt strategy and actively contribute to the Cross-Government Debt Group to ensure consistency in approach and offer payment flexibility for individuals and businesses experiencing financial hardship.

Our debt management strategy aligns with the Government Functional Standard and includes use of a debt collection agency and legal recovery action through the courts, where necessary. In the past two years we have only written off debt where companies have become insolvent and we have no ability to collect or it is considered uneconomic to pursue. We seek to maximise the amount of debt we recover, while at all times ensuring we adhere to the principles of the functional standard.

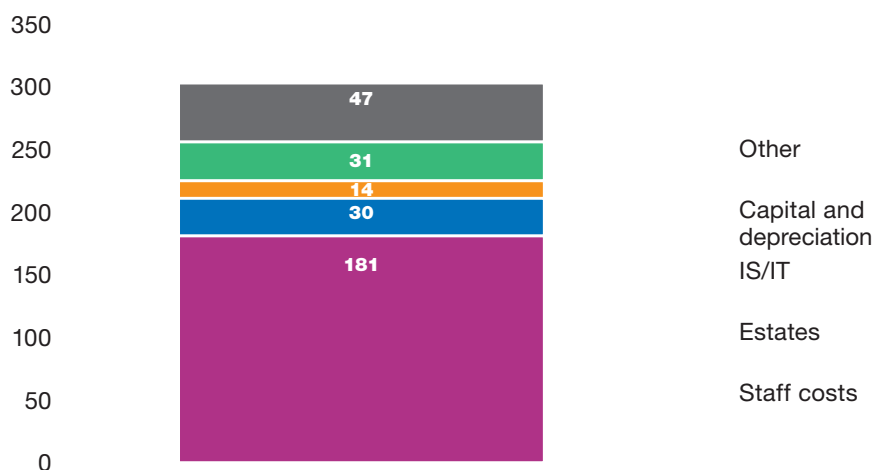
### Financial outlook for 2021/22

Spending Review 2020 set our budget for 2021/22. We made bids related to key government priorities and have received funding in addition to our baseline funds to cover the following activities:

- COVID spot checks and income pressures;
- COVID research and development transmission studies;
- post-UK transition funding for biocides, pesticides, product safety and explosives;
- establishing BSR.

Our budget for 2021/22 comprises planned total expenditure of £303 million funded through £95 million cost recovery and commercial income and £208 million government funding.

**Figure 5** HSE expenditure 2021/22



The increases in expenditure compared to 2020/21 are mainly around the temporary and permanent staff costs of delivering the above programmes, as well as £14 million capital for the COVID-19 research and development transmission studies.

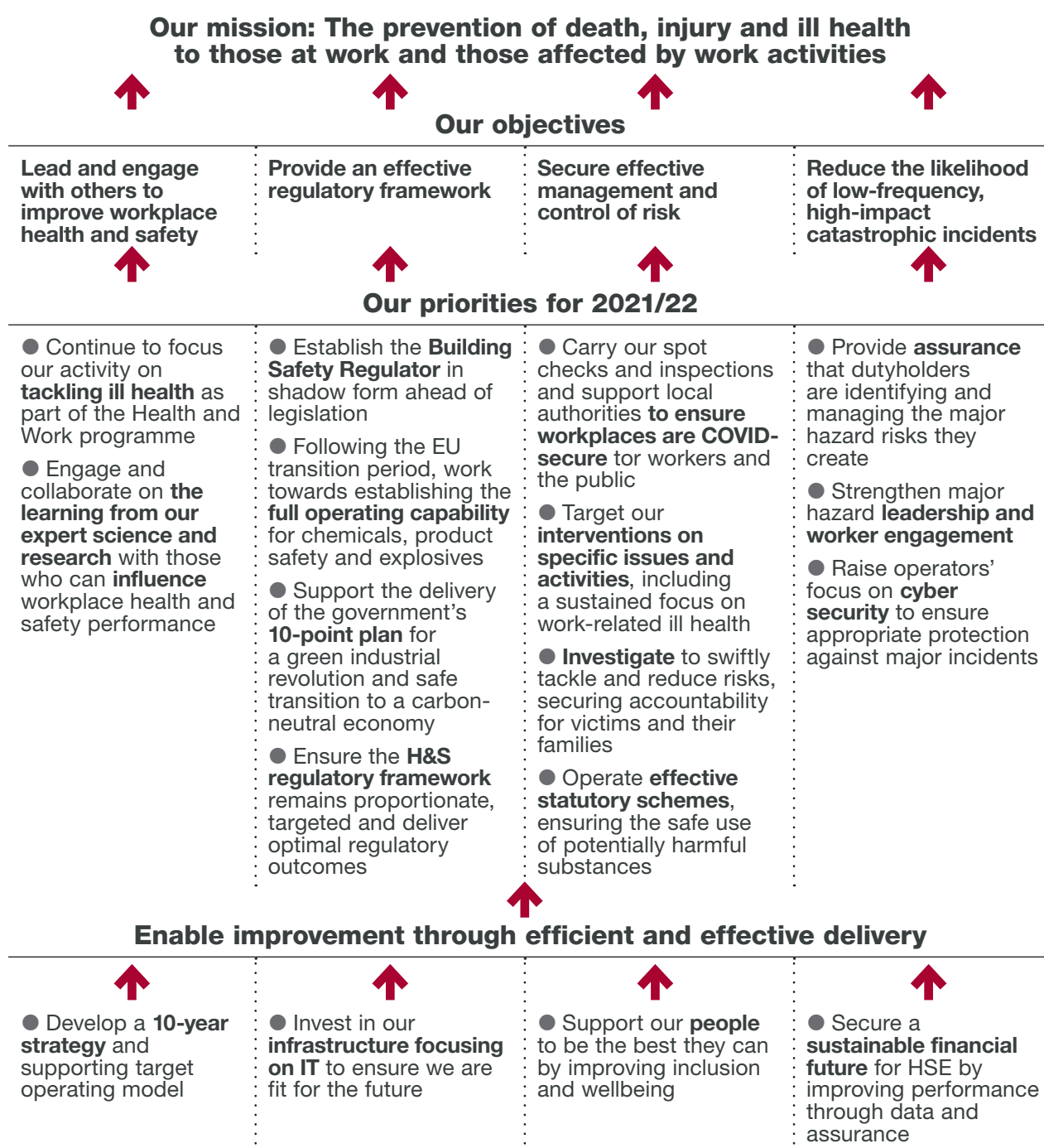
Costs recovered from regulatory work will increase in future in line with recommendations made in the Regulatory Futures Review.

As a result of the HSE Board peer review we are implementing a Finance & Performance Committee as a sub-committee of the board. The membership and terms of reference will be agreed and we anticipate that the new arrangements will be in place by Quarter 3 of 2021/22.

## Looking forward

Our 2021/22 Business Plan, finalised in March, details our delivery priorities and is outlined in Figure 6. The full business plan can be seen on our website.<sup>45</sup>

Figure 6 Outline of our 2021/22 Business Plan



45 [www.hse.gov.uk/aboutus/strategiesandplans/businessplans/index.htm](https://www.hse.gov.uk/aboutus/strategiesandplans/businessplans/index.htm)

## Sustainable development

We seek to comply with all applicable legal and other relevant requirements that relate to our environmental aspects, including official codes of practice and, as far as practicable, accepted best practice in environmental management. Our aim is to minimise HSE's environmental impact, part of which includes ongoing internal strategy to rationalise and downsize the estate.

We are committed to the continuous improvement of environmental performance and management and the prevention of pollution from the activities we undertake by:

- implementing energy-saving technologies and initiatives;
- adopting strategies to minimise the environmental impacts of business travel;
- using utilities in a responsible and economic way to minimise negative impacts on the environment;
- managing waste and minimising volumes going to landfill, by re-use and recycling wherever possible;
- where possible, purchasing supplies which are recycled and recyclable, and whose production and use minimises the consumption of natural resources;
- using contractors/suppliers who perform their services in accordance with government policies;
- operating an environmental management system at our laboratory in Buxton;
- sourcing materials and assets that comply with government buying standards. We continue to assess our key suppliers' corporate environmental, social and economic responsibilities to manage supply-chain risk, including sustainability.

Despite the diversion of effort in order to address the impact of COVID-19, progress in some aspects of sustainability has continued. These are the main points to note for this year.

- The elimination of single use plastics is progressing well at our two largest sites at Bootle and Buxton and should be complete in 2021/22.
- Our Buxton site is in the process of shifting from the use of bottled water to mains-fed water, cutting the use of plastics and saving transport emissions from deliveries.
- A programme to install LED lights to replace fluorescent tubes throughout the Bootle HQ is complete, providing a significant electricity consumption reduction.
- Ten vehicle charging points have been installed in the Bootle HQ.
- The rationalisation of the HSE estate has continued, with four property events contributing to a total reduction of 2700 square metres in the year. The smaller footprint brings an associated reduction in energy use for building heat, light and power.

HSE's laboratory facility in Buxton carries out a diverse range of scientific activities in response to external customer requirements or as part of the investigation of UK workplace incidents. The volume and nature of the work undertaken is therefore variable and the consequential inherent resource consumption and waste generated is equally so. For this reason, the Buxton site is exempt from greening government commitment (GGC) targets. The site covers some 550 acres and its consumption of water is typically high but was exacerbated this year by a substantial leak on the site (now rectified).

Moving forward, continued review of the physical estate, modernisation of the IT estate, greater capacity and take-up of videoconferencing, reducing the need for travel to meetings and more staff working from home on a regular basis will reduce associated emissions.

### **Greening government commitments**

The government's previous GGC targets ended on 31 March 2020. As the new targets are yet to be established for 2020/21 we have reported against previous GGC targets while awaiting the new ones from the Department for Food & Rural Affairs (Defra).

We will provide additional metrics for any new greening commitment requirements for 2021/22 once fully specified and published by government.

Our sustainability improvements compared to the baseline years are more pronounced than previously reported as a result of the majority of staff working at home due to the pandemic. Table 4 reflects the continued reduction against targets. Once 'normal' in-office working resumes these reductions are likely to reduce.

**Table 4** Performance against GGC compared to the baseline year (2011/12 for paper, 2009/10 for others) and government reduction target (where appropriate)

<i>Across the HSE estate the aim is to:</i>		<i>Performance for year</i>				
	<i>Against govt 2009/10 baseline</i>	<i>2016/17</i>	<i>2017/18</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>
Reduce total greenhouse gas emissions	By 32% 15 170	10 946	10 738	8 976	47% 7 975	<b>4043</b> <b>73%</b>
Reduce the number of domestic business travel flights	By 30% 535	289	338	342	63% 196	<b>48</b> <b>78%</b>
Continue to reduce amount of waste generated	597 tonnes	386	347	288	252	<b>156</b> <b>74%</b>
Reduce waste sent to landfill by less than 10% of overall waste	Not given	81 of 366 22%	24 of 288 8%	26 of 288 9%	10 of 252 4%	<b>15 of 156</b> <b>10%</b>
Increase recycling	Not given	262 of 386 68%	304 of 347 88%	245 of 288 85%	175 of 252 70%	<b>110 of 156</b> <b>70%</b>
Continue to reduce water consumption from baseline figure	48 758 litres	32 940	28 446	30 009	26 461 46%	<b>48 171**</b> <b>1%</b>
Reduce the amount of paper used	By 50% 26 924	24 538	12 281*	15 450	43% 15 445	<b>6 010</b> <b>78%</b>
<i>Baseline figure set 2011/12</i>		reams				

\* 2017/18 figures particularly low due to the introduction of new printing strategy and associated depletion in stock.

\*\* There is a significant increase in water consumption, due to a leak on our retained estate in Buxton.

**Sarah Albon**

*Chief Executive and Accounting Officer*

Health and Safety Executive

6 September 2021

# Accountability – Corporate governance report

## Corporate governance report

This report explains HSE's governance structures and how these structures support the achievement of our objectives. It consists of the Statement of the Executive's and Chief Executive's responsibilities, Directors' report and Governance statement.

## The Directors' report

### HSE structure

HSE is led by a non-executive Board chaired by Sarah Newton.<sup>46</sup> The Board sets the organisation's long-term direction, strategy and objectives. The delivery of these, along with the day-to-day management of HSE, is the responsibility of the Chief Executive and the Executive Management Committee (ExCo).<sup>47</sup> Further details on HSE's organisational structure can be found on our website.<sup>48</sup>

### Senior decision-making forums key

<b>Board</b>	HSE Board
<b>P&amp;RC</b>	People and Remuneration Committee
<b>SEEAC</b>	Science, Engineering and Evidence Assurance Committee
<b>ARAC</b>	Audit and Risk Assurance Committee
<b>ExCo</b>	Executive Committee

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46 [www.hse.gov.uk/aboutus/hseboard/newton.htm](http://www.hse.gov.uk/aboutus/hseboard/newton.htm)

47 [www.hse.gov.uk/aboutus/hseboard/smt.htm](http://www.hse.gov.uk/aboutus/hseboard/smt.htm)

48 [www.hse.gov.uk/aboutus/hseboard](http://www.hse.gov.uk/aboutus/hseboard)



## HSE Board

Non-executives at 31 March 2021



Sarah Newton  
**Board Chair**



Elaine Bailey  
**Board**



Janice Crawford  
**Board ARAC**



Martin Esom  
**Board ARAC Chair**



Susan Johnson  
**Board ARAC**



John McDermid  
**Board SEEAC Chair**



Ged Nicholls  
**Board**



Ken Robertson  
**Board SEEAC**



Kevin Rowan  
**Board**



Claire Sullivan  
**Board P&RC Chair**



Mahbubul Islam

Advisory role to bring IT/cyber expertise to the Board and ARAC. Initial 12-month appointment commencing 1 October 2019 has been extended until October 2021.

## Our executives

Executives at 31 March 2021



Sarah Albon  
*Chief Executive*  
**ExCo Chair**



James Anderson  
*Chief Technology Officer*  
**ExCo**



Peter Baker  
*Building Safety and Construction*  
**ExCo**



Martin Beecroft  
*Human Resources*  
**ExCo**



Peter Brown  
*Engagement and Policy*  
**ExCo**



David Murray  
*Finance and Corporate Services*  
**ExCo**



Karen Russ  
*Science and Commercial*  
**ExCo**



Angela Storey  
*Business Change and Operational Services*  
**ExCo**



Philip White  
*Regulation*  
**ExCo**



Katy Shrimplin  
*Legal Director*  
**ExCo**

## **Managing conflicts of interest**

Information on how we manage conflicts of interest can be found in the Governance statement on page 67.

## **Personal data-related incidents**

Information on personal data-related incidents can be found in the report of HSE's Data Protection Officer on page 79.

## Statement of the Executive's and Chief Executive's responsibilities

Under paragraphs 10(1) of Schedule 2 of the Health and Safety at Work etc Act 1974, the Health and Safety Executive is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of HSE's state of affairs at the year-end and of its net operating expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing its accounts, HSE is required to comply with the requirements of the *Government financial reporting manual* and to:

- observe the Accounts Directions issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *Government financial reporting manual*, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going-concern basis, unless it is inappropriate to presume that the Executive will continue in operation.

The Accounting Officer for the Department for Work and Pensions has designated the Chief Executive of the Health and Safety Executive as Accounting Officer for HSE. Her relevant responsibilities as Accounting Officer, including her responsibilities for the propriety and regularity of the public finances for which she is answerable, for keeping proper records and for safeguarding assets, are set out in *Managing public money* published by HM Treasury.

### Accounting Officer's statement

So far as I am aware, there is no relevant audit information of which HSE's auditors are unaware. I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that HSE's auditors are aware of that information.

I confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

## Governance statement

### Introduction

This Governance statement sets out HSE's governance, risk management and internal control arrangements which have operated in 2020/21.

As the Accounting Officer I have maintained effective governance arrangements during 2020/21 which comply with relevant guidelines, including Managing public money and the Corporate governance in central government departments: Code of good practice.

While the Code of Practice is primarily for ministerial departments, arm's-length bodies such as HSE should adopt and adhere to the Code to the extent that it is practical, appropriate and not incompatible with any statutory or other authoritative requirements.

### Ministerial and departmental oversight

The Secretary of State has principal responsibility for HSE. The DWP Minister with responsibility for health and safety will account for HSE's business in Parliament, including its use of resources and the policy framework within which HSE operates.

The HSE Board is responsible to the relevant ministers for the administration of the 1974 Act. Meetings also take place between the Minister with responsibility for oversight of HSE, the Chair and the Chief Executive. The arrangements between DWP and HSE within which corporate governance operates are set out in a framework document, which is available on HSE's website.<sup>49</sup>

DWP formally exercises its sponsorship of HSE through quarterly meetings of a Partnership Board at which senior officials from both bodies review HSE's operational and financial performance, key risks and emerging issues. Additionally, HSE submits monthly data to DWP on its forecast for, and use of, resources.

### Ministerial directions

Ministerial directions are formal, technical instructions from the Secretary of State which allow the department to proceed with a spending proposal in a situation where the Accounting Officer has raised an objection. No ministerial directions were given in 2020/21.

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49 [www.hse.gov.uk/aboutus/howwework/management/dwp-hse-framework-document.pdf](https://www.hse.gov.uk/aboutus/howwework/management/dwp-hse-framework-document.pdf)

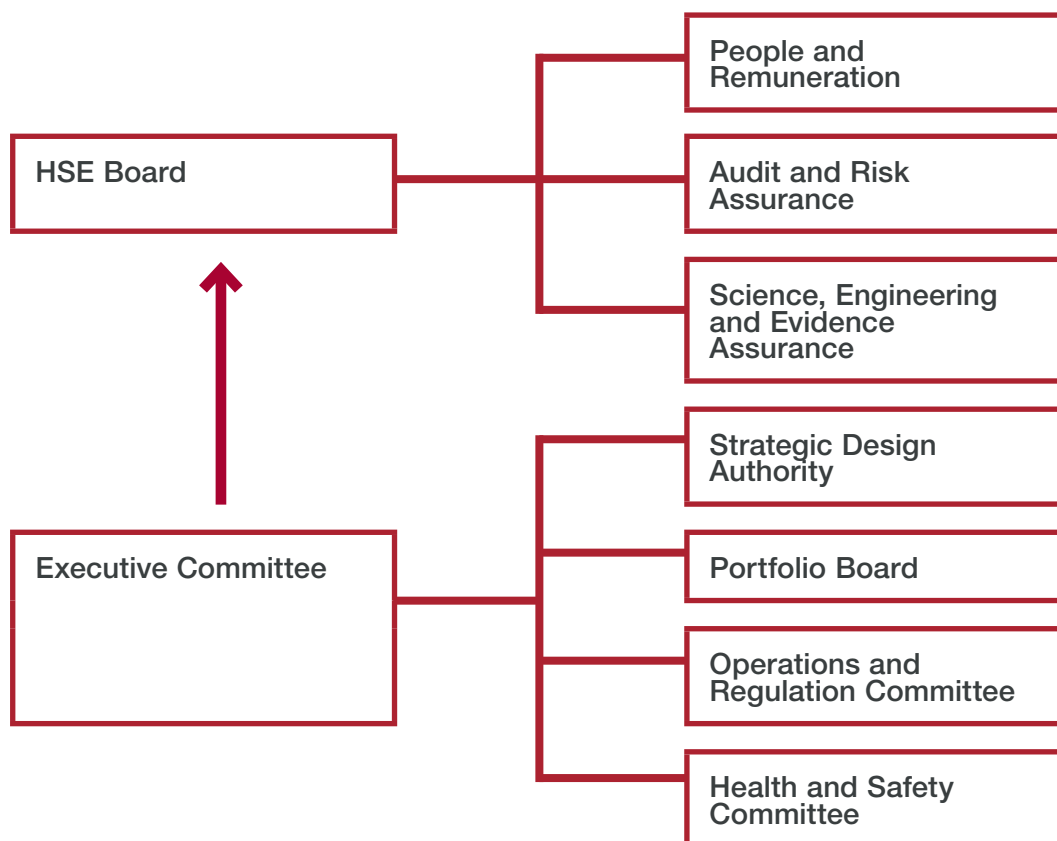
## Coronavirus (COVID-19)

We have adapted our ways of working to enable business to continue. Many of HSE's offices have achieved COVID-secure status, enabling those colleagues whose work could only be completed at HSE's premises to continue to undertake their role. In doing so, we have been able to maintain HSE's control environment, with no relaxation of financial controls. The financial implications of the pandemic on HSE are explained in the financial review on page 55 and our response to the pandemic is explained in the performance review on pages 19 to 62. As we have the continuing commitment of DWP to provide funding, our accounts are prepared on a going-concern basis.

## Governance within HSE

The chart at Figure 7 sets out the structure of our senior committees as at 31 March 2021. This structure and board/sub-committee terms of reference and membership is kept under regular review.

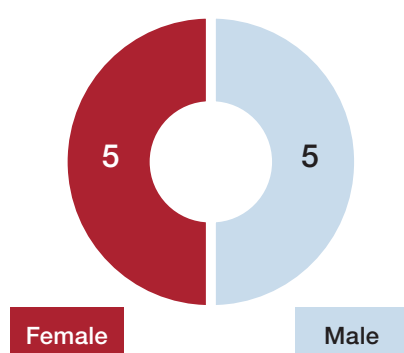
**Figure 7** Governance structure of senior committees



## HSE Board

The Board is comprised of non-executive members who are appointed by the Secretary of State following consultation with representative groups including employers, employees, local authorities and others. As such, the Board provides a balance of stakeholder views. The Chief Executive and other Executive Committee members attend Board meetings.

**Figure 8** Board composition by gender as at 31 March 2021



The Board sets HSE's overall strategy and objectives within a policy framework set by the government; oversees overall direction for health and safety in Great Britain; and oversees how HSE is managed, monitoring performance and providing challenge where necessary. The Board also advises ministers on key issues.

All Board members (and the independent member of ARAC) are required to declare any personal or business interest in a register of interests, which is reviewed regularly. All members are asked to declare any potential conflicts of interest at each Board and committee meeting and this is recorded in the minutes, along with any action taken. Biographies of Board members are available on our website.<sup>50</sup>

The HSE Board is responsible for ensuring that effective arrangements are in place to provide assurance on governance, risk management and internal controls. During 2020/21, there has been particular emphasis on HSE's role in supporting the government response to the pandemic; establishment of new building safety regulation responsibilities; and the UK's chemicals regulation arrangements after the end of the EU transition period. The Board has overseen development of HSE's Business Plan for 2021/22 and has been positively engaged in work on developing HSE's mission and long-term strategy.

An external review of the effectiveness of the Board and its committees was commissioned in January 2021 and any consequent changes to the way in which the Board conducts its business and decision making will be implemented in 2021/22.

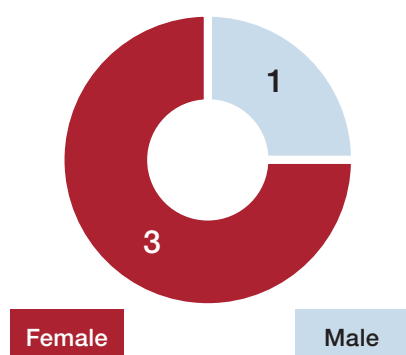
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50 [www.hse.gov.uk/aboutus/hseboard/board.htm](http://www.hse.gov.uk/aboutus/hseboard/board.htm)

The Board has three sub-committees, all of which are chaired by members of the Board:

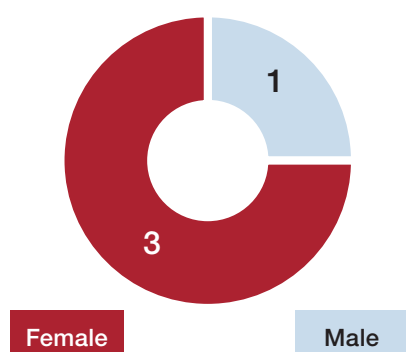
- The **People and Remuneration Committee (PRC)** provides assurance to the Board on people and capability issues, including pay policy, and is chaired by Claire Sullivan. This involves setting the framework for performance and remuneration of the Chief Executive; assessing and approving SCS pay awards; and providing assurance on the implementation of HSE pay policies for all other roles. It provides challenge and support to executive directors on HSE's people and capability strategy, including arrangements for succession planning, capability development, the People Survey and reward strategies.

**Figure 9** PRC composition by gender as at 31 March 2021



- **Audit and Risk Assurance Committee (ARAC)** is chaired by Martin Esom and aims to provide assurance to the HSE Board and Accounting Officer on the appropriateness, adequacy, propriety and value for money of HSE's audit, risk management and control arrangements. It reviews, monitors and challenges an Integrated Assurance Plan and ensures necessary actions are taken in response to recommendations arising from Internal Audit and other reviews; and oversees arrangement for the external audit of HSE accounts, including recommending the signing of the accounts by HSE's Accounting Officer. In line with recommended good practice the ARAC and key stakeholders undertook a review of the committee's effectiveness, which confirmed it is effective and operating in line with current requirements.

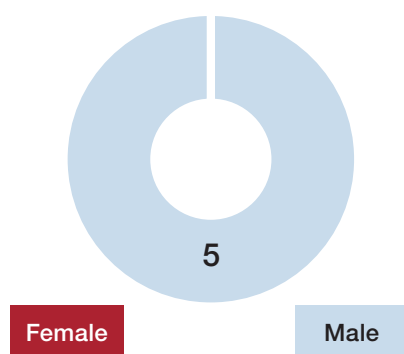
**Figure 10** ARAC composition by gender as at 31 March 2021





- Science, Evidence and Engineering Assurance Committee (SEEAC), chaired by John McDermid, provides assurance to the Board by scrutinising and advising on its science, engineering and evidence strategy and ensuring alignment with HSE's overall strategic objectives. It reviews the quality, appropriateness and relevance of the outputs alongside the ability to bring the right expertise to projects. This year SEEAC has considered HSE's scientific response to the COVID-19 pandemic, and the impact on wider delivery of science, engineering and evidence activities aligned to HSE's strategy and plans.

**Figure 11** SEEAC composition by gender as at 31 March 2021



In addition to the formally constituted sub-committees, the HSE Board establishes working groups of the Board, including EU exit and HSE's involvement in the government's Building Safety Programme, to enable it to provide greater oversight and challenge in these key areas.

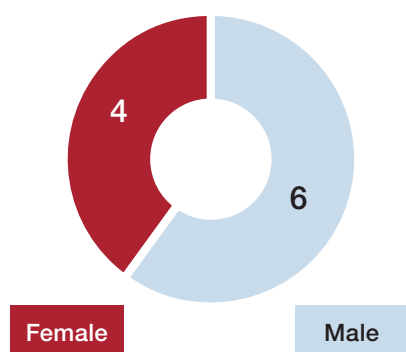
The Board and its sub-committees used a range of management information to monitor performance and support its discussions. This information includes financial, people and operational data.

## Executive Committee (ExCo)

ExCo is the strategic decision-making body, supporting the HSE Board and Accounting Officer to carry out the legislative, policy, operational and administrative functions and requirements. It meets monthly and its key responsibilities are:

- formulating and implementing strategy, operational plans, procedures and budgets;
- monitoring of operational and financial performance;
- assessing and controlling risk;
- prioritising and allocating resources.

**Figure 12** ExCo composition by gender as at 31 March 2021



ExCo was formed on 1 April 2020, replacing the Management Board as part of new governance arrangements to enable a greater focus on programme and project management to deliver change and to improve effective decision making.

ExCo is accountable to the HSE Board for delivery of its strategy and objectives, and to Parliament for effective day-to-day management of HSE. New governance arrangements were embedded from April 2020 with a new structure that aims to improve effective decision making, with each committee having a distinct function and clear requirement of its membership.

- **Strategic Design Authority** ensures HSE has the right business and operating model in place and that any proposed change initiatives align with the Target Operating Model and are compliant with statutory requirements and good practice, as well as providing steer and direction for initiatives within the change programme.
- **Portfolio Board** is responsible for governance of all significant change projects and maintaining the overall HSE Change Governance Framework.
- **Operations and Regulation Committee** is responsible for reviewing and improving the performance of the operational divisions, evaluation of regulatory interventions, and the effectiveness of our regulatory processes.
- **Health, Safety and Wellbeing Committee** is the main forum for joint consultation between management and unions on health and safety matters affecting HSE's people.

The remuneration of members of the Executive Committee is reported in our Remuneration report.

## Board and committee attendance 2020/21

**Table 5** Board and committee attendance by member and eligibility to attend

<i>Name of board/committee member (and term of office held)</i>	<i>HSE Board</i>	<i>Audit &amp; Risk Assurance Committee</i>	<i>People &amp; Remuneration Committee</i>	<i>Science, Engineering &amp; Evidence Assurance Committee</i>	<i>Executive Committee</i>
	<i>10 meetings</i>	<i>4 meetings</i>	<i>4 meetings</i>	<i>4 meetings</i>	<i>11 meetings</i>
<b>Non-executive members</b>					
Sarah Newton (1 Aug 2020 to 31 Jul 2025)	7 of 7	-	-	-	-
Martin Temple CBE (1 May 2016 to 31 Jul 2020)	2 of 2	-	3 of 3	-	-
George Brechin OBE <sup>51</sup> (1 Apr 2013 to 17 Oct 2020)	2 of 4	-	2 of 2	-	-
Janice Crawford (1 Jun 2016 to 31 Jul 2021)	10 of 10	4 of 4	-	-	-
Martin Esom (1 Jul 2017 to 30 Jun 2021)	10 of 10	4 of 4	-	-	-
Susan Johnson OBE (1 Jun 2016 to 31 Jul 2021)	10 of 10	4 of 4	-	-	-
John McDermid (1 Oct 2019 to 30 Sep 2024)	10 of 10	-	-	4 of 4	-
Ged Nichols (1 Sep 2019 to 31 Aug 2024)	10 of 10	-	-	-	-
Sarah Pinch (1 Oct 2014 to 31 Jul 2020)	2 of 2	-	-	-	-
Ken Robertson (1 Oct 2016 to 31 Jul 2021)	10 of 10	-	-	4 of 4	-
Kevin Rowan (1 Jun 2016 to 31 Jul 2021)	10 of 10	-	-	-	-
Claire Sullivan (1 Aug 2019 to 31 Jul 2024)	10 of 10	-	3 of 4	-	-
Mahbubul Islam (1 Oct 2019 to 31 Oct 2021)	9 of 10	3 of 4	-	-	-
Elaine Bailey (13 Jan 2021 to 12 Jan 2022)	2 of 3	-	1 of 1	-	-

51 George Brechin OBE passed away on 17 October 2020 after a short illness.

<i>Name of board/committee member (and term of office held)</i>	<i>HSE Board</i>	<i>Audit &amp; Risk Assurance Committee</i>	<i>People &amp; Remuneration Committee</i>	<i>Science, Engineering &amp; Evidence Assurance Committee</i>	<i>Executive Committee</i>
	<i>10 meetings</i>	<i>4 meetings</i>	<i>4 meetings</i>	<i>4 meetings</i>	<i>11 meetings</i>
<b>Independent member of a sub-committee</b>					
Amanda Hughes	-	4 of 4	-	-	-
Neil Bourne (Manchester University)	-	-	-	4 of 4	-
Peter Buckle (Imperial College)	-	-	-	4 of 4	-
Len Levy (Cranfield University)	-	-	-	4 of 4	-
<b>Executives</b>					
Sarah Albon	-	4 of 4	4 of 4		11 of 11
James Anderson	-				10 of 11
Peter Baker	-				8 of 8
Martin Beecroft	-		4 of 4		11 of 11
Peter Brown	-				9 of 9
Selvin Brown	-				2 of 2
David Murray	-	4 of 4			11 of 11
Karen Russ	-				11 of 11
Angela Storey	-				11 of 11
Philip White	-				11 of 11
Katy Shrimplin	-				1 of 1
Tracey Anderson					11 of 11

## Risk management framework

Risk management is a key aspect of HSE's internal control framework and is aligned to the cross-government risk management framework. ExCo regularly considers strategic, operational and external risks that are reported through relevant risk registers that detail the controls/actions required to mitigate these risks to a manageable level.

Divisions are responsible for ensuring they routinely consider risks to the delivery of their objectives through the effective application of HSE's risk management procedures. A review of divisional risk registers by the Business Assurance Team during 2020/21 provided me with positive assurance on the consistency of application in relation to key aspects of the process.

During the year key risks that were likely to impact on our ability to meet our objectives were identified and assessed for likelihood and impact. Each risk is owned by a director and is reviewed by ExCo at each monthly meeting, where they challenge the mitigating actions put forward and collectively agree the approach to be taken to manage the risk. When considering proposed mitigating actions ExCo considers the cost and benefit of the action.

The most severe risks are reported quarterly to the HSE Board, which provides oversight and challenge on these. Additionally, the Audit Risk and Assurance Committee (ARAC) scrutinises the effectiveness of the risk management framework through quarterly meetings. Finally, the risks that HSE routinely considers are used to inform the annual Integrated Audit Plan.

## HSE's risk profile

The most significant risks we have been addressing in 2020/21 have related to:

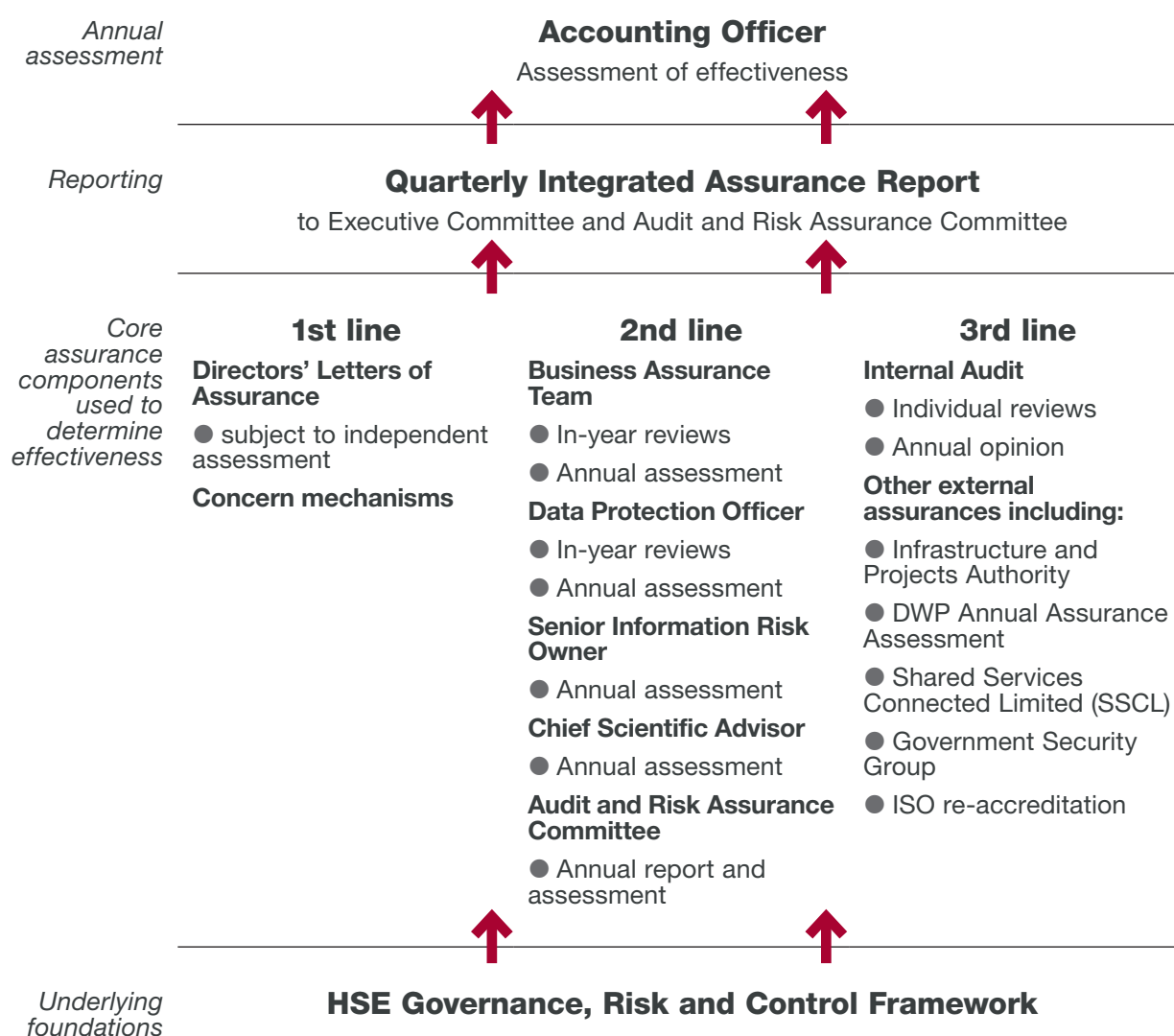
- managing the impacts of COVID-19 on our people, our finances, regulatory capability and supporting the government in addressing issues arising from COVID-19;
- establishing the Building Safety Regulator (BSR) including resourcing and capability;
- ensuring readiness for 1 January 2021 following the end of the EU transition period, which was successfully achieved for GB chemicals, product safety and civil explosives;
- increasing future investment in HSE as part of the financial strategy, which was achieved in the Spending Review 2020 settlement;
- developing a strategy which sets out HSE's future direction, priorities and sufficiently takes into account the external and internal operating environment and improvements needed to deliver.

## The Accounting Officer's annual review of effectiveness

As Accounting Officer, I have carried out a review of the effectiveness of HSE's governance structures, risk management and internal control, informed by the sources of assurance available to me.

Figure 13 outlines how the sources of assurance fit together, and how their outcomes have been reported to me as Accounting Officer, and relevant governance forums within HSE.

**Figure 13** Framework for considering effectiveness



## Overall governance and control framework

Our framework is supported by appropriate policies, procedures and guidance for staff. All colleagues are expected to comply with those policies and procedures.

When improvements are identified additional action is taken. This includes implementing additional controls and/or, where necessary, improving the first line of defence through line management oversight. Evidence of this operating in practice can be seen in HSE's response to the control challenges identified in the 2019/20 annual Governance statement, an update of which is provided on page 67.

Our risk framework is described on page 75. Ongoing 'business as usual' risks, where HSE needs to assure itself that controls continue to be effective (rather than take new or different actions), are captured within the HSE Assurance Map which is updated quarterly. This provides one of a number of mechanisms to identify potential assurance gaps, which are used to drive assurance activity within HSE's annual Integrated Assurance Plan.

## First Line Assurance

### Directors' Letters of Assurance

All members of Executive Committee provided me with a letter of assurance (LoA) that outlined their assessment of the effectiveness of the governance, risk management and control arrangements within their areas of responsibility.

I reviewed each of these, and I also requested the Business Assurance team undertake a detailed review of the LoAs – from a quality perspective and also consideration of whether any issues raised by Directors should be incorporated into this Governance statement. In addition the ARAC met with the head of business assurance to discuss the review and LoAs in detail.

Both my review and the review undertaken by the Business Assurance team, supported by ARAC identified that there were no issues identified within the LoAs which require separate reporting within this statement over and above those already included or elsewhere in the Annual Report. The review and subsequent consideration by ARAC highlighted some potential areas for improvement in the LoAs which I will take forward to ensure HSE continues to have an effective governance, risk and control framework in place.

### Effectiveness of mechanisms for raising concerns

In reaching my conclusions, I have considered any issues identified through our mechanisms for raising concerns (whistleblowing and fraud).



### ***Whistleblowing arrangements***

HSE has a well-established policy to support whistle-blowers and our procedures offer a number of routes for employees to raise concerns, including nominated officers of Executive Committee (David Murray and Martin Beecroft) and the Board (Susan Johnson). We have a very low number of whistleblowing concerns raised each year. In 2020/21, no cases were raised [2019/20: 1 case].

I have also taken assurance from the cross-Civil Service People Survey 2020, which indicates the majority of staff know how to raise a concern under the Civil Service Code.

### ***Counter fraud, bribery and anti-corruption***

HSE has established policies in relation to fraud, bribery and corruption, which are consistent with those of other government departments. These policies apply to all HSE employees, suppliers and contractors, and cover relevant legislation and individual responsibilities. During 2020/21 we have produced a Counter fraud, bribery and anti-corruption strategy which aligns with the government's counter fraud, bribery and corruption functional standard.

## **Second Line Assurance**

### **HSE Business Assurance Team activity**

In the 2019/20 annual Governance statement I indicated the intention to drive forward improvements in HSE's approach to assurance through the introduction of a small dedicated Business Assurance team. During 2020/21 this has come to fruition and there are a number of tangible improvements now embedded in the following activities.

- The introduction of an annual Integrated Assurance Plan, which brings all significant planned assurance activity together irrespective of who the provider is. Governance of assurance planning has also been strengthened in-year to maximise the ability of ExCo to determine those areas to be focused on.
- The delivery of this plan is routinely monitored by the Business Assurance team and the output of this is a quarterly Integrated Assurance Report (IAR), which brings the outcomes of previously disparate assurance strands into one place. This report is now embedded in HSE's governance framework and is scrutinised by both ExCo and ARAC.
- The Business Assurance team has also undertaken a number of reviews across a variety of functions, which have served to help build an increasingly robust evidence base in order to support decision making. These reviews, while identifying potential areas for improvement have not identified any significant failures in control.

The Head of Business Assurance, in the Quarter 4 IAR indicated that in her view 2020/21 has been the year HSE made a considerable shift in its approach to assurance. She has referenced the significant improvements to HSE's assurance governance, which are now embedded and support ExCo and ARAC to discharge their roles effectively, as well as the establishment of a more robust and appropriate assurance delivery model.

She also noted that delivery of assurance activity has been extensive and the outcome from reviews is largely positive with no fundamental, systemic weaknesses identified. She has recognised that there will continue to be areas for improvement, but 2020/21 has seen notable progress, which will make a positive impact on HSE's governance, control and assurance arrangements.

### **Data Protection Officer (DPO) activity and assessment**

As part of his role, HSE's DPO is tasked with monitoring compliance with the General Data Protection Regulations (GDPR) and other data protection laws, our data protection policies, awareness-raising, training and audits. I have therefore taken assurance from the work of the DPO and his team.

Throughout the year the DPO has undertaken spot checks on areas where the impact of non-compliance with GDPR is the most significant. This has included checks of HSE's public registers of convictions and enforcement notices. No significant examples of non-compliance were identified.

The DPO's annual assessment in relation to HSE's compliance is that HSE has made good progress with its GDPR programme this year and can reflect on a number of positive additions to the compliance position (see Update on control challenges – GDPR). However, improvements in the areas of information governance and compliance with established policies within are required if HSE is to have an improved level of confidence in its compliance with relevant legislation.

Fifty breaches [prior year: 61 breaches] were notified to the DPO during 2020/21 of which 4 [prior year: 5] were deemed serious enough to meet the threshold for self-reporting to the Information Commissioner's Office.

### **Senior Information Risk Owner (SIRO) assessment**

The HSE SIRO has overall responsibility for HSE's information risk policy and is responsible for information risk across HSE. I have taken assurance from his assessment of HSE's information governance arrangements. The SIRO's view is that information governance arrangements are working adequately but there are areas identified where improvement is required.

Of positive note, the SIRO indicates that good progress has been made in-year in addressing information governance risks as part of the GDPR Project Team (see Update on control challenges – GDPR) and that HSE’s accreditation of Cyber Essentials (sponsored by National Cyber Security Centre) is a significant milestone. Actions to be taken forward in 2021/22 will include a self-assessment against the Government Functional Standard on security.

There were no significant lapses of protective security in 2020/21.

### **Chief Scientific Advisor (CSA) annual assessment**

HSE’s CSA performs an independent challenge function, ensuring that science and engineering evidence and advice is robust, relevant and high quality and that there are mechanisms in place to ensure that HSE policy making is underpinned by science and engineering. In addition, the CSA oversees HSE’s processes for providing or commissioning science and engineering advice.

Given the independence of his role, I have taken assurance from the CSA’s annual report and assessment which indicates that, in his view, HSE has good systems in place for science, engineering and evidence governance. In particular the CSA has introduced an enhanced framework for science governance during 2020/21 which is providing end-to-end oversight of all science, evidence and research activities commissioned and/or delivered across the whole of HSE. It is the CSA’s view that this is working well.

I also note the CSA’s observation of the significant contribution HSE science has made to the national COVID-19 response (refer to Annual Science Review<sup>52</sup>), as well as the exemplary nature of that response from a science, engineering and evidence perspective.

### **Audit and Risk Assurance Committee (ARAC) Annual Report and assessment**

Given the remit of the ARAC as described on page 70, I have considered its views as part of my assessment. The committee’s view is, having received and challenged reports from HSE management, National Audit Office (NAO) and Government Internal Audit Agency (GIAA), and taken into account the range of assurances outcomes reported via the IAR, HSE’s risk, governance and internal control framework is satisfactory and fit for purpose. The ARAC noted the significant value that the implementation of integrated assurance planning and reporting had brought to the committee.

It also welcomed the progress to date in relation to regulatory assurance (see page 82) and was assured on progress to date in relation to GDPR compliance and information governance (see page 83).

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52 [www.hse.gov.uk/research/content/science-review-2021.pdf](http://www.hse.gov.uk/research/content/science-review-2021.pdf)

## Third line assurance

### Government Internal Audit Agency annual opinion

My internal audit is provided by the Government Internal Audit Agency (GIAA). They have carried out a portfolio of work to provide assurance on the strength of risk, control and governance arrangements. The Head of Internal Audit has provided an overall moderate opinion for 2020/21, indicating some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

The GIAA reported the successful implementation of a (Gold Command) structure to support the prioritisation of critical activities and effective decision making during the COVID-19 pandemic and resulting work restrictions.

They also noted the strong financial controls and ongoing strengthening of governance arrangements over the year and that we have continued to manage the implications of EU exit well, as shown in relation to the Chemical Licensing Regime.

Following on from their 2019/20 report, which highlighted weaknesses in regulatory compliance and assurance, GIAA noted that much progress, driven at Board, ARAC and ExCo level, has been made, illustrating our appetite for addressing issues and mitigating key risk areas. Further details related to regulatory compliance and assurance are provided on page 82.

### Other external assurances

I have also taken into account other external assurances I have received during the year. These have included:

**DWP Annual Assurance Assessment:** This annual exercise is undertaken by DWP, our parent body, to enable it to assess the risk posed to the department by its public bodies and to manage that risk in a proportionate way. I have taken assurance from the DWP assessment which indicates that overall HSE is considered medium risk to DWP. DWP confirmed that this assessment of 'medium' is no reflection on HSE's performance or management but is intended to mirror the inherent risks associated with the expansion of HSE's responsibilities (in particular, the risk associated with taking on the new Building Safety Regulator role), the complex nature of the work involved and the impact of COVID-19 on HSE's finances.

**Shared Services Connected Limited (SSCL) assurance:** SSCL continues to operate employee-related HR, payroll and expenses administration, financial accounting, procurement and relevant IT processes for HSE as part of a wider service to government.

**Government Business Services (GBS),** which manages the shared services contract with SSCL has provided me with a Letter of Assurance outlining

the findings from assurance activity conducted in-year by both GIAA and Price Waterhouse Coopers LLP (PWC) as the Independent Service Auditor (ISA). The audits identified that some specific controls were not operating effectively. However, having considered the compensating controls within HSE, I am sufficiently assured that there is no material impact on HSE's financial statements as a result of these findings. I have also noted that GBS will closely review, on a monthly basis, through to resolution, all findings and associated activities with SSCL and will, when appropriate, utilise the Framework Terms to request compliance with the Rectification Plan Process.

**Security:** As part of its own assurance framework the Government Security Group commissioned consultants Fraser Nash to undertake an independent 'dip test' of the responses departments provide as part of the annual departmental security health check. The aim was to determine the consistency and scale of adherence to the government's four minimum security standards. HSE was selected to participate and I have taken assurance from the outcome of that review which indicated no significant vulnerabilities were identified.

**ISO external accreditation:** HSE's Science Division currently holds the ISO9001 accreditation for its Quality Management System. This requires regular revalidation undertaken by external assessors. The revalidation was undertaken in 2020/21 and resulted in the recertification for the next three years, providing assurance over the adequacy of the quality systems in place within the division.

## Update on control challenges reported in 2019/20

### *Regulatory assurance*

Within the 2019/20 annual Governance statement I reflected that GIAA had indicated concerns relating to the lack of consistent and effective first and second line regulatory assurance within operational divisions.

I indicated that HSE had agreed a series of actions following the audits to address the concerns raised and that relevant boards and committees would monitor their implementation. In addition, I agreed that HSE would review its approach to regulatory assurance during the year to ensure we maximised the value of this work.

I can confirm that extensive action has been taken in-year including:

- development of appropriate first line management checks for each of our core regulatory processes which will be implemented during Quarter 1 of 2021/22. These will be supported by reporting to relevant governance forums as appropriate;
- establishment of an independent second line regulatory assurance team, reporting directly to the Director of Regulation with an additional reporting line to the Head of Business Assurance to provide professional oversight. The posts within this team are currently being recruited;
- inclusion of specific second line reviews of regulatory activity within the

2021/22 Integrated Assurance Plan which has been agreed by the Executive Committee and ARAC. These reviews will be undertaken by the regulatory assurance team using the existing second line methodology (which has been confirmed as fit for purpose by GIAA) to ensure consistency.

I have personally maintained oversight of this work and ARAC and the HSE Board have been regularly updated on progress. Now that the foundations are in place, 2021/22 will be focused on embedding our approach to regulatory compliance and assurance.

### ***Compliance with GDPR***

I noted in the 2019/20 Governance statement, that our internal auditors indicated that compliance with the General Data Protection Regulations and Data Sharing with Third Parties, whilst improving, will need continued attention. I indicated that HSE would continue to take action and progress would be monitored by relevant boards and committees. Actions HSE has taken in 2020/21 to continue to reduce risks pertaining to GDPR include:

- establishing a small working group, led by Director of Finance, to ensure HSE continues to make progress against our highest data protection risks and to ensure we maintain momentum on our compliance efforts;
- implementing new data quality checks of third-party personal data held within HSE's public registers;
- implementing a new information disclosure policy across England and Wales which has significantly reduced the volume of information being disclosed and the risk of unlawful disclosure;
- introducing a regular feature 'Personal data matters' to communicate key messages and provide practical advice on protecting personal data in HSE.

The ARAC has continued to monitor this area and, as indicated on page 79, is assured on progress to date in relation to GDPR compliance and information governance.

Given this and the assessment provided by the DPO (see page 79), I consider that HSE continues to make good progress towards mitigating its most prominent GDPR risks and that our efforts have served to improve our overall level of compliance. However, we need to improve further and the programme of work for 2021/22 will place a greater focus on the core principles on which data protection laws are based.

### **Overall conclusion**

The pandemic had the potential to create gaps in our control environment due to factors such as remote working, inability to access systems and staff absence. However, having considered the extensive evidence available to me, I am pleased to indicate that that risk has not materialised and HSE has continued to have satisfactory governance and risk management arrangements in place, with effective plans to ensure continuous improvement.

# Accountability – Remuneration and staff report

## Remuneration and staff report overview

This report sets out HSE's policy for remuneration of senior civil servants, how that policy has been implemented and the amounts rewarded to our Chief Executive and Board members. Further details are provided on remuneration and staff that Parliament and other users of this report see as key to accountability.

## Remuneration report

### Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

### Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

In reaching its recommendations, the Review Body is to consider the following.

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff.
- Government policies for improving public services.



- The fund available to departments as set out in the government's Department Expenditure Limits.
- The government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

### **Remuneration (including salary) and pension entitlements**

The following sections provide details of the remuneration and pension interests of the Chief Executive and most senior management of HSE.

**Table 6** Single total figure of remuneration (this information is subject to audit)

	Salary (£'000)		Bonus payments (£'000)		Taxable expenses and other benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>53</sup>		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Sarah Albon <sup>54</sup> Chief Executive	135-140	75-80 (130-135 FYE)	-	5-10	-	-	170 000	155 000	305-310	240-245
Martin Beecroft <sup>55</sup>	115-120	85-90 (110-115 FYE)	-	-	-	-	46 000	34 000	160-165	120-125
Selvin Brown <sup>56</sup>	45-50 (100-105 FYE)	100-105	10-15	5-10	-	-	24 000	60 000	80-85	165-170
Dr Karen Russ	115-120	115-120	-	-	-	-	46 000	45 000	160-165	160-165
Angela Storey	95-100	95-100	-	-	-	-	39 000	38 000	135-140	130-135
Philip White	95-100	95-100	10-15	-	-	-	41 000	67 000	150-155	160-165
David Murray	115-120	110-115	-	5-10	-	-	56 000	50 000	170-175	170-175
Peter Baker <sup>57</sup>	90-95 (95-100 FYE)	-	10-15	-	-	-	118 000	-	215-220	-
Peter Brown <sup>58</sup>	85-90 (90-95 FYE)	-	-	-	-	-	164 000	-	245-250	-
James Anderson <sup>59</sup>	105-110	-	10-15	-	-	-	42 000	-	155-160	-
Katherine Shrimplin <sup>60</sup>	0-5 (90-95 FYE)	-	-	-	-	-	3 000	-	5-10	-
Dr David Snowball <sup>61</sup>	-	85-90 (115-120 FYE)	-	10-15	-	-	-	260 000	-	175-180
Karen Nightingall <sup>62</sup>	-	15-20 (95-100 FYE)	-	-	-	-	-	38 000	-	25-30

<sup>53</sup> The value of pension benefits accrued during the year is calculated as (a) the real increase in pension multiplied by 20 plus (b) the real increase in any lump sum less (c) the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. The pension benefit is a notional figure that accounts for changes in post-retirement pension payments over a standard 20-year period. The figure can be dominated by an uplift to salary on promotion in both the permanent or temporary capacity.

<sup>54</sup> Sarah Albon took up appointment as Chief Executive on 2 September 2019. The bonus paid in 2019/20 relates to Sarah's service during 2018/19 when she was Chief Executive of the Insolvency Service.

<sup>55</sup> Martin Beecroft will be leaving HSE on 30 June 2021. As part of the terms of his voluntary exit departure agreed in March 2021, a payment of £95k is payable under the terms of the Civil Service Compensation Scheme.

<sup>56</sup> Selvin Brown was seconded to the Department of Health and Social Care from 29 April 2020 as part of the Government's response to Covid. He left HSE 06 September 2020 for a permanent move to Department for Business, Energy and Industrial Strategy.

<sup>57</sup> Peter Baker joined Executive Committee 1 May 2020.

<sup>58</sup> Peter Brown joined Executive Committee 29 April 2020.

<sup>59</sup> James Anderson joined Executive Committee 1 April 2020.

<sup>60</sup> Katherine Shrimplin joined HSE on 22 March 2021.

<sup>61</sup> Dr David Snowball retired from HSE on 22 December 2019.

<sup>62</sup> Karen Nightingall left HSE on 7 June 2019.

**Table 7** Board (non-executive directors) single total figure of remuneration (subject to audit)

	Salary (£'000)		Bonus payments (£'000)		Taxable expenses and other benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>63</sup>		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Sarah Newton <i>Term started 01 Aug 2020</i>	55-60 (80-85 FYE)	-	-	-	-	-	-	-	55-60	-
Martin Temple CBE <i>Term ended 31 Jul 2020</i>	25-30 (80-85 FYE)	80-85	-	-	2 200	14 800	-	-	30-35	95-100
George Brechin <sup>64</sup>	5-10	15-20	-	-	-	-	-	-	5-10	15-20
Sarah Pinch <i>Term ended 31 Jul 2020</i>	5-10	15-20	-	-	-	100	-	-	5-10	15-20
Janice Crawford	15-20	15-20	-	-	-	100	-	-	15-20	15-20
Ken Robertson	15-20	15-20	-	-	-	-	-	-	15-20	15-20
Susan Johnson	15-20	15-20	-	-	-	100	-	-	15-20	15-20
Kevin Rowan	15-20	15-20	-	-	-	-	-	-	15-20	15-20
Martin Esom	15-20	15-20	-	-	-	100	-	-	15-20	15-20
Claire Sullivan	15-20	10-15	-	-	-	-	-	-	15-20	10-15
Gerard Nichols	15-20	5-10	-	-	-	-	-	-	15-20	5-10
John McDermid	15-20	5-10	-	-	-	-	-	-	15-20	5-10
Elaine Bailey <i>Term started 31 Jan 21</i>	0-5	-	-	-	-	-	-	-	0-5	-
Martyn Thomas CBE <i>Term ended 30 Sept 2019</i>	-	5-10	-	-	-	-	-	-	-	5-10
Jonathan Baume <i>Term ended 31 Aug 2019</i>	-	5-10	-	-	-	-	-	-	-	5-10
Paul Kenny <i>Term ended 31 Jul 2019</i>	-	5-10	-	-	-	-	-	-	-	5-10

63 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

64 George Brechin passed away on 17 October 2020 after a short illness

## Salary

'Salary' includes gross salary; performance pay; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances. A performance-related bonus is paid to qualifying members of the Senior Civil Service. The value of the bonus is dependent on a number of factors and is subject to the total amount of available funds. For the reporting period the total value of the funds available for SCS bonuses was 3.3% of the total SCS pay bill. This presentation is based on payments made in-year by HSE to those in Tables 6 and 7.

## Allowances, taxable expenses and benefits in kind (this information is subject to audit)

The monetary value of benefits in kind covers any benefits provided by HSE and treated by HM Revenue and Customs as a taxable emolument. These benefits for Board members include travel, as appropriate. Any ensuing tax liability is met by HSE.

## Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2020/21 are based on 2019/20 performance and comparative bonuses for 2019/20 are based on 2018/19 performance.

## Pay multiples (this information is subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in HSE in the financial year 2020/21 was £135–140 000 (2019/20, £140–145 000). This was 3.27 times (2019/20: 3.53) the median remuneration of the workforce, which was £42 087 (2019/20: £40 335).

In 2020/21 11 employees (1: 2019/20) were paid in excess of the highest-paid director. All were engaged on temporary contracts through recruitment agencies, providing leadership and/or specialist support on establishing the Building Safety Programme.

Remuneration ranged from £17 811 to £290 400 (2019/20: £19 960–£152 500).

Total remuneration includes salary, non-consolidated performance-related pay and benefits in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Pension benefits

**Table 8** Chief Executive and Executive Management Committee pension benefits (this information is subject to audit)

<i>Officials</i>	<i>Accrued pension at pension age as at 31/3/21 and related lump sum</i>	<i>Real increase in pension and related lump sum at pension age</i>	<i>CETV at 31/3/21</i>	<i>CETV at 31/3/20</i>	<i>Real increase in CETV</i>
	£'000	£'000	£'000	£'000	£'000
Sarah Albon <i>Chief Executive</i>	60-65 plus a lump sum 130-135	7.5-10 plus a lump sum 15-17.5	1 150	972	139
Martin Beecroft	45-50	2.5-5	742	674	34
Selvin Brown	40-45 plus a lump sum 65-70	0-2.5 plus a lump sum 0-2.5	700	683 <sup>65</sup>	14
Dr Karen Russ	10-15	2.5-5	195	153	29
Angela Storey	5-10	0-2.5	125	92	22
Philip White	40-45 plus a lump sum 130-135	0-2.5 plus a lump sum 5-7.5	1 038	960 <sup>66</sup>	42
David Murray	60-65	2.5-5	984	913 <sup>67</sup>	35
Peter Baker	45-50 plus a lump sum 130-135	5-7.5 plus a lump sum 10-12.5	1 039	922	105
Peter Brown	35-40 plus a lump sum 115-120	5-7.5 plus a lump sum 20-22.5	878	726	159
James Anderson	10-15	0-2.5	169	133	22
Katherine Shrimplin	35-40 plus a lump sum 105-110	0-2.5 plus a lump sum 0-2.5	843	839	3

## Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three provide benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one provides benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

65 2019/20 recalculated in 2020/21 by MyCSP to 683.

66 2019/20 recalculated in 2020/21 by MyCSP to 960.

67 2019/20 recalculated in 2020/21 by MyCSP to 913.

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to **alpha** have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha**, as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum; **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or state pension age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### Cash Equivalent Transfer Values (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### *Non-executives (this information is subject to audit)*

Fees amounting to £3000 (2019/20 restated: £3000) were paid to the independent member of the Audit and Risk Assurance Committee.



### Staff report

Analysis of staff numbers and costs is provided in Tables 9 to 11 and Figures 14 and 15.

**Table 9** Staff Costs (this information is subject to audit)

	<i>Permanently employed staff</i>	<i>Others</i>	<i>2020-21 Total</i>	<i>*2019-20 (restated) Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Wages and salaries	106 257	10 469	<b>116 726</b>	103 774
Employers' National Insurance <sup>68</sup>	11 872	-	<b>11 872</b>	11 611
Pension costs	28 302	-	<b>28 302</b>	27 484
Lump sum exit costs	160	-	<b>160</b>	393
<b>Total (as reported in the SoCNE)</b>	<b>146 591</b>	<b>10 469</b>	<b>157 060</b>	<b>143 262</b>
Fewer recoveries in respect of outward secondments	(19)	-	<b>(19)</b>	-
<b>Total net costs</b>	<b>146 572</b>	<b>10 469</b>	<b>157 041</b>	<b>143 262</b>

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha' are unfunded multi-employer defined benefit scheme but employer (HSE) is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2021. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)).

For 2021, employers' contributions of £27.7 million were payable to the PCSPS (2019/20: £26.9 million) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020/21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt out to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £132 862 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £4346, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death-in-service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at 31 March 2021 were £24 994. Contributions prepaid at that date were £nil. Two people (2019/20: 5 people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £7263 (2019/20: £20 691).

68 Includes Apprenticeship Levy payments of £493 000 during 2020/21.

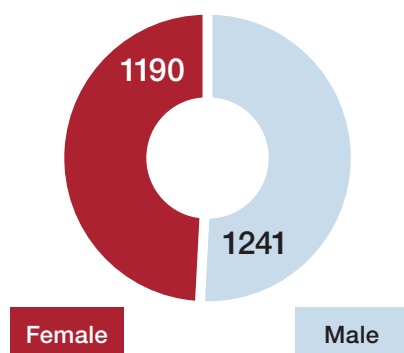
**Table 10** Staff numbers (this information is subject to audit) – the average number of full-time equivalent (FTE)

<i>Permanent staff</i>	<i>Other</i>	<i>2020-21 Total</i>	<i>2019-20 Total</i>
<b>2 388</b>	<b>95</b>	<b>2 483</b>	2 399

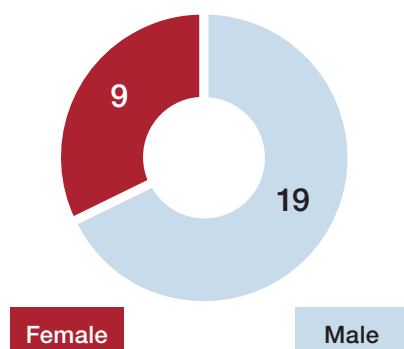
**Table 11** The total HSE staff in post by full-time equivalents (FTE) and occupational group as at 31 March 2021

<i>Occupational group</i>	<b>31 March 21</b>	<i>31 March 20</i>	<i>31 March 19</i>
Inspectors and visiting health and safety staff <sup>69</sup>	<b>1 045</b>	1 059	1 066
Other professional or specialist staff	<b>1 125</b>	1 014	1 048
Other staff	<b>262</b>	270	294
<i>(of whom are apprentices)</i>	<b>(13)</b>	(16)	(52)
Contingent labour <sup>70</sup>	<b>161</b>	28	18
Total staff <sup>71</sup>	<b>2 593</b>	2 371	2 426

**Figure 14** Total HSE staff in post by FTE and gender (excluding Chair and contingent labour) as at 31 March 2021



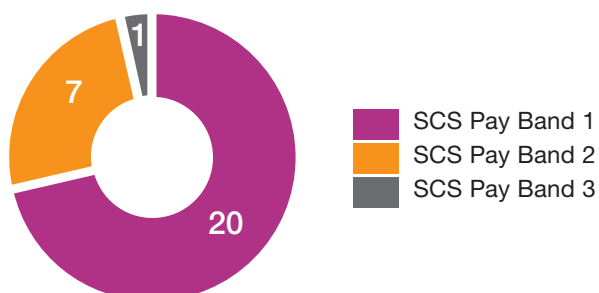
**Figure 15** Senior civil servants FTE gender split as at 31 March 2021



69 Comprises inspectors and visiting officers and regulatory compliance officers.

70 Contingent labour is defined as temporary staff not on HSE's payroll, which may include agency workers, specialist contractors, interim managers etc.

71 Total staff = the sum of all rows excluding the figures in brackets.

**Figure 16** Senior civil servants' pay band as at 31 March 2021

## Human rights

Equality in the workplace is concerned with identifying and minimising the barriers that block opportunities for certain groups of people, to achieve equal access for everyone. We advise employers on the importance of taking into account the diversity of employees and involving people when assessing risk and managing health and safety.

As part of HSE's public sector equality duty, we ensure equality analysis is embedded into our decision-making processes and our policies and procedures.

## Diversity and inclusion

Alongside the rest of the Civil Service, HSE wants its workforce to represent modern Britain in all of its diversity.

For the benefits of Diversity and Inclusion (D&I) to be felt, we need to create an environment where difference of thought and outlook are not only respected but expected. Building on our achievement with the live sessions, throughout 2020 we continued our journey towards building a culture of inclusion by offering 'Behaviour Matters' sessions virtually using pre-recorded videos.

The next steps for HSE is to understand our culture better so we are currently taking part in the Civil Service 'Inclusion Diagnostic' survey.

We are committed to reducing our gender pay gap and annually publish our report on our website.

All HSE people policies, including for recruitment, retention and development of colleagues, aim to create and support a diverse and inclusive culture, including the publication of a new policy 'Breast-feeding/ Chest-feeding/ Co-nursing policy', and we are currently working on a new 'Gender Identity' policy to be published in the future.

All training and development opportunities are accessible and open to all.

We are committed to delivering the three limbs of the Public Sector Equality Duty and publish diversity information for all staff in post, including our SCS, on our website.

## **Pay**

We published our fourth gender pay gap report in March 2021 in relation to the period covering 1 April 2019 to 31 March 2020. The results show that HSE has a mean gender pay gap of 22.6% (a 0.64% increase since 2019) and a median gender pay gap of 22.4% (a 0.33% increase since 2019).

We recognise that our mean and median pay gap has increased (unlike the previous year where we achieved a reduction). However, good progress has been achieved in reducing the mean and median bonus pay gap.

In comparison to 2019, we reduced our mean and median bonus gap by 3.85% and 6.33%, respectively. Our approach to awarding the same amount of organisational performance bonus to all employees regardless of working patterns, which a large proportion of females work within, has made a significant impact on the results for this year.

Our ambition for 2021 and successive years will be to achieve reductions in both the bonus and pay gap in order that we can deliver a representative workforce in relation to gender and, ultimately, to all protected characteristics groups.

Our goal is to ensure that we achieve gender parity in our senior leadership roles. We will do this by improving the way we develop and support our internal female talent in their career development and by improving our talent acquisition. Our objective is to achieve a much better gender balance across all grades and disciplines in HSE and to attract more female talent into seeing the value of and commencing a rewarding career within our engineering grades.

## **Expenditure on consultancy**

There was £nil consultancy spend during the financial year (£nil: 2019/20).

## **Expenditure on contingent labour**

HSE spent a total of £10.2 million (2019/20: £1.9 million) on contingent labour during the financial year.

## Highly paid off-payroll engagements

Following the *Review of tax arrangements of public sector appointees*<sup>72</sup> published by the Chief Secretary to the Treasury on 23 May 2012, departments and their arm's length bodies must publish information on their highly paid and/or senior off-payroll engagements. Tables 12–14 indicate the number of off-payroll arrangements HSE has had in place.<sup>73</sup>

**Table 12** Highly paid off-payroll worker engagements as at 31 March 2021, earning £245 per day or greater

	<i>Number</i>
Number of existing engagements as of 31 March 2021	84
Of which:	
Number that have existed for less than one year at time of reporting	72
Number that have existed for between one and two years at time of reporting	6
Number that have existed for between two and three years at time of reporting	3
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	3

**Table 13** All highly paid off-payroll workers engaged at any point during the year ended 31 March 2021, earning £245 per day or greater

	<i>Number</i>
Number of temporary off-payroll workers engaged during the year ended 31 March 2021	119
Of which:	
Not subject to off-payroll legislation	14
Subject to off-payroll legislation and determined as in-scope of IR35	105
Subject to off-payroll legislation and determined as out-of-scope of IR35	0
Number of engagements reassessed for compliance or assurance purposes during the year	68
Of which: Number of engagements that saw a change to IR35 status following review	0

**Table 14** For any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021

	<i>Number</i>
Number of off-payroll engagements of Board members, and/or senior officials with significant responsibility, during the financial year	0
Total number of individuals on-payroll and off-payroll that have been deemed 'Board members and/or senior officials with significant financial responsibility', during the financial year. This figure should include both on-payroll and off-payroll engagements	3 <sup>74</sup>

72 [www.hse.gov.uk/equality-duty/data/index.htm](http://www.hse.gov.uk/equality-duty/data/index.htm)

73 [www.hse.gov.uk/aboutus/reports/gender-pay-gap-2019.pdf](http://www.hse.gov.uk/aboutus/reports/gender-pay-gap-2019.pdf)

74 The three individuals are: the Chief Executive; Director for Planning, Finance and Procurement; Director of Science and Commercial.

## Exit packages

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where HSE has agreed early retirements, the additional costs are met by HSE and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

**Table 15** Exit packages (subject to audit)

Exit package cost band	Number of other departures agreed	
	2020-21	2019-20 (*restated)
<£10,000	2	-
£10,000 - £25,000	1	2
£25,000 - £50,000	1	3
£50,000 - £100,000	1	2
£100,000 - £150,000		1
Total number of exit packages by type	5	8
Total resource cost £	159 764	392 714

\*2019-20 restated to disclose actual costs paid.

Of the five departures in 2020-21, one left via a VE scheme. There were no compulsory redundancies in 2020-21 (nil: 2019-20).

## Employee relations

**Table 16** Relevant union officials FTE

	Number
Number of officials who were relevant union officials during relevant period	78

**Table 17** Percentage of time spent on facility time

Percentage of time	Number of employees FTE
0%	0
1 to 50%	76.2
51 to 99%	0
100%	0

**Table 18** Percentage of pay bill spent on facility time

Total cost of facility time	329 911
Total pay bill	146 432 890
Percentage of the pay bill spent on facility time	0.23%

**Table 19** Paid trade union activities

*As a percentage of total paid facility time hours, hours spent by employees who were relevant union officials during the relevant period on paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.00%
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### ***Recruitment practice***

We conduct recruitment in line with the Civil Service Commission's Recruitment Principles on the basis of fair and open competition and selection on merit. The systems and procedures are subject to periodic internal and external audits in addition to the quarterly compliance return and our annual compliance statement. The Principles require departments to report on the use of permitted exceptions to fair and open competition and selection on merit.

Throughout this year, HSE has continued to raise awareness of recruitment responsibilities, and of the consequences of not getting recruitment right. We are proactive in engaging with the Commission both to maintain HSE's capability in respect of recruitment but also to ensure appropriate training is provided.

A key theme of improving our diversity outcomes in recruitment continues. We continue to refine our attractions strategies to ensure we are targeting diverse candidate pools as well as reviewing selection approaches. We continue to recruit specialists in particular sciences to support HSE's role now we have exited the EU.

In common with the wider economy, HSE faced challenges in attracting appropriate candidates for some of the more specialised roles. Resourcing for the new Building Safety Regulator will require significant recruitment over the coming years as well as presenting new recruitment challenges.

We continue to review and refine our recruitment delivery model to help improve our ability to attract and appoint quality candidates more quickly while improving the quality of how we deliver.

### **Sickness absence data**

The 2020/21 figure for average working days lost (AWDL) per FTE is 4.6 days in comparison to 7.3 days per FTE in 2019/20.

The target of 6.0 days set in our Business Plan has been exceeded. This represents a significant improvement from previous years. Support has continued to be provided to line managers to deal with attendance issues, with long-term absences particularly targeted through proactive AWDL work.

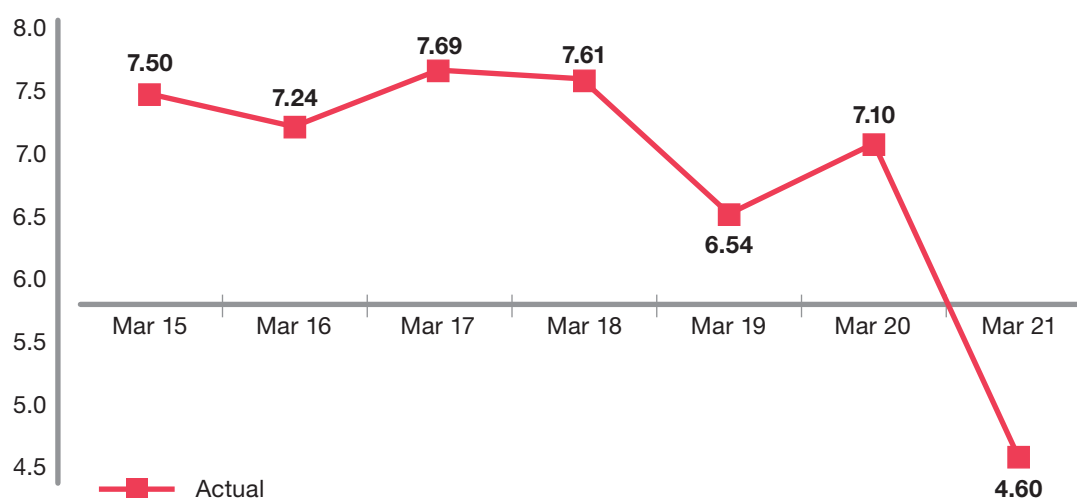
It is worth recognising that the effect of the pandemic, which has likely positively affected sickness absence within the department, for example working from home allows more flexibility and lockdown/stay-at-home



measures minimise exposure to illnesses. As such, a return to offices in future may impact the sickness absence data, though any flexibilities decided in the future may mitigate this.

Ongoing AWDL work will allow the casework team to identify any changes to sickness absence rates. Recent updates to the pandemic guidance to include guidance for managing 'long-COVID' will ensure managers can be provided with more support in these instances in the future.

**Figure 17** Average working days lost (AWDL)



## Health and Safety incidents in HSE

Accident and incident reports in 2020/21 have reduced compared to previous years. COVID-19 has impacted the type and frequency of work activities which may have contributed to the reduction. While increased symptoms of DSE related ill health were reported in the first quarter of 2020/21 as we adjusted to working predominantly from our homes and set up new workstations, other incidents reduced throughout the rest of the year as we adapted to new ways of working and provided additional DSE equipment.

**Table 20** Reported health and safety incidents in HSE

Event Category	2020/21	2019/20	2018/19	2017/18	2016/17
Accident <sup>75</sup>	10	30	30	65	28
Incident <sup>76</sup>	55	139	93	142	171
Ill health <sup>77</sup>	85	58	29	55	65

<sup>75</sup> Incidents that led to actual injury

<sup>76</sup> Incidents that did not lead to injury but had potential to cause injury or ill health

<sup>77</sup> Incidents that led to symptoms of ill health (including stress, DSE related events etc)

There has been a decrease in Mental Health and Wellbeing events reported in 2020/21 compared to 2019/20. We recognised the potential increase in risk to colleagues' mental health and wellbeing at an early stage and prioritised the implementation of arrangements to support colleagues through the novel and challenging circumstances that the COVID-19 pandemic has created.

Following a Notice of Contravention in 2018/19 for the suitability of a risk assessment in an experimental area we have completed the pilot of a new 'Authority to Operate Process'. This provides a 'stage and gate' review and decision structure within our high hazard projects. With a clear separation between the health and safety approval to proceed, which is achieved through a team of suitably competent specialists, the process increases our focus in controlling risk as low as reasonably practicable (ALARP).

# Accountability – Parliamentary accountability report

The report brings together the key parliamentary accountability disclosures.

## Regularity of expenditure

Claims waived or abandoned include debts where company has gone into liquidation or administration.

Special payments<sup>78</sup> made by HSE to staff and members of the public amounted to one case during 2020/21 to the value of £1000 (2019/20: two cases totalling £44 000).

**Table 21** Losses and special payments (this information is subject to audit)

	2020-21 No of cases	2020-21 £'000	2019-20 No of cases	2019-20 £'000
Cash losses	10	-	31	-
Claims waived or abandoned	1 993	1 337	848	1 318
Fruitless payments	8	16	1	-
Stock, stores and obsolete publications	3	1	4	-
Total losses	2 014	1 354	884	1 318
Special payments	1	1	2	44
Total losses and special payments	2 015	1 355	886	1 362

## HSE fees and charges

HSE's activities include certain chargeable services, each of which is subject to a financial objective of full-cost recovery.

78 Special payments include compensation paid to staff and members of the public.

**Table 22** HSE fees and charges (this information is subject to audit)

<i>Cash losses</i>	<b>2020-21</b>			<b>2019-20</b>		
	<i>Income</i>	<i>Cost</i>	<i>Surplus/ (deficit)</i>	<i>Income</i>	<i>Cost</i>	<i>Surplus/ (deficit)</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
HSE fees and charges						
Biocides and plant protection	<b>8 772</b>	<b>10 332</b>	<b>(1 560)</b>	11 163	12 372	(1 209)
Control of major hazards	<b>10 333</b>	<b>9 469</b>	<b>864</b>	11 148	11 297	(149)
Enforcement of offshore safety legislation	<b>15 696</b>	<b>16 044</b>	<b>(348)</b>	17 133	17 471	(338)
Fee for intervention	<b>8 665</b>	<b>7 989</b>	<b>676</b>	15 344	15 385	(41)
<b>Total</b>	<b>43 466</b>	<b>43 834</b>	<b>(368)</b>	54 788	56 525	(1 737)
Other HSE fees	<b>2 485</b>			2 322		
<b>Total fees and charges</b>	<b>45 951</b>			57 110		

**Sarah Albon***Chief Executive and Accounting Officer*

Health and Safety Executive

6 September 2021

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

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## Opinion on financial statements

I certify that I have audited the financial statements of the Health and Safety Executive for the year ended 31 March 2021 under the Health and Safety at Work etc. Act 1974. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

## In my opinion, the financial statements:

- give a true and fair view of the state of the Health and Safety Executive's affairs as at 31 March 2021 and of the Health and Safety Executive's net operating expenditure for the year then ended;
- have been properly prepared in accordance with the Health and Safety at Work etc. Act 1974 and Secretary of State directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements

of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Health and Safety Executive in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the Health and Safety Executive's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Health and Safety Executive's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Health and Safety Executive is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### **Other Information**

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Board and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is

materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Health and Safety at Work etc. Act 1974; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Health and Safety Executive and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.



## Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of the Executive's and Chief Executive's responsibilities, the Board and the Accounting Officer, are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Board and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Health and Safety Executive's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer anticipates that the services provided by the Health and Safety Executive will not continue to be provided in the future.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Safety at Work etc. Act 1974.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Health and Safety Executive's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Health and Safety Executive's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Health and Safety Executive's controls relating to the Health and Safety at Work etc. Act 1974 and Managing Public Money; and
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and management override of controls; and
- obtaining an understanding of the Health and Safety Executive's framework of authority as well as other legal and regulatory frameworks that the Health and Safety Executive operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Health and Safety Executive. The key laws and regulations I considered in this context included the Health and Safety at Work etc. Act 1974, Managing Public Money, employment law, tax legislation and relevant Health and Safety legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud through revenue recognition, assessing and understanding the nature of income including new revenue streams and performing testing on fees, charges and commercial income.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements

have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Report

I have no observations to make on these financial statements.

### **Gareth Davies**

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road, Victoria, London SW1W 9SP  
14 September 2021

# Financial statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

(The notes on pages 113 to 134 form part of these accounts.)

	Notes	2020-21 £'000	2019-20 £'000
Staff costs	2	157 060	143 262
Other operating costs	3	87 789	80 054
<b>Total operating expenditure</b>		<b>244 849</b>	<b>223 316</b>
Fees and charges	4	(45 951)	(57 110)
Other operating income	4	(30 788)	(38 248)
<b>Total income</b>		<b>(76 739)</b>	<b>(95 358)</b>
<b>Net operating expenditure</b>		<b>168 110</b>	<b>127 958</b>
<b>Other comprehensive net expenditure</b>			
Items which will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment		207	(401)
<b>Comprehensive net expenditure</b>		<b>168 317</b>	<b>127 557</b>

All income and expenditure for the year ended 31 March 2021 is derived from continuing operations.

## Statement of Financial Position as at 31 March 2021

(The notes on pages 113 to 134 form part of these accounts.)

	Notes	2020-21 £'000	2019-20 £'000
<b>Non-current assets</b>			
Property, plant and equipment	5	113 386	117 141
Intangible assets	6	1 679	1 455
Trade and other receivables due after more than one year	7	2 197	1 827
<b>Total non-current assets</b>		<b>117 262</b>	<b>120 423</b>
<b>Current assets</b>			
Trade and other receivables	7	46 959	40 887
Cash and cash equivalents	8	-	-
<b>Total current assets</b>		<b>46 959</b>	<b>40 887</b>
<b>Total assets</b>		<b>164 221</b>	<b>161 310</b>
<b>Current liabilities</b>			
Trade and other payables	9	(45 383)	(31 946)
Provisions and pension liabilities	10	(65)	(66)
<b>Total current liabilities</b>		<b>(45 448)</b>	<b>(32 012)</b>
<b>Total assets less current liabilities</b>		<b>118 773</b>	<b>129 298</b>
<b>Non-current liabilities</b>			
Other payables	9	(79 521)	(82 449)
Pension liabilities	10	(981)	(987)
<b>Total non-current liabilities</b>		<b>(80 502)</b>	<b>(83 436)</b>
<b>Total assets less total liabilities</b>		<b>38 271</b>	<b>45 862</b>
<b>Taxpayers' equity</b>			
General fund		(1 946)	5 274
Revaluation reserve		40 217	40 588
<b>Total taxpayers' equity</b>		<b>38 271</b>	<b>45 862</b>

**Sarah Albon**  
 Chief Executive and Accounting Officer  
 Health and Safety Executive  
 6 September 2021

**Sarah Newton**  
 Chair  
 Health and Safety Executive  
 6 September 2021

## Statement of Cash Flows for the year ended 31 March 2021

(The notes on pages 113 to 134 form part of these accounts.)

	Notes	2020-21 £'000	2019-20 £'000
<b>Cash flows from operating activities</b>			
Net operating cost		(168 110)	(127 958)
Adjustments for non-cash transactions	3,4	14 015	11 770
(Increase)/decrease in trade and other receivables	7	(6 442)	6 193
Less movements in receivables relating to impairments	3	(4 599)	(4 792)
Increase/(decrease) in trade payables	9	9 905	(1 344)
Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		3 160	418
Use of provisions	10	(66)	(366)
<b>Net cash outflow from operating activities</b>		<b>(152 137)</b>	<b>(116 079)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(6 557)	(4 400)
Purchase of intangible assets		(628)	(26)
Proceeds of disposal of property, plant and equipment		315	380
<b>Net cash outflow from investing activities</b>		<b>(6 870)</b>	<b>(4 046)</b>
<b>Cash flows from financing activities</b>			
Funding from DWP		160 921	121 343
Capital element of payments in respect of finance leases and on-statement of financial position PFI contracts	9	(2 518)	(2 437)
<b>Net financing</b>		<b>158 403</b>	<b>118 906</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>(604)</b>	<b>(1 219)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b>(276)</b>	<b>943</b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>(880)</b>	<b>(276)</b>

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

(The notes on pages 113 to 134 form part of these accounts.)

	Notes	(a) General Fund £'000	(b) Revaluation Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2019</b>		11 889	40 187	52 076
Funding from DWP		121 343	-	121 343
Comprehensive net expenditure for the year		(127 557)	-	(127 557)
Movements in reserves:				
– Net gain on revaluation	5	-	401	401
Recognised in Statement of Comprehensive Net Expenditure		(401)	-	(401)
Transfer between reserves		-	-	-
<b>Balance at 31 March 2020</b>		5 274	40 588	45 862
<b>Funding from DWP</b>		<b>160 921</b>	<b>-</b>	<b>160 921</b>
<b>Comprehensive expenditure for the year</b>		<b>(168 317)</b>	<b>-</b>	<b>(168 317)</b>
Movements in reserves:				
Additions – Net loss on revaluation	5	-	(207)	(207)
Recognised in Statement of Comprehensive Net Expenditure		207	-	207
Transfer of assets to GPA		(195)	-	(195)
Transfer between reserves		164	(164)	-
<b>Balance at 31 March 2021</b>		<b>(1 946)</b>	<b>40 217</b>	<b>38 271</b>

a. The General Fund represents the total assets less liabilities of HSE to the extent that the total is not represented by other reserves and financing items.

b. The Revaluation Reserve reflects the unrealised element of the cumulative balance of revaluation adjustments.



## Notes to the Accounts

### 1 Statement of accounting policies

#### 1.1 Basis of preparation and statement of compliance

These accounts have been prepared on a going concern basis, in accordance with the 2020/21 Government Financial Reporting Manual (FReM) and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury.

The functions and purpose of HSE are delivered in accordance with the Health and Safety at Work etc Act 1974, under statutory funding from the Department of Work and Pensions (DWP). HSE has no reason to assume that its current funding, functions and purpose will not continue.

At the reporting date HSE had a £38 million net asset position. HSE is mainly financed by grant-in-aid funding from DWP. DWP has confirmed that the funding of HSE will continue and funding for 2021/22 has been agreed. Our going concern assessment is made up to 30/09/2022 and therefore includes assumptions in relation to the 2022/23 financial year.

Government funding is set out in the Main Estimate (published 13 May 2021) which covers the financial year to 31 March 2022. Funding beyond that will be determined as part of Spending Review 2021 but continuing government support is evidenced through the commitment of significant funding during 2021/22 for:

- the establishment of the new Building Safety Regulator within HSE;
- continuation of the programme of spot checks and inspections on all types of businesses in all areas to ensure they are COVID-secure;
- leading the National Core Study programme to understand and mitigate transmission of COVID-19 in workplaces, transport and public places;
- developing and improving services for UK Chemicals following the end of the EU transition period.

HSE consider there are no material uncertainties around the consideration of going concern; the majority of our funding is statutory and there are no consultations on changing the existence, nature or funding of HSE.

The funding arrangements with DWP result in cash drawdown as required and therefore there are no liquidity risks identified for HSE.

HSE does not consider there to be any material estimation uncertainty over the valuation of assets and liabilities at the reporting date as disclosed within the financial statements.

These factors, and the anticipated future provision of services in the public sector, support the HSE adoption of the going concern basis for the preparation of the accounts.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, that which is judged to be most appropriate for the purposes of giving a true and fair view has been selected. The particular accounting policies adopted by HSE are set out below. They have been applied consistently in dealing with the items that are considered material in relation to the accounts.

## **1.2 Accounting standards, interpretations and amendments**

We have adopted all IFRS, International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to published standards that were effective at 31 March 2021. We've also taken into account the specific interpretations and adaptations included in the FReM.

### **IFRS 16 Leases will be effective for HSE from 1 April 2022**

IFRS 16 has been effective since 1 January 2019 for the private sector and will be introduced in the 2022/23 FReM to replace IAS 17.

The new standard amends the accounting for lessees, removing the distinction between recognising an operating lease (off balance sheet) and a finance lease (on balance sheet). It also requires recognition of all qualifying leases on balance sheet. The result will be recognition of a right to use asset, measured at the present value of future lease payments, with a matching liability. The pattern of recognition of the expenditure will result in depreciation of the right to use asset and an associated finance cost being recognised.

At 31 March 2021, 13 of HSE's existing operating leases meet the definition of a lease under IFRS 16. This would result in the recognition of assets with a value of £4m, along with a lease liability of the same amount. The impact on the Statement of Comprehensive Net Expenditure would be approximately £1m. As HSE agree new leases in 2021-22, this valuation will change.

## **1.3 Accounting convention**

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of certain assets and liabilities at fair value, as determined by the relevant IFRS.

## **1.4 Areas of judgement**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure.

These are based on historic and other factors that are believed to be reasonable, the results of which form the basis for making judgements. The estimates and underlying assumptions are reviewed on an ongoing basis.

Specific areas of judgement include non-current asset revaluations, depreciation and amortisation periods, provisions, early departure costs and impairment. The recoverability of trade receivables is reviewed annually at year-end as well as periodically during the year. HSE recognises an impairment where we do not expect to fully recover the outstanding balance.

This assessment is based on a combination of historical recoverability trends on and our assessment of the likely collectability of individual debts based on payment performance and any information about the financial status of the company. The result is applied in accordance with IFRS 9.

## 1.5 Employee benefits

In accordance with IAS 19 Employee Benefits, short-term employee benefits, such as salaries and paid absences, are accounted for on an accruals basis over the period for which employees have provided services in the year. Bonuses are recognised when HSE has a present obligation as a result of past service and the obligation can be measured reliably. When payable, organisational bonuses are accrued in the year to which the performance relates and paid in the following financial year. HSE calculates annual leave balances using an estimate of the amount of annual and flexi-leave that staff have accumulated at year-end.

## 1.6 Value added tax

Most of HSE's activities are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

## 1.7 Income

Income is reported by significant streams in accordance with IFRS 15 and principally comprises fees and charges and commercial services provided on a full cost basis to external customers, and is recorded net of VAT. The way in which we calculate income under IFRS 15 has not changed from the method used prior to implementation, hence there has been no impact on these financial statements. This is explained further in Note 2. Our accounting policy for each material income stream is as follows:

### *Commercial income*

The transaction price is the amount of consideration HSE expects to be entitled to in exchange for transferring commercial services to a customer, excluding amounts collected on behalf of third parties. This is determined to be the fixed price agreed

with the customer for the majority of commercial contracts. That price is calculated in accordance to the methodology set out in our costing and pricing policy.

Income relating to significant commercial contracts is recognised, over time, in proportion to the stage of completion of the project. Income from low value contracts is recognised evenly over the expected period of the contract. HSE's performance obligations are satisfied when the service has been fully delivered, for example completion of a report for the customer.

#### ***Prosecution cost recovery***

Income relating to prosecution costs is recognised when and to the extent that the Court has awarded costs to HSE. This can be less than the full cost of the work undertaken as the award is at the discretion of the Court.

#### ***Fees and charges***

Income is recognised over time as the statutory work has no alternative use for HSE and payment would be required for the work done to date. This method is considered appropriate as this represents the amount that HSE would be entitled to on performance to date.

- Income relating to **biocides and plant protection** is recognised over time. Depending on the type of work being delivered, fees can be fixed or costs recovered based on the actual cost to HSE. Income is then recognised in relation to the stage of completion of the project.
- Initially, **Fee for intervention (FFI)** income is recognised at a point in time when it is identified that a material breach has taken place. After this decision point, income is recognised over time as costs are incurred. Income is recognised based on published hourly rates for work done by HSE staff plus other recoverable costs.
- Income relating to **enforcement of offshore safety legislation and control of major accident hazards** is recognised over time and is based on published hourly rates for work done by HSE staff plus other recoverable costs.
- In line with IFRS 8 Operating Segments, we analyse income and include the required disclosures if more than 10% of total revenue is received from a single customer during the financial year.

## **1.8 Non-current assets**

**Property, plant and equipment** are stated at fair value. However, as permitted by the FReM, HSE has elected to adopt a depreciated historical cost basis as a proxy for fair value where non-property assets have a short useful economic life or are of relatively low value. This therefore applies to IT hardware, motor vehicles, plant and machinery and furniture.

**Land and buildings** are initially measured at cost, restated to current market value using external professional valuations at least every five years and in the intervening years by use of regular desktop valuations. Land and buildings are valued on an existing use basis except for the specialist laboratory site in

Buxton, which has been included at depreciated replacement cost. Expenditure in respect of major capital refurbishment and improvement of properties occupied but not owned by HSE is capitalised because the expenditure provides a long-term continuing benefit for HSE.

Whether acquired externally or generated internally, **intangible assets** are initially measured at cost, with subsequent measurement at valuation. Where an active market exists for the asset, it is carried at a revalued amount based on fair value at the end of the reporting period.

### ***Capitalisation and depreciation/amortisation***

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the capitalisation threshold. Where appropriate, items are pooled.

Internally developed software is capitalised if it meets the criteria specified in IAS 38 Intangible Assets. Expenditure that does not meet the criteria is recognised as an expense in the year in which it is incurred. Website development costs are capitalised in line with the requirements of SIC 32 Website Costs and the specific criteria as determined by IAS 38 Intangible Assets.

<i>Asset category</i>	<i>Capitalisation threshold</i>	<i>Depreciation/amortisation period</i>
Freehold buildings	n/a	Remaining life as assessed by valuers
Leasehold buildings	n/a	Period remaining on lease or next rent review
PFI buildings	n/a	60 years' designated life
Leasehold improvement	£100 000	Remaining lease period, up to 20 years
Individual IT assets	£5 000	3 to 7 years
IT hardware pooled	£5 000	3 to 6 years
Plant and machinery	£5 000	5 to 10 years
Individual furniture and fittings	£5 000	2 to 15 years (except 30 years Buxton PFI)
Motor vehicles	£5 000	3 to 10 years
IT software, websites and licences	£100 000	5 years or licence period if shorter
Software pooled	£1 000	5 years or licence period if shorter

The charge for depreciation or amortisation is calculated to write down the cost or valuation of property, plant and equipment and intangible assets to their estimated residual values by equal instalments over their estimated useful lives. No depreciation or amortisation is charged in the month of disposal. The following thresholds/useful lives apply to each category:

### ***Revaluation and impairment***

Increases in value are credited to the Revaluation Reserve, unless they reverse a previous impairment, in which case they are credited to the SoCNE. All assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. In accordance with the FReM, impairment losses that result from clear consumption of economic benefit or service potential are

recognised in the SoCNE. Downward revaluations, resulting from changes in market value, only result in an impairment where the asset is revalued below its historic cost carrying amount. In these cases, the accounting treatment is as for any other impairment, with amounts being first set against any accumulated balance in the revaluation reserve, and any amount in addition to this being recognised and recorded in the SoCNE.

## 1.9 Financial instruments

Financial assets and liabilities are recognised when HSE becomes party to the contracts that give rise to them. IFRS 9 requires disclosure of financial instruments by classification, but our assessment is that all of HSE's asset and liabilities are sufficiently basic to be measured at amortised cost.

To calculate expected credit losses, we analyse the recovery performance of historic invoices outstanding at the year-end in which they were raised. We use this analysis and combine with an assessment on the recoverability of significant receivables. The performance analysis is then used to calculate impairment rates across the remainder of the debt population.

Our debt policy involves writing off balances when there is no reasonable expectation of recovery, usually when an insolvency practitioner has provided evidence that a company will no longer continue to trade, and no further enforcement action is possible.

## 1.10 Provisions

Provisions are recognised in accordance with IAS 37 and are valued using the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury.

## 1.11 Pensions

Past and present employees are covered by the provisions of the PCSPS and Civil Servants and Others Pension Scheme (alpha), which are unfunded, defined benefit, contributory, public service occupational pension schemes made under the Superannuation Act 1972. HSE recognises the expected cost of future pension liabilities in a systematic and rational basis over the period during which it benefits from employees' services, by payment to the PCSPS/alpha of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS/alpha. In respect of the defined contribution schemes, HSE recognises the contributions payable for the year.

HSE pays a pension to certain former Chairs, based on what they would receive had they been members of the PCSPS. The pension liability is valued each year using published actuarial assumptions and the full amount calculated is treated as a provision.

## 1.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys the right to use the asset. Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to HSE. All other leases are classified as operating leases.

Assets funded through finance leases are capitalised as non-current assets and depreciated/amortised over their estimated useful lives or lease term, whichever is shorter. The amount capitalised is the lower of the fair value of the assets or the present value of the minimum lease payments at the inception of the lease. The resulting lease obligations are treated as liabilities, net of finance costs, which are charged directly to the SoCNE. Rental costs arising under operating leases are charged to the SoCNE in the year in which they are incurred.

## 1.13 Private Finance Initiative (PFI) transactions

PFI transactions have been accounted for in accordance with IFRIC 12 and IAS 17, as interpreted for the public sector. Where HSE has control over PFI assets, or where the balance of risks and rewards of ownership are borne by HSE, the asset is recognised and the liability to pay for it is accounted for as a finance obligation. Contract payments are apportioned between a reduction in capital obligation, an imputed finance lease charge and a service charge.

Where HSE does not have control over the PFI asset and the balance of risks and rewards of ownership are borne by the PFI contractor, the PFI payments are recorded as an expense. Where HSE has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract. Where at the end of the PFI contract a property reverts to HSE, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year.

## 1.14 Contingent liabilities

Contingent liabilities are disclosed in the notes to the accounts in accordance with IAS 37. HSE also discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities which have been reported to Parliament in accordance with the requirements of Managing Public Money. Where the time value of money is material, contingent liabilities are stated at discounted amounts.



## 1.15 Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about parts of HSE that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance. The Board has identified the Chief Executive as the Chief Operating Decision Maker. The Chief Executive reviews HSE's operational and financial performance at an aggregated level and these accounts do not include a statement of operating costs by operating segment.

## 2 Staff costs

	<i>Permanently employed staff</i>	<i>Others</i>	<i>2020-21 Total</i>	<i>*2019-20 (restated) Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Wages and salaries	106 257	10 469	<b>116 726</b>	103 774
Employers' National Insurance <sup>79</sup>	11 872	-	<b>11 872</b>	11 611
Pension costs	28 302	-	<b>28 302</b>	27 484
Lump sum exit costs	160	-	<b>160</b>	393
<b>Total (as reported in the SoCNE)</b>	<b>146 591</b>	<b>10 469</b>	<b>157 060</b>	<b>143 262</b>
Less recoveries in respect of outward secondments	(19)	-	<b>(19)</b>	-
<b>Total net costs</b>	<b>146 572</b>	<b>10 469</b>	<b>157 041</b>	<b>143 262</b>

\* 2019-20 restated for staff exit costs.

Further detail about the staff costs and the number of people employed by HSE is included on page 92 of the Accountability report.

79 Includes Apprenticeship Levy payments of £493 000 during 2020/21.

### 3 Other operating costs

	2020-21 £'000	2019-20 £'000
Rentals under operating leases	3 043	3 174
PFI service charges <sup>80</sup>	12 164	12 324
PFI interest and finance lease charges	6 060	6 241
Auditor's remuneration – statutory audit <sup>81</sup>	95	90
Accommodation	9 020	8 227
Travel and subsistence	1 018	6 558
IT expenditure and telecoms	13 647	10 594
Legal costs	4 705	5 590
Staff development and training	599	1 036
Publications	427	573
Shared services costs <sup>82</sup>	1 836	1 800
Covid Response Spot-checks Programme <sup>83</sup>	7 645	-
Recruitment	1 111	567
Publicity	1 038	232
Scientific sub-contract technical support	2 406	3 725
Scientific equipment	1 523	2 111
Research and development <sup>84</sup>	3 292	856
Pesticides – purchase of samples	878	880
Chemicals regulation testing	1 165	1 137
Other expenditure	1 942	2 409
<b>Other operating costs</b>	<b>73 614</b>	<b>68 124</b>
<b>Non-cash items:</b>		
Depreciation and amortisation of non-current assets	7 992	7 077
Charge for expected future credit losses	4 599	4 792
Reversal of previous losses on revaluation of PPE	1 002	(243)
Loss on disposal of non-current assets	362	55
Movement in provisions	59	89
Training funded through Apprenticeship Levy	161	160
<b>Total non-cash items</b>	<b>14 175</b>	<b>11 930</b>
<b>Total operating costs</b>	<b>87 789</b>	<b>80 054</b>

80 PFI service and interest charges relate to provision of accommodation for Redgrave Court, Bootle and Laboratory/IT services in Harpur Hill, Buxton. Finance lease charge relates to the long-term lease for Basingstoke office.

81 During the year, HSE has not purchased any non-audit services from its auditor, National Audit Office (NAO). Ernst & Young (EY) performed the audit on NAO's behalf, under a framework contract. In 2020/21, HSE has benefitted from non-audit services provided by EY, under a contract with the Department for Business, Energy and Industrial Strategy (BEIS). This work incurred expenditure of £1 250k and has been performed and managed completely separately from the audit. HSE has not contracted directly with EY for the provision of those services.

82 Shared services costs include the provision of finance, HR and procurement transactional processing provided by Shared Services Connected Ltd and Internal Audit Services provided by Government Internal Audit Agency.

83 As part of the government response to the COVID-19 pandemic, HSE contracted with third-party companies to deliver a programme of spot-check inspections, together with providing support for in/outbound call enquiries. HSE's total programme spend was £13.1 million (see page 55 Financial Review) and also included £4 568k of Contractor costs shown in Note 2 and £875k of IT and Other costs.

84 Research and Development includes expenditure supporting Government Science's National Core Transmission Studies Programme.

## 4 Income

	2020-21 £'000	2019-20 £'000
<b>Fees and charges</b>		
Biocides and plant protection	8 772	11 163
Control of major accident hazards	10 333	11 148
Enforcement of offshore safety legislation	15 696	17 133
Fee for intervention	8 665	15 344
Other fees and charges	2 485	2 322
<b>Total fees and charges</b>	<b>45 951</b>	<b>57 110</b>
<b>Other operating income</b>		
Prosecutions	2 022	4 436
Commercial income <sup>85</sup>	13 428	20 171
Supply of accommodation and core IT to ONR <sup>86</sup>	5 138	6 087
Provision of REACH services to Defra <sup>87</sup>	458	657
Defra EU Transition	8 722	4 260
Other income	859	2 477
Non-cash government grant – Apprenticeship Levy	161	160
<b>Total other operating income</b>	<b>30 788</b>	<b>38 248</b>
<b>*Total income</b>	<b>76 739</b>	<b>95 358</b>

\* The significant reduction in income in 2020-21 is due to the impact of the COVID-19 pandemic on regulatory charging regimes and commercial activities.

85 Commercial income is earned from discretionary activity (ie for which HSE has no statutory responsibility to provide) undertaken for any external organisation, excluding recharges for accommodation or IS/IT provision to tenants in HSE offices.

86 Supply of services to ONR includes £3 959k (2019/20: £3 871k) for accommodation.

87 REACH – Registration, Evaluation, Authorisation and restriction of Chemicals.

## 5 Property, plant and equipment

2020-21	Land	Buildings	Leasehold improve- ments	Informaton technology	Motor vehicles	Plant and machinery	Furniture and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation opening balance at 1 April 2020	2 911	93 993	11 761	14 130	2 524	20 519	8 373	2 380	156 591
Reclassifications & transfers	(49)	(156)	962	41	-	-	-	(1 003)	(205)
Additions	-	219	175	1 296	90	791	556	2 434	5 561
Revaluations	221	(3 427)	-	-	-	-	-	-	(3 206)
Disposals	-	-	(2 844)	(868)	(633)	(30)	(425)	-	(4 800)
<b>Balance at 31 March 2021</b>	<b>3 083</b>	<b>90 629</b>	<b>10 054</b>	<b>14 599</b>	<b>1 981</b>	<b>21 280</b>	<b>8 504</b>	<b>3 811</b>	<b>153 941</b>
Depreciation opening balance at 1 April 2020	-	329	8 127	8 602	1 259	16 714	4 419	-	39 450
Reclassifications & transfers	-	(10)	-	-	-	-	-	-	(10)
Charge	-	2 309	915	2 470	220	736	584	-	7 234
Revaluations	-	(1 996)	-	-	-	-	-	-	(1 996)
Disposals	-	-	(2 589)	(841)	(349)	(30)	(314)	-	(4 123)
<b>Accumulated depreciation at 31 March 2021</b>	<b>-</b>	<b>632</b>	<b>6 453</b>	<b>10 231</b>	<b>1 130</b>	<b>17 420</b>	<b>4 689</b>	<b>-</b>	<b>40 555</b>
<b>Net book value at 31 March 2021</b>	<b>3 083</b>	<b>89 997</b>	<b>3 601</b>	<b>4 368</b>	<b>851</b>	<b>3 860</b>	<b>3 815</b>	<b>3 811</b>	<b>113 386</b>
Asset financing									
Owned	3 083	5 985	3 601	4 368	851	3 860	2 456	3 811	28 015
On-Statement of Financial Position PFI contracts	-	82 862	-	-	-	-	1 359	-	84 221
Finance lease	-	1 150	-	-	-	-	-	-	1 150
<b>Net book value at 31 March 2021</b>	<b>3 083</b>	<b>89 997</b>	<b>3 601</b>	<b>4 368</b>	<b>851</b>	<b>3 860</b>	<b>3 815</b>	<b>3 811</b>	<b>113 386</b>

HSE's headquarters is situated in Redgrave Court, Bootle which was constructed under the Private Finance Initiative (PFI) and is owned by Bootle Accommodation Partnerships Ltd (BAPL), which provides HSE with serviced accommodation. The open market value of Redgrave Court (£11.4 million at the latest desktop revaluation completed 31 January 2021) is significantly lower than the outstanding repayment liability to the contractor for the remainder of the 30-year PFI agreement. The construction cost to the contractor was approximately £60 million.

Jones Lang LaSalle Ltd (JLL) provide HSE with a professional and independent valuation service. They undertook a desktop valuation of the PFI building at the Buxton Laboratory site as at 28 February 2021. The valuation was based on a depreciated replacement cost (DRC) basis and provides a value of £69.5 million (including irrecoverable VAT on build costs).

<i>Building</i>	<i>Last full revaluation date and professional valuation service</i>
Redgrave Court, Bootle	31 January 2020 – Cushman & Wakefield
Health and Safety Laboratory, Buxton	31 January 2020 – Jones Lang LaSalle Ltd
Priestly House, Basingstoke	31 January 2021 – Carter Jonas

### Transfer of freehold assets

On 31 March 2021, HSE entered into agreement with the Government Property Agency (GPA), an executive agency of the Cabinet Office, to transfer the Carlisle freehold property assets including all revaluation reserve balances associated with the assets shown below. This transfer includes a transfer of legal ownership of land, buildings and any associated components that are a result of subsequent enhancement since recognition of the original asset.

### Assets transferred: Carlisle (Land) £49k and Carlisle (Building) £146k

The assets were transferred to GPA on 31 March 2021 at nil consideration and in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. They were transferred at fair value resulting in a capital grant in kind expense of the same amount. We will pay rent per the terms set out in the lease between HSE and GPA commencing 1 April 2021. All freehold assets were subject to a professional valuation by Montagu Evans as of 31 March 2021, the date of the transfer and the reporting date. Movements in book value following revaluation were adjusted prior to the transfer to GPA.

2019-20	Land	Buildings	Leasehold	Information	Motor	Plant and	Furniture	Assets	Total
			improve-	technology	vehicles	machinery	and	under	
	£'000	£'000	ments	£'000	£'000	£'000	fittings	construction	£'000
Cost or valuation opening balance at 1 April 2019	3 010	95 526	12 114	13 030	3 263	19 620	8 573	321	155 457
Reclassifications	-	11	248	(36)	-	78		(301)	-
Additions	-	213	155	2 659	134	821	79	2 360	6 421
Revaluations	(99)	(1 757)	-	-	-	-	-	-	(1 856)
Disposals	-	-	(756)	(1 523)	(873)	-	(279)	-	(3 431)
Balance at 31 March 2020	2 911	93 993	11 761	14 130	2 524	20 519	8 373	2 380	156 591
Depreciation opening balance at 1 April 2019	-	649	7 999	8 349	1 403	15 977	4 133	-	38 510
Reclassification	-	(20)	20	-	-	-	-	-	-
Charge	-	2 201	862	1 777	294	737	565	-	6 436
Revaluations	-	(2 501)	-	-	-	-	-	-	(2 501)
Disposals	-	-	(754)	(1 524)	(438)	-	(279)	-	(2 995)
Accumulated depreciation at 31 March 2020	-	329	8 127	8 602	1 259	16 714	4 419	-	39 450
Net book value at 31 March 2020	2 911	93 664	3 634	5 528	1 265	3 805	3 954	2 380	117 141
Asset financing									
Owned	2 911	6 291	3 634	5 528	1 265	3 805	2 495	2 380	28 309
On-Statement of Financial Position PFI contracts	-	86 087	-	-	-	-	1 459	-	87 546
Finance lease	-	1 286	-	-	-	-	-	-	1 286
Net book value at 31 March 2020	2 911	93 664	3 634	5 528	1 265	3 805	3 954	2 380	117 141

## 6 Intangible assets

Intangible assets comprise purchased software licences, development costs for websites that deliver services and internally developed software.

2020-21	Websites	Purchased software licences	Internally developed software	Payments on account and assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2020	711	4 293	431	296	5 731
Reclassifications	-	-	104	(104)	-
Additions in year	-	982	-	-	982
Disposals	-	(76)	-	-	(76)
<b>Balance at 31 March 2021</b>	<b>711</b>	<b>5 199</b>	<b>535</b>	<b>192</b>	<b>6 637</b>
Amortisation at 1 April 2020	423	3 438	415	-	4 276
Charge in year	111	630	16	-	757
Disposals	-	(75)	-	-	(75)
<b>Accumulated amortisation at 31 March 2021</b>	<b>534</b>	<b>3 993</b>	<b>431</b>	<b>-</b>	<b>4 958</b>
<b>Net book value at 31 March 2021</b>	<b>177</b>	<b>1 206</b>	<b>104</b>	<b>192</b>	<b>1 679</b>

2019-20	Websites	Purchased software licences	Internally developed software	Payments on account and assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2019	711	5 120	431	286	6 548
Reclassifications	-	-	-	-	-
Additions in year	-	15	-	10	25
Disposals	-	(842)	-	-	(842)
Balance at 31 March 2020	711	4 293	431	296	5 731
Amortisation at 1 April 2019	312	3 821	344	-	4 477
Charge in year	111	459	71	-	641
Disposals	-	(842)	-	-	(842)
Accumulated amortisation at 31 March 2020	423	3 438	415	-	4 276
Net book value at 31 March 2020	288	855	16	296	1 455



## 7 Trade receivables and other current assets

	31 March 2021 £'000	31 March 2020 £'000
<b>Amounts falling due within one year</b>		
Trade receivables*	23 221	16 952
Deposits and advances	369	514
Accrued income	18 116	20 358
Prepayments	2 557	1 865
VAT	2 651	1 171
Other receivables	45	27
	<b>46 959</b>	<b>40 887</b>
<b>Amounts falling due after more than one year</b>		
Trade receivables	2 189	1 815
Deposits and advances	8	12
	<b>2 197</b>	<b>1 827</b>
<b>Total</b>	<b>49 156</b>	<b>42 714</b>

\* The trade receivables balance at 31 March 2021 is stated net of expected future credit losses, which amounts to £9 542k (31 March 2020: £6 370k).

### Contract assets

IFRS 15 revenue from contracts with customers requires disclosure of contract assets (which are shown below) and contract liabilities (included below Note 9).

HSE's contract assets represent our right to payment for goods or services that have been provided to customers and are conditional on the completion of further work to satisfy our performance obligations. These relate to services provided to customers on a commercial basis and are included within the accrued income balance above.

At 31 March 2021, the accrued income balance relating to commercial work where further work must be completed before we are able to invoice customers is £2.6 million (31 March 2020: £2.5 million). These balances are distinct from other receivables for which only the passage of time is required before consideration is due from customers or dutyholders.

Income which is expected to be recognised on future years which related to performance obligations that are partially unsatisfied at the reporting date:

	31 March 2021		31 March 2020	
Recognised	Within 1 Year	More than 1 Year	Within 1 Year	More than 1 Year
	£'000	£'000	£'000	£'000
Commercial contracts	3 029	1 650	3 369	483

## 8 Cash and cash equivalents

	31 March 2021 £'000	31 March 2020 £'000
Opening balance	(276)	943
Net change in cash and cash equivalent balances	(604)	(1 219)
<b>Closing balance *</b>	<b>(880)</b>	<b>(276)</b>

\* At 31 March 2021 the account was overdrawn and disclosed within Trade and other payables.

## 9 Trade and other payables

	31 March 2021 £'000	31 March 2020 £'000
<b>Amounts falling due within one year</b>		
Taxation and social security	4 022	2 824
Pension contributions	3 362	2 826
Trade payables	2 856	1 236
Accruals and deferred income	29 425	19 713
Capital accruals	1 910	2 552
On-statement of financial position PFI contracts and finance lease **	2 928	2 519
Balance with Government Banking Service*	880	276
	<b>45 383</b>	<b>31 946</b>
<b>Amounts falling due after more than one year</b>		
Imputed finance lease element of on-statement of financial position PFI contracts **	78 129	81 055
Finance lease **	1 392	1 394
	<b>79 521</b>	<b>82 449</b>
<b>Total</b>	<b>124 904</b>	<b>114 395</b>

\* Cash and cash equivalents – see Note 9.

\*\* PFI and finance lease details can be found in Notes 12a(ii) and 13.

### Contract liabilities

IFRS 15 revenue from contracts with customers requires disclosure of contract assets (included below Note 7) and contract liabilities. HSE's contract liabilities reflect our obligations to transfer goods or services to customers where we have been prepaid. These are accounted as deferred income in the table above.

**The balance at 31 March 2021 was £5.7 million (31 March 2020: £5.0 million)**

## 10 Provisions for liabilities and charges

### Provision for retired Chairs' pension

For HSE Chairs appointed prior to 2008, provision has been made for their pensions in HSE's accounts as if they were members of the PCSPS.

2020-21	<i>Chairs' pension by analogy</i>	<i>Dilapidations</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Balance at 1 April 2020	1 053	-	1 053
Provided in year	59	-	59
Utilised in year	(66)	-	(66)
<b>Balance at 31 March 2021</b>	<b>1 046</b>	<b>-</b>	<b>1 046</b>
<b>Expected timing of future payments</b>			
Falling due within one year	65	-	65
Falling due after more than one year	981	-	981

2019-20	<i>Chairs' pension by analogy</i>	<i>Dilapidations</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Balance at 1 April 2019	1 030	300	1 330
Provided in year	89	(125)	(36)
Utilised in year	(66)	(175)	(241)
<b>Balance at 31 March 2020</b>	<b>1 053</b>	<b>-</b>	<b>1 053</b>
<b>Expected timing of future payments</b>			
Falling due within one year	66	-	66
Falling due after more than one year	987	-	987

## 11 Capital commitments

	<b>31 March 2021</b>	<b>31 March 2020</b>
<i>Contracted commitments not otherwise included in these financial statements</i>	<i>£'000</i>	<i>£'000</i>
Property, plant and equipment	1 822	1 426
Intangible assets	21	24
<b>Total commitment</b>	<b>1 843</b>	<b>1 450</b>

## 12a Commitments under non-PFI leases

Total future minimum lease payments under operating leases, relate to accommodation and are given in the table below.

<i>(i) Operating leases</i>	<b>31 March 2021</b>	<i>31 March 2020</i>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	<b>3 459</b>	3 345
Later than one year and not later than five years	<b>7 674</b>	3 234
Later than five years	<b>11 169</b>	3
<b>*Total committed</b>	<b>22 302</b>	6 582

\* The significant increase from 31 March 2020 relates to three new long-term leases HSE has committed to with Government Property Agency (Hubs Programme Estates Strategy).

<i>(ii) Finance leases</i>	<b>31 March 2021</b>	<i>31 March 2020</i>
	<b>£'000</b>	<b>£'000</b>
<b>Gross liabilities</b>		
Not later than one year	<b>147</b>	147
Later than one year and not later than five years	<b>588</b>	588
Later than five years	<b>5 759</b>	5 907
<b>Total gross liabilities</b>	<b>6 494</b>	6 642
Less: interest element	<b>(5 100)</b>	(5 246)
<b>Present value of obligations</b>	<b>1 394</b>	1 396

HSE has a contract with Basingstoke and Deane Borough Council for the rental of Priestley House, Basingstoke. The lease started in 1966 and runs until 2065, was transferred to HSE in 1987 and is classified as a finance lease.

## 12b Rental income from sub-leases

As at 31 March 2021 HSE had granted leases for buildings with rental income expected to be received, which falls due as shown below.

<i>Income from rental under operating leases for the following periods comprise:</i>	<b>31 March 2021</b> £'000	31 March 2020 £'000
Not later than one year	<b>6 539</b>	6 726
Later than one year and not later than five years	<b>10 063</b>	12 416
Later than five years	-	3
<b>Total committed</b>	<b>16 602</b>	19 145

## 13 Commitments under PFI contracts

HSE has entered into the following contracts let under the Private Finance Initiative that have been assessed under IFRIC 4; IFRIC 12; IAS 16 and IAS 17.

### Merseyside headquarters (Redgrave Court)

30-year contract with Kajima Development (Bootle Accommodation Partnerships) Ltd for the provision of fully serviced accommodation in Bootle, Merseyside which runs from May 2005 to May 2035.

### Health and Safety Laboratory (Harpur Hill)

With effect from 28 October 2004, HSL took occupation of serviced accommodation in Buxton, Derbyshire for laboratory and support functions. This was provided under a 32 years and 29 weeks term, 'design, build, finance and operate' contract with Investors in the Community (Buxton) Limited (ICB Ltd), 2 years and 29 weeks being the design and build period prior to occupation.

### Charge to the Statement of comprehensive net expenditure and future commitments

The total amount charged in the Statement of comprehensive net expenditure in respect of the service element of On-statement of financial position PFI transactions was £12.1 million (2019/20: £12.3 million) and the payments to which HSE is committed are as follows:

	<b>31 March 2021</b> £'000	31 March 2020 £'000
Not later than one year	<b>13 877</b>	13 694
Later than one year and not later than five years	<b>56 887</b>	55 943
Later than five years	<b>137 650</b>	151 830
<b>Total committed</b>	<b>208 414</b>	221 467

**Total finance lease obligations under On-statement of financial position PFI contract**

Total obligations for the following periods comprise:

<i>Gross liabilities</i>	<b>31 March 2021</b>	<i>31 March 2020</i>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	<b>8 650</b>	8 430
Later than one year and not later than five years	<b>35 319</b>	35 306
Later than five years	<b>89 117</b>	97 781
Total committed	<b>133 086</b>	141 517
Less interest element	<b>(52 031)</b>	(57 946)
<b>Present value of obligations</b>	<b>81 055</b>	83 571

<i>Present value of obligations</i>	<b>31 March 2021</b>	<i>31 March 2020</i>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	<b>2 926</b>	2 516
Later than one year and not later than five years	<b>14 862</b>	13 829
Later than five years	<b>63 267</b>	67 226
<b>Total present value of obligations</b>	<b>81 055</b>	83 571

## 14 Other financial commitments

HSE has entered into non-cancellable contracts (which are not leases or PFI contracts) for ancillary services which are provided alongside the rental of buildings (service charges, insurance and business rates); IT managed services; pesticide testing services; regulatory training modernisation; call-centre services; services provided by Shared Services Connected Limited and Software as a Service.

	<b>31 March 2021</b>	<i>31 March 2020</i>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	<b>13 210</b>	14 832
Later than one year and not later than five years	<b>11 606</b>	18 605
Later than five years	<b>5 629</b>	2 865
<b>Total committed</b>	<b>30 445</b>	36 302

## 15 Related party transactions

HSE is a Crown Non-Departmental Public Body and is sponsored by DWP, which is regarded as a related party. During the year, HSE had transactions on an arm's-length basis with DWP that mainly related to the sharing of premises costs.

HSE has an agreement with the Department for Food and Rural Affairs (Defra) for the provision of the Competent Authority function in relation to plant protection products and detergents. HSE also had material transactions with the Office for Nuclear Regulation (see Note 4 - Supply of accommodation and core IT) for which DWP is regarded as the sponsor department. HSE sublets a significant proportion of its PFI accommodation at Redgrave Court to the Home Office through a five-year commercial lease. HSE has also had significant transactions with the Ministry of Housing, Communities and Local Government who we are working with to create the Building Safety Regulator.

In addition, HSE had transactions with other government departments and other central government and public bodies, none of which are considered material.

Martin Temple (former Chair) is a non-executive Director of Sheffield Teaching Hospitals NHS Foundation Trust. During 2020/21 HSE paid £271 464 for doctors appointed under the Centre for Workplace Health agreement which has been in place since before Martin's appointment to either the Trust (1 July 2013) or HSE (1 May 2016). Martin was not involved in the original procurement exercise, individual appointments or management of the contract.

No other senior managers, non-executive Directors or the Chief Executive or any person connected with these, had any interest in any material transactions with HSE or received benefits from HSE suppliers other than declared hospitality during the year.

## 16 Contingent liabilities

HSE is defending a small number of civil claims brought by former employees and members of the public, some of which may result in compensation payments. There is significant uncertainty around the estimated liability and the timing of payments. This uncertainty can fluctuate based on factors such as evidence received, witness statements and whether claims proceed to trial.



## **17 Financial instruments**

As the cash requirements of HSE are met through the parliamentary estimate process, financial instruments play a much more limited role in creating or changing risk than would apply to a private sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with HSE's expected purchase and usage requirements and HSE is therefore exposed to little credit, liquidity, exchange rate or market risk.

## **18 Third party assets**

The Gas Safe Register Service Concession Agreement (SCA) operates a profit-capping mechanism known as Gain Share. Revenue that qualifies as Gain Share is shared between the service provider (if they meet certain performance criteria) and Funds for Distribution. Funds for Distribution are administered by HSE under the terms of the SCA and are reviewed by the Gain Share Governance Board before Executive Management Committee approval. Funds for Distribution were transferred from the provider to HSE in June 2018 to safeguard the fund and are effectively held on trust for the purpose of gas safety.

At 31 March 2021 the balance within the Gain Share account was £4.8 million and is not included within HSE's Statement of financial position.

## **19 Events after the reporting period**

The date on which these accounts are authorised for issue is the date of the Certificate and Report of the Comptroller and Auditor.





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