

# PROTECTING PEOPLE AND PLACES



## Health and Safety Executive **Annual Report and Accounts 2022/23**

HC 1599





# **Health and Safety Executive Annual Report and Accounts 2022/23**

**For the period 1 April 2022 to 31 March 2023**

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# Contents

## **07 Performance**

### **07 Overview:**

- 07 Summary statement from HSE's Chair and Chief Executive
- 09 Performance overview
- 11 HSE performance at a glance

### **12 Performance analysis:**

- 13 Delivery of our planned milestones
- 43 Sustainable development

## **47 Accountability**

### **47 Corporate governance report:**

- 47 The Directors' report
- 48 Statement of the Chief Executive's responsibilities
- 49 Governance statement

### **68 Remuneration and staff report**

### **86 Parliamentary accountability report**

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

## **95 Financial statements**

### **99 Notes to the Accounts**



# Performance – overview

## Overview summary

This section provides a short summary about what the Health and Safety Executive (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

2022/23 was the foundational year of our strategy, Protecting People and Places, and has seen strong performance including delivery of over 90% of our Business Plan commitments.

We've invested significant effort in evolving our regulatory processes to ensure our focus remains on tackling high-risk activities efficiently and effectively, enabling us to reprioritise resource across our strategic objectives.

We have undertaken important work to enable employers to take action to prevent work-related ill health and design out the risks. Work-related ill health is a problem for every section of society, with conditions ranging from cancer and other long-latency diseases to stress and musculoskeletal disorders. Over a year ago we launched our campaign to address the lack of knowledge in the workplace concerning work-related stress. Our Working Minds campaign is bringing together a variety of organisations who work collectively to address a key strategic priority – reduce work related stress and improve mental health.

This report does not capture all that we have done in 2022/23, but sets out a number of our achievements during the year, including:

- investigating when things go wrong, to help us get to the truth and learn lessons which we share with industry, hold employers to account for their failures and secure justice for victims and their families while making people and places safer. In 2022/23 **we investigated over 230 fatal and 5500 non-fatal incidents** and completed 86% of fatal investigations within 12 months of receiving primacy against our target of 80%;
- **completing 216 criminal prosecutions with a 94% conviction rate;**
- **delivering over 16,800 proactive inspections**, which included a programme of high-risk interventions. In the construction sector, we delivered 2348 inspections under a major health campaign focusing on the main causes of ill health in the industry – dusts (including asbestos), musculoskeletal problems, and stress. We have undertaken two enforcement-led health campaigns this year, the first focused on the control of hazardous dusts, and the second on moving and handling material;

- continuing our mission to work with partners in government to design, establish and prepare for commencement of the **new Building Safety Regulator (BSR) for England in HSE**. These reforms are designed to protect those in high-rise residential buildings, through a more stringent regulatory regime for planning, design, construction and occupation of such buildings. Our work will raise industry standards, protect residents, and help prevent a tragedy like Grenfell Tower from ever happening again;
- **playing a significant part in the safe delivery of the government’s commitment to achieve net zero** greenhouse gas emissions by 2050 and have committed, through our 10-year strategy, to enabling industry to innovate safely to prevent major incidents, supporting the move towards net zero. This includes responding to the impacts on workplaces by working with government and sectors to understand the risks and challenges presented by new technologies, ensuring that the regulatory framework remains fit for purpose. Work to progress this aim has been ongoing throughout 2022/23, most significantly through the HSE Net Zero Hub. New technologies will also bring the need for new competency and capability in the UK workforce to deliver on the government commitments, and this report explains the work of our scientists in enabling safe deployment of lithium-ion batteries for storage and use of net zero energy.

In 2022/23, the Department for Work and Pensions (DWP) commissioned a Public Bodies Review to consider the form and function of HSE. The review team was led by Gill Weeks (OBE) and looked at our effectiveness as an organisation, our ability to fulfil our purpose and objectives, and whether HSE is still required as a public body. The report concluded that HSE is ‘generally well respected and is delivering its statutory duties effectively’, making a number of recommendations to build upon that effectiveness. We will take the opportunity to further improve as we address the recommendations from the review.

While the world and our approach in delivering our strategy will evolve, one thing remains the same – the commitment of those who work for HSE to protect people and places. We are extremely proud of the way our colleagues continue to adapt and respond to the challenges, and we are privileged to lead them.



**Sarah Newton**  
*Chair*



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



## Performance overview

### The scale of the challenge

Our health and safety statistics<sup>1</sup> remain a stark reminder of the challenges we face.



**1.8 million**

Work-related ill health cases (new or long-standing) in 2021/22  
 Source: Estimates based on self-reports from the Labour Force Survey, people who worked in the last 12 months



**0.9 million**

Work-related stress, depression or anxiety cases (new or long-standing) in 2021/22  
 Source: Estimates based on self-reports from the Labour Force Survey, people who worked in the last 12 months



**0.5 million**

Work-related musculoskeletal disorder cases (new or long-standing) in 2021/22  
 Source: Estimates based on self-reports from the Labour Force Survey, people who worked in the last 12 months



**11.2 billion**

Annual costs of new cases of ill health in 2019/20, excluding long latency illness such as cancer  
 Source: Estimates based on HSE Cost Model



**36.8 million**

Working days lost due to work-related ill health and non-fatal workplace injury in 2021/22  
 Source: Estimates based on self-reports from the Labour Force Survey



**0.1 million**

Workers suffering from COVID-19 in 2021/22 which they believe may have been from exposure to coronavirus at work (new or long-standing)  
 Source: Estimates based on self-reports from the Labour Force Survey, people who worked in the last 12 months



**0.6 million**

Workers suffering from a work-related illness caused or made worse by the effects of the coronavirus pandemic (new or long-standing) in 2021/22  
 Source: Estimates based on self-reports from the Labour Force Survey, people who worked in the last 12 months



**18.8 billion**

Annual costs of work-related injury and new cases of ill health in 2019/20, excluding long latency illness such as cancer  
 Source: Estimates based on HSE Cost Model



**0.6 million**

Workers sustaining a non-fatal injury in 2021/22  
 Source: Estimates based on self-reports from the Labour Force Survey



**123**

Workers killed in work-related accidents in 2021/22  
 Source: RIDDOR



**12,000**

Lung disease deaths each year estimated to be linked to past exposures at work  
 Source: Counts from death certificates and estimates from epidemiological information



**7.6 billion**

Annual costs of work-related injury in 2019/20  
 Source: Estimates based on HSE Cost Model

<sup>1</sup> Health and safety statistics ([hse.gov.uk/statistics](https://www.hse.gov.uk/statistics)).

## Who we are

The Health and Safety Executive (HSE) is Britain's national regulator for workplace health and safety. We are dedicated to protecting people and places, and helping everyone lead safer and healthier lives.

Our role goes beyond worker protection to include public assurance. We work to ensure people feel safe where they live, where they work, and in their environment.

## What we do

The world of work is changing, and HSE's mission is expanding. In 2022 we published our 10-year strategy *Protecting People and Places: HSE Strategy 2022-2032*. This is a strategy that reflects both our broad, existing role alongside our increasing provision of public assurance across a range of wider health and safety and environmental issues. We prevent work-related death, injury and ill health through regulatory actions that range from influencing behaviours across whole industry sectors through to targeted interventions on individual businesses. The strategy has set five objectives that we will deliver over the 10-year period:



**Reduce work-related ill health, with a specific focus on mental health and stress.**



**Increase and maintain trust to ensure people feel safe where they live, where they work, and in their environment.**



**Enable industry to innovate safely to prevent major incidents, supporting the move towards net zero.**



**Maintain Great Britain's record as one of the safest countries to work in.**



**Ensure HSE is a great place to work, and we attract and retain exceptional people.**

## Performance summary:

Our Annual Business Plan 2022/23 set out our key priorities and deliverables against these strategic objectives. An overview of how we have delivered against each of those objectives is below, with additional detail contained in the Performance Analysis section (pages 12 to 46).

## HSE performance during 2022/23 at a glance

| Enforcement action   |   |  |
|--|---|--|
| Completed <b>216</b> criminal prosecutions with a <b>94%</b> conviction rate   | Issued over <b>8000</b> notices including approximately:<br><b>6000</b> notices for improvement<br><b>2000</b> notices prohibiting work activity placing people at risk of death/serious injury                 |  |
| Completed <b>86%</b> of fatal investigations within 12 months of receiving primacy against our target of 80%   |   |  |
| Business plan delivery: 89% of milestones delivered  |   |  |
| Over <b>16,800</b> inspections <sup>2</sup> completed including:   |   |  |
| <b>Fabricated metal:</b> over <b>1600</b> inspections<br><b>Fairgrounds:</b> over <b>130</b> inspections<br><b>Waste and recycling:</b> over <b>550</b> inspections<br><b>Major hazard safety cases:</b> <b>78%</b> achieved within due date     | <b>Construction sector:</b> delivering <b>2348</b> inspections under a planned major health campaign<br><b>Asbestos:</b> <b>879</b> inspections and <b>100%</b> of asbestos licence applications were delivered |  |
| Continued to enable the <b>safe and sustainable use of pesticides and biocides</b> by completing evaluations and authorisations within the required timescales for:<br><b>78%</b> of biocide products<br><b>78%</b> of plant protection products |   |  |
| Giving advice and guidance on health and safety throughout the year, our website was visited by <b>3.6 million</b> users with <b>23.5 million</b> page views and a 'usefulness' scored rating of <b>74%</b>                                      |   |  |
| <b>Dutyholder feedback:</b><br><b>79%</b> of dutyholders said they had taken action as a result of a visit<br><b>89%</b> stated the outcome of the visit was proportionate to the risks identified   | Responded to <b>93%</b> of <b>4192</b> FOI requests within deadlines against a target of <b>90%</b><br>Handled over <b>29,400</b> concerns about workplaces and activities                                      |  |
| <b>£262 million</b> <sup>3</sup>   | <b>£90 million</b>  | <b>£172 million</b>  |
| Total expenditure for year   | Income and cost recovery  | Government funding   |
| <b>2695</b> members of staff (FTE) across various locations in the UK, working both at home and the office throughout the year   |   | <b>Sick absence decreased</b> to <b>6.7</b> days per full-time equivalent (FTE) against target of 6.0 days per FTE |

<sup>2</sup> All inspection figures are based on live data, therefore may be subject to some increase due to delayed input.

<sup>3</sup> £262m is the budgetary figure which differs from total expenditure reported in the SoCNE on page 95, which excludes capital expenditure. Funding of £172m differs from the value disclosed in the Cash Flow on page 97 as this includes non-cash transactions such as depreciation.

## Performance – Analysis

We've invested significant effort during 2022/23 in evolving our regulatory processes to ensure our focus remains on tackling high-risk activities efficiently and effectively. While undertaking significant change activity, we have delivered over 90% of our Business Plan commitments. This includes our core, long-standing key performance indicators (such as fatal investigation completion timeliness) as well as a range of new measures.

Across all our strategic objectives, there are relatively few measures which we were unable to deliver on in-year. Where this is the case, we have included a summary below of the action we did take to progress them, and what the barriers to completion were.

Setting the right measures is important, but equally so is the monitoring of our performance and, when necessary, intervening to ensure we deploy our resources most effectively. A key tool in this is our Executive Committee Performance Hub, where the full team meets face-to-face each month to scrutinise and challenge performance. Executive Committee also undertake a monthly review of HSE's Strategic Risk Register, to ensure full oversight and active management of both the current and potential future challenges we face.

You can read more about our risk management and governance on pages 57 to 67.

### **Our performance and deliverables**

The following section provides further detail on our performance, by each of our five strategic objectives and as laid out in our Business Plan for 2022/23. They are a blend of more typical performance measures (with associated performance targets) or are milestone-based objectives (relating to delivery or significant progress towards a tangible outcome).

Table 1 shows all the Business Plan commitments and whether or not they were delivered.



Table 1 Business Plan Milestones

Delivered ✓ Not delivered ✗

| <b>Reduce work-related ill health, with a specific focus on mental health and stress</b>   | <b>Status</b> |
|--|---------------|
| Establish ill-health activity baseline and develop evaluation strategy   | ✗             |
| Deliver a programme of interventions focused on ill health in sectors where evidence demonstrates significant incidence of work-related ill health | ✓             |
| Promote Working Minds campaign via stakeholder engagement and extending the champions' network   | ✓             |
| Co-design and launch NEBOSH qualification in prevention and management of work-related stress  | ✓             |
| Produce and publish guidance to empower employers to support disabled workers and workers with long-term health conditions remaining in work       | ✓             |
| Complete delivery of the National Core Study on SARS-CoV-2 transmission  | ✓             |



| <b>Increase and maintain trust to ensure people feel safe where they live, where they work, and in their environment</b>                  | <b>Status</b> |
|---|---------------|
| Deliver the BSR Programme to quality, time and cost to ensure all key functions are ready for deployment                                  | ✓             |
| Procure commercial partners to support the design and build of the required operating services for BSR                                    | ✓             |
| Deliver BSR engagement and communications strategy, focusing on increasing stakeholder understanding of the BSR and new regulatory regime | ✓             |
| Deliver 70% of plant protection product permissioning activities within the relevant guidelines   | ✓             |
| Deliver 80% of biocide permissions within the relevant guidelines   | ✗             |
| Procure commercial partners to support the design and build of the required operating services for biocides and pesticides                | ✓             |



Table 1 Business Plan Milestones

Delivered ✓ Not delivered ✗

| <b>Enable industry to innovate safely to prevent major incidents, supporting the move towards net zero</b>   | <b>Status</b> |
|--|---------------|
| Develop and agree priorities for HSE’s approach in supporting net zero to inform future engagement with government departments and industry stakeholders               | ✓             |
| Undertake a strategic assessment of capacity and capability that will be required for HSE’s regulatory approach to net zero priorities                                 | ✓             |
| Provide expertise and support for the Hydrogen Heating Programme trials strategy and evaluation  | ✓             |
| Undertake a review of the existing regulatory framework and system architecture to assess whether it is fit for purpose to support new technologies including hydrogen | ✓             |
| Complete a programme of work to understand the risks resulting from increasing use of lithium-ion batteries  | ✓             |
| Baseline activity and develop internal HSE carbon reduction plan   | ✓             |



| <b>Maintain Great Britain’s record as one of the safest countries to work in</b>  | <b>Status</b> |
|---|---------------|
| Develop and implement weighted risk-based incident selection criteria   | ✓             |
| Deliver 14,000 proactive inspections  | ✓             |
| Deliver enforcement outcomes associated with inspection within planned ranges   | ✓             |
| Complete 80% of fatal investigations within 12 months of primacy  | ✓             |
| Complete 90% of non-fatal investigations within 12 months of incident date  | ✓             |
| Achieve an average increasing rate of enforcement action as investigations progress through the formal review points                  | ✓             |
| Deliver 90% of major hazard interventions within agreed timescales  | ✓             |
| Achieve 80% investigation of concerns within agreed timescales  | ✓             |
| Achieve year 2 of the Explosives Approval Body Programme, which will provide the capacity and capability to regulate civil explosives | ✓             |



Table 1 Business Plan Milestones

Delivered ✓ Not delivered ✗

| Ensure HSE is a great place to work, and we attract and retain exceptional people   | Status |
|---|--------|
| Develop and implement an HR strategy that supports the delivery of our strategic objectives                                   | ✓      |
| Refresh our resourcing strategy to improve recruitment and attraction   | ✓      |
| Embed diversity and inclusion and reduce to 8% the percentage of staff who have personally experienced bullying or harassment | ✓      |
| Achieve average working days lost of six days per full-time equivalent  | ✗      |
| Achieve an engagement index of 65% (62% in 2021)  | ✗      |
| Review and implement four core parts of the health safety and wellbeing risk management approach                              | ✓      |
| Develop an approach to long-term pay reform to provide a competitive and attractive reward package                            | ✓      |
| Develop and publish a hybrid working policy   | ✓      |
| Enabling activities   | Status |
| Align and refresh the digital and data strategy to the TOM  | ✓      |
| Begin establishing an in-house core digital team to introduce new case management technology                                  | ✓      |
| Develop service solution to improve radiation protection and compliance   | ✗      |
| Begin science division IT modernisation   | ✓      |
| Modernise web content and user experience   | ✓      |
| Develop a performance framework   | ✓      |



## Reduce work-related ill health, with a specific focus on mental health and stress

We have continued our focus on tackling occupational lung disease, musculoskeletal disorders and work-related stress as the three major causes of work-related ill health, while working with partners in business and government to deliver shared objectives in preventing ill health at work. We delivered a programme of targeted interventions across a range of work-related risks to health and in multiple higher-risk sectors, focused on enabling and educating employers to design out the risks of work-related ill health, building capability to ensure that risks are understood and acted on. We have co-designed our work with partners to support systemic business change in managing these risks.

### Evaluation strategy

During 2022/23, we set out to develop an iterative evaluation strategy enabling us to assess the impact of our interventions by understanding and analysing work-related ill-health incidence. We have agreed that, over the course of our 10-year strategy, HSE will use micro and activity level metrics to demonstrate where interventions have impact on dutyholder behaviour. As part of this, we are exploring new approaches to link data between a range of datasets and organisations, which we aim to use to provide a richer evidence base of the impact our work has. Specific initiatives already started include:

- a collaborative research programme on stress (based around the model of the National Core Study on COVID) benefitting from the input of nationally recognised experts who are leading research in their own organisations, and maximising our use of the latest emerging science and evidence;
- other baseline and activity evaluation measures tracking engagement with campaign and guidance materials aimed at improving control of work-related health risks, along with evaluating our intervention activities. This will help us learn about both the scale and nature of the risk we find in business and to enable analysis of how this changes in the coming years.

### Work-related stress and Working Minds

Over a year ago we launched our campaign to address the lack of knowledge in the workplace concerning work-related stress. Our Working Minds campaign is bringing together a variety of organisations who work collectively to address a key strategic priority – reduce work-related stress and improve mental health.



We started the campaign with five key partner organisations who were specific to our target audience of SMEs. This included some who were experienced in dealing with mental health such as MIND and others representing specific industry sectors. Over the past year we have expanded this network to 20 organisations, some specific to England and Scotland and others who have a GB-wide audience, for example ACAS and IOSH.

We have developed a network of more than 1000 Working Mind champions. They are supporting us by getting the information employers and workers need about their duty to control and prevent the risks that cause work-related stress. We have recruited more than 3700 subscribers who receive monthly updates and information packs. This information helps them to spot the signs that can cause work-related stress and gives parity to the management of risks to mental health and physical health in the workplace. We have held four webinars and spoken at 25 events and conferences. We have talked to a mixture of health and safety practitioners, employers' groups, trade unions and industry sectors, more than 20k people directly.

We know our campaign is having an impact, as 61% of respondents to a recent survey said they had talked about work-related stress because of the campaign.

## **Lung disease and musculoskeletal disorders**

Recognising that 12,000 lung disease deaths each year are estimated to be linked to past exposures at work across a range of sectors, we continued our work to reduce exposure to carcinogens and other substances harmful to lung health at work. This was alongside interventions aimed at reducing MSDs. Tackling this broad range of priority risks necessitated multi-disciplinary strategic interventions, focused on ensuring that employers and dutyholders were using the right controls. Inspectors made visits to enforce the law alongside communications influencing dutyholders to control the risks of exposure through accessing guidance on how to meet expected standards.

Working closely with partners was also key in supporting our interventions, to amplify the impact across Great Britain's workplaces. We will build on our intervention findings to enhance and inform the design and targeting of future visits, while maintaining momentum on preventing work-related respiratory ill health, MSDs and stress.

Around 5000 visits were conducted to the construction, woodworking, fabricated metal, foundry, stone working and brick manufacture and cutting industries. Inspectors took enforcement action on significant levels of uncontrolled risk found in more than two-thirds of the premises visited.

## **Radiation**

We have continued to inspect high-risk work requiring consent, including industrial radiography, industrial irradiation and NHS trusts, taking action to reduce risk at over 50% of these inspections. We have also progressed a number of investigations and successful prosecutions, including following multiple incidents where workers were contaminated with radioactive liquid, resulting in a breach of radiation dose limits at a radiopharmaceutical company.

## **Duty to manage asbestos**

We inspected 400 schools to establish assurance that the management arrangements preventing asbestos exposure, which are legally required under Regulation 4 of the Control of Asbestos Regulations 2012, were adequate.

We found contraventions relating to weaknesses in these management arrangements in three out of ten of the schools (eg training and recording), but no actual risk from damaged or deteriorated asbestos materials. There was only one visit where immediate enforcement action was taken to prevent potential risk from asbestos present in the building. The findings from this work is being shared with the education and wider public sector.

## **Construction**

The construction sector remains one of Great Britain's highest-risk industries. Since the turn of the century there has been a continuous concerted effort to drive down accidents and ill health in the sector which has produced improvements across the industry.

We have continued our work in providing assurance that remedial cladding works are being carried out safely. The inspection of the dismantling of energy infrastructure onshore has supported the net zero, decarbonisation priorities of the government.

## **New approaches to having impact**

New operational guidance for our inspectors covering construction welfare was launched this year and this has been promoted across the industry, with the intention of industry producing and adopting its own guidance in securing compliance with site welfare standards. This work was carried out in close consultation with the industry to ensure that the solutions proposed by the guidance would have credibility with dutyholders.

## **Potential exposure to infections from using sharps in healthcare**

We evaluated the implementation of the Health and Safety (Sharps Instruments in Healthcare) Regulations 2013 in 11 NHS organisations, which informed the post-implementation review (PIR) of these regulations.

Eleven improvement notices were served at seven NHS organisations, although we found issues requiring action during all of these inspections, including unnecessary use of sharps, lack of training and failures in the investigation of incidents.

### **Management of asbestos in construction activities**

Inspections of 879 licensed asbestos removal contractors were carried out to provide assurance that the regime remains effective, in addition to the assessment of new and renewed licensed applications carried out within expected timescales.

### **Control of hazardous dusts in construction**

This campaign was supported by communications to increase awareness of health risks across the construction industry. Inspectors took action in four out of ten visits during June 2022.

### **Moving and handling construction materials**

The campaign was timed to coincide with the launch of new guidance in this area and we took action to improve risk controls in almost half of the inspections.

### **Influencing wider health controls in construction**

We have innovated to broaden our impact across the industry as inspection and investigation alone will only affect a relatively small number of the hundreds of thousands of construction projects underway in Great Britain each year. We jointly launched, with Trustmark, an information and project planning app covering all aspects of domestic construction work. This app is intended to promote excellence in health and safety in the domestic construction sector alongside providing domestic consumers with a range of advice on energy efficiency and consumer protection.

Enhanced expectations for construction site welfare standards have also been promoted to influence improved compliance, carried out in close consultation with industry stakeholders.

### **Manufacturing visits campaign**

We conducted visits to the woodworking, fabricated metal, foundry, stone working and brick manufacture and cutting industries. High levels of uncontrolled risk were present and inspectors took appropriate enforcement. The focus of the visits was on the control of harmful dust and fumes which are generated by processes in these industries which workers are exposed to. Around 2500 visits were carried with enforcement taken at over two-thirds of all premises.

## **Woodworking dust**

Significant issues were found in the control of wood dust, which is an asthmagen and can cause lung cancer, with inspectors also looking at noise and machinery safety at over 1200 sites. We served 1252 enforcement notices, including over 900 for failure to adequately control exposure to wood dust relating to poor housekeeping and dry sweeping of wood dust, poor maintenance and lack of thorough examination of local exhaust ventilation (LEV) systems, inadequate provision of respiratory protective equipment and poor provision of health surveillance for workers. Almost 200 enforcement notices were served requiring improved machinery safety, such as addressing inadequate guarding, failure to brake dangerous parts and the continued use of tooling which increases the risk of injury and hearing loss.

The findings will inform further inspections planned for 2023/24 and we continue to make relevant guidance and advice more accessible, liaising with external stakeholder groups to encourage improvements in the industry.

## **Metalworking fluids and welding fume**

Previous inspection campaigns found significant levels of uncontrolled risk in relation to the control of welding fumes and metalworking fluids which can cause cancer or occupational asthma. Building on engagement with industry partners, our inspection campaign targeted metal fabrication businesses across Great Britain and focused on checking on health risk controls to reduce the risk of occupational lung disease.

We visited over 600 sites and served more than 786 enforcement notices, primarily for failure to control worker exposure to metalworking fluid mist and welding fumes.

Poor compliance in controlling exposure to metalworking fluid mist was found to be with failure to fit extraction to control mists on computerised numerical control machinery, inadequate fluid quality checks on water-based metal working fluids and lack of health surveillance for occupational asthma and dermatitis. Problems were found with selecting and use of tight-fitting respiratory protective equipment for welding, and in the provision of adequate health surveillance for occupational asthma.

## **Respirable crystalline silica (RCS) foundry dusts and fumes**

Ferrous and non-ferrous foundries using sand in their moulding processes were inspected in a campaign focused on ensuring control of exposure to dusts and fumes. These can cause a range of conditions, including cancer, asthma and other lung diseases like chronic obstructive pulmonary disease (COPD) and silicosis.

Key areas of enforcement action were ensuring adequate control of RCS and other dusts through improved provision of extraction systems and

ensuring thorough examination of LEV systems, and for the provision of suitable RPE and health surveillance for workers. Enforcement notices were also served to ensure that workers were protected when working with molten metal and machinery was adequately guarded.

### **Supporting disabled workers and workers with long-term health conditions remaining in work**

We continued our work to support the government's response to 'Health is everyone's business' (HiEB). This takes forward a number of proposals to minimise the risk of ill-health related job loss through better workplace support for disabled people and those with long-term health conditions. HSE co-designed organisational 'principles' in conjunction with Disability Rights UK, Business Disability Forum, Chartered Institute of Personnel and Development, Equality and Human Rights Commission and Unison. These partners contributed to HSE's user testing and evaluation strategy.

The resulting non-statutory guidance was launched by the Minister, Mims Davies, at HSE's annual Health and Work conference in November 2022. It sets out organisational 'principles' employers should follow to create inclusive workplaces. These principles have been accessed by over 6000 users with a very positive response, over 95% rated the material as useful. We are continuing to measure the impact of the non-statutory guidance and to maximise its accessibility, which will inform any further developments.

### **Finalise National Core Study on COVID-19 transmission**

In October 2020, HSE was asked to lead one of the National Core Studies, with the intent to understand how the SARS-CoV-2 virus is transmitted. We have now completed the final year of this programme, working with a range of expert providers from academia, the public sector and the independent sector. The final year of the programme focused on understanding what information our stakeholders needed and in what format, and ensuring the programme's legacy for future pandemic preparedness.

The study has shown that transmission of SARS-CoV-2 is a consequence of the interaction between human behaviour, the characteristics of the environment and the features of the virus itself. We have shown that you cannot rule out any particular route of exposure, and we now understand more about the nuances of how different factors affect risk, which helps determine the most effective mitigations in specific situations.

We have shown that risk assessments and mitigation measures were introduced quickly and were widely used, and that organisational leadership was a critical success factor for effective control. We have also developed tools to support our better understanding of work as a determinant of risk and have completed the largest and most systematic study of outbreaks in the world, which collected comprehensive data sets across a variety of workplaces. This approach showed the importance of

considering work as a system comprising a wide range of linked components, all of which could contribute to the risk of transmission (socio-economic, geographic, travel, health related etc).

Additionally, we have delivered some less tangible benefits, the most important of which is the creation of a national asset in our research community comprising some 200 scientists from a wide range of technical backgrounds and perspectives. They will continue to work together and provide information to support our response to any future pandemic.



Table 2 Business Plan Milestones

Delivered ✓ Not delivered ✗

| Reduce work-related ill health, with a specific focus on mental health and stress  | Status |
|--|--------|
| Establish ill-health activity baseline and develop evaluation strategy   | ✗      |
| Deliver a programme of interventions focused on ill health in sectors where evidence demonstrates significant incidence of work-related ill health | ✓      |
| Promote Working Minds campaign via stakeholder engagement and extending the champions' network   | ✓      |
| Co-design and launch NEBOSH qualification in prevention and management of work-related stress  | ✓      |
| Produce and publish guidance to empower employers to support disabled workers and workers with long-term health conditions remaining in work       | ✓      |
| Complete delivery of the National Core Study on SARS-CoV-2 transmission  | ✓      |



## Increase and maintain trust to ensure people feel safe where they live, where they work, and in their environment

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

Some examples of our key achievements during 2022/23 are outlined below.

### Establishing the Building Safety Regulator

As detailed previously, in 2022/23 HSE's mission continued to expand. Foremost amongst those developments was our work with partners in government to design, establish and prepare for commencement of the new Building Safety Regulator (BSR) for England in HSE. These reforms are designed to protect those in high-rise residential buildings, through a more stringent regulatory regime for planning, design, construction and occupation of such buildings. Our work will raise industry standards, protect residents, and help prevent a tragedy like Grenfell Tower from ever happening again.

The delivery of the BSR programme will remain ongoing throughout the next financial year. However, during this financial year the following achievements have been made to ensure all key functions are ready for deployment within the BSR:

- The programme team supported the Department for Levelling Up, Housing and Communities (DLUHC) with passage of the Building Safety Bill through to Royal Assent in April 2022. The schedule of secondary legislation work will continue to be supported by the programme team to its conclusion in 2023/24, which will finalise the detailed requirements and obligations of the new regime that BSR will regulate.
- We engaged industry, residents and other stakeholders, reinforcing our leadership role. A network of committees, representative of all who have a stake in building safety, will work with BSR to build the intelligence needed to drive faster improvements and adaptations in safety and performance across the whole built environment, keeping pace with innovation. These include the Building Advisory Committee and the statutory Resident Panel that was established in 2022 - taking over from the Interim Resident Panel.
- 1000 stakeholders gathered at the inaugural BSR conference on 22 March 2023. This practitioner level show and tell is part of the Get Ready campaign designed to help dutyholders be prepared as new legislation comes online. With the Register of high-rise residential buildings open in April 2023, a suite of online guidance is also in production based on end-to-end user journeys.

- We collaborated with industry leaders and experts to develop the right perspectives and approaches that will lead to a proportionate building safety regime with well-defined industry standards and expectations to protect people in their homes. Specifically, the Operational Standards Rules (OSR) and Building Inspector Competence Framework (BICoF) were subject to open consultations.
- Recruitment into the operational delivery functions of BSR has commenced with key leadership posts in the new functional teams, as well as the operational team that will support High-Rise Residential Building (HRB) Registration.
- Planning Gateway One (PGO) is continuing to deliver the statutory consultee function, having real world impact on planning for HRBs.

## **Chemicals**

The Biocides and Pesticides Transformation programme was formed to address challenges of operating the independent chemicals regime following the UK's exit from the EU. The programme aims to improve customer and staff experience with new, simplified, up-to-date technology and processes within a new organisational structure. During 2022/23 we have procured a partner to design and build the proof of concept ('Alpha') system with an option to extend the contract to deliver the full ('Beta') public service. An Alpha version of the key service components was delivered and a Beta proposal has been assessed as technically feasible. The build phase is planned to take place during 2023/24. While we exceeded expected performance on delivering plant protection product permissioning activity, we narrowly missed the targeted 80% of biocide-specific activity within relevant guidelines (achieving just over 78%). This was due to resourcing pressures in particular specialisms where demand was high, and ensuring each assessment was rigorously decided meant that we could not complete the work as swiftly as we would have preferred in a small subset of our cases.

## **Local authorities**

We provided local authority co-regulatory colleagues with relevant guidance to assist in their effective targeting of interventions via topic based webinars, e-bulletins and a secure extranet service. We also provide regulatory support at a local level via the Enforcement Liaison Officer network.

## **Product safety**

We continue to work with the Office of Product Safety and Standards and other regulators to build a framework that can effectively address product safety issues as well as supporting national economic operators. Our intelligence capability is growing so we can demonstrate that our interventions underpin areas of highest risk.





Table 3 Business Plan Milestones

Delivered ✓ Not delivered ✗

| Increase and maintain trust to ensure people feel safe where they live, where they work, and in their environment                         | Status |
|---|--------|
| Deliver the BSR Programme to quality, time and cost to ensure all key functions are ready for deployment                                  | ✓      |
| Procure commercial partners to support the design and build of the required operating services for BSR                                    | ✓      |
| Deliver BSR engagement and communications strategy, focusing on increasing stakeholder understanding of the BSR and new regulatory regime | ✓      |
| Deliver 70% of plant protection product permissioning activities within the relevant guidelines   | ✓      |
| Deliver 80% of biocide permissions within the relevant guidelines   | ✗      |
| Procure commercial partners to support the design and build of the required operating services for biocides and pesticides                | ✓      |



## **Enable industry to innovate safely to prevent major incidents, supporting the move towards net zero**

### **Deliver our net zero commitments**

HSE has a significant part to play in the safe delivery of the government's commitment to achieve net zero greenhouse gas emissions by 2050. Net zero is not a single technology or sector but is a policy driver which is accelerating the emergence of new and emerging technologies in the areas of low carbon energy production, novel energy use and energy efficiency. It will present new risks and challenges and HSE has committed, through its 10-year strategy, to enable industry to innovate safely to prevent major incidents, supporting the move towards net zero.

Work to progress this aim has been ongoing throughout 2022/23, most significantly through the HSE Net Zero Hub. The Hub brings together all aspects of HSE's expertise, in science and research, policy making and regulatory craft to consider the new technologies and challenges arising from net zero and to develop solutions.

An example of HSE's support to the Government Net Zero agenda is the engagement with the Department for Energy Security and Net Zero programme on decarbonisation of heat through the use of hydrogen for heating. HSE is assessing the evidence and regulatory framework required for the safe distribution, storage and use of hydrogen gas in domestic, industrial, and commercial premises. We will provide an authoritative view on the safety of using 100% hydrogen for heat across the UK to feed into government policy decisions by 2026.

This work will seek to provide a full understanding of any changes required to use hydrogen safely and the feasibility of implementing these changes at scale. HSE will continue this work, including assessing the safety evidence underpinning the neighbourhood and village trials before they go ahead in 2024 and 2025 respectively.

### **Enabling safe deployment of lithium-ion batteries for storage and use of net zero energy**

Lithium-ion batteries are increasingly used as part of net zero technologies to allow storage of renewable energy, such as solar and wind generated, and its use for transport. If batteries are subjected to abnormal conditions such as impact, extreme environment changes or overcharging, they may fail dangerously, resulting in fire or explosions. To enable the safe deployment of lithium-ion batteries it is important to understand the



HSE scientist Gemma Howard with the equipment she designed for experiments to drive a nail into a battery sealed inside a gas-tight pressure vessel

conditions that can cause failure so that effective prevention and mitigation measures can be deployed to prevent harm.

HSE's laboratory has unique purpose-built, battery-testing facilities. These are used for controlled experiments to initiate and monitor the failure of lithium-ion batteries, and examine the consequences and impact of failure conditions and the effectiveness of any mitigation techniques. The facilities allow failure initiation through various methods with real-time gas analysis, residue analysis, specialist thermal imaging and high-speed videography. The government's 'Faraday Battery Challenge' aims to support a world-class scientific, technology development and manufacturing scale-up capability for batteries in the UK.

As part of this work, HSE scientists, in collaboration with partners including Warwick Manufacturing Group, Jaguar Land Rover Ltd and 3M, are contributing their expertise and facilities to provide experimental evidence to enable safe deployment of this scale-up. For instance, recent experimental research inducing thermal runaway in cells has improved understanding of the hazards associated with the flammable gas released.

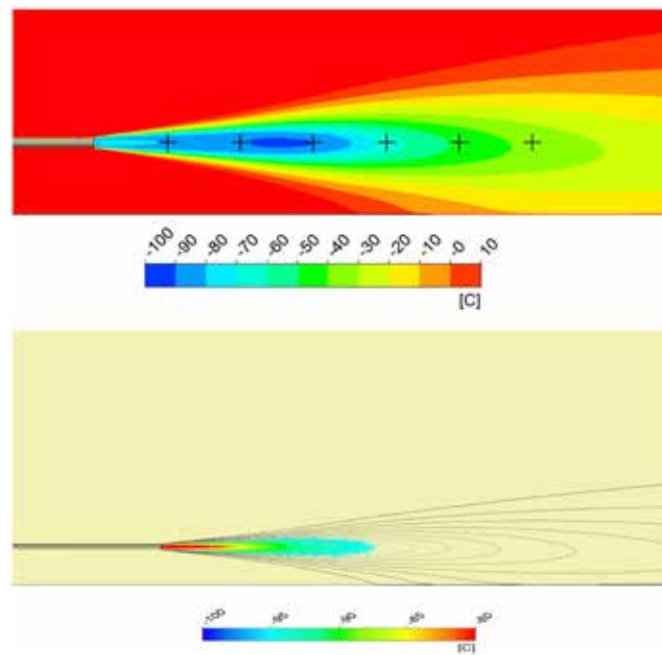
### **Enabling the safe introduction of offshore carbon capture and storage**

Carbon capture and storage (CCS) is a new net zero technology which is being developed internationally. The aim is to capture carbon dioxide (CO<sub>2</sub>) that would otherwise be emitted and transport it by pipeline to storage in secure geological formations deep underground. The UK government, funded HyNet and East Coast Cluster projects are exploring potential CO<sub>2</sub> injection into offshore saline aquifers and depleted gas reservoirs. To enable the safe introduction of CCS, it is essential to understand potential

risks to people and how to effectively control and mitigate them. This includes during onshore and subsea pipeline transportation, processing onboard an offshore platform, and subsea injection.

In 2022, stakeholder engagement by HSE specialist inspectors and scientists included:

- a workshop in Aberdeen with industry to consider offshore safety. An HSE scientific presentation covered some CCS hazards, lessons learned from global incidents, and the physical behaviour of CO<sub>2</sub> such as gas dispersal. The workshop discussions included protecting workers in the event of a CO<sub>2</sub> release on a platform, and potential impact on the platform structure;
- ongoing engagement with the industry CCS Association (CCSA) Health and Safety Task Subgroup, and the Energy Institute CCS Working Group;
- a presentation at a CCS Research Centre (UKCCSRC) workshop for universities, which covered HSE's Areas of Research Interest.



CO<sub>2</sub> jet release research at HSE's Science and Research Centre showing (top) experimental releases and (bottom) computational fluid dynamics modelling

### Reducing our own carbon footprint

Our work to reduce our own carbon footprint is covered in the sustainability section on pages 43 to 46.



*Table 4* Business Plan Milestones

Delivered ✓ Not delivered ✗

| <b>Enable industry to innovate safely to prevent major incidents, supporting the move towards net zero</b>   | <b>Status</b> |
|--|---------------|
| Develop and agree priorities for HSE’s approach in supporting net zero to inform future engagement with government departments and industry stakeholders               | ✓             |
| Undertake a strategic assessment of capacity and capability that will be required for HSE’s regulatory approach to net zero priorities                                 | ✓             |
| Provide expertise and support for the Hydrogen Heating Programme trials strategy and evaluation  | ✓             |
| Undertake a review of the existing regulatory framework and system architecture to assess whether it is fit for purpose to support new technologies including hydrogen | ✓             |
| Complete a programme of work to understand the risks resulting from increasing use of lithium-ion batteries  | ✓             |
| Baseline activity and develop internal HSE carbon reduction plan   | ✓             |



## Maintain Great Britain's record as one of the safest countries to work in

The changing world of work, together with the introduction of new technologies in the workplace and the growth of the gig economy and hybrid working, means we must adapt and respond to this changing landscape. Below are a summary of the major activities undertaken across 2022-23.

### Improve our proactive regulatory intervention outcomes

We set out to deliver at least 14,000 inspections with clear expectations on risk-based performance. These included a programme of high-risk interventions (with ill-health focus where appropriate) to leverage behavioural change in the sectors and further improve our safety record. We exceeded the minimum volume of inspections through 2022-23, across the identified higher-risk sectors and ranging across many others.

A breakdown of activity and findings related to the higher-risk sectors targeted is provided below:

#### Agriculture

The agriculture sector remains a focus of our activity, given the continuing high rate of workplace injuries and ill health, including the highest rate of work-related death of any industry.

This year we inspected a range of farms, local to and following our agricultural compliance engagement events, to determine whether messages had penetrated. We also conducted inspections of other areas of risk: including those focused on control of risk from livestock and reports of machinery contact with overhead powerlines.

These inspections encompassed all areas of Great Britain, and 660 individual farms. Our resulting enforcement levels were broadly as expected for follow-up inspections but slightly lower than expected in livestock and overhead powerlines. These findings will be evaluated in detail and insights incorporated in our long-term engagement strategy with the industry.

However, on-site inspections are only part of the way in which we engage with this industry. We also launched a campaign targeting workplace transport in farming under the 'Your Farm, Your Future' banner. Campaign materials will be used by key stakeholders who are committed to amplifying our messages via their media and social networks. Driving behavioural change is vital to reducing the rate of injuries, ill health and death within this sector and our ongoing engagement and working through others is key to affecting this change.

## **Forestry**

Forestry, as a subset of agriculture, continues to have a high rate of workplace injuries and ill health. The 50 inspections completed this year are part of a wider multi-year engagement program with the industry to reduce injury and fatal accident rate particularly to chainsaw operators; the one group who account for over 85% of all serious and fatal accidents.

HSE and members of the Forestry Industry Safety Accord worked together to produce industry guidance on key risk areas. This was circulated to the industry via a webinar. The relatively low levels of enforcement suggests that the industry reacted well to guidance and other engagement and had worked to improve risk control measures. A full evaluation of the end-to-end intervention program will influence how we continue to engage with this sector.

## **Fairgrounds**

Industry performance in relation to public safety is good in the context of the number of visitors to fairgrounds and number of rides taken annually. Previous incidents highlighted issues with the design, inspection, maintenance, and operation of some specific types of amusement device which in some cases have resulted in multiple serious injuries.

HSE worked closely with industry stakeholders to highlight these matters through the Fairground Joint Advisory Committee (FJAC). The inspection campaign we delivered was designed to measure compliance in relation to these known issues, as well as targeting general improvements in standards of ride inspection, maintenance, repair and operation in the fairground sector.

Over 100 targeted inspections were carried out, with enforcement action taken at just over a third of visits. Evaluation indicated that we need to continue with the advisory work undertaken with the industry through the FJAC before inspection campaigns commence to ensure good penetration for our messages.

The level of public interest and the control of risks to a vulnerable population, both from fixed and travelling fairgrounds, mean the industry remains a priority. Further interventions on specific amusement devices are planned, which will supplement our continuing focus on improving standards in the industry.

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

Over the year we have received 71,806 contacts. These include incoming calls, advice, concerns, and working safely (COVID-related enquiries) about workplaces and activities.

We have received 29,484 concerns, of which 21 were COVID-related as the guidance changed from 1 April 2022. We make decisions to ensure we focus on clear risks so we do not follow up or investigate all of these.

Where appropriate, we promptly redirect concerns to the right authority if it is not for us and tell people when what is reported falls outside our remit.

Of those considered to be within our remit we:

- completed 86% of investigations into reported health and safety concerns within the agreed timescales;
- carried out follow-up activity on 2514 of 2916 concerns raised by potential whistle blowers (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 within deadlines to 93% of 4192 Fol requests received against a target of 90%.

### **Investigate to swiftly tackle and reduce risk**

Investigation work, whether measured by its impact on health and safety or by the speed, ease and effectiveness 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. In 2022/23 we committed to complete 80% of fatal investigations within 12 months of primacy of the incident. We exceeded this target, achieving 85% by year-end.

### **Non-fatal investigations**

We also exceeded our target on completing 90% of non-fatal investigations within 12 months of primacy of the incident, completing 95% investigations through 2022-23.

### **Enforcement examples**

The following are examples of the prosecutions under the Health and Safety at Work Act 1974 (HSWA), unless otherwise stated, which concluded during 2022/23.

#### ***Cleveland Potash Limited***

Cleveland Potash pleaded guilty to offences contrary to sections 2 and 3 of HSWA and were fined £3.6 million and ordered to pay £185k costs. This prosecution concerned two arc flashes at the Defendant's Boulby mine in Cleveland. The first occurred in August 2016, when an employee of contractor Electrical Power Engineering Services Limited suffered severe arcflash burns to their hands, arms and face, as a result of entering and starting to work within a live 11,000 volt BVP circuit breaker chamber.



The second, in February 2019, occurred when a self-employed electrical contractor (sub-contracted to Engie Fabricom Oil, Gas and Power Limited) suffered severe arcflash burns to their neck, face, arms and hands.

Cleveland Potash's managers and supervisors knew, or should have known, the equipment and their own electrical distribution system. They should have provided an appropriate written safe system of work and risk assessment and a permit to work should have been issued. Adequate supervision should also have been given.

#### ***Hoyle Developments Limited***

Hoyle Developments Limited made national news with a picture of two people sitting in a crane bucket. Numerous HSE visits to construction sites over a period of over two years showed repeated and persistent breaches of health and safety requirements, indicating a reckless attitude towards safety and blatant disregard for the warnings of inspectors. We took action and escalated to the point of prosecution to secure changes in leadership behaviour and sustained compliance going forward.

Hoyle Developments Limited were fined £120,000 and ordered to pay costs of £3,165.

#### ***Bupa Care Homes (CFH Care) Limited***

In July 2021 a diseased lime tree on the company's premises failed, and fell onto a passing child who sustained injuries requiring amputation of one leg. Paperwork which the company shared with HSE indicates that although it had various maintenance and monitoring programmes ostensibly focused on health and safety and regulatory compliance, the trees at site had not been inspected for four years.

Prior to the incident in July 2021, the tree which failed had not been inspected or worked on since July 2017. Earlier in the year, the company had identified that trees should be inspected, and engaged a company to do this work, but the incident occurred in the weeks before the work could be carried out.

The company was fined £400,000 fine and ordered to pay £3,275 costs.

#### ***Newcastle City Council***

In January 2023, a local authority pleaded guilty to breaching their duty under section 3(1) of HSWA for failings relating to the death, in 2020, of a six-year-old schoolgirl who had been trapped under a tree that fell onto a number of children in a school playground. The investigation revealed the failed tree was inspected over two years prior to the incident and recommendations made for further detailed inspection of decay were not followed.

Issues around the communication and reporting of tree inspections to customers were also revealed by the investigation which formed the basis of the prosecution case. There was extensive media coverage, both locally and nationally, around the conclusion of the case - especially the impactful victim personal statement that was read to the court at sentencing.

The council was fined £280,000 and ordered to pay the prosecution costs of £8,020.

### ***Shredmet scrap metal recycling site***

In July 2016, at the Shredmet scrap metal recycling site at Nechells, Birmingham, five workers were crushed to death, and another seriously injured when a partition wall in a recycling bay toppled over. The wall fell due to the way in which scrap metal was stored and the manner in which the wall had been erected.

Hawkeswood Metal Recycling Ltd, who controlled the site before the collapse and constructed the wall, Shredmet Ltd and the then directors of both companies, Wayne Hawkeswood and Graham Woodhouse, were charged with offences contrary to sections 2, 3 and 37 of HSWA. Both men were jailed for nine months and their companies were fined £1.6 million in total. The judge also ordered £775,000 to be paid in prosecution costs.

## **Deliver our major hazard interventions**

Great Britain has highly specialised strategically important industries which are essential to the country's economic and social infrastructure, but whose processes and hazard potential can cause great harm to their workers, the environment and the public. Our regulatory approach aims to provide assurance that industry is identifying and managing the major hazard risk it creates. This work safeguards vital national infrastructure and communities living near to major hazard sites. We delivered 78% of safety case assessments and reports within timescales against a target of 75%.

## **Explosives approval body**

As a result of EU Exit, the UK Civil Explosives conformity Assessment Body (EAB) has been required to expand the range of products it is able to conformity assess against relevant standards. Additional facilities and equipment have been developed, funded through the EU Exit budget.



Table 5 Business Plan Milestones

Delivered ✓ Not delivered ✗

| Maintain Great Britain's record as one of the safest countries to work in   | Status |
|---|--------|
| Develop and implement weighted risk-based incident selection criteria   | ✓      |
| Deliver 14,000 proactive inspections  | ✓      |
| Deliver enforcement outcomes associated with inspection within planned ranges   | ✓      |
| Complete 80% of fatal investigations within 12 months of primacy  | ✓      |
| Complete 90% of non-fatal investigations within 12 months of incident date  | ✓      |
| Achieve an average increasing rate of enforcement action as investigations progress through the formal review points                  | ✓      |
| Deliver 90% of major hazard interventions within agreed timescales  | ✓      |
| Achieve 80% investigation of concerns within agreed timescales  | ✓      |
| Achieve year 2 of the Explosives Approval Body Programme, which will provide the capacity and capability to regulate civil explosives | ✓      |



## Ensure HSE is a great place to work, and we attract and retain exceptional people

Our people are at the heart of what we do and keeping our colleagues informed, listening to their views while involving them in our purpose, priorities and plans, is central to our engagement strategy. 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. We are fully engaged with the wider Civil Service aim of being a Brilliant Civil Service and the UK's most inclusive employer.

### **Develop a human resource strategy and refresh our resourcing strategy**

Through 2022-23 we developed and implemented new strategic approaches for human resources, resourcing and hybrid working. Elements of that work, particularly related to diversity and inclusion-related activity are detailed in the Accountability – Remuneration and Staff report on pages 78 to 81.

### **Motivate, engage and resource our workforce**

We did not meet our target to achieve an engagement index of 65% in our 2022 People Survey. The headline engagement score measures how committed our staff feel to HSE's goals and values and how motivated to contribute to our organisational success. This year, our overall employee engagement score was 56% which is a drop of 6% points from last year. While the drop is disappointing, the challenges we faced in both 2020 and 2021, and how we came together to overcome them, were extraordinary. There has also been significant change this year as we have transitioned from responding to the coronavirus pandemic to implementing our new strategy. We also fully recognise long-standing concerns over pay and benefits. Many are affected by this now due to increases in energy prices and the cost of living.

Some of the ways in which we are working to improve employee engagement are set out in pages 78 to 81 of our Staff Report.

### **Pay reform**

The development of a pay flexibility pay case to enable long-term pay reform will enable HSE to offer a more competitive and attractive reward package and supports HSE's key objective of ensuring HSE is a great place to work, and we attract and retain exceptional people.

## **Developing an improved approach to health safety and wellbeing (HSW) risk management to underpin our culture**

We focused on improving the key foundations of our risk management approach (HSW incidents, monitoring activities, risk assessments and competencies). This will ensure we are able to identify HSW risks as they emerge or change, evaluate our performance and monitor the effectiveness of our HSW controls.

Implementation plans for all four parts of our revised approach have commenced and will continue into 2023/24.

## **Building the foundations for our prevent, promote, and support (PPS) principles of health and wellbeing**

We have an internal aim to reduce work-related ill health and a significant part of our improvements in 2022/23 was to build practical tools and services for our colleagues through our PPS principles. The publication of our revised organisational risk assessments and their associated action plans will help us to reduce the impacts of workplace stressors. A new community of HSW champions was also established to promote HSW at local/regional level through campaigns and improvement activities. They are there to listen to and support colleagues as the need arises.

Actual injury events continue to decrease over the long term while our potential events are increasing back to levels prior to the COVID-19 pandemic as we return to working routinely in our premises and at dutyholders' premises.

This trend indicates positive improvement in our culture as we continue to improve how we lead HSW through our people and underpin our work activities with clear, proportionate risk management systems.

Additional information on activity to make HSE an even better place to work can be found in the Staff report on pages 78 to 81.

## **Average working days lost**

Across 2022/23 our average working days lost per FTE was 6.79 days, against a target of 6 days or less. While this was below our aspiration, this was in an environment where working patterns were returning to normal following COVID-19; a period during which saw changes in working environment contribute to an overall suppression of typical sickness absence levels. The subsequent post-COVID increase was an experience shared by many other Civil Service departments and our year-end performance of 6.79 days compared very favourably with the wider cross-Civil Service benchmark (7.9 days for the year). Additionally, from an initially-high level early in the year, our efforts to support employees return to work drove a consistent downward trend in overall sickness levels in-year. Thus while we did not meet the target of 6 days or less, we believe our performance evidences our ongoing dedication to support our people back to work effectively.



*Table 6* Business Plan Milestones

Delivered ✓ Not delivered ✗

| Ensure HSE is a great place to work, and we attract and retain exceptional people   | Status |
|---|--------|
| Develop and implement an HR strategy that supports the delivery of our strategic objectives                                   | ✓      |
| Refresh our resourcing strategy to improve recruitment and attraction   | ✓      |
| Embed diversity and inclusion and reduce to 8% the percentage of staff who have personally experienced bullying or harassment | ✓      |
| Achieve average working days lost of six days per full-time equivalent  | ✗      |
| Achieve an engagement index of 65% (62% in 2021)  | ✗      |
| Review and implement four core parts of the health safety and wellbeing risk management approach                              | ✓      |
| Develop an approach to long-term pay reform to provide a competitive and attractive reward package                            | ✓      |
| Develop and publish a hybrid working policy   | ✓      |

## Enabling activities

Underpinning our strategic objectives are a series of critical activities that form the foundations for HSE's transformation over the next decade. Below is an outline of the progress made in 2022-23 on key elements

### Develop our digital capability and ways of working

During the past year, we've been developing our Digital, Data and Technology (DDaT) Strategy to align with our strategic objectives. This will help shape our approach to the design of digital and data solutions, focusing on user needs, while allowing us to deliver services that are cohesive, accessible and deliver better outcomes for everyone.

### Improve website content







Our website receives over 75 million page views every year. It is our primary communication channel, helping to deliver free health and safety guidance to prevent workplace death, injury and ill health.

For the 2022/23 financial year, we committed to modernising and improving user experience, providing an accurate portfolio of web content that meets the needs of many different users (citizens, workers and employers).

We introduced a process for content design so that we can create and properly manage content during its lifecycle, and not just simply publish. We now have a more flexible proposition that will allow us to keep, continue to modernise and simplify our HSE web-presence for the benefit of our users.

Table 7 Business Plan Milestones

Delivered  Not delivered 

| Enabling activities  | Status  |
|--|---|
| Align and refresh the digital and data strategy to the TOM                                   |  |
| Begin establishing an in-house core digital team to introduce new case management technology |  |
| Develop service solution to improve radiation protection and compliance                      |  |
| Begin science division IT modernisation  |  |
| Modernise web content and user experience  |  |
| Develop a performance framework  |  |

## Financial performance

The total cost of running HSE in 2022/23 was £262 million. 66% of this was funded by £172 million grant-in-aid (government funding) and the remaining 34% was funded by £90 million income (£89 million in 2021/22).

*Table 8* Our costs across the past 5 years by main categories of spend

|                           | 2018/19<br>£m | 2019/20<br>£m | 2020/21<br>£m | 2021/22<br>£m | 2022/23<br>£m |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Staff costs               | 140           | 143           | 157           | 170           | 169           |
| Estates and accommodation | 30            | 31            | 30            | 30            | 32            |
| IS/IT                     | 12            | 11            | 14            | 13            | 15            |
| Capital and depreciation  | 14            | 15            | 18            | 24            | 20            |
| Other                     | 27            | 31            | 31            | 30            | 26            |
|                           | <b>223</b>    | <b>231</b>    | <b>250</b>    | <b>267</b>    | <b>262</b>    |
| Of which: EU exit         | 5             | 7             | 14            | 9             | 4             |

While our overall cost base remained similar in 2022/23 to the previous year, our total expenditure reduced by £5 million. Unavoidable inflationary increases, especially within accommodation and IT contracts, have been offset by reduced spend in other areas. In particular, there have been planned reductions in expenditure on two of the significant programmes which commenced during the pandemic in 2020 and for which we received ring-fenced government funding. As indicated by the table below, the programme of COVID-19 spot checks ended in March 2022, and we have completed the PROTECT project (COVID-19 transmission) in March 2023.

The cost of our core regulatory functions has increased, reflecting successful recruitment over the past two years, which has grown the size of our permanent workforce by around 250 FTEs.

We have delivered HSE's objectives for the year, as measured by the milestones in our Business Plan, within the budget. Where plans have changed, we've been able to pass on cost savings to the Exchequer and identified further efficiencies where possible.



**Table 9** Total expenditure in 2022/23 compared to budget and prior year

| <i>HSE activity</i>                                 | <i>2021/22</i>       | <i>2022/23</i>       |                      |
|---|----------------------|----------------------|----------------------|
|   | <i>Actual<br/>£m</i> | <i>Budget<br/>£m</i> | <i>Actual<br/>£m</i> |
| Core regulatory functions                           | 215                  | 235                  | 231                  |
| COVID-19 spot checks                                | 15                   | -                    | -                    |
| COVID-19 transmission studies                       | 11                   | 5                    | 5                    |
| Programme to establish BSR                          | 17                   | 24                   | 22                   |
| Establishment of UK regulatory regimes post EU-exit | 9                    | 4                    | 4                    |
|   | <b>267</b>           | <b>268</b>           | <b>262</b>           |

## Management of monies owed to HSE

The level of debt at 31 March 2023 reduced to £31 million, compared to £33 million at 31 March 2022, and more than £10 million of this balance was less than one month old. The value of debt greater than six months old was £14 million, similar to the year before. We have assessed the collectability of debt balances at 31 March 2023, using both past collection rates and our expectations about future recoverability. The level of impairment has not changed significantly in the past year (increased marginally, from £10.3 million to £10.4 million). The level of impairment increased during the past two years following our review of expected collectability, taking into account the weakening economic conditions. The current impairment reflects continuing economic pressures including inflation and the impact on customers and dutyholders who owe money to HSE.

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. 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 the remainder of the Spending Review 2021 period

The Spending Review 2021 (SR21) informs our budget for the period 2022/23 to 2024/25. Our budget for 2023/24 comprises:

- planned total expenditure of £291m;
- £198m funded through grant in aid;
- £93m recovered through cost recovery and externally funded income.

*Table 10* Expenditure budget for 2023/24

| <i>Expenditure</i>                         | <i>£m</i>  |
|--|------------|
| Staff costs                                | <b>159</b> |
| Staff-related costs                        | <b>6</b>   |
| Estates and accommodation                  | <b>32</b>  |
| Information systems/information technology | <b>15</b>  |
| Technical support                          | <b>6</b>   |
| Depreciation                               | <b>10</b>  |
| Other including programme expenditure      | <b>41</b>  |
| Programme capital                          | <b>15</b>  |
| Baseline capital                           | <b>7</b>   |

We recognise the current context of financial challenges such as high inflation, supply chain issues and public sector financial constraints as we strive to set a realistic Business Plan.

As an organisation, we have a strong track record in driving efficiencies from our work while seeking to ensure that the burden of costs falls, in a proportionate manner, on those who create risk. We have a number of ongoing projects, including some linked to the recent Spending Review 2021 settlement, which demonstrate HSE's continued commitment to operating efficiently, effectively, and economically. Collectively, these will help us meet the SR21 HMT efficiency challenge (5%/£7m reduction in funding from 2024/25) and position ourselves well to operate effectively while meeting any future fiscal constraints.

The planned growth in HSE's role, reflected in our 10-year strategy, provides further opportunities for HSE to deliver economies of scale, particularly in our corporate services and policy functions. This will allow us to deliver government priorities in a cost-effective manner. We will also seek to increase our partner collaboration to increase our reach, influence and impact through low-cost channels.

Benchmarking of HSE's corporate services functions also shows strong performance against relevant comparators. A combination of investment in new and improved systems, alongside economies of scale, will drive further improvement against these measures. A Cabinet Office led benchmarking exercise in 2022 across government arm's-length bodies concluded HSE was a strong performer.

In addition, the Public Bodies Review report concluded that it would be difficult to identify any clear further savings, without affecting core delivery, that could be made at the present time given the increased workload with which HSE is being tasked.

## 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;
- wherever possible, procuring HSE's goods and services against centrally let Crown Commercial Services frameworks that have been set up with due consideration to sustainability and social and ethical procurement issues;
- where procurement of replacement goods is unavoidable, seeking to buy goods that comply with Government Buying standards for the goods in question. HSE seeks to dispose of retired goods in accordance with the relevant environmental regulations;
- applying appropriate social value considerations to award criteria for contracts in scope of PPN 06/20. It is HSE policy to only buy vehicles that comply with Government Ultra Low Emission Vehicle (ULEV) commitments unless there are specific operational imperatives for not doing so.

The impact of COVID-19 has been succeeded by the impact of hybrid working. There is a consequential reduction in office electricity and water consumption, reduced paper consumption and reduced commuting and work-related travel. The true net impact of the changed ways of working is not calculable as we do not know how much additional power and water is being used at home.

With the take-up of hybrid working, increased use of video conferencing/ collaboration software within HSE Teams meetings are now embedded as the norm. The anomalous nature of the three years 20/21, 21/22 and 22/23 makes comparisons with pre-COVID years largely invalid, so we are not offering narrative commentary on progress. Future periods will be closely monitored for true performance.

We continue to seek to make improvements in all aspects of sustainability and look to align with government targets where possible. These are the key points for the year:

- We have eliminated most of the single-use items at our Bootle and Buxton sites and continue to investigate further options.
- We are working with the building owners to activate the EV charging points at Redgrave Court. Additional vehicle charging points have been installed at our Buxton site.
- Our Buxton site is in the process of changing from the use of bottled water to mains-fed water, cutting the use of plastics and saving transport emissions from deliveries. Installation in the main building is now complete and we are now extending this to the lesser-used buildings.
- At our 550-acre Buxton site, a scoping study was undertaken by Derbyshire Wildlife Trust to consider opportunities and priorities in relation to nature recovery and habitat management. Further, more detailed, follow-up studies are planned for spring 2023/24.
- Carbon reduction and water conservation feasibility/options studies have been completed at Buxton and the findings are being considered.
- HSE's landlord at Redgrave Court has successfully applied for and been granted various funding elements for carbon reduction initiatives within the building – such as solar power feasibility investigations and a destratification fan which will reduce gas heating consumption. The design phase has been completed for some of the projects. Further elements of the project will continue into 2023/24.
- At our Basingstoke office we have asked for carbon reduction proposals for the HVAC system.
- Carbon reduction feasibility/options have been requested from the hard FM company at Redgrave Court.
- We have increased the use of collaboration software (eg Microsoft Teams and Zoom) and Cloud-based services (eg Microsoft 365) which have permitted hybrid working within the organisation. Since the introduction of hybrid working, our offices have been operating at an average of 20-30% of full occupancy. This has reduced energy consumption in the offices significantly (eg heating, lighting and power for IT, which is hard to evidence as few of our offices are metered to identify tenant usage but instinctively must be true although masked by higher energy costs). This significantly reduced the amount of commuting HSE staff undertake to get to offices.
- HSE has never measured staff commuting in and out of work but if the offices are only 20-30% occupied, commuting must have reduced by 70-80%. Similarly, the same IT tools are allowing our inspectors to

conduct some work remotely which also leads to fewer people travelling to attend in-person meetings. This is evidenced by a reduction in T&S costs. Before the pandemic (FY18-19) our T&S costs were £7.57 million and in FY 22-23 the T&S costs were £4.66 million, therefore a saving of nearly £3 million's worth of avoided travel.

- We procure all IT hardware items with energy efficiency (going into sleep mode or turning off after a period of no use) as a requirement and we dispose of all IT hardware responsibly meeting WEEE regulations.
- We are also moving more services to the Cloud (software, platform and infrastructure as services) which reduces the direct energy costs from HSE offices and allows the supplier of the service to procure and manage their energy provisions more sensibly and efficiently.
- Lastly, we are moving 50% of our legacy IT hardware to the Crown Hosting Data Centre in Farnborough, which has strong sustainability credentials and is the government preferred location for hosting on-premise hardware.

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. In particular, there is a large increase in waste sent to landfill compared to last year. This is due mainly to the increase of works on the retained estate – a number of building clearances and renovations have led to a great deal of heavy waste such as rubble, soil etc. For this reason, the Buxton site is exempt from Greening Government Commitments (GGC) targets.

Moving forward, the continuation of hybrid working seems likely and will result in more staff working from home on a regular basis, which may reduce our footprint and, in turn, reduce associated emissions even further. We will continue to work closely with our FM providers in our two largest sites, to formulate an achievable plan to support the government's sustainability and net zero aspirations.

## **Greening Government Commitments**

The government's latest Greening Government Commitments (GGCs) and targets cover the period 2021-2025 and the baseline has been set as 2017/18. Emission reduction targets were negotiated and agreed by BEIS with all government departments and are published within the GGCs 2021-2025 publication. Emission targets were not assigned to arm's-length bodies but, as described above, HSE is engaging with our facilities management providers to identify realistic emissions targets for ourselves over the GGCs period. For other elements of the GGCs, HSE has adopted the same numerical targets as the overall government targets.

We are now in a new GGCs reporting cycle for 2021-25, with new government aims, objectives and targets, against a new baseline from 2017/18 figures.

**Table 11** Performance against GGCs compared to the baseline year 2017/18 and government reduction target (where appropriate).

| <i>Across the HSE estate the aim is to:</i>   | <i>Against government 2017-18 baseline</i> | <i>target (by 2025)</i>               | <i>Performance for year 2021-22</i> | <i>Performance for year 2022-23</i> | <i>Comments</i>   |
|---|--|---------------------------------------|-------------------------------------|-------------------------------------|---|
| Reduce total greenhouse gas emissions   | 8,534                                      | Target not yet set                    | 2,180.25                            | 2,962.11 (65% reduction)            | HSE is consulting with key suppliers regarding realistic achievable targets for these aims over the 2021-2025 period  |
| Scope 1   | 2,936                                      | Target not yet set                    | 1,185.45                            | 935.09                              |   |
| Scope 2   | 3,802                                      | Target not yet set                    | 947.13                              | 904.59                              |   |
| Scope 3   | 1,795                                      | Target not yet set                    | 652.30                              | 1,122.43                            |   |
| Reduce the distance travelled of domestic business travel flights by 30%  | 2,125,914                                  | <1,488,140                            | 249,433                             | 725,766 (66% reduction)             | 2021-22 not a representative year due to COVID-19 restrictions  |
| Report distance travelled on international flights  | 2,991,642                                  | No target reduction set by government | 69,458                              | 715,853                             | 2021-22 not a representative year due to COVID-19 restrictions  |
| Continue to reduce amount of waste generated by 15% from baseline   | 440  | <374                                  | 113.21                              | 304 (31%)                           | 2021-22 not a representative year due to COVID-19 restrictions  |
| Reduce waste sent to landfill to less than 5% of overall waste  | 2%   | <5%                                   | 0%                                  | 0%                                  | Due to the nature of the operations at Buxton the site is exempt from GGC targets. The percentage to landfill excludes our Buxton site, which sent 35% of its waste to landfill |
| Increase recycling to at least 70%  | 94%  | 70%                                   | 90%                                 | 85%                                 | The percentage recycling reported excludes our Buxton site. The combined percentage of recycling stood at 66% for 2022-23   |
| Measure and report on food waste by 2022, for estates with over 50 FTE (full time equivalent staff) and or over 500m <sup>2</sup> floor area offering a food service. | 0  | N/A                                   | N/K                                 | N/K                                 | This aim was set in October 2021. There is currently no data available. HSE is engaging with its suppliers to obtain data for future years                                      |
| Continue to reduce water consumption by at least 8% from baseline figure  | 27,692                                     | <25,476                               | 20,939                              | 27,177 (2% reduction)               | 2021-22 not a representative year due to COVID-19 restrictions and low office occupancy   |
| Reduce the amount of paper used by 50%  | 10,870                                     | <5,435                                | 3,006                               | 3,750 (66% reduction)               |   |



**Sarah Albon**  
 Chief Executive and Accounting Officer  
 Health and Safety Executive  
 12 July 2023

# 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 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. 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).

Further details on HSE's organisational structure can be found on our website.

## HSE Board

### Non-executives at 31 March 2023



Sarah Newton  
*Chair of the Board*



Chyrel Brown



David Coats



Martin Esom



Debbie Gillatt



Susan Johnson



John McDermid



Ged Nichols



Gina Radford



Ken Robertson



Claire Sullivan

## Our executives



Sarah Albon  
*Chief Executive*

James Anderson  
*Information  
Technology and  
Facilities*

Peter Baker  
*Building Safety  
and Construction*

Rick Brunt  
*Engagement and  
Policy*

Andrew Curran  
*Science*



Michael Jennings  
*Legal Services*

Clare Millington-  
Hume  
*Human  
Resources*

David Murray  
*Finance and  
Corporate  
Services*

Angela Storey  
*Business Change  
& Operational  
Service*

Phillip White  
*Regulation*

## Managing conflicts of interest

Members of the HSE Board and ExCo are asked to declare any potential conflicts of interest at each meeting and this is recorded in the minutes, along with any action taken.

## Personal data-related incidents

Information on personal data-related incidents can be found in the report of HSE's Data Protection Officer on pages 63 to 64.

## Statement of 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 the state of affairs of HSE and of its income and expenditure, Statement of Financial Position 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 (FRoM) 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 FReM, 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 HSE 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 2022/23.

As the Accounting Officer, I have maintained effective governance arrangements during 2022/23 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.

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.

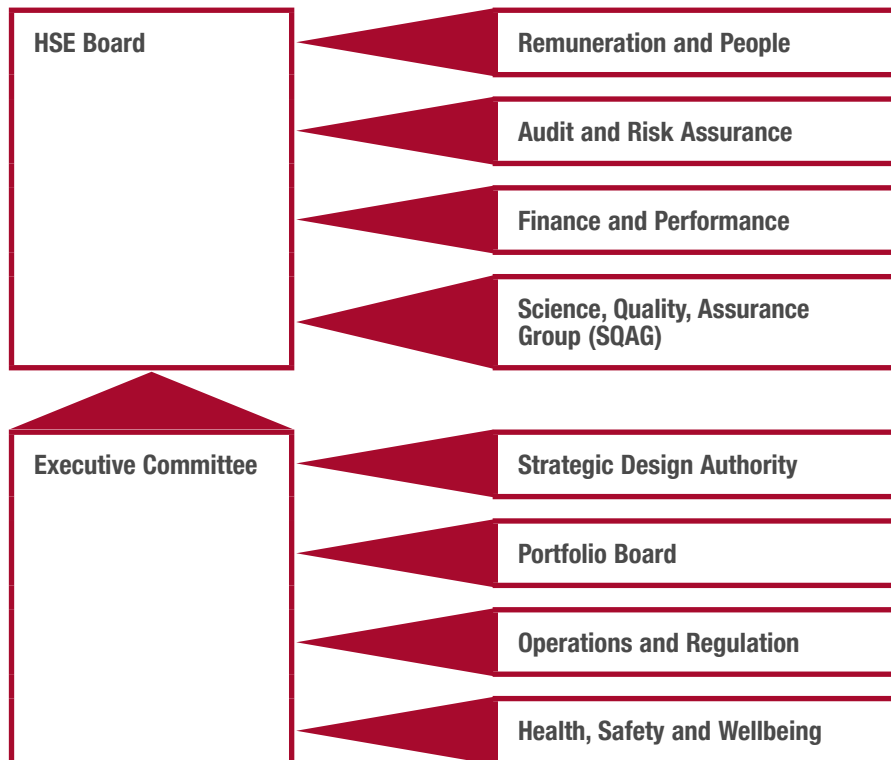
**Ministerial directions**

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 2022/23.

**Governance within HSE**

The chart at Figure 1 sets out the structure of our senior committees as at 31 March 2022. This structure and board/sub-committee terms of reference and membership is kept under regular review.

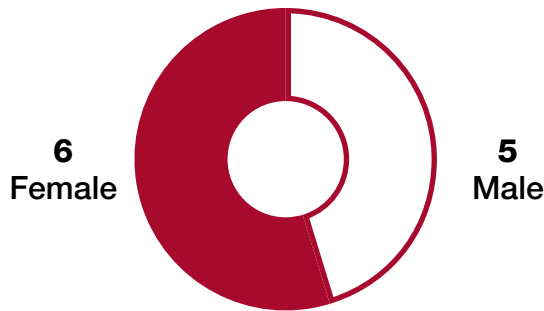
Figure 1 Governance structure of senior committees



### 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.

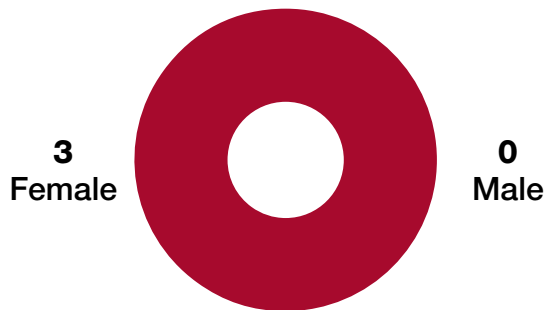
Figure 2 Board composition by gender as at 31 March 2023



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

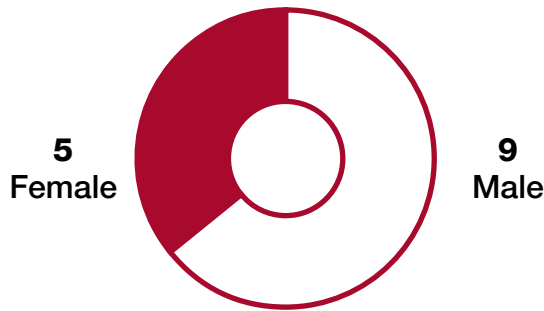
- The **Remuneration and People Committee (RPC)** provides assurance to the Board on people and capability issues, including pay policy, and is chaired by Claire Sullivan. This involves setting the framework for performance and remuneration of the Chief Executive; assessing and approving SCS pay awards; 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 3 Remuneration and People Committee composition by gender as at 31 March 2023



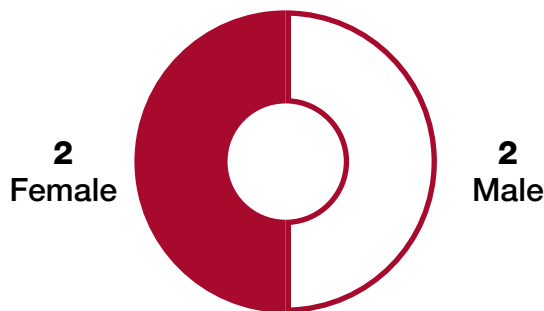
- The **Science Quality and Assurance Group (SQAG)** provides HSE with an independent assurance on the relevance and quality of our scientific research, and undertakes deep dives of our work.

*Figure 4* Science Quality and Assurance Group composition by gender as at 31 March 2023



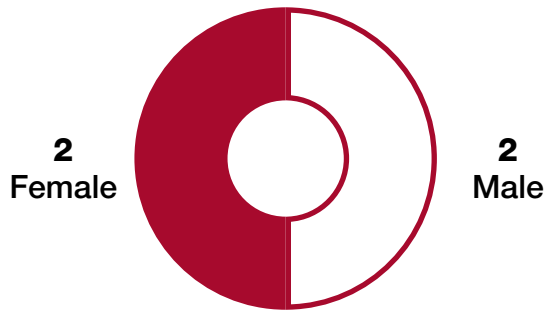
- The **Audit and Risk Assurance Committee (ARAC)** is chaired by Martin Esom and aims to provide assurance to the HSE Board and Accounting Officer on the appropriateness, adequacy, propriety and value for money of HSE’s audit, risk management and control arrangements. It reviews, monitors and challenges an Integrated Assurance Plan and ensures necessary actions are taken in response to recommendations arising from Internal Audit and other reviews. It also 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 TBA.

*Figure 5* Audit Risk and Assurance Committee composition by gender as at 31 March 2023



- The **Finance and Performance Committee** – the Committee’s key purpose is to support the HSE Board to meet its obligations in relation to financial and performance management.

*Figure 6* Finance and Performance Committee composition by gender as at 31 March 2023



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.

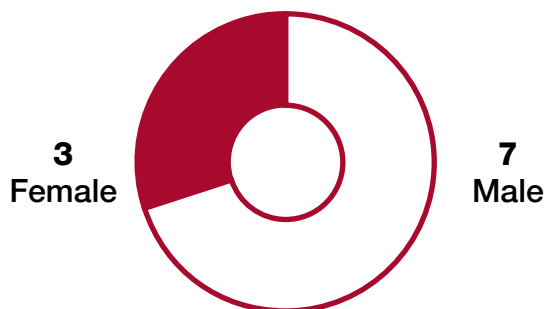
The Board and its sub-committees use a range of management information to monitor performance and support its discussions. This information includes financial, people and operational data.

### **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 7* Executive Committee (ExCo) composition by gender as at 31 March 2023



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. Governance arrangements aim 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 2022/23

*Table 12* Board and committee attendance by member and eligibility to attend

| <i>Name of board/committee member<br/>(and term of office held)</i> | <i>HSE Board</i>   | <i>Audit &amp; Risk<br/>Assurance<br/>Committee</i> | <i>People &amp;<br/>Remuneration<br/>Committee</i> | <i>Science,<br/>Quality,<br/>Assurance<br/>Group</i> | <i>Finance and<br/>Performance</i> | <i>Executive<br/>Committee</i> |
|---|--------------------|---|--|--|------------------------------------|--------------------------------|
|   | <i>10 meetings</i> | <i>4 meetings</i>                                   | <i>3 meetings</i>                                  | <i>1 meeting</i>                                     | <i>2 Meetings</i>                  | <i>10 meetings</i>             |
| <b>Non-executive members</b>  |                    |   |  |  |                                    |                                |
| Sarah Newton<br>(1 Aug 2020 to 31 Jul 2025)                         | 9 of 10            | -   | 1 of 3   | -  | 3 of 4                             | -                              |
| Susan Johnson OBE<br>(1 Jun 2016 to 31 Jul 2024)                    | 10 of 10           | -   | -  | -  | 4 of 4                             | -                              |
| Ken Robertson<br>(1 Oct 2016 to 31 Jul 2023)                        | 8 of 10            | 3 of 4  | -  | 1 of 1   | -                                  | -                              |
| Martin Esom<br>(1 Jul 2017 to 30 Jun 2025)                          | 8 of 10            | 4 of 4  | -  | -  | -                                  | -                              |
| Claire Sullivan<br>(1 Aug 2019 to 31 Jul 2024)                      | 10 of 10           | -   | 3 of 3   | -  | -                                  | -                              |
| Ged Nichols<br>(1 Sep 2019 to 31 Aug 2024)                          | 9 of 10            | -   | -  | -  | 4 of 4                             | -                              |
| John McDermid<br>(1 Oct 2019 to 30 Sep 2024)                        | 8 of 10            | -   | -  | -  | -                                  | -                              |
| Elaine Bailey<br>(13 Jan 2021 to 12 July 2022)                      | 3 of 3             | -   | -  | -  | 1 of 1                             | -                              |
| Debbie Gillatt<br>(27 Sep 2021 to 26 Sep 2026)                      | 10 of 10           | 4 of 4  | 3 of 3   | -  | -                                  | -                              |
| Gina Radford<br>(27 Sep 2021 to 26 Sep 2026)                        | 9 of 10            | -   | -  | -  | 3 of 4                             | -                              |
| Chyrel Brown<br>1 Sep 2022 to 31 Aug 2027                           | 6 of 6             | -   | -  | -  | -                                  | -                              |
| David Coats<br>1 Sep 2022 to 31 Aug 2027                            | 5 of 6             | -   | -  | -  | -                                  | -                              |

*Table 13* Committee attendance in 2022/23

| <i>Name of board/committee member<br/>(and term of office held)</i> | <i>HSE Board</i>   | <i>Audit &amp; Risk<br/>Assurance<br/>Committee</i> | <i>People &amp;<br/>Remuneration<br/>Committee</i> | <i>Science,<br/>Quality,<br/>Assurance<br/>Group</i> | <i>Finance and<br/>Performance</i> | <i>Executive<br/>Committee</i> |
|---|--------------------|---|--|--|------------------------------------|--------------------------------|
|   | <i>10 meetings</i> | <i>4 meetings</i>                                   | <i>3 meetings</i>                                  | <i>1 meeting</i>                                     | <i>2 Meetings</i>                  | <i>10 meetings</i>             |
| <b>Independent member of a sub-committee</b>                        |                    |   |  |  |                                    |                                |
| Charmion Pears  | -                  | 4 of 4  | -  | -  | -                                  | -                              |
| Cath Noakes (Leeds University)                                      | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| Peter Buckle (Imperial College)                                     | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| Shareen Doak (Swansea University)                                   | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| Camilla Alexander-White (Royal Society of Chemistry)                | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| Neil Bourne (Manchester University & Thomas Ashton Institute)       | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| Elaine Cloutman-Green (Consultant Clinical Scientist)               | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| Gary Macfarlane (Interdisciplinary Research and Research Impact)    | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| Abigail Hathway (Sheffield University)                              | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| Philipp Thies (Exeter University)                                   | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| Anthony Graham (OCEA Shipbuilding UK)                               | -                  | -   | -  | -  | -                                  | -                              |
| Mark Berry (Food and Life Sciences Consulting Ltd)                  | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| Richard Plumbly-Clegg (scientist engineer)                          | -                  | -   | -  | 1 of 1   | -                                  | -                              |
| <b>Executives</b>   |                    |   |  |  |                                    |                                |
| Sarah Albon   | 9 of 10            | 4 of 4  | 2 of 3   | -  | 1 of 4                             | 9 of 11                        |
| James Anderson  | 10 of 10           | -   | -  | -  | -                                  | 10 of 11                       |
| Peter Baker   | 9 of 10            | -   | -  | -  | -                                  | 9 of 11                        |
| Clare Millington-Hume   | 9 of 10            | -   | 3 of 3   | -  | 3 of 4                             | 10 of 11                       |
| David Murray  | 10 of 10           | 4 of 4  | -  | -  | 4 of 4                             | 11 of 11                       |
| Karen Russ  | 8 of 8             | -   | -  | -  | -                                  | 8 of 8                         |
| Angela Storey   | 10 of 10           | -   | -  | -  | -                                  | 10 of 11                       |
| Philip White  | 10 of 10           | -   | -  | -  | 4 of 4                             | 9 of 11                        |
| Katy Shrimplin  | 6 of 6             | -   | -  | -  | -                                  | 4 of 6                         |
| Andrew Curran   | 3 of 3             | -   | -  | 1 of 1   | -                                  | 3 of 3                         |
| Michael Jennings  | 4 of 4             | -   | -  | -  | -                                  | 3 of 3                         |
| Rick Brunt  | 10 of 10           | -   | -  | -  | -                                  | 10 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 during 2022/23 identified some good practices, alongside some opportunities to further improve, which will be taken forward in 2023/24.

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 monthly meetings, 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 and Risk 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**

During the year, the most significant risks we have managed are set out in the table below, alongside mitigating actions taken to manage them. This includes an assessment of risk as at March 2023. Action taken during the year has had a positive impact across HSE's risk portfolio, as shown below. Consequently, a full review of HSE's strategic risks is scheduled for quarter one in 2023-24.

*Risk description*

**The key elements which underpin the delivery of the new strategy [enabling strategies, road map, business plans] aren't sufficiently robust or aligned with each other or to the strategy meaning HSE doesn't focus its attentions on the right things, and potentially doesn't deliver the strategic intent we have set ourselves.**

Risk assessment at the end of March 2023



Target Tolerance Achievement: **April 2024**

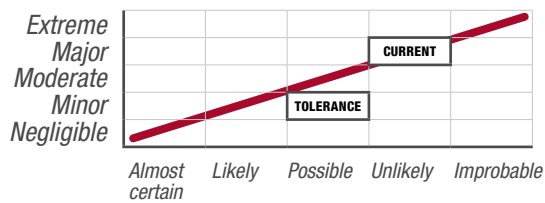
*Key controls and activities to manage risks*

The existing HSE governance processes will be utilised to ensure that the core corporate underpinning elements [enabling strategies, delivery plan and annual business plan] are robust and aligned.

- Develop and agree Target Operating Model (June 2023)
- Identify and develop the supporting strategies (June 2023)
- Produce the supporting delivery plan to deliver the target operating model (September 2023)
- Review and, if necessary, propose changes to the business planning process to drive alignment of planned activity to strategic choices (Delivered)
- Propose options for how HSE's governance arrangements can be used to assure the 'golden thread' from strategic objectives through the HSE annual plan to divisional plans, thus ensuring resources being utilised 'on the right things' (Delivered)

**Inability to attract, secure and retain the right people with the right skills and capabilities in sufficient numbers at the right time to deliver our commitments and align with future needs of the organisation.**

Risk assessment at the end of March 2023



Target Tolerance Achievement: **September 2023**

**Understanding the problem**

- Undertake analysis to better understand the specific areas of concern (eg location, skills) and share this with ExCo (delivered)

**Attracting calibre applicants**

- Devise a recruitment and attraction strategy including using employee experience insights (delivered)
- Review the Regulatory Training Programme for regulatory staff (VO/RCO/B4 and specialist regulators) to align with developing TOM and increase entry routes to regulatory roles (ongoing)

**Contingent Labour**

- Implement new contract for contingent labour using Public Sector resourcing as 'One Stop Shop' provider [to drive a more cost effective and efficient way of temporary resource] (delivered)

**Improve internal recruitment planning and governance**

- Implement an improved forward looking HSE wide recruitment plan which will be produced annually and updated quarterly (delivered)

**Address internal challenges to recruitment**

- Devise a recruitment improvement plan [implementation actions to follow] to address capability, process and MI challenges which can hinder efficient recruitment (ongoing)

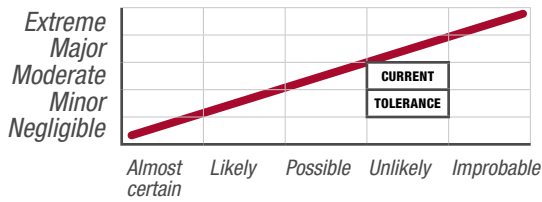
**Retaining Staff**

- Develop approach to long term pay reform to ensure HSE has competitive and attractive reward package (Delivered- pay reform case submitted to HMT/DWP/CO)
- Develop hybrid working policy (delivered)

*Risk description*

**Inability to plan delivery and forecast our supporting finance and resource needs to align to our priorities results in missed opportunities to take action and a potential lack of confidence in HSE’s ability to manage its finances realistically and accurately.**

Risk assessment at the end of March 2023



*Key controls and activities to manage risks*

- Integrate all change initiatives resulting in improved risk performance, new cost recovery proposals, efficiency savings and capability-based pay into one coherent narrative (*Sept 2023*)
- Develop and agreed detailed plan for SR21 5% (£7m) reduction in core funding from 2024/25 onwards (*Sept 2023*)
- Progress to consultation on ED cost recovery scheme following Ministerial approval (*Sept 2023*)
- Develop plan that ensures pesticide fees recover their costs involving stakeholders (*Dec 2023*)
- Introduce divisional forecast performance at ExCo Hub (*Sept 2023*)
- 1% forecast outturn included as part of letter of assurance process to Accounting Officer (*Sept 2023*)
- Deliver financial and commercial literacy training for all budget holders (*Dec 2023*)

Target Tolerance Achievement: **December 2023**

**Inability to utilise new or modern technology seamlessly across HSE means we don’t create more efficient ways of working, and staff become increasingly frustrated.**

Risk assessment at the end of March 2023



- Develop an IT strategy and technology road map to forecast the path for replacing all legacy systems and the introduction of new technologies (*Carried forward into 2023-24, as part of Digital, Data & Technology Strategy development*)
- Develop a pipeline of prioritised business efficiencies that will guide the technology road map (*Carried forward into 2023-24 as above*)
- Deliver a programme to replace COIN with a new case management system, with incremental and iterative deployment of new functionality during the life of the programme (*March 2024*)
- Deliver a programme to replace all legacy small systems (*March 2025*)
- Deliver a programme to modernise the IT infrastructure supporting Science Division (*March 2025*)
- Deliver a programme of training on IT to improve skills and confidence within the organisation (*Carried forward into 2023-24 as above*)

Target Tolerance Achievement: **March 2025**

*Risk description*

**Existing operational processes and practices are out of date and don't support efficient delivery or modern ways of working reducing our capacity to do more for the same (or less) and use our resources where it will add value.**

Risk assessment at the end of March 2023



Target Tolerance Achievement: **September 2023**

*Key controls and activities to manage risks*

**Regulatory approach**

- Modernise our approach to taking prosecutions forward to bring in line with other regulators (*Delivered*)
- Review and update 'Reducing Risks – Protecting People' (*carried forward into 2023-24, working alongside ONR*)

**Regulatory processes and ways of working**

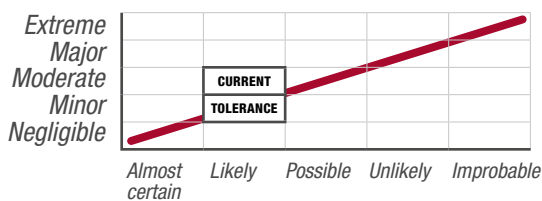
- Review the handling of concerns in the field:
  - Produce interim process recognising that the existing procedure is outdated (*Delivered*)
  - Review pilot on dealing with red concerns to inform longer term approach to handling them (*Delivered*)
- Review approach to the selection of reportable incidents to investigate (ie incident selection criteria) and carry out pilot (*Delivered*)
- Review procedure for queries and dispute for FFI especially disputes process and clear backlog (*Final delivery carried forward into 2023-24, majority already completed in-year*)
- Catalogue and review legal operational guidance, including producing guidance on use of digital processes eg, use of electronic signatures. (*Delivered*)

**Working with Others**

- Prepare scope for review of Local Authority regulation of health and safety (*Implementation carried forward into 2023-24, proposals delivered in-year*)

**Lack of the necessary attributes of an effective performance management framework [MI framework, systems, processes, measures and targets] results in insufficient information to know whether HSE is delivering efficiently and effectively and potentially fail to take timely corrective action.**

Risk assessment at the end of March 2023



Target Tolerance Achievement: **June 2023**

- Appoint performance senior lead (*Delivered*)
- Implement reporting of new measures to the performance hub (*Delivered*)
- Undertake a 'stocktake' review of ExCo members' performance information needs, data availability, adequacy of supporting systems and report outcome and proposals for improvement to ExCo. (*Ongoing & part of CORE project*)
- Following stocktake, develop a new performance framework for HSE with clear change control (*Delivered – draft*)
- Recruitment of experienced performance analyst to support performance lead and oversee production of Performance Hub & associated products (*Delivered*)

### 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.

Table 14 outlines how the sources of assurance fit together, and how their outcomes have been reported to me as Accounting Officer, and relevant governance fora within HSE.

Table 14 Framework for considering effectiveness

|  |   |   |  |
|--|---|---|--|
| <i>Annual assessment</i>   | <b>Accounting Officer</b><br>Assessment of effectiveness  |   |  |
| <i>Reporting</i>   | <b>Quarterly Integrated Assurance Report</b><br>to Executive Committee and Audit and Risk Assurance Committee   |   |  |
| <i>Core assurance components used to determine effectiveness</i> | <b>1st line</b>   | <b>2nd line</b>   | <b>3rd line</b>  |
|  | <b>Directors’ Letters of Assurance</b><br>– subject to independent review<br><br><b>Government Functional Standards</b><br>– in year self-assessments against full standards<br><br><b>Concern mechanisms</b> | <b>Corporate and Regulatory Assurance Teams</b><br>– In-year reviews<br>– Annual assessment<br><br><b>Data Protection Officer</b><br>– In-year reviews<br>– Annual assessment<br><br><b>Programme Management Office</b><br>– In-year health checks<br><br><b>Chief Scientific Advisor</b><br>– Annual assessment<br><br><b>Audit and Risk Assurance Committee</b><br>– Annual report and assessment | <b>Internal Audit</b><br>– Individual reviews<br>– Annual opinion<br><br><b>Other external assurances including:</b><br>– DWP Annual Assurance Assessment<br>– Government Business Services in relation to SSCL<br>– Government Security Function<br>– Civil Service Commission<br>– Investigatory Powers Commissioner’s Office<br>– Infrastructure and Projects Authority |
| <i>Underlying foundations</i>                                    | <b>HSE Governance, Risk and Control Framework</b>   |   |  |

### Overall governance and control framework

Our risk framework is described on page 57. In addition to the risk register as indicated on pages 57 to 60, 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 regularly. 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 (see below).

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

are subject to proportionate checks, supported by second and third-line assurance activity as appropriate. When improvements are identified, additional action is taken. The improvement in the timely implementation of audit recommendations - there were no overdue high priority recommendations at the year end – demonstrates my and ExCo's commitment to improving our control environment.

Our integrated approach to second- and third-line assurance planning, which brings all significant planned assurance activity together (irrespective of who the provider is), continues to ensure that HSE seeks to use its assurance resource in the most effective way - minimising gaps and avoiding duplication. The delivery of the plan continues to be routinely monitored by means of the quarterly Integrated Assurance Report, which brings together the outcomes from assurance outputs to enable a holistic view to be taken. This is firmly embedded in HSE's governance framework, being scrutinised by both ExCo and ARAC.

## **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 asked the Head of Business Assurance to undertake a detailed review from a quality perspective and consider whether any issues raised by Directors should be incorporated into this Governance statement.

Both my review and the review undertaken by the Head of Business Assurance did not highlight any issues of which I was not previously aware, nor which require separate reporting within this statement over and above those already included.

### **Functional standards**

Further to the work undertaken and reported within last year's governance statement, during this year I requested each Functional Lead to undertake a review of HSE's position against the full standard (including both mandatory and advisory elements), where possible using the functions' continuous improvement assessment frameworks. The outcomes of each of these has been reported to HSE's Operations and Regulation Committee (OrCo) and an update on action plans provided within the relevant Letter of Assurance. The discussions at OrCo indicated good progress in relation to the implementation of both mandatory and advisory elements, with clear actions to enhance controls where appropriate.

Aspects of the functional standards have been subject to second- and/or third-line assurance activity and this will continue in 2023/24, where elements of Functional Standard compliance has been incorporated into the Integrated Assurance Plan.

### **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 whistleblowers and our procedures offer a number of routes for employees to raise concerns, including nominated officers of Executive Committee (David Murray and Clare Millington-Hume) and the Board (Susan Johnson OBE). We have a very low number of whistleblowing concerns raised each year. In 2022/23, one case was raised [2021/22: 0 cases] direct to GIAA. This was a legacy issue regarding internal transparency of contracts awarded, which had previously been considered in accordance with the policy and process. GIAA are reviewing.

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

HSE has established policies in relation to fraud, bribery and corruption. These include a counter fraud, bribery and anti-corruption strategy and a fraud response plan, which sets out how potential instances will be investigated. These policies apply to all HSE employees, suppliers and contractors, and cover relevant legislation and individual responsibilities. During 2022/23 we have reviewed our response to the government's counter fraud, bribery and corruption functional standard and updated our action plan. We have investigated several potential instances and taken appropriate actions; and have participated in the National Fraud Initiative for the first time – we are investigating potential matches.

## **Second line assurance**

### **HSE Corporate and Regulatory Assurance Team activity**

During the year, both the corporate and regulatory assurance teams have delivered a number of reviews across a variety of functions, which continue to help build a more extensive robust evidence base to support decision making. While the reviews carried out by both teams have identified where controls could be improved, they have not identified any fundamental control gaps. Actions to enhance controls are being taken forward.

I have also noted that within her Quarter 4 Integrated Assurance report, the Head of Business Assurance indicates she considers HSE to have continued to enhance its approach to compliance and assurance.

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

As part of their 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 their 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 quality checks of HSE's public registers of convictions and enforcement notices to ensure all entries are appropriately validated and anonymised. No significant examples of non-compliance were identified.

The DPO's annual assessment has not highlighted any significant areas of concern. Good progress has been made in areas such as updating and enhancing various policies, including data sharing, events recording and the team has continued to provide online training and awareness sessions for specific topics. The DPO has noted improvements are required in quality and consistency of Data Privacy Impact Assessment submissions if HSE is to have the confidence that its change initiatives are considering privacy requirements at each stage.

Sixty one breaches of personal data [2021/22: 62] were notified to the DPO during the year, of which 1 [2021/22: 3] was deemed serious enough to meet the threshold for self-reporting to the Information Commissioner's Office.

### **Programme Management Office activity**

During 2022/23, the HSE Programme Management Office began undertaking annual health checks of the key programmes and projects within HSE's change portfolio. The outcomes of the health checks are reported to Portfolio Board quarterly and also incorporated into the integrated assurance reporting provided by the Business Assurance Team. Actions identified to improve the likelihood of each project achieving a successful outcome have been agreed and are being implemented.

### **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.

Given the independence of his role, I have taken assurance from the CSA's annual assessment which indicates:

- The Chair and members of the Science Quality Assurance Group (SQAG) have been appointed and the first meeting of the group has taken place.
- The Science, Evidence and Research Advisory Group (SERAG) continues to deliver additional assurance that any research commissioned aligns to HSE's strategy, plans and end-user needs.
- Structured self-assessments of the quality of science undertaken within HSE's Science Division took place in-year and were subject to independent challenge drawn from HSE's Heads of Professions,



Technical Fellows and Thomas Ashton Institute. While some common areas for improvement were identified and continuous improvement plans are in place, the quality of the work was identified as being high and meeting the needs of the end user.

- Review of the Analysis Functional Standard (GovS 010) indicated all mandatory and advisory standards were met for core analysis work.
- An audit by GIAA, reviewing the arrangements in place for the delivery of the National Core Study on the transmission of Sars-CoV-2, provided moderate assurance and all recommendations were addressed within the agreed timescales.

In addition, we demonstrated our commitment to the principles of the Research Integrity Concordat, by publishing our first annual Statement of Research Integrity.

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

Given the remit of the ARAC as described on page 52, I have considered its views as part of my assessment. Having received and challenged reports from HSE management, National Audit Office (NAO) and Government Internal Audit Agency (GIAA), undertaken deep dives into key risks and taken into account the range of assurance outcomes reported via the integrated assurance report, the Committee's conclusion is that 'HSE's risk, governance and internal control framework is satisfactory and fit for purpose'. The ARAC was satisfied the outcomes from a wide range of assurance activity was largely positive and where improvements were identified, action plans were in place.

### **Third line assurance**

#### **Government Internal Audit Agency annual opinion**

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 (HIA) has provided an overall moderate opinion for 2022/23 (21/22: moderate) which means 'some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.' The HIA has indicated 'Overall I have observed that governance, risk and control arrangements continue to be strengthened across HSE'.

Of the 11 audits where an opinion was provided, only one received a Limited Opinion. This related to the HSE estate and a series of recommendations has been agreed. Both I and ARAC will close monitor their implementation using existing governance arrangements to ensure the control gaps are rectified.

### Other external assurances

I have also considered 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 to be medium risk, which represents no change from last year. Medium risk means there are 'No serious issues with performance and delivery of objectives, or issues are being managed effectively. External changes have minimal impact or are being mitigated effectively. No serious issues identified with the relationship with DWP.'

**Shared Services Connected Limited (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 PricewaterhouseCoopers LLP (PwC). I have noted the assurance opinions provided by PwC (Limited Assurance) and GIAA (Limited) both of which indicate a reduced level of assurance from their assessments last year. For those audits of relevance to HSE and which received an opinion below moderate (or equivalent), I have been sufficiently assured there is no material impact on HSE's financial statements as a result of control weaknesses, and where appropriate HSE has proportionate compensating controls in place.

**Government Security Function (GSF):** The departmental security health check measures compliance with the minimum Technical Security Standards (Cyber, Personnel, Physical and Incident Management) and the mandatory elements of the Government Functional Security Standard (GovS 007). The self-assessment has been independently reviewed and scored by the GSF and I have taken assurance from their report.

In relation to GovS 007, GSF indicated HSE was above the government average. Although HSE was not fully meeting the standard with least compliance within the security practices and security life cycle areas of the control, GSF considered HSE has demonstrated commitment to making further improvements.

In relation to the technical security standards, GSF acknowledged that HSE:

- achieved 100% compliance with the cyber security controls;
- was above the government average in relation to personnel, physical and incident management controls; and
- has shown a good understanding of where improvements can be made with clear plans to implement these over the next 12 months.

**Civil Service Commission:** The Civil Service Commission (CSC) undertakes an annual assessment of organisations' compliance with the Civil Service Recruitment Principles.

I have taken assurance from their audit this year which indicated the lowest number of breaches over the last seven years, and there was a recognition of the improvements in control HSE had made in this area.

**Investigatory Powers Commissioner's Office (IPCO):** During the year, HSE was subject to an inspection by IPCO to review its powers in relation to directed surveillance and Covert Human Intelligence Source (CHIS). The information provided by HSE demonstrated a level of compliance that has removed, for the present, the requirement for a physical inspection. IPCO noted a number of improvements since its last audit, and no recommendations were raised.

**Infrastructure and Projects Authority (IPA):** I have taken assurance from the assessment undertaken in March 2023 by IPA in respect of the BSR programme. This has indicated successful delivery of the programme appears feasible, while recognising there are some significant issues which continue to require management attention. As such, the assessment included a series of recommendations, all of which are being progressed and monitored via appropriate governance fora.

### **Overall conclusion**

Having reflected upon the extensive evidence available to me, I consider HSE to continue 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.

### 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 funds available to departments as set out in the Government's Departmental 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 15** 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>4</sup> |         | Total (£'000) |         |
|-------------------------------------|---------------------------|---------------------------|------------------------|---------|---|---------|--|---------|---------------|---------|
|                                     | 2022-23                   | 2021-22                   | 2022-23                | 2021-22 | 2022-23   | 2021-22 | 2022-23  | 2021-22 | 2022-23       | 2021-22 |
| Sarah Albon<br>Chief Executive      | 140-145                   | 135-140                   | 5-10                   | 5-10    | 19 600 <sup>5</sup>   | 15 100  | (47) <sup>6</sup>                                | 22      | 120-125       | 180-185 |
| James Anderson                      | 105-110                   | 105-110                   | -                      | -       | -   | -       | 42   | 42      | 150-155       | 145-150 |
| Peter Baker                         | 100-105                   | 95-100                    | 5-10                   | -       | -   | -       | (64) <sup>6</sup>                                | 39      | 45-50         | 135-140 |
| Rick Brunt <sup>7</sup>             | 95-100                    | -                         | 5-10                   | -       | -   | -       | 126  | -       | 225-230       | -       |
| Andrew Curran CBE <sup>8</sup>      | 20-25<br>(95-100<br>FYE)  | -                         | -                      | -       | -   | -       | 16   | -       | 40-45         | -       |
| Michael Jennings <sup>9</sup>       | 20-25<br>(95-100<br>FYE)  | -                         | -                      | -       | -   | -       | (1) <sup>6</sup>                                 | -       | 20-25         | -       |
| Clare Millington-Hume <sup>10</sup> | 95-100                    | 65-70<br>(90-95<br>FYE)   | 5-10                   | -       | -   | -       | 38   | 24      | 140-145       | 85-90   |
| David Murray                        | 115-120                   | 115-120                   | 5-10                   | 5-10    | -   | -       | (47) <sup>6</sup>                                | 23      | 80-85         | 145-150 |
| Karen Russ <sup>11</sup>            | 90-95<br>(120-125<br>FYE) | 115-120                   | -                      | -       | -   | -       | 34   | 46      | 120-125       | 160-165 |
| Katy Shrimplin <sup>12</sup>        | 60-65<br>(95-100<br>FYE)  | 90-95                     | -                      | -       | -   | -       | (23) <sup>6</sup>                                | 84      | 35-40         | 175-180 |
| Angela Storey                       | 100-105                   | 95-100                    | 5-10                   | 5-10    | -   | -       | 39   | 39      | 145-150       | 145-150 |
| Philip White                        | 100-105                   | 95-100                    | -                      | 5-10    | -   | -       | (66) <sup>6</sup>                                | (5)     | 30-35         | 100-105 |
| Peter Brown <sup>13</sup>           | -                         | 90-95                     | -                      | 5-10    | -   | -       | -  | 4       | -             | 100-105 |
| Martin Beecroft <sup>14</sup>       | -                         | 25-30<br>(115-120<br>FYE) | -                      | -       | -   | -       | -  | 11      | -             | 40-45   |

**Table 16** Board (non-executive directors) single total figure of remuneration (subject to audit)

- 4 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 individual contributions. This is a notional figure that accounts for changes in post-retirement pension payments over a standard 20 year period. The figure can therefore be dominated in the first year following an uplift to salary on promotion. The real increases exclude increases due to inflation or any increase or decrease due to a transfer in pension rights.
- 5 From 1 April 2021, Sarah Albon registered HSE's Bootle HQ as a second permanent office in response to a change in working pattern following restricted travelling during the pandemic. This means that the cost of Sarah's travel to Bootle is treated as taxable. During the year, she incurred £19.6k of taxable expenses related to her travel to HSE's HQ in Merseyside.
- 6 Taking account of inflation, the CETV funded by the employer has decreased in real terms.
- 7 Rick Brunt replaced Peter Brown as Director of Engagement and Policy from 1 April 2022.
- 8 Andrew Curran joined ExCo on 1 January 2023, replacing Karen Russ as Director of Science Division.
- 9 Michael Jennings joined ExCo on 9 January 2023 as Director of Legal Services Division.
- 10 Clare Millington-Hume joined HSE on 19 July 2021 as Director of Human Resources.
- 11 Karen Russ left ExCo on 31 December 2022.
- 12 Katy Shrimplin left HSE on 22 November 2022.
- 13 Peter Brown retired on 31 March 2022.
- 14 Martin Beecroft left HSE on 30 June 2021.

|  | <i>Salary (£'000)</i>  |                        | <i>Bonus payments (£'000) (to nearest £1000)</i> |         | <i>Taxable expenses and other benefits-in-kind to nearest £100</i> |         | <i>Pension benefits</i> |         | <i>Total (£'000)</i> |         |
|--|------------------------|------------------------|--|---------|--|---------|-------------------------|---------|----------------------|---------|
|  | <b>2022-23</b>         | 2021-22                | <b>2022-23</b>                                   | 2021-22 | <b>2022-23</b>   | 2021-22 | <b>2022-23</b>          | 2021-22 | <b>2022-23</b>       | 2021-22 |
| Sarah Newton                               | 80-85                  | 80-85                  | -  | -       | -  | -       | -                       | -       | 80-85                | 80-85   |
| Elaine Bailey<br>(term ended 12 July 22)   | 0-5<br>(15-20<br>FYE)  | 15-20                  | -  | -       | -  | -       | -                       | -       | 0-5                  | 15-20   |
| Chyrel Brown<br>(term started 1 Sept 22)   | 5-10<br>(15-20<br>FYE) | -                      | -  | -       | -  | -       | -                       | -       | 5-10                 | -       |
| David Coats<br>(term started 1 Sept 22)    | 5-10<br>(15-20<br>FYE) | -                      | -  | -       | -  | -       | -                       | -       | 5-10                 | -       |
| Martin Esom                                | 15-20                  | 15-20                  | -  | -       | -  | -       | -                       | -       | 15-20                | 15-20   |
| Debbie Gillatt CBE                         | 15-20                  | 5-10<br>(15-20<br>FYE) | -  | -       | -  | -       | -                       | -       | 15-20                | 5-10    |
| Susan Johnson                              | 15-20                  | 15-20                  | -  | -       | -  | -       | -                       | -       | 15-20                | 15-20   |
| John McDermid                              | 15-20                  | 15-20                  | -  | -       | -  | -       | -                       | -       | 15-20                | 15-20   |
| Gerard Nichols                             | 15-20                  | 15-20                  | -  | -       | -  | -       | -                       | -       | 15-20                | 15-20   |
| Gina Radford                               | 15-20                  | 5-10<br>(15-20<br>FYE) | -  | -       | -  | -       | -                       | -       | 15-20                | 5-10    |
| Ken Robertson                              | 15-20                  | 15-20                  | -  | -       | -  | -       | -                       | -       | 15-20                | 15-20   |
| Claire Sullivan                            | 15-20                  | 15-20                  | -  | -       | -  | -       | -                       | -       | 15-20                | 15-20   |
| Janice Crawford<br>(term ended 31 July 21) | -                      | 5-10<br>(15-20<br>FYE) | -  | -       | -  | -       | -                       | -       | -                    | 5-10    |
| Kevin Rowan<br>(term ended 31 July 21)     |                        | 5-10<br>(15-20<br>FYE) | -  | -       | -  | -       | -                       | -       | -                    | 5-10    |

## 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 15 and 16.

### **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 and subsistence payments associated with home to office 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 2022-23 are based on 2021-22 performance and comparative bonuses for 2021-22 are based on 2020-21 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 lower quartile, median and upper quartile of the organisation's workforce. The banded remuneration of the highest paid director in HSE in the financial year 2022-23 was £145-150k (2021-22 £145-150k).

*Table 17* Pay Ratios of Organisation (total pay and benefits)

| <i>Year</i>    | <i>25th Percentile<br/>ratio/total remuneration<br/>(salary element)</i> | <i>Median ratio/total<br/>remuneration<br/>(salary element)</i> | <i>75th Percentile<br/>ratio/total remuneration<br/>(salary element)</i> |
|----------------|--|---|--|
| <b>2022/23</b> | <b>4.75 / £31 074<br/>(£30 344)</b>                                      | <b>3.55 / £41 572<br/>(£40 842)</b>                             | <b>2.63 / £56 000<br/>(£55 321)</b>                                      |
| 2021/22        | 4.84 / £30 463<br>(£29 749)  | 3.57 / £41 272<br>(£40 700)                                     | 2.72 / £54 144<br>(£53 430)  |

In 2022/23, eight employees (2021/22 7 employees) were paid in excess of the highest paid director. All were engaged on temporary contracts through recruitment agencies, providing leadership and/or specialist support to major HSE Programme activity.

Remuneration ranged from £21 539 to £233 420 (2021/22 £17 313 to £231 000).

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.

*Table 18* Fair Pay Disclosure

|   | 2022-23      | 2021-22      | % change | Explanation  |
|---|--------------|--------------|----------|--|
| Highest paid Director's salary and allowances   | £142 500     | £137 500     | 3.64     | CEO's salary increase of 2% was set by Remuneration Committee in accordance to the Cabinet Office SCS pay guidance. The difference to the calculated percentage relates to the use of the range mid-point which this is based. |
| Highest paid Director's performance pay/bonuses | £7 500       | £7 500       | -        |  |
| FTE staff numbers                               | 2 784        | 2 741        | 1.57     |  |
| All employee's salary, allowances and bonuses   | £136 097 000 | £131 767 000 | 3.29     | The increase in salary is due to additional staff numbers in 2022-23.  |
| Average salary, allowances and bonuses          | £48 887      | £48 070      | 1.70     | The increase in average salary is due to implementation of a 3% pay award from Oct 22.   |
| Total salary and allowances excluding bonuses   | £134 403 500 | £130 147 000 | 3.27     | The increase in salary is due to additional staff numbers in 2022-23.  |
| Average salary and allowances excluding bonuses | £48 279      | £47 479      | 1.68     | The increase in average salary is due to implementation of a 3% pay award from Oct 22.   |
| Total performance pay/bonuses                   | £1 693 350   | £1 620 260   | 4.51     | The increase in total performance bonuses accrued is due to additional staff numbers in 2022-23.   |
| Average performance pay/bonuses                 | £608         | £591         | 2.88     |  |

*Table 19* Pension benefits

| Officials                      | Accrued pension at pension age as at 31/3/2023 and related lump sum<br>£'000 | Real increase in pension and related lump sum at pension age<br>£'000 | CETV at 31/03/2023<br>£'000 | CETV at 31/03/2022<br>£'000 | Real increase in CETV<br>£'000 |
|--------------------------------|--|---|-----------------------------|-----------------------------|--------------------------------|
| Sarah Albon<br>Chief Executive | 65-70 plus a lump sum of 130-135   | 0 plus a lump sum of 0  | 1 301                       | 1 221                       | (65)*                          |
| James Anderson                 | 15-20  | 2.5-5   | 248                         | 206                         | 24                             |
| Peter Baker                    | 50-55 plus a lump sum of 135-140   | 0 plus a lump sum of 0  | 1 195                       | 1 130                       | (81)*                          |
| Rick Brunt                     | 45-50 plus a lump sum of 45-50   | 5-7.5 plus a lump sum of 5-7.5  | 945                         | 746                         | 111                            |
| Andrew Curran                  | 40-45 plus a lump sum of 75-80   | 0-2.5 plus a lump sum of 0-2.5  | 809                         | 781                         | 12                             |
| Michael Jennings               | 40-45 plus a lump sum of 70-75   | 0-2.5 plus a lump sum of 0  | 721                         | 711                         | (4)*                           |
| Clare Millington-Hume          | 5-10   | 0-2.5   | 67                          | 37                          | 21                             |
| David Murray                   | 65-70  | 0   | 1 109                       | 1 045                       | (58)*                          |
| Karen Russ                     | 15-20  | 0-2.5   | 284                         | 240                         | 22                             |
| Katy Shrimplin                 | 40-45 plus a lump sum of 120-125   | 0 plus a lump sum of 0  | 978                         | 943                         | (31)*                          |
| Angela Storey                  | 5-10   | 0-2.5   | 198                         | 158                         | 24                             |
| Philip White                   | 45-50 plus a lump sum of 135-140   | 0 plus a lump sum of 0  | 1 130                       | 1 093                       | (82)*                          |

\* Taking account of inflation, the CETV funded by the employer has decreased in real terms.



## 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.

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 throughout 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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

### **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)**

*Table 20* Honoraria and expenses paid to independent members of the Audit and Risk Assurance Committee

|   | <i>2022-23<br/>Total honoraria<br/>and expenses<br/>£'000</i> | <i>2021-22<br/>Total honoraria<br/>and expenses<br/>£'000</i> |
|---|---|---|
| Charmion Pears (1 Oct 2021 to 30 Sept 2024) | 3   | 1.5   |
| Amanda Hughes (1 Oct 2017 to 30 Sept 2021)  | -   | 1.5   |

### **Staff report**

Analysis of staff numbers and costs is provided in Tables 21 to 23 and Figures 8 and 10.

*Table 21* Staff Costs (this information is audited)

|   | 2022-23                                   |                |                | 2021-22      |
|---|---|----------------|----------------|--------------|
|   | <i>Permanently<br/>employed<br/>staff</i> | <i>Others*</i> | <i>Total</i>   | <i>Total</i> |
|   | <i>£'000</i>                              | <i>£'000</i>   | <i>£'000</i>   | <i>£'000</i> |
| Wages and salaries                                | 116 142                                   | 8 483          | 124 625        | 128 004      |
| Employers' National Insurance <sup>15</sup>       | 13 796                                    | -              | 13 796         | 12 482       |
| Pension costs                                     | 31 271                                    | -              | 31 271         | 29 638       |
| Lump sum exit costs                               | 250                                       | -              | 250            | 180          |
| <b>Total (as reported in the SoCNE)</b>           | <b>161 459</b>                            | <b>8 483</b>   | <b>169 942</b> | 170 304      |
| Less recoveries in respect of outward secondments | -   | -              | -              | (307)        |
| <b>Total net costs</b>                            | <b>161 459</b>                            | <b>8 483</b>   | <b>169 942</b> | 169 997      |

\* Temporary staff not on HSE's payroll, which may include agency workers, specialist contractors, interim managers, secondees etc.

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 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)). For 2023, employers' contributions of £30.5 million were payable to the PCSPS (2021/22: £29.7 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 2022/23 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 £182 488 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 £6 076, 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 2023 were £30 968. Contributions prepaid at that date were £nil. One person (2021/22: 1 person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £2 236 (2021/22: £2 771).

15 Includes Apprenticeship Levy payments of £559k during 2022/23 (2021/22 £549k).

**Table 22** Staff numbers (this information is audited) – the average number of full-time equivalent (FTE)

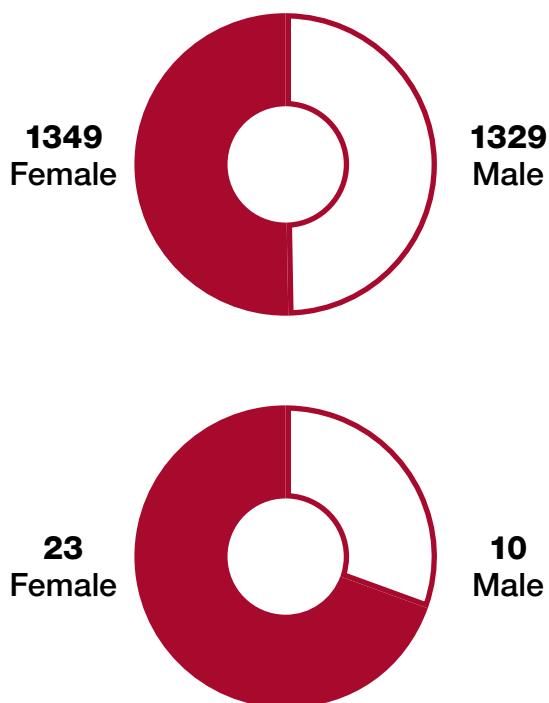
| <i>Permanent Staff</i> | <i>Other</i> | <i>2022-23 Total</i> | <i>2021-22 Total</i> |
|------------------------|--------------|----------------------|----------------------|
| <b>2 618</b>           | <b>145</b>   | <b>2 763</b>         | 2 668                |

**Table 23** The total HSE staff in post by full-time equivalents (FTE) and occupational group as at 31 March 2023

| <i>Occupational Group</i>                                     | <i>31 March 2023</i>      | <i>31 March 2022</i> | <i>31 March 2021</i> |
|---|---------------------------|----------------------|----------------------|
| Inspectors and visiting health and safety staff <sup>16</sup> | <b>1 004</b>              | 1 018                | 1 045                |
| Other professional or specialist staff                        | <b>1 396</b>              | 1 282                | 1 125                |
| Other staff<br>(of whom apprentices)                          | <b>280</b><br><b>(21)</b> | 257<br>(9)           | 262<br>(13)          |
| Contingent labour <sup>17</sup>                               | <b>105</b>                | 185                  | 161                  |
| Total staff <sup>18</sup>                                     | <b>2 785</b>              | 2 742                | 2 593                |

**Figure 8** Total HSE staff in post by FTE and gender (excluding Chair and contingent labour) as at 31 March 2023

**Figure 9** Senior Civil Servants' FTE gender split as at 31 March 2023

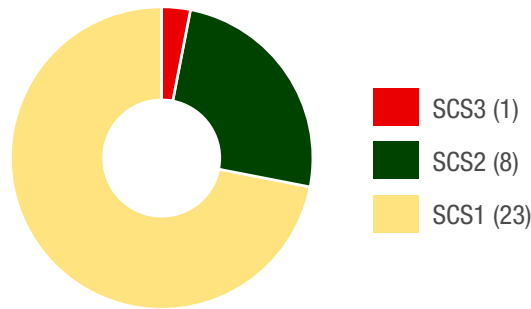


16 Comprises inspectors and visiting officers and regulatory compliance officers.

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

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

Figure 10 Senior Civil Servants' pay band as at 31 March 2023



We have made significant progress towards achieving several people objectives during 2022/23. These include:

**Recruitment:** HSE enhanced its recruitment processes and have undertaken a guidance and policy review and facilitated training for hiring managers. We adopted a more proactive approach to recruitment, moving to a professional recruitment business partnering model and making better use of a wider range of external job boards to broaden our candidate pool. HSE also provided comprehensive training and support to its recruitment team to ensure fair and equitable hiring practices. These change initiatives and interventions have resulted in an increase in our vacancy filling success rate from 50% 2 years ago to 82% as it currently stands now.

**Pay & Reward:** During 2022/23, an evidence-based 3-year pay business case was developed seeking approval to review and reform HSE’s complex pay structure and introduce a process for pay progression based on improved capability. The case was submitted to our parent department DWP in August 2022 and subsequently submitted to CO/HMT by DWP at the end of November 2022. We continue to work with our colleagues in DWP, CO and HMT Cabinet Office answering their questions and issues quickly, and are making good progress. Due to the fact many colleagues had not had a pay award for nearly 2 years and the cost of living situation, HSE decided to implement a 1-year pay award for 2022/23. During 2023/24, we will continue to progress the 3-year pay business case with implementation moved forward to October 2023. Implementation will also involve preparing and training our HSE colleagues for the introduction of a capability-based pay framework.

**Hybrid Working:** HSE launched its formal hybrid working policy in May 2022 following a significant period of engagement. Under the policy, all employees have the opportunity to work in a hybrid way where their role or aspects of their role allows, or if they prefer, continue to work in their designated office. The aim is to be as flexible as possible to support a healthy work-life balance, while ensuring business needs are met. In the most recent pulse survey, 84% of respondents reported that they understood the application of the hybrid working policy, with 90% feeling supported to work flexibly under the policy. A new e-learning package has

been launched providing hints and tips for a successful hybrid working environment. The next stage will be to further embed and maximise the policy.

**Learning & Development:** We have accomplished several achievements that have contributed to improving colleague engagement with learning; making processes more efficient and enhancing the learning culture. By refreshing policies and guidance, HSE has been able to ensure compliance and promote best practices. The development and launch of a digital learning site has enabled colleagues to access training materials and resources at their convenience, resulting in a more efficient learning experience. The introduction of colleague and management induction has helped new employees integrate into HSE and feel better connected from day one. A review of our apprenticeship strategy is also helping to identify how to attract new talent, build capability gaps, and provide progression pathways for staff. Plus, a refreshed colleague development offer gives all staff the tools to take ownership of their career. In our regulatory training programme, we have restructured summative assessments and associated learning materials to reflect operational process change in prosecution approval and a new national health strategy addressing occupational health management. Lastly, a focus on the accessibility of training design and delivery has created a positive atmosphere that respects diversity, promotes equality, and enhances the learning experience for all colleagues. Overall, these achievements have contributed to improving the learning culture at HSE and colleague engagement with learning over the past 2 years, moving from 45% in 2020 to 51%, where it is today.

**Health Safety & Wellbeing:** Our work on evaluating and improving our culture led to the publication of 9 Organisational Level Health Safety and Wellbeing Priorities. These link to most parts of our people strategy and therefore form a key part of our overall people plan. Action planning took place throughout 2022-23 which was supported by cross divisional Culture and Engagement workshops where we tried and tested practical ways of improving how we work together and look after each other.

**Diversity & Inclusion:** HSE has achieved several goals to promote diversity and inclusion within the organisation. We have implemented a reverse mentoring program on topics related to diversity, equality, and inclusion, as well as facilitating a 'building blocks program'. These have been beneficial for senior leaders who have gained a deeper understanding of diversity and inclusion issues, have improved their cultural competency, and have become better equipped to lead a diverse workforce. We continue to participate in Catapult which is a Civil Service-wide scheme, led by the Ministry of Justice (MOJ) with the aim to make a difference to social inclusion and mobility. HSE was awarded Disability Confident Leader status for the second time in November 2022, demonstrating its commitment to people with disabilities. We continue to ensure compliance with the Public Sector Equality Duty and our efforts in this area are contributing to building a more diverse and inclusive workforce.

**Enabling the Building Safety Regulator (BSR):** A phased recruitment plan has been developed and implemented to ensure BSR has the necessary capability and capacity to deliver its function, successfully providing the capability needed to manage the High-Rise Building registration service, which is set to launch in April. Additionally, BSR has achieved the milestone of transferring the Technical Policy function from DLUHC into HSE and has made key contributions in the design of the Target Operating Model and High-Risk Buildings operational function. A high-level learning strategy and syllabus has been developed to build the necessary capability to support BSR colleagues and several new training modules have been successfully developed. The syllabus covers the necessary regulatory skills and capabilities for working with high-rise buildings and the Building Control Profession, including technical and behavioural capabilities. By the end of April 2023, 69 new colleagues will have attended a two-day 'Welcome to BSR' event providing an overview of the regulator and its functions. Additional training modules will be available when BSR's duties and powers begin under the new Building Safety Act in 2023-2024.

The implementation of these activities has resulted in several positive outcomes for HSE. The recruitment process enhancements have resulted in a more efficient and effective hiring process, while the launch of the hybrid working policy has improved employee satisfaction with work-life balance and productivity. The focus on diversity and inclusion is laying the foundation blocks to foster a greater representation of underrepresented groups within our organisation and an improved understanding of unconscious bias. The digital learning site and focus on career development has resulted in increased employee engagement towards development over the past two years, and our focus on health, safety and wellbeing is helping to promote a positive people centric culture.

### **Staff turnover**

The number of staff leaving HSE has increased (from 281 in 2021/22 to 288 in 2022/23). Of the 288 leavers, 50 moved to new posts in other government departments and 71 retired. Eleven colleagues were dismissed, and 21 fixed-term appointments concluded. The average age of HSE employees has increased slightly from 46.7 to 46.9 in this time.

### **Pay**

We published our sixth gender pay gap (GPG) report in March 2023 in relation to the period covering 1 April 2021 to 31 March 2022.

We are pleased to report that there has been positive progress made in achieving our goal of ensuring gender parity, particularly in our senior leadership roles compared to last year. There has been an increase in women represented at SCS level, of 5.4%.

There has also been an increase in women progressing into a higher band, resulting in an increase of 0.7% progressing into Band 2 and an increase of 0.3% progressing into Band 5.



Also, the women to men ratio in the higher paid specialist pay ranges has seen an increase of 2%.

[Our Gender Pay Gap](#), compared to last year, shows an increase this year with a Mean pay gap of 20% and a Median pay gap of 23.1%. There have been contributory factors involved which make this appear disproportionately higher when compared to 2021, which had in part been due to the bonus in 2021 being paid on the date that the snapshot data had to be taken in March 2021 (full details can be found in the GPG report at page 9).

We have seen a decrease in our Mean bonus gap from 4% to 2%. While our Median bonus gap remains at 0%.

We continue to work towards achieving a much better gender balance across all bands and disciplines in HSE, and to attract more talented women into seeing the value of and commencing a rewarding career within our engineering disciplines. We want to ensure our main and future employees' career journeys are fair and inclusive to enable them to fulfil their potential regardless of gender, age, race, disability or belief.

Our ambition for 2023 and successive years is to continue to take proactive steps to improve pay transparency, going above and beyond the statutory duty to breakdown its data to discover where the real impacts lay. We are also taking steps to ensure our current and future employees' career journeys are fair and inclusive to enable them to fulfil their potential regardless of gender, age, race, disability, religion or belief, sexual orientation, gender reassignment, marriage and civil partnership.

### **Expenditure on consultancy**

There was £nil consultancy spend during the financial year (£nil: 2021/22).

### **Expenditure on contingent labour**

HSE spent a total of £8.5m (2021/22: £17.4m) on contingent labour during the financial year.

### **Highly paid off-payroll engagements**

Following the Review of tax arrangements of public sector appointees 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 24-26 indicate the number of off-payroll arrangements HSE has had in place.

**Table 24** Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater

|  |           |
|--|-----------|
| <b>Number of existing engagements as of 31 March 2023</b>                      | <b>76</b> |
| Of which:  |           |
| Number that have existed for less than one year at time of reporting           | 70        |
| Number that have existed for between one and two years at time of reporting    | 3         |
| 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 | -         |
| Number that have existed for four or more years at time of reporting           | -         |

**Table 25** All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater

|  |            |
|--|------------|
| <b>Number of temporary off-payroll workers engaged during the year ended 31 March 2023</b> | <b>127</b> |
| Of which:  |            |
| Not subject to off-payroll legislation   | 0          |
| Subject to off-payroll legislation and determined as in-scope of IR35                      | 127        |
| 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      | 31         |
| Of which: Number of engagements that saw a change to IR35 status following review          | 0          |

**Table 26** For any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

|  |   |
|--|---|
| Number of off-payroll engagement 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 financial responsibility' during the financial year. This figure should include both on-payroll and off-payroll engagements | 3 |

### **Exit packages (this information is audited)**

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.

There were no compulsory redundancies in 2022-23 (nil: 2021-22).

**Table 27** Number of other departures by cost band

| <i>Exit package cost band</i>         | <i>Number of other departures agreed</i> |         |
|---------------------------------------|--|---------|
|                                       | <b>2022-23</b>                           | 2021-22 |
| £0 – £25,000                          | <b>3</b>                                 | 2       |
| £25,001 – £50,000                     | -  | 1       |
| £50,001 – £100,000                    | <b>3</b>                                 | -       |
| £100,001 – £150,000                   | -  | 1       |
| > £150,001                            | -  | -       |
| Total number of exit packages by type | <b>6</b>                                 | 4       |
| Total resource cost £                 | <b>249 815</b>                           | 180 373 |

## Employee relations

**Table 28** Relevant union officials FTE

|  |      |
|--|------|
| Number of officials who were relevant union officials during relevant period | 74.1 |
|--|------|

**Table 29** Percentage of time spent on facility time

| <i>Percentage of time</i> | <i>Number of employees FTE</i> |
|---------------------------|--------------------------------|
| 0%                        | 0                              |
| 1 to 50%                  | 74.1                           |
| 51 to 99%                 | 0                              |
| 100%                      | 0                              |

**Table 30** Percentage of pay bill spent on facility time

|   |             |
|---|-------------|
| Total cost of facility time                       | 221 540     |
| Total pay bill                                    | 161 823 654 |
| Percentage of the pay bill spent on facility time | 0.14%       |

**Table 31** 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% |
|---|-------|

## **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 uphold and raise further awareness of the Commission Principles, and of the consequences of not following them. We have built a strong, transparent relationship with the Commission and engage with them regularly. This year HSE has had a significant reduction in Commission Principle breaches compared to 2021/2022 with only one breach being identified at Audit.

This year a full review of HSE Recruitment Processes and Guidance was carried out and all documents have been modernized and updated. A Vacancy Holder Toolkit has been created to upskill and support vacancy holders which is now widely used across HSE.

A key theme of improving our diversity outcomes in recruitment continues. Our attraction strategy will be implemented across 2023/2024 which will ensure we are targeting and attracting the best candidates from across the UK.

HSE is committed to recruiting those with disabilities and promote equality of opportunity for all. HSE will not tolerate discrimination on any grounds including disability. HSE recruitment processes follow the principle of selection based on merit in a fair and open competition as outlined in the Civil Service Commission Recruitment Principles. All vacancy adverts reiterate the department's commitment to embracing diversity and promoting equality of opportunity. HSE also now take part in the Great Place To Work For Veterans Scheme across the majority of its adverts and roles.

Recruitment within HSE faces many challenges over 2023/24 such as a 'candidate led market', competition with the Private Sector regarding pay for specialised roles and a high cost of living.

The continuation of establishing and resourcing the Building Safety Regulator requires significant recruitment over the coming year, as well as general recruitment to ensure HSE can operate to the high standards required.

The departmental occupational health provider continue to offer a wide range of occupational health services which can be accessed by existing staff and managers. Workplace Adjustment Passports continue to be used across HSE to facilitate such conversations and act as a record, prompting regular review.

All staff have access to Civil Service Learning which offers a wide selection of courses, and senior colleagues also have the opportunity to apply to join a Civil Service Accelerated Development scheme, DELTA (Disability Empowers Leadership Talent).

### **Sickness absence data**

The 2022/23 figure for average working days lost per FTE is 6.79 days, a small increase in comparison to 6.61 days per FTE in 2021/22. Of these average working days lost (AWDL) per staff year, 3.93 were lost to long-term sickness and 2.85 days to short-term sickness. There was a decrease for long-term sickness on the previous year from 4.07, and an increase in short-term absence on the previous year from 2.56 respectively. Mental health is the largest cause of long-term sickness absence at 54%, an increase from 36.2% on the previous year.

Over the last year, as we have seen more employees returning to offices, sickness absence has increased, although AWDL has decreased from 7.29 in April 2022 to 6.69 in March 2023, which is the lowest for the whole year. Mental health continues to be the largest cause of long-term absence and has increased during the year. However, our performance compares strongly with wider Civil Service performance which has reported an average 7.9 days across all departments. Consequently, we are comfortable that our efforts through the year drove a marked improvement given the national context as post-COVID working patterns returned to normal.

Support has continued to be provided to managers in relation to attendance issues. HR have delivered a number of successful webinars to support managers dealing with attendance issues. Feedback has been positive, which is possibly reflective in the drop of AWDL in March 2023 for the first time this year. Further support and updated guidance will shortly be launched to support employees and managers who need Workplace Adjustments in place in order to perform in their role, this includes an updated Workplace Adjustment Passport. Managers continue to be encouraged to attend Stress Awareness Workshops and to use and promote the available support tools and initiatives available, eg the employee assistance provision, occupational health, stress risk assessments, workplace adjustment passports and Working Minds.

## 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 made by HSE to staff and members of the public amounted to 3 cases during 2022/23 totalling £75 000 (2021/22: 5 cases to the value of £26 000).

*Table 32* Losses and special payments (this information is subject to audit)

|  | <i>2022-23</i><br><i>No of cases</i> | <i>2022-23</i><br><i>£'000</i> | <i>2021-22</i><br><i>No of cases</i> | <i>2021 -22</i><br><i>£'000</i> |
|--|--------------------------------------|--------------------------------|--------------------------------------|---------------------------------|
| Cash Losses                              | 25                                   | -                              | 34                                   | 1                               |
| Claims waived or abandoned               | 1 233                                | 2 024                          | 1 317                                | 1 223                           |
| Fruitless payment                        | 2                                    | -                              | -                                    | -                               |
| Stock, stores and obsolete publications  | 3                                    | -                              | 3                                    | 1                               |
| <b>Total losses</b>                      | <b>1 263</b>                         | <b>2 024</b>                   | <b>1 354</b>                         | <b>1 225</b>                    |
| Special payments <sup>19</sup>           | 3                                    | 75                             | 5                                    | 26                              |
| <b>Total losses and special payments</b> | <b>1 266</b>                         | <b>2 099</b>                   | <b>1 359</b>                         | <b>1 251</b>                    |

<sup>19</sup> There have been no cases where individually they amount to more than £300 000.

### HSE fees and charges

The table below includes information regarding HSE's significant statutory chargeable activities which generate fees of more than £1 million. HSE's fees and charges are set in accordance with the principals set out in its Fees and Charges policy.<sup>20</sup>

The financial objective of each regime is to fully recover our costs and not make significant surplus or deficit. In both 2022-23 and 2021-22, we made a significant deficit on biocides and plant protection fees. To address, we are currently reviewing fees regulations in this area to ensure we return to full cost recovery by 2024-25.

Table 33 HSE fees and charges (this information is subject to audit)

|   | 2022-23       |               |                               | 2021-22                         |               |                               |
|---|---------------|---------------|-------------------------------|---------------------------------|---------------|-------------------------------|
|   | <i>Income</i> | <i>Costs</i>  | <i>Surplus/<br/>(Deficit)</i> | <i>Income<br/>*reclassified</i> | <i>Costs</i>  | <i>Surplus/<br/>(Deficit)</i> |
|   | <i>£'000</i>  | <i>£'000</i>  | <i>£'000</i>                  | <i>£'000</i>                    | <i>£'000</i>  | <i>£'000</i>                  |
| Enforcement of offshore safety regulation   | 18 452        | 18 610        | (159)                         | 17 578                          | 17 558        | 20                            |
| Control of major hazards                    | 10 349        | 9 961         | 388                           | 11 584                          | 11 100        | 484                           |
| Biocides and plant protection <sup>21</sup> | 15 808        | 19 120        | (3 312)                       | 18 030                          | 15 425        | 2 605                         |
| UK REACH <sup>22</sup>                      | 4 686         | 4 673         | 13                            | 3 494                           | 3 019         | 475                           |
| Fee for intervention                        | 14 292        | 14 137        | 155                           | 13 342                          | 13 227        | 115                           |
| <b>Total</b>                                | <b>63 587</b> | <b>66 501</b> | <b>(2 915)</b>                | <b>64 028</b>                   | <b>60 329</b> | <b>3 699</b>                  |
| Other HSE Fees                              | 2 728         |               |                               | 2 519                           |               |                               |
| <b>Total fees and charges</b>               | <b>66 315</b> |               |                               | <b>66 547</b>                   |               |                               |

\* see note 4 in the Financial Statements



**Sarah Albon**  
Chief Executive and Accounting Officer  
Health and Safety Executive  
12 July 2023

20 <https://www.hse.gov.uk/fee-for-intervention/assets/docs/hse-costing-and-pricing.pdf>.

21 Biocides and Plant Protection now includes income from DEFRA to fund pesticide policy functions that HSE undertakes. This has been reclassified from Other Operating Income.

22 Under the European Union (Withdrawal) Act 2018, the EU REACH Regulation was brought into UK law on 1 January 2021 and is known as UK REACH (REACH – Registration, Evaluation, Authorisation and restriction of Chemicals).

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

## 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 2023 under the Health and Safety at Work etc. Act 1974.

The financial statements comprise the Health and Safety Executive's

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

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 2023 and its net operating expenditure for the year then ended; and
- 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 (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 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 Chief Executive 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 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 is anticipated that the services which they provide will continue into the future.

### **Other Information**

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate. The Chief Executive is 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.

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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Health and Safety at Work etc. Act 1974.

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

- the parts of the Accountability Report subject to audit 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 and is in accordance with the applicable legal requirements.

### **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 Reports.

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

## **Responsibilities of the Chief Executive for the financial statements**

As explained more fully in the Statement of Chief Executive's Responsibilities, the Chief Executive is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Health and Safety Executive from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Health and Safety at Work etc. Act 1974;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Health and Safety at Work etc. Act 1974; and
- 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 Chief Executive 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Health and Safety Executive's accounting policies,
- inquired 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 on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of 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 Executive's compliance with the Health and Safety at Work etc. Act 1974 and Managing Public Money;
- inquired of management, the Health and Safety Executive's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant external specialist regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Health and Safety Executive for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Health and Safety Executive's framework of authority and other legal and regulatory frameworks in which the Health and Safety Executive operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in

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 and tax legislation.

I considered other risk assessment procedures performed relating to fraud and non-compliance with laws and regulations. This included a risk-based review manual journals to identify those presenting a higher risk of fraud and review of revenue transactions to identify potential fraud or non-compliance with laws and regulations.

### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 and performing testing on fees and charges and other operating income.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members 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.

### **Other auditor's responsibilities**

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

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 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 July 2023

## Financial statements

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

(The notes on pages 99–122 form part of these accounts.)

|  | <i>Notes</i> | <b>2022-23</b><br><i>£'000</i> | <i>2021-22</i><br><i>restated<sup>23</sup></i><br><i>£'000</i> |
|--|--------------|--------------------------------|--|
| Staff costs  | 2            | <b>169 942</b>                 | 170 304  |
| Other operating costs  | 3            | <b>91 553</b>                  | 100 010  |
| <b>Total operating expenditure</b>                           |              | <b>261 495</b>                 | 270 314  |
| Fees and charges <sup>24</sup>                               | 4            | <b>(66 315)</b>                | (66 547)   |
| Other operating income                                       | 4            | <b>(29 694)</b>                | (28 818)   |
| <b>Total income</b>  |              | <b>(96 009)</b>                | (95 365)   |
| <b>Net operating expenditure</b>                             |              | <b>165 486</b>                 | 174 949  |
| <b>Other comprehensive net expenditure</b>                   |              |                                |  |
| Items which will not be reclassified to net operating costs: |              | <b>1 967</b>                   | 3 028  |
| Net loss on revaluation of property, plant and equipment     |              |                                |  |
| <b>Comprehensive net expenditure</b>                         |              | <b>167 453</b>                 | 177 977  |

All income and expenditure for the year ended 31 March 2023 is derived from continuing operations.

23 The SoCNE has been restated for 2021-22 to reflect revised accounting treatment (see Note 1.16) in respect of income received through Intra-Government estate leases (termed Memorandum of Terms of Occupation - MOTO). We previously treated this income as negative expenditure against Other Operating Costs to exclude costs for which HSE was effectively acting as agent to OGD's. For 2021-22, we received income of £6,861k which is now accounted in Other Operating Income in note 4.

24 Biocides and Plant Protection now includes income from DEFRA to fund pesticide policy functions that HSE undertakes. This has been reclassified from Other Operating Income.

## Statement of Financial Position as at 31 March 2023

(The notes on pages 99–122 form part of these accounts.)

|  | <i>Notes</i> | <i>2022-23</i><br><i>£'000</i> | <i>2021-22</i><br><i>£'000</i> |
|--|--------------|--------------------------------|--------------------------------|
| <b>Non-current assets</b>                                |              |                                |                                |
| Property, plant and equipment                            | 5            | 100 672                        | 106 271                        |
| Right of Use Assets                                      | 7            | 18 356                         | -                              |
| Intangible assets  | 6            | 1 215                          | 970                            |
| Trade and other receivables due after more than one year | 8            | 1 508                          | 1 916                          |
| <b>Total non-current assets</b>                          |              | 121 751                        | 109 157                        |
| <b>Current assets</b>                                    |              |                                |                                |
| Trade and other receivables                              | 8            | 46 368                         | 44 540                         |
| Cash and cash equivalents                                | 9            | -                              | 832                            |
| <b>Total current assets</b>                              |              | 46 368                         | 45 372                         |
| <b>Total assets</b>                                      |              | 168 119                        | 154 529                        |
| <b>Current liabilities</b>                               |              |                                |                                |
| Trade and other payables                                 | 10           | (56 358)                       | (52 023)                       |
| Provisions & pension liabilities                         | 11           | (76)                           | (69)                           |
| <b>Total current liabilities</b>                         |              | (56 434)                       | (52 092)                       |
| <b>Total assets less current liabilities</b>             |              | 111 685                        | 102 437                        |
| <b>Non-current liabilities</b>                           |              |                                |                                |
| Other payables   | 10           | (87 287)                       | (76 134)                       |
| Pension liabilities                                      | 11           | (913)                          | (1 116)                        |
| <b>Total non-current liabilities</b>                     |              | (88 200)                       | (77 250)                       |
| <b>Total assets less total liabilities</b>               |              | 23 485                         | 25 187                         |
| <b>Taxpayers' equity</b>                                 |              |                                |                                |
| General fund   |              | (11 737)                       | (12 002)                       |
| Revaluation reserve                                      |              | 35 222                         | 37 189                         |
| <b>Total taxpayers' equity</b>                           |              | 23 485                         | 25 187                         |



**Sarah Albon**  
*Chief Executive and Accounting Officer*  
 Health and Safety Executive  
 12 July 2023



## Statement of Cash Flows for the year ended 31 March 2023

(The notes on pages 99–122 form part of these accounts.)

|  | <i>Notes</i> | <b>2022-23</b>   | <b>2021-22</b> |
|--|--------------|------------------|----------------|
|  |              | <b>£'000</b>     | <b>£'000</b>   |
| <b>Cash flows from operating activities</b>  |              |                  |                |
| Net operating cost   |              | <b>(165 486)</b> | (174 949)      |
| Adjustments for non-cash transactions  | 3,4          | <b>12 057</b>    | 10 480         |
| (Increase)/decrease in trade and other receivables   | 8            | <b>(1 420)</b>   | 2 700          |
| Less movements in receivables relating to impairments  | 3            | <b>(1 882)</b>   | (2 220)        |
| Increase/(decrease) in trade payables  | 10           | <b>(1 972)</b>   | 4 133          |
| Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure                                 |              | <b>2 627</b>     | 2 733          |
| Use of provisions  | 11           | <b>( 68)</b>     | (67)           |
| <b>Net cash outflow from operating activities</b>  |              | <b>(156 144)</b> | (157 190)      |
| <b>Cash flows from investing activities</b>  |              |                  |                |
| Purchase of property, plant and equipment  |              | <b>(3 728)</b>   | (3 168)        |
| Purchase of intangible assets  |              | <b>( 1 042)</b>  | (348)          |
| Proceeds of disposal of property, plant and equipment  |              | <b>175</b>       | 453            |
| <b>Net cash outflow from investing activities</b>  |              | <b>(4 595)</b>   | (3 063)        |
| <b>Cash flows from financing activities</b>  |              |                  |                |
| Funding from DWP   |              | <b>165 751</b>   | 164 893        |
| Capital element of payments in respect of on-statement of financial position PFI contracts   | 10           | <b>(3 384)</b>   | (2 928)        |
| Repayment of principal on leases   | 10           | <b>(2 570)</b>   | -              |
| <b>Net financing</b>   |              | <b>159 797</b>   | 161 965        |
| <b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to Consolidated fund</b> |              | <b>( 942)</b>    | 1 712          |
| <b>Cash and cash equivalents at the beginning of the period</b>  | 9            | <b>832</b>       | (880)          |
| <b>Cash and cash equivalents at the end of the period</b>  | 9            | <b>(110)</b>     | 832            |

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

(The notes on pages 99–122 form part of these accounts.)

|  | <i>Notes</i> | <i>General Fund<sup>25</sup></i> | <i>Revaluation Reserve<sup>26</sup></i> | <i>Total Reserves</i> |
|--|--------------|----------------------------------|---|-----------------------|
|  |              | <i>£'000</i>                     | <i>£'000</i>                            | <i>£'000</i>          |
| <b>Balance at 31 March 2021</b>                          |              | (1 946)                          | 40 217                                  | 38 271                |
| Funding from DWP   |              | 164 893                          | -                                       | 164 893               |
| Comprehensive net expenditure for the year               |              | (177 977)                        | -                                       | (177 977)             |
| <b>Movements in reserves:</b>                            |              |                                  |   |                       |
| – Net gain/(loss) on revaluation                         |              | -                                | (3 028)                                 | (3 028)               |
| Recognised in Statement of Comprehensive Net Expenditure |              | 3 028                            | -                                       | 3 028                 |
| <b>Balance at 31 March 2022</b>                          |              | (12 002)                         | 37 189                                  | 25 187                |
| <b>Funding from DWP</b>                                  |              | 165 751                          | -                                       | 165 751               |
| <b>Comprehensive expenditure for the year</b>            |              | (167 453)                        | -                                       | (167 453)             |
| <b>Movements in reserves:</b>                            |              |                                  |   |                       |
| <b>Additions – Net gain/(loss) on revaluation</b>        | 5, 3         | -                                | (1 967)                                 | (1 967)               |
| Recognised in Statement of Comprehensive Net Expenditure |              | 1 967                            | -                                       | 1 967                 |
| <b>Transfer between reserves</b>                         |              | -                                | -                                       | -                     |
| <b>Balance at 31 March 2023</b>                          |              | (11 737)                         | 35 222                                  | 23 485                |

25 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.

26 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 2022/23 Government Financial Reporting Manual (FRoM) 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 for 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's financial position was a significant net asset balance of £23 million and we consider there to be no material uncertainties around the consideration of going concern. The majority (approximately two thirds) of HSE's funding is from government and there are no proposals or consultations which might affect the existence or nature of the organisation or materially impact HSE's ability to continue to meet its obligations. The basis of funding involves cash drawdown from the sponsor department (DWP) and therefore there are no liquidity risks identified for HSE.

Financial Year 2023/24 is the second of a 3-year funding settlement as part of HMT Spending Review 2021 (SR21) up to 31 March 2025. Continuing government support is further evidenced through the commitment of additional funding to:

- establish the new Building Safety Regulator within HSE;
- continue to develop and improve services for UK chemicals following the end of the EU transition period;
- continue to modernise our digital capability to help deliver HSE's 10-year strategy.

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 adoption of the going concern basis for the preparation of these accounts.

The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FRoM 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 2023. We've also taken into account the specific interpretations and adaptations included in the FReM.

### *IFRS 16 (Leases) effective from 1 April 2022*

HSE has adopted IFRS 16 as at 1 April 2022. The full impact of implementing is outlined in section 1.12.

### *IFRS 17 (Insurance Contracts) effective from 1 April 2023*

The International Accounting Standards Board (IASB) has issued IFRS 17 (Insurance Contracts), which replaces IFRS 4 (Insurance Contracts). It is expected to be effective for accounting periods beginning on or after 1 January 2023, following IASB decisions to defer the effective date.

Guidance has yet to be issued to government departments on the interpretation of this standard.

## 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:** We obtain professional RICS valuations for our two Private Financial Initiative (PFI) buildings where changes in valuation could potentially be material. Buxton Laboratory is valued on a depreciated replacement cost basis: the gross rebuild cost is estimated using the latest RICS approved construction cost indices. This cost is then reduced for factors relating to age of the building and an estimate for functional obsolescence. Functional obsolescence recognises that our requirements have changed, and the design of the building would therefore be different now than when commissioned prior to the design and build. The assumptions are based on a review completed in consultation with HSE Management.

Following implementation of IFRS 16 Leases, HSE define the capitalised lease term as the non-cancellable period of the lease, together with an

assessment by management of whether we are reasonably certain to exercise extension options (eg. where we are in a rolling 1 year agreement). This is completed by assessing our future organisational strategy together with long term estate plans and is reassessed at each reporting period.

The recoverability of trade receivables is reviewed annually at year-end as well as periodically during the year. HSE recognises expected credit losses using a forward-looking model that assesses the recoverability across its debt population. The model segregates debt into performing and non-performing categories and applies a combination of historical recoverability trends and our assessment of the likely collectability of significant 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.

HSE estimates the value of untaken holiday leave at the year-end using data held in its corporate leave system.

## **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 service 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.

### ***Income from customer contracts***

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 with methodology set out in our costing and pricing policy.

Income relating to significant customer contracts (those greater than £25k) 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.

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:

| <i>Asset Category</i>             | <i>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 improvements            | £100 000         | Remaining lease period, up to 20 years   |
| Individual IT assets              | £1 000           | 3 to 7 years   |
| Plant and machinery               | £1 000           | 5 to 10 years on initial recognition. Scientific equipment and major facilities are reviewed annually and can be re-lived beyond 10 years. |
| Individual furniture and fittings | £1 000           | 2 to 15 years (except 30 years Buxton PFI)   |
| Motor vehicles                    | £1 000           | 3 to 10 years  |
| Software, websites and licences   | £100 000         | 5 years or licence period if shorter   |
| Pooled software                   | £1 000           | 5 years or licence period if shorter   |

### **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 segment our trade receivables into categories based on historical recoverability trends. We use historic analysis of invoices outstanding at year-end 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. The calculation of expected credit losses is explained further in 1.4 Areas of Judgement.

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

### *Leases – prior to 1 April 2022*

HSE applied IAS 17 Leases up to 31 March 2022, recognising leases as either operating or finance leases. Leases were classified as finance leases when the risks and rewards of ownership were transferred substantially to the lessee; all other leases were classified as operating leases. Rental costs arising under operating leases are charged to the SoCNE in the year in which they are incurred.

Assets funded through finance leases are capitalised as right-of-use 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.

### *Leases – from 1 April 2022*

HSE has adopted IFRS 16 Leases from 1 April 2022 as mandated by HM Treasury through the FReM. IFRS 16 represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introducing a single lessee accounting model. IFRS 16 requires recognition of assets and liabilities for all leases in the Statement of Financial Position (SoFP), with exemption given to low value leases and short-term leases, ie those with lease terms of less than 12 months. The adoption of the standard results in the recognition of a right-of-use asset, representing a right to use the underlying leased asset and a lease liability, representing an obligation to make lease payments.

### *HSE as a lessee*

#### *Leases previously classified as operating leases: transition to IFRS 16*

HSE has adopted IFRS 16 on the cumulative catch-up basis as mandated in the FReM, and therefore the cumulative impact on previous years' results has been recognised at the beginning of the period. As such, the prior year comparative information has not been restated and IAS 17 applies for the prior year. Under the 'grandfathering' rules mandated for initial transition, a right-of-use asset and lease liability has been recognised for all relevant leases not previously recognised as finance leases for accounting purposes under IAS 17. Right of use assets will be measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments. HSE will use HM Treasury's central internal rate of borrowing (for existing leases 0.95% and new leases 3.3% from 1 January 2023), when it cannot obtain the rate implicit in the lease contract.

For existing contracts, we determined whether they contained a lease as defined within IFRS 16. A contract is defined as 'a contract, or a part of a

contract that conveys the right to use an asset for a period of time in exchange for consideration'. The definition of a contract is expanded to include intra-UK government agreements. This includes, for example, agreements termed Memorandum of Terms of Occupation (MOTO) for leasing office space.

We have taken advantage of the following recognition exemptions:

- leases with a lease term of 12 months or less and containing no purchase options; and
- leases where the underlying asset has a low value which we've aligned to our capitalisation policy thresholds (see note 1.8).

We have also adopted the following practical expedients on transition:

- not reassess whether a contract contains a lease;
- where it is not possible to separate non-lease components from lease components, we account for all components as a lease.

#### ***Measurement of right-of-use asset on transition***

On initial application, the right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the SoFP immediately before the date of initial application.

#### ***Measurement of lease liability on transition***

On initial application, the lease liability is measured at the present value of the remaining lease payments using the incremental borrowing rate at the date of initial application. The incremental borrowing rate is either:

- the interest rate implicit in the lease;
- HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined.

#### ***Impact on transition***

The table below reconciles the operating lease commitments under IAS 17 as presented in the Annual Report and Accounts 2021/22 to the lease liability calculated under IFRS 16 on 1 April 2022.

|   | <i>£ 000</i>  |
|---|---------------|
| <b>Operating lease commitments at 31 March 2022:</b>    | <b>14 656</b> |
| Discounted  | (1 007)       |
| Finance lease liabilities at 31 March 2022:             | 1 391         |
| Exemptions for:   |               |
| Short Term Leases                                       | (54)          |
| Low Value Leases  | -             |
| Extension options reasonably certain to be exercised    | 6 087         |
| Adjustment for irrecoverable VAT reported within IAS 17 | (575)         |
| <b>Lease liability recognised at 1 April 2022</b>       | <b>20 498</b> |

***Lease term***

HSE define the lease term as the non-cancellable period of the lease, together with an assessment whether it is reasonably certain to exercise break options or extension options (eg such as where HSE is in a longer term rolling 1-year agreement). HSE reassesses this if there are changes in circumstances that were not anticipated at commencement.

***Measurement of right-of-use assets***

Initial measurement is at the commencement date. HSE measures the right-of-use asset at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received.

***Depreciation of right-of-use assets***

Right-of-use assets are depreciated on a straight-line basis from commencement date to the end of the lease term.

***HSE as lessor***

The accounting policies as lessor are materially unchanged on adoption of IFRS 16.

**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.

### **1.16 Prior period error**

The SoCNE and notes 3 and 4 have been restated for 2021-22 to correct the accounting treatment in respect of income received through Intra-Government estate leases termed Memorandum of Terms of Occupation (MOTO). We previously treated this income as negative expenditure against other operating costs to exclude costs for which HSE was effectively acting as agent to Other Government Departments. For 2021-22, we received rental income of £6,861k which has been adjusted between note 3 operating costs (split between PFI service charges and Accommodation) and note 4 income (which now includes income from both commercial and MOTO estate sublets). As the adjustment is equal and opposite, there is no impact on net operating expenditure.

## Impact on SoCNE in 2021-22

|                                    | <i>Notes</i> | <i>2021-22</i> | <i>Adjustment</i> | <i>Restated 2021-22</i> |
|------------------------------------|--------------|----------------|-------------------|-------------------------|
| Staff Costs                        | 2            | 170 304        | -                 | 170 304                 |
| Other operating costs              | 3            | 93 149         | 6 861             | 100 010                 |
| <b>Total operating expenditure</b> |              | 263 453        | 6 861             | 270 314                 |
| Fees and charges*                  | 4            | (66 547)       | -                 | (66 547)                |
| Other operating income             | 4            | (21 957)       | (6 861)           | (28 818)                |
| <b>Total income</b>                |              | (88 504)       | (6 861)           | (95 365)                |
| <b>Net operating expenditure</b>   |              | 174 949        | -                 | 174 949                 |

\*Please note Fees and Charges and Other Operating Income include a reclassification (Fees and Charges 21/22 £61,311k and Other Operating Income £27 193k before reclassification)

(see note 4 for further details)

## Impact on Note 3 Operating Costs in 2021-22

|                     | <i>2021-22</i> | <i>Adjustment</i> | <i>Restated 2021-22</i> |
|---------------------|----------------|-------------------|-------------------------|
| PFI service charges | 11 677         | 5 899             | 17 576                  |
| Accommodation       | 7 734          | 962               | 8 696                   |

## Impact on Note 4 Income in 2021-22

|                                   | <i>2021-22</i> | <i>Adjustment</i> | <i>Restated 2021-22</i> |
|-----------------------------------|----------------|-------------------|-------------------------|
| Supply of accommodation to ONR    | 4 042          | 4 042             | -                       |
| Income from MOTO's                | -              | 6 861             | -                       |
| <b>Income from estate sublets</b> | 4 042          | 10 903            | 10 903                  |

## 2 Staff costs

|   | 2022-23                                   |                | <i>Total</i>   | 2021-22      |
|---|---|----------------|----------------|--------------|
|   | <i>Permanently<br/>employed<br/>staff</i> | <i>Others*</i> |                | <i>Total</i> |
|   | <i>£'000</i>                              | <i>£'000</i>   |                | <i>£'000</i> |
| Wages and salaries                                | 116 142                                   | 8 483          | 124 625        | 128 004      |
| Employers' National Insurance <sup>27</sup>       | 13 796                                    | -              | 13 796         | 12 482       |
| Pension costs                                     | 31 271                                    | -              | 31 271         | 29 638       |
| Lump sum exit costs                               | 250                                       | -              | 250            | 180          |
| <b>Total (as reported in the SoCNE)</b>           | <b>161 459</b>                            | <b>8 483</b>   | <b>169 942</b> | 170 304      |
| Less recoveries in respect of outward secondments | -   | -              | -              | (307)        |
| <b>Total net costs</b>                            | <b>161 459</b>                            | <b>8 483</b>   | <b>169 942</b> | 169 997      |

\* Temporary staff not on HSE's payroll, which may include agency workers, specialist contractors, interim managers, secondees etc.

Further detail about the staff costs and the number of people employed by HSE is included on pages 76 to 77 of the Accountability report.

27 Includes Apprenticeship Levy payments of £559k during 2022/23 (2021/22 £549k).

### 3 Other operating costs

|  | <i>notes</i> | <b>2022-23</b> | <i>2021-22</i><br><i>*restated</i> |
|--|--------------|----------------|------------------------------------|
|  |              | <b>£'000</b>   | <b>£'000</b>                       |
| Rentals under operating leases   |              | -              | 3 340                              |
| PFI service charges <sup>28</sup>                                      |              | <b>18 037</b>  | 17 576                             |
| PFI Interest charges   |              | <b>5 507</b>   | 5 725                              |
| Right of Use Asset interest charges                                    |              | <b>322</b>     | 145                                |
| Auditor's remuneration – Statutory audit <sup>29</sup>                 |              | <b>119</b>     | 108                                |
| Accommodation  |              | <b>9 562</b>   | 8 696                              |
| Travel and subsistence   |              | <b>4 813</b>   | 2 529                              |
| IT expenditure and telecoms  |              | <b>15 376</b>  | 12 856                             |
| Legal costs  |              | <b>4 430</b>   | 4 633                              |
| Staff development and training   |              | <b>1 857</b>   | 1 335                              |
| Publications   |              | <b>613</b>     | 554                                |
| Shared services costs <sup>30</sup>                                    |              | <b>2 275</b>   | 1 741                              |
| Covid Response Spot-checks Programme <sup>31</sup>                     |              | -              | 7 010                              |
| Recruitment  |              | <b>932</b>     | 1 219                              |
| Publicity  |              | <b>977</b>     | 692                                |
| Scientific sub-contract technical support                              |              | <b>1 974</b>   | 2 422                              |
| Scientific equipment   |              | <b>2 250</b>   | 2 544                              |
| Research and development   |              | <b>809</b>     | 1 036                              |
| Covid National Core Study (Transmission and Environment) <sup>30</sup> |              | <b>4 212</b>   | 9 479                              |
| Pesticides – purchase of samples                                       |              | <b>1 214</b>   | 1 373                              |
| Chemicals Regulation testing   |              | <b>1 463</b>   | 1 417                              |
| Other expenditure  |              | <b>2 579</b>   | 2 866                              |
| <b>Other operating costs<sup>32</sup></b>                              |              | <b>79 321</b>  | <b>89 296</b>                      |
| <b>Non-cash items:</b>   |              |                |                                    |
| Depreciation and amortisation of non-current assets                    | 5, 6, 7      | <b>9 184</b>   | 7 395                              |
| Charge for expected future credit losses                               |              | <b>1 882</b>   | 2 220                              |
| Losses on revaluation of PPE   |              | <b>1 179</b>   | 420                                |
| Gain on disposal of non-current assets                                 |              | <b>(60)</b>    | (114)                              |
| Impairment of non-current assets                                       | 5, 6         | -              | 352                                |
| Movement in provisions   | 11           | <b>(128)</b>   | 206                                |
| Training funded through Apprenticeship Levy                            |              | <b>176</b>     | 235                                |
| <b>Total non-cash items</b>  |              | <b>12 233</b>  | <b>10 714</b>                      |
| <b>Total operating costs</b>   |              | <b>91 554</b>  | <b>100 010</b>                     |

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

29 During the year, HSE has not purchased any non-audit services from its auditor, National Audit Office (NAO).

30 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.

31 HSE received additional funding in 2022/23 of £5m to support Government Science's National Core Transmission Studies. This was fully utilised with the balance of £0.8m expenditure within Note 2 Staff Costs.

32 Other Operating Costs have been restated for 2021-22 to reflect the revised accounting treatment (see Note 1.16) in respect of income received through intra-Government estate leases (termed Memorandum of Terms of Occupation - MOTO). We previously treated this income as negative expenditure against Other Operating Costs to exclude costs for which HSE was effectively acting as agent to OGD's. For 2021-22, we received income of £5,899k against PFI Service charges and £962k against Accommodation costs which is now accounted in Other Operating Income in note 4.

## 4 Income

|  | <b>2022-23</b> | <i>2021-22</i>            |
|--|----------------|---------------------------|
|  | <b>£'000</b>   | <i>*restated</i><br>£'000 |
| <b>Fees and charges</b>                      |                |                           |
| Biocides and plant protection <sup>33</sup>  | <b>15 808</b>  | 18 030                    |
| Control of major accident hazards            | <b>10 349</b>  | 11 584                    |
| Enforcement of offshore safety legislation   | <b>18 452</b>  | 17 578                    |
| Fee for intervention                         | <b>14 292</b>  | 13 342                    |
| UK REACH <sup>34</sup>                       | <b>4 686</b>   | 3 494                     |
| Other fees and charges                       | <b>2 728</b>   | 2 519                     |
| <b>Total fees and charges*</b>               | <b>66 315</b>  | 66 547                    |
| <b>Other operating income</b>                |                |                           |
| Prosecutions                                 | <b>2 956</b>   | 3 158                     |
| Income from Customer Contracts <sup>35</sup> | <b>13 714</b>  | 13 612                    |
| Income from estate sublets <sup>36</sup>     | <b>10 725</b>  | 10 903                    |
| Other income <sup>37</sup>                   | <b>2 299</b>   | 1 145                     |
| <b>Total other operating income</b>          | <b>29 694</b>  | 28 818                    |
| <b>Total income</b>                          | <b>96 009</b>  | 95 365                    |

### *Major Customers*

In accordance with IFRS 8 Operating Segments, HSE identifies a major customer as individually representing more than 10 percent of total income. In 2022-23 HSE did not receive income from any customers (2021-22 one) which consisted of more than 10 percent of the total.

33 Biocides and Plant Protection now includes income from DEFRA to fund pesticide policy functions that HSE undertakes. This has been reclassified from Other Operating Income and has increased income by £5,236k.

34 UK REACH - Registration, Evaluation, Authorisation and restriction of Chemicals).

35 Income from customer contracts is earned from discretionary activity (ie for which HSE has no statutory responsibility to provide) undertaken for any external organisation (excludes accommodation recharges).

36 2021-22 has been restated to reflect revised accounting treatment (see Note 1.16) in respect of income received through intra-Government estate leases (termed Memorandum of Terms of Occupation - MOTO). We previously treated this income as negative expenditure within Other Operating Costs to exclude costs for which HSE was effectively acting as an agent. For 2021-22, we received income of £6,861k which is now accounted within 'Income from estate sublets' together with sublet income from ONR (£4,042k in 2021-22).

37 Other Income includes non-cash drawdown of the funding associated with the Apprenticeship Levy £176k (2021/22 £234k).



## 5 Property, plant and equipment

| <b>2022-23</b>  | <i>Land</i>  | <i>Buildings</i> | <i>Leasehold<br/>improve-<br/>ments</i> | <i>Information<br/>technology</i> | <i>Motor<br/>vehicles</i> | <i>Plant<br/>and<br/>machinery</i> | <i>Furniture<br/>and<br/>fittings</i> | <i>Assets<br/>under<br/>construction</i> | <i>Total</i>   |
|---|--------------|------------------|---|-----------------------------------|---------------------------|------------------------------------|---------------------------------------|--|----------------|
|   | <i>£'000</i> | <i>£'000</i>     | <i>£'000</i>                            | <i>£'000</i>                      | <i>£'000</i>              | <i>£'000</i>                       | <i>£'000</i>                          | <i>£'000</i>                             | <i>£'000</i>   |
| <i>Cost or valuation opening<br/>balance at 31 March 2022</i> | <b>3 713</b> | <b>84 926</b>    | <b>9 994</b>                            | <b>13 812</b>                     | <b>1 325</b>              | <b>21 965</b>                      | <b>8 722</b>                          | <b>3 480</b>                             | <b>147 937</b> |
| Transferred to Right of Use<br>(note 7)                       | -            | (1 150)          | -                                       | -                                 | -                         | -                                  | -                                     | -  | (1 150)        |
| Cost or valuation opening<br>balance at 1 April 2022          | 3 713        | 83 776           | 9 994                                   | 13 812                            | 1 325                     | 21 965                             | 8 722                                 | 3 480                                    | 146 787        |
| Reclassifications   | -            | (69)             | 150                                     | 2 289                             | -                         | 342                                | -                                     | (2 712)                                  | -              |
| Additions   | -            | 71               | 6                                       | 650                               | -                         | 679                                | 82                                    | 3 223                                    | 4 711          |
| Revaluations  | 315          | (5 261)          | -                                       | -                                 | -                         | -                                  | -                                     | -  | (4 946)        |
| Disposals   | -            | -                | -                                       | (1 818)                           | (309)                     | -                                  | (247)                                 | -  | (2 374)        |
| <b>Balance at 31 March 2023</b>                               | <b>4 028</b> | <b>78 517</b>    | <b>10 150</b>                           | <b>14 933</b>                     | <b>1 016</b>              | <b>22 986</b>                      | <b>8 557</b>                          | <b>3 991</b>                             | <b>144 178</b> |
| <i>Depreciation opening<br/>balance 31 March 2022</i>         | -            | 1 097            | 7 172                                   | 9 391                             | 840                       | 18 131                             | 5 035                                 | -  | 41 666         |
| Transferred to Right of Use<br>(note 7)                       | -            | (34)             | -                                       | -                                 | -                         | -                                  | -                                     | -  | (34)           |
| Depreciation opening<br>balance 1 April 2022                  | -            | 1 063            | 7 172                                   | 9 391                             | 840                       | 18 131                             | 5 035                                 | -  | 41 632         |
| Reclassifications   | -            | -                | -                                       | -                                 | (2)                       | 2                                  | -                                     | -  | -              |
| Charge  | -            | 2 276            | 487                                     | 1 701                             | 81                        | 751                                | 637                                   | -  | 5 933          |
| Revaluations  | -            | (1 801)          | -                                       | -                                 | -                         | -                                  | -                                     | -  | (1 801)        |
| Disposals   | -            | -                | -                                       | (1 818)                           | (180)                     | -                                  | (260)                                 | -  | (2 258)        |
| <b>Accumulated depreciation<br/>at 31 March 2023</b>          |              | <b>1 538</b>     | <b>7 659</b>                            | <b>9 274</b>                      | <b>739</b>                | <b>18 884</b>                      | <b>5 412</b>                          | <b>-</b>                                 | <b>43 506</b>  |
| <b>Net book value<br/>at 31 March 2023</b>                    | <b>4 028</b> | <b>76 979</b>    | <b>2 491</b>                            | <b>5 659</b>                      | <b>277</b>                | <b>4 102</b>                       | <b>3 145</b>                          | <b>3 991</b>                             | <b>100 672</b> |
| <i>Asset financing</i>  |              |                  |   |                                   |                           |                                    |                                       |  |                |
| Owned   | 4 028        | 5 431            | 2 491                                   | 5 659                             | 277                       | 4 102                              | 1 986                                 | 3 991                                    | 27 965         |
| On-Statement of Financial<br>Position PFI contracts           | -            | 71 548           | -                                       | -                                 | -                         | -                                  | 1 159                                 | -  | 72 707         |
| <b>Net book value<br/>at 31 March 2023</b>                    | <b>4 028</b> | <b>76 979</b>    | <b>2 491</b>                            | <b>5 659</b>                      | <b>277</b>                | <b>4 102</b>                       | <b>3 145</b>                          | <b>3 991</b>                             | <b>100 672</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 is £9.3 million (£10.7 million 2021/22) at the latest interim desktop revaluation completed by Cushman and Wakefield at 31 March 2023. This 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 an interim desktop valuation of the PFI building at the Buxton Laboratory site as at 31 March 2023. The valuation was based on a depreciated replacement cost (DRC) basis and provides a value of £60.5 million (£64.2 million 2021/22) once adjusted for irrecoverable VAT on build costs. The valuation considers the rebuild costs of the building and factors in age of the facility and an estimation for functional obsolescence.

| <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                                       |

| 2021-22  | Land  | Buildings | Leasehold<br>improvements | Information<br>technology | Motor<br>vehicles | Plant<br>and<br>machinery | Furniture<br>and<br>fittings | Assets<br>under<br>construction | Total   |
|--|-------|-----------|---------------------------|---------------------------|-------------------|---------------------------|------------------------------|---------------------------------|---------|
|  | £'000 | £'000     | £'000                     | £'000                     | £'000             | £'000                     | £'000                        | £'000                           | £'000   |
| <i>Cost or valuation opening balance at 1 April 2021</i> | 3 083 | 90 629    | 10 054                    | 14 599                    | 1 981             | 21 280                    | 8 504                        | 3 811                           | 153 941 |
| Reclassifications  | -     | 173       | (30)                      | 1 910                     | -                 | 693                       | 36                           | (2 782)                         | -       |
| Additions  | -     | 27        | (30)                      | 475                       | 87                | (8)                       | 470                          | 2 451                           | 3 472   |
| Revaluations   | 630   | (5 903)   | -                         | -                         | -                 | -                         | -                            | -                               | (5 273) |
| Impairments  | -     | -         | -                         | (150)                     | -                 | -                         | -                            | -                               | (150)   |
| Disposals  | -     | -         | -                         | (3 022)                   | (743)             | -                         | (288)                        | -                               | (4 053) |
| Balance at 31 March 2022                                 | 3 713 | 84 926    | 9 994                     | 13 812                    | 1 325             | 21 965                    | 8 722                        | 3 480                           | 147 937 |
| <i>Depreciation opening balance at 1 April 2021</i>      | -     | 632       | 6 453                     | 10 231                    | 1 130             | 17 420                    | 4 689                        | -                               | 40 555  |
| Charge   | -     | 2 290     | 719                       | 2 183                     | 139               | 711                       | 607                          | -                               | 6 649   |
| Revaluations   | -     | (1 825)   | -                         | -                         | -                 | -                         | -                            | -                               | (1 825) |
| Disposals  | -     | -         | -                         | (3 023)                   | (429)             | -                         | (261)                        | -                               | (3 713) |
| Accumulated depreciation at 31 March 2022                | -     | 1 097     | 7 172                     | 9 391                     | 840               | 18 131                    | 5 035                        | -                               | 41 666  |
| Net book value at 31 March 2022                          | 3 713 | 83 829    | 2 822                     | 4 421                     | 485               | 3 834                     | 3 687                        | 3 480                           | 106 271 |
| <i>Asset financing</i>                                   |       |           |                           |                           |                   |                           |                              |                                 |         |
| Owned  | 3 713 | 5 828     | 2 822                     | 4 421                     | 485               | 3 834                     | 2 427                        | 3 480                           | 27 010  |
| On-Statement of Financial Position PFI contracts         | -     | 76 885    | -                         | -                         | -                 | -                         | 1 260                        | -                               | 78 145  |
| Finance lease  | -     | 1 116     | -                         | -                         | -                 | -                         | -                            | -                               | 1 116   |
| Net book value at 31 March 2022                          | 3 713 | 83 829    | 2 822                     | 4 421                     | 485               | 3 834                     | 3 687                        | 3 480                           | 106 271 |

## 6 Intangible assets

Intangible assets comprise purchased software licences, development costs for websites that deliver services and internally developed software.

| <i>2022-23</i>                                   | <i>Websites</i> | <i>Purchased software licences</i> | <i>Internally developed software</i> | <i>Payments on account and assets under construction</i> | <i>Total</i> |
|--|-----------------|------------------------------------|--------------------------------------|--|--------------|
|  | <i>£'000</i>    | <i>£'000</i>                       | <i>£'000</i>                         | <i>£'000</i>   | <i>£'000</i> |
| Cost or valuation at 1 April 2022                | 711             | 4 694                              | 537                                  | 96   | 6 038        |
| Reclassifications                                | -               | 107                                | (11)                                 | (96)   | -            |
| Additions in year                                | -               | -                                  | -                                    | 817  | 817          |
| Impairments                                      | -               | -                                  | -                                    | -  | -            |
| Disposals  | -               | (637)                              | -                                    | -  | (637)        |
| <b>Balance at 31 March 2023</b>                  | <b>711</b>      | <b>4 164</b>                       | <b>526</b>                           | <b>817</b>   | <b>6 218</b> |
| Amortisation at 1 April 2022                     | 646             | 3 991                              | 431                                  | -  | 5 068        |
| Charge in year                                   | 65              | 488                                | 19                                   | -  | 572          |
| Disposals  | -               | (637)                              | -                                    | -  | (637)        |
| <b>Accumulated amortisation at 31 March 2023</b> | <b>711</b>      | <b>3 842</b>                       | <b>450</b>                           | <b>-</b>   | <b>5 003</b> |
| <b>Net book value at 31 March 2023</b>           | <b>0</b>        | <b>322</b>                         | <b>76</b>                            | <b>817</b>   | <b>1 215</b> |

| <i>2021-22</i>                            | <i>Websites</i> | <i>Purchased software licences</i> | <i>Internally developed software</i> | <i>Payments on account and assets under construction</i> | <i>Total</i> |
|---|-----------------|------------------------------------|--------------------------------------|--|--------------|
|   | <i>£'000</i>    | <i>£'000</i>                       | <i>£'000</i>                         | <i>£'000</i>   | <i>£'000</i> |
| Cost or valuation at 1 April 2021         | 711             | 5 199                              | 535                                  | 192  | 6 637        |
| Reclassifications                         | -               | (2)                                | 2                                    | -  | -            |
| Additions in year                         | -               | 240                                | -                                    | -  | 240          |
| Impairments                               | -               | (107)                              | -                                    | (96)   | (203)        |
| Disposals                                 | -               | (636)                              | -                                    | -  | (636)        |
| Balance at 31 March 2022                  | 711             | 4 694                              | 537                                  | 96   | 6 038        |
| Amortisation at 1 April 2021              | 534             | 3 993                              | 431                                  | -  | 4 958        |
| Charge in year                            | 112             | 634                                | -                                    | -  | 746          |
| Disposals                                 | -               | (636)                              | -                                    | -  | (636)        |
| Accumulated amortisation at 31 March 2022 | 646             | 3 991                              | 431                                  | -  | 5 068        |
| Net book value at 31 March 2022           | 65              | 703                                | 106                                  | 96   | 970          |

## 7 Leases

This is a new note introduced for 2022-23 on introduction of IFRS 16 Leases. See accounting policy note 1 for information on implementation.

### 7a Right of Use Assets

| <i>2022-23</i>  | <i>Buildings</i><br><i>£'000</i> |
|---|----------------------------------|
| <b>Balance at 31 March 2022</b>   | -                                |
| Transferred from plant, property and equipment (Buildings) at 1 April 2022              | <b>1 150</b>                     |
| IFRS 16 implementation - cumulative catch-up  | <b>19 108</b>                    |
| Additions in year   | <b>808</b>                       |
| <b>Balance at 31 March 2023</b>   | <b>21 066</b>                    |
| <b>Balance at 31 March 2022</b>   | -                                |
| Depreciation transferred from plant, property and equipment (Buildings) at 1 April 2022 | <b>34</b>                        |
| Charge in year  | <b>2 676</b>                     |
| <b>Accumulated depreciation at 31 March 2023</b>  | <b>2 710</b>                     |
| <b>Net book value at 31 March 2023</b>  | <b>18 356</b>                    |

### 7b Lease liabilities

|   | <i>31-Mar-2023</i> | <i>31-Mar-2022</i> |
|---|--------------------|--------------------|
|   | <i>£'000</i>       | <i>£'000</i>       |
| <b>Gross liabilities</b>                          |                    |                    |
| Not later than one year                           | <b>2 512</b>       | 147                |
| Later than one year and not later than five years | <b>7 713</b>       | 588                |
| Later than five years                             | <b>8 514</b>       | 5 612              |
| <b>Total gross liabilities</b>                    | <b>18 739</b>      | 6 347              |
| Less: interest element                            | <b>(5 657)</b>     | (4 956)            |
| <b>Present value of obligations</b>               | <b>13 082</b>      | 1 391              |

### 7c Rental income from sub-leases

As at 31 March 2023 HSE had granted leases for buildings with rental income expected to be received, which falls due as shown below.

| <b>Income from rental under operating leases for the following periods comprise:</b> | <i>31 Mar 2023</i> | <i>31 Mar 2022</i> |
|--|--------------------|--------------------|
|  | <i>£'000</i>       | <i>£'000</i>       |
| Not later than one year  | <b>7 200</b>       | 7 448              |
| Later than one year and not later than five years                                    | <b>2 283</b>       | 3 583              |
| Later than five years  | -                  | -                  |
| <b>Total committed</b>   | <b>9 483</b>       | 11 031             |

## 8 Trade receivables and other current assets

|   | 31 March 2023 | 31 March 2022<br><i>restated</i> <sup>38</sup> |
|---|---------------|--|
|   | £'000         | £'000  |
| <b>Amounts falling due within one year</b>          |               |  |
| Trade receivables*                                  | 17 122        | 19 484   |
| Deposits and advances                               | 459           | 468  |
| Accrued income*                                     | 22 911        | 19 330   |
| Prepayments   | 2 891         | 2 398  |
| VAT   | 2 840         | 2 792  |
| Other receivables                                   | 145           | 68   |
|   | <b>46 368</b> | 44 540   |
| <b>Amounts falling due after more than one year</b> |               |  |
| Trade receivables                                   | 1 507         | 1 909  |
| Deposits and advances                               | 1             | 7  |
|   | <b>1 508</b>  | 1 916  |
| <b>Total</b>  | <b>47 876</b> | 46 456   |

\* The trade receivables and accrued income balances at 31 March 2023 are stated net of expected future credit losses. These amount to £9 370k (31 March 2022 £9 299k) in respect of trade receivables and £1 019k (31 March 2022 £962k) of accrued income.

### 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 which 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 2023, the accrued income balance relating to commercial work where further work must be completed before we are able to invoice customers is £1.6 million (31 March 2022 £1.6m). These balances are distinct from other receivables for which only the passage of time is required before consideration is due from customers or dutyholders.

<sup>38</sup> We have now applied our calculation of expected future credit losses to both trade receivables and accrued income balances and restated at 31 March 2022.

Income which is expected to be recognised on future years which related to performance obligations that are partially unsatisfied at the reporting date:

| <i>Recognised:</i>   | <i>31 March 2023</i>          |                                  | <i>31 March 2022</i>          |                                  |
|----------------------|-------------------------------|----------------------------------|-------------------------------|----------------------------------|
|                      | <i>Within 1 Year<br/>£000</i> | <i>More than 1 Year<br/>£000</i> | <i>Within 1 Year<br/>£000</i> | <i>More than 1 Year<br/>£000</i> |
| Commercial contracts | 4 521                         | 505                              | 4 056                         | 1 233                            |

## 9 Cash and cash equivalents

|   | <i>31 March 2023<br/>£'000</i> | <i>31 March 2022<br/>£'000</i> |
|---|--------------------------------|--------------------------------|
| Opening Balance                                 | <b>832</b>                     | (880)                          |
| Net change in cash and cash equivalent balances | <b>(942)</b>                   | 1 712                          |
| <b>Closing Balance *</b>                        | <b>(110)</b>                   | 832                            |

\* The closing balance at 31 March 2023 is an overdraft. We have disclosed this within note 10 Trade Payables.

All cash is held within the Government Banking Service.

## 10 Trade and other payables

|  | <i>31 March 2023<br/>£ '000</i> | <i>31 March 2022<br/>£'000</i> |
|--|---------------------------------|--------------------------------|
| <b>Amounts falling due within one year</b>   |                                 |                                |
| Taxation and social security   | <b>3 897</b>                    | 3 088                          |
| Pension contributions  | <b>3 801</b>                    | 3 116                          |
| Trade payables   | <b>7 500</b>                    | 4 345                          |
| Accruals   | <b>24 817</b>                   | 29 165                         |
| Deferred income  | <b>7 171</b>                    | 6 816                          |
| Capital accruals   | <b>2 866</b>                    | 2 105                          |
| On-Statement of Financial Position PFI contracts                                     | <b>3 687</b>                    | 3 386                          |
| Lease liabilities  | <b>2 510</b>                    | 2                              |
| Balance with Government Banking Service*   | <b>110</b>                      | -                              |
|  | <b>56 359</b>                   | 52 023                         |
| <b>Amounts falling due after more than one year</b>                                  |                                 |                                |
| Imputed finance lease element of on-Statement of Financial Position PFI contracts ** | <b>71 058</b>                   | 74 743                         |
| Lease liabilities **   | <b>16 229</b>                   | 1 391                          |
|  | <b>87 287</b>                   | 76 134                         |
| <b>Total</b>   | <b>143 646</b>                  | 128 157                        |

\* Cash and cash equivalents - See note 9

\*\* PFI and Lease liabilities details can be found in notes 13 and 7

### Contract liabilities

IFRS 15 revenue from contracts with customers requires disclosure of contract assets (included in 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 and total £7.2 million (31 March 2022 £6.8m).

## 11 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.

|  | <i>2022-23</i> | <i>2021-22</i> |
|--|----------------|----------------|
|  | <i>£'000</i>   | <i>£'000</i>   |
| Balance at 1 April 2022                    | <b>1 185</b>   | 1 046          |
| Provided in year                           | <b>(128)</b>   | 206            |
| Utilised in year                           | <b>(68)</b>    | (67)           |
| <b>Balance at 31 March 2023</b>            | <b>989</b>     | 1 185          |
| <b>Expected timing of future payments:</b> |                |                |
| Falling due within one year                | <b>76</b>      | 69             |
| Falling due after more than one year       | <b>913</b>     | 1 116          |

## 12 Capital commitments

|  | <i>31 March 2023</i> | <i>31 March 2022</i> |
|--|----------------------|----------------------|
|  | <i>£'000</i>         | <i>£'000</i>         |
| <i>Contracted commitments not otherwise included in these financial statements</i> |                      |                      |
| Property, plant and equipment  | <b>2 395</b>         | 1 537                |
| Intangible assets  | <b>1 462</b>         | 7                    |
| <b>Total commitment</b>  | <b>3 857</b>         | 1 544                |

## 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 £12.9 million (2021-22 £11.7m) and the payments to which HSE is committed are as follows:

|   | <b>31 March 2023</b> | 31 March 2022 |
|---|----------------------|---------------|
|   | <b>£'000</b>         | £'000         |
| Not later than one year                           | <b>18 736</b>        | 15 482        |
| Later than one year and not later than five years | <b>77 249</b>        | 63 845        |
| Later than five years                             | <b>144 649</b>       | 136 665       |
| <b>Total committed</b>                            | <b>240 634</b>       | 215 992       |

**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 2023</b> | 31 March 2022 |
|---|----------------------|---------------|
|   | <b>£'000</b>         | £'000         |
| Not later than one year                           | <b>8 943</b>         | 8 893         |
| Later than one year and not later than five years | <b>34 970</b>        | 35 126        |
| Later than five years                             | <b>71 630</b>        | 80 417        |
| Total committed                                   | <b>115 543</b>       | 124 436       |
| Less interest element                             | <b>(40 800)</b>      | (46 307)      |
| <b>Present value of obligations</b>               | <b>74 743</b>        | 78 129        |

| <i>Present value of obligations</i>               | 31 March 2023 | 31 March 2022 |
|---|---------------|---------------|
|   | <b>£'000</b>  | £'000         |
| Not later than one year                           | <b>3 685</b>  | 3 386         |
| Later than one year and not later than five years | <b>16 778</b> | 15 767        |
| Later than five years                             | <b>54 280</b> | 58 976        |
| <b>Total present value of obligations</b>         | <b>74 743</b> | 78 129        |

## 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.

|   | <i>31 March 2023</i> | <i>31 March 2022</i> |
|---|----------------------|----------------------|
|   | <i>£'000</i>         | <i>£'000</i>         |
| Not later than one year                           | <b>12 984</b>        | 18 303               |
| Later than one year and not later than five years | <b>11 265</b>        | 10 660               |
| Later than five years                             | <b>7 024</b>         | 7 131                |
| <b>Total committed</b>                            | <b>31 273</b>        | 36 094               |

## 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 also received significant funding from Department of Levelling Up, Housing and Communities (DLUHC) who we are working with to establish the Building Safety Regulator.

HSE has an agreement with the Department for Food and Rural Affairs (Defra) in relation to the funding and delivery of Competent Authority (CA) functions undertaken by HSE for pesticides/PPPs (plant protection products) and detergents; and the functions of 'the Agency' and enforcing authority for UK REACH. The agreement covers these functions across England, Scotland, Wales and Northern Ireland.

HSE sublets a significant proportion of its PFI accommodation at Redgrave Court to the Office for Nuclear Regulation, the Home Office and HM Passport Office through property leases.

In addition, HSE had transactions with other government departments and other central government and public bodies, none of which are considered material.

HSE retains a fully updated Register of Interests. During the year, we had material transactions with one organisation for which Board or Executive Directors have declared a related party interest. Professor Andrew Curran, HSE's Director of Science and Chief Scientific Advisor, is an Honorary Professor at University of Manchester, for which he receives no remuneration. Since the summer of 2020 HSE has worked with partners to lead the delivery of an agreed programme of work under the 'PROTECT' National COVID-19 partnership. Along with Public Sector Research Establishments, independent research bodies and other universities, the

University of Manchester have been involved in this programme and the value of work they have undertaken in 22/23 is £1 047k. The University of Manchester has also delivered other scientific research work on behalf of HSE, with a value of £138k in 22/23.

Details of remuneration for key management personnel can be found in the remuneration and staff report within the accountability report.

## **16 Contingent liabilities**

HSE is defending a small number of civil claims, none of which are considered material. 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 2023, the balance within the Gain Share account was £2.5 million. As the funds cannot be utilised by HSE, we consider this a Third Party Asset and do not disclose 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 General.

**PROTECTING PEOPLE  
AND PLACES**



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