



# The Health and Safety Executive Annual Report and Accounts 2012/13

HC187 Gratis



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# Foreword from HSE's Chair and Chief Executive

2012/13 has been a busy and challenging year for HSE. Our main focus, as ever, has been on influencing others to take action to prevent death, injury and ill health in Britain's workplaces. Our work in this regard has included:

- ◆ extensive intervention programmes with major hazard operators, including offshore oil and gas exploration and production, onshore chemical manufacture and storage and nuclear sites, aimed at preventing catastrophic incidents. In 2012/13 we visited over 1 230 major hazard sites;
- ◆ working in partnership with other regulators and with industry to ensure that: effort is put into tackling real risks; proportionate actions are taken; and knowledge and expertise is shared to achieve behavioural change and encourage everyone to take ownership for improving standards in every sector;
- ◆ continuing our level of reactive response to incidents and complaints. During 2012/13 we followed up some 10 000 complaints and investigated over 3 200 incidents with close to 80% of non-fatal injury investigations being completed within 12 months of the date of the incident;
- ◆ increased targeting of our proactive inspections to focus even more on areas of high risk and/or poor performance in the non-major hazards sectors. An important part of our activity in the last year has been in extending this approach to targeting of proactive work to our co-regulators in local authorities through the development of a National Code.

Whilst much of this can be regarded as ongoing 'business as usual' for HSE, there has been a considerable level of innovation and business process re-engineering taking place behind the scenes to increase our levels of efficiency and effectiveness in response to the continued fiscal constraint and discipline which are part of the ongoing public sector landscape. We introduced Fee for Intervention in October 2012, which extends HSE scope for cost recovery whereby businesses who are found to be in material breach of health and safety law bear the related costs incurred by the regulator. This new measure creates an incentive for business to do the right thing and helps to create a level playing field for those businesses which have already taken action to ensure compliance.

We have made considerable progress in adapting our materials to ensure that small and medium-sized enterprises have quick and easy access to the information they need to manage their risks in a straightforward and proportionate manner. This enables them to comply with the law and provide protection to their employees whilst maintaining their primary focus on growing their own business and contributing to broader economic growth. Our revamped website and, in particular, our *Health and Safety Made Simple* guidance and its accompanying Toolbox for small businesses have proved a huge hit with small businesses with more than 32 million visits to the website in 2012/13 and the Toolbox alone seeing more than 200,000 separate visitors since its launch in-year.

2012/13 has also seen HSE's continued implementation of an unprecedented level of reform and update to the health and safety system based on reviews carried out in previous years. By year end close to 88% of HSE's external guidance, representing more than 740 individual publications, had been reviewed and revised. Professor Löfstedt conducted an independent review of HSE's progress in implementing the regulatory reform recommendations contained in his 2011 review and gave a very favourable report on progress to date, with virtually all recommendations being either complete or on target for completion within the timetable.

Much of the work HSE is involved in is as a result of serious and sometimes tragic incidents. This includes painstaking investigations to learn lessons and root causes to prevent similar incidents happening again, elsewhere, in future. In 2012/13 these included:

- ◆ oversight of the management of a major gas release from a well on the Elgin production platform, which required the evacuation of all personnel and subsequent review of a revised safety case before production could recommence;
- ◆ continued investigation of the Chevron multi-fatality in Pembrokeshire which occurred in June 2011;
- ◆ investigation of two significant legionella outbreaks;
- ◆ investigation of more than 170 work-related fatalities. This represents distress and loss for individuals, families, businesses and the economy as a whole which is estimated as being in the region of £13–14 billion annually.

But there is also another side to health and safety which HSE is committed to tackling. In 2012/13 we launched a Myth Busters Challenge panel aimed at tackling unnecessary risk aversion and basic misuse of 'health and safety' as an excuse for banning all manner of things which are driven by other motives. The panel has in its first year tackled over 160 cases and has proven very popular with stakeholders, press and the public.

This report provides a record of the organisation's considerable achievements in 2012/13 across a very broad spectrum of industries and range of activities. All of this has been achieved whilst continuing to reduce the size of our estate and reducing our cost to the taxpayer. We have continued to maintain our levels of effectiveness and improved our efficiency.

Looking forward, we expect to face continued challenges in 2013/14 as we:

- ◆ implement the National Code for local authority inspections;
- ◆ complete our programme of work to reform the health and safety system;
- ◆ make it easier for people to understand and do what is required;
- ◆ enable economic growth to take place in new and existing industries with good risk management in place;
- ◆ continue to take enforcement action against those who place their employees and other at unacceptable risk;
- ◆ undergo a Triennial Review which will examine the structure, form and governance of HSE.

We believe that this annual report provides a very good starting point from which to face the challenges ahead. All of this has been achieved through the continued hard work and commitment of our staff and the HSE Board. We also wish to thank all of our stakeholders and co-regulators who also make invaluable contributions to the ongoing improvement in Britain's health and safety system and in what really counts, delivering better health and safety outcomes for everyone.



**Judith Hackitt CBE**  
Chair  
3 June 2013



**Geoffrey Podger CB**  
Chief Executive  
3 June 2013

## About us

The Health and Safety Executive (HSE) is a crown non-departmental public body, established under the Health and Safety at Work etc Act 1974 (HSWA). It is sponsored by the Department for Work and Pensions (DWP).

DWP Ministers have primary responsibility for health and safety issues in government. HSE also reports to other Ministers on different aspects of health and safety.

Our primary function is to secure the health, safety and welfare of people at work and to protect others from risks to health and safety from work activity. We are responsible for regulating work-related health and safety in Britain and work in partnership with local authorities (LAs) in accordance with the HSWA. HSE is also responsible for regulating risks to health and safety arising from work activity in the offshore oil and gas industry on the UK Continental Shelf (UKCS).

HSE regulates health and safety across a range of sectors and industries, including major hazard sites such as nuclear installations, offshore gas and oil installations and onshore chemical plants through to more conventional sites: quarries; farms; factories; waste management sites and hospitals. We do this by applying an appropriate and proportionate mix of intervention techniques including inspection, advice and support, awareness-raising activities and, where necessary, investigation and enforcement action.

Health and safety is a matter reserved to the UK Parliament and in Scotland and Wales effective working arrangements have been developed between HSE and the respective administrations to ensure that areas of common and close interest are managed appropriately. Where necessary, such areas are underpinned by 'concordats' which set out any arrangements for consultation, information giving and joint working<sup>1</sup>.

## HSE's strategic framework

Our mission is:

**The prevention of death, injury and ill health to those at work and those affected by work activities.**

We deliver it within the framework for health and safety set by the Government in *Good Health and Safety, Good for Everyone*.<sup>2</sup>

HSE seeks to fulfil the functions set out for it in the HSWA and a range of statutes and statutory instruments to ensure that we can account for the use of both our statutory powers and the expenditure we incur.

Our strategy, *The health and safety of Great Britain\Be part of the solution*,<sup>3</sup> continues to define the goals that we and all stakeholders in the health and safety system should strive to achieve within the framework described above.

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<sup>1</sup> [www.hse.gov.uk/aboutus/howwework/framework/F-2001-3.htm](http://www.hse.gov.uk/aboutus/howwework/framework/F-2001-3.htm).

<sup>2</sup> Good Health and Safety, Good for Everyone is available at [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/66745/good-health-and-safety.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66745/good-health-and-safety.pdf).

<sup>3</sup> Available to download at [www.hse.gov.uk/strategy/document.htm](http://www.hse.gov.uk/strategy/document.htm).

HSE's contribution to the strategy is achieved through delivery of its aims and objectives, as illustrated in **Figure 1** (page 9).

The activities HSE planned to take forward as its contribution to the delivery of the strategy in 2012/13 were detailed in our 2012–15 Business Plan<sup>4</sup>.

## HSE structure

HSE is governed by a Board, led by a Chair, Judith Hackitt. The Board sets the organisation's long-term direction, objectives and strategy. The delivery of these, along with the day-to-day management of HSE, is the responsibility of the Chief Executive, Geoffrey Podger and the Senior Management Team (SMT). Further details are provided in the Governance Statement (pages 52-64).

Further details of HSE's Board Members and the SMT structure can be found on HSE's website<sup>5</sup>.

Two directorates of HSE operate as in-house agencies:

- ◆ The Health and Safety Laboratory (HSL) – was established on 1 April 1995 and provides technical support to HSE's investigations into incidents and science and research services. HSE's financial statements consolidate the figures for HSL. Data relating to HSL has also been incorporated into the annual report where appropriate. Details of HSL's activities and performance can be found in their Annual Report and Accounts 2012/13, available at [www.hsl.gov.uk](http://www.hsl.gov.uk) from July 2013.
- ◆ The Office for Nuclear Regulation (ONR) – was established on 1 April 2011 to create a single integrated nuclear regulator comprising nuclear safety, civil nuclear security, nuclear safeguards and radioactive materials transport as recommended in the Nuclear Regulatory Review 2008. ONR carries out HSE's operational, regulatory and policy functions in relation to civilian and defence nuclear sites and is the principal regulator of the safety and security of the nuclear industry in the UK. There is no requirement for ONR to produce an Annual Report and Accounts, although ONR's financial and operational information is consolidated into the HSE Annual Report and Accounts 2012/13. Further information is available within the ONR Chief Nuclear Inspector's Annual Assurance Report<sup>6</sup> available from July 2013.

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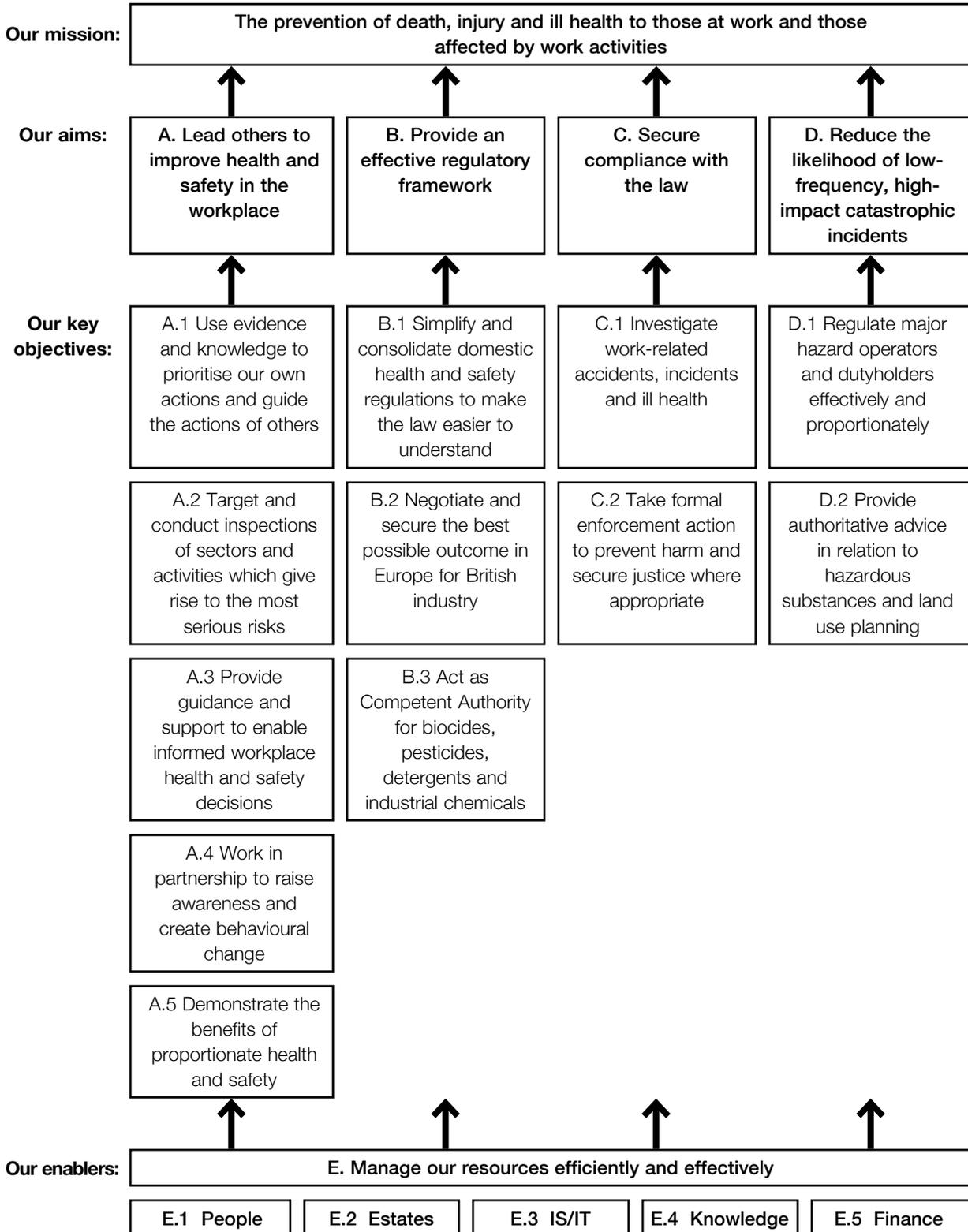
<sup>4</sup> [www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan1215.pdf](http://www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan1215.pdf).

<sup>5</sup> [www.hse.gov.uk/aboutus/hseboard/organisationchart.pdf](http://www.hse.gov.uk/aboutus/hseboard/organisationchart.pdf).

<sup>6</sup> [www.hse.gov.uk/nuclear/corporate-publications.htm](http://www.hse.gov.uk/nuclear/corporate-publications.htm).

**Figure 1:** HSE’s mission, aims and objectives

Figure 1 outlines the aims and objectives HSE is seeking to achieve through delivery of its core activities.



## Operating review

This section provides a review of HSE's progress in delivering:

- ◆ the activities contained within our 2012–15 Business Plan;
- ◆ our contribution to DWP's Structural Reform Plan (SRP).

Information relating to the performance of Britain's health and safety system, of which HSE is a part, can be found at [www.hse.gov.uk/statistics/index.htm](http://www.hse.gov.uk/statistics/index.htm).

## Progress against the HSE Business Plan 2012–15

This section reports on the progress HSE has made against the activities, milestones and measures in our 2012–15 Business Plan, including the HSE-led recommendations arising from the Government-commissioned report by Professor Löfstedt<sup>7</sup> and any in-year priorities that emerged. Progress is presented under each of the four aims in the Plan.

### Aim A. Lead others to improve health and safety in the workplace

Where improvements in health and safety are necessary, and where HSE can make a distinctive contribution, we will work closely with individual companies, industry bodies, stakeholder groups and others to assist in driving forward sector-led improvements to raise awareness of, create behavioural change and ultimately improve health and safety in the workplace.

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<b>Key:</b>	● Delivered	● On track	○ Off track
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<b>Objective A.1 Use evidence and knowledge to prioritise our own actions and guide the actions of others.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
Maintain a fit-for-purpose and robust evidence base on workplace injuries, work-related ill health, and the causes and consequences of health and safety failings, publishing a suite of health and safety statistics annually each autumn.	● Published the latest HSE Annual Statistics Report for 2011/12 <sup>8</sup> in autumn 2012, bringing together essential data on work-related ill health, workplace fatalities and injuries and enforcement in Britain, including estimates of the economic costs to Britain of injuries and ill health.

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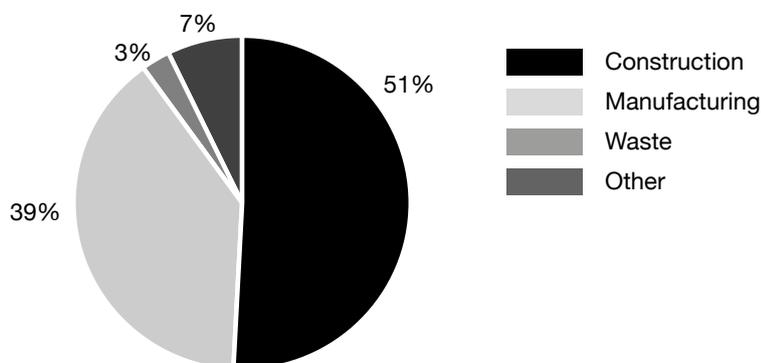
<sup>7</sup> Professor Löfstedt's report *Reclaiming health and safety for all: An Independent Review of health and safety legislation* is available at <http://webarchive.nationalarchives.gov.uk/+/http://www.dwp.gov.uk/docs/lofstedt-report.pdf>. His review of progress one year on, published in January 2013, is available at <http://webarchive.nationalarchives.gov.uk/+/http://www.dwp.gov.uk/docs/lofstedt-report-one-year-on.pdf>.

<sup>8</sup> [www.hse.gov.uk/statistics/index.htm](http://www.hse.gov.uk/statistics/index.htm).

<b>Objective A.1 Use evidence and knowledge to prioritise our own actions and guide the actions of others.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
<p>Commission and deliver research and evidence to enhance our knowledge to support identification and delivery of HSE’s current and future priorities, including research on:</p> <ul style="list-style-type: none"> <li>◆ mesothelioma risks associated with current asbestos exposures (<b>June 2014</b>);</li> <li>◆ principal causes of chronic obstructive pulmonary disease (COPD) – estimate of current burden and initial assessment of causes of work-related COPD (<b>March 2013</b>), with final assessment in <b>March 2015</b>;</li> <li>◆ <i>waste and recycling</i> – report on occupational exposures, ill health and effective control procedures to manage risks (<b>March 2015</b>);</li> <li>◆ <i>ageing onshore infrastructure</i> – safety issues related to the working life extension of plant and equipment at onshore major hazard sites (<b>1st report – March 2013</b>).</li> </ul>	<ul style="list-style-type: none"> <li>● Early findings resulting from this research were presented at an epidemiological conference, and a paper for publication is currently being prepared.</li> <li>● Preliminary findings of the research were presented to an international scientific audience at an occupational and environmental epidemiology conference in March 2013. The final assessment is on track for <b>March 2015</b>.</li> <li>● The final report of the scoping study proposing priorities for the main phase of this research work was accepted by the Waste and Recycling Programme Board in March 2013 with key points communicated to the Waste Industry Safety Forum (WISH). Resulting proposals are to be reviewed and endorsed imminently by HSE senior officials, with a stakeholder seminar proposed for autumn 2013 to update the sector and to seek its support for the next phase of the research.</li> <li>● The draft report <i>Ageing onshore infrastructure</i> was delivered to plan in March 2013, with publication expected by mid-2013.</li> </ul> <p><i>Other research projects:</i></p> <p>During 2012/13, HSE published over 100 research reports into the causes and prevention of workforce injury or ill health, including a series of related research reports linked to the GB Occupational Cancer Burden study. Other reports published<sup>9</sup> included topics as diverse as mine fire detection, tools to control exposure to respirable dust in construction workers and the occupational health provision on the Olympic park and athletes’ village.</p>

<b>Objective A.2 Target and conduct inspections of those sectors and activities which give rise to the most serious risks or where risks are least well controlled.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
<p>Ensure a more consistent and proportionate approach to inspection and enforcement activity by local authorities (LAs) by:</p> <ul style="list-style-type: none"> <li>◆ developing a binding and enforceable code of practice (<b>Consultation – September 2012. Launch April 2013</b>);</li> <li>◆ working with the Better Regulation Delivery Organisation (BRDO) to assist the development of the Primary Authority Scheme (PAS).<sup>10</sup></li> </ul>	<ul style="list-style-type: none"> <li>● A public consultation of a draft National Local Authority Enforcement Code under section 18 of the Health and Safety at Work etc Act 1974 commenced on 21 December and closed on 1 March 2013 with 340 responses. The Code was published in May 2013 (<a href="http://www.hse.gov.uk/lau/publications/la-enforcement-code.htm">www.hse.gov.uk/lau/publications/la-enforcement-code.htm</a>), which was the earliest opportunity following the local government election period. Provisional data from LAs for the half year April to September 2012 indicate significant and ongoing reductions in the number of proactive inspections.</li> <li>● HSE is working with the BRDO to ensure PAS deliver increased regulatory efficiency and consistency in line with national HSE policy introduced through the National Local Authority Enforcement Code. HSE is sharing its experience of working with multi-site organisations to assist both the development of PAS and well-targeted PA inspection plans.</li> </ul>
<p>Inspect where robust evidence and intelligence indicate health and safety performance is of serious concern and where inspection is the most effective intervention to secure compliance.</p>	<ul style="list-style-type: none"> <li>● 22 240 proactive inspections were undertaken to high risk sectors, or poorly performing dutyholders in 2012/13 (see <b>Figure 2</b>). This included a four-week intensive inspection initiative to over 2 360 construction refurbishment sites, which resulted in 451 Prohibition Notices and 180 Improvement Notices being issued.</li> </ul>
<p>Issue licences and undertake <b>1 500</b> inspections per annum to asbestos licensed contractors and removal operators to provide assurance of the competence of those participating in those activities.</p>	<ul style="list-style-type: none"> <li>● HSE issued 195 licences and undertook over 1 520 inspections to assess standards and ensure licence holders demonstrated effective leadership in tackling asbestos health and safety risks.</li> </ul>

**Figure 2:** Inspections by sector in 2012/13(p)<sup>11</sup>



<sup>10</sup> PAS is available to any business trading across one or more local authorities (LAs) whereby a single LA may be nominated to co-ordinate all LA inspection and enforcement activity with the business.

<sup>11</sup> (p) indicates provisional data.

<b>Objective A.3 Provide guidance and support to enable informed workplace health and safety decisions.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
<p>Provide concise and straightforward guidance ensuring it is proportionate, fit for purpose and, where possible, provide expertise to enable others to develop, produce and disseminate their own guidance. Examples include:</p> <ul style="list-style-type: none"> <li>◆ Update the HSE website in <b>2012</b> to distinguish between regulations which impose specific duties and those that define administrative requirements.</li> <li>◆ Complete the review of external guidance (excluding ACOPs) by <b>March 2013</b>, with ongoing arrangements to ensure guidance is kept up-to-date.</li> <li>◆ With our Control of Major Accident Hazards (COMAH) Competent Authority (CA) partners, assist industry to publish information on their performance in controlling major accident risks by <b>June 2013</b>.</li> <li>◆ With our partners, develop and release risk assessments for small and medium-sized enterprises (SMEs) by <b>March 2013</b>.</li> </ul>	<p>During 2012/13, there were in excess of 32 million visits to the HSE website.</p> <ul style="list-style-type: none"> <li>● The review of the health and safety legislation pages on the HSE website was completed to plan with revised and updated webpages published on the website in December 2012<sup>12</sup>. To date, there have been over 95 900 and 8 100 visits to these pages, respectively, and over 324 800 visits to the legislation website as a whole.</li> <li>○ HSE has undertaken a review of its guidance to ensure a practical, proportionate approach to help businesses comply with health and safety law. In the last two years over 740 publications have been reviewed, which equates to 88% of the in-scope portfolio. This is a significant achievement. Due to the scale and complexity of the work, however, the challenging target, for completion by 31 March 2013, was not quite met. The remaining reviews are scheduled to be delivered by March 2014 as part of the ongoing work to keep HSE's guidance up to date.  Reviewed publications requiring changes have already been republished; replaced by web information; transferred to industry; merged or withdrawn entirely; or are scheduled for publication at a future date. Examples of the guidance reviewed include: <ul style="list-style-type: none"> <li>◆ guidance associated with the Work at Height Regulations;</li> <li>◆ simplifying HSE's guidance on young people and work experience.</li> </ul> </li> <li>● During 2012, the CA and industry met a number of times to consider how performance information generated by the industry could be publicly reported. The discussion also included the contribution that could be made by operational information collected by the CA. This has been incorporated into the improvement programme that underpins the CA's response to the Better Regulation Executive's (BRE) Focus on Enforcement Review of the Chemicals (COMAH) Sector (see page 19). The improvement programme will develop a common framework for collecting and publishing performance to determine future COMAH regulatory priorities.</li> <li>● HSE revised its suite of example risk assessments<sup>13</sup> to ensure they remain reflective of the approach HSE expects a small business or workplace to take and how other SMEs have approached risk assessment. During 2012/13 there have been over 748 000 visits to the site.</li> </ul>

<sup>12</sup> [www.hse.gov.uk/legislation/](http://www.hse.gov.uk/legislation/).

<sup>13</sup> [www.hse.gov.uk/risk/casestudies/index.htm](http://www.hse.gov.uk/risk/casestudies/index.htm).

<b>Objective A.3 Provide guidance and support to enable informed workplace health and safety decisions.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>◆ Provide guidance to help businesses understand what is 'reasonably practicable' for specific activities in <b>September 2012</b>, with ongoing arrangements to ensure guidance is kept up to date.</li> </ul>	<ul style="list-style-type: none"> <li>● The <i>Health and Safety Toolbox</i><sup>14</sup>, a new online resource to provide low risk small and medium businesses with a comprehensive set of guidance, was launched in September 2012. Building on the basics laid out in <i>Health and safety made simple</i>, introduced in March 2011, it provides the next level of advice to help businesses identify, assess and control common risks in the workplace. To March 2013, there were over 201 000 separate visitors to the Toolbox since its launch.</li> </ul>
<p>Deliver and participate in awareness-raising events on key health and safety issues seeking opportunities for cost sharing, focusing on higher risk industries including stone, agriculture, molten metals, welding and construction.</p>	<ul style="list-style-type: none"> <li>● Over 100 events were delivered within the construction, agriculture and manufacturing sectors. These included: <ul style="list-style-type: none"> <li>◆ 66 construction events including Safety and Health Awareness Days (SHADs), 'White Van Roadshows', 'Designer Awareness Days' and Mock Trials. Approximately 4 000 delegates attended these events with 98% noting the relevance to be good to excellent;</li> <li>◆ the manufacturing events which covered welding, stone working and foundry risks were attended by over 400 delegates representing 240 companies. Feedback has been extremely positive and in one case action taken as a direct result of one of the SHADs prevented a serious accident;</li> <li>◆ the agriculture events included one aquaculture SHAD attracting 90 attendees, two arboriculture events attracting circa 100 attendees and 26 farming SHADs attracting around 6 850 attendees. The events continue to receive positive endorsement from farmers and are supported by industry leaders, including Farm Safety Partnership members, the National Farming Union (NFU) and NFU Mutual.</li> </ul> </li> </ul>

*Other in-year priorities:*

- ◆ **Occupational diseases conference:** HSE hosted an event in March 2013 to bring together a range of organisations and key players to discuss and develop new and innovative ways of tackling occupational disease. The aim of the event was to encourage participants to think outside traditional boundaries and consider how they can do more to invigorate activities on occupational diseases. HSE will further analyse the detailed feedback from the event in order to inform next steps.

<b>Objective A.4 Work in partnership to raise awareness and create behavioural change.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
<p>Assess our partnership and joint working arrangements, supporting those that are succeeding to become self-sustaining groups, and reducing or ultimately ceasing our involvement with less successful initiatives and those which have run their course including:</p> <p>Replace the Printing Industry Advisory Committee with an industry-led printing health and safety committee <b>March 2013.</b></p> <p>Establish an industry-led logistics sector forum <b>March 2013.</b></p> <p>Establish an industry-led group in the chemical manufacturing sector to develop approaches to tackle high rates of occupational diseases with an approach agreed by <b>March 2013.</b></p> <p>Support the Waste Industry Safety and Health Forum (WISH) to improve its effectiveness by holding a summit with key stakeholders, including major waste and recycling companies <b>March 2013.</b></p>	<ul style="list-style-type: none"> <li>● The new Printing Industry Action Group (PIAG) has met twice since it was introduced ahead of schedule in December 2012 and its terms of reference have been agreed.</li> <li>● The Ports and Logistics Forum was established ahead of time and met in July 2012 and April 2013, establishing three task and finish working groups to conduct research into the prevention of vehicle incidents.</li> <li>● The Chemical and Downstream Oil Industries Forum (CDOIF) Occupational Disease Working Group was established in April 2012. The initial findings from HSL's research on occupational ill health were well received by the CDOIF at its meeting in April 2013, with the general view that the research will help the working group to target areas for future action. HSL's final report is due for publication in August 2013 and the results will be presented to the CDOIF at their autumn 2013 meeting.</li> <li>● The industry summit was delivered in February 2013 with the support of the WISH Forum. The event, which received extensive media coverage in the trade press, was well attended by 150 delegates and immediate industry response was positive. Initial evaluation of delegate feedback indicated an increase in sign-ups to the industry strategy. Formal evaluation will be finalised early in 2013/14 to inform the WISH Forum action plan (to 2015).</li> </ul>

*Other in-year priorities:*

- ◆ **Estates Excellence:** HSE continued to deliver its roll-out of Estates Excellence,<sup>15</sup> whereby HSE, working with a wide range of business and regulatory partners, has supported SMEs to grow their knowledge and control health, safety and fire risks. It has offered SMEs, irrespective of sector or enforcing authority a flexible package of benchmarking, training, and occupational health support. The aim is to reach 3 000–4 500 SMEs by 2014.

Nine roll-outs have been delivered in 2012/13, five in the South East and East of England, the other four across Wales, Scotland, the North East and South West. Around 1 500 SMEs have had the opportunity to participate to date and over 1 000 people have benefited from the free training and occupational health advice. A full evaluation of year one is proposed for June 2013.

- ◆ **London 2012 Olympic and Paralympic Games:** HSE continued to work closely with partner organisations and dutyholders up to and during the 'Games', ensuring that they

<sup>15</sup> The Estates Excellence webpages are available at [www.hse.gov.uk/estatesexcellence](http://www.hse.gov.uk/estatesexcellence).

concluded without any work-related fatalities. Activities included delivery of a series of visits to Cluster 3 Test Events at Olympic venues across London and the South East in May, with subsequent follow-up visits in June and work undertaken to look at transport issues related to the Paralympics.

As part of the legacy work following the Games, HSE was represented at the formal handover between the UK and Brazilian government and is currently involved in bi-lateral discussions with the Brazilian Labour Inspectorate, resulting in its proposed adoption of Britain's intervention approach for the 2016 Games.

<b>Objective A.5 Demonstrate the benefits of proportionate health and safety.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
Run the Independent Regulatory Challenge Panel (IRCP) enabling businesses to challenge specific health and safety regulatory decisions by HSE/LA inspectors that they believe to be unreasonable.	● A small number of enquiries were received but only one case met the IRCP's criteria for consideration. The summary of this case is available on the HSE website <sup>16</sup> . Cases are expected to go through the usual complaints procedures before they are referred to this panel.
Launch and chair the Myth Busters Panel in <b>April 2012</b> for those who wish to challenge claims made about health and safety requirements by non-regulators (eg insurance companies, health and safety consultants, employers and general advice where the term 'health and safety' has been used).	● The panel considered over 160 cases that met its terms of reference and its responses are published on the HSE website <sup>17</sup> .  The panel's existence is becoming widely known and is popular with stakeholders, press and the public.
Discourage unnecessary risk-averse behaviour, seeking to remove the perception that health and safety prevents efficient and effective working practices.	● The activity of the above panels and the online tools and guidance referred to on pages 13–14 were developed to help businesses understand and act on what they are required to do rather than expending time and money on activity that isn't necessary.  HSE also uses its Twitter feed to challenge 'elf 'n' safety' stories in the media. For example, HSE's <i>Twelve myths of Christmas</i> webpages attracted more than 60 000 visits and there were 17 000 visits to HSE's online tips to help those planning street parties in celebration of the Diamond Jubilee.  During 2012, the Chair of HSE introduced her website blog <sup>18</sup> as a vehicle to touch upon these and related issues. To date, the blog has received in excess of 122 780 visits.
Liaise with national and regional media to focus on the core aims of health and safety, rebutting and correcting trivial or ill-informed criticism.	● HSE media coverage continues to be mostly factual or positive with 96% of articles about HSE being favourable or neutral.  HSE's liaison with the media takes a number of forms, including personal contact; press notices and statements; letters of rebuttal; and Twitter. All our media relations activity is aimed at ensuring the media understand HSE's role and core aims as a regulator. HSE will issue press releases <sup>19</sup> when relevant and issued in excess of 525 during 2012/13.

16 [www.hse.gov.uk/contact/challenge-panel-findings.htm](http://www.hse.gov.uk/contact/challenge-panel-findings.htm).

17 [www.hse.gov.uk/myth/myth-busting/index.htm](http://www.hse.gov.uk/myth/myth-busting/index.htm).

18 [www.hse.gov.uk/news/judith-risk-assessment/index.htm](http://www.hse.gov.uk/news/judith-risk-assessment/index.htm).

19 [www.hse.gov.uk/press/press.htm](http://www.hse.gov.uk/press/press.htm).

## Aim B. Provide an effective regulatory framework

HSE applies the Government's Principles of Regulation (both domestic and EU) to its work, including delivery of the Government's programme of health and safety reforms. We are meeting the Government's commitments to produce less regulation, better regulation and regulation as a last resort, mainly through delivery of the Löfstedt Review recommendations and improved guidance for business. This is a significant piece of work which will help simplify and streamline the regulatory framework and make the legislation easier to understand, with the consequence that compliance levels should increase.

We continue to negotiate and secure the best possible outcome for British industry within Europe to minimise the burden on business and maintain protection for workers.

Further information on Better Regulation can be found below and on pages 22 to 23.

<b>Key:</b> <span style="margin-left: 100px;">● Delivered</span> <span style="margin-left: 100px;">● On track</span> <span style="margin-left: 100px;">○ Off track</span>	
<b>Objective B.1 Simplify and consolidate domestic health and safety regulations to make the law easier to understand.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
<p>Amend, clarify and, where appropriate, revoke unnecessary existing health and safety legislation and consolidate health and safety regulations in specific sectors by:</p> <ul style="list-style-type: none"> <li>◆ revoking a first batch of legislative measures by <b>October 2012</b> and a further batch by the end of <b>April 2013</b> subject to the appropriate approvals;</li>   <li>◆ completing a consultation on the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) by <b>November 2012</b>, amending them and associated guidance to comply with the requirements by <b>October 2013</b>;</li> </ul>	<ul style="list-style-type: none"> <li>● The revocation of the first set of seven statutory instruments identified as being redundant or overtaken by more up-to-date legislation came into force on 1 October 2012.</li>   <li>● The consultation on a package of a further 14 legislative measures proposed for revocation ran between 3 April and 4 July 2012.  Thirteen measures were removed in April 2013 with an additional measure planned for revocation in October 2013.</li>   <li>● HSE launched a consultation on 2 August 2012 on proposals to simplify and clarify RIDDOR reporting requirements. The consultation ended on 28 October 2012 with 450 responses received.</li>   <li>● The findings were considered by the HSE Board on 30 January 2013. The Board agreed to advise the Minister to accept HSE's modified option, which reflected consultation responses and addressed some of the concerns that had been expressed. Proposals are under final scrutiny with amending legislation planned for October 2013.</li> </ul>

<b>Objective B.1 Simplify and consolidate domestic health and safety regulations to make the law easier to understand.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>◆ consolidating sectoral regulations (mining, genetically modified organisms (GMO), petroleum, biocides and explosives) by <b>December 2014</b>;</li>   <li>◆ consulting on whether to extend the scope of current Adventure Activities Licensing Regulations to all adventure activities or to remove them altogether, in relation to England only, by <b>April 2013</b>.</li> </ul>	<ul style="list-style-type: none"> <li>● HSE is currently reviewing existing legislation, and continuing to engage with industry stakeholders to consider options for the consolidated legislative packages. Our aim is to develop proposals for consultation during 2013/14.  A consultation on biocidal products ran from 20 December 2012 to 31 January 2013, whilst a separate consultation on biocides fees took place between 25 February and 22 March 2013. The HSE Board subsequently agreed that a proposal to consolidate biocides sector legislation should be forwarded to the Minister (as part of the '7 into 1' package).</li>   <li>○ The Government is currently considering the position on Adventure Activities Licensing.</li> </ul>
<p>Review HSE's ACOPs to ensure they remain relevant, provide clarity on what the law requires and are suitably presented by:</p> <ul style="list-style-type: none"> <li>◆ completing an initial review and launching a consultation on proposals for the revision, consolidation, withdrawal or otherwise for 32 ACOPs in <b>June 2012</b>;</li> <li>◆ consulting on revised ACOPs by <b>May 2013</b>;</li> <li>◆ publishing revised ACOPS by <b>November 2013</b>.</li> </ul>	<ul style="list-style-type: none"> <li>● A consultation on proposals to review HSE's ACOPs was launched on 25 June 2012 and closed on 14 September 2012 with 413 responses. Views were sought on proposals for the revision, consolidation or withdrawal of 15 ACOPs to be delivered by end-2013. There were also proposals for minor revisions, or no changes, to a further 15 ACOPs for delivery by 2014. Two ACOPs were identified for revision or withdrawal without requiring consultation.</li> <li>● The proposed revisions/consolidations were well supported. The HSE Board has agreed that they be taken forward as proposed and by end-2013 HSE will have published 6 revised ACOPs and removed 6 by consolidation. In January 2013 the Board agreed to the withdrawal of the Management Regulations ACOP. The other two proposed withdrawals will be considered by the Board in the near future.</li> <li>● The text of any revised ACOPs will be the subject of further consultations before they are approved and published.</li> </ul>
<p>Exempt from health and safety law those self-employed, whose activities represent no potential risk of harm to others by:</p> <ul style="list-style-type: none"> <li>◆ consulting on the self-employed exemption in <b>July 2012</b>;</li>   <li>◆ amending HSWA along with any necessary regulations by <b>December 2013</b>.</li> </ul>	<ul style="list-style-type: none"> <li>● Consultation on proposals to achieve this recommendation ran from 2 August to 28 October 2012. Over 170 responses were received. The HSE Board agreed to recommend HSE's preferred option, as set out in the consultative document, as the best way forward. The proposals are now under consideration by Ministers and discussions are taking place as to how this legislative change may be effected.</li> </ul>

<b>Objective B.1 Simplify and consolidate domestic health and safety regulations to make the law easier to understand.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
Replace and update the Health and Safety at Work etc Act (Application outside Great Britain) Order 2001 and the 2011 Variation Order, which apply the Health and Safety at Work etc Act 1974 outside GB to named work activities in specified areas by <b>April 2013</b> .	<ul style="list-style-type: none"> <li>● HSE submitted the HSWA Order to the Privy Council in February 2013. The update Application Outside Great Britain Order came into force on 6 April 2013, replacing all previous Orders.</li> </ul>
Participate, as appropriate, in the Government's Focus on Enforcement <sup>20</sup> reviews.	<ul style="list-style-type: none"> <li>● Reviews are being undertaken across Government to identify where enforcement can be improved, reduced or done differently. The most significant review HSE has participated in to date is the Chemicals Sector (COMAH) Review.  The findings<sup>21</sup> were published on 6 February 2013 along with the response from the Competent Authority (CA), which in England and Wales comprises HSE and the Environment Agency.  The CA is now focused on delivery of the resulting action plan and related milestones around proposed changes to the COMAH regime.  HSE also contributed to equivalent reviews relating to Small Businesses in Food Manufacturing; Volunteer Events; Adult Care Homes; and Regulatory Appeals Review.  Additionally, HSE acted as a pioneer for the Accountability for Regulator Impact Project, together with other volunteer regulators. This is a new accounting system to improve the transparency of the impact on business of any significant changes to regulators' operational policies, processes and practices and will be rolled out during summer 2013.</li> </ul>

<sup>20</sup> Further details available at <http://discuss.bis.gov.uk/focusonenforcement/>.

<sup>21</sup> <http://discuss.bis.gov.uk/focusonenforcement/review-findings/>.

<b>Objective B.2 Negotiate and secure the best possible outcome in Europe for British Industry.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
Contribute to the EC's review of EU health and safety law by providing the UK's report on the practical implementation of EU law to the Commission by <b>December 2013</b> .	<ul style="list-style-type: none"> <li>● HSE is currently preparing the report on the UK's practical implementation of EU Occupational Safety and Health (OSH) Directives during 2007–12. An information-gathering exercise was undertaken with stakeholders in the latter half of 2012. The report will feed into the Commission's forthcoming comprehensive review of EU OSH legislation currently scheduled to conclude in 2015.</li> </ul>
Represent the UK Government's interests in EU institutions, including the Advisory Committee for Safety and Health at Work and the Governing Board of the European Agency for Safety and Health at Work.	<ul style="list-style-type: none"> <li>● HSE officials have attended all meetings of the Advisory Committee for Safety and Health at Work and its governmental interest group and one of two meetings of the Agency's Governing Board. The relationships developed with Commission and Agency officials and colleagues from other member states have been used to advance the United Kingdom's interests in relation to emerging European legislation and campaigns.</li> </ul>
Participate in EU Competent Authority business in relation to biocides, pesticides, detergents and industrial chemicals.	<ul style="list-style-type: none"> <li>● Progress against this milestone is provided below (see EU Biocide Regulation and Prior Informed Consent Regulation update).</li> </ul>
<p>Lead the negotiations on a number of Directives and EU Regulations, transpose Directives into UK law and give legal effect to EU Regulations including:</p> <ul style="list-style-type: none"> <li>◆ transposing the 2012 Directive amending the 2008 Directive on Identification and Traceability of Explosives by <b>April 2013</b>;</li> <li>◆ transposing the 2010 Directive on Implementing the Agreement on Sharps Injuries in the Hospital and Healthcare sector by <b>May 2013</b>;</li> <li>◆ completing the negotiation on EU Biocides Regulation and the recast Prior Informed Consent Regulation by <b>July 2012</b>;</li> </ul>	<ul style="list-style-type: none"> <li>● During 2012/13, HSE negotiated, with other government colleagues, over 60 EU Directives and Regulations and transposed 38 Directives. Negotiations on EU Directives and Regulations have been largely successful from the UK's perspective. In line with the Government's guiding principles for EU legislation, HSE has argued for: alternatives to regulation; thorough and realistic impact assessments of regulatory proposals; adopting measures that are proportionate to the risks involved; and taking steps to minimise any adverse impacts on SMEs.</li> <li>● Transposition of EU measures has avoided going beyond the measures' requirements, except where to do so would bring benefits to business.</li> <li>● The new Regulations came into force on 5 April 2013 and reflected changes in the Directive put forward by HSE and industry. HSE published supporting guidance to coincide with the coming into force date.</li> <li>● The new Health and Safety (Sharps Instruments in Healthcare) Regulations 2013 were laid before Parliament and came into force on 11 May 2013. HSE published online guidance<sup>22</sup> to provide healthcare employers with general information on how to comply with the new Regulations.</li> <li>● The EU Biocides Regulation and Prior Informed Consent Regulation were formally adopted by the Council of Ministers in April and June 2012 respectively.</li> </ul>

<b>Objective B.2 Negotiate and secure the best possible outcome in Europe for British Industry.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>◆ completing on behalf of the UK, negotiations on the amended Electromagnetic Fields Directive by <b>October 2013</b>;</li>   <li>◆ submitting a Transposition Project Plan to the Reducing Regulation Committee (RRC) within 2 weeks of publication of the Seveso III Directive and transposing the Directive into law by <b>May 2015</b>;</li>   <li>◆ with the Department for Energy and Climate Change (DECC), completing the initial UK negotiations on the proposal for a European Offshore Oil and Gas Regulation by <b>April 2013</b>.</li> </ul>	<ul style="list-style-type: none"> <li>● HSE contributed to the timely completion of negotiations and Members of the European Parliament voted proposals through in December 2012 with amendments supporting the majority of UK objectives. Formal adoption of the Directive is expected during summer 2013.</li>   <li>● The Seveso III Directive was published in the Official Journal of the European Union on 24 July 2012 and HSE submitted the transposition project plan to the RRC as required. Planning for transposition is underway to meet the June 2015 deadline and informal consultation with industry has commenced.</li>   <li>● Following successful negotiations by the UK delegation, of which HSE is part, the new Offshore Oil and Gas Directive was announced by the European Commission on 21 February 2013 and is expected to be published during summer 2013.</li> </ul>

<b>Objective B.3 Act as Competent Authority for biocides, pesticides, detergents and industrial chemicals.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
Evaluate new and existing active substances for biocides and pesticides.	● Over 2 250 substances evaluated.
Consider applications for product authorisation.	● Applications for product authorisation are included in the figure provided above.
Evaluate industrial chemical substances.	● 100% of the 3 industrial chemical substances evaluations received were processed within timescales.
Process all Prior Informed Consent (PIC) notifications within the relevant timescales.	● 100% of the 395 PICs received were processed within timescales.

## Reporting on other Better Regulation requirements

This section supplements the progress reported against Better Regulation-related milestones elsewhere in this annual report, as required by HM Treasury. Together, they reflect the key aspects of HSE's work to support the Government's commitment to produce less and better regulation, while maintaining protection for workers and those affected by work activities.

	<i>Progress during 2012/13</i>
<p><b>One-in, One-out, One-in, Two-out:</b></p> <p>'One-in, One out' (OIOO) is a requirement whereby for any direct net cost imposed on business and civil society organisations through new regulation, government bodies must identify and remove existing regulations with an equivalent value. OIOO applied from January 2011 to December 2012.</p> <p>'One-in, Two-out' (OITO) builds on OIOO. When new regulation needs to be introduced, and there is a direct net cost to business or a civil society organisation in complying with that regulation, this cost must be offset by deregulatory measures providing savings to business of at least double that amount.</p>	<p>The cumulative OIOO position for the regulation implemented by HSE during the period 1 January 2011 to December 2012 (as published in the Government's most recent Statement of New Regulation<sup>23</sup> and by DWP<sup>24</sup>) is an estimated net reduction in burdens on business of approximately £280 000 per annum.</p> <p>In addition, the Health and Safety (Miscellaneous Revocations) Regulations 2012 revoked 7 sets of redundant regulations.</p>
<p><b>Regulatory Policy Committee - Impact Assessments:</b></p> <p>Government is required to carry out assessments of the likely costs, benefits and impacts of any legislation it implements that affects businesses, public sector front line staff or those working for charities or voluntary organisations. This is carried out using impact assessments.</p>	<p>During 2012/13, the Regulatory Policy Committee (RPC) issued opinions on 14 of HSE's impact assessments, finding 13 (93%) fit for purpose. In November 2012, the RPC published their 5th independent report<sup>25</sup> on the evidence and analysis supporting regulatory proposals which covered the period January–August 2012. HSE compared favourably with other government departments, having the 3rd highest proportion of impact assessments that received a 'fit for purpose' rating.</p>
<p><b>Micro moratorium:</b></p> <p>On 1 April 2011 the Government introduced a 3-year freeze on new UK regulation for businesses with fewer than 10 employees, including start-up businesses. Known as the micro-business moratorium, the freeze applies to business regulations that come into force before 31 March 2014.</p>	<p>HSE was granted waivers disapplying the micro moratorium for the Reporting of Injuries, Diseases and Dangerous Occurrences (Amendment) Regulations 2012 (RIDDOR) and the Health and Safety (Fees) Regulations 2012. It was accepted that the policy objectives of Fee for Intervention could not be met without a waiver while the RIDDOR changes were essentially deregulatory in nature, simplifying and clarifying the law for all businesses. Other HSE Regulations were outside the scope of the moratorium.</p>

23 [www.gov.uk/government/publications/fifth-statement-of-new-regulation-sonr](http://www.gov.uk/government/publications/fifth-statement-of-new-regulation-sonr).

24 [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/186682/statement-of-new-regulation-dwp-to-jun-2013.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/186682/statement-of-new-regulation-dwp-to-jun-2013.pdf).

25 <http://regulatorypolicycommittee.independent.gov.uk/wp-content/uploads/2012/12/RPC-Report-November-2012-Final.pdf>.

	<i>Progress during 2012/13</i>
<p><b>Red Tape Challenge and the Löfstedt Review:</b></p> <p>The Red Tape Challenge (RTC) was introduced to give business and the general public the opportunity to challenge the Government to get rid of the most burdensome regulations.</p>	<p>HSE has actively participated in the health and safety theme of the RTC. Comments received prior to and during the spotlight period for the health and safety RTC theme were considered as part of Professor Löfstedt's review of health and safety legislation (see page 10) the report of which, <i>Reclaiming health and safety for all</i> was published in November 2011.</p> <p>A number of these recommendations formed part of the DWP Structural Reform Plan. An update of HSE's delivery of Professor Löfstedt's recommendations is provided in page 30 (Table 1: Progress against the Structural Reform Plan); and pages 10-29 in this Annual Report.</p> <p>A report<sup>26</sup> of RTC achievements to date, including those relating to health and safety, was published in January 2013. In addition, Professor Löfstedt's <i>One year on</i> progress report on implementation of his recommendations was published in January 2013. Overall, it found that good progress had been made and that there is already some evidence that the perception of health and safety is changing.</p>
<p><b>Alternatives to regulation and simplifying guidance:</b></p> <p>In parallel to the Government's formal Better Regulation Framework, departments are taking forward a wide variety of initiatives that, whilst out-of-scope of the OIOO/OITO rules, are beneficial to business and voluntary organisations. This work includes simplifying guidance and introducing alternatives to regulation.</p>	<p>HSE has undertaken extensive work in 2012/13 to simplify its guidance as reported on page 13. Two particular examples are:</p> <ul style="list-style-type: none"> <li>◆ <i>The health and safety toolbox</i> (see page 14);</li> <li>◆ publication of revised guidance for Portable Appliance Testing in April 2012, making clear the testing requirements in low risk workplaces – which is a health and safety myth estimated to cost an unnecessary £30 million a year in offices alone.</li> </ul>
<p><b>EU Regulations:</b></p>	<p>During 2012/13 HSE has continued to work extensively in Europe to negotiate and secure the best possible outcome for British industry. Examples of this work are included on pages 20-21.</p>

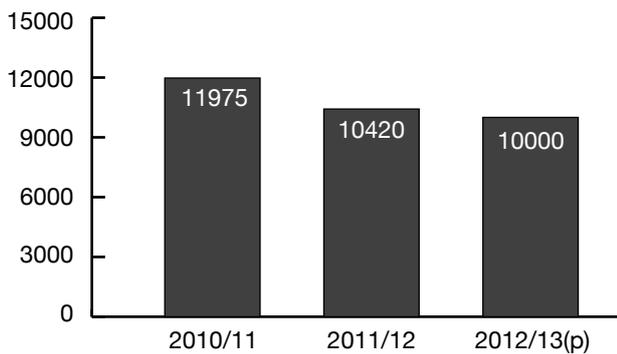
26 [www.redtapechallenge.cabinetoffice.gov.uk/red-tape-challenge-achievements-to-date-january-2013/](http://www.redtapechallenge.cabinetoffice.gov.uk/red-tape-challenge-achievements-to-date-january-2013/).

### Aim C. Secure compliance with the law

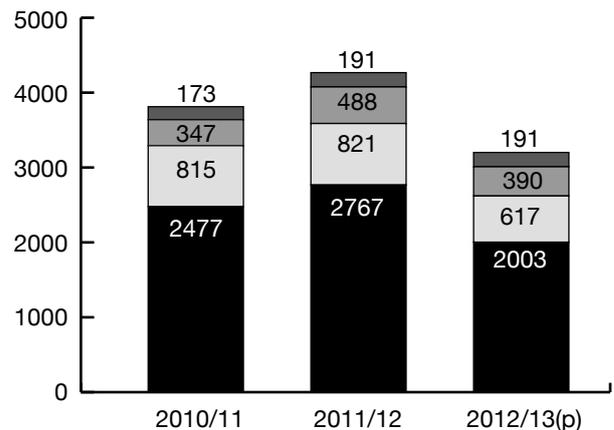
Investigating complaints and incidents is an important lever for improving health and safety standards. It enables HSE to determine causes, share lessons and ensure that necessary measures are in place to prevent recurrence. Investigation also provides the basis for enforcement action to secure justice for people seriously harmed by those who behave in a reckless way or where there has been serious breach of duty.

Key: ● Delivered ● On track ○ Off track	
<b>Objective C.1 Investigate work-related accidents, incidents and ill health.</b>	
Business Plan Activity	Progress
Follow-up complaints meeting HSE's risk-based criteria within agreed timescales.	● Followed up circa 10 000(p) health and safety complaints from workers/members of the public (see <b>Figure 3</b> ).
Investigate incidents that meet HSE's incident selection criteria.	● Over 3 200(p) incidents investigated (see <b>Figure 4</b> ). The figures will fluctuate annually consistent with the application of HSE's published Incident Selection Criteria to a range of reported incidents.
Seek to complete fatal incident investigations within 12 months of HSE assuming primacy.	Performance against primacy date will be reported from 2013/14.
Seek to complete RIDDOR non-fatal investigations within 12 months of the incident date.	● Completed in excess of 3 620(p) non-fatal incident investigations in 2012/13 with 79% completed within 12 months of the incident date.

**Figure 3:** Number of complaints meeting HSE risk-based criteria followed up



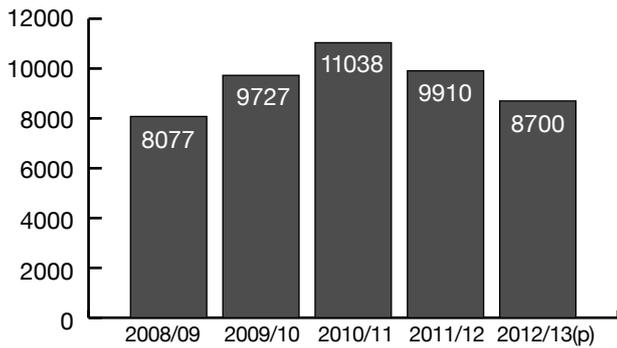
**Figure 4:** Number of RIDDOR incidents investigated by HSE



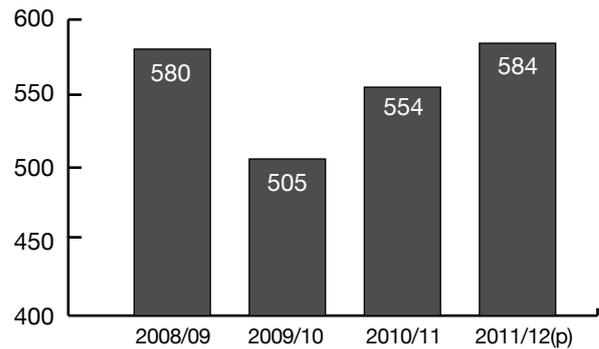
- Accidents
- Dangerous occurrences
- Ill health
- Gas

<b>Objective C.2 Take formal enforcement action to prevent harm and secure justice where appropriate.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
When appropriate, take enforcement action in line with HSE's Enforcement Policy Statement and Enforcement Management Model.	<ul style="list-style-type: none"> <li>Issued approximately 8 700(p) Enforcement Notices<sup>27</sup> in 2012/13 including over 5 660(p) Improvement Notices and over 3 020(p) Prohibition Notices (see <b>Figure 5</b>).</li> </ul>
Prosecute where there has been a serious breach of the law.	<ul style="list-style-type: none"> <li>584(p) prosecution cases were completed as per the latest statistics published for 2011/12 (see <b>Figures 6 and 7</b>). Dutyholders found guilty of health and safety offences in that year received fines totalling £15.6 million.<sup>28</sup></li> </ul> <p>Details of all prosecution cases which resulted in a successful conviction can be viewed at <a href="http://www.hse.gov.uk/Prosecutions/">www.hse.gov.uk/Prosecutions/</a>.</p>

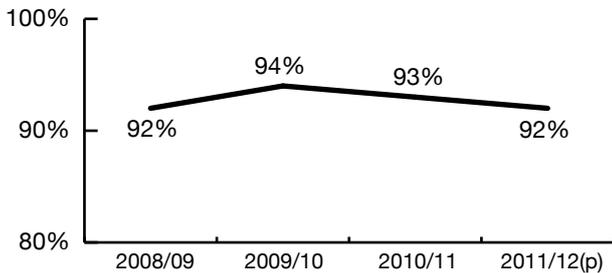
**Figure 5:** Number of notices issued by HSE



**Figure 6:** Number of cases for which legal proceedings have been instituted by HSE and, in Scotland, the COPFS<sup>29</sup>



**Figure 7:** Conviction rate for cases heard



<sup>27</sup> <http://www.hse.gov.uk/notices/>.

<sup>28</sup> [www.hse.gov.uk/statistics/tables/ef1.xls](http://www.hse.gov.uk/statistics/tables/ef1.xls).

<sup>29</sup> COPFS – Crown Office and Procurator Fiscal Service.

Examples of successful prosecutions heard in 2012/13 include:

- ◆ a steel company fined £500 000 and costs in excess of £57 000 for serious safety breaches after a worker died following a fall into slag waste;
- ◆ a property service organisation ordered to pay more than £300 000 in fines, costs and compensation after seven people were hospitalised when carbon monoxide fumes escaped into their homes;
- ◆ a contractor fined £450 000 and £98 000 in costs after a worker fell through a roof on a construction site;
- ◆ a recycling company fined £200 000 following the death of a worker at its paper baling site;
- ◆ a property development firm fined £100 000 and costs in excess of £21 000 following a major gas explosion.

*Other in-year priorities:*

- ◆ **Legionnaires' disease outbreaks:** In response to the outbreaks in Edinburgh (June), Stoke-on-Trent (July) and Carmarthen (September), HSE worked effectively with other agencies to protect the public, identify sources and, where necessary, take appropriate enforcement action.

Following the outbreaks, HSE issued two safety alerts encouraging businesses to improve the protection of workers and members of the public from exposure to legionella. A revised programme of interventions for the control of legionella risks in workplaces has been developed for use by HSE and its LA partners, including a programme of stakeholder engagement and promotion of good practice.

This programme will include visits to sites with evaporative cooling systems to check that adequate control systems and procedures are in place.

HSE also undertook inspection visits to 40 premises with cooling towers as part of a local project on control of legionella in the run-up to the London 2012 Olympic and Paralympic Games.

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

Britain has a number of highly specialised industries which provide essential products and services and are strategically important to the country's economy and social infrastructure, but which can potentially cause serious harm to their workers, the environment and the public if not properly managed.

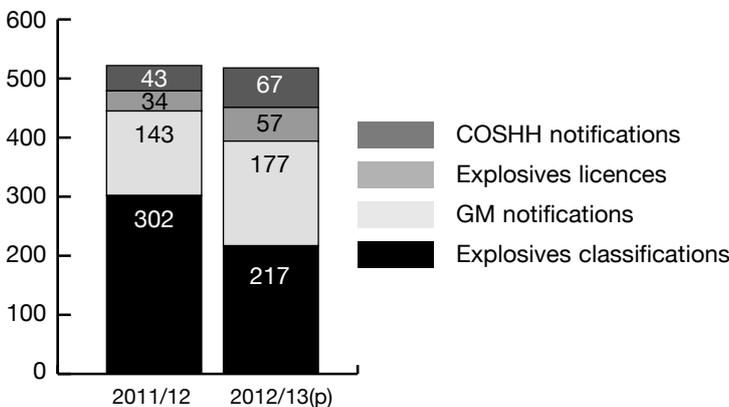
A relatively small failure of their health and safety regimes could have catastrophic consequences (hence these industries are often referred to as major hazard industries). HSE's programme of work seeks to secure the systematic management of hazardous activities, and provide public assurance that health and safety risks within those industries are effectively managed to reduce the likelihood of low-frequency, high-impact incidents.

Key: <span style="margin-left: 20px;">● Delivered</span> <span style="margin-left: 20px;">● On track</span> <span style="margin-left: 20px;">○ Off track</span>	
<b>Objective D.1 Regulate major hazard operators and dutyholders effectively and proportionately.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
Assess dutyholder submissions (safety cases and safety reports) against agreed standards to ensure the new or continued safe operation of major hazard installations.	● Assessed over 200 safety cases and reports submitted by dutyholders, with over 93% assessed within agreed timescales.
Grant and authorise applications, derogations, licences, approvals and notifications including explosive classifications, explosive site licences, Genetically Modified Organisms (Contained Use) notifications, Control of Substances Hazardous to Health (COSHH) notifications of the use of biological agents in accordance with statutory requirements and deadlines.	● Processed over 500 dutyholders' applications for licences etc, with 93% to agreed performance standards (see <b>Figure 8</b> ).
Deliver agreed intervention plans and inspections at major hazard sites, including compliance and cornerstone licence condition inspections at nuclear sites.  Inspect sub-COMAH sites which present a significant risk because of the dangerous substances that they handle.	● HSE visited in excess of 1 230 major hazard operators including COMAH sites, offshore installations, gas pipeline operators, biological agent operators, explosives and mines. HSE identified over 4 200 important major hazard health and safety concerns that required action by the dutyholder. The issues ranged from technical to management deficiencies important in controlling major hazard risks.  ONR visited all 37 nuclear licensed sites, undertaking over 1 650(p) licence condition inspections (see <b>Figure 9</b> ). 73% of ONR's licence condition ratings were rated as adequate or better. The ratings are used to inform the targeting of ONR's intervention strategies.
Undertake the Offshore Ageing and Life Extension Programme (KP4) to ensure dutyholders can demonstrate that suitable measures are in place to address ageing and life extension in their asset integrity management systems to ensure associated risks are controlled and safety is ensured at all times – interim report in <b>January 2013</b> .	● The KP4 interim report <sup>30</sup> was published in November 2012. The report identified a range of issues related to ageing plant that require action. In response the industry lead body, Oil and Gas UK, has established a number of working groups to produce guidance to promote improvements.  By the end of March 2013, HSE had undertaken KP4 inspections across 75% of offshore operators.

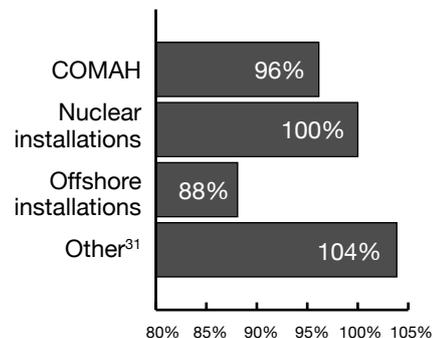
30 [www.hse.gov.uk/offshore/ageing/kp4-interim-report.pdf](http://www.hse.gov.uk/offshore/ageing/kp4-interim-report.pdf).

<b>Objective D.1 Regulate major hazard operators and dutyholders effectively and proportionately.</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
Complete assessments to allow clearance of Generic Design Assessment (GDA) issues of new civil nuclear reactor sites, including any associated with the report findings on the Fukushima nuclear accident, and be in a position to consider issuing final Design Acceptance Confirmations (DACs).	● ONR and the Environment Agency issued the Design Acceptance Confirmations for the new European Pressurised Reactor in December 2012.
Ensure compliance with Site Security Plans and National Security Vetting procedures within the civil nuclear industry.	● ONR undertook in excess of 240 inspections and over 5 980 vetting clearances.  ONR also issued important new security guidance to the civil nuclear industry in October 2012, the <i>National Objectives, Requirements and Model Standards (NORMS)</i> , which was welcomed by influential stakeholders, such as the Safety Directors' Forum.
Work with the Department for Energy and Climate Change (DECC) to ensure that the recommendations arising from Offshore Oil and Gas in the UK – ‘An Independent Review of the Regulatory Regime’ (published in December 2011) are progressed including providing input into DECC’s response to the Energy Minister by <b>July 2012</b> .	● HSE provided input to DECC’s report to time and contributed to the report’s review published in November 2012. DECC are creating a DECC/ HSE/MCA senior oversight group to supervise the implementation of the review’s recommendations.

**Figure 8:** Volume of applications processed



**Figure 9:** Major hazard operator sites visited as a proportion of 2012/13 plan



<b>Objective D.2 Provide authoritative advice in relation to hazardous substance consents and land use planning</b>	
<i>Business Plan Activity</i>	<i>Progress</i>
Provide advice on complex planning applications within the non-determination periods in line with Government’s expectations for responding to applications.	● Provided advice on over 830 planning applications to enable LAs to make informed decisions over land use planning.
Process ‘hazardous substance consent’ applications within agreed timescales in line with Government’s expectations for responding to applications.	● Processed over 140 consents with 78% to time.

<sup>31</sup> Other includes producing mines, non-COMAH explosives sites, sub and non COMAH chemical manufacturing sites, major gas networks, onshore and offshore pipeline operators and biological agent sites

*Other in-year priorities:*

- ◆ The Chevron multi-fatality in Pembrokeshire in June 2011 required significant resources throughout 2012/13, as HSE mounted a joint investigation with South Wales Police. The investigation has entered its final phase with a decision on appropriate charges yet to be taken.
- ◆ In March 2012 there was a major gas release from a well on Total's Elgin offshore production platform, which required the evacuation of personnel from Elgin and an adjacent drilling rig.

As a result HSE set up two Major Incident Response Teams. The first team ensured that Total and its contractor stopped the major release, while complying with UK legislation. HSE then directed Total to submit a revised safety case to HSE, which was accepted and production recommenced.

The second team is now nearing the end of a complex investigation into the release. An HSE Major Incident Investigation Board will then decide what further course of regulatory action is necessary.

## Progress against the DWP Structural Reform Plan 2012/13

Table 1 provides the HSE led recommendations which feature in the Department's Structural Reform Plan (section 6.2), an updated version of which was published in May 2012<sup>33</sup> as part of the DWP Departmental plan. Progress can be found throughout this Annual Report as indicated.

<b>Key:</b>	 Delivered	 On track	 Off track
-------------	---------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------

**Table 1:** Progress against the Structural Reform Plan:

<i>Recommendation</i>	<i>End Date</i>	<i>Progress</i>
i) Launch a consultation on self-employment exemptions to health and safety.	November 2012	 See page 18.
ii) Revoke the first set of health and safety regulations.	October 2012	 See page 17.
iii) Introduce a binding code of practice for local authorities to ensure consistent and proportionate health and safety inspection and enforcement activity.	April 2013	 See page 12.
iv) Complete an initial review and launch a consultation on proposals for the revision, consolidation, withdrawal or otherwise for the 32 Approved Codes of Practice (ACOP).	September 2012	 See page 18.
v) Amend the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations and associated guidance to provide clarity for businesses on how to comply with the requirements.	October 2013	 See page 17.
vi) Launch a consultation on removing the second set of health and safety regulations.	July 2012	 See page 17.
vii) Take forward plans to revoke or consolidate around 50% of regulations in line with the Löfstedt Review as part of wider plans to revoke or improve around 84% of health and safety regulations.	End 2014	 Work is underway and on track, including the items outlined above at ii) and vi). Work is also in train on a programme of sector-specific consolidations (see page 18). HSE is engaging with industry stakeholders, considering options and draft regulatory packages will be developed in 2013/14.

33 Available to download at [www.dwp.gov.uk/docs/dwp-business-plan-may-2012.pdf](http://www.dwp.gov.uk/docs/dwp-business-plan-may-2012.pdf).

## Financial review

HSE continues to make good progress in delivering the efficiencies and economies required to live within its challenging Spending Review 2010 Settlement. HSE's net operating cost has reduced by a further 9% in 2012/13 compared to 2011/12.

There have been a number of key elements of the financial strategy delivered in 2012/13 which have contributed to in-year savings and support HSE's financial position for the SR10 period and beyond. These key elements include: the re-let of HSE's IS/IT services contract for an initial period of three years with Steria Ltd (from June 2013) through the Government Procurement Services call-off contract; preparation for the migration to DWP Shared Services for human resources, finance and procurement transactional processing; and the introduction of Fee for Intervention (from October 2012) where HSE recovers its costs of an intervention when it finds a material breach of health and safety law.

HSE is on-track with its current financial strategy and its aim is to maintain a properly supported and integrated organisation which can achieve the maximum for health and safety from the resources at its disposal.

### Results for the year

**Table 2:** Statement of Comprehensive Net Expenditure

	<b>2012/13</b>	2011/12	
	<b>£'000</b>	£'000	
Net operating cost	<b>159 218</b>	174 912	The decrease in net operating costs of £15.7 million (9%) is consistent with HSE's financial strategy for the year. HSE has continued to maintain rigorous controls on staffing levels and staff-related costs through the Corporate Efficiency Board; managed down its estate costs; renegotiated and ultimately re-let the IS/IT services contract; further reduced communications and technical support spend. The introduction of Fee for Intervention has supported a marginal increase in income generation in the year.

**Table 3:** Statement of Financial Position

	<b>2012/13</b>	2011/12	
	<b>£'000</b>	£'000	
Assets	<b>136 254</b>	132 932	The increase in assets of £3.3 million (2.5%) relates mainly to: <ul style="list-style-type: none"> <li>◆ an increase in trade receivables/accrued income of £2.4 million in respect of Fee for Intervention income;</li> <li>◆ an increase in intangible assets of £0.6 million in respect of the purchase of pooled software.</li> </ul>
Liabilities	<b>(137 025)</b>	(136 151)	The increase in liabilities of £0.9 million (0.6%) relates mainly to: <ul style="list-style-type: none"> <li>◆ an increase in the bank overdraft of £4.5 million due to the timing of DWP's defunding of HSE's Government Banking Service account at the end of March 2013. This is purely a timing issue.</li> <li>◆ a decrease of £0.7 million in the liability for future years' voluntary exit payments related to the scheme completed in February 2011.</li> <li>◆ a reduction in the PFI creditor of £1.4 million.</li> <li>◆ a reduction in the provision for dilapidations of £1.4 million as liabilities have been settled in-year.</li> </ul>
Reserves	<b>(771)</b>	(3 219)	

**Table 4:** Cash Flow Statement

	<b>2012/13</b>	<b>2011/12</b>	
Net cash outflow from operating activities	<b>157 182</b>	160 701	HSE's cash flow shows a reduction in net cash outflow in 2012/13 of £3.5 million (2.2%) which reflects reduced net expenditure and other cash movements.

*Funding*

HSE is funded by Grant-in-Aid from within DWP's Departmental Expenditure Limit.

*Payments to suppliers***Table 5:** Payments to suppliers

	<b>2012/13</b>	<b>2011/12</b>	
HSE's overall performance against 10-day target	<b>97.12%</b>	97.12%	HSE is committed to the prompt payment of supplier bills. Payments are normally made as specified in the contract. If there is no contractual provision or other understanding, payment is due to be made within 30 days of the receipt of goods or services or presentation of a valid invoice or similar demand, whichever is later. In October 2008, government organisations committed to pay suppliers within ten working days, wherever possible, although the standard terms in most contracts and the legislative periods within the Late Payment of Commercial Debts (Interest) Act 1998 remains at 30 days.
HSE's overall performance against 30-day target	<b>99.37%</b>	99.53%	
Interest charges payable relating to Late Payment of Commercial Debts (Interest) Act 1998 or the Late Payment of Commercial Debts Regulations 2002	<b>Nil</b>	Nil	

*Pension liabilities*

Details of pension costs etc are contained in Note 1(25) and Note 2 to HSE's Accounts and in the Remuneration Report.

*Director's statement*

So far as the Accounting Officer is aware, there is no relevant audit information of which HSE's auditors are unaware. The Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that HSE's auditors are aware of that information.

*External auditors*

HSE's financial statements have been audited under Schedule 2 paragraphs 14(2) and 20 of HSWA 1974 by the Comptroller and Auditor General, whose certificate and report appear on pages 65–66. The cost of audit work was £125 000 which related solely to audit services.

## Public accountability

### *Transparency of our expenditure data*

We publish the business-related travel and expenses costs of our Chair, HSE Board members, Chief Executive, Deputy Chief Executive and Senior Management Team members<sup>34</sup>.

Details of HSE expenditure that exceeded £25 000, during the period April 2012 to January 2013, were published on the Government's online transparency database<sup>35</sup>.

### *Responding to requests under the Freedom of Information (FOI) Act*

In 2012/13, HSE received over 6 390 FOI requests of which more than 5 840 (91%) were responded to within the 20-day target. This continues the trend of strong performance. HSE is now the only monitored body to have received more than 1 000 requests during each quarter since the Act was implemented. HSE accounts for almost 15% of all requests received by all 43 monitored bodies and we continue to meet Ministry of Justice standards for responses.

### *Responding to the Scottish Parliament's Health and Sport Committee*

In June 2012, HSE's Director, Scotland gave evidence<sup>36</sup> to the Scottish Parliament's Health and Sport Committee about the regulatory response to the Legionnaires' disease outbreak in Edinburgh (see page 26). HSE appeared together with the local authority as co-regulator and other Scottish bodies involved in managing the outbreak. In December 2012, the Director, Scotland was invited back to the Committee to provide a broader overview of HSE's work in Scotland.

## Information assurance

### *Protected personal data-related incidents*

There were no reportable incidents of lost protected personal data that required formal reporting to the Information Commissioner's Office in 2012/13.

There were no other protected personal data-related incidents centrally recorded by HSE and reported to our parent department DWP, but not notified to the Information Commissioner's Office.

There were, however, two incidents which occurred in-year which HSE deemed significant to the delivery of its business and, therefore, are disclosed below:

- ◆ The loss of protectively marked investigative material (paper documents) including witness statements. The case was investigated by the line manager and the staff member informed of the security measures required to be taken in future. Additionally, the division involved published an anonymised 'case study' of the incident to raise staff awareness.

34 [www.hse.gov.uk/aboutus/reports/expenses/index.htm](http://www.hse.gov.uk/aboutus/reports/expenses/index.htm).

35 <http://data.gov.uk/dataset/financial-transactions-data-dwp-hse>.

36 [www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=7324&mode=pdf](http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=7324&mode=pdf).

- ◆ The loss of protectively marked information (witness names and addresses) on an unencrypted CD. The case was fully investigated and resulted in the staff member involved receiving a formal written warning.

### *Significant lapses of protective security*

In addition to the incidents disclosed above, there are two other significant lapses to report:

- ◆ A member of staff left a printed copy of a commercially sensitive email in a hotel room. The information itself was not 'protectively marked' and did not contain personal data but, given its potential sensitivity, an investigation ensued which resulted in disciplinary action being taken. Action was taken to remind staff of their responsibilities and to raise awareness of the importance of handling such information in line with HSE policies and procedures.
- ◆ An unencrypted memory stick containing commercial information was reported missing by an HSE contractor. The stick was marked 'Protect – Commercial' but did not contain any sensitive information. An investigation followed and lessons learned are being taken forward, including checking assurance of information held by relevant contractors and the introduction of a new removable media policy in the directorate concerned.

To mitigate further occurrences of data-related incidents and to further ensure the safe management of its information assets, HSE has:

- ◆ launched an extensive internal communications exercise for all staff, providing a series of reminders of their responsibility to comply with security policies and procedures – particularly in regard to the use of removable media;
- ◆ issued revised guidance on the provision and use of USB memory sticks;
- ◆ introduced an updated security site on the intranet providing improved navigation and clearer guidance;
- ◆ rolled out a corporate solution to removable media and email attachment encryption;
- ◆ required all staff to complete the Level One e-Learning – Protecting Information on an annual basis, which includes the key aspects of information assurance. Staff in advisory or statutory roles (eg information asset owners) also completed the higher level modules;
- ◆ required all staff to sign up to a revised Personal Commitment Statement to clarify and strengthen understanding of their roles and responsibilities;
- ◆ ONR delivered security awareness sessions specifically for all ONR staff;
- ◆ further improve our ability to analyse security incidents to enable us to be more proactive in identifying trends and emerging risks; sharing lessons learned and good practice; improving our reporting processes and informing our key internal communication messages.

Additionally, oversight of information assurance and security matters is maintained by:

- ◆ quarterly security briefings to the Senior Risk Information Owner;
- ◆ updates to the HSE Audit Committee;
- ◆ regular meetings of the Information Asset Owners' Forum.

## Our workforce

We recognise that it is through our staff that we deliver our business goals. HSE values its people and operates policies and systems to ensure the health, safety, welfare, development and equal treatment of its workforce.

### Recruitment

Recruitment into HSE is conducted in line with the Civil Service Commissioners' Recruitment Code. We operate systems and procedures that meet the code and ensure that recruitment is carried out on the basis of fair and open competition and selection on merit. The systems and procedures are subject to periodic internal and external audits (the most recent being in November 2011) in addition to the annual completion of a self-assessment return to the Office of the Civil Service Commission. The code requires departments to publish summary information about their recruitment and the use of permitted exceptions to the principles of fair and open competition and selection on merit.

HSE continues to implement a general recruitment freeze announced by the Civil Service, except for a small number of permitted exceptions with ministerial approval to deliver priority operational work.

**Table 6:** Total HSE (including HSL and ONR) staff in post by full-time equivalents (FTE) and occupational group

Occupational group	31 March 2013	31 March <sup>37</sup> 2012	1 April 2011
Frontline staff (of which are frontline inspectors) <sup>38</sup>	<b>1 322</b> <b>(1 241)</b>	1 381 (1 302)	1 422 (1 316)
Inspectors working in functions other than frontline	<b>126</b>	130	134
Other professional or specialist staff	<b>1 268</b>	1 282	1 315
Other staff	<b>459</b>	462	497
Contingent labour <sup>39</sup>	<b>8</b>	33	32
<b>Total staff<sup>40</sup></b>	<b>3 183</b>	3 288 <sup>41</sup>	3 400

### Review of tax arrangements of public sector appointees

As part of 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 published information in relation to the number of off-payroll engagements – at a cost of over £58 200 per annum – that were in place on 31 January 2012.

Tables 7 and 8 indicate the number of off-payroll arrangements HSE has had in place in the period between 31 January 2012 and 31 March 2013.

<sup>37</sup> The reporting date change ensures consistency with staffing figures provided by HSE to other parts of government, some of which are also published.

<sup>38</sup> 'Frontline' staff comprises operational and other health and safety inspectors fulfilling frontline roles, inspectors of construction (for 2011 only as fixed-term appointments) and visiting officers who support inspectors in the delivery of key health and safety messages.

<sup>39</sup> Contingent labour is defined as temporary staff not on HSE's payroll which may include agency workers, specialist contractors, interim managers etc.

<sup>40</sup> Total staff = the sum of all rows excluding the figures in brackets.

<sup>41</sup> 15 FTEs from the Department of Transport's Radioactive Materials Transport Team transferred to ONR in October 2011.

**Table 7:** Off-payroll engagements at a cost of over £58 200 per annum that were in place as of 31 January 2012

	<i>Number</i>
<b>Number in place on 31 January 2012</b>	<b>7</b>
of which	
Number that have since come onto the organisation's payroll	0
of which	
Number that have since been re-negotiated/re-engaged, to include contractual clauses allowing the department to seek assurance as to their tax obligations	0
Number that have not been successfully re-negotiated, and therefore continue without contractual clauses allowing the department to seek assurance as to their tax obligations	0
Number that have come to an end	7
<b>Total</b>	<b>7</b>

**Table 8:** Off-payroll engagements between 23 August 2012 and 31 March 2013, for more than £220 per day and more than 6 months.

	<i>Number</i>
<b>Number of new engagements</b>	<b>0</b>
of which	
Number of new engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and national insurance obligations	0
of which	
Number for whom assurance has been requested and received	0
Number for whom assurance has been requested but not received	0
Number that have been terminated as a result of assurance not being received	0
<b>Total</b>	<b>0</b>

### *Equality and diversity*

HSE's policies for recruitment, management and progression of staff aim to create an inclusive culture in which diversity is fully valued. Our progress against our action plan is monitored by senior management, our trade unions and the four diversity networks, through HSE's Diversity Steering Group. We demonstrate our commitment to the Equality Act 2010 by publishing statistics and supporting text on our website<sup>42</sup>.

Disabled people, as defined within the Equality Act 2010, are employed across all grades within HSE. Through guidance and a Dignity at Work statement, diversity awareness

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

is incorporated into all management training modules and via staff networks helping to improve staff's knowledge and understanding of disability in the workplace. Encouraging diversity in recruitment and valuing the diversity we have among our own staff is key to our success and effectiveness.

HSE's diversity survey statistics for staff in post by gender/race/disability are published on our website<sup>43</sup>.

### *Learning and development*

HSE remains committed to ensuring its staff has, or is developing, the competence to enable them to fulfil their roles effectively. During the year we:

- ◆ embedded the Civil Service Learning offering ensuring a supply of high quality, cost-effective generic learning and development is available;
- ◆ maintained our commitment to developing leadership and management capability with the provision of a full management development programme and several cross-government leadership programmes;
- ◆ continued to support the professional development of inspectors, either through the Postgraduate Diploma in Regulatory Occupational Health and Safety for new regulatory inspectors or the provision of technical and legal courses for new and existing regulatory and specialist inspectors.

### *Employee involvement*

HSE is committed to ensuring that staff at all levels can contribute to issues affecting the organisation, and encourages a wide range of employee involvement, including:

- ◆ a comprehensive structure of joint consultative forums, including a National Whitley Committee, a network of Local Whitley Committees in each region and sub-committees addressing specific issues such as health and safety and estates management;
- ◆ four staff network groups, which have been key partners in taking forward equality and diversity within HSE;
- ◆ a regular programme of senior management visits to all HSE offices to hold open meetings on topic issues and invite feedback from staff;
- ◆ the Exchange – an online facility for staff to contribute to an open exchange of ideas dealing with specific projects within the organisation, including the effective use of all resources;
- ◆ HSE participation in the Civil Service-wide 2012 staff engagement survey, the outcome of which is communicated to all staff and trade unions. The HSE Employee Engagement Index decreased slightly from 55% in 2011 to 51% in 2012 compared with the Civil Service average score of 56%. A series of focus groups to provide further insight into the results were held across HSE and presentations were delivered to senior managers to help action planning on issues identified in the survey.

### *Sickness absence*

As at 8 April 2013, the provisional figure for annual working days lost (AWDL) for the year ending March 2013 is 6.8 per FTE, an increase from 6.1 in 2011/12 and higher than HSE's target of 6.2 AWDL.

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43 [www.hse.gov.uk/aboutus/reports/diversity.htm](http://www.hse.gov.uk/aboutus/reports/diversity.htm).

### Employee health and safety

We seek to maximise the well-being of our staff and minimise the distress and losses resulting from ill health and injury. In line with our advice to other organisations, HSE's Senior Management Team leads on improving health and safety and monitors progress regularly. It engages with and consults staff through a network of safety representatives from HSE's trade unions.

In 2012, HSE set challenging long-term targets for incident reduction as part of a three-year framework. HSE's annual health and safety plan sets out the progress to be sought each year and the activities to deliver it.

The number of incidents reportable under RIDDOR remains at a low level. Overall, statistics for 2012/13 that are not reportable under RIDDOR have reduced in comparison with previous years.

**Table 9:** Health and safety incidents in HSE during 2012/13

<i>Category</i>	<i>Target</i>	<b>Reported incidents in 2012/13</b>	<i>Reported incidents in 2011/12</i>
<b>Number of work-related incidents leading to major injuries over-7-day absences, including:</b>	<10	<b>1</b>	0
◆ work-related slip or trip incidents leading to major injuries or over-7-day absences	<3	<b>1</b>	0
◆ work-related road traffic incidents leading to major injuries or over-7-day absences	<3	<b>0</b>	0
<b>Number of work-related ill health incidents, including:</b>	<50	<b>28</b>	45
◆ display screen equipment (DSE)-related ill health	<20	<b>9</b>	24
◆ work-related stress (WRS) ill health	<20	<b>19</b>	21

### Stakeholder involvement

HSE considers its stakeholders to be those organisations or individuals we can work with to deliver improvements to occupational health, safety and welfare, such as:

- ◆ the Government and our sponsoring department, DWP, which provides HSE's grant-in-aid;
- ◆ HSE's co-regulators in LAs, the Environment Agency and Scottish Environmental Protection Agency;
- ◆ the wider health and safety system, including employers, workers and their representatives.

HSE seeks to work effectively in partnership with business, trade unions and third party organisations in industries and occupations where there is a higher risk of accidents or ill health. Working with our partners we seek to raise awareness, create behavioural change and influence others to find their own solutions and take ownership for driving forward improvements in health and safety standards.

To facilitate this engagement, and provide transparency and prioritisation, individual sector strategies were developed within the framework of our strategy, *The health and safety of Great Britain\Be part of the solution*. These sector strategies set out the health and safety priorities and the evidence behind them in key sectors.<sup>44</sup> They were developed, and are regularly refreshed, through engagement with industry and other stakeholders, and direct HSE's and others' proactive activities. Specific examples of proactive activities steered by these strategies can be found throughout the annual report.

## Environmental, social and community issues

### *Impact assessments*

HSE continues to consider the impact of our policies and intervention techniques on the wider environment through our impact assessments (see page 22). For example, the HSE impact assessment into the proposed changes to the Carcinogens and Mutagen Directive considers the environmental impact of changes to working practices involving several industrial chemicals and process-generated contaminants.

### *Administrative apprenticeship programme*

HSE introduced a 12 month administrative apprenticeship programme early last year as part of the Government's initiative 'Get Britain working', aimed to increase the level of skills and qualifications amongst the UK workforce and giving real work opportunities to tackle youth unemployment. Due to the programme's success in our headquarters, we have recruited further intakes during 2012/13, employing a total of 18 apprentices in that period. This includes HSL's first Assistant Scientist apprentice, which is a two-year programme.

### *Sustainable development*

HSE is committed to the continuous improvement of environmental performance and management and the prevention of pollution from the activities we undertake in the most cost-effective manner.

We seek to comply with all applicable legal and other relevant requirements that relate to our environmental aspects, official codes of practice and, as far as practicable, accepted best practice in environmental management, endorsed at senior management level. HSE's long-term aim is to continually reduce its environmental impact. This has been accelerated as a result of an ongoing internal strategy to rationalise and downsize the estate. During 2012/13 HSE reduced the amount of space we occupy by 10%.

HSE includes a large mobile workforce that undertakes inspection, investigation and enforcement activity across Britain, which involves a significant amount of business travel. We are striving to reduce our greenhouse gas emissions and are successfully working towards meeting the Greening Government Commitment (GGC) targets – see Sustainability Report (pages 40–44) for further information.

### *Sustainable procurement*

A sustainability impact assessment of key suppliers is undertaken every two years. Its purpose is to assess supplier commitments to implementing sustainable development policies and management systems (including meeting environmental and corporate social

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44 [www.hse.gov.uk/aboutus/strategiesandplans/sector-strategies/index.htm](http://www.hse.gov.uk/aboutus/strategiesandplans/sector-strategies/index.htm).

responsibility targets). The outcome of the 2011 exercise was reported in last year's annual report and the next exercise is planned for September 2013.

### Sustainability Report

The Sustainability Report<sup>45</sup> details progress towards improving energy consumption and related reduction in carbon emissions, water consumption and waste management which are key areas against which the Government wishes to measure public bodies' environmental performance. A summary of performance is incorporated within each section.

**Table 10: Greenhouse gas (GHG) emissions<sup>46,47</sup>**

	2012/13	2011/12	2010/11	Graphical analysis	
Non-financial indicators (tCO <sub>2</sub> e)	<b>Scope 1 emissions</b>			<p><b>Total emissions (tCO<sub>2</sub>e)</b></p> <p>8000 7000 6000 5000 4000 3000 2000 1000 0</p> <p>2010/11 2011/12 2012/13</p> <p>■ Scope 1 ■ Scope 2 ■ Scope 3</p>	
	Gas	2 929.15	2 845.29		3 245.80
	Fugitive emissions	95.35	59.07		Not Avail
	HSE & HSL owned vehicles <sup>48</sup>	314.00	446.26		525.45
	<b>Total scope 1 (tCO<sub>2</sub>e)</b>	<b>3 338.50</b>	<b>3 350.62</b>		<b>3 771.25</b>
	<b>Scope 2 emissions</b>				
	Electricity: brown	2 694.76	3 185.29		3 130.19
	Electricity: green	4 239.05	4 035.21		4 385.49
	Electricity: CHP	342.30	408.88		430.39
	<b>Total scope 2 (tCO<sub>2</sub>e)</b>	<b>7 276.11</b>	<b>7 629.38</b>		<b>7 946.07</b>
	<b>Scope 3 emissions</b>				
	Grey fleet	1 234.00	1 457.32		2 102.23
	Car hire <sup>49</sup>	351.00	366.77		363.86
	Air	494.21	513.67		538.25
	Rail	287.90	302.29		484.36
<b>Total scope 3 (tCO<sub>2</sub>e)</b>	<b>2 367.11</b>	<b>2 640.05</b>	<b>3 488.7</b>		
<b>Total scope 1, 2 &amp; 3 emissions</b>					
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>12 981.72</b>	<b>13 620.05</b>	<b>15 206.02</b>		
Related energy consumption (kWh)	<b>Scope 1</b>			<p><b>Travel emissions (tCO<sub>2</sub>e)</b></p> <p>2500 2000 1500 1000 500 0</p> <p>2010/11 2011/12 2012/13</p> <p>■ HSE &amp; HSL owned vehicles ■ Grey fleet ■ Car hire ■ Air ■ rail</p>	
	Gas (kWh)	15 815 276	15 272 608		17 422 436
	<b>Scope 2 (kWh)</b>				
	Electricity: brown	5 178 552	5 870 425		5 768 879
	Electricity: green	8 146 226	7 436 804		8 082 354
	Electricity: CHP	657 808	753 553		793 201
	<b>Total electricity (kWh)</b>	<b>13 982 586</b>	<b>14 060 781</b>		<b>14 644 434</b>

45 The Sustainability Report has been prepared in accordance with guidelines laid down by HM Treasury in 'Public sector annual report – Sustainability reporting'.

46 Total emissions have been calculated using DEFRA conversion factors provided for calculations in the Greening Government Commitment

47 Emissions are not weather corrected

48 'Owned vehicles' are vehicles used for official business but wholly owned by HSE.

49 Car Hire: the contracted supplier provides this information although some of it would have been provided to them by their 3rd party supply chain partners.

**Table 10:** Greenhouse gas (GHG) emissions

		2012/13	2011/12	2010/11	Graphical analysis												
Financial indicators (£)	<b>Scope 1 &amp; 2 (£)</b>				<p><b>Energy (tCO<sub>2</sub>e)</b></p> <table border="1"> <caption>Data for Energy (tCO<sub>2</sub>e) chart</caption> <thead> <tr> <th>Year</th> <th>Electricity</th> <th>Gas</th> </tr> </thead> <tbody> <tr> <td>2010/11</td> <td>4000</td> <td>1600</td> </tr> <tr> <td>2011/12</td> <td>3800</td> <td>1400</td> </tr> <tr> <td>2012/13</td> <td>3600</td> <td>1400</td> </tr> </tbody> </table>	Year	Electricity	Gas	2010/11	4000	1600	2011/12	3800	1400	2012/13	3600	1400
	Year	Electricity	Gas														
	2010/11	4000	1600														
	2011/12	3800	1400														
	2012/13	3600	1400														
	Gas	603 133	529 233	486 565													
	Electricity	1 499 196	1 559 342	1 370 299													
	HSE & HSL owned vehicles	301 047	316 772	405 923													
	Carbon reduction commitment allowances	118 704	123 660														
	<b>Total scope 1 &amp; 2 (£)</b>	<b>2 522 080</b>	<b>2 529 006</b>	<b>2 262 786</b>													
<b>Scope 3 (£)</b>																	
Grey fleet	1 707 970	2 096 513	2 447 471														
Car hire	302 400	289 840	236 552														
Air/rail	2 116 571	2 158 638	2 643 096														
<b>Total scope 3 (£)</b>	<b>4 126 941</b>	<b>4 544 991</b>	<b>5 327 119</b>														
Normalised performance	Travel normalisation per FTE (tCO <sub>2</sub> e)	0.84	0.95	1.18													
	Electricity normalisation per FTE (kWh)	4 814	4 820	4 969													
	Gas normalisation per FTE (kWh)	5 589	5 235	5 792													
	Travel normalisation per FTE (£)	1 387	1 492	1 688													
	Electricity normalisation per FTE (£)	516	535	456													
	Gas normalisation per FTE (£)	213	181	162													
	Electricity normalisation kWh per net internal area (m <sup>2</sup> )	195	189	198													
	Gas normalisation kWh per net internal area (m <sup>2</sup> )	221	205	231													

**Performance commentary***GGC targets*

Reduce Greenhouse Gas Emissions by 25% by 2015 from a 2009/10 baseline of 15 386 tonnes from the whole estate and business-related transport.

Cut domestic business travel flights by 20% by 2015 from a 2009/10 baseline.

*Progress towards target*

There has been a 5% reduction in Greenhouse Gas Emissions compared to last year and a 16% cumulative reduction since 2009/10.

Domestic flights have reduced by 14% since the 2009/10 baseline. Maintaining this level of reduction year on year should meet the target reduction.

Actions taken by HSE to reduce Greenhouse Gas Emissions include:

- ◆ LED lighting has been installed in Lord Cullen House, Aberdeen and Priestley House, Basingstoke, which is predicted to save 359 tonnes of carbon emissions over a five-year period;
- ◆ air conditioning inspections have been completed where appropriate as required under the EU Energy Performance of Buildings Directive (EPBDD);
- ◆ Display Energy Certificates (DECs) are displayed where required. Since January 2013 smaller properties of 500m<sup>2</sup> have a DEC demonstrating to staff the energy efficiency of their building and encouraging positive behavioural changes;
- ◆ solar panels have been installed in Priestley House, Basingstoke which will save 11 tonnes of carbon emissions per year;
- ◆ to promote and assist in the reduction of greenhouse gases, environmental issues and campaigns such as government sustainability targets, Earth Hour and HSE's Car Sharing Scheme are communicated to staff via HSE's monthly magazine and regular eBulletins;
- ◆ Carbon Reduction Commitment Energy Efficiency Scheme (CRC) – HSE completed its 2011/12 annual report and was ranked in the top 25% of organisations participating in the CRC scheme (position 509 of 2 097 participants) on the CRC Performance League Table.

**Table 11: Waste minimisation and management**

		2012/13	2011/12	2010/11
Non-financial indicator	Waste to landfill (t)	<b>146.02</b>	143.06	242.92
	Waste recycled/re-used (t)	<b>224.15</b>	228.67	282.84
	Waste incinerated (t)	<b>21.45</b>	25.00	16.00
	<b>Total waste (t)</b>	<b>391.62</b>	<b>396.73</b>	<b>541.76</b>
	Waste normalisation per FTE (t)	<b>0.14</b>	0.14	0.18

Year	Landfill (t)	Recycled (t)	Incinerated (t)
2010/11	242.92	282.84	16.00
2011/12	143.06	228.67	25.00
2012/13	146.02	224.15	21.45

**Financial indicators**

Waste removal is one of number of services provided by HSE and HSL’s Facilities Management – for which HSE/HSL pay a standard service charge as part of an agreed 30-year contract. As the service charge is not separately itemised, financial indicators for waste minimisation and management are unavailable. Whilst an estimate could be based on the market price this would not add any value to the table as the target is to reduce the quantity of waste, not the cost of waste removal.

**Performance commentary**

*GGC targets*

*Progress towards target*

Reduce the amount of waste we generate by 25% by 2014–15 from a 2009–10 baseline of 623 tonnes.

Waste has reduced by 1% this year and overall by 37% since 2009/10.

Government will go to market with a requirement for closed loop recycled paper in April 2011.

HSE has been purchasing closed loop paper as its standard paper provision since April 2012.

HSE paper usage reduced by 19% in 2012/13 against the 2009/10 baseline.

Actions taken by HSE to reduce waste include:

- ◆ Work continues with our Facilities Management teams to increase the number of commodities that can be recycled by, for example:
  - ◆ reducing Individual desk bins in many offices;
  - ◆ providing more recycling containers for plastic; glass; aluminium; batteries; electrical and electronic equipment waste (WEEE); fluorescent lamps and cardboard waste. This has resulted in a reduction in the amount of waste placed in the general waste bins and the subsequent reduction of daily collections.
- ◆ Paper used is 100% recycled from a closed loop system.
- ◆ All printers are set to a default to double-sided printing.

**Table 12: Finite resource consumption**

		2012/13	2011/12	2010/11
Non-financial indicators (m <sup>3</sup> )	Water consumption (supplied)	42 065	41 167	46 006
Water normalisation (m <sup>3</sup> ) per FTE		15	15	16
Financial indicators (£)	Water supply costs	204 043	155 064	183 097

Year	Usage (m <sup>3</sup> )
2010/11	46000
2011/12	41000
2012/13	42000

**Performance commentary**

*GGC targets*

Reduce water consumption from a 2009/10 baseline of 48 904m<sup>3</sup>, and report on office water use against best practice benchmarks ie:

- ◆ ≥6 m<sup>3</sup> water consumption per FTE poor practice;
- ◆ 4m<sup>3</sup> to 6m<sup>3</sup> per FTE good practice;
- ◆ ≤4m<sup>3</sup> per FTE best practice;
- ◆ % offices meeting best/good/poor practice benchmark.

*Progress towards target*

There has been a 4% increase in water usage this year which is due to HSL's consumption of water in their daily business of experimental activities.

Overall water consumption has reduced by 14% since 2009/10.

HSE (excluding HSL) has reduced its water consumption this year by 15% – an average performance of 7m<sup>3</sup> per FTE. In addition:

- ◆ 25% of HSE's offices with a water meter (excluding HSL) have achieved best practice benchmark during 2012/13;
- ◆ 25% of HSE's offices with a water meter (excluding HSL) have achieved good practice benchmark during 2012/13;
- ◆ 50% of HSE's offices with a water meter (excluding HSL) performed at a poor practice benchmark during 2012/13.

During 2012/13 a programme to change the taps in Redgrave Court has taken place, which is expected to save 777m<sup>3</sup> of water per year.

**Biodiversity adaption plan**

HSE is not required to have a biodiversity adaption plan because the majority of locations are in city centres. HSL has a biodiversity adaption plan, details of which can be found in their annual report on HSL's website at [www.hsl.gov.uk](http://www.hsl.gov.uk).

*Notes to the Sustainability Report*

- ◆ Utility data provided:
  - ◆ excludes 10 properties where HSE is a minor occupier in another government department's premises – HSE's emissions will be included in their Annual Report & Accounts;
  - ◆ data includes HSE's agencies HSL and ONR;
  - ◆ includes usage from 9 sublets in properties where HSE is the major occupier;
  - ◆ includes estimates for properties where the amount and cost of usage is included

in the service charge. Therefore, HSE are not directly billed for the usage nor make payment to the supplier. (Percentage of 2012/13 data that has been estimated: gas 5%; electricity 2%; water 7% and waste 10% – further information is available on request).

- ◆ Estimations for electricity are based on emissions for standard/brown tariffs.
- ◆ To reduce the need to estimate utility data in future years, HSE will ensure when agreeing new leases that consumption data is identifiable and made available to HSE.
- ◆ Previous years' data has been restated where necessary to take the latest information into account.
- ◆ All energy is based on latest information. Final accurate figures will not be available until all quarterly bills have been received. A reconciliation exercise will be undertaken and revised figures will be published in next year's Annual Report and Accounts.

## Management

### *Appointments*

The Chair was appointed for a period of five years in October 2007. The contract has been extended for a further three years from 1 October 2012. If the Chair leaves the Executive other than on the expiry of her term of office, and it appears to the Secretary of State that there are special circumstances that justify the payment of compensation, a payment can be made as determined by the Secretary of State, with Treasury approval.

The Chief Executive was appointed for a term of five years in 2005. This contract has been extended for a further three years from 25 November 2010. All senior officials are established members of the Senior Civil Service (SCS) and subject to standard Cabinet Office terms and conditions. None receives any predetermined compensation on termination of office.

The Secretary of State appoints the Chair. Senior officials are civil servants and appointments are made in accordance with the Civil Service Commissioners' Recruitment Code.

## Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body<sup>50</sup> on Senior Salaries.

In reaching its recommendations, the Review Body is to have regard to the following considerations:

- ◆ 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 the 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.

## 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<sup>51</sup> 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.

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<sup>50</sup> [www.ome.uk.com](http://www.ome.uk.com).

<sup>51</sup> <http://civilservicecommission.org.uk/>.

Details of the service contract for Board members who have served during the year, and the Chief Executive, are as shown in Table 13.

**Table 13:** Service contract (this information is subject to audit)

<i>Name</i>	<i>Date of contract</i>	<i>Unexpired term as at 31 March 2013</i>	<i>Notice period</i>
<b>Board members</b>			
Judith Hackitt CBE	1 October 2012	2 years 6 months	N/A
Nick Baldwin	4 April 2011	1 year	N/A
Robin Dahlberg	1 April 2010	Left 31 March 2013	N/A
Isobel Garner	1 April 2012	2 years	
David Gartside	1 April 2011	1 year	N/A
Paul Kenny	1 October 2010	6 months	N/A
Frances Outram	1 October 2010	6 months	N/A
Hugh Robertson	1 April 2010	Left 31 March 2013	N/A
Howard Shiplee	13 August 2012	2 years 6 months	N/A
Elizabeth Snape MBE	1 October 2009	Left 30 September 2012	N/A
John Spanswick CBE	1 May 2009	Left 30 April 2012	N/A
Richard Taylor	1 April 2011	1 year	N/A
Sarah Veale CBE	1 October 2012	2 years 6 months	N/A
<b>Chief Executive</b>			
Geoffrey Podger CB	25 November 2010	8 months	13 weeks

*The standard terms and conditions defined by Cabinet Office for members of the Senior Civil Service apply in HSE to the provision of compensation for early retirement.*

### **HSE Board**

The composition of the Board during the year is referred to within the Governance Statement on pages 52-64.

## Salary and pension entitlements

The following section provides details of the remuneration and pension interests of the Chief Executive, Deputy Chief Executive and Board members.

**Table 14:** Remuneration (this information is subject to audit)

	2012/13					2011/12				
	Salary £'000	Bonus £'000	Allowances and taxable expenses to nearest £100	Benefits in kind to nearest £100	Total £'000	Salary £'000	Bonus £'000	Allowances and taxable expenses to nearest £100	Benefits in kind to nearest £100	Total £'000
<b>Chief Executive and Deputy Chief Executive</b>										
Geoffrey Podger CB	170-175	10-15	28 400	-	210-215	170-175	-	28 500	-	200-205
Kevin Myers	120-125	5-10	29 600	1 700	160-165	120-125	-	16 000	1 000	140-145
<b>Board Members</b>										
Judith Hackitt CBE	115-120	5-10	200	-	125-130	115-120	5-10	500	-	120-125
Nick Baldwin*	55-60	-	7 700	-	65-70	35-40	-	4 900	-	40-45
Robin Dahlberg	15-20	-	500	-	15-20	15-20	-	900	-	15-20
Isobel Garner <sup>52</sup>	15-20	-	700	-	15-20	-	-	-	-	-
David Gartside	15-20	-	500	-	15-20	15-20	-	800	-	15-20
Paul Kenny**	15-20	-	-	-	15-20	15-20	-	-	-	15-20
Frances Outram	15-20	-	1 600	-	15-20	15-20	-	1 000	-	15-20
Hugh Robertson	15-20	-	-	-	15-20	15-20	-	-	-	15-20
Howard Shiplee <sup>53</sup>	5-10 (15-20 full year equivalent)	-	-	-	5-10	-	-	-	-	-
Elizabeth Snape MBE <sup>54</sup>	5-10 (15-20 full year equivalent)	-	900	-	10-15	15-20	-	1 800	-	15-20
John Spanswick CBE <sup>55</sup>	0-5 (15-20 full year equivalent)	-	-	-	0-5	15-20	-	300	-	15-20
Professor Richard Taylor	15-20	-	1 300	-	15-20	15-20	-	1 400	-	15-20
Sarah Veale CBE <sup>56</sup>	5-10 (15-20 full year equivalent)	-	-	-	5-10	-	-	-	-	-

<sup>52</sup> Isobel Garner's appointment commenced 1 April 2012.

<sup>53</sup> Howard Shiplee's appointment commenced 13 August 2012.

<sup>54</sup> Elizabeth Snape's appointment ended 30 September 2012.

<sup>55</sup> John Spanswick's appointment ended 30 April 2012.

<sup>56</sup> Sarah Veale's appointment commenced 1 October 2012.

\* Nick Baldwin, in addition to being an ex-officio member of the HSE Board, is also Chair of the ONR Board and as such his expenses include costs associated with undertaking both roles.

\*\* Paul Kenny's reimbursement of salary and expenses is paid direct to his employer (GMB Trade Union), who have responsibility for reporting any tax liability. The total paid to GMB for the year ended 31 March 2013 was £16 781.

### Salary

'Salary' includes gross salary; performance pay; overtime; reserved rights to London weighting or London allowances; and 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 Table 14.

### *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 the employer 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. The benefit in kind in respect of the Deputy Chief Executive reflects his use of HSE's private vehicle user scheme.

No significant awards were made to past senior managers.

No compensation was payable to former senior managers.

### Pay multiples

	<b>2012/13</b>		<b>2011/12</b>
Band of highest paid director's total remuneration £'000	<b>210–215</b>	Band of highest paid director's total remuneration £'000	200–205
Median total remuneration £	<b>38 512</b>	Median total remuneration £	37 846
Ratio	<b>5.52</b>	Ratio	5.31

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

The banded remuneration of the highest paid director in HSE in the financial year 2012/13 was £210 000–£215 000 (2011/12, £200 000–£205 000). This was 5.52 times (2011/12, 5.31 times) the median remuneration of the workforce which was £38 512 (2011/12, £37 846).

In 2012/13, 0 (2011/12, 0) employees received remuneration in excess of the highest paid director.

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. (In 2011/12 severance payments were also included in the calculation). It does not include employer pension contributions and the cash equivalent transfer value of pensions (CETV).

### Pension benefits

**Table 15:** Pension benefits – Chief Executive and Deputy (this information is subject to audit)

	<i>Accrued pension and lump sum at pension age as at 31/3/13 £'000</i>	<i>Real increase in pension and related lump sum at pension age £'000</i>	<i>CETV<sup>57</sup> at 31/03/13 £'000</i>	<i>CETV at 31/03/12 £'000</i>	<i>Real increase in CETV £'000</i>
Geoffrey Podger CB	80–85 pension 245–250 lump sum	0 pension 1 lump sum	1 924	1 819	2
Kevin Myers	55–60 pension 170–175 lump sum	1 pension 2 lump sum	1 261	1 186	2

The current Chair is not a member of the Principal Civil Service Pension Scheme (PCSPS) and a contribution of 25% of salary is made to a stakeholder pension provider.

For all previous Chairs no contribution has been made to a stakeholder pension provider but a pension provision has been set up, in line with IAS 19, on a 'by analogy to the PCSPS' basis, to account for the value of an equivalent fund.

### Civil Service pensions (CSP)

Pension benefits are provided through the CSP<sup>58</sup> arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a 'final salary' scheme (classic, premium, and classic plus) or a 'whole career' scheme (nuvos). The statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with the Pension Increase legislation. Members joining from 1 October 2002 may opt for either the appropriate defined benefit arrangement or a good-quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for classic and 3.5% and 5.9% for premium, classic plus and nuvos. Increases to employees' contributions will apply from 1 April 2013. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' 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 in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated 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 (31 March) the member's earned pension is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with Pensions Increase legislation. In all cases, members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. 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 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill-health retirement).

<sup>57</sup> Cash Equivalent Transfer Value.

<sup>58</sup> [www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to become 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 and 65 for members of nuvos.

#### *The Cash Equivalent Transfer Value*

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 members' 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 pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own costs. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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.

#### *The real increase in the value of the CETV*

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

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

Fees and expenses amounting to £7 159 (2011/12, £7 315) were paid to the independent members of the Audit Committee as shown in Table 16.

**Table 16:** Honoraria and expenses paid to independent members of the Audit Committee

	<b>2012/13</b>	<b>2011/12</b>
	<b>Total honoraria and expenses</b>	<b>Total honoraria and expenses</b>
	<b>£'000</b>	<b>£'000</b>
Peter Conway	-	2
Graham Aitken	4	2
Kash Pandya	4	4

*2011/12 figures are provided for comparative purposes.*

*Peter Conway – appointment ended 30 September 2011.*

*Graham Aitken – appointment commenced 1 October 2011.*

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

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

In preparing its accounts, HSE is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

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

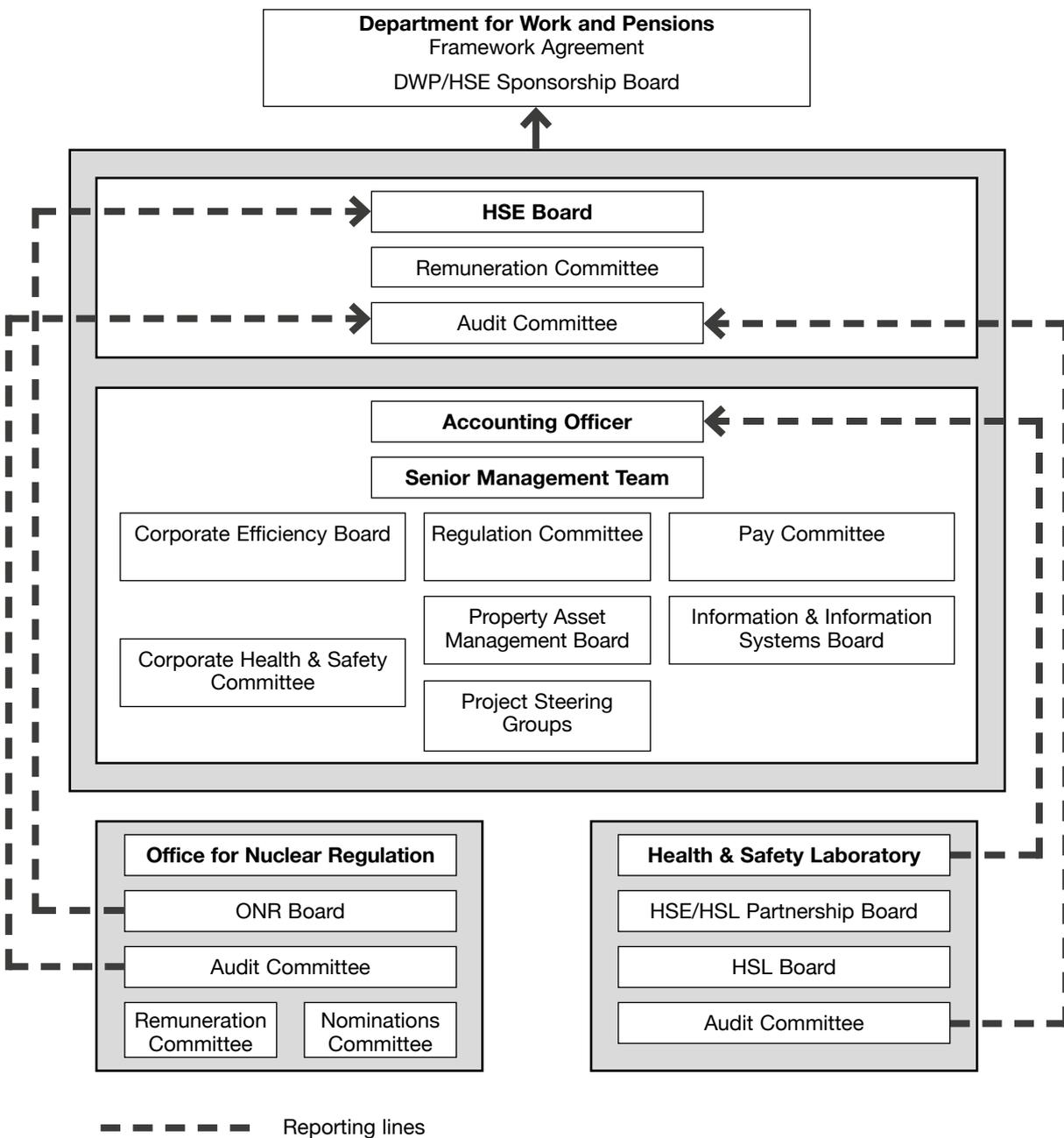
The Accounting Officer for the Department for Work and Pensions has designated the Chief Executive of the Health and Safety Executive as Accounting Officer for HSE. His relevant responsibilities as Accounting Officer, including his responsibilities for the propriety and regularity of the public finances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

## 1 Introduction

1.1 The Governance Statement provides an overview of the arrangements for the stewardship of HSE, the systems of internal control employed and the key risks HSE faced in 2012/13 and their management.

## 2 The governance framework

**Figure 10:** Governance arrangements in HSE



**2.1 Departmental oversight by the Department for Work and Pensions**

2.1.1 HSE is primarily accountable to the Department for Work and Pensions (DWP) and its Ministers for its use of resources and performance. The arrangements between the Department and HSE within which corporate governance operates are set out in a Framework Document<sup>59</sup>.

2.1.2 DWP formally exercises its sponsorship role of HSE through quarterly meetings of a Sponsorship Board at which senior officials from DWP and HSE review HSE's operational and financial performance, key risks and emerging issues. Additionally, HSE submits monthly data to DWP on its forecasts for and use of resources and quarterly on its operational performance for inclusion in DWP Executive Team reports and Quarterly Data Summaries.

2.1.3 Regular meetings are also scheduled throughout the year between the Minister for Employment and the Chair and Chief Executive of HSE.

2.1.4 The governance arrangements of HSE will be reviewed during 2013/14 as part of the Triennial Review of HSE.

**2.2 Governance within HSE**

2.2.1 Figure 11 summarises how governance within HSE operates.

**Figure 11: How HSE governance operates**

<i>Corporate governance</i>	<i>Operational governance</i>
<p><b>HSE Board</b><sup>60</sup> – Primary purpose is to:</p> <ul style="list-style-type: none"> <li>i) provide strategic clarity – sets the vision and establishes the strategic aims and objectives for the overall health and safety system and for HSE, consistent with any policy or resources framework determined by the Secretary of State;</li> <li>ii) approve a business plan that takes forward the implementation of its strategy, approving the broad allocation of resources within the plan, scrutinising progress towards achieving the plan, setting the risk appetite for the organisation and ensuring appropriate controls are in place;</li> <li>iii) formulate advice to Ministers on specific policies, policy proposals, regulations and submitting proposals for the making of regulations;</li> <li>iv) consider the health and safety performance in Britain and within specific sectors, occupations and processes and the effectiveness and efficiency of HSE's interventions;</li> <li>v) monitor the performance and effectiveness of HSE, including assuring itself that appropriate succession and resource planning is taking place, including selection and recommendations for appointment of the Chief Executive;</li> <li>vi) support the Accounting Officer in his obligation to ensure the proper conduct of the business.</li> </ul> <p>The Chair and Members are all non-executive directors of HSE, appointed by the Secretary of State and are drawn from a wide range of backgrounds, skills and expertise.</p>	<p><b>Accounting Officer (AO)</b> – The AO for HSE is the Chief Executive and may be called to account to Parliament for the stewardship of the resources within HSE's control.</p> <p><b>Senior Management Team</b><sup>61</sup> – Chaired by HSE's Chief Executive. Its membership can be viewed at The Senior Management Team (SMT) is responsible for implementing HSE's strategy, policies and operational programmes. It also advises the Board on all key issues through the Chief Executive.</p> <p>The SMT meets formally once a month supplemented by regular videoconferences and supported by the following:</p> <p><b>Corporate Efficiency Board</b> – Considers all significant expenditure cases and ensures compliance with government spending controls.</p> <p>Comprises the Chief Executive, Deputy Chief Executive, Director of Finance and Director of Human Resources.</p>

59 [www.hse.gov.uk/aboutus/howwework/management/dwphse.pdf](http://www.hse.gov.uk/aboutus/howwework/management/dwphse.pdf).

60 [www.hse.gov.uk/aboutus/people.htm](http://www.hse.gov.uk/aboutus/people.htm).

61 [www.hse.gov.uk/aboutus/people.htm](http://www.hse.gov.uk/aboutus/people.htm).

*Corporate governance**Operational governance*

<p>The Board has a prescribed structure with three employee, three employer, one local authority and two independent representatives.</p> <p>The Board meets formally ten times per annum. As part of its policy of openness, the Board endeavours to conduct the maximum of business in public. Agendas, papers and minutes of public Board meetings are available on the website<sup>62</sup>.</p> <p>The Board's roles and responsibilities are set out in a Board Operating Framework document.</p> <p>Further details are provided in sections 3–5 of this governance statement.</p> <p><b>Audit Committee</b> – Assists the HSE Board and Accounting Officer in meeting their responsibilities in the areas of internal control and management of risk, the integrity of the financial statements, overseeing the work of internal and external audit and considering the minutes and reports from the HSL and ONR Audit Committees.</p> <p>It reports to the Board and is chaired by an HSE Board non-executive director. The Committee comprises two non-executive directors of the HSE Board and two independent external members.</p> <p>HSE's Accounting Officer, Director of Finance and Head of Internal Audit and representatives from DWP and NAO routinely attend meetings.</p> <p><b>Remuneration Committee</b> – Determines pay strategy, in line with Cabinet Office guidance, for the Chief Executive and Deputy Chief Executive. It also ensures that appropriate succession planning arrangements are in place – paying particular attention to SMT-level appointments including in HSL; and considers reports from the ONR Remuneration and Nomination Committees.</p> <p>It comprises HSE's Chair (who chairs the Committee), two non-executive HSE Board members (one of whom is the Vice Chair of the Committee) and the Permanent Secretary (DWP).</p>	<p><b>Corporate Health and Safety Committee</b> – Promotes the safety and well-being of our employees, contractors and visitors.</p> <p><b>Information and Information Systems Governance Group</b> – Drives implementation of HSE's Information and Information Systems Strategy.</p> <p><b>Pay Committee</b> – Determines pay strategy for senior civil servants, other than the Chief Executive and Deputy Chief Executive.</p> <p>Comprises HSE's Chief Executive, Deputy Chief Executive, Director of HR and an independent Board member.</p> <p><b>Property Asset Management Board</b> – Responsible for developing and overseeing the delivery of HSE's Estates Strategy.</p> <p><b>Project Steering Groups</b> – In place for significant projects to provide appropriate direction, consider key risks, and monitor progress.</p> <p><b>Regulation Committee</b> – Provides oversight to work relating to the delivery of Löfstedt, RTC and regulatory reviews.</p>
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### 2.3 Governance of the Office for Nuclear Regulation and the Health and Safety Laboratory

2.3.1 Both the Office for Nuclear Regulation (ONR) and Health and Safety Laboratory (HSL) are non-statutory in-house agencies of HSE.

2.3.2 During 2012/13, ONR continued to be part of HSE's Accounting Officer's responsibilities. It is, however, working towards becoming a statutory corporation with effect from April 2014.

2.3.3 HSL receives its resource allocation through HSE and is accountable to HSE for its operational and financial performance. HSE's Accounting Officer has formally designated HSL's Chief Executive as its Accounting Officer but HSE remains ultimately accountable to DWP and Parliament for HSL's use of resources and performance. HSL produces an annual report and accounts containing the HSL Governance Statement, which is audited by the National Audit Office (NAO).

2.3.4 The wider governance arrangements between HSE and its agencies are set out in respective framework agreements:

- ◆ ONR – [www.hse.gov.uk/nuclear/onr-framework.pdf](http://www.hse.gov.uk/nuclear/onr-framework.pdf)
- ◆ HSL – [www.hsl.gov.uk/about-hsl/corporate-information.aspx](http://www.hsl.gov.uk/about-hsl/corporate-information.aspx)

62 [www.hse.gov.uk/aboutus/meetings/hseboard/2013index.htm](http://www.hse.gov.uk/aboutus/meetings/hseboard/2013index.htm)

2.3.5 Figure 12 describes the governance structures within both ONR and HSL, including how HSE fulfils its oversight role.

**Figure 12:** How oversight of ONR and HSL operates

<p><b>ONR Board</b> – Sets the strategic direction for the organisation and monitors performance, holding management accountable for delivery.</p> <p>The Board comprises nine members: a non-executive chair, four non-executive members and four executive members. It met 11 times in 2012/13.</p> <p>HSE fulfils its sponsorship of ONR through representation on ONR’s Board by a non-executive Board member and HSE’s Deputy Chief Executive.</p> <p>ONR’s Chair is an ex-officio member of HSE’s Board, reporting at each meeting on ONR’s financial and operational performance and any key issues.</p> <p><b>ONR Audit Committee</b> – Comprises a non-executive Chairman, two other non-executive directors and an independent member. The Committee met four times in 2012/13 after which it submitted its report to the ONR Board. All minutes of the ONR Audit Committee are considered by the HSE Audit Committee. The ONR Director of Finance and Head of Internal Audit (HSE HoIA) usually attend the meetings.</p> <p><b>ONR Nominations Committee</b> – Comprises a non-executive Chair and two other non-executive director members. It met twice in 2012/13 and submitted its report to the ONR Board and to the HSE Remuneration Committee.</p> <p><b>ONR Remuneration Committee</b> – Comprises the Chair of ONR, who chairs the Committee and three other non-executive director members. It met twice in 2012/13 and submitted its report to the ONR Board and to the HSE Remuneration Committee.</p>	<p><b>HSE/L Partnership Board</b> – Comprises the Chief Executives of HSE and HSL, HSL’s non-executive Board members and other HSE/L senior officials.</p> <p>It meets twice per annum to:</p> <ul style="list-style-type: none"> <li>i) consider and agree HSL’s corporate strategy, associated plans and corporate governance arrangements;</li> <li>ii) monitor HSL’s performance against its five-year plan and annual budget;</li> <li>iii) consider any emerging risks and their control.</li> </ul> <p>HSE’s Chief Executive reports to HSE’s Board on HSL’s performance.</p> <p><b>HSL Board</b> – The HSL Chief Executive is assisted in the discharge of his responsibilities by four independent advisors who are non-executive members of the HSL Board. These are senior people from the business and science communities with expertise in the areas that are important to both HSE and HSL.</p> <p>The HSL Board also comprises six executive members. It is responsible for establishing and delivering HSL’s strategic aims and objectives consistent with its overall strategic direction and within the policy and resources framework agreed with the Chief Executive of HSE.</p> <p>During 2012/13 it held ten meetings.</p> <p>The Chief Executive of HSL is also a member of HSE’s Senior Management Team.</p> <p><b>HSL Audit Committee</b> – Comprises the four non-executive directors.</p> <p>The committee met three times in 2012/13, after which it submitted its report to the HSL Board. All minutes of the HSL Audit Committee are considered by the HSE Audit Committee.</p> <p>HSL’s Chief Executive in his role as HSL’s Accounting Officer and HSE’s Head of Internal Audit usually attend the meetings.</p>
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### 3 HSE Board attendance

3.1 Figure 13 sets out the number of meetings the HSE Board and its principal committees held during 2012/13 and individual attendance by Board and committee members at these meetings.

**Figure 13:** Board and Committee attendance

Name	Board		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Chair Judith Hackitt CBE	10	10	-	-	2	2
Robin Dahlberg	10	9	-	-	-	-
David Gartside	10	10	4 (C)	4	-	-
Paul Kenny	10	8	-	-	-	-
Frances Outram	10	10	4	4	2	2
Hugh Robertson	10	10	-	-	-	-
Elizabeth Snape MBE <sup>63</sup>	5	5	-	-	-	-
John Spanswick CBE <sup>64</sup>	1	0	-	-	-	-
Howard Shiplee <sup>65</sup>	7	6	-	-	-	-
Professor Richard Taylor	10	10	-	-	-	-
Sarah Veale CBE <sup>66</sup>	5	5	-	-	-	-
Isobel Garner <sup>67</sup>	10	9	-	-	1	1
Nick Baldwin Ex-officio member/Chair of ONR	10	10	-	-	-	-
<i>Independent members</i>						
Kash Pandya	-	-	4	4	-	-
Graham Aitken	-	-	4	4	-	-

A - Maximum number of meetings the individual could have attended.

B - Number of meetings the individual attended.

C - Committee Chair.

#### 3.2 Managing conflicts of interest

3.2.1 Board members and the independent members of the Audit Committee have a duty to update any changes to their register of interests<sup>68</sup>. As well as their own proactive notifications, Board members are actively reminded on a six-monthly basis to review and update their register.

3.2.2 The Board's Operating Framework documents the process to be followed should a Board member identify a potential conflict of interest. On receipt of the papers for a Board meeting, members consider their contents and are required to alert the Chair to any potential conflicts of interest. Given the specific backgrounds from which Board members are appointed,

<sup>63</sup> Elizabeth Snape's appointment ended on 30 September 2012.

<sup>64</sup> John Spanswick's appointment ended on 30 April 2012.

<sup>65</sup> Howard Shiplee's appointment commenced on 13 August 2012.

<sup>66</sup> Sarah Veale's appointment commenced on 1 October 2012.

<sup>67</sup> Isobel Garner's appointment commenced on 1 April 2012.

<sup>68</sup> [www.hse.gov.uk/aboutus/hseboard/biographies/board.htm](http://www.hse.gov.uk/aboutus/hseboard/biographies/board.htm).

the only conflicts that are considered to debar a member from taking part in a discussion are where there is a material financial interest. There were no instances in 2012/13.

## 4 What have the Board and its Committees done during the year?

### 4.1 HSE Board

4.1.1 The HSE Board's work in 2012/13 has focused broadly on three key areas:

- i) overseeing and directing the extensive programme of work to streamline and simplify the regulatory framework, to make health and safety legislation easier to understand, with the consequence that compliance levels should increase;
- ii) providing the strategic steer for Britain's health and safety system and, as part of this, for HSE as an effective and proportionate regulator;
- iii) exercising effective governance of HSE including ensuring the resources available to HSE were deployed in accordance with the Board's Business Plan 2012–15 and that progress in delivering the plan was on track.

#### *Simplification of the regulatory framework*

4.1.2 A key part of the Board's activity in 2012/13 has been to maintain oversight and drive forward the programme of significant regulatory reform arising from the independent review *Reclaiming health and safety for all: An independent review of health and safety legislation* (November 2011) undertaken by Professor Löfstedt. In making its decisions, the Board has focused on making it easier for businesses to both understand and comply with the law, without reducing the protection of workers and the public. Examples of this work in 2012/13 include:

- ◆ recommending to the Minister the removal of 14 legislative measures, initially as a package and then individually as the consultation on each piece of legislation and its related features was completed;
- ◆ approving action on proposals for the revision, consolidation, withdrawal or otherwise for 32 Approved Codes of Practice;
- ◆ overseeing the consultation on a draft Local Authority National Code that would set a consistent standard for prioritised and targeted inspections in LAs and HSE;
- ◆ endorsing the follow-up to the success of *Health and safety made simple* by approving the launch of the next tier of simplified online guidance, in the form of the 'Toolbox' targeted to SME dutyholders;
- ◆ making recommendations to the Minister on the outcome of consultation on amendment to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations and associated guidance.

#### *An effective and proportionate regulator*

4.1.3 The Board provided the leadership and strategic direction for HSE's core regulatory activities of inspection, incident investigation and enforcing the law. This ensured HSE continued to focus its efforts on those areas where it could have the greatest impact on improved health and safety performance. During 2012/13, the Board:

- ◆ approved the sector-based strategies and their publication, which demonstrate HSE's approach to delivery of its proactive work;

- ◆ guided and reviewed the intervention approaches used by HSE – for example within higher risk sectors including major hazards and construction, and those we undertake in partnership with others (eg Estates Excellence);
- ◆ endorsed a revised programme of interventions for the control of legionella risks in workplaces following outbreaks of Legionnaires' disease in Edinburgh, Stoke on Trent and Carmarthen;
- ◆ directed that HSE should deliver a stakeholder event to discuss and develop new and innovative ways to tackle occupational health issues for all within the health and safety system to take forward;
- ◆ launched and chaired the Myth Busters Panel; for those who wish to challenge claims made about health and safety requirements by non-regulators, reporting findings on HSE's website.

### *Maintaining good governance*

4.1.4 The Board continued to exercise appropriate oversight of HSE and improve the governance arrangements during 2012/13. Examples include:

- ◆ ensuring the operation of the Board was in accordance with good governance principles as outlined in the HM Treasury Code of Corporate Governance by integrating into one formal document – a Board Operating Framework – the roles and responsibilities of the Board (see 6.3). The Board approved the framework in August 2012;
- ◆ reviewed all areas of HSE's responsibilities in accordance with its annual plan of work;
- ◆ setting the direction for HSE over the medium term as outlined in the HSE Business Plan 2012–15;
- ◆ ensuring the effective implementation of HSE's financial strategy through scrutiny of HSE and HSL's financial performance on a monthly basis, gaining assurance that HSE's income and expenditure forecasts were on track and underpinning actions remained consistent with its financial strategy;
- ◆ reviewing operational performance on a quarterly basis, ensuring that key activities and milestones were on track as specified as in the Board's 2012–15 Business Plan and, if not, what action was being taken.

4.1.5 In delivering its work in 2012/13 the HSE Board provided the necessary strategic leadership and oversight to ensure HSE successfully delivered its core regulatory functions whilst making significant improvements to the regulatory framework within which businesses operated.

## **4.2 HSE Audit Committee**

4.2.1 On behalf of the Board and to advise the Accounting Officer, the Audit Committee examines the effectiveness of HSE's system of internal control and management of risk, receives the report of the NAO's examination of the financial statements, and oversees the work of internal audit.

4.2.2 During 2012/13, the Audit Committee:

- ◆ examined and reviewed the management of the most significant risks facing the organisation;
- ◆ reviewed and challenged assurances in relation to the implementation of key projects including Shared Services and Fee for Intervention;
- ◆ developed closer working relationships with the ONR and HSL Audit Committees to ensure appropriate oversight and also with DWP officials ahead of the transfer of HSE Internal Audit

- to DWP as part of the cross – government Internal Audit Transformation Project;
- ◆ routinely reviewed HSE and ONR’s progress to improve the standard of information assurance and security, including reviewing reported security and IT security incidents;
- ◆ approved the updated HSE Fraud and Bribery Policies, and associated guidance ensuring they were in line with good practice and current requirements;
- ◆ considered the scope of, and received reports from external and internal audit on the major findings from their work;
- ◆ monitored the implementation of recommendations to improve governance, risk management and internal control processes;
- ◆ considered the draft and final governance statements, advising the Accounting Officer of any further disclosures as necessary;
- ◆ recommended the financial statements for signature by the Accounting Officer.

### 4.3 *Remuneration Committee*

4.3.1 The Remuneration Committee met during 2012/13 to ensure that:

- ◆ HSE’s Pay Strategy for its most senior officials was fair and bias free;
- ◆ pay decisions complied with any criteria set out in the Pay Strategy;
- ◆ decisions were consistent with the evidence of individuals’ performance;
- ◆ the same criteria were applied in arriving at each individual pay decision.

The Committee also ensured that adequate succession planning is in place at a senior level.

### 4.4 *Data quality to support the Board’s needs*

4.4.1 The Board receives reports at its meetings to support its discussions. All reports comply with a prescribed layout to ensure that the Board is able to focus on the key issues and the decisions that are required.

4.4.2 All papers to the Board are cleared by the SMT and any resource or financial implications must be cleared by HSE’s Director of Finance and Planning.

4.4.3 Financial and performance data which is provided to the Board is extracted from HSE’s corporate accounting or operational systems. These data systems and the procedures that support their use are subject to regular, planned internal quality assurance checks by the HSE teams that operate them, independent internal audits and, from time-to-time, external assurance by, for example, NAO or the UK Statistics Authority.

4.4.4 The Board has not raised any concerns with the quality of the information it receives.

## 5 **How does HSE ensure the Board’s effectiveness?**

### 5.1 *Board performance*

5.1.1 As disclosed in the 2011/12 Governance Statement, in March 2012, the Board undertook a review of its effectiveness. The key improvement arising from that review was that to enable it to further improve the discharge of its functions, the annual rolling programme of work coming to the Board should be enhanced to incorporate reports from all HSE’s areas of responsibility. This has been actioned, with the programme of work for the year for the Board including scrutiny of key areas of HSE’s business. Section 4.1 provides further details of the Board’s work in 2012/13.

5.1.2 The Board conducted its annual effectiveness review in April 2013 as part of its normal governance processes. In addition, the Board's governance processes were reviewed as part of this year's internal audit process. No significant issues were identified by either process.

5.1.3 In 2013/14 HSE will undergo a Triennial Review which will further scrutinise the current governance processes. The Board and SMT have met and agreed how it will provide the right input and support to the Review.

## 5.2 *Audit Committee performance*

5.2.1 The Audit Committee undertook a review of its own performance in April 2013, using the National Audit Office self-assessment checklist. In the main this confirmed the Committee's view that the current level of performance is effective and the results indicated only minor improvements were needed which have been incorporated into an action plan. The main outcome was the Committee will look for opportunities to benchmark itself via observation of other committees within the departmental family.

## 6 **Compliance with the Code of Practice**

6.1 The Code of Corporate Governance, published in 2011, is primarily for ministerial departments. However, arm's length bodies (ALBs) 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.

6.2 In 2011/12, HSE undertook a review of its governance arrangements against the Code's requirements, and evaluated the extent of compliance with the Code, taking account of the size and complexity of the organisation and the existing governance arrangements in place.

6.3 Two areas where HSE could refine its arrangements to ensure they were suitably aligned to the requirements of the Code were identified and progress against each is described below:

- i) Formal Nominations Committee – In June 2012, the HSE Board considered whether a separate Nominations Committee needed to be established. It agreed that the expected duties of such a committee relating to succession planning would be undertaken by HSE's Remuneration Committee, and those duties relating to governance would be undertaken by HSE's Audit Committee – thereby negating the need for an additional separate committee. The respective Terms of Reference for the Audit and Remuneration Committees incorporate these responsibilities.
- ii) Board Operating Framework – As planned, the Board replaced its Code of Practice with a Board Operating Framework which was approved by the Board at its August 2012 meeting. To prevent any nugatory effort, the Framework document, which was to be updated at the same time, will now be updated once the Triennial Review of HSE has been completed.

6.4 As HSE's overall governance arrangements have not significantly changed during the year, and given the evidence in place to support this Governance Statement, it remains the view that HSE complies substantially with those elements of the Code of Corporate Governance as they are applicable to ALBs.

6.5 HSE's governance arrangements will be independently reviewed as part of the Triennial Review which will take place later in 2013. Any recommendations relating to governance arising from the review will be incorporated into the 2013/14 Governance Statement.

## **7 How HSE manages its risks**

### **7.1 Identification and management of risks across HSE**

7.1.1 HSE's approach to business risk management aligns with the way we manage our activities, allocate resources and measure and review our performance. Risk registers are used to record identified risks to the delivery of objectives at a corporate level, within directorates and, where material, at individual programme/project level.

7.1.2 Risks are evaluated using a risk assessment matrix of likelihood and impact, which provides a 'traffic light' rating on the severity of each risk. This allows risks to be prioritised by highlighting those that are the most significant. Dependent on their rating, risks are escalated and relegated through the hierarchy of risk registers in HSE to ensure that they are managed by the appropriate level of the business.

7.1.3 The HSE corporate risk register contains the most significant risks considered to be facing HSE in the delivery of its objectives and which require corporate oversight.

### **7.2 Monitoring and reporting on risks**

7.2.1 Regular reports are provided to HSE's SMT to enable them to focus on identifying and managing HSE's key risks. The SMT formally reviews progress quarterly, particularly to monitor how the most significant risks are being managed across HSE, decide on any new control measures, and to consider any potential emerging risks. The corporate risk register is considered as part of an integrated risk and performance report which emphasises the links between HSE's most significant risks and their potential to impact on performance.

7.2.3 In addition to SMT's scrutiny, the Audit Committee is responsible for monitoring HSE's management of risk, including the adequacy of the corporate risk register, and providing assurance to the Board on the effectiveness of the organisation's risk management processes. In addition, the Audit Committee has challenged the articulation of some of the risks within the corporate risk register, and suggested improvements.

7.2.4 The Board also scrutinises and challenges management on HSE's most pressing risks – as articulated in the corporate risk register every quarter, as does the DWP Sponsorship Board.

### **7.3 HSE's risk profile and significant in-year risks**

7.3.1 HSE's mission, objectives and main functions as a regulator did not significantly change in 2012/13. As such, the risk profile of HSE, both in terms of the risks facing the organisation and the severity of those risks, particularly in undertaking its regulatory role, remained comparable to previous years. Like all organisations, HSE faces risks related to day-to-day operational activities, managing its people, finances, data security and change, and it is recognised that, should such risks materialise, they may have an impact on HSE's reputation.

7.3.2 The current year has been challenging, with the need to manage business-as-usual activities, whilst implementing a number of significant changes. In particular:

- ◆ *delivering an extensive programme of regulatory reform (see 4.1.2) within challenging timescales.*

To mitigate this risk, HSE has put in place effective project management practices, including detailed plans, clear accountabilities for delivery and routine monitoring through regular checkpoint meetings. Oversight is provided by the HSE Regulation Committee. In addition, there has been routine reporting of progress to the SMT, Board, Department and Minister, which has also included DWP Structural Reform Plan updates on the Number 10 website. An internal audit of the controls in place to mitigate the risk of non-delivery provided substantial assurance. An independent assessment of progress, undertaken by Professor Löfstedt, was published in February 2013. His view was that good progress was being made in delivering his recommendations.

- ◆ *managing the reduction in HSE's grant-in-aid.*

Through a structured programme of cost-reduction, HSE is seeking to achieve the necessary budget reductions in ways that allow it to protect, so far as possible, its frontline activities. We have been able to manage the necessary budget reductions for 2012/13, for example through reducing accommodation costs by downsizing or closing offices, and reducing significantly our spend on IS/IT. Looking forward, HSE has a financial strategy in place to deliver the required savings across the remainder of the Spending Review period.

- ◆ *possible disengagement of HSE staff due to a variety of internal and cross-civil service factors which could impact on performance.*

A high priority has been given to internal communications and during the year an extensive programme of visits to all HSE offices by an SMT member was delivered which included updates on key operational, financial and cross-civil service issues. In addition, following the results of the People Survey (November 2012), an advisory group of Board and SMT members has also been established. Action plans will be developed and progress on delivery will be provided to the Board during 2013/14.

- ◆ *the potential impact on delivery arising from the implementation of significant corporate projects at the same time.*

During 2012/13, HSE implemented Fee for Intervention (October 2012) and in 2013/14 is transferring to DWP Shared Services for transactional finance and HR processes (June 2013); and undertaking the procurement of IS/IT services for HSE, the contract for which will commence in June 2013. Each project is being managed in accordance with project management principles with oversight provided by project boards etc. Prioritisation of work and flexibility of staffing between teams has enabled business as usual to be maintained.

Given the risks associated with these projects, review of progress and the key risks associated with the projects have been considered at each Audit Committee meetings during the year (see 4.2.2).

In addition, integrated and co-ordinated oversight is in place whereby the Senior Responsible Owners have met monthly to consider progress and critical dependencies. As a result of the rigorous monitoring and the identification that the project was behind schedule, it was agreed with DWP and Cabinet Office, that the transfer to Shared Services should be delayed by three months to June 2013 to reduce the risk of an unsuccessful implementation.

7.3.3 Details of any lapses of protective security (eg data losses) and action taken to further mitigate this risk are included in pages 33-34 of the annual report.

#### **7.4 Evaluation of effectiveness of HSE's risk management and internal control processes**

7.4.1 The risk management and internal control processes within HSE are considered to be effective, as demonstrated by the mitigation of key risks to tolerable levels and absence of any significant operational, financial or reputational damage for HSE.

7.4.2 This evaluation has been informed by a number of sources, including:

- ◆ findings from Internal Audit, External Audit and other reviews;
- ◆ Letters of Assurance provided by HSE's SMT/Directors;
- ◆ assurance received from the Audit Committee.

#### **Findings from Internal Audit, External Audit and other reviews**

7.4.3 Internal Audit considers the adequacy of HSE's (including ONR) system of governance, risk management and internal control and, within its reports, highlights recommendations for improvement.

7.4.4 In 2012/13 HSE Internal Audit has considered a wide range of areas across HSE and ONR, including risk management, key financial systems, information security, management of key corporate projects including implementation of Löfstedt recommendations, Shared Services and Fee for Intervention, and areas susceptible to fraud in accordance with their internal audit plan, which was approved by the Audit Committee.

7.4.5 Of the reviews undertaken in 2012/13, all except one received an assurance level of adequate or substantial. In relation to the audit (patch management) which received an unacceptable assurance rating, management are seeking to address the control issues identified. In addition, the annual report of the Head of Internal Audit, which was considered by the Audit Committee at its April 2013 meeting, indicated that the HSE has a satisfactory system of governance, risk management and control in place.

7.4.6 Within HSL, the internal audit function is supplied by a private sector firm. In relation to 2012/13, no high priority recommendations were made. The Head of Internal Audit at HSL has indicated that HSL has a sound system of internal control, and that controls were generally operating effectively for the period under review.

7.4.7 The National Audit Office has produced their 'Report to those charged with governance' on completion of their audit of the 2012/13 financial statements. No significant areas of weakness were reported.

7.4.8 The *One year on* report undertaken by Professor Löfstedt (see 7.3.2) has also provided independent assurance that HSE is making good progress in delivering his recommendations.

7.4.9 During 2012/13 HSE has participated in a HM Treasury-led review of the quality assurance of analytical models used across Government. HSE maintains an up-to-date list of business critical models and these are subject to quality assurance, including developer testing, internal and/or external review and audit as appropriate. However, officials will undertake a review of HSE's position against the recommendations made by HM Treasury

in their March 2013 report, implementing any improvements as necessary. The 2013/14 Governance Statement will provide an update on progress.

#### *Letters of assurance provided by HSE's Senior Management Team*

7.4.10 At the end of the financial year, all members of the SMT and the Chief Executive of ONR have supplied letters of assurance to the Accounting Officer outlining the governance arrangements they have operated within their area of responsibility, including the identification and management of business risks, and their consideration of the effectiveness of those arrangements.

7.4.11 A review of these letters by the Accounting Officer indicates that there are no material issues or challenges which require additional disclosure, other than those already reported within the Governance Statement or elsewhere within the Annual Report and Accounts.

#### *Assurance received from the HSE Audit Committee*

7.4.12 The Audit Committee completed its programme of work for the year and, in addition to reporting to the Board following each of its meetings, produced an annual report of its work for consideration by the Accounting Officer and HSE's Board. As part of its work programme the HSE Audit Committee has considered the minutes from both ONR and HSL Audit Committees, including, at its June 2013 meeting, their annual reports.

7.4.13 In considering its own annual report and those of ONR and HSL Audit Committees, the HSE Audit Committee has not identified any further issues for disclosure in the Governance Statement or Annual Report.

7.4.14 At its June 2013 meeting, the Audit Committee considered the outcome of the NAO audit of the HSL financial statements. No significant issues were reported and, as such, the Committee recommended the consolidated HSE financial statements for signing by the Accounting Officer.

## **8 Significant control challenges faced by HSE**

8.1 Based on the evaluation as described in section 7, above, it is the opinion of the Accounting Officer that there are no issues brought forward from 2011/12, nor any additional control challenges other than those incorporated within the Governance Statement, or pages 33–34 of the annual report (personal data incidents and significant lapses of data security), which require further disclosure within the Governance Statement.



**Geoffrey Podger CB**

Chief Executive  
Health and Safety Executive  
Accounting Officer  
3 June 2013

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

I certify that I have audited the financial statements of the Health and Safety Executive for the year ended 31 March 2013 under the Health and Safety at Work etc Act 1974. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Executive, Chief Executive and auditor**

As explained more fully in the Statement of Executive's and Chief Executive's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Safety at Work etc Act 1974. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Health and Safety Executive's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Health and Safety Executive; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

## **Opinion on regularity**

In my opinion, in all material respects 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.

## **Opinion on financial statements**

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 2013 and of the net operating cost for the year then ended; and

- ◆ the financial statements have been properly prepared in accordance with the Health and Safety at Work etc Act 1974 and Department for Work and Pensions directions issued thereunder.

## Opinion on other matters

In my opinion:

- ◆ the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Work and Pensions directions made under the Health and Safety at Work etc Act 1974; and
- ◆ the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- ◆ adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- ◆ the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- ◆ I have not received all of the information and explanations I require for my audit; or
- ◆ the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

### **Amyas C E Morse**

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1W 9SP  
7 June 2013

# Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

	Notes	2012/13 £'000	2011/12 £'000
<b>Administration costs</b>			
Staff costs	2	39 208	38 262
Other administration costs	3	84 027	90 096
Operating income	5	(18 111)	(17 103)
EU income	5	(293)	(266)
<b>Net administration costs</b>		<b>104 831</b>	<b>110 989</b>
<b>Programme costs</b>			
Staff costs	2	132 762	137 817
Programme costs	4	20 213	24 987
Programme income	5	(97 985)	(98 247)
EU income	5	(603)	(634)
<b>Net programme costs</b>		<b>54 387</b>	<b>63 923</b>
<b>Net operating cost for the year ended 31 March 2013</b>		<b>159 218</b>	<b>174 912</b>
<b>Other comprehensive expenditure:</b>			
Net (gain)/loss on revaluation of property, plant and equipment	6	(205)	424
Actuarial (gain)/loss on pension	11c	10	59
<b>Comprehensive net expenditure for the year ended 31 March 2013</b>		<b>159 023</b>	<b>175 395</b>

*All income and expenditure is derived from continuing operations.  
The Notes on pages 71–101 form part of these accounts.*

# Statement of Financial Position as at 31 March 2013

	Notes	31 March 2013 £'000	31 March 2012 £'000
<b>Non-current assets</b>			
Property, plant and equipment	6(a)	92 691	93 042
Intangible assets	6(b)	1 710	1 143
Trade and other receivables due after more than one year	8	122	128
<b>Total non-current assets</b>		<b>94 523</b>	<b>94 313</b>
<b>Current assets</b>			
Inventories	7	1 101	615
Trade and other receivables	8	40 629	38 003
Cash and cash equivalents	9	1	1
<b>Total current assets</b>		<b>41 731</b>	<b>38 619</b>
<b>Total assets</b>		<b>136 254</b>	<b>132 932</b>
<b>Current liabilities</b>			
Trade and other payables	10	(31 285)	(27 134)
Provisions	11	(149)	(1 487)
<b>Total current liabilities</b>		<b>(31 434)</b>	<b>(28 621)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>104 820</b>	<b>104 311</b>
<b>Non-current liabilities</b>			
Other payables	10	(104 319)	(106 248)
Pension liabilities	11	(1 272)	(1 282)
<b>Total non-current liabilities</b>		<b>(105 591)</b>	<b>(107 530)</b>
<b>Assets less liabilities</b>		<b>(771)</b>	<b>(3 219)</b>
<b>Taxpayers' equity</b>			
General fund		(9 514)	(11 762)
Revaluation reserve		8 743	8 543
<b>Total taxpayers' equity</b>		<b>(771)</b>	<b>(3 219)</b>

The Notes on pages 71-101 form part of these accounts.



**Geoffrey Podger CB**  
Chief Executive  
Health and Safety Executive  
Accounting Officer  
3 June 2013



**David Gartside**  
Chair to the Audit Committee  
Health and Safety Executive

3 June 2013

# Statement of Cash Flows for the year ended 31 March 2013

	Notes	2012/13 £'000	2011/12 £'000
<b>Cash flows from operating activities</b>			
Net operating cost		(159 218)	(174 912)
Adjustments for non-cash transactions	3 and 4	7 004	10 680
(Increase)/decrease in trade and other receivables	8	(2 620)	8 858
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		(228)	(834)
(Increase)/decrease in inventories	7	(486)	365
Increase/(decrease) in trade payables	10	(2 264)	(6 327)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		1 214	1 649
Use of provisions	11	(584)	(180)
Payments of Consolidated Fund Extra Receipts (CFERs)		-	-
<b>Net cash outflow from operating activities</b>		<b>(157 182)</b>	<b>(160 701)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6a (e)	(6 440)	(5 127)
Purchase of intangible assets	6b (a)	(892)	(532)
Proceeds of disposal of property, plant and equipment		219	288
<b>Net cash outflow from investing activities</b>		<b>(7 113)</b>	<b>(5 371)</b>
<b>Cash flows from financing activities</b>			
Funding from DWP		161 239	169 981
Capital element of payments in respect of finance leases and on-statement of financial position PFI contracts		(1 430)	(1 319)
<b>Net financing</b>		<b>159 809</b>	<b>168 662</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>	9	<b>(4 486)</b>	<b>2 590</b>
Cash and cash equivalents at the beginning of the period	9	(43)	(2 633)
Cash and cash equivalents at the end of the period	9	(4 529)	(43)

*The Notes on pages 71–101 form part of these accounts.*

# Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013

	(a) General Fund	(b) Revaluation Reserve	Total reserves
Notes	£'000	£'000	£'000
<b>Balance at 31 March 2011</b>	(7 099)	7 418	319
Funding from DWP	169 981	–	169 981
Comprehensive expenditure for the year	(175 395)	–	(175 395)
Movements in reserves:			
Additions – Actuarial gain/(loss) on pension	(59)	–	(59)
– Net gain/(loss) on revaluation	–	(424)	(424)
Recognised in Statement of Comprehensive Net Expenditure	483	1 792	2 275
Transfer between reserves	243	(243)	0
Other	84	–	84
<b>Balance at 31 March 2012</b>	(11 762)	8 543	(3 219)
<b>Funding from DWP</b>	<b>161 239</b>	<b>–</b>	<b>161 239</b>
<b>Comprehensive net expenditure for the year</b>	<b>(159 023)</b>	<b>–</b>	<b>(159 023)</b>
Movements in reserves:			
Additions – Actuarial gain/(loss) on pension	11c (10)	–	(10)
– Net gain/(loss) on revaluation	6 –	205	205
Recognised in Statement of Comprehensive Net Expenditure	(195)	232	37
Transfer between reserves	237	(237)	0
<b>Balance at 31 March 2013</b>	<b>(9 514)</b>	<b>8 743</b>	<b>(771)</b>

(a) The General Fund represents the total assets less liabilities of HSE to the extent that the total is not represented by other reserves and financing items. The negative general reserve figure of £9.5 million is a result of the impairment in the value of HSE's PFI assets (see note 2) and further impacted in 2012/13 by the Government Banking Services overdraft figure of £4.5 million, which is a result of the funding mechanism from DWP (see also note 22).

(b) The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

The Notes on pages 71–101 form part of these accounts.

## 1 Statement of accounting policies

### 1.1 Basis of preparation and statement of compliance

These financial statements have been prepared on a going concern basis and in accordance with the 2012/13 Government Financial Reporting Manual (FReM) ([www.financial-reporting.gov.uk](http://www.financial-reporting.gov.uk)) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of HSE, 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. The financial statements consolidate the figures for the Health and Safety Laboratory (HSL).

All amounts included in the financial statements have been rounded to the nearest thousand pounds unless stated otherwise.

### 1.2 Accounts Direction

In accordance with the Accounts Direction issued by the Secretary of State with the approval of HM Treasury, the Health and Safety Executive has prepared a Statement of the Executive's and Chief Executive's Responsibilities and a Governance Statement. HSE has no need to produce Parliamentary Control Schedules and the relevant information is contained in those schedules within DWP's accounts (see Note 1.7) with regard to Request for Resources.

### 1.3 Accounting standards, interpretations and amendments

#### *Adopted in these financial statements*

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2013, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the FReM.

#### *Impending application of newly issued accounting standards not yet effective*

The following IFRSs, IFRIC Interpretations and Amendments have been issued but are not yet effective and have not been adopted early. An assessment will be undertaken to consider the impact of the IFRSs on HSE.

IFRS10 Consolidated Financial Statements (effective for periods beginning on or after 1 January 2013) - guidance to determine control and whether to include an entity in the consolidated financial statements of the parent.

IFRS 11 Joint Arrangements (effective for periods beginning on or after 1 January 2013) - rights and obligations of a joint arrangement, rather than its legal form.

IFRS 12 Disclosure of Interests in Other Entities (effective for periods beginning on or after 1 January 2013) – disclosure requirements for interests in other entities i.e. joint arrangements.

IFRS 13 Fair Value Measurement (effective for periods beginning on or after 1 January 2013) – improve consistency, reduce complexity.

IAS 1 Presentation of financial statements (effective for periods beginning on or after 1 June 2012) – grouping items on the basis of whether they might at some point be reclassified from Other Comprehensive Income to profit.

IAS 19 Employee Benefits (effective for periods beginning on or after 1 January 2013) – disclosure requirements for defined benefit plans.

IPSAS 32 Service Concession Arrangement (effective for periods beginning on or after 1 January 2014) - provides a financial reporting standard for the grantor in accounting for service concession arrangements.

#### **1.4 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 International Financial Reporting Standards.

#### **1.5 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 depreciation and amortisation periods, provisions, early departure costs and impairments.

#### **1.6 Government grants**

##### *Grants receivable*

Pursuant to Section 43 of the Health and Safety at Work etc Act 1974, the Executive has been financed by voted expenditure from the Department for Work and Pensions.

The total grant-in-aid received by the Health and Safety Executive from DWP for the financial year 2012/13 was £161 239 000 (2011/12 – £ 169 981 000).

The grant-in-aid is credited to the General Fund in the year in which it is received.

#### **1.7 Administration and programme expenditure**

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out by HM Treasury. Administration costs reflect the costs of running the HSE. All HSE income is offset against gross costs.

Expenditure that does not fall within administration budgets is known as programme expenditure.

Programme costs include programme expenditure, programme overheads and non-administration costs, including any other disbursements by HSE which have been agreed as programme expenditure with HM Treasury.

### **1.8 Employee benefits**

In accordance with IAS 19 Employee benefits, short-term employee benefits, such as salaries and paid absences, are accounted for on an accruals basis over the period for which employees have provided services in the year. General staff bonuses are recognised to the extent that HSE has a present obligation to pay this amount as a result of past service and the obligation can be measured reliably. Bonuses in relation to SCS employees are accrued to the extent that the total value of the bonuses can be measured reliably. If payable, general staff bonuses and bonuses relating to SCS employees are accrued in the year to which the performance relates and paid in the following financial year. Please note that no general staff bonus was accrued in 2012/13. The policy in relation to employee pensions is disclosed at Note 2.

IAS19 requires HSE to determine true short term employee benefit liability for employee leave. HSE calculates annual leave balances directly from the employee information system supplemented with a statistically valid sample extrapolated across the population to provide additional flexible working hours and time off in lieu liability at year end.

### **1.9 Research and development expenditure**

Expenditure on research is charged to the Statement of Comprehensive Net Expenditure in the year in which it is incurred. Development expenditure is also recognised in the Statement of Comprehensive Net Expenditure when incurred unless it meets the specific criteria for capitalisation within IAS 38 Intangible Assets. Development costs previously recognised as an expense, prior to the relevant criteria being met, are not recognised as an asset in subsequent periods.

### **1.10 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.

### **1.11 Insurance**

HSE does not purchase commercial insurance unless it is required under the standard terms of a service contract. Losses arising from damage to or loss of assets, employer's liability and claims from third parties are charged directly to the Statement of Comprehensive Net Expenditure.

### **1.12 Operating income**

Operating income is income which relates directly to the operating activities of HSE. It principally comprises fees and charges for services provided on a full-cost basis to external customers (Note 5). Operating income is stated net of VAT.

### **1.13 Revenue recognition**

HSE complies with IAS18 for all material income streams and recognises revenue when earned. Earned income is assessed using time recording information and reliable estimates of recoverable costs. HSE takes a proportionate approach to revenue recognition and

accounts for low value income in the period of receipt where immaterial to the accounts and consistent in value across financial years.

#### **1.14 Property, plant and equipment**

Property, plant and equipment are stated at valuation. 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 and are of relatively low value. This therefore applies to most IT hardware, motor vehicles, plant and machinery and furniture.

Assets are capitalised where they have an expected useful economic life of more than one year and where the original cost of the item exceeds the capitalisation threshold. Computer hardware has a capitalisation threshold of £1,000. A capitalisation threshold of £100,000 is applied to leasehold improvements. For all other tangible assets the prescribed capitalisation level is £5,000. Where an item costs less than the capitalisation limit, but forms an integral part of a package whose total value is greater than the capitalisation level, the item is treated as a capital asset.

For furniture and fittings, the total cost of maintaining a record of relatively low value individual items is considered prohibitive and therefore the majority of these items are recorded on a pooled basis.

Items of equipment purchased under research contracts and held by outside bodies are charged to expenditure in the year of purchase.

On initial recognition, assets are measured at cost, including any costs, such as installation, which are directly attributable to bringing them into working condition and any associated decommissioning costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to HSE and the cost of the item can be measured reliably.

All expenditure on repairs and maintenance is charged to the Statement of Comprehensive Net Expenditure during the financial period in which it is incurred.

#### **1.15 Land and buildings**

Land and buildings are measured initially at cost, restated to current market value using external professional valuations in accordance with IAS 16 at least every five years and in the intervening years by use of published indices, or desktop valuations as appropriate to the type of land and building.

Land and buildings are valued on an existing use basis except for the specialist laboratory site, 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.

DTZ conducted a desktop valuation of the Redgrave Court as at 31st December 2012. Jones Lang LaSalle professionally revalued all land and building assets on the HSL Buxton

site as at 31st March 2010. Additionally, the freehold property at Carlisle was independently valued at 31 March 2009 by Donaldsons, Chartered Surveyors. In each case, the valuations were in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (RICS).

### **1.16 Intangible assets**

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.

#### *Purchased software*

Purchased software licences and applications covering a period of more than one year and above the capitalisation threshold of £1 000 are capitalised at cost as intangible assets and reported at amortised cost. In view of the large number of software licences purchased across HSE those capitalised are accounted for on a pooled basis with any items/pools amounting to over £100,000 identified individually.

Licences with a finite life are amortised, on a straight-line basis, over the shorter of the licence period or five years. Should HSE purchase licences in advance they are only subject to amortisation once they are available for use.

#### *Internally developed software*

Internally Developed Software is capitalised if it meets the criteria specified in IAS 38 Intangible Assets. Costs are categorised as research or development costs and accounted for accordingly (see note 1.9). Internally developed software that has a finite useful life is amortised on a straight line basis over the shorter of five years or the life of the software. Expenditure that does not meet the criteria for capitalisation is recognised as an expense in the year in which it is incurred. Costs associated with the maintenance of software are also expensed when incurred.

#### *Website development costs*

Website development costs are capitalised in line with the requirements of SIC 32 Web Site Costs and the specific criteria as determined by IAS 38 Intangible Assets. Costs are categorised as research or development costs and accounted for accordingly (see note 1.9).

### **1.17 Depreciation**

Depreciation is charged on property, plant and equipment using the straight-line method, as this reflects the expected pattern of consumption of economic benefits. The rates used are calculated to write assets down to their estimated residual value over their expected useful lives. No depreciation is provided on freehold land.

Depreciation commences once an asset is available for use and continues until the asset is derecognised or categorised as held for sale or written down to nil value. Property, plant and equipment are therefore depreciated from the date of acquisition. No depreciation is charged in the month of disposal. Assets in the course of construction and residual interests in off-statement of financial position Private Finance Initiative (PFI) contract assets are not depreciated until the asset is brought into use or reverts to HSE.

Estimated useful asset lives are normally in the following ranges:

Freehold buildings	50 years or remaining life as assessed by the valuers
Leasehold buildings	Period remaining on lease or to next rent review
HSE PFI Redgrave Court	60 years designated life
HSL PFI leasehold buildings	60 years designated life
Leasehold improvements	Up to 20 years (over the period remaining on lease)
Information technology	3 to 7 years
Plant and machinery	5 to 10 years
Furniture and fittings	2 to 15 years (except HSL PFI contract which is 30 years)
Motor vehicles	3 to 9 years

For vehicles acquired by the Health and Safety Executive car-leasing scheme, a residual value is applied to each vehicle at acquisition and the balance depreciated over the life of the contract, which can be between three and five years.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### 1.18 Amortisation

Amortisation is calculated on intangible assets using the straight-line method, as this reflects the expected pattern of consumption of economic benefits. The rates used are calculated to write assets down to their estimated residual value over their expected useful lives.

Amortisation commences once an asset is available for use and continues until the asset is derecognised, categorised as held for sale or written down to nil value. Intangible assets are therefore depreciated from the date of acquisition. No amortisation is charged in the month of disposal. Assets in the course of construction are not amortised but are subject to impairment reviews until the asset is brought into use.

Estimated useful asset lives are normally in the following ranges:

Software licences	shorter of licence period and 5 years
Internally developed software	5 years
Websites	5 years

The residual values and useful lives of intangible assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### 1.19 Revaluation and impairment of non-current assets

Increases in value are credited to the Revaluation Reserve, unless a reversal of a previous impairment, which is credited to the Statement of Comprehensive Net Expenditure to the extent of the previous impairment and then to the Revaluation Reserve, in accordance with IAS 36. Impairments of revalued assets, that do not result from a clear consumption of economic benefits, are debited to the revaluation reserve up to the level of depreciated historical cost. Any excess devaluation is charged to the Statement of Comprehensive Net Expenditure. Each year, the realised element of the reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the General Fund.

Impairment losses that result from a clear consumption of economic benefit are taken directly to the Statement of Comprehensive Net Expenditure. Where the impairment relates to a revalued asset, the balance on the revaluation reserve to which the impairment would have been charged is transferred to the General Fund to ensure consistency with IAS 36.

On disposal of a revalued asset, the balance on the revaluation reserve in respect of that asset becomes fully realised and is transferred to the General Fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Net Expenditure.

All non-current assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. In addition, intangible assets with an indefinite useful life are not subject to amortisation and are instead tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### **1.20 Financial assets and liabilities**

Financial assets and liabilities are recognised when HSE becomes party to the contracts that give rise to them. It is HSE policy that no trading in financial instruments is undertaken.

##### *Fair value*

Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined using expected cash flows discounted back to a present value.

##### *Loans and receivables.*

The fair value of trade and other receivables is usually the original invoiced amount. Any changes in value are recognised in the Statement of Comprehensive Net Expenditure.

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant changes in value. For the purpose of the Statement of Cash Flows, cash and cash equivalents are as defined above net of outstanding bank overdrafts. Bank overdrafts are included within current liabilities on the Statement of Financial Position.

##### *Financial liabilities measured at amortised cost*

Financial liabilities within trade payables and accruals are non-interest bearing and are initially recognised at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost.

##### *Impairment of financial assets*

HSE assesses, at the end of the reporting period, whether there is objective evidence that financial assets are impaired as a result of events that occurred after the initial recognition of the asset and prior to the end of the reporting period. If such events have had an adverse impact on the estimated future cash flows of the financial instruments they are impaired and the value within the Statement of Financial Position is reduced by the amount of any impairment. For the purpose of a collective evaluation of impairment, financial assets are grouped, where they are not individually significant, on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors.

The amount of the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows and is recognised in

the Statement of Comprehensive Net Expenditure. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the asset and historical loss experience for assets with credit risk characteristics similar to those in the group.

For the purpose of measuring the impairment loss, interest income is recognised using the original rate of interest used to discount the future cash flows.

### **1.21 Inventories**

Inventories and work in progress are valued as follows:

- a) finished goods and priced goods for resale are valued at the lower of cost less cost to sell or, where materially different, current replacement cost or net realisable value. The cost of free publications is written off in the year in which it is incurred.
- b) work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value.

### **1.22 Provisions**

Provisions are recognised, in accordance with IAS 37, when the HSE has a present legal or constructive obligation arising as a consequence of past events and where it is probable that a transfer of economic benefit will be necessary to settle the obligation. These obligations, which are of uncertain timing or amount at the Statement of Financial Position date, are included on the basis of 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 (currently new negative discount rates issued by HMT in December 2012 – see PES (2012) 15 -1.8 per cent (0-5 years) and -1.00 per cent (>5 years up to and including 10 years) (2011/12 – 2.2%)). The increase in the provision due to unwinding of the discount is recognised as an interest expense in the Statement of Comprehensive Net Expenditure.

### **1.23 Early departure costs**

For past early departure schemes, HSE meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits, in respect of employees who retire early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. HSE provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments, discounted by the Treasury discount rate of 2.35% (2011-12 2.8%) in real terms.

From 22 December 2010, all exit costs falling to be paid by HSE under the new terms consist of lump sum payments only, which are recognised in the financial statements.

### **1.24 Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), details of which are described in Note 2. The defined benefit schemes are unfunded and are non-contributory except in respect of dependant's benefits. HSE recognises the expected cost of these elements, on a systematic and rational basis over the period during which it benefits from employees' services, by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, HSE

recognises the contributions payable for the year. There is a separate scheme statement for the PCSPS as a whole. Details can be found in the accounts of the Cabinet Office; Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk))

Previous Chairs of the Health and Safety Executive were not members of the PCSPS but arrangements exist whereby HSE make pension payments analogous to those that would have been made had they been members of the PCSPS and which are payable out of current year's funds that are made available. The appointment of Board members (other than the Chair) is non-pensionable. The current Chair is not a member of the PCSPS but a contribution of 25% of her salary is made to a stakeholder pension provider. The pension liability is valued each year by the Government Actuary's Department and the full amount calculated is treated as a provision in the Statement of Financial Position. Changes to the provision resulting from actuarial losses or gains are charged to the General Fund, with in-year service charges and interest charges included in the Statement of Comprehensive Net Expenditure.

#### **1.25 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependant on the use of a specific asset and whether the arrangement conveys the right to use the asset.

Leases of assets where substantially all risks and rewards of ownership of a leased asset are borne by HSE are classified as finance leases. Leased assets are capitalised at the lower of the present value of the minimum lease payments discounted by the interest rate implicit in the lease or the fair value of the leased asset. Obligations relating to finance leases are recognised as liabilities. Payments are apportioned between reductions in the capital obligation included in creditors and the interest element of the finance lease payment which is charged to the Statement of Comprehensive Net Expenditure over the period of the lease. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

Leases where the lessor retains a significant portion of the risks and rewards of ownerships are classified as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease.

#### **1.26 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 the PFI assets, or where HSE does not have control but the balance of risks and rewards of ownership are borne by HSE, the asset is recognised as a non-current asset 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.

#### **1.27 Foreign currency translation**

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at the year end.

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction and translation differences are dealt with through the Statement of Comprehensive Net Expenditure.

#### **1.28 Contingent liabilities**

Contingent liabilities are disclosed in accordance with IAS 37.

In addition HSE discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but 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 which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be discounted by IAS 37 are stated at the amounts reported to Parliament.

#### **1.29 Operating segments**

IFRS 8 applies in full to HSE. Operating segments are reported in a manner consistent with the internal reports provided to the chief operating decision maker, and are used to make strategic decisions. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

## 2 Staff numbers and costs of the Health and Safety Executive

### (a) Staff costs

<i>Staff costs comprise:</i>			<b>2012/13</b>	2011/12
	<b>Permanently employed staff</b>	<b>Others</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>132 348</b>	<b>1 308</b>	<b>133 656</b>	136 751
Employers' National Insurance	<b>11 750</b>	<b>44</b>	<b>11 794</b>	11 813
Superannuation and pension costs	<b>26 658</b>	<b>84</b>	<b>26 742</b>	26 965
Lump sum exit costs	<b>19</b>	<b>-</b>	<b>19</b>	799
<b>Total</b>	<b>170 775</b>	<b>1 436</b>	<b>172 211</b>	176 328
Less recoveries in respect of outward secondments	<b>(241)</b>	<b>-</b>	<b>(241)</b>	(249)
<b>Total net costs</b>	<b>170 534</b>	<b>1 436</b>	<b>171 970</b>	176 079

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but HSE is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions/governance-and-rules](http://www.civilservice.gov.uk/pensions/governance-and-rules)).

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. Towards the end of 2011 the Treasury suspended full actuarial valuations for all of the main unfunded public sector pension schemes whilst work was undertaken on designing the new pension scheme arrangements based on the Hutton Report recommendations.

By November 2012 the Treasury concluded that there was sufficient clarity about the reformed public sector scheme terms for them to announce that the full actuarial valuations for the unfunded public sector pension schemes should be reinstated for all schemes. These valuations are not due to be completed until the end of December 2013.

The amounts prepared in these financial statements have been prepared using full membership data, such as would have been provided for a formal valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2012/13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

For 2012/13 employer's contributions of £26.5 million were payable to the PCSPS (2011/12 – £26.6 million) at one of the four rates in the range 16.7% to 24.3% of pensionable pay (2011/12 – 16.7% to 24.3%), based on salary bands.

Outstanding contributions amounting to £2.7 million (2011/12 £2.6million) were payable to the Civil Superannuation Vote at 31 March 2013 and are included in payables (note 10).

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £94 428 (2011/12 – £104 893) were

paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £7 554, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum payments on death in service and ill-health retirement of these employees. Contributions due to the partnership pension providers at the Statement of Financial Position date were £7 945.

Contributions prepaid at that date were £0.

In 2012/13 five people retired early on ill-health grounds (2011/12 – five people); the total additional accrued pension liabilities in the year amounted to £6 315 (2011/12 – £39 871). These liabilities are not the responsibility of HSE but are to be paid by the PCSPS.

*(b) Average number of persons employed*

The average number of whole-time equivalent persons employed during the year was as follows:

<i>Permanent staff</i>	<i>Other</i>	<i>2012/13</i>		<i>2011/12</i>	
		<i>Total</i>		<i>Total</i>	
<b>3 205</b>	<b>31</b>	<b>3 236</b>		3 344	

*2.1 Exit packages*

<i>Exit package cost band</i>	<i>Number of compulsory redundancies</i>		<i>Number of other departures agreed</i>		<i>Total number of exit packages by cost band</i>	
	<i>2012/13</i>	<i>2011/12</i>	<i>2012/13</i>	<i>2011/12</i>	<i>2012/13</i>	<i>2011/12</i>
< £10,000	0	0	0	2	0	2
£10,000 - £25,000	0	1	0	17	0	18
£25,000 - £50,000	0	0	0	6	0	6
£50,000 - £100,000	0	0	1	5	1	5
£100,000 - £150,000	0	0	0	0	0	0
£150,000 - £200,000	0	0	0	0	0	0
£200,000 - £250,000	0	0	0	0	0	0
£250,000 - £300,000	0	0	0	0	0	0
£300,000 - £350,000	0	0	0	0	0	0
Total number of exit packages by type	0	1	1	30	1	31
Total resource cost	<b>£0</b>	£22 664	<b>£52 153</b>	£802 712	<b>£52 153</b>	£825 376

Redundancy and other departure costs have been 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.

The total of lump sum exit costs in note 2.1 above (£52k) does not equal the value of lump sum exit costs in note 2(a) staff costs (£19k), as the latter includes an adjustment in respect of lump sum costs provided for in 2011/12 but settled at a lower level in 2012/13.

### 3 Other administration costs

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Rentals under operating leases	<b>4 968</b>	5 736
<b>PFI service charges – on-Statement of Financial Position</b>		
Service charges	<b>19 820</b>	20 737
Interest charges	<b>8 755</b>	8 866
<b>Auditor's remuneration</b>		
Statutory Audit	<b>125</b>	126
<b>Non-cash items</b>		
Depreciation and amortisation of non-current assets	<b>7 189</b>	7 791
(Profit)/loss on disposal of non-current assets	<b>129</b>	274
<b>Accommodation</b>	<b>11 693</b>	12 475
<b>Travel and subsistence</b>	<b>1 394</b>	1 641
<b>IT expenditure</b>	<b>6 970</b>	7 589
<b>Legal costs</b>	<b>8 609</b>	9 683
<b>Staff development and training</b>	<b>205</b>	304
<b>Consultants' fees</b>	<b>20</b>	128
<b>Publications</b>	<b>3 345</b>	3 553
<b>Shared Services on-boarding costs</b>	<b>1 614</b>	13
<b>HSL sub-contract technical support</b>	<b>2 251</b>	1 509
<b>Scientific equipment (non capital)</b>	<b>1 680</b>	1 505
<b>Telecoms costs</b>	<b>1 223</b>	1 014
<b>Provisions release</b>	<b>1 517</b>	2 724
<b>Other expenditure</b>	<b>2 520</b>	4 428
<b>Total administration costs</b>	<b>84 027</b>	90 096

## 4 Programme costs

	<i>2012/13</i>	<i>2011/12</i>
	<i>£'000</i>	<i>£'000</i>
<b>Research and development</b>	<b>3 207</b>	3 538
<b>Nuclear safety studies</b>	<b>2 888</b>	3 570
<b>Travel and subsistence</b>	<b>8 841</b>	9 508
<b>Staff development and training</b>	<b>1 506</b>	2 483
<b>Pesticides – purchase of samples</b>	<b>1 812</b>	1 797
<b>Consultants fees</b>	<b>86</b>	331
<b>Publications</b>	<b>18</b>	32
<b>Auditors remuneration – EU audit fee</b>	<b>-</b>	9
<b>Non-cash items</b>		
Deficit on revaluation	<b>244</b>	1 792
Gain on revaluation	<b>(11)</b>	-
Provisions – provided in year	<b>(774)</b>	12
Other non-cash	<b>227</b>	811
<b>Early departure liability</b>	<b>93</b>	115
<b>Provisions release</b>	<b>136</b>	-
<b>Provisions cash payment</b>	<b>(1 653)</b>	(2 724)
<b>Other current expenditure</b>	<b>3 593</b>	3 713
<b>Total programme costs</b>	<b>20 213</b>	24 987

## 5 Income

The activities of the Executive include certain chargeable services, each of which is subject to a financial objective of full cost recovery. Memorandum Trading Accounts are prepared where the cost of a particular service exceeds £1,000,000. The charges for these activities, which are exclusive of VAT, include provision for the recovery of notional interest.

Information is supplied for Fees and Charges purposes, not for IFRS purposes.

### (i) Income per Statement of Comprehensive Net Expenditure

	2012/13 £'000	2011/12 £'000
<b>Administration income</b>		
Health and Safety Laboratory (HSL) external customers	8 659	7 189
Prosecutions	7 154	7 242
Sale of publications	1 569	1 862
Other sales/income	729	810
Operating income	18 111	17 103
EU income (administration)	293	266
<b>Programme income</b>		
Fees and charges (see note 5(ii))	95 642	95 830
Other sales/income	2 343	2 417
	97 985	98 247
EU income (programme)	603	634
<b>Total income</b>	<b>116 992</b>	<b>116 250</b>

### (ii) Fees and Charges

	2012/13			2011/12		
	Income £'000	cost £'000	Surplus/ (deficit) £'000	Income £'000	cost £'000	Surplus/ (deficit) £'000
Licensing of nuclear installations	40 768	40 768	0	40 023	40 023	0
Civil Nuclear Security	4 543	4 543	0	4 189	4 189	0
Generic Design Assessment	4 324	4 324	0	7 980	7 980	0
Biocides and Plant Protection	12 776	12 470	306	13 315	13 667	(352)
Control of major accident hazards	11 534	11 909	(375)	12 394	11 394	1 000
Enforcement of offshore safety legislation	16 632	17 435	(803)	15 673	15 682	(9)
Fee for intervention	2 836	2 730	106	-	-	-
	93 413	94 179	(766)	93 574	92 395	639
Other HSE fees and charges	2 229			2 256		
<b>Total fees and charges</b>	<b>95 642</b>			<b>95 830</b>		

## 6 Property, Plant and Equipment

### (a) Property, plant and equipment by category

2012/13	Land £'000	Buildings £'000	Leasehold improve- ments £'000	Information technology £'000	Motor vehicles £'000	Plant and machinery £'000	Furniture and fittings £'000	Assets under construction £'000	Total £'000
Cost or valuation at 1 April 2012	2 530	69 186	19 252	7 508	3 277	16 856	9 483	37	128 129
Reclassifications (cost)	-	-	3	-	-	-	-	(3)	-
Additions in year	-	273	1 289	2 755	906	588	573	101	6 485
Revaluations in year	17	65	-	-	-	-	-	-	82
Disposals during year	-	-	(1 089)	(1 913)	(504)	(245)	(1 158)	-	(4 909)
<b>Balance at 31 March 2013</b>	<b>2 547</b>	<b>69 524</b>	<b>19 455</b>	<b>8 350</b>	<b>3 679</b>	<b>17 199</b>	<b>8 898</b>	<b>135</b>	<b>129 787</b>
Depreciation at 1 April 2012	-	2 455	10 143	4 706	1 542	12 114	4 127	-	35 087
Reclassifications	-	-	-	-	-	-	-	-	-
Charge in year	-	1 457	1 653	1 615	437	880	651	-	6 693
Revaluations in year	-	(123)	-	-	-	-	-	-	(123)
Disposals during year	-	-	(1 089)	(1 911)	(311)	(243)	(1 007)	-	(4 561)
Accumulated depreciation at 31 March 2013	-	3 789	10 707	4 410	1 668	12 751	3 771	-	37 096
<b>Net book value at 31 March 2013</b>	<b>2 547</b>	<b>65 735</b>	<b>8 748</b>	<b>3 940</b>	<b>2 011</b>	<b>4 448</b>	<b>5 127</b>	<b>135</b>	<b>92 691</b>
<b>Asset financing</b>									
Owned	2 547	4 450	8 748	2 046	2 011	4 448	2 967	135	29 246
On-Statement of Financial Position PFI contracts	-	61 285	-	1 894	-	-	2 160	-	63 445
<b>Net book value at 31 March 2013</b>	<b>2 547</b>	<b>65 735</b>	<b>8 748</b>	<b>3 940</b>	<b>2 011</b>	<b>4 448</b>	<b>5 127</b>	<b>135</b>	<b>92 691</b>

Land and buildings comprise the following:

	Freehold £'000	Leasehold £'000	Total £'000
Cost or valuation at 1 April 2012	7 499	64 217	71 716
Reclassifications	-	-	-
Additions in year	272	1	273
Revaluations in year	13	69	82
Disposals during year	-	-	-
<b>Balance at 31 March 2013</b>	<b>7 784</b>	<b>64 287</b>	<b>72 071</b>
Depreciation at 1 April 2012	505	1 950	2 455
Charge in year	275	1 182	1 457
Revaluations in year	7	(130)	(123)
Disposals during year	-	-	-
<b>Accumulated depreciation at 31 March 2013</b>	<b>787</b>	<b>3 002</b>	<b>3 789</b>
<b>Net book value at 31 March 2013</b>	<b>6 997</b>	<b>61 285</b>	<b>68 282</b>

2011/12	Land £'000	Buildings £'000	Leasehold improve- ments £'000	Information technology £'000	Motor vehicles £'000	Plant and machinery £'000	Furniture and fittings £'000	Assets under construction £'000	Total £'000
Cost or valuation at 1 April 2011	2 615	69 508	23 473	7 088	3 300	16 433	10 015	1 246	133 678
Reclassifications (cost)	-	765	-	146	-	335	-	(1 246)	-
Additions in year	-	624	944	1 476	628	793	479	37	4 981
Revaluations in year	(85)	(1 702)	-	-	-	-	-	-	(1 787)
Disposals during year	-	(9)	(5 165)	(1 202)	(651)	(705)	(1 011)	-	(8 743)
<b>Balance at 31 March 2012</b>	<b>2 530</b>	<b>69 186</b>	<b>19 252</b>	<b>7 508</b>	<b>3 277</b>	<b>16 856</b>	<b>9 483</b>	<b>37</b>	<b>128 129</b>
Depreciation at 1 April 2011	-	2 424	13 287	4 159	1 409	11 864	4 141	-	37 284
Reclassifications	-	-	-	-	-	-	-	-	-
Charge in year	-	1 403	2 021	1 750	534	908	731	-	7 347
Revaluations in year	-	(1 363)	-	-	-	-	-	-	(1 363)
Disposals during year	-	(9)	(5 165)	(1 203)	(401)	(658)	(745)	-	(8 181)
Accumulated depreciation at 31 March 2012	-	2 455	10 143	4 706	1 542	12 114	4 127	-	35 087
<b>Net book value at 31 March 2012</b>	<b>2 530</b>	<b>66 731</b>	<b>9 109</b>	<b>2 802</b>	<b>1 735</b>	<b>4 742</b>	<b>5 356</b>	<b>37</b>	<b>93 042</b>
<b>Asset financing</b>									
Owned	2 530	4 464	9 109	737	1 735	4 742	3 106	37	26 460
On-Statement of Financial Position PFI contracts	-	62 267	-	2 065	-	-	2 250	-	66 582
<b>Net book value at 31 March 2012</b>	<b>2 530</b>	<b>66 731</b>	<b>9 109</b>	<b>2 802</b>	<b>1 735</b>	<b>4 742</b>	<b>5 356</b>	<b>37</b>	<b>93 042</b>

- a) Property, plant and equipment are stated at valuation, which is obtained by the use of appropriate indices. 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 life or are of relatively low value. This, therefore, applies to most IT hardware, motor vehicles, plant and machinery and furniture.
- b) Redgrave Court was procured following an open, competitive tendering exercise seeking new or existing office accommodation in North West England. As a consequence, Bootle Accommodation Partnerships Ltd (BAPL) constructed and provides HSE with serviced accommodation under the Private Finance Initiative at Redgrave Court, which is owned by BAPL.

The open market value of Redgrave Court of £10.5M (£11M as at 31 March 2012) is significantly lower than the outstanding repayment liability to the contractor (£55.9M) for the remainder of the 30 year PFI agreement. The construction cost to the contractor was approximately £60M. The building is situated in an area of social deprivation which reduces its open market value.

The impact of this valuation is that HSE's Statement of Financial Position shows small negative net assets and reserves. The Board of HSE has considered the impact and is content that the on-going commitment from the Department for Work and Pensions supports preparation of the annual accounts on a going concern basis. (see note 22)

DTZ professionally valued Redgrave Court as at 31 December 2012 with a desktop valuation.

Jones Lang LaSalle professionally revalued all land and building assets on the Buxton site as at 31 March 2010. For the year ending 31 March 2013 all land and buildings on the Buxton site were subject to revaluation using All in Tender price indices produced by Royal Institute of Chartered Surveyors (RICS).

Additionally, the freehold property at Carlisle was independently valued at 31 March 2009 by Donaldsons, Chartered Surveyors. In each case, the valuations were in accordance with the Appraisal and Valuation Standards of the RICS.

- c) Costs incurred during the year in respect of major refurbishment and improvement of properties have been capitalised as Leasehold Improvements.
- d) Depreciation charged in the year on assets under PFI contracts was £2.489 million. (2011/12: 2.626 million)

## e) Cash Flow reconciliation

	Note	2012/13 £000	2011/12 £000
Capital payables and accruals at 1 April	10	260	406
Capital additions	6a	6 485	4 981
Capital payables and accruals at 31 March	10	(305)	(260)
Purchases of property, plant and equipment as per Statement of Cash Flows		6 440	5 127

## (b) Intangible assets

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

2012/13	Websites £'000	Purchased software licences £'000	Internally developed software £'000	Payments on account and assets under construction £'000	Total £'000
<b>Cost or valuation at 1 April 2012</b>	145	4 459	32	-	4 636
Additions in year	3	1 019	41	-	1 063
Disposals	-	(8)	-	-	(8)
<b>Balance at 31 March 2013</b>	148	5 470	73	-	5 691
Amortisation at 1 April 2012	112	3 357	24	-	3 493
Charge in year	13	474	9	-	496
Disposals	-	(8)	-	-	(8)
<b>Accumulated amortisation at 31 March 2013</b>	125	3 823	33	-	3 981
<b>Net book value at 31 March 2013</b>	23	1 647	40	-	1 710

<i>2011/12</i>	<i>Websites</i> £'000	<i>Purchased software licences</i> £'000	<i>Internally developed software</i> £'000	<i>Payments on account and assets under construction</i> £'000	<i>Total</i> £'000
Cost or valuation at 1 April 2011	136	3 961	32	52	4 181
Reclassification	-	52	-	(52)	-
Additions in year	9	446	-	-	455
Balance at 31 March 2012	145	4 459	32	-	4 636
Amortisation at 1 April 2011	76	2 960	13	-	3 049
Charge in year	36	397	11	-	444
Accumulated amortisation at 31 March 2012	112	3 357	24	-	3 493
Net book value at 31 March 2012	33	1 102	8	-	1 143

## a) Cash flow reconciliation

	<i>Note</i>	<b>2012/13</b> £'000	<i>2011/12</i> £'000
Capital payables and accruals at 1 April	10	<b>50</b>	127
Capital additions	6b	<b>1 063</b>	455
Capital payables and accruals at 31 March	10	<b>(221)</b>	(50)
Purchases of intangible assets		<b>892</b>	532

**7 Inventories**

	<b>31 March 2013</b> £'000	<i>31 March 2012</i> £'000
Work in progress	<b>650</b>	298
Finished stock for sale	<b>451</b>	317
Total inventories	<b>1 101</b>	615

## 8 Trade receivables and other current assets

### (a) Analysis by type

#### Administration receivables

	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade receivables	11 325	12 630
Deposits and advances	216	240
Prepayments and accrued income	26 405	22 938
VAT	2 676	2 176
Other receivables	7	19
	<b>40 629</b>	<b>38 003</b>
<b>Amounts falling due after more than one year</b>		
Other prepayments	26	66
Deposits and advances	96	62
	<b>122</b>	<b>128</b>
<b>Total</b>	<b>40 751</b>	<b>38 131</b>

Deposits and advances due within one year includes £17k (2011/12 - £17k) of house purchase advances due from 10 (2011/12 - 13) members of staff. Those due after more than one year include £96k (2011/12 - £62k) from 9 (2011/12 - 9) members of staff.

### (b) Intra-government balances

The following tables analyse total trade and other receivable balances across the categories shown:

	<b>31 March 2013</b>	<b>31 March 2013</b>	<b>31 March 2012</b>	<b>31 March 2012</b>
	<b>Amounts falling due within one year</b>	<b>Amounts falling due later than one year</b>	<b>Amounts falling due within one year</b>	<b>Amounts falling due later than one year</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balances with other central government bodies	8 887	-	3 483	-
Balances with local authorities	185	-	98	-
Balances with NHS trusts	66	-	6	-
Balances with public corporations and trading funds	148	-	54	-
Subtotal: intra-government balances	<b>9 286</b>	<b>-</b>	<b>3 641</b>	<b>-</b>
Balances with bodies external to government	<b>31 343</b>	<b>122</b>	<b>34 362</b>	<b>128</b>
Total receivables at 31 March	<b>40 629</b>	<b>122</b>	<b>38 003</b>	<b>128</b>

## 9 Cash and cash equivalents

	<b>31 March 2013</b>	<i>31 March 2012</i>
	<b>£'000</b>	<i>£'000</i>
Balance at 1 April	(43)	(2 633)
Net change in cash and cash equivalent balances	(4 486)	2 590
Balance at 31 March	(4 529)	(43)
Less bank overdraft reported in trade and other payables	4 530	44
Balance per Statement of Financial Position	1	1
<b>The following balances at 31 March are held at</b>		
Government Banking Services	(4 530)	(44)
Commercial banks and cash in hand	1	1
	(4 529)	(43)

The credit balance (£4 529k) relates to transactions posted at Government Banking Services after the defunding of HSE's account on 31 March 2013 in accordance with DWP's cash management arrangements agreed with HM Treasury.

## 10 Trade and other payables

### (a) Analysis by type

	<b>31 March 2013</b>	<i>31 March 2012</i>
	<b>£'000</b>	<i>£'000</i>
<b>Amounts falling due within one year</b>		
Taxation and social security	3 705	3 733
Superannuation	2 766	2 567
Trade payables: non-capital	352	590
Trade payables: capital	526	310
Other payables	140	529
Accruals and deferred income	17 196	17 093
On-Statement of Financial Position PFI contracts	1 549	1 430
Balance with Government Banking Service	4 530	44
Early Departure liability	521	838
	<b>31 285</b>	27 134
<b>Amounts falling due after more than one year</b>		
Imputed finance lease element of on-Statement of Financial Position PFI contracts	103 569	105 119
Other payables	1	4
Early departure liability	749	1 125
	<b>104 319</b>	106 248
Total	<b>135 604</b>	133 382

(b) *Intra-government balances*

	<b>31 March 2013</b>	<b>31 March 2013</b>	31 March 2012	31 March 2012
	<b>Amounts falling due within one year</b>	<b>Amounts falling due later than one year</b>	Amounts falling due within one year	Amounts falling due later than one year
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
Balances with other central government bodies	7 896	-	7 388	-
Balances with local authorities	69	-	8	-
Balances with NHS trusts	36	-	-	-
Balances with public corporations and trading funds	6	-	52	-
Subtotal: intra-government balances	<b>8 007</b>	<b>-</b>	7 448	-
Balances with bodies external to government	<b>23 278</b>	<b>104 319</b>	19 686	106 248
Total trade and other payables at 31 March	<b>31 285</b>	<b>104 319</b>	27 134	106 248

**11 Provisions for liabilities and charges**(a) *Administration provisions*

<b>2012/13</b>	<b>Dilapidations</b>	<b>Chair's pension by analogy</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2012	1 487	1 282	-	2 769
Provided in year	-	70	71	141
Provisions not required written back	(905)	-	-	(905)
Utilised in year	(504)	(80)	-	(584)
<b>Balance at 31 March 2013</b>	<b>78</b>	<b>1 272</b>	<b>71</b>	<b>1 421</b>

<b>2011/12</b>	<b>Dilapidations</b>	<b>Chair's pension by analogy</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2011	1 553	1 235	90	2 878
Provided in year	425	126	-	551
Provisions not required written back	(409)	-	(71)	(480)
Utilised in year	(82)	(79)	(19)	(180)
Balance at 31 March 2012	1 487	1 282	-	2 769

*Analysis of expected timings of discounted flows*

	<i>Dilapidations</i>	<i>Other</i>	<i>Total</i>
Not later than one year	78	71	149
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
<b>Balance at 31 March 2013</b>	<b>78</b>	<b>71</b>	<b>149</b>

*a) Dilapidations*

HSE makes a provision for the cost of dilapidation works required to satisfy its legal requirement upon leaving a leased property. The provision is based on a professional estimate of the cost to return the premises to the condition agreed in the lease documentation.

*b) Legal claims*

Provision has been made for various legal claims against HSE. The provision which is included in "other" reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated.

*c) Provision for retired Chairs of Health and Safety Commission (HSC)*

Provision has been made for retired Chairs' pensions in HSE's accounts as if they were members of the PCSPS. The current chair receives a contribution towards a private pension and is not included in this provision.

The provision reflects the valuation made by the Government Actuaries Department (GAD) at 31 March 2013. In 2010/11 the rate used for calculating values was changed from Retail Price Index (RPI) to Consumer Price Index in line with government policy. The results of the actuarial assessment are shown below:

	31 March 2013		31 March 2012	
	£'000	%	£'000	%
<b>Financial assumptions</b>				
The CPI inflation rate assumptions	1.70		2.00	
The rate of increase in salaries	3.95		4.25	
The rate of increase for pensions in payment and deferred pensions	1.70		2.00	
The rate used to discount scheme liabilities	4.10		4.85	
<b>Amounts charged to operating costs</b>				
The current service cost (net of employee contributions)	-		-	
Any past service costs	-		-	
Gains and losses on any settlements and curtailments	-		-	
The interest cost	60		67	
<b>Actuarial gains and losses during year <sup>a</sup></b>				
Experience losses/(gains)	(34)		38	
Effect of changes in assumptions underlying the present value of the scheme's liabilities	44		21	
<b>Total actuarial losses/(gains)</b>	<b>10</b>		<b>59</b>	
<b>Liability</b>				
Actives	-		-	
Deferreds	-		-	
Pensioners and dependent pensioners	1 272		1 282	
<b>Total present value of the scheme liabilities</b>	<b>1 272</b>		<b>1 282</b>	

*a* Amounts are expressed as a percentage of the present value of the scheme liabilities as at the Statement of Financial Position date. The past service and interest cost elements were charged to HSE's operating costs.

Actuarial gains and losses since 1 April 2008 have been as follows:

	(Gain)/ loss £'000
Year to 31 March 2009	(147)
Year to 31 March 2010	304
Year to 31 March 2011	(53)
Year to 31 March 2012	59
Year to 31 March 2013	10
<b>Total actuarial loss</b>	<b>173</b>

HSE complies with IAS 19 and used longevity assumptions based on appropriate life expectancies advised by GAD.

## 12 Capital commitments (other than PFI capital commitments which are disclosed separately)

	<i>31 March 2013</i>	<i>31 March 2012</i>
<b>Contracted commitments at 31 March not otherwise included in these financial statements</b>	<b>£'000</b>	<b>£'000</b>
Property, plant & equipment	483	411
Intangible assets	3	7
	<b>486</b>	<b>418</b>

## 13 Losses and special payments

	<i>2012/13</i>	<i>2011/12</i>	<i>2012/13</i>	<i>2011/12</i>
	<b>No. of cases</b>	<b>No. of cases</b>	<b>£'000</b>	<b>£'000</b>
<b>Administration losses</b>				
Cash losses	33	42	5	16
Claims waived or abandoned	167	127	278	316
Administrative losses	-	-	-	-
Fruitless payments	18	25	13	12
Stocks, stores and obsolete publications	6	6	1	21
<b>Total administration losses</b>	<b>224</b>	<b>200</b>	<b>297</b>	<b>365</b>
<b>Special payments</b>	<b>9</b>	<b>14</b>	<b>2</b>	<b>47</b>
<b>Total losses and special payments</b>	<b>233</b>	<b>214</b>	<b>299</b>	<b>412</b>

Special payments made by HSE to staff and members of the public totalled 9 cases in 2012/13 to the value of £1 782 (2011/12 14 cases totalling £47 005)

## 14 Commitments under non-PFI operating leases

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which the lease expires:

	<i>31 March 2013</i>			<i>31 March 2012 (Restated)</i>		
	<i>Land</i>	<i>Buildings</i>	<i>Other</i>	<i>Land</i>	<i>Buildings</i>	<i>Other</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leases expiring within						
Not later than 1 year	47	3 660	1	51	4 358	7
Later than 1 year and not later than 5 years	-	10 082	-	-	9 763	-
Later than 5 years	-	14 487	-	-	15 996	-
<b>Total committed</b>	<b>47</b>	<b>28 229</b>	<b>1</b>	<b>51</b>	<b>30 117</b>	<b>7</b>

Commitments for 2011/12 have been restated to disclose the total future cost of commitments until the end of each operating lease.

## 15 Commitments under non-PFI finance leases

HSE does not currently have any obligations under non-PFI finance leases.

## 16 Commitments under PFI contracts

HSE has entered into the following three contracts let under the Private Finance Initiative that have been assessed under IFRIC 4; IFRIC 12; IAS 16 and IAS 17 as being brought onto HSE's Statement of Financial Position under adoption of IFRS. The intention of the contracts is that the majority of the risks are transferred to the party best able to manage them and in these cases this is the private sector supplier.

### *Merseyside headquarters (Redgrave Court)*

HSE has signed a 30-year contract with Kajima Development (Bootle Accommodation Partnerships) Ltd for the provision of fully serviced accommodation in Bootle, Merseyside. The contract runs from May 2005 to May 2035.

### *IT services*

HSE has streamlined the management of its IT service by placing all of its IT services with a single strategic partner who has responsibility for delivery and end-to-end service. In June 2001, HSE signed a ten-year contract with a partner (LogicaCMG with Computacenter as the key subcontractor) for the provision of information and communications technology (ICT) and information strategy (IS) service across all HSE sites and to all HSE users. This contract has been extended to June 2013, after which a new, three year IT services supply contract with Steria UK PLC will come into force.

### *HSL accommodation*

With effect from 28 October 2004, HSL took occupation of serviced accommodation for laboratory and support functions 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 £19.8m (2011/12 £20.7m) and the payments to which HSE is committed are as follows:

	<b>31 March 2013</b>	<i>31 March 2012</i>
	<b>£'000</b>	<i>£'000</i>
Not later than one year	11 477	19 942
Later than one year and not later than 5 years	38 884	38 099
Later than 5 years	165 617	163 837
<b>Total committed</b>	<b>215 978</b>	<i>221 878</i>

*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 2013</b>	31 March 2012
	<b>£'000</b>	£'000
Not later than one year	<b>10 185</b>	10 185
Later than one year and not later than 5 years	<b>41 234</b>	41 093
Later than 5 years	<b>183 404</b>	193 730
Total committed	<b>234 823</b>	245 008
Less interest element	<b>(129 705)</b>	(138 459)
Present value of obligations	<b>105 118</b>	106 549

<i>Present value of obligations</i>	<b>31 March 2013</b>	31 March 2012
	<b>£'000</b>	£'000
Not later than one year	<b>1 549</b>	1 430
Later than one year and not later than 5 years	<b>8 171</b>	7 407
Later than 5 years	<b>95 398</b>	97 712
Total present value of obligations	<b>105 118</b>	106 549

## 17 Related party transactions

The Health and Safety Executive is a Crown Non-Departmental Public Body and is sponsored by DWP. DWP is regarded as a related party. During the year, HSE had several transactions on an arms length basis with DWP that mainly related to the provision of pension services, receipts from staff loans and premises costs. HSE did not have material transactions with other entities for which the DWP is regarded as the parent department.

In addition, HSE had a number of material transactions with the following other government departments and other central government bodies:

ACAS; Cabinet Office; Civil Nuclear Constabulary; Crown Prosecution Service; Department for Business Innovation and Skills; Department for Education; Department for Energy and Climate Change; Department for Environment; Food and Rural Affairs; Department for Transport; Department of Agriculture and Rural Development N.I.; Health and Safety Executive N.I.; Health Protection Agency; Homes and Communities Agency; Home Office; International Nuclear Services; Ministry of Defence; Natural England; Nuclear Decommissioning Authority; Office for National Statistics; Office of Rail Regulation; Scottish Environmental Protection Agency; Scottish Government; Security Industry Authority; Treasury Solicitors.

None of the Executive or Non-Executive members, the Chief Executive or senior managers, or any person connected with these, had any interest in any material transactions with HSE or received benefits from HSE suppliers other than declared hospitality during the year.

## 18 Contingent liabilities

HSE had no contingent liabilities at 31 March 2013.

## 19 Financial instruments

As the cash requirements of HSE are met through the Estimate process, financial instruments play a much more limited role in creating or changing risk than would apply to a non-public 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 or market risk.

### *Interest rate risk*

HSE has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of market interest rates. The interest profile of HSE's financial assets and liabilities has therefore not been disclosed.

### *Foreign currency risk*

HSE's exposure to foreign currency risk is not significant. The foreign exchange loss for 2012/13 was £5 536 (2011/12 – £4 373).

## 20 Segmental analysis

<b>2012/13</b>	<b>Health &amp; Safety Executive</b>	<b>Health &amp; Safety Laboratory</b>	<b>Office for Nuclear Regulation</b>	<b>Less intercompany transactions</b>	<b>Total as per Statement of Comprehensive Net Expenditure</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Admin expenditure	114 123	38 016	10 565	(39 469)	123 235
Programme expenditure	110 581	(5)	42 399	-	152 975
<b>Total expenditure</b>	<b>224 704</b>	<b>38 011</b>	<b>52 964</b>	<b>(39 469)</b>	<b>276 210</b>
Operating income	(19 827)	(37 753)	-	39 469	(18 111)
EU income	(638)	(258)	-	-	(896)
Programme income	(47 840)	-	(50 145)	-	(97 985)
<b>Total income</b>	<b>(68 305)</b>	<b>(38 011)</b>	<b>(50 145)</b>	<b>39 469</b>	<b>(116 992)</b>
Reportable segment net resources	156 399	-	2 819	-	159 218

*Note: Net resources shown for ONR exclude notional costs. Actual non-recoverable expenditure for the year was £3 453k*

2011/12

	Health & Safety Executive £'000	Health & Safety Laboratory £'000	Office for Nuclear Regulation £'000	Less intercompany transactions £'000	Total as per Statement of Comprehensive Net Expenditure £'000
Admin expenditure	120 302	37 613	11 369	(40 926)	128 358
Programme expenditure	119 216	(230)	43 818	-	162 804
Total expenditure	239 518	37 383	55 187	(40 926)	291 162
Operating income	(20 874)	(37 155)	-	40 926	(17 103)
EU income	(672)	(228)	-	-	(900)
Programme income	(45 545)	-	(52 702)	-	(98 247)
Total income	(67 091)	(37 383)	(52 702)	40 926	(116 250)
Reportable segment net resources	172 427	-	2 485	-	174 912

*Note: Net resources shown for ONR exclude notional costs. Actual non-recoverable expenditure for the year was £3 154k.*

The Health and Safety Laboratory (HSL) and the Office for Nuclear Regulation (ONR) are both in house agencies of HSE. HSL has its own Accounting Officer and Audit Committee and produces its own published Annual Report and Accounts which is consolidated into the HSE Annual Report and Accounts. ONR was created as an in house agency of HSE on 1 April 2011. HSE's Chief Executive is Accounting Officer for both HSE and ONR. ONR does not produce a separate annual report and accounts and is included as a directorate of HSE. More information about these arrangements is provided in the Governance Statement.

#### *Analysis of revenue by major customer*

Revenue from HSE's two major customers (2011/12 two), which individually represent over 10% of total revenue is:

	2012/13 £'000	2011/12 £'000
Customer 1	20 644	19 635
Customer 2	12 804	13 723

*The majority of transactions with these bodies were with the Office for Nuclear Regulation*

## **21 Restatements**

There were no prior year restatements affecting primary statements but some disclosure restatements relating to operating leases (see note 14).

## **22 Going concern**

HSE's closing Statement of Financial Position shows a small negative tax payers equity figure largely due to the impairment in the value of HSE's PFI assets (see note 6a(b)). The Board has previously considered this position and in the light of on-going commitment from DWP is content that HSE should continue to prepare the annual accounts on a going concern basis.

## **23 Events after the reporting period**

IAS 10 requires HSE to disclose the date on which the accounts are authorised for issue. This is the date of the Certificate and Report of the Comptroller and Auditor General.

The authorised date for issue is 7 June 2013.











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