

# **Triennial Review Report:**

## **Health and Safety Executive**

**An independent review of the function, form and governance of the Health and Safety Executive (HSE)**

### **Annex K**

## **Principles of Corporate Governance Report**

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**9 January 2014**

*Cabinet Office guidance on the conduct of a review of the principles of good corporate governance:*

### **Principles of Good Corporate Governance**

Good corporate governance is central to the effective operation of all public bodies. As part of the review process, therefore, the governance arrangements in place in executive NDPBs should be reviewed. This should be led by the sponsoring Department, working closely with the Chair and CEO who will have a key responsibility for ensuring that strong and robust corporate governance arrangements are in place<sup>1</sup>. As a minimum, the controls, processes and safeguards in place in executive NDPBs should be assessed against the principles and policies set out in this guidance. These reflect best practice in the public and private sectors and, in particular, draw from the principles and approach set out in the draft *Corporate Governance in Central Government Departments: Code of Good Practice*.

### **Comply or Explain**

The “comply or explain” approach is the standard approach to corporate governance in the UK. In keeping with this approach, the Department and NDPB will need to identify as part of the review any areas of non-compliance and explain why an alternative approach has been adopted and how this approach contributes to good corporate governance. Reasons for non-compliance might include the need for structures and systems to remain proportionate, commercial considerations or concerns about cost and value for money.

The following table sets out the factual findings of the review of HSE’s corporate governance arrangements. The assessment of the underlying strengths and weaknesses of HSE’s governance are discussed in the main report.

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<sup>1</sup> This approach will also ensure that proper use is made of existing assurance and audit reports and help avoid duplication.

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<b>Assessment of HSE Against Principles of Good Corporate Governance</b>	
<b>1. Statutory Accountability:</b>	<b>Principle: Public body complies with all applicable statutes and regulations, and other relevant statements of best practice.</b>
<b>Supporting Provisions</b>	<b>Evidence</b>
The public body must comply with all statutory and administrative requirements on the use of public funds. This includes the principles and policies set out in the HMT publication “Managing Public Money” and Cabinet Office/HM Treasury spending controls.	<p>HSE complies with all statutory and administrative requirements on the use of public funds, including the principles and policies set out in Managing Public Money and Cabinet Office/HM Treasury spending controls. HSE has established a Corporate Efficiency Board, which considers all significant expenditure cases and ensures compliance with government spending controls. Compliance is also achieved through internal management and financial controls, guidance to staff, appropriate delegation levels, and in cases of doubt or uncertainty through discussion and clarification with DWP and/or HMT in line with Delegated authorities’ guidance. Internal and External Audit review these controls with any significant issues reported to the Audit Committee. Compliance is monitored and reported in the Governance Statement within HSE’s Annual Report and Accounts.</p> <p>HSE with almost 50% cost recovery ensures it complies with Fees, Charges and Levies policy as set out in Managing Public Money. Charges are made in regulatory activities in the areas of Nuclear, Major Hazards and Pesticides. The charges are set to recover full costs and are calculated on an accruals basis, including overheads, depreciation and the cost of capital. All HSE Fees and Charges are reviewed annually to check, and if appropriate revise, the charging level. In addition NAO audit the charging mechanism to ensure it conforms to policy.</p>
The public body must operate within the limits of its statutory authority and in accordance with any delegated authorities agreed with the sponsoring department.	HSE operates within the limits of its statutory authority as set out in the Health and Safety at Work Act 1974 (the 1974 Act) and in accordance with delegated authorities agreed by DWP, including those set out in the Framework Document

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	<p>(<a href="http://www.hse.gov.uk/aboutus/howwework/management/dwphse.pdf">www.hse.gov.uk/aboutus/howwework/management/dwphse.pdf</a>) agreed between DWP and HSE. The Framework Document also sets out the key statutes and statutory instruments from which HSE's powers and duties derive.</p>
<p>The public body should operate in line with the statutory requirements and spirit of the Freedom of Information Act 2000. It should have a comprehensive Publication Scheme. It should proactively release information that is of legitimate public interest where this is consistent with the provisions of the Act.</p>	<p>HSE is committed to promoting and actively developing a culture of openness, transparency and accountability embodied in the Freedom of Information Act. It has a comprehensive Publication Scheme and proactively releases information of legitimate public interest within the provisions of the Act.</p> <p>HSE accounts for almost 15% of all FOI requests received by all 43 monitored bodies and is the only monitored body to have received more than 1,000 requests during each quarter since the Act was implemented. 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.</p> <p>Of these, only 12 cases were referred for formal consideration to Information Commissioner in 2011 and 14 cases in 2012. In only 1 case was the HSE original decision overturned by the Commissioner and in 2 cases partially overturned.</p>
<p>The public body must be compliant with Data Protection legislation.</p>	<p>HSE has policies and procedures in place which explain to staff their responsibilities to comply with the Data Protection Act. The FOI Policy Unit provides advice, guidance and training to staff on data protection issues.</p>
<p>The public body should be subject to the Public Records Acts 1958 and 1967.</p>	<p>HSE is subject to the Public Records Acts 1958 and 1967, and the FOI Policy Unit is responsible for the effective management of compliance with this legislation.</p>

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<p><b>2. Accountability for Public Money:</b></p>	<p><b>Principle: The Accounting Officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of assets.</b></p>
<p><b>Supporting Provisions</b></p>	<p><b>Evidence</b></p>
<p>There should be a formally designated Accounting Officer for the public body. This is usually the most senior official (normally the Chief Executive).</p>	<p>HSE's Chief Executive has been designated as the Accounting Officer by letter from the Permanent Secretary of DWP who is Principal Accounting Officer.</p>
<p>The role, responsibilities and accountability of the Accounting Officer should be clearly defined and understood. The Accounting Officer should have received appropriate training and induction. The public body should be compliant with the requirements set out in "Managing Public Money", relevant Dear Accounting Officer letters and other directions. In particular, the Accounting Officer of the NDPB has a responsibility to provide evidence-based assurances required by the Principal Accounting Officer (PAO). The PAO requires these to satisfy him or herself that the Accounting Office responsibilities are being appropriately discharged. This includes, without reservation, appropriate access of the PAO's internal audit service into the NDPB.</p>	<p>The Accounting Officer is responsible and accountable personally to Parliament for the management of HSE, including its use of public money and the stewardship of its assets. The prime responsibilities of the Accounting Officer and the importance of "Managing Public Money" are set out in the appointment letter and included in the Framework Document. The Accounting Officer is personally responsible for:</p> <ul style="list-style-type: none"> <li>• safeguarding the public funds for which he or she has charge;</li> <li>• ensuring propriety and regularity in the handling of those public funds;</li> <li>• the day-to-day operations and management of HSE; and</li> <li>• acting in accordance with the terms of the Framework Document, Managing Public Money, and other instructions and guidance issued from time to time by DWP, HM Treasury and the Cabinet Office.</li> </ul> <p>The Accounting Officer has been suitably trained.</p> <p>The DWP Health and Safety Sponsorship Team is the primary contact for HSE and supports the Principal Accounting Officer in his or her responsibilities toward HSE.</p> <p>HSE Internal Audit service is provided by DWP as part of an IA shared service and the Principal Accounting Officer has access through this mechanism.</p>

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<p>The public body should establish appropriate arrangements to ensure that public funds:</p> <ul style="list-style-type: none"> <li>• are properly safeguarded;</li> <li>• used economically, efficiently and effectively;</li> <li>• used in accordance with the statutory or other authorities that govern their use; and</li> <li>• deliver value for money for the Exchequer as a whole.</li> </ul>	<p>The Accounting Officer has responsibility for reviewing the effectiveness of internal control, informed by the Audit Committee, the Senior Management Team and other managers responsible for the development and maintenance of the internal control framework, in accordance with Managing Public Money. This is supported by the work of Internal Audit who complete Value for Money (VFM) audits, comments made by NAO as external auditors in their management letter and other assurance reports and advice from the Board and its Audit Committee. To monitor and evidence compliance, assurance is sought annually through internal governance Letters of Assurance by Directors to the Accounting Officer.</p> <p>This system of assurance framework ensures that the public funds administered by HSE are properly safeguarded; used economically, efficiently and effectively; used in accordance with the statutory authorities that govern their use; and deliver VFM for the Exchequer as a whole.</p>
<p>The public body's annual accounts should be laid before Parliament. The Comptroller and Auditor General should be the external auditor for the body.</p>	<p>HSE's Annual Report and Accounts are laid before Parliament in accordance with Schedule 2 of the 1974 Act. The Comptroller and Auditor General is the external auditor for HSE.</p>



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<p><b>3. Ministerial Accountability:</b></p>	<p><b>Principle: The Minister is ultimately accountable to Parliament and the public for the overall performance of the public body.</b></p>
<p><b>Supporting Provisions</b></p>	<p><b>Evidence</b></p>
<p>The Minister and sponsoring department should exercise appropriate scrutiny and oversight of the public body.</p>	<p>Appropriate scrutiny and oversight is secured through Ministerial approval of HSE's business plan and key performance indicators, through quarterly reporting on financial and performance matters and through the regular meetings which DWP Ministers and officials have with HSE as set out in the Framework Document.</p> <p>DWP Ministers meet with the HSE Chair and Chief Executive monthly to discuss current issues. The HSE Chief Executive attends a quarterly Sponsorship meeting with the Department to discuss performance against the business plan. The DWP Health and Safety Sponsorship Team is the main source of day-to-day advice to the responsible Minister on the discharge of his or her responsibilities in respect of HSE.</p>
<p>Appointments to the board should be made in line with any statutory requirements and, where appropriate, with the Code of Practice issued by the Commissioner for Public Appointments.</p>	<p>The Secretary of State appoints the Chair and HSE Board Members in accordance the Code of Practice of the Commissioner for Public Appointments and with Schedule 2 of the 1974 Act as set in the Board Operating Framework.</p> <p>HSE has a prescribed structure as set out in Schedule 2 of the 1974 Act and consists of a Chair and at least 7 and no more than 11 Non-Executive Board Members that have a balance of skills and experience appropriate to directing HSE's business.</p>
<p>The Minister will normally appoint the Chairman and all non-executive board members of the public body and be able to remove individuals whose performance or conduct is unsatisfactory.</p>	<p>The Secretary of State has the power to appoint or remove the Chair or an HSE Board Member under the statutory provisions governing the appointment as set out in Schedule 2, paragraph 2 and paragraph 5 to the 1974 Act.</p>

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<p>The Minister should be consulted on the appointment of the Chief Executive and will normally approve the terms and conditions of employment.</p>	<p>The 1974 Act provides for the appointment of the Chief Executive by the HSE Board with the consent of the Secretary of State who shall also determine the terms and conditions of employment.</p>
<p>The Minister should meet the Chairman and/or Chief Executive on a regular basis.</p>	<p>Monthly meetings are held to review HSE's performance involving the Minister, the Chair and the Chief Executive. Additional meetings also take place as required and may involve other HSE officials.</p>
<p>A range of appropriate controls and safeguards should be in place to ensure that the Minister is consulted on key issues and can be properly held to account. These will normally include:</p> <ul style="list-style-type: none"> <li>• a requirement for the public body to consult the Minister on the corporate and/or operational business plan;</li> <li>• a requirement for the exercise of particular functions to be subject to guidance or approval from the Minister;</li> <li>• a general or specific power of Ministerial direction over the public body;</li> <li>• a requirement for the Minister to be consulted by the public body on key financial decisions. This should include proposals by the public body to: (i) acquire or dispose of land, property or other assets; (ii) form subsidiary companies or bodies corporate; and (iii) borrow money; and</li> <li>• a power to require the production of information from the public body which is needed to answer satisfactorily for the body's affairs.</li> </ul>	<p>The Board agrees a Business Plan setting out HSE's corporate objectives and spending priorities together with associated key performance indicators. This is then subject to Ministerial approval as is required by Section 11(5) of the 1974 Act.</p> <p>The 1974 Act contains powers for the Secretary of State to give guidance to HSE and to give general and specific directions. It also requires HSE to provide the Secretary of State with such information as is required relating to its assets or the discharge or proposed discharge of its functions.</p> <p>Additional controls and safeguards are set out in the Framework Document.</p>
<p>There should be a requirement to inform Parliament of the activities of the public body through publication of an annual report.</p>	<p>HSE publishes an Annual Report and Accounts which are laid before Parliament.</p>

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<p><b>4. Role of the Sponsoring Department:</b></p>	<p><b>Principle: The Departmental Board ensures that there are robust governance arrangements with the board of each arm’s length body. These arrangements set out the terms of their relationship and explain how they will be put in place to promote high performance and safeguard propriety and regularity.</b></p> <p><b>There is a sponsor team within the department that provides appropriate oversight and scrutiny of, and support and assistance to, the public body.</b></p>
<p><b>Supporting Provisions</b></p>	<p><b>Evidence</b></p>
<p>The departmental board’s regular agenda should include scrutiny of the performance of the public body. The departmental board should establish appropriate systems and processes to ensure that there are effective arrangements in place for governance, risk management and internal control in the public body.</p>	<p>HSE’s performance is reported to DWP on a quarterly basis including governance, risk management and internal control matters as appropriate. Monthly financial and quarterly operational performance provided by HSE is reported in the DWP Executive Team performance report. A new process is currently being developed for the DWP Board to receive updates on the performance of all DWP NDPBs, including HSE.</p> <p>DWP provide internal audit services to HSE and DWP HIA is invited to HSE Audit Committee to ensure the effectiveness of these arrangements. Effectiveness of governance, risk management and internal control are reported in the Annual Report and Accounts.</p>
<p>There should be a Framework Document in place which sets out clearly the aims, objectives and functions of the public body and the respective roles and responsibilities of the Minister, the sponsoring department and the public body. This should follow relevant Cabinet Office and HM Treasury guidance. The Framework Document should be published. It should be accessible and understood by the sponsoring department, all board members and by the senior management team in the public body. It should be regularly reviewed and updated.</p>	<p>A Framework Document is in place between HSE and DWP and clearly sets out the aims, objectives and functions of HSE and the responsibilities of the Minister, DWP and HSE. It was prepared using Cabinet Office and HM Treasury guidance and is accessible via HSE’s website. It was last reviewed in June 2009 and was due to be reviewed in 2012/13. Given the Triennial Review was being undertaken in 2013, it was agreed with DWP Sponsorship Team to update following the completion of the review, reflecting the latest guidance and good practice.</p> <p>Additionally HSE has produced a Board Operating Framework, which supports and expands on the Framework Document in line with good practice corporate governance for HSE Board and SMT members.</p>

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<p>There should be a dedicated sponsor team within the parent department. The role of the sponsor team should be clearly defined.</p>	<p>There is a dedicated sponsor team within DWP, which has a clearly defined role.</p>
<p>There should be regular and ongoing dialogue between the sponsoring department and the public body. Senior officials from the sponsoring department may as appropriate attend board and/or committee meetings. There might also be regular meetings between relevant professionals in the sponsoring department and the public body.</p>	<p>There is regular and ongoing dialogue between DWP and HSE. This includes HSE Chief Executive attending a quarterly sponsorship meeting to discuss performance against the business plan. In addition, the HSE Director of Finance meets monthly with the DWP senior finance team to review monthly financial performance.</p>

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<p><b>5. Role of the Board:</b></p>	<p><b>Principle: The public body is led by an effective board which has collective responsibility for the overall performance and success of the body. The board provides strategic leadership, direction, support and guidance.</b></p> <p><b>The board – and its committees – have an appropriate balance of skills, experience, independence and knowledge.</b></p> <p><b>There is a clear division of roles and responsibilities between non-executives and executives. No one individual has unchallenged decision-making powers.</b></p>
<p><b>Supporting Provisions</b></p>	<p><b>Evidence</b></p>
<p>The board of the public body should:</p> <ul style="list-style-type: none"> <li>• meet regularly;</li> <li>• retain effective control over the body; and</li> <li>• effectively monitor the senior management team.</li> </ul>	<p>The Board meets ten times a year and dates of meetings are published on the HSE website. The Board aims to conduct as much of its business as possible in Open Session. The Board sets the HSE strategy and approves the HSE Business Plan. At every meeting, it reviews the performance of HSE against its plan. The Board has set up an Audit Committee chaired by a non-executive member to provide independent advice to assure itself of the effectiveness of the internal control and risk management systems. The Board also hold an annual strategic planning meeting with HSE’s SMT.</p> <p>The role of the Board is set out in the Framework Document and in the Board Operating Framework. It has a programme of forward agenda items which include the effectiveness and efficiency of HSE’s main functions. The Board holds annual performance reviews and scrutinises individual Director’s performance through its Remuneration Committee.</p>
<p>The size of the board should be appropriate.</p>	<p>HSE has a prescribed structure as set out in Schedule 2 of the 1974 Act and consists of a Chair and at least 7 and no more than 11 Non-Executive Board Members that have a balance of skills and experience appropriate to directing HSE’s business. The size and composition of the Board is kept under review to ensure it remains appropriate.</p>

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<p>Board members should be drawn from a wide range of diverse backgrounds.</p>	<p>HSE's Board Members are appointed by the Secretary of State in accordance with Schedule 2 of the 1974 Act; namely:</p> <ul style="list-style-type: none"> <li>• three members shall be appointed after consulting such organisations representing employers as he considers appropriate;</li> <li>• three members shall be appointed after consulting such organisations representing employees as he considers appropriate;</li> <li>• one member shall be appointed after consulting such organisations representing local authorities as he considers appropriate; and</li> <li>• up to four members may be appointed after consulting Scottish Ministers, Welsh Ministers or any other organisations including professional bodies, whose activities are considered appropriate.</li> </ul> <p>Vacancies on the HSE Board are advertised on the Cabinet Office Public Appointments website, and are also brought to the attention of relevant stakeholder groups.</p> <p><b><u>NB: See main report for recommendation on Board membership</u></b></p>
<p>The board should establish a framework of strategic control (or scheme of delegated or reserved powers). This should specify which matters are specifically reserved for the collective decision of the board. This framework must be understood by all board members and by the senior management team. It should be regularly reviewed and refreshed.</p>	<p>HSE's Board Operating Framework contains a schedule of matters that need to come before the Board for decision, review and endorsement. All other authority is delegated to the Chief Executive and is further distributed throughout the organisation. This is understood by all Board members and SMT and is regularly reviewed and refreshed in line with HSE's priorities.</p>
<p>The Board should establish formal procedural and financial regulations to govern the conduct of its business.</p>	<p>HSE Board has formally agreed Terms of Reference and Standing Orders for the Board and its Committees. The Board has adopted an Operating Framework which sets out the roles and responsibilities of the HSE Board, its committees and its members.</p>
<p>The Board should establish appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively.</p> <p>The Board should make a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters.</p>	<p>The Board is supported by a Secretariat with a dedicated budget for its business. Its formal Committees and informal groups enable it to receive the relevant information, advice and resources as is necessary to enable it to carry out its role effectively. The Board has regular access to advice from the Chief Executive and Senior Management Team, and also receives advice directly from HSE policy officials where appropriate.</p> <p>The Chief Executive is appointed as Accounting Officer and is supported by the Director of Finance.</p>

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<p>The Board should make a senior executive responsible for ensuring that Board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with.</p>	<p>The Director of Finance has responsibility for corporate governance and reports directly to the Chief Executive supported by the Directors of HR and Legal. Compliance is fully reported in the Governance Statement published in HSE's Annual Report and Accounts and is regularly reviewed by the Audit Committee.</p>
<p>The Board should establish a remuneration committee to make recommendations on the remuneration of top executives. Information on senior salaries should be published. The board should ensure that the body's rules for recruitment and management of staff provide for appointment and advancement on merit.</p>	<p>HSE's Board has established a Remuneration Committee which reviews performance and recommends remuneration of the Chief Executive and Deputy Chief Executive. It also ensures appropriate succession planning arrangements are in place and ensures that recruitment and management of staff provide for appointment and advancement on merit. Details of the Chief Executive and Deputy Chief Executive remuneration are detailed in the Annual Report and Accounts.</p>
<p>The Chief Executive should be accountable to the Board for the ultimate performance of the public body and for the implementation of the Board's policies. He or she should be responsible for the day-to-day management of the public body and should have line responsibility for all aspects of executive management.</p>	<p>The Chief Executive has line management responsibility for all aspects of executive management, implementation of Board policies and is accountable to the Board for the performance of HSE.</p>
<p>There should be an annual evaluation of the performance of the board and its committees – and of the Chairman and individual board members.</p>	<p>Both the Board and the Audit Committee undertake annual reviews of their effectiveness in line with best practice corporate governance which are included in the Governance Statement. The Chair has regular performance review meetings with the responsible Minister. The Chair conducts annual appraisals on the performance of individual HSE Board Members and the Chair of Audit Committee appraises Audit Committee members. The Chair's performance is assessed on an annual basis by the nominated sponsor within the Department.</p>

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<p><b>6. Role of the Chair:</b></p>	<p><b>Principle: The Chair is responsible for leadership of the board and for ensuring its overall effectiveness.</b></p>
<p><b>Supporting Provisions</b></p>	<p><b>Evidence</b></p>
<p>There should be a formal, rigorous and transparent process for the appointment of the Chairman. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments. The Chairman should have a clearly defined role in the appointment of non-executive board members.</p>	<p>The process for appointing members to the HSE Board, including the Chair, is delivered by the Sponsorship within DWP on behalf of the Secretary of State and is formalised, rigorous and transparent. Appointments comply with the Code of Practice issued by the Commissioner for Public Appointments, and are based on the principles of merit, fairness and openness. The Chair is responsible for ensuring that the HSE Board has a balance of skills appropriate to directing HSE's business and sits on the appointment panels for the appointment of non-executives. The panel provides the Secretary of State with the strength and weaknesses of all individuals who are above the line. The Secretary of State then makes the final decision on who to appoint.</p>
<p>The duties, role and responsibilities, terms of office and remuneration of the Chairman should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. The responsibilities of the Chairman will normally include:</p> <ul style="list-style-type: none"> <li>• representing the public body in discussions with Ministers;</li> <li>• advising the sponsoring Department and Ministers about board appointments and the performance of individual non-executive board members; ensuring that non-executive board members have a proper knowledge and understanding of their corporate role and responsibilities. The Chairman should ensure that new members undergo a proper induction process and is normally responsible for undertaking an annual assessment of non-executive board members' performance;</li> </ul>	<p>The Chair receives an appointment letter from the Secretary of State setting out the terms and conditions of appointment, which are in line with Cabinet Office guidance and statutory requirements.</p> <p>The Chair's responsibilities are set out in the Framework Document and the Board Operating Framework. The Chair is responsible to the Secretary of State for the overall strategic direction of HSE within the policy framework set by the Secretary of State. The Chair ensures that policies and actions support the responsible Minister's and other Ministers' (on whose behalf HSE is acting or who are advised by HSE) wider strategic policies and that the HSE Board's affairs are conducted with probity.</p> <p>In addition, the Chair has the following leadership responsibilities:</p> <ul style="list-style-type: none"> <li>• formulating the HSE Board's strategy;</li> <li>• ensuring that the HSE Board, in reaching decisions, takes proper account of guidance provided by the responsible Minister or DWP;</li> </ul>



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<ul style="list-style-type: none"> <li>• ensuring that the board, in reaching decisions, takes proper account of guidance provided by the sponsoring department or Ministers;</li> <li>• ensuring that the board carries out its business efficiently and effectively;</li> <li>• representing the views of the board to the general public; and</li> <li>• developing an effective working relationship with the Chief Executive and other senior staff.</li> </ul>	<ul style="list-style-type: none"> <li>• supporting the Accounting Officer in promoting the efficient and effective use of staff and other resources;</li> <li>• delivering high standards of regularity and propriety; and</li> <li>• representing the views of the HSE Board to the general public.</li> </ul> <p>The Chair also has an obligation to ensure that:</p> <ul style="list-style-type: none"> <li>• the work of the HSE Board and its members are reviewed and are working effectively;</li> <li>• the HSE Board has a balance of skills appropriate to directing HSE’s business;</li> <li>• HSE Board members are fully briefed on the terms of appointment, duties, rights and responsibilities;</li> <li>• all Board members receive appropriate induction and training to enable them to undertake their role effectively; and</li> <li>• the performance of the HSE Board and its individual members are assessed on at least an annual basis.</li> </ul>
<p>The roles of Chairman and Chief Executive should be held by different individuals.</p>	<p>The roles of Chair and Chief Executive are held by different individuals.</p>

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<p><b>7. Role of Non-Executive Board Members:</b></p>	<p><b>Principle: As part of their role, non-executive board members provide independent and constructive challenge.</b></p>
<p><b>Supporting Provisions</b></p>	<p><b>Evidence</b></p>
<p>There should be a majority of non-executive members on the board.</p>	<p>HSE’s Board members are all non-executive and independent of management with clear rules and procedures in place for managing conflicts of interest. A Register of Interests for Board members and senior staff is maintained.</p>
<p>There should be a formal, rigorous and transparent process for the appointment of non-executive members of the board. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments.</p>	<p>The process for appointing members to the HSE Board, including the Chair, is delivered by the Sponsorship within DWP on behalf of the Secretary of State and is formalised, rigorous and transparent. Appointments comply with the Code of Practice issued by the Commissioner for Public Appointments, and are based on the principles of merit, fairness and openness.</p>
<p>The duties, role and responsibilities, terms of office and remuneration of non-executive board members should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. The corporate responsibilities of non-executive board members (including the Chairman) will normally include:</p> <ul style="list-style-type: none"> <li>• establishing the strategic direction of the public body (within a policy and resources framework agreed with Ministers);</li> <li>• overseeing the development and implementation of strategies, plans and priorities;</li> <li>• overseeing the development and review of key performance targets, including financial targets;</li> <li>• ensuring that the public body complies with all statutory and administrative requirements on the use of public funds;</li> </ul>	<p>Board members receive an appointment letter from the Secretary of State setting out their terms and conditions of appointment.</p> <p>The Board’s responsibilities are set out in the Framework Document, the Board Operating Framework and reflected in its Terms of Reference which are in line with Cabinet Office guidance. Its primary purpose is to:</p> <ul style="list-style-type: none"> <li>• provide strategic clarity</li> <li>• approve a business plan that takes forward the implementation of its strategy</li> <li>• formulate advice to Ministers on specific policies, policy proposals, regulations and submitted proposals for the making of regulations</li> <li>• consider the health and safety performance in Great Britain</li> <li>• monitor the performance and effectiveness of HSE</li> <li>• support the Accounting Officer in his obligation as set out in Managing Public Money for the proper conduct of business and maintenance of appropriate standards</li> </ul>

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<ul style="list-style-type: none"> <li>• ensuring that the board operates within the limits of its statutory authority and any delegated authority agreed with the sponsoring department;</li> <li>• ensuring that high standard of corporate governance are observed at all times. This should include ensuring that the public body operates in an open, accountable and responsive way; and</li> <li>• representing the board at meetings and events as required.</li> </ul>	<p>HSE Board work in 2012/13 focused on three key areas:</p> <ol style="list-style-type: none"> <li>1. 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. An example of this was approving action on proposals for the revision, consolidation, withdrawal or otherwise for 32 Approved Codes of Practice.</li> <li>2. providing the strategic steer for Britain’s health and safety system and, as part of this, for HSE as an effective and proportionate regulator. An example of this was the launch of the Myth Busters Panel for those who wish to challenge claims made about health and safety requirements by non-regulators and reporting the findings on HSE’s website.</li> <li>3. exercising effective governance of HSE including ensuring the resources available to HSE were deployed in accordance with the Business Plan and that progress in delivering the plan was on track. An example of this was ensuring the effective implementation of HSE’s financial strategy through scrutiny of the financial performance on a monthly basis, gaining assurance that the income and expenditure forecasts were on track and underpinning actions remained consistent with its financial strategy.</li> </ol> <p>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.</p>
<p>All non-executive Board members must be properly independent of management.</p>	<p>All non-executive Board members are properly independent of management and are required by the Board Operating Framework to act in the public interest and uphold the seven principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.</p>
<p>All non-executive board members must allocate sufficient time to the board to discharge their responsibilities effectively. Details of board attendance should be published (with an accompanying narrative as appropriate).</p>	<p>The minimum time commitment of Board members is agreed with DWP and the HSE Chair, and is sufficient time to discharge their responsibilities effectively. Attendance is formally recorded for all Board and Committee meetings and published on HSE website and in the HSE Annual Report and Accounts.</p>

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There should be a proper induction process for new board members. This should be led by the Chairman. There should be regular reviews by the Chairman of individual members' training and development needs.

Appropriate induction arrangements for new board members are provided by HSE, and led by the Chair. The Chair also keeps individual members' training and development needs under review.

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<p><b>8. Effective Financial Management:</b></p>	<p><b>Principle: The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.</b></p>
<p><b>Supporting Provisions: Annual Reporting</b></p>	<p><b>Evidence</b></p>
<p>The body must publish on a timely basis an objective, balanced and understandable annual report. The report must comply with HM Treasury guidance.</p>	<p>An Annual Report and Accounts is published which is objective, balanced, understandable and compliant with HM Treasury guidance and the requirements of the 1974 Act.</p>
<p><b>Supporting Provisions: Internal Controls</b></p>	<p><b>Evidence</b></p>
<p>The public body must have taken steps to ensure that effective systems of risk management are established as part of the systems of internal control.</p>	<p>HSE has a corporate risk register which is regularly reviewed by the Board, Audit Committee and SMT, as well as at quarterly Departmental Sponsorship meetings. It documents the risks, both opportunities and threats to the achievement of the corporate plan and Board agreed risk appetite. It forms the basis for the Internal Audit Plan and is a well established part of the system of internal control. The Governance Statement in the Annual Report and Accounts describes the risks and how they have been managed. Both Internal and External Audit have provided positive assurance on HSE’s system of risk management.</p>
<p>The public body must have taken steps to ensure that an effective internal audit function is established as part of the systems of internal control. This should operate to Government Internal Audit Standards and in accordance with Cabinet Office guidance.</p>	<p>HSE has established an effective internal audit function, procured from DWP Internal Audit Shared Service, which operates to Government Internal Audit Standards and in accordance with Cabinet Office guidance.</p>
<p>There must be appropriate financial delegations in place. These should be understood by the sponsoring department, by board members, by the senior management team and by relevant staff across the public body. Effective systems should be in place to ensure compliance with these delegations. These should be regularly reviewed.</p>	<p>HSE has a comprehensive scheme of Financial Delegations which are set out in the Framework Document and understood by DWP, the Board and SMT. The HSE Accounting Officer delegates some financial responsibility to the SMT via a detailed letter of delegation ensuring that they fully comply with the provisions of Managing Public Money. The scheme of delegation is reviewed annually.</p>

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<p>There must be effective anti-fraud and anti-corruption measures in place.</p>	<p>There are well publicised internal procedures in place for preventing, detecting and reporting fraudulent activities. The Audit Committee also advises on anti-fraud policies, whistle-blowing processes, the effectiveness of arrangements to prevent and detect fraud, and arrangements for special investigations. A non executive Board member is nominated as the formal whistle blowing contact for the organisation.</p>
<p>There must be clear rules in place governing the claiming of expenses. These should be published. Effective systems should be in place to ensure compliance with these rules. The public body should proactively publish information on expenses claimed by board members and senior staff.</p>	<p>HSE has a travel and subsistence policy supported by detailed guidance with advice available if required. Compliance is monitored and information on Board members' and senior staff expenses is published on HSE website.</p>
<p>The annual report should include a statement on the effectiveness of the body's systems of internal control.</p>	<p>HSE's Annual Report and Accounts includes a Governance Statement which states the effectiveness of HSE's system of internal control.</p>
<p><b>Supporting Provisions: Audit Committee</b></p>	<p><b>Evidence</b></p>
<p>The board should establish an audit (or audit and risk) committee with responsibility for the independent review of the systems of internal control and of the external audit process.</p>	<p>HSE's Board has established an Audit Committee which meets four times a year and keeps under independent review HSE's system of internal control and external audit process. It advises the Board and the Accounting Officer on matters of financial accountability, risk, control and governance.</p>
<p><b>Supporting Provisions: External Auditors</b></p>	<p><b>Evidence</b></p>
<p>The body should have taken steps to ensure that an objective and professional relationship is maintained with the external auditors.</p>	<p>HSE ensures it has an objective and professional relationship with the National Audit Office (NAO) who are the external auditors. NAO attend all Audit Committee meetings.</p>

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<b>9. Communications:</b>	<b>Principle: The public body is open, transparent and responsive.</b>
<b>Supporting Provisions: Communications with Stakeholders</b>	<b>Evidence</b>
<p>The public body should have identified its key stakeholders. It should establish clear and effective channels of communications with stakeholders.</p>	<p>In pursuit of its objectives, HSE works closely with a wide range of partners in the public and private sectors at local, national and international levels. For example, HSE works closely with other Government Departments; Devolved Administrations; government organisations in other countries; Local Authorities; Boards and senior managers in regulated organisations, employee representatives and associated accredited bodies. It has advisory committees in industries such as Agriculture, Oil and Gas and Construction.</p> <p>HSE uses a variety of tools to involve stakeholders and the public for example consultations, focus groups, industry days, public meetings and other means to canvas stakeholder and public opinion.</p>
<b>Supporting Provisions: Communications with the Public</b>	<b>Evidence</b>
<p>The public body should make an explicit commitment to openness in all its activities. It should engage and consult with the public on issues of real public interest or concern. This might be via new media. It should publish details of senior staff and boards members together with appropriate contact details.</p>	<p>Information on Board members and members of the Senior Management Team are published on the HSE website, with details of how to contact HSE.</p> <p>HSE consults on many aspects of its work and makes consultations easy to find and respond to. Its website explains why HSE undertakes its regulatory functions and ensures the evidence created and used in decision-making is clear and accessible to all stakeholders. Social media is also used to communicate with stakeholders and the public.</p>
<p>The public body should consider holding open board meetings or an annual open meeting.</p>	<p>HSE Board holds up to ten open Board meetings per year as it is committed to being open and transparent about what it does. With the exception of any necessarily confidential business, much of the Board’s discussions at their monthly meetings take place during open session.</p>

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<p>The public body should proactively publish agendas and minutes of board meetings.</p>	<p>Agendas, papers and minutes of Board meetings (with the exception of necessarily confidential business) are published on the HSE website.</p>
<p>The public body should proactively publish performance data.</p>	<p>Performance data is included in the Chief Executive's report to the Board which is published with other Board papers. HSE's Annual Report and Accounts reviews the annual performance against the Business Plan which is also published on the HSE website.</p>
<p>In accordance with transparency best practice, public bodies should consider publishing their spend data over £500. By regularly publishing such data and by opening their books for public scrutiny, public bodies can demonstrate their commitment to openness and transparency and to making themselves more accountable to the public.</p>	<p>HSE publishes on data.gov details of all Government Procurement Card (GPC) expenditure with a single transaction value of £500 or above and all invoices paid that are over £25,000.</p>
<p>The public body should establish effective correspondence handling and complaint procedures. These should make it simple for members of the public to contact the public body and make complaints. Complaints should be taken seriously. Where appropriate, complaints should be subject to investigation by the Parliamentary Ombudsman. The public body should monitor and report on its performance in handling correspondence.</p>	<p>HSE has a well established complaints system which offers recourse to the Chief Executive where issues cannot be resolved locally. Members of the public are also made aware that they can seek to have their complaints taken up by their MP or by the Office of the Parliamentary and Health Service Ombudsman.</p> <p>HSE submits performance data on handling of official correspondence to DWP on a monthly basis.</p>
<p><b>Supporting Provisions: Marketing and PR</b></p>	<p><b>Evidence</b></p>
<p>The public body must comply with the Government's conventions on publicity and advertising. These conventions must be understood by board members, senior managers and all staff in press, communication and marketing teams.</p>	<p>HSE has fully implemented the spending controls set by Government on various categories of spend including advertising, marketing and communications. Guidance for staff is published on HSE's intranet including details of the controls and internal governance arrangements which require a business case to be submitted for consideration to HSE's Corporate Efficiency Board. HSE submit monthly reports to DWP on spend requests which fall under the Government's transparency rules.</p>



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<p>Appropriate rules and restrictions must be in place limiting the use of marketing and PR consultants.</p>	<p>HSE has fully implemented the spending controls set by Government on various categories of spend including consultant recruitment. Guidance for staff is published on HSE's intranet including details of the controls and internal governance arrangements which require a business case to be submitted for consideration to HSE's Corporate Efficiency Board. HSE submit monthly reports to DWP on spend requests which fall under the Government's transparency rules.</p>
<p>The public body should put robust and effective systems in place to ensure that the public body is not, and is not perceived to be, engaging in political lobbying. This includes restrictions on board members and staff attending Party Conferences in a professional capacity.</p>	<p>There are appropriate rules and restrictions in place as set out in the Board and Staff Codes of Conduct together with pre-election guidance for staff. HSE is provided with any guidance issued by the Cabinet Office in relation to conduct during local, national, and European elections, or to attendance at party conferences.</p>

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<p><b>10. Conduct and Behaviour:</b></p>	<p><b>Principle: The board and staff of the public body work to the highest personal and professional standards. They promote values of the public body and of good governance through their conduct and behaviour.</b></p>
<p><b>Supporting Provisions: Conduct</b></p>	<p><b>Evidence</b></p>
<p>A Code of Conduct must be in place setting out the standards of personal and professional behaviour expected of all board members. This should follow the Cabinet Office Code. All members should be aware of the Code. The Code should form part of the terms and conditions of employment.</p>	<p>HSE has incorporated the Cabinet Office Code of Conduct for Board members into the Board Operating Framework.</p>
<p>The public body has adopted a Code of Conduct for staff. This is based on the Cabinet Office model Code. All staff should be aware of the provisions of the Code. The Code should form part of the terms and conditions of employment.</p>	<p>A Staff Code of Conduct setting out the standards of behaviour expected of all HSE employees has been agreed and published. This code is part of the contractual relationship between HSE and its employees.</p>
<p>There are clear rules and procedures in place for managing conflicts of interest. There is a publicly available Register of Interests for board members and senior staff. This is regularly updated.</p>	<p>HSE's Board members are all non-executive and independent of management with clear rules and procedures in place for managing conflicts of interest. Potential Board members are required to declare potential conflicts of interest as part of the appointments process and the terms and conditions of Board members require that the Secretary of State is informed of any new appointments which may impinge on their duties as a member of the HSE. A Register of Interests for Board members and senior staff is maintained and regularly updated.</p>
<p>There are clear rules and guidelines in place on political activity for board members and staff. There are effective systems in place to ensure compliance with any restrictions.</p>	<p>Political activity guidance is in place for Board members and staff. Potential Board members are required to declare political activity as part of the appointments process, and the terms and conditions of Board members include rules for the guidance of those engaged in political activities. A Register of Interests for Board members and senior staff is maintained and regularly updated to aid in potential conflict management.</p>

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<p>There are rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement. These are effectively enforced.</p>	<p>Senior staff at SCS Pay Band 3 are required to clear with the Business Appointments Panel, in advance, any appointment or employment. SCS staff at Pay Band 2 and below are required to clear this with HSE.</p>
<p><b>Supporting Provisions: Leadership</b></p>	<p><b>Evidence</b></p>
<p>Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective Codes of Conduct.</p>	<p>HSE ensures this through the Board and Staff Codes of Conduct which place emphasis on promoting the highest standards of behaviour.</p>