



The Health and Safety Executive Annual Report and Accounts 2013/14

HC228

The Health and Safety Executive Annual Report and Accounts 2013/14

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

Ordered by the House of Commons to be printed on 19 June 2014.

HC228



© Crown copyright 2014

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence v.2. To view this licence visit www.nationalarchives.gov.uk/doc/open-government-licence/version/2/ or email PSI@nationalarchives.gsi.gov.uk. Where third party material has been identified, permission from the respective copyright holder must be sought.

This publication is available at www.gov.uk/government/publications and is also available from HSE's website at www.hse.gov.uk/aboutus/reports1314

Any enquiries regarding this publication should be sent to us at www.hse.gov.uk/contact/

Print ISBN 9781474104814
Web ISBN 9781474104821

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

ID 19051414 06/14

Printed on paper containing 75% recycled fibre content minimum.

04 Management Commentary

04 Strategic Report:

04 Summary from HSE's Chair and Acting Chief Executive

06 About us

07 HSE's strategic framework

09 Review of HSE's performance

45 Progress against DWP's Coalition Priorities

45 Financial overview

47 Public accountability

48 Stakeholder involvement

48 Environmental, social, community and human rights issues
(including the Sustainability Report)

55 Directors' Report

62 Remuneration Report

70 Statement of the Executive's and the Acting Chief Executive's responsibilities

71 Governance Statement

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

89 Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

90 Statement of Financial Position as at 31 March 2014

91 Statement of Cash Flows for the year ended 31 March 2014

92 Statement of Changes in Taxpayers' Equity for the year ended 31 March 2014

93 Notes to the Accounts

Strategic Report

Summary from HSE's Chair and Acting Chief Executive

Throughout 2013/14 HSE has continued its mission to prevent death, injury and ill health in Great Britain's workplaces. We have focussed our efforts where they will have the greatest impact in driving behavioural change and improving health and safety standards and the annual statistics continue to show that our efforts and those of all of our stakeholders are being effective in driving down the occurrences of death, injury and ill health in the workplace.

We have delivered a number of key initiatives:

- ◆ Our proactive inspections are targeted on areas of highest risk and we have developed and are delivering a wide range of intervention strategies both in those areas and in other sectors. Many of the strategies involve partnership working with relevant stakeholders in those sectors, to stimulate ownership and leadership in respect of their health and safety risks.
- ◆ We have also been active in using our formal enforcement powers, issuing over 6560(p)¹ improvement notices and 3440(p) prohibition notices. According to the latest available statistics for 2012/13, we also secured circa 600(p) prosecutions (with a 95% conviction rate in the courts).
- ◆ In May 2013 we published the National Local Authority Enforcement Code. The Code requires LAs to follow HSE's own practice of targeting proactive inspection at high-risk activities in specified sectors, or where there is intelligence of a business failing to manage its risks properly.
- ◆ Fee for Intervention (FFI) has operated for its first full year. Since its introduction in October 2012 over 21 000 invoices have been issued and for 2013/14, the total costs recovered were £8.7 million.
- ◆ HSE has completed the extensive task of overhauling all of its guidance and regulations to make them up to date, relevant and accessible. Over 80% of health and safety regulations have been improved or removed. This simplification process combined with the updating of all Approved Codes of Practice and guidance has ensured that levels of protection required remain the same whilst the practical and proportionate advice makes it easier for employers to understand and meet their legal obligations.

All of this has been achieved simultaneously with the organisation demonstrating its ability to do more with less as we have continued to reduce the size of our estate, now down by 29% since 2010/11, and HSL has grown its external income by more than 20% for the second year in succession. Our levels of effectiveness have been maintained, our efficiency improved and we are sharing our knowledge and expertise more widely.

The affirmative feedback from the Triennial Review (see pages 60–61), published in January 2014, is a great encouragement. Its extensive, independent examination of our organisation reported that all of HSE's functions remain necessary, and should be retained, and that HSE should continue to operate as an executive Non-Departmental Public Body (NDPB). Stakeholders' views which were collected during the review gave near-universal praise for the work of HSE. 2014/15 will see us implementing the recommendations of the review, including seizing the opportunity to grow our commercial activity.

1 (p) indicates provisional data at time of publication

The general perception of health and safety also seems to be changing with the Mythbusters Challenge Panel continuing its work to expose the real reasons behind the myths. The panel has dealt with more than 270 myths since its inception two years ago and the level of press interest in the Panel's work remains high.

Whilst our prime purpose is to prevent deaths and injuries from occurring, a significant proportion of HSE's work continues to revolve around investigation of serious incidents which have occurred, so that lessons can be learned. In July 2013 we were all given a poignant reminder of the need for effective health and safety regimes on the 25th Anniversary of the Piper Alpha tragedy when 167 men lost their lives on a North sea platform.

Over the course of 2013/14 the organisation has investigated circa 150 work-related fatalities. Each of these represents an individual tragedy with distress for the bereaved and loss for individuals, families, businesses and the economy as a whole. Taken together with the estimated 12 000 early deaths per year which occur because of legacy occupational disease issues, the total cost to the economy is conservatively estimated as being in the region of £14 billion annually. This clearly demonstrates why there remains such strong moral and economic arguments for everyone to commit to good health and safety practices.

After many years as a directorate and then an internal agency of HSE, the Office for Nuclear Regulation (ONR) became a statutory public corporation with independent powers to regulate the nuclear industry on 1 April 2014. HSE and ONR will continue to work together as sister organisations sharing good practices and resources between the two organisations whilst providing industry with an approach to regulation which is modern and fit for purpose.

Our reputation as a world class regulator has seen a significant increase in demand for our knowledge and our people in the last year. HSE's former Chief Executive, Geoffrey Podger, left in August 2013 to take up an assignment in New Zealand as an interim Chief Executive, helping them to set up a new Health and Safety regulatory body. The new substantive Chief Executive of this body is Gordon McDonald, HSE's former Director of Hazardous Installations. There is also significant interest in working with us coming from parts of Asia and the Middle East. There is a strong case for us to exploit these opportunities which will in turn help to create health and safety regimes around the world which will provide good opportunities for British businesses to operate and all workers to enjoy better protection.

This report covers a year of high activity and significant achievement for HSE. We are well placed to address the challenges and seize the opportunities which lie ahead. Our achievements reflect the hard work and commitment shown by all of our staff, the HSE Board and our many stakeholders. We want to thank everyone whose contributions to the ongoing improvement in Britain's health and safety system have helped to deliver better health and safety outcomes for everyone.



Judith Hackitt CBE
Chair
3 June 2014



Kevin Myers
Acting Chief Executive
3 June 2014

About us

The Health and Safety Executive (HSE) is an executive non-departmental public body with Crown status, 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 policy 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 Great Britain and work in partnership with local authorities (LAs) as co-regulators 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 (until 31 March 2014); offshore gas and oil installations and onshore chemical plants through to more conventional sites, including quarries; farms; factories; waste management and construction. We do this by applying an appropriate and proportionate mix of intervention techniques including inspection, advice and support, awareness-raising activities and, where necessary, enforcement action.

Health and safety is a matter reserved to the UK Parliament. 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 working².

HSE Structure

HSE is led by a non-executive Board, chaired by Judith Hackitt. The Board sets the organisation's long-term direction, strategy and objectives. The delivery of these, along with the day-to-day management of HSE, is the responsibility of the Acting Chief Executive, Kevin Myers³ and the Senior Management Team (SMT). Details on HSE's governance arrangements are provided in the Governance Statement (pages 71–86). Further details on HSE's organisational structure can be found on our website⁴.

HSE has two in-house agencies:

- ◆ The Health and Safety Laboratory (HSL) – was established as such 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 2013/14, available from their website⁵ from July 2014.

2 www.hse.gov.uk/aboutus/howwework/framework/F-2001-3.htm

3 Geoffrey Podger's term as HSE's Chief Executive ceased on 31 August 2013

4 www.hse.gov.uk/aboutus/furtherinfo/directorates.htm

5 www.hsl.gov.uk

- ◆ Up to 31 March 2014, the Office for Nuclear Regulation (ONR) was operating as an in-house agency of HSE. From 1 April 2014, it became a statutory public corporation and is the regulator of the safety and security of the nuclear industry in the UK⁶. ONR's financial and operational information relating to 2013/14 is consolidated into this Annual Report and Accounts. However, it will produce its own Annual Report and Accounts from 2014/15.

Reference to HSL and ONR's governance structures during 2013/14 is included in the Governance Statement on pages 74–75.

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*⁷.

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*⁸, continues to define the goals that we and all stakeholders in the health and safety system should strive to achieve within the framework as described above.

HSE's contribution to the strategy is achieved through delivery of its aims and objectives, as illustrated in Figure 1. HSE's structure to deliver this can be found on HSE's website⁹.

The activities HSE aimed to take forward as its contribution to the delivery of the strategy in 2013/14 were detailed in our 2012-15 Business Plan which was updated in June 2013¹⁰.

The following pages provide an update on HSE's performance during 2013/14 and include a full set of accounts which have been prepared in accordance with the HSWA and the Department for Work and Pensions directions issued thereunder.

6 For defence-related sites, ONR will continue to work closely with the Defence Nuclear Safety Regulator.

7 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

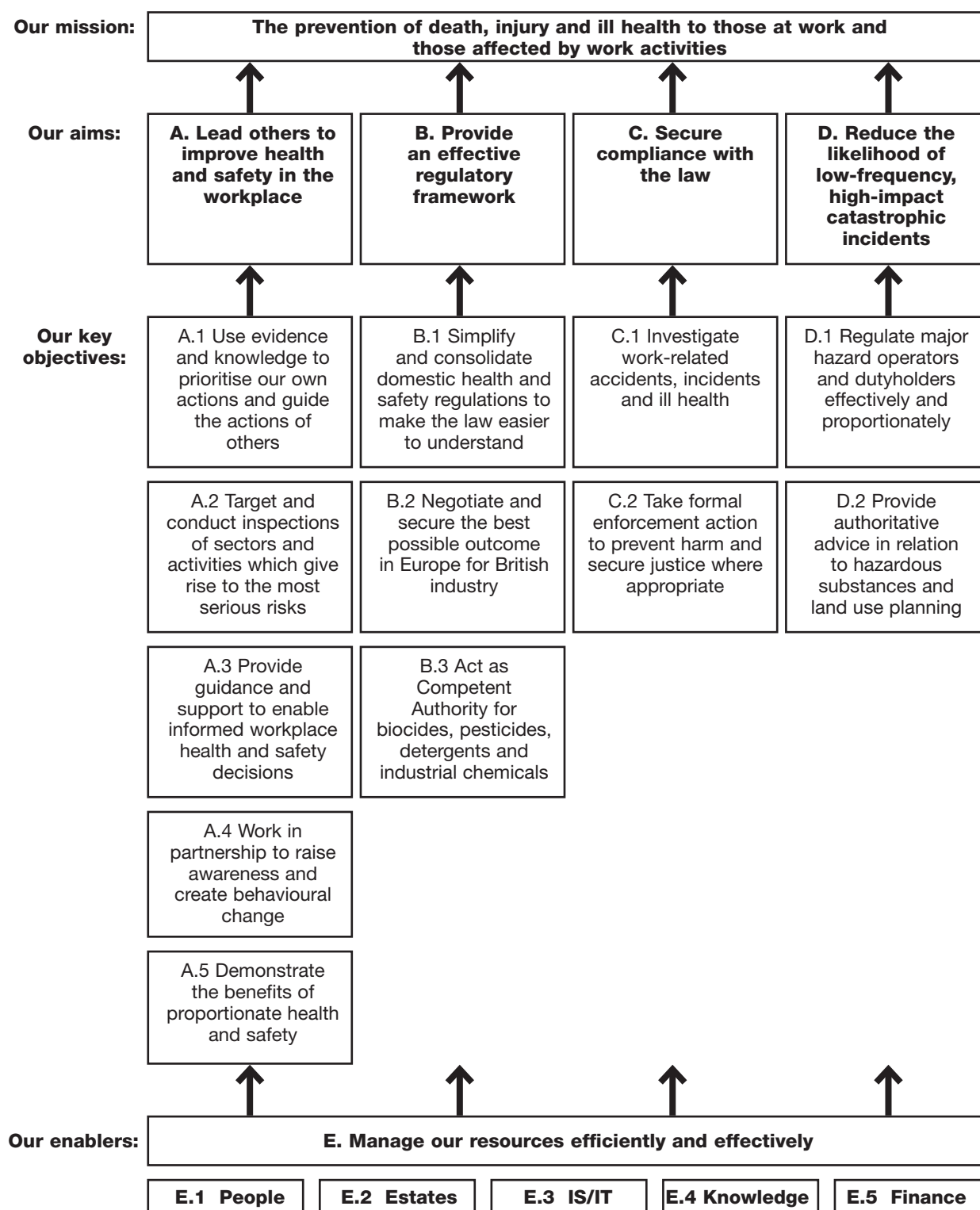
8 Available to download www.hse.gov.uk/strategy/document.htm

9 www.hse.gov.uk/aboutus/furtherinfo/furtherinfo/directorates.htm

10 www.hse.gov.uk/aboutus/strategiesandplans/businessplans/updated-businessplan12-15.pdf

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.



Review of HSE's performance

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 Coalition Priorities.

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.

Progress against the HSE Business Plan 2012-15

This section reports on the progress HSE has made against the 2013/14 activities, milestones and measures in our 2012-15 Business Plan. 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.

Key: Delivered On Track Off Track	
Objective A.1 Use evidence and knowledge to prioritise our own actions and guide the actions of others.	
<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 2012/13 ¹¹ as planned in Autumn 2013, 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.
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:	
◆ Mesothelioma risks associated with current asbestos exposures (June 2014);	● A paper is currently on track for publication in June 2014 in the journal of <i>Occupational and Environmental Medicine</i> .
◆ Principal causes of chronic obstructive pulmonary disease (COPD) – estimate of current burden and initial assessment of causes of work-related COPD by March 2013 , with final assessment in March 2015 ;	○ Preliminary findings of the research were presented to an international scientific audience in March 2013. Following a delay in securing an essential survey of workers exposure to COPD, the final assessment will now be delivered to a revised target date of December 2015.

11 The report is available at www.hse.gov.uk/statistics/index.htm

Objective A.1 Use evidence and knowledge to prioritise our own actions and guide the actions of others.	
<i>Business Plan Activity</i>	<i>Progress</i>
<p>◆ <i>Waste and recycling</i> – report on occupational exposures, ill health and effective control procedures to manage risks (March 2015);</p>	<p>○ The scoping phase for this research is being used by HSE to support decision-making on further work and to ensure that HSE target its efforts appropriately. The main stage proposal is currently in the approval process with initial findings anticipated to be delivered to a revised target date of December 2015.</p>
<p>◆ <i>Ageing Onshore Infrastructure</i> – safety issues related to the working life extension of plant and equipment at onshore major hazard sites, including:</p> <ul style="list-style-type: none"> ◆ Sector performance in managing ageing plant (March 2014); ◆ The impact of HSE interventions and stakeholders' work on sector performance (March 2014); ◆ A strategy to tackle future ageing plant issues that need to be addressed (March 2015). 	<p>● HSE has collected ageing performance data for 395 sites, with 163 sites assessed during 2013/14. These interventions have produced a large number of actions for individual sites and operators as HSE seeks to drive up sector performance.</p> <p>Of the various assessments and ratings carried out by HSE under this programme of work, 18% indicated poor performance, 53% indicated room for improvement and 29% indicated good or exemplary performance.</p> <p>The data gathered from these interventions has helped make the case for industry driven work to target specific issues. Through the Chemical and Downstream Oil Industries Forum a number of COMAH¹² dutyholders have contributed to the development of guidance on contracting and managing third parties in integrity management work. A programme of workshops held during 2013/14 promoted the use of guidance, which has previously been developed jointly by HSE with key stakeholder groups.</p>
	<p><i>Other research projects:</i></p> <p>● During 2013/14, HSE published over 80 research reports¹³ into the causes and prevention of workforce injury or ill-health. Topics included a survey of pesticide usage, exposure to bioaerosols and dust at material recycling facilities, analysis of mobile elevated work platform incidents, research to understand the hazards associated with a 'hydrogen economy' and an assessment of self-reports of work-related illness in the Labour Force Survey.</p>

12 Control of Major Accident Hazards

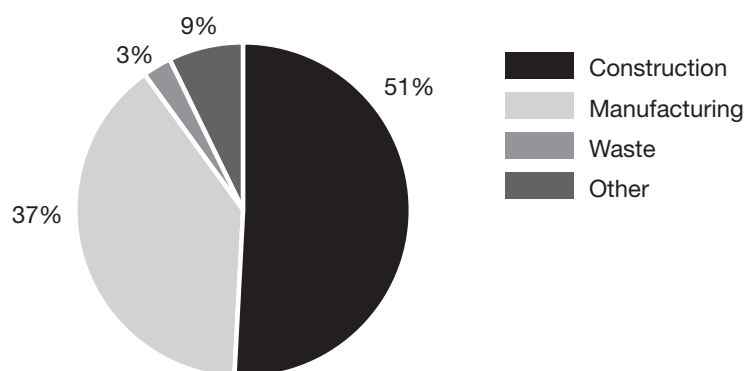
13 Research reports can be viewed at www.hse.gov.uk/research/rrhtm/index.htm

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.	
<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"> ◆ Developing a binding and enforceable code of practice (April 2013); 	<ul style="list-style-type: none"> ● Following consultation, the National Local Authority Enforcement Code was published in May 2013¹⁵ which was the earliest opportunity following the local government election period. The Code requires LAs to target proactive inspection at high risk activities in specified sectors listed by HSE, or where there is intelligence of a business failing to manage its risks effectively.
<ul style="list-style-type: none"> ◆ Working with the Better Regulation Delivery Organisation (BRDO) to assist the development of the Primary Authority Scheme (PAS)¹⁴. 	<ul style="list-style-type: none"> ● HSE continues to work with the BRDO to ensure the PAS delivers 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 the PAS and well-targeted PA inspection plans.
<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"> ● Circa 23 470 proactive inspections were undertaken in 2013/14 to higher risk sectors and poorly performing dutyholders (see Figure 2). This included a four-week intensive inspection initiative during September 2013 to over 2607 construction refurbishment sites, which resulted in 539 Prohibition Notices and 414 Improvement Notices being issued.
<p>Issue licences and undertake 1500 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"> ○ HSE issued 188 licences and undertook over 1275 inspections to assess standards and ensure licence holders demonstrated effective leadership in tackling asbestos health and safety risks.
<p>Undertake inspections to 150 non-local authority controlled schools, targeting asbestos management by March 2014.</p>	<ul style="list-style-type: none"> ● The inspection initiative concluded at the end of January with 153 school inspections undertaken including 131 in England, 11 in Wales and 11 in Scotland. The aim of the inspections was to assess compliance with the Control of Asbestos Regulations 2012. Inspectors took enforcement action in 20 schools, serving a total of 20 Improvement Notices. Topics covered by the notices included failure to undertake an assessment, inadequate training and the lack of written management plans. <p>The results of the inspections will be published in 2014/15. This will outline the common failings identified during the inspections, and raise awareness of the requirements to manage asbestos in buildings.</p>

14 The PAS is available to any business trading across one or more Local Authorities (LA) whereby a single LA may be nominated to coordinate all LA inspection and enforcement activity with the business

15 www.hse.gov.uk/lau/national-la-code.pdf

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.	
<i>Business Plan Activity</i>	<i>Progress</i>
Work with local authority partners to promote sustained compliance by dutyholders in controlling the risks associated with legionella in water systems and undertaking a programme of inspections to cooling towers/evaporative condensers at circa 3150 HSE enforced sites by March 2015 .	<p>● The Legionella inspection initiative commenced in April 2013 with 1767 inspections undertaken. The inspections resulted in 413 Improvement and 16 Prohibition Notices being issued. A further 319 inspections are planned for 2014/15.</p> <p>The outcome will be reported to the HSE Board in autumn 2014, with further recommendations as appropriate.</p>

Figure 2: Inspections by sector in 2013/14(p)

Objective A.3 Provide guidance and support to enable informed workplace health and safety decisions.	
<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"> ◆ Further revise the HSE website to ensure that the public can understand and differentiate between specific duties and administrative requirements (August 2013); ◆ Complete the review of external guidance (excluding Approved Codes of Practice (ACOPs)) by March 2014, with ongoing arrangements to ensure guidance is kept up-to-date. 	<p>During 2013/14, there were in excess of 32 million visits to the HSE website with more than 3 million visits in October 2013 alone. 6.5 million visitors to the HSE website were from outside the UK.</p> <ul style="list-style-type: none"> ● The webpage on statutory instruments¹⁶ was redesigned to enable users to distinguish between regulations that impose specific duties on businesses and those that define administrative requirements or revoke/amend earlier regulations. ● By March 2014, 96% of HSE's in-scope portfolio of guidance (equating to circa 820 publications) had been reviewed, with the remaining reviews due to be completed early in the new year. 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. This concludes the external guidance review programme, with HSE now moving to a theme-based rolling four year review cycle to ensure its guidance is kept up-to-date.
<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"> ● Over 90 events were delivered within the construction, agriculture and manufacturing sectors. These included: <p>61 construction events including Safety and Health Awareness Days (SHADs), 'White Van Roadshows', and Working Well Together Events. Circa 3800 delegates attended these events with 62% of attendees indicating that they intended implementing changes in their workplaces as a result of the event.</p> <p>31 Agricultural SHADs were attended by over 4820(p) farmers. Independent research indicated that farmers felt that they had a better understanding of the demonstrated topics after the SHAD than previously, including knowledge of how to assess farm risks and how to manage particular risks associated with the topics. The findings also indicated that farmers held more positive attitudes towards health and safety on their farms after attending the SHAD than they did beforehand, and that investing in health and safety could help to make further improvements.</p> <p>2 manufacturing events took place, including an event covering safety and foundries which was attended by 50 delegates. Feedback was extremely positive with 88% of delegates reporting that all aspects of the event were 'very good' or 'excellent'.</p>

Other in-year priorities:

Work Experience guidance: HSE revised its guidance¹⁷ for employers with health and safety responsibilities for young people, and in particular those on work experience. The simplified guidance provides clarity, particularly in the areas of risk assessment and clearly sets out what employers and work experience organisers need, and do not need, to do. It was downloaded more than 20 000 times between June 2013 and February 2014 and early evidence indicates that the guidance is helping to promote a more proportionate approach to health and safety requirements. Several stakeholder groups have agreed to provide one-year-on feedback on how the guidance works in practice.

Objective A.4 Work in partnership to raise awareness and create behavioural change.	
<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> <ul style="list-style-type: none"> ◆ Establish an industry-led group in the chemical manufacturing sector to develop approaches to tackle high rates of occupational diseases with a draft report into incidents, prevalence and relative risks of ill health due to chemical exposure published by August 2013; 	<ul style="list-style-type: none"> ● The initial approach was agreed to plan by March 2013. The final report on the <i>Incidence, prevalence and relative risk of ill health due to chemical exposure in the chemical sector</i> was presented to the Chemical and Downstream Oil Industries Forum (CDOIF) in November 2013 and was well received. As a result of the report the CDOIF recommended further work to be undertaken by the occupational disease working group to look at the underlying causes of the high level of reporting in certain areas, and produce targeted industry guidance. A summary of the HSL research findings will be available to industry in summer 2014.
<ul style="list-style-type: none"> ◆ An analysis of root causes of occupational disease in the chemical manufacturing sector completed by March 2014; 	<ul style="list-style-type: none"> ● The research has been completed and the report is on track for publication by summer 2014, with an accompanying short overview for industry. The need for further research into underlying causation of the issues uncovered by the research will be considered by the CDOIF in 2014/15.
<ul style="list-style-type: none"> ◆ Deliver a high level industry summit to enhance safety in the docks industry (November 2013). 	<ul style="list-style-type: none"> ● The summit was postponed until April 2014, to take place following the revocation of Docks Regulations 1988 in April 2014.

17 Young people and work experience: A brief guide to health and safety for employers is available at www.hse.gov.uk/pubns/indg364.pdf

Objective A.4 Work in partnership to raise awareness and create behavioural change.	
<i>Business Plan Activity</i>	<i>Progress</i>
Deliver a further nine roll-outs of Estates Excellence ¹⁸ with the aim of reaching 3000-4500 SMEs by 2014.	<p>○ Estates Excellence brings together business owners, commercial landlords, and expert partners to improve health and safety in the workplace.</p> <p>The programme progressed in 2013/14 with eight of the nine planned roll-outs completed. Work has commenced on the ninth roll-out for delivery in early 2014/15.</p> <p>1974 initial contact visits were completed in 2013/14 and final uptake of training is expected to be approximately 1200 places. Five of the projects delivered in 2014 were led by partner organisations including Local Authorities and the Fire and Rescue Service, supported at a local level by national and local partners rising to the challenge to be part of the solution.</p> <p>Over the last two years, over 3930 initial contacts have been made and circa 2500 people trained. Evaluation completed earlier in the year indicated 78% of respondents had made changes as a direct result of their engagement with Estates Excellence, a further 20% propose changes and 22% had passed on new knowledge to others.</p>
Monitor the delivery of the Gas Safe Register ¹⁹ and Gas Safe Advice Line and work with them to raise awareness of gas safety and carbon monoxide.	<p>● HSE continued to monitor the performance of Capita Gas Registration and Ancillary Services Ltd (CGRAS). Both the Gas Safe Register and the Gas Safety Advice Line (also run by CGRAS), continue to meet the service levels on responses to requests for support, and advice from consumers and engineers.</p> <p>Following a successful pilot exercise in North West England²⁰, a national roll-out to change behaviours towards gas safety was undertaken during 2013/14. The roll-out focussed on encouraging people to sign up for the gas safety check reminder service. To date there have been 18 945 reminder service sign ups and circa 114 500 visits to the recently expanded Gas Map Tool webpage. Additionally, a gas check reminder service computer application for registered businesses to offer to customers was developed and paid for using gain share²¹ funds.</p>

18 www.hse.gov.uk/estatesexcellence/index.htm

19 www.gassaferegister.co.uk/

20 Within a five month period the pilot exercise led to a 300% increase of higher risk households having annual gas safety checks

21 Gain share is a mechanism for capping the profits CGRAS are allowed to make from the delivery of the Gas Safe Register, to encourage quality service delivery over financial gain

Objective A.4 Work in partnership to raise awareness and create behavioural change.	
<i>Business Plan Activity</i>	<i>Progress</i>
Develop plans for activity around asbestos awareness and audience behaviour change by May 2013 and subject to approval, progress these during 2013/14 .	<ul style="list-style-type: none"> ● Following completion of audience insight research, campaign and evaluation plans were approved by Cabinet Office. During May to July 2014, HSE will develop a digital tool, wider campaign material and recruit stakeholders and partners to support the initiative which is expected to go live during autumn 2014. The campaign will include innovative partnership marketing activity run in conjunction with commercial partners.
Undertake tailored partnership marketing in higher risk sectors with trusted partners. Including: <ul style="list-style-type: none"> ◆ Finalise and implement tailored partnership marketing plans for asbestos by September 2014; 	<ul style="list-style-type: none"> ● Partnership marketing to support asbestos safety was taken forward as part of the asbestos behaviour change campaign which is on track to go live from autumn 2014 (see above).
<ul style="list-style-type: none"> ◆ Develop partnership marketing in other areas after September 2014. 	<ul style="list-style-type: none"> ● Following evaluation of the asbestos initiative, further areas for potential innovative approaches to behavioural change will be considered.
Take forward any HSE-led actions arising from the Occupational Disease stakeholder conference held in March 2013.	<ul style="list-style-type: none"> ● The event aimed to encourage participants from a range of organisations to discuss and develop new and innovative ways of tackling occupational disease. HSE analysed the feedback from the event and took forward a number of work strands including: <ul style="list-style-type: none"> ◆ Launching new community pages for HSE's website in March 2014, outlining the priority topics of occupational cancer and respiratory disease, and promoting the activities and initiatives of other organisations to encourage a more joined up approach in tackling occupational disease; ◆ Conducting further research into areas of concern, relating to, for example, diesel engine exhaust emissions, painters and foundries; and ◆ Engaging in European events and initiatives to seek opportunities to influence the European agenda and present the UK perspective on tackling occupational disease. <p>In March 2014, the HSE Board endorsed a number of initiatives aimed to tackle occupational disease²².</p>

Other in-year priorities:

HSE has worked throughout 2013/14 with the Department of Health (DH) and the Care Quality Commission (CQC) on the Government's response to the Francis report on the Mid Staffordshire NHS Trust. *Hard Truths*, published in November 2013, called upon HSE to support CQC in developing its capacity to take effective enforcement action. To this end, HSE has provided detailed inputs to the revised DH Registration Regulations which will create new offences for CQC to prosecute, and CQC has accepted HSE's offer of access to its enforcement policies and procedures, training and consultancy.

The Liaison Agreement between HSE and CQC will be altered to align with the forthcoming revised CQC registration requirements, which are due to come into force in October 2014 (subject to Parliamentary approval), and reflect the criteria for matters which HSE will investigate, and the mechanism for referral.

Objective A.5 Demonstrate the benefits of proportionate health and safety.	
Business Plan Activity	Progress
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.	<p>● There were no cases referred to the IRCP during 2013/14²³.</p>
Chair the Mythbusters Panel 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).	<p>● The Panel considered 122 cases that met its terms of reference and its responses are published on the HSE website²⁴.</p> <p>Since its launch in April 2012, the Panel's existence has become widely known with stakeholders, press and the public, with the Myths eBulletin attracting over 39 000 subscribers. The publication of the <i>Myth Map</i>²⁵, an analysis of the national spread of all reports to the Mythbusters Panel, in autumn 2013 has also raised its profile.</p> <p>In an attempt to reduce myths and disproportionate decision making, HSE also produced new web pages for LAs, which identify common failings from cases considered by the Panel where LAs were involved.</p>

23 www.hse.gov.uk/contact/challenge-panel-findings.htm

24 www.hse.gov.uk/myth/myth/busting/index.htm

25 <http://press.hse.gov.uk/wp-content/uploads/Myth-Map.jpg>

Objective A.5 Demonstrate the benefits of proportionate health and safety.	
<i>Business Plan Activity</i>	<i>Progress</i>
Discourage unnecessary risk-averse behaviour, seeking to remove the perception that health and safety prevents efficient and effective working practices.	<p>● The activity of the above panels combined with improvements to HSE's website referred to on page 13, and revision of guidance such as that on Working at Height, 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.</p> <p>Partnership marketing activity to raise awareness and use of the <i>Health and Safety ABC</i>²⁶ amongst SMEs²⁷ has also sought to dispel myths that health and safety is difficult, costly and time consuming for small businesses. A range of partners, including banks, insurance companies, product suppliers and trade associations have indicated that they will support activity to raise awareness of the tools and drive use amongst SMEs. Partner activity commenced in January 2014.</p> <p>HSE uses its Twitter feed to challenge 'elf 'n' safety' stories in the media and highlight examples of good and bad health and safety practice. In addition, the Chair of HSE uses her website postings²⁸ to touch upon key issues. Two of the most popular postings, on how to have a safer economic recovery and the Mythbusters Challenge Panel received more than 10 000 visitors by March 2014.</p>
Liaise with national and regional media to focus on the core aims of health and safety, rebutting and correcting trivial or ill-informed criticism.	<p>● HSE media coverage continues to be mostly factual or positive with 96.7% of articles about HSE being favourable or neutral.</p> <p>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 releases²⁹ when relevant and issued in excess of 530 during 2013/14. A key example of the media issues handled during the year was the investigation into the death of three soldiers on a training exercise in the Brecon Beacons.</p>

26 www.hse.gov.uk/abc

27 Small, Medium Enterprises

28 www.hse.gov.uk/news/judith-risk-assessment/index.htm

29 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 26 to 29.

Key:	 Delivered	 On Track	 Off Track
-------------	---	--	---

Objective B.1 Simplify and consolidate domestic health and safety regulations to make the law easier to understand.	
<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"> ◆ Completing a consultation on the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) by November 2012, amending it and associated guidance to comply with the requirements by October 2013; 	<p>During 2013/14, 14 legislative measures have been removed from the statute book with a further legislative measure (laid in 2013) removed on 6 April 2014.</p> <ul style="list-style-type: none"> ● The revised RIDDOR 2013 Regulations came into force on 1 October 2013 with new simplified guidance published on HSE's website³⁰ to clarify the reporting requirements for businesses. The changes will require fewer incidents to be reported overall and could result in a net benefit to business over the longer term, whilst continuing to protect workers' interests.
<ul style="list-style-type: none"> ◆ Consolidating sectoral regulations (mining, genetically modified organisms (GMO), petroleum, biocides and explosives) by December 2014. 	<ul style="list-style-type: none"> ● Work continued to timetable on the consolidation of sectoral regulations, for example: <ul style="list-style-type: none"> ◆ The Biocidal Products and Chemicals Appointment of Authorities and Enforcement Regulations 2013 came into force from 1 September 2013; ◆ Work on GMO, Petroleum, Explosives and Acetylene Regulations is on track to come into force in October 2014; and ◆ The Mines Regulations are on track to be laid in Parliament in December 2014.

Objective B.1 Simplify and consolidate domestic health and safety regulations to make the law easier to understand.	
<i>Business Plan Activity</i>	<i>Progress</i>
Amend (subject to parliamentary approval) the Health and Safety (First-Aid) Regulations 1981 to remove the requirement for HSE to approve first-aid training and qualifications by October 2013 .	The legislative amendments came into effect on 1 October 2013, removing HSE approval of first-aid training and qualifications, giving businesses more flexibility in how they manage first-aid training. The guidance and information to aid the selection of a first aid provider were published on HSE's website in September 2013 ³¹ .
<p>Review HSE's ACOPs³² to ensure they remain relevant, provide clarity on what the law requires and are suitably presented by:</p> <ul style="list-style-type: none"> ◆ Consulting on revised ACOPs by May 2013; 	<ul style="list-style-type: none"> ● Eight revised ACOPs were consulted on including: <ul style="list-style-type: none"> ◆ <i>Workplace health, safety and welfare</i>; ◆ <i>Safe installation and use of gas systems and appliances</i>; ◆ <i>Dangerous Substances and Explosive Atmospheres Regulations 2002</i>; ◆ <i>The control of legionella bacteria in water systems</i>; ◆ <i>Control of Substances Hazardous to Health Regulations 2003</i>; ◆ <i>Management and working with asbestos</i>; ◆ <i>First aid Regulations 1981</i>; and ◆ <i>Safety in ports</i>.
<ul style="list-style-type: none"> ◆ Publishing revised ACOPS by December 2013. 	<ul style="list-style-type: none"> ● Sixteen ACOPs were reviewed and actioned by December 2013, with a further three ACOPS reviewed by the end of March 2014. Of this number, five have been revised and re-published, five withdrawn and nine consolidated into three revised ACOPs. A review of a further fourteen ACOPS will be completed by the end of 2014. The remaining ACOPs are associated with changes to legislations and will be reviewed in accordance with the timescale for legislative change (see sector consolidations page 19).
<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"> ◆ Amending HSWA along with any necessary regulations by December 2013. 	<ul style="list-style-type: none"> ● HSE's contribution to the Deregulation Bill was delivered to plan. The self-employed exemption is at clause 1 of the Bill which is progressing through Parliament and at May 2014, had reached its third reading in the House of Commons. A consultative document will be published this year to consult on the definitions of the prescribed activities where the self-employed will continue to have duties.

31 www.hse.gov.uk/firstaid/changes-first-aid-regulations.htm

32 Excluding those ACOPs associated with regulations within scope of the Löfstedt recommendation for sector specific consolidation or any other regulations to be otherwise amended – ACOPs relating to mines, petroleum, explosives and offshore oil and gas will be reviewed in parallel with the review of sectoral regulations by December 2014

Objective B.1 Simplify and consolidate domestic health and safety regulations to make the law easier to understand.	
<i>Business Plan Activity</i>	<i>Progress</i>
<p>Participate, as appropriate, in the Government's Focus on Enforcement³³ reviews, including:</p> <ul style="list-style-type: none"> ◆ Improving arrangements for regulating the onshore major hazards sector, agreeing a joint industry/Competent Authority action plan with industry by May 2013. 	<ul style="list-style-type: none"> ● As part of the Competent Authority (CA) for the Control of Major Accident Hazards, HSE continued to deliver the agreed action plan for the Chemicals Sector (COMAH) Review making further and significant improvements to arrangements for regulating onshore major hazards. Working with BIS/BRE and industry, achievements against the plan included: <ul style="list-style-type: none"> ◆ establishing the COMAH Strategic Forum as a way of helping both industry and regulators address a range of emerging issues affecting the sector; ◆ new arrangements for COMAH Intervention Managers and enhanced intervention planning to improve joint working between regulators, removing unnecessary overlap and duplication arising from safety and environmental permitting regulatory activities; ◆ publishing a new simple guide³⁴ setting out 'what COMAH Operators can expect' from CA regulators, including what performance standards apply and how to challenge regulatory and cost recovery decisions; ◆ publishing a new guide³⁵ that sets out the basic requirements of COMAH, enabling businesses to make informed decisions about expanding their activities; and ◆ delivery of a case study on the Chemicals (COMAH) Review at a 'Focus on Enforcement Seminar' organised by the Westminster Business Forum in November 2013. <p>HSE also contributed to equivalent reviews relating to Small Businesses in Food Manufacturing; Adult Care Homes; Regulatory Appeals; Pharmaceuticals Manufacturing and Production; and Volunteer Events.</p>

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

34 www.hse.gov.uk/comah/guidance/understanding-comah-operators.pdf

35 www.hse.gov.uk/comah/guidance/understanding-comah-new-entrants.pdf

Objective B.2 Negotiate and secure the best possible outcome in Europe for British Industry.	
<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 December 2013 .	<ul style="list-style-type: none"> ● The report was delivered to the Commission by the December target date, following Ministerial clearance.
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"> ● In order to advance the United Kingdom's interests in relation to emerging European legislation and campaigns, HSE officials attended all meetings of the Advisory Committee for Safety and Health at Work and its governmental interest group and both meetings of the Agency's Governing Board. These are vital opportunities to gather intelligence about developments in the Commission and in other Member States on health and safety at work that allow HSE to influence effectively in Europe.
Contribute to the UK Government's Review of the Balance of Competences, by producing a report in HSE-led areas by the end of 2014 and contribute evidence to other lead bodies throughout 2013 and 2014 in accordance with the Government's published timeframes.	<ul style="list-style-type: none"> ● The Cabinet Office and the Foreign and Commonwealth Office merged the proposed health and safety review in semester 4 of the Balance of Competences review into the broader employment and social affairs review in semester 3 (autumn 2013 – summer 2014), led by the Department for Business, Innovation and Skills (BIS). <p>HSE officials contributed to the Call for Evidence for the review which ran from 29 October 2013 to 17 January 2014. HSE also assisted BIS with stakeholder consultation events in Brussels and London. Officials have subsequently contributed to the analysis of the review and a drafting of the report which is on track for publication later in 2014, subject to Ministerial approval.</p>

Objective B.2 Negotiate and secure the best possible outcome in Europe for British Industry.	
<i>Business Plan Activity</i>	<i>Progress</i>
<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>	<p>● HSE negotiated, with other government colleagues, on over 80 EU Directives and Regulations and transposed 13 Directives. The majority of negotiations were in connection with use of biocidal products, and the classification, labelling and packaging of chemicals. Other negotiations included the Basis Safety Standards Directive relating to protection from ionising radiation and a directive amending five other directives to bring them into line with the Classification, Labelling and Packaging Regulation.</p> <p>The negotiations 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 small and medium-sized enterprises.</p> <p>Transposition of EU measures has avoided going beyond the measures' requirements unless the higher standards in UK legislation are considered to be more proportionate to the risk in Great Britain or because changing well-respected regimes would be a greater cost to business than the benefits to be gained by reducing the existing standard.</p>
<p>◆ Complete on behalf of the UK, negotiations on the amended Electromagnetic Fields Directive by October 2013;</p>	<p>● The Directive was delivered to plan in 2012/13. It was subsequently adopted by the Council on 20 June 2013 and has progressed to the implementation stage.</p>
<p>◆ With the Department for Energy and Climate Change (DECC), complete the initial UK negotiations on the proposal for a European Offshore Oil and Gas Regulation in line with the requirements of the Directive;</p>	<p>● Following successful negotiations by HSE and DECC, the EC published the new Offshore Oil and Gas Directive on 28 June 2013. HSE and DECC are jointly leading the transposition of the Directive which is on track to be implemented on 19 July 2015. Formal consultation on the legislation is planned during June to September 2014.</p>
<p>◆ Submit a Transposition Project Plan to the Reducing Regulation Committee (RRC) within two weeks of publication of the Seveso III Directive and transposing the Directive into law by May 2015.</p>	<p>● 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 implementation date, with formal consultation undertaken during April to June 2014.</p>

Objective B.2 Negotiate and secure the best possible outcome in Europe for British Industry.	
<i>Business Plan Activity</i>	<i>Progress</i>
Participate in EU Competent Authority business in relation to biocides, pesticides, detergents and industrial chemicals.	<p>● HSE actively represented the UK in numerous meetings of the Competent Authorities for biocides, pesticides, detergents, classification and labelling of chemicals, and the Designated National Authorities for the prior informed consent scheme for the export and import of banned or severely restricted chemicals.</p> <p>Activity during 2013/14 included HSE participation in five meetings of the EU Competent Authorities for biocides, leading to 20 active substances being approved under the EU Biocides Regulation, opening the way for new applications to be made for authorisation of products. A number of issues arising from mutual recognition of product authorisations and other queries were satisfactorily resolved at EU level to help UK industry market their products in other Member States.</p> <p>HSE also successfully secured an essential use derogation, on behalf of the UK, allowing those supplying copper ionisation systems to control legionella to continue to do so while they gather the data necessary to seek approval for copper as an active substance under the EU Biocidal Products Regulation.</p> <p>HSE attended all meetings of the regulatory committees for plant protection products and maximum residue levels to promote the UK's interests in the development of EU legislation. We supported 54 of the 64 proposals put to vote, abstaining on ten which would have imposed unjustified restrictions on business.</p>

Objective B.3 Act as Competent Authority for biocides, pesticides, detergents and industrial chemicals³⁶.	
<i>Business Plan Activity</i>	<i>Progress</i>
Evaluate new and existing active substances for biocides and pesticides.	● Circa 2500(p) active substance evaluations and product evaluations were processed, with 88% processed within timescales.
Consider applications for product authorisation.	● Applications for product authorisation are included in the figure provided above.
Evaluate industrial chemical substances.	● 100% of the four industrial chemical substances evaluations received were processed within timescales.
Process all Prior Informed Consent (PIC) ³⁷ notifications within the relevant timescales.	● 100% of over 430(p) PICs received were processed within timescales.

36 In addition to its contribution to occupational health and safety, HSE delivers operation policy and operation of regulatory schemes for pesticides, biocides and general chemicals regulations, much of which is led by the Department for Environment, Food and Rural Affairs (Defra) which includes consideration of the health of workers, consumers, the general public and the effects on the environment

37 The PIC procedure allows countries that are importing certain dangerous chemicals to specify conditions that the imported chemicals must meet

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 2013/14</i>
<p>One-in One-out, One-in Two-out:</p> <p><i>One-in, one out</i> (OIOO) was 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><i>One-in, two-out</i> (OITO)³⁸ 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>Every six months, the Government publishes a cross-government <i>statement of new regulation</i>³⁹ which lists:</p> <ul style="list-style-type: none"> ◆ new UK and EU business regulations that will come into force in the next six months; ◆ existing regulations that will be removed or modified in the next six months; and ◆ an account of how departments are performing against the rule. <p>DWP also publishes its own departmental DWP and HSE <i>One-in, two-out: statement of new regulation</i>⁴⁰.</p> <p>The cumulative OIOO position for regulations implemented by HSE up to December 2012 was an estimated net reduction in burdens on business of approximately £250 000 per annum.</p> <p>The cumulative OITO position for regulations implemented by HSE during the period 1 January 2013 to December 2013 was an estimated net reduction in burdens on business of approximately £500 000 per annum⁴¹.</p> <p>HSE has made a number of changes to simplify health and safety law and make guidance more straightforward, including revoking further unnecessary or redundant health and safety regulations and legislation (see pages 19–21).</p>

38 www.gov.uk/government/policies/reducing-the-impact-of-regulation-on-business/supporting-pages/operating-a-one-in-two-out-rule-for-business-regulation

39 www.gov.uk/government/collections/one-in-two-out-statement-of-new-regulation

40 www.gov.uk/government/collections/better-regulation

41 For full details of the OITO balance and forecast cumulative position of HSE's OITO measures see DWP and HSE's *One-in, two-out statement of new regulation: July to December 2013* at: www.gov.uk/government/publications/one-in-two-out-statement-of-new-regulation-july-to-december-2013

	<i>Progress during 2013/14</i>
<p>Regulatory Policy Committee – Impact Assessments:</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 assessments⁴².</p> <p>The Regulatory Policy Committee (RPC)⁴³ provides external, independent scrutiny of new regulatory and deregulatory proposals.</p>	<p>The RPC's latest report⁴⁴ published in March 2014 provides updated figures for departmental performance for 2013. HSE had the highest proportion of submissions that received a 'fit for purpose' rating (91%), topping the departmental performance league table.</p>
<p>Small Business (Micro-business moratorium):</p> <p>On 1 April 2011, the Government introduced a 3-year freeze on new UK regulation for businesses with fewer than ten 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>A waiver was granted disapplying the micro moratorium for the Reporting of Injuries, Diseases and Dangerous Occurrences 2013 (RIDDOR). The RIDDOR changes were essentially deregulatory in nature, simplifying and clarifying the law for all businesses.</p> <p>Action taken by HSE to mitigate regulatory burdens on small and micro-businesses, has included the development of the brand <i>Health and Safety ABC: An easy guide to health and safety</i> to establish <i>Health and Safety Made Simple (HSMS)</i>, the <i>Health and Safety Toolbox</i> and the online risk assessment tools, as the go to set of simple advice for SMEs.</p> <p>There have been over two million visitors to this suite of guidance and tools and in a recent survey of HSE's website, 91% of respondents were satisfied with the <i>Health and Safety Toolbox</i> and 96% had a positive overall opinion of the guidance.</p>
Focus on Enforcement:	Detail is provided on page 21.
<p>Red Tape Challenge (RTC) and the Löfstedt Review:</p> <p>The Red Tape Challenge (RTC) was introduced to give business and the public the opportunity to challenge the Government to get rid of the most burdensome regulations.</p>	<p>An update of HSE's delivery of Professor Löfstedt's recommendations is on page 45 (Table 1: Progress against DWP's Coalition Priorities). The DWP's latest <i>Improving progress in health and safety report</i>⁴⁵ was published in November 2013.</p> <p>A report⁴⁶ of RTC achievements relating to the health and safety theme was published in January 2014⁴⁷.</p>

42 www.gov.uk/government/collections/impact-assessments-guidance-for-government-departments

43 www.gov.uk/government/organisations/regulatory-policy-committee

44 www.gov.uk/government/uploads/system/uploads/attachment_data/file/286236/Annual_Report_of_the_RPC_March_2014_FINAL.pdf

45 www.gov.uk/government/publications/improving-health-and-safety-progress-report-november-2013

46 www.redtapechallenge.cabinetoffice.gov.uk/themehome/red-tape-challenge-results/ and www.redtapechallenge.cabinetoffice.gov.uk/wp-content/uploads/2014/01/Tracker-for-publication-130127-FINAL.pdf

47 www.redtapechallenge.cabinetoffice.gov.uk/themehome/health-and-safety-spotlight/

	<i>Progress during 2013/14</i>
<i>Sunsetting and review:</i>	<p>In 2013/14, DWP/HSE introduced six measures with statutory review clauses for reviews to be carried out during the next Parliament. No post-implementation or statutory reviews were carried out during 2013/14.</p> <p>On 16 January 2014, DWP published a post-legislative scrutiny memorandum for the Health and Safety Offences Act 2008, prepared by HSE officials⁴⁸.</p>
<i>Alternatives to regulation:</i>	<p>HSE is actively exploring the use of behavioural insights as an alternative or complement to regulation and have developed a tool to apply principles drawn from behavioural insights to health and safety. An interactive workshop to embed these principles within HSE was held in February 2014, and a workshop at Birmingham University is planned in June 2014 with external noise and vibration stakeholders and worker representatives, to develop interventions which apply behavioural insights in industries where noise and vibration is a health and safety issue.</p>
<i>Implementation and guidance:</i>	<p>HSE has completed an extensive review of its guidance as reported on page 13.</p> <p>HSE developed the LA National Enforcement Code in response to the Löfstedt recommendation for HSE to be given a stronger role in directing local authorities (LAs) inspection and enforcement activities (see page 11). The Code is shared with business and offers transparency of LAs activity. If business feels it has been inappropriately targeted for inspection by LAs then they can appeal to an independent panel.</p> <p>HSE also continues to work with the Better Regulation Delivery Office to assist the development of Primary Authority (see page 11).</p>

48 www.gov.uk/government/uploads/system/uploads/attachment_data/file/271436/h_s-post-legislative-scrutiny-memo-january-2014.pdf

	<i>Progress during 2013/14</i>
<i>EU Regulations:</i>	<p>During 2013/14 HSE continued to work extensively in Europe to negotiate and secure the best possible outcome for British industry, as per the examples on pages 22-23. Other examples of this work include:</p> <ul style="list-style-type: none"> ◆ HSE officials worked closely with BRE/Cabinet Office to provide ideas for the PM's business-led EU Task Force whose report was published in October 2013. HSE will take forward work to build support for the recommendations in the report – in particular, for national governments to have greater flexibility on the need to record risk assessments for small low risk businesses under the Health and Safety at Work Framework Directive; ◆ HSE was closely involved in persuading the Commission not to pursue a proposed Directive on ergonomics (saving EU businesses an additional £3 billion a year); and ◆ HSE provided a written response to the European Commission's study into the impact of the European Social Partner Agreement on Health and Safety in the Hairdressing Sector on all 27 member states. The response included evidence of a high cost to the industry of implementing the agreement by directive (£75 million per year), and the potential negative impact on employment which could be judged as disproportionate to any potential limited health and safety benefits. HSE is already working with the industry to improve health and safety of workers by non-legislative means.

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	
Objective C.1 Investigate work related accidents, incidents and ill health.	
<i>Business Plan Activity</i>	<i>Progress</i>
Follow up health and safety concerns meeting HSE's risk-based criteria within agreed timescales.	<p>● There were 11 200(p) health and safety concerns which met HSE's risk-based criteria due to be followed up in 2013/14, representing a 12% increase on 2012/13. As a consequence, 65% were completed within their relevant timescales (see Figure 3).</p> <p>HSE's improvement plans in this area for 2014/15 include:</p> <ul style="list-style-type: none"> ◆ Reviewing longer term resource needs; ◆ Filling remaining vacancies within the concerns handling team; and ◆ Reviewing the concerns procedure in-light of experience to date, including reassessing targets to better reflect current and future priorities.
Investigate incidents that meet HSE's incident selection criteria.	<p>● Over 3280(p) incidents meeting the HSE incident selection criteria were taken forward for investigation in 2013/14 (see Figure 4). The figures fluctuate annually, consistent with application of HSE's published Incident Selection Criteria.</p>

Figure 3: Number of health and safety concerns meeting HSE risk-based criteria due to be followed up in 2010/11-2013/14

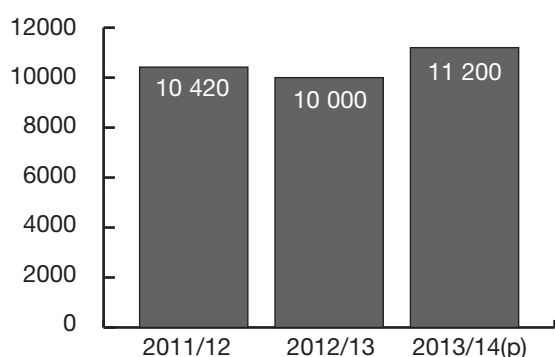
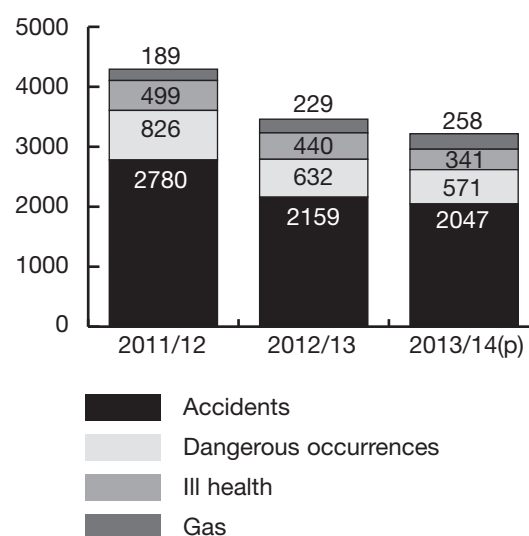
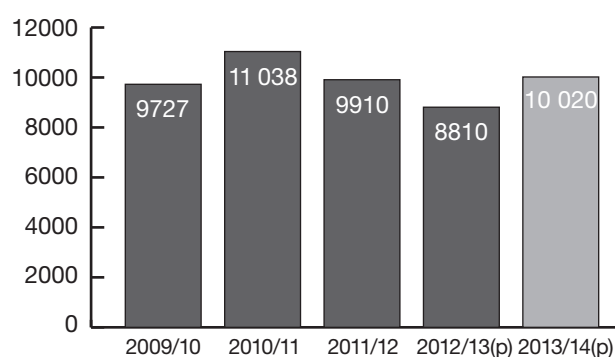
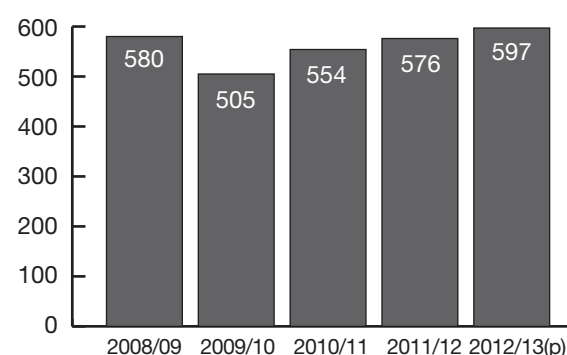
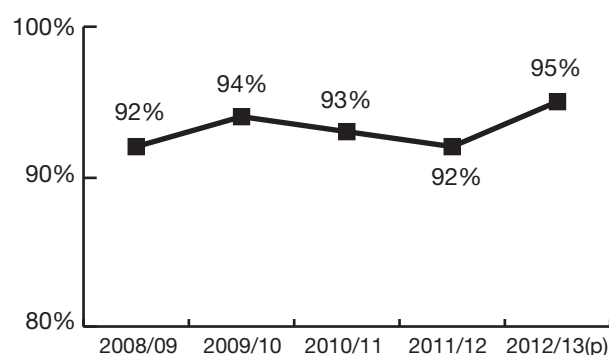


Figure 4: Number of RIDDOR incidents meeting the incident selection criteria investigated by HSE in 2010/11-2013/14



Objective C.1 Investigate work related accidents, incidents and ill health.	
<i>Business Plan Activity</i>	<i>Progress</i>
Seek to complete fatal incident investigations within 12 months of HSE assuming primacy.	<p>○ Of the 108(p) fatal RIDDOR investigations for which HSE had received primacy and which were due for completion in 2013/14, 49% were completed within their 12 months target. This excludes cases awaiting Coroner or COPFS⁴⁹ decisions.</p> <p>As at 8 April 2014, there were 162(p) ongoing fatal investigations (where HSE has primacy).</p> <p>During 2013/14, HSE took the following actions to improve performance in this area:</p> <ul style="list-style-type: none"> ◆ Undertook a 100% check of key fatal incident investigation data, to ensure the accuracy of recording; ◆ Implemented targeted reminders for senior managers to review fatal incident investigations approaching their 12 month anniversary; and ◆ Piloted different approaches to the investigation process, specifically to improve timeliness of investigations. <p>HSE's improvement plans for 2014/15 include:</p> <ul style="list-style-type: none"> ◆ Introduce a peer review programme for managers, specifically aimed at improving management and timeliness of investigations; ◆ Implement a suite of products to improve planning and oversight of investigations; and ◆ Introduce leading indicators to improve monitoring of investigation progress. <p>In addition, HSE will be reviewing the time taken to complete investigations to identify where improvements in performance might be made and will identify suitable targets to support this.</p>
Seek to complete RIDDOR non-fatal investigations within 12 months of the incident date.	<p>● HSE completed in excess of 5290(p) non-fatal investigations with 90% completed within 12 months of the incident date.</p> <p>As at 8 April 2014, there were circa 1940(p) ongoing non-fatal investigations.</p>

Objective C.2 Take formal enforcement action to prevent harm and secure justice were appropriate.	
<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"> HSE issued circa 10 020(p) Enforcement Notices in 2013/14 including over 3440(p) Prohibition Notices⁵⁰ (see Figure 5).
Prosecute where there has been a serious breach of the law.	<ul style="list-style-type: none"> 597(p) prosecution cases were completed as per the latest statistics published for 2012/13⁵¹ (see Figures 6 and 7). Dutyholders found guilty of health and safety offences in that year received fines totalling £12.8 million. <p>Details of all prosecution cases which resulted in a conviction can be viewed at HSE's website⁵².</p>

Figure 5: Number of notices issued by HSE⁵³**Figure 6:** Number of cases for which legal proceedings have been instituted by HSE, and in Scotland, the COPFS⁵⁴**Figure 7:** Conviction rate for cases heard

50 www.hse.gov.uk/notices/

51 www.hse.gov.uk/statistics/tables/ef1.xls

52 www.hse.gov.uk/Prosecutions

53 In Figures 5–7 data up to and including 2012/13 is sourced from Official Health and Safety Statistics at www.hse.gov.uk/statistics/tables/index.htm

54 In Scotland, HSE and local authorities investigate potential offences but cannot institute legal proceedings. HSE and local authorities send a report to the Crown Office and Procurator Fiscal Services (COPFS). COPFS makes the final decision whether to instigate legal proceedings and which offences are taken

Examples of prosecutions resulting in a guilty verdict heard in 2013/14 included:

- ◆ A metal recycling company was fined £300 000 and costs in excess of £72 900 for the death of a worker and shortcomings linked to training, instruction and supervision.
- ◆ An operations company was fined £250 000 and costs of over £97 000 after a worker was crushed by a metal press.
- ◆ A mining company was fined a total of £125 000 and costs of £175 000 after an employee was killed by falling pipes.
- ◆ A hotel firm was fined £160 000 and in excess of £40 000 in costs after construction workers and guests were put at risk of asbestos exposure.
- ◆ A scaffolding company was fined £300 000 and over £124 000 in costs after an employee was killed by an overturning skip lorry.
- ◆ A hygiene company was fined £105 000 and costs of £45 000 over a major explosion at a waste management site that caused three workers to sustain serious burns.
- ◆ An NHS Foundation Trust was fined £200 000 and over £27 000 in costs following basic failures that led to a patient's death.

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

Great 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:	● Delivered	● On Track	○ Off Track
-------------	-------------	------------	-------------

Objective D.1 Regulate major hazard operators and dutyholders effectively and proportionately.	
Business Plan Activity	Progress
Assess dutyholder submissions (safety cases and safety reports) against agreed standards to ensure the new or continued safe operation of major hazard installations.	● Assessed circa 140(p) safety cases and reports submitted by dutyholders, with 93% assessed within 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 450(p) dutyholders applications for licences etc, with 92% to agreed performance standards (see Figure 8).
<p>Deliver agreed intervention plans and inspections at major hazard sites⁵⁵, including compliance and cornerstone licence condition inspections at nuclear sites.</p> <p>Inspect sub COMAH sites⁵⁶ which present a significant risk because of the dangerous substances that they handle.</p>	<p>● HSE visited over 1110(p) non-nuclear major hazard operators including COMAH sites, offshore installations, gas pipeline operators, biological agent operators, explosives and mines.</p> <p>We identified over 3500(p) significant major hazard health and safety issues that required action by the dutyholder. The issues ranged from technical to management deficiencies important to controlling major hazard risks, including electrical or mechanical issues and emergency planning and evacuation procedures.</p> <p>ONR visited all 37 nuclear licensed sites (see Figure 9), undertaking over 1 030(p) licence condition inspections and circa 120(p) system based inspections⁵⁷. 70% of ONR's licence condition inspections ratings were rated as 'adequate' or 'better', and likewise for 71% of ratings related to system based inspections. The ratings are used to inform the targeting of ONR's intervention strategies.</p>

55 Includes Control of Major Accident Hazard (COMAH) sites, offshore installations, major accident hazard pipeline operators, gas distribution networks, explosive manufacturing and storage sites, mines and biological agent facilities

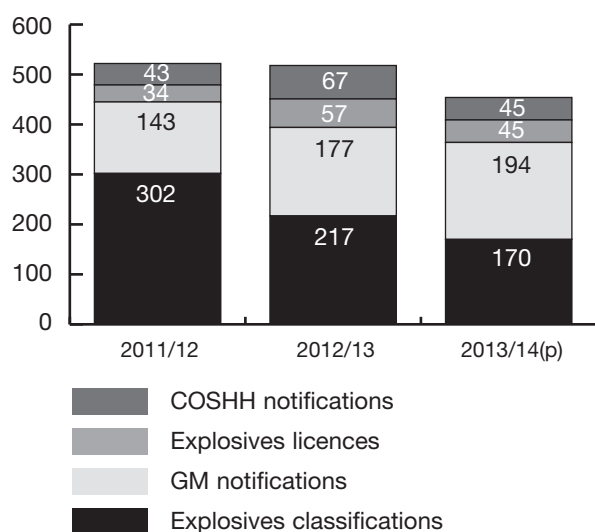
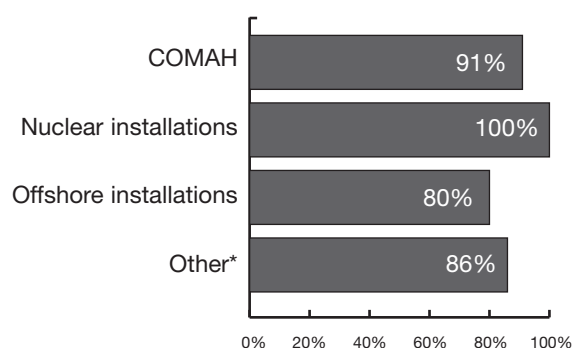
56 Sub-COMAH sites are defined as sites falling below COMAH thresholds quantities with inventories of dangerous substances and where the worst foreseeable event would be comparable to that at a COMAH site

57 System based inspections ensure that key elements of the safety case are fit for purpose and that the fundamental protection outlined by the safety system is in place

Objective D.1 Regulate major hazard operators and dutyholders effectively and proportionately.	
<i>Business Plan Activity</i>	<i>Progress</i>
<p>Undertake the Offshore Ageing and Life Extension Programme (KP4)⁵⁸ 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, including:</p> <ul style="list-style-type: none"> ◆ Completion of a programme of KP4 inspections (February 2014); 	<ul style="list-style-type: none"> ● The programme of inspections was completed ahead of plan in November 2013. The main outcomes resulting from KP4 includes the need for the offshore oil and gas industry to: <ul style="list-style-type: none"> ◆ promote world class ageing and life extension (ALE) management practices for installations; ◆ prepare for life extension at least three years prior to an installation's nominal design life; and ◆ incorporate decommissioning into ALE management.
<ul style="list-style-type: none"> ◆ First industry technical guidance documents produced by Oil and Gas UK with HSE support (September 2013); 	<ul style="list-style-type: none"> ● HSE provided information (in the form of the KP4 interim report) to time to enable Oil and Gas UK to produce the first two sets of technical guidance on Offshore Ageing and Life Extension issues for publication in May 2014.
<ul style="list-style-type: none"> ◆ Final KP4 report published in April 2014. 	<ul style="list-style-type: none"> ● Following the KP4 interim report, HSE presented the final report and its findings to the offshore industry at a joint Oil and Gas UK/HSE event on 28 May 2014.
<p>Begin generic design assessment (GDA) of Hitachi-GE Advanced Boiler Water Reactor design in September 2013.</p>	<ul style="list-style-type: none"> ● Following Hitachi-GE submission of documentation for assessment in autumn 2013, the regulators (ONR and the Environment Agency) commenced formal preparatory work to assess the new design. <p>In December, ONR completed the first step of GDA of the Advanced Boiling Water Reactor, finalising the preparatory phase, to enable step two, the formal assessment of the reactor, to commence in January 2014. Due to the complexity and the level of scrutiny required, the GDA process is expected to take around four years to complete.</p>
<p>Ensure compliance with Site Security Plans and National Security Vetting procedures within the civil nuclear industry.</p>	<ul style="list-style-type: none"> ● ONR undertook circa 250(p) inspections and over 8 990(p) vetting clearances.

58 Further detail of the programme can be found at www.hse.gov.uk/Offshore/ageing/kp4-programme.htm

Objective D.1 Regulate major hazard operators and dutyholders effectively and proportionately.	
Business Plan Activity	Progress
In response to Lord Gill's ICL Inquiry Report, ensure that metallic LPG pipe work giving rise to the most significant risks is replaced or managed to ensure that it is fit for purpose by December 2015 .	<p>● HSE continues to provide specialist technical input to the LPG pipework programme. Over 4 400 identified high priority sites were targeted for completion by December, with 95% completed to date. HSE is working to close out the remaining sites by June 2014 (with the exception of 91 identified caravan sites which will be completed by May 2015).</p> <p>HSE is currently working with industry on the next band of priority sites (circa 4 500), targeted for completion by December 2015.</p>

Figure 8: Volume of applications processed**Figure 9:** Major Hazard operator sites visited as a proportion of 2013/14 plan

* Other – producing mines, onshore and offshore pipeline operators, biological agents sites, non-COMAH chemical manufacturing sites, major gas networks and non-COMAH explosive sites.

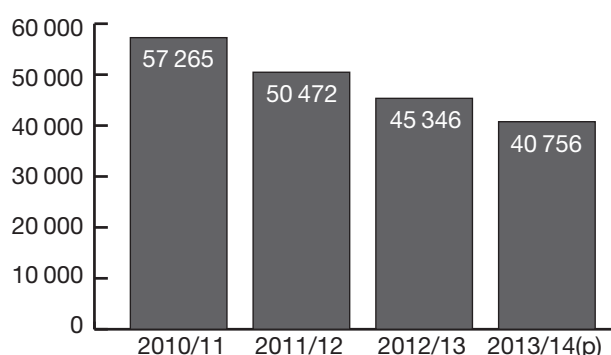
Objective D.2 Provide authoritative advice in relation to hazardous substance consents and land use planning.	
<i>Business Plan Activity</i>	<i>Progress</i>
Provide advice on complex planning applications within the non-determination periods in line with Government's expectations for responding to applications.	<ul style="list-style-type: none"> ● Provided advice on over 1 120(p) planning applications to enable local authorities to make informed decisions over land use planning. Of these, HSE advised against the granting of planning permission in 149 cases, with local planning authorities following HSE's advice for 113 cases.
Process 'hazardous substance consent' applications within agreed timescales in line with Government's expectations for responding to applications.	<ul style="list-style-type: none"> ● Processed over 90(p) consent applications with 99% within agreed timescales.

Aim E. Manage our resources efficiently and effectively

HSE seeks to ensure delivery of our objectives is achieved through a sustainable use of resources that optimises value for money. We will seek out ways to improve the way we do business so that we are clearly seen to be achieving the best possible value for the taxpayer. Our staff will have the necessary skills, capabilities and knowledge to deliver our ambitious programme of work.

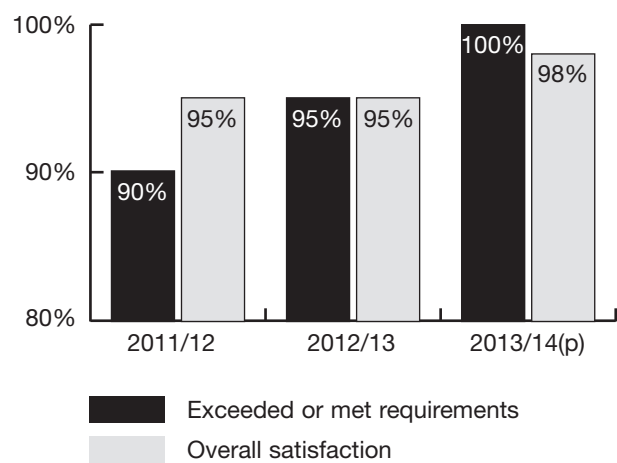
Key: ● Delivered ● On Track ○ Off Track	
Objective E.1 Have the right people, in the right place, at the right time, possessing the right skills, knowledge and behaviours and performing the right roles.	
<i>Business Plan Activity</i>	<i>Progress</i>
Maintain a committed skilled and diverse workforce.	● The Workforce section on pages 55-59 contains details.
Prepare to implement the Government's intention to change the Office for Nuclear Regulation's status from an in-house agency of HSE to a statutory corporation.	● On 1 April 2014, the Energy Act 2013 and associated Commencement Order (signed by authority of the Secretary of State for Work and Pensions on 10 February 2014) launched ONR as a statutory public corporation. Further detail can be found in the Governance Statement on page 74.
Implement the cross Civil Service performance management arrangements from April 2013.	● The new policies and arrangements were introduced across HSE on 1 April 2013, and apply to all staff in job bands 1-6. Trades Unions were consulted and extensive guidance and support were provided to all staff in preparation for the roll-out. Ongoing communications have been issued to all staff to support them through the mid-year and end of year performance process.
Develop and implement a long-term reward strategy for HSE by October 2013.	● Following DWP approval, the reward strategy was submitted to HM Treasury in June 2013. The strategy proposed a number of important changes to pay in HSE, including the removal of automatic time served progression and the introduction of a new pay system with more explicit links between pay and performance. Final clearance was received in January 2014. Following negotiations with HSE Trade Unions the changes were agreed via collective agreement and incorporated into the new pay arrangements for HSE from April 2014.
Provide people with appropriate training and learning development opportunities, including continuous professional development.	● The Workforce section on page 58 contains details.
Engage effectively and take forward actions arising from the 2012 People Survey.	● The Directors' Report on page 59 contains details.
Manage the health and safety of our staff, maintaining a proactive approach to attendance management and continue to improve arrangements as set out in the HSE Framework for Health and Safety Management and Corporate Health and Safety Plan.	● The Workforce section on pages 58-59 contains details.

Objective E.2 Continue to reform HSE's estate to achieve better space utilisation and improved cost efficiency.	
<i>Business Plan Activity</i>	<i>Progress</i>
<p>In line with HSE's estates strategy, review and where applicable reduce HSE's estate, as and when leases allow and where sublet opportunities arise, by moving to smaller premises through the Government Property Service or closing offices. Reviews include:</p> <ul style="list-style-type: none"> ◆ Ashford, Glasgow, London (Rose Court), Nottingham, Northampton, Bristol, Worcester and, York in 2013/14; ◆ Carmarthen and Wrexham in 2014/15. 	<ul style="list-style-type: none"> ● The reviews for Ashford, Glasgow, London Nottingham, Bristol, York, Worcester, Carmarthen and Bootle were completed to budget and time and options to close, reduce, relocate or sublet have been actioned. The Wrexham property event will be completed in July 2014. <p>The size of HSE's estate has reduced by 16 375 m²(p) (29%) since 2010. Further information on the cost of the estate can be found on page 44. See Figure 10.</p>
<p>Implement a phased plan for making the best use of HSE's Headquarters (Redgrave Court, Bootle) and ensure provision of services and efficient Private Finance Initiative (PFI) arrangement support.</p>	<ul style="list-style-type: none"> ● HSE has advertised space on the government estate database (e:PIMMS). Sublets have taken place with Ministry of Justice, DWP and ACAS during 2013/14. <p>As at 31 March 2014, 11.5% (2 711 m²) of Redgrave Court has been sublet. A further two sub-lets (1 200 m²) have been agreed with the Charities Commission and Valuation Office with moves planned to take place in 2014/15.</p>
<p>In line with the Greening Government Commitment, reduce the impact HSE has on the environment by:</p> <ul style="list-style-type: none"> ◆ reducing waste and greenhouse gas emissions from HSE's estate by 2015 from a 2009/10 benchmark; ◆ reducing water consumption to best practice benchmarks. 	<ul style="list-style-type: none"> ● Progress in this area is included in the Sustainability Report on page 49-54.

Figure 10 Net area of HSE's estate in m²

Objective E.3 Use technology to drive down cost and improve efficiency.	
<i>Business Plan Activity</i>	<i>progress</i>
Implement in June 2013 a new, value for money supply arrangement for the Information and Communications Technology services HSE requires to support its business.	<p>● HSE's Information Systems and Information Technology (IT) contract was re-let with Steria Ltd from June 2013.</p> <p>The Information Systems and Technology (ISAT) project team worked closely with Steria to achieve an orderly transition from our previous contractor. Steria's extensive programme to modernise HSE's IT is expected to complete in June 2014.</p> <p>Over the three year term, the contract is expected to produce an estimated net saving of £16 million.</p>
Exploit technology to allow staff to work more effectively outside of the office, improving productivity and flexibility.	<p>● HSE has invested in a number of smaller, lighter laptops and 3G devices to help staff, and particularly those in front-line operational roles, to work effectively outside of the office.</p> <p>As referred to above, HSE is in the process of modernising its IT infrastructure, which amongst other things, will deliver improvement in our remote working capability.</p>
Streamline and simplify operational processes to improve delivery and performance, including:	
<p>◆ Implementing a single centralised call handling process for health and safety concerns and requests for advice in non major hazard sectors by March 2014;</p>	<p>● The centralised call handling process for concerns and advice was met on time following the implementation of the revised ESCQR⁵⁹/RIDDOR database in November 2013, and the final transferral of calls to HSE offices was directed to the HSE's specialised Concerns and Advice Team during January 2014.</p>
<p>◆ Enabling the electronic delivery of letters and Enforcement Notices to dutyholders by December 2013.</p>	<p>○ The key aspects of this project have been delivered to plan. The project will be rolled out to staff following HSE's current IT upgrade.</p>
Redesign corporate services; including transferring human resources, finance and procurement transactional services to a shared service provider from June 2013 .	<p>● HSE migrated to DWP Shared Services for transactional HR, finance and procurement from July 2013 and subsequently to the Independent Shared Service Centre 2 (provided by Shared Services Connected Ltd) from October 2013. This is forecast to deliver savings in the region of £4 million over the next five years.</p>

Objective E.4 Utilise the knowledge, expertise and capabilities of the Health and Safety Laboratory (HSL) to improve health and safety management.	
<i>Business Plan Activity</i>	<i>Progress</i>
Provide specialist services to HSE for incident investigation, providing the vital scientific evidence base to support prosecutions (see objective C.1).	<ul style="list-style-type: none"> ● HSL supported over 80(p) incident investigations, including the investigation of a fire and explosion at a refinery in which four people died. The scientific work to support this was completed and reports are currently being drafted to bring the case to a conclusion.
Provide specialist scientific services to HSE enabling the scientific evidence base to support policy.	<ul style="list-style-type: none"> ● HSL supported HSE in a number of areas including: <ul style="list-style-type: none"> ◆ Developing the evidence base to support the Regulatory Impact Assessment undertaken by HSE policymakers for the new COMAH 2015 Regulations, which will implement the EU Seveso Directive (see page 23). ◆ Undertaking research on the hazards of biogas to support HSE decisions on applications to input biogas to the UK gas network. ◆ Supporting the consolidation of petrol storage regulations (including the Petroleum-Spirit (Plastic Containers) Regulations 1982, by undertaking research to develop the evidence base on use of adapted anti-spill spout devices and how these may benefit user safety in the event of petrol related accidents.
Develop and increase the sales of specialist scientific products and services to external clients, both nationally and internationally to help them improve the health and safety of their workers and those members of the public affected by their work (see objective E.5).	<ul style="list-style-type: none"> ● HSL's total revenue from sources other than HSE has grown by 22% in 2013/14 to £11.2 million. Examples of HSL's service to external clients include: <ul style="list-style-type: none"> ◆ Participating in a research programme in respect of the decommissioning of nuclear facilities. HSL is providing scientific support using test results from an experimental rig designed to replicate nuclear plant conditions to assist the preparation for the safety case. HSL is also currently providing advice on reducing the costs of decommissioning facilities safely. ◆ Analysing a workforce survey to enable a major aerospace customer to design four new prototype workbenches to support the health of their workforce. <p>As indicated in Figure 11, HSL continues to receive positive feedback from its customers.</p>

Figure 11: HSL's external customer evaluation

Objective E.5 Deliver our financial strategy over the Spending Review period to minimise the impact of budget reductions on frontline activities.	
<i>Business Plan Activity</i>	<i>Progress</i>
Manage our funding effectively.	<ul style="list-style-type: none"> HSE continues to make good progress in delivering the efficiencies and economies required to live within its challenging Spending Review 2010 Settlement. <p>Our current financial strategy is on track and aims to maintain a properly supported and integrated organisation which can achieve the maximum for health and safety from the resources at its disposal (see pages 45-46).</p>
<p>Seek to derive more of our income from non-Government sources, including:</p> <ul style="list-style-type: none"> ◆ Take forward proposals to extend cost recovery to HSE's land use planning advisory functions. 	<ul style="list-style-type: none"> The proposal to provide a fee paying service to developers and businesses in the chemical sector for early land use planning advice was supported by the Triennial Review recommendations (see pages 60-61). Work to develop a set of proposals which will support a more efficient planning system continued during the year. The proposals are expected to be published in summer 2014, with the full service launched by March 2015.
<ul style="list-style-type: none"> ◆ Develop and seek to implement a joint HSE/HSL approach to identify and take commercial opportunities from governments and public bodies outside the UK where they are willing to pay for our intellectual property and the combined expertise in its practical and proportionate application (see E.4); 	<ul style="list-style-type: none"> HSL is providing consultancy advice to the Singapore government and has drafted updated Quantitative Risk Assessment guidelines for major hazard installations, pipelines and transport major hazard sites in their state. HSL worked closely with stakeholders and industry representatives in Singapore to develop new approaches that learn from HSE's experiences and knowledge of other international regulatory systems. The revised guidelines will be piloted next year, with HSL providing advice on the implementation phases. <p>HSL is also providing advice to the government of Gibraltar as it considers options for the location and design of a new liquified natural gas fuel storage facility for a planned replacement power station.</p>
<ul style="list-style-type: none"> ◆ Implement the strategy to enable HSL to deliver in growth in external revenues and sustained profitability, whilst maintaining the quality and responsiveness of its service delivery to HSE (see E.4). 	<ul style="list-style-type: none"> Details can be found under progress against objective E.4, page 41.

Objective E.5 Deliver our financial strategy over the Spending Review period to minimise the impact of budget reductions on frontline activities.	
<i>Business Plan Activity</i>	<i>Progress</i>
Exhaust all non-staff cost savings including:	
<ul style="list-style-type: none"> ◆ Migrating to commoditised government framework contracts as they become available for all goods and services (e.g. IS/IT); 	<ul style="list-style-type: none"> ● Details can be found under progress against objective E.3, page 40.
<ul style="list-style-type: none"> ◆ Reducing accommodation costs by moving to smaller premises through the Government Property Service or closing offices. 	<ul style="list-style-type: none"> ● Property events undertaken in 2013/14 will result in a running cost saving of £1.565 million. In addition, sublets to other government departments will generate an additional income stream of £822 000 per annum. The combined income and savings equates to £2.386 million.
Cutting back office functions (including a move to DWP Shared Services for HR, finance and procurement functions) from 2013.	<ul style="list-style-type: none"> ● Details can be found under objective E.3, page 40.
Further managing down of staff numbers.	<ul style="list-style-type: none"> ● HSE has sought, as far as possible, to protect the number of front-line health and safety inspectors regulating the Major Hazard industries while seeking to minimise the reduction in those regulating other sectors. Staff in Post figures as at 31 March 2014 can be found in Table 9 on page 56.

Progress against DWP's Coalition Priorities

Table 1 reports progress against the HSE-led recommendations which feature in DWP's Business Plan (section 6.2)⁶⁰. Progress is reported monthly on the Number 10 website.







Key:	 Delivered	 On Track	 Off Track
-------------	---	--	---

Table 1: Progress against the Coalition Priorities during 2013/14:

<i>Recommendation</i>	<i>Scheduled End Date</i>	<i>Progress</i>
i. Take forward plans to remove or improve around 84% of health and safety regulations.	Dec 2014	 Work is on track on a programme of sector-specific consolidations (see page 19).
ii. With Health and Safety Executive and Department for Education, minimise legislative and insurance barriers to work experience for students and ensure changes are communicated to employers and educational institutions.	June 2013	 See page 14.
iii. Introduce a binding Code of Practice for local authorities to ensure consistent and proportionate Health and Safety inspections and enforcement activity.	June 2013	 See page 11.

Financial overview

HSE is on-track to deliver the efficiencies, economies and additional income required to live within its challenging Spending Review 2010 Settlement which represents a 40% real term reduction in resources from 2011/12 to 2014/15. The net operating cost for 2013/14 shows a further 3.4% reduction compared to 2012/13 but includes some planned one-off expenditure to deliver future savings in accordance with the financial strategy.

As reported in pages 38–44, the key elements of the financial strategy delivered in 2013/14 include: the migration to DWP Shared Services (July 2013) and subsequently to the Government joint-venture (Shared Services Connected Limited) in October 2013; transformation to the new IS/IT service delivery model which provides significantly lower charges over the term of the contract; the removal of contractual pay progression for all staff; and the first full year of Fee for Intervention where HSE recovers its costs of an intervention when it finds a material breach of health and safety law.

HSE continues to seek further savings and commercialisation options to meet the future challenges of Spending Round 2013 and beyond.

60 <http://transparency.number10.gov.uk/business-plan/16>

Results for the year

Table 2: Statement of Comprehensive Net Expenditure

	2013/14	2012/13	
	£'000	£'000	
Net operating cost	153 863	159 218	<p>The decrease in net operating costs of £5.4 million (3.4%) is consistent with the financial strategy for the year.</p> <p>HSE has continued to maintain rigorous controls on staffing levels (further 3.2% reduction in average staffing) whilst buying out contractual pay progression; managed down its estate costs; transformed to the new IS/IT model; and increased income by £8.1 million (6.9%) mainly through Fee for Intervention.</p>

Table 3: Statement of Financial Position

	2013/14	2012/13	
	£'000	£'000	
Assets	139 391	136 254	<p>The increase in assets of £3.2 million (2.4%) relates mainly to an increase in trade and other receivables of £3.3 million which is broadly in line with the £8.1million increase in income for the year.</p> <p>The increase in liabilities of £0.8 million (0.5%) relates mainly to:</p> <ul style="list-style-type: none"> ◆ an increase in accruals of £6.4 million mainly due to the accrual of the 2013 pay award; ◆ offset by the reduction in the overdrawn balance with Government Banking Service (£0.4 million in 2013/14 compared to £4.5 million in 2012/13) and a £1.7 million reduction in the PFI liability.
Liabilities	(137 765)	(137 025)	
Reserves	1 626	(771)	

Table 4: Cash Flow Statement

	2013/14	2012/13	
	£'000	£'000	
Net cash outflow from operating activities	143 160	157 182	<p>HSE's cash flow from operating activities shows a reduction in net cash outflow in 2013/14 of £14 million (9%) which reflects reduced net expenditure and increased accruals mainly due to the accrual for the 2013 pay award (payable from 1 October 2013) not being paid until April 2014.</p>

Public accountability

Demonstrating transparency

In line with the Government's commitment to improve the transparency and accountability of government through accessibility to and use of data, HSE continues to publish a variety of datasets on the data.gov.uk website, including monthly expenditure transactions over £25 000⁶¹ and Government Procurement Card transactions over £500⁶². We also continue to publish the business-related travel and expenses costs of our Chair, HSE Board members, Chief Executive, Deputy Chief Executive and Senior Management Team on the HSE website and all commercial opportunities are published on Contract Finder⁶³.

In relation to operational data, HSE routinely publishes enforcement information on notices and prosecutions for Great Britain – within its Public Registers⁶⁴. Statistics relating to HSE (and local authority) enforcement activity are also published annually⁶⁵. In addition, statistical information which is judged to be of wider public interest and has been released under the Freedom of Information Act is also updated and published on the HSE website⁶⁶.

Recent developments include the publication of Fee for Intervention invoice information⁶⁷ after each invoice run.

HSE continues to develop its Information Asset Inventory as part of the programme to develop a National Information Infrastructure and a list of unpublished datasets is detailed on data.gov.uk⁶⁸.

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

In 2013/14, HSE received 5 362 FOI requests, of which more than 4 732 (88%) were responded to within the 20-day target⁶⁹. HSE is now the only body monitored under the FOI Act to have received more than 1 000 requests during each quarter since the Act was implemented. HSE accounts for almost 11% of all requests received by all 43 bodies monitored and we continue to meet Ministry of Justice standards for responses.

Complaints

HSE takes all complaints seriously and aims to use the information received to improve our services to the public. We provide our staff with guidance on handling complaints and aim to respond to any we receive professionally and within ten working days.

The Parliamentary and Health Service Ombudsman (PHSO) is responsible for investigating formal complaints made by the public against Government Departments. The data in Table 5 is taken from the latest available PHSO annual analysis of the complaints it received about HSE during 2012/13⁷⁰.

61 data.gov.uk/dataset/financial-transactions-data-dwp-hse

62 data.gov.uk/dataset/gpc-financial-transactions-over-500-hse

63 www.gov.uk/contracts-finder

64 www.hse.gov.uk/enforce/prosecutions.htm

65 www.hse.gov.uk/statistics

66 www.hse.gov.uk/statistics/adhoc-analysis/index.htm

67 www.hse.gov.uk/fee-for-intervention/ffi-invoices-oct12-jan14.pdf

68 data.gov.uk/feeds/custom.atom?unpublished=true&q=HSE

69 This data relates to the number of FOI requests received between 1 April 2013 to 31 March 2014, whereas the latest data published by Ministry of Justice, at www.gov.uk/government/collections/government-foi-statistics, is recorded by calendar year

70 http://www.ombudsman.org.uk/__data/assets/excel_doc/0005/21893/Parliamentary-statistics.xls

Table 5: Complaints received by the Parliamentary Ombudsman

	HSE Total 2012/13
Complaints received	42
Complaints resolved through intervention	0
Complaints accepted for investigation by the Ombudsman	1
Investigated complaints reported on by the Ombudsman	0
Investigated complaints reported on: fully upheld	-
Investigated complaints reported on: partly upheld	-
Investigated complaints reported on: not upheld	-

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;
- ◆ the Scottish and Welsh administrations etc;
- ◆ HSE's co-regulators in LAs, the Environment Agency and Scottish Environmental Protection Agency; and
- ◆ the wider health and safety system, including employers, trades associations, 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 sectors⁷¹. 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, community and human rights 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 27). For example, the HSE impact assessment into the proposed amendment to COMAH, to align the thresholds for Heavy Fuel Oil with those for Petroleum Products, considered the potential wider impacts and concluded that there would not be any loss in environmental protection.

⁷¹ Sector strategies are available to download at <http://www.hse.gov.uk/aboutus/strategiesandplans/sector-strategies/index.htm>

Administrative apprenticeship programme

HSE is now in its third year of employing apprentices – a key element of the Government's *Get Britain working* initiative, designed to provide real work opportunities for unemployed people. During 2013/14 we recruited 24 apprentices, with 85% going on to find employment or entering further/higher education.

The programme has been a success in providing quality development opportunities for individuals. Building on this success, we are currently recruiting a further tranche of apprentices, who will undertake a variety of administrative roles across HSE's business.

Volunteering in the local community

A wide range of employees across HSE are involved in voluntary activities. For example, during 2013 a group of employees from HSE's Bootle headquarters responded to a local primary school's request for volunteers to work with their pupils to help them improve their reading ability. Initial indications are that the children have benefited greatly from working with their adult helpers. Following the success of the pilot exercise which ran during the summer term, the scheme was extended to the autumn term.

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 2013/14 HSE reduced the amount of space we occupy by a further 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 50–54) for further information.

Sustainable procurement

Sustainability impact assessments of key suppliers are undertaken by HSE every three years. Their purpose is to assess supplier commitments to implementing sustainable development policies and management systems (including meeting environmental and corporate social responsibility targets). The next exercise is planned for September 2014.

Increasing commercial opportunities for Small, Medium Enterprises (SMEs)

To stimulate further SME engagement, HSE looked to see how it could split its requirement for technical support into lots that mirrored the technical disciplines in which support would be required. It considered submissions that bid for multiple lots, single lots and, in some niche areas, specific aspects of a single lot. 31 of the 52 bidders were SMEs and of the 28 bidders appointed to HSE's new technical support framework, 14 were SMEs.

Sustainability Report

The following Sustainability Report⁷² 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 6: Greenhouse gas (GHG) emissions^{73 74 75}

	2013/14	2012/13	2011/12	Graphical analysis
Non-financial indicators (tCO ₂ e)	Scope 1 emissions			<p>Total emissions (tCO₂e)</p> <p>Travel emissions (tCO₂e)</p>
	Gas	2 748.55	2 929.15	
	Fugitive emissions	88.00	95.35	59.07
	HSE & HSL owned vehicles	389.99	314.00	446.26
	Total scope 1 (tCO₂e)	3 226.54	3 338.50	3 291.99
	Scope 2 emissions			
	Electricity: brown	2 333.09	2 694.76	3 191.60
	Electricity: green	4 202.45	4 239.05	4 571.96
	Electricity: CHP	343.08	342.30	408.88
	Total scope 2 (tCO₂e)	6 878.62	7 276.11	8 172.44
	Scope 3 emissions			
	Grey fleet	1 246.77	1 234.00	1 457.32
	Car hire	320.00	351.00	366.77
	Air	463.83	494.21	513.67
	Rail	266.50	287.90	302.29
	Total scope 3 (tCO₂e)	2 297.10	2 367.11	2 640.05
	Total scope 1, 2 & 3 emissions			
	Total emissions (tCO₂e)	12 402.26	12 981.72	14 104.48
Related energy consumption (kWh)	Scope 1			
	Gas (Kilowatt hour (kWh))	14 937 789	15 815 276	14 957 933
	Scope 2 (kWh)			
	Electricity: brown	4 483 530	5 178 552	5 882 042
	Electricity: green	8 075 891	8 146 226	8 426 024
	Electricity: CHP	659 305	657 808	753 553
	Total electricity (kWh)	13 218 726	13 982 586	15 061 619

72 The Sustainability Report has been prepared in accordance with guidelines laid down by HM Treasury in *Public sector annual report – sustainability reporting*

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

74 Emissions are not weather corrected

75 The 2011/12 data has been restated due to the recalculation by HSE's laboratory (HSL)

Table 6: Greenhouse gas (GHG) emissions

	2013/14	2012/13	2011/12	Graphical analysis
Financial indicators (£)	Scope 1 & 2 (£)			<p>Energy (tCO₂e)</p> <p>10000 8000 6000 4000 2000 0</p> <p>2011/12 2012/13 2013/14</p> <p>■ Electricity ■ Gas</p>
	Gas	555 452	603 133	
	Electricity	1 515 256	1 499 196	
	HSE & HSL owned vehicles	345 407	301 047	
	Carbon reduction commitment allowances	108 792	116 592	
	Total scope 1 & 2 (£)	2 524 907	2 519 968	
	Scope 3 (£)			
	Grey fleet	1 761 578	1 707 970	
	Car hire	300 468	302 400	
	Air/rail	2 091 326	2 116 571	
	Total scope 3 (£)	4 153 372	4 126 941	
Normalised performance	Performance			
	Travel normalisation per full-time equivalent (FTE) (tCO ₂ e)	0.74	0.84	0.95
	Electricity normalisation per FTE (kWh)	4647	4 814	5 163
	Gas normalisation per FTE (kWh)	5251	5 589	5 127
	Travel normalisation per FTE (£)	1242	1 387	1 492
	Electricity normalisation per FTE (£)	533	516	535
	Gas normalisation per FTE (£)	195	213	181
	Electricity normalisation kWh per net internal area (m ²)	188	195	202
	Gas normalisation kWh per net internal area (m ²)	213	221	201

Performance commentary**GGC targets**

Reduce Greenhouse Gas Emissions by 25% by 2015 from a 2009/10 baseline 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 an 8% reduction in Greenhouse Gas Emissions compared to last year and a 22% cumulative reduction since 2009/10.

Following a change of travel contractor, management information relating to the number of flights is presented in a different format and as a result it is not possible to undertake an accurate like for like comparison with the baseline flights' figure. However, the amount of CO₂ emissions from domestic business travel has reduced by 19.5% compared with the 2009/10 baseline.

Actions taken by HSE to reduce Greenhouse Gas Emissions include:

- ◆ LED lighting has been installed in properties in Aberdeen and 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;
- ◆ Display Energy Certificates (DECs) are displayed where required. Since January 2013 smaller properties of 500m² have a DEC demonstrating to staff the energy efficiency of their building and encouraging positive behavioural changes;
- ◆ 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 2012/13 report and has registered for Phase 2 of the CRC scheme.
- ◆ Crown Commercial Services negotiated with electricity framework suppliers (British Gas and EDF) that all electricity supplied by them to HSE and HSL since 1st April 2014 is “green” (i.e. from renewable and low carbon sources – supported by appropriate Levy Exemption Certificates);
- ◆ We successfully negotiated with the landlord of HSE’s Bootle headquarters to install a new upgraded Building Management System (BMS) in February 2014. The new system will save approximately £18 000 per year in energy costs.
- ◆ Following HSE’s transferral to a new IT provider (see page 40), energy savings are expected to materialise in 2014/15 as a result of IT energy efficiencies being implemented over the next two years.

Table 7: Waste minimisation and management

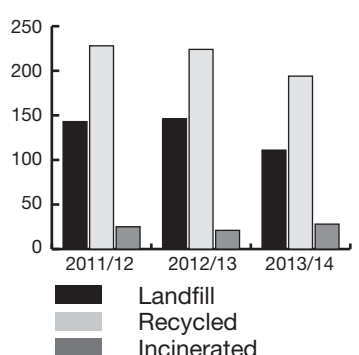
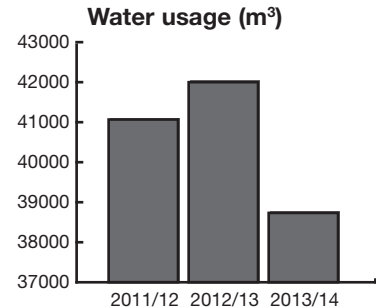
		2013/14	2012/13	2011/12	Waste volumes and disposal routes (t) 
Non-financial indicator	Waste to landfill (tonnes (t))	110.64	146.02	143.06	
	Waste recycled/re-used (t)	193.86	224.15	228.67	
	Waste incinerated (t)	28.00	21.45	25.00	
	Total waste (t)	332.50	391.62	396.73	
	Waste normalisation per FTE (t)	0.12	0.14	0.14	
Financial indicators <p>Waste removal is one of a 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 reader as the target is to reduce the quantity of waste, not the cost of waste removal.</p>					
Performance commentary <i>GGC targets</i> <p>Reduce the amount of waste we generate by 25% by 2014-2015 baseline of 623 tonnes.</p>				<i>Progress towards target</i> <p>Waste has reduced by 15% this year and overall by 46% since 2009/10.</p>	
Actions taken by HSE to reduce waste include:					
<ul style="list-style-type: none">◆ Continuing work with our Facilities Management teams to increase the number of commodities that can be recycled by for example:<ul style="list-style-type: none">◆ 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; and◆ All printers are set to a default to double-sided printing.					

Table 8: Finite resource consumption

		2013/14	2012/13	2011/12
Non-financial indicators(m³)	Water consumption (supplied)	38 815	42 065	41 167
Water normalisation (m³) per FTE		14	15	15
Financial indicators (£)	Water supply costs	184 230	204 043	155 064
	Paper costs	83 753	95 303	97 664

Water usage (m³)



Year	Water usage (m³)
2011/12	41 000
2012/13	42 000
2013/14	38 500

The above water usage and costs include HSE offices/warehouse and HSL offices/laboratories (including the consumption of the water used in HSL’s daily business of experimental activities).

Performance commentary

GGC targets

Reduce water consumption from a 2009/10 baseline of 48 904 m³, and report on office water use against best practice benchmarks ie:

- ◆ ≥6 m³ water consumption per FTE poor practice;
- ◆ 4 m³ to 6 m³ per FTE good practice;
- ◆ ≤4 m³ per FTE best practice; and
- ◆ % offices meeting best/good/poor practice benchmark.

Progress towards target

Total water used, including HSL’s usage in experiments:

There has been a 8% reduction in water usage this year. Overall water consumption has reduced by 20% since 2009/10.

Water used in HSE offices:

Of the seven offices in scope (which excludes HSE’s warehouse and HSL), two offices with a water meter have achieved the good practice benchmark during 2013/14.

The remaining five offices have a water consumption level above the poor practice benchmark; high water usage is currently under investigation.

Paper usage:

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

HSE paper usage reduced by 19% in 2013/14 against the 2009/10 baseline.

Biodiversity Adaptation Plan

HSE is not required to have a Biodiversity Adaptation Plan because the majority of its locations are within city centres. HSL has a Biodiversity Adaptation Plan, details of which can be found in their Annual Report on HSL's website at www.hsl.gov.uk.

Notes to the Sustainability Report

Utility data provided:

- ◆ Excludes ten properties where HSE is a minor occupier in another government department's premises – HSE's emissions will be included in their Annual Report and Accounts;
- ◆ Includes ONR and HSL. Whilst HSL was exempted from the GGC targets in 2012/13 it is still required to report its environmental impact. Hence its data continues to be reflected within HSE's outturns and targets in order to retain consistency in approach to reporting performance against the 2009/10 baselines;
- ◆ Includes usage from 16 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 is not directly billed for the usage nor make payment to the supplier (percentage of 2013/14 data that has been estimated: gas 6%; electricity 2%; water 10% and waste 11% – 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.

**Kevin Myers**

Acting Chief Executive
Health and Safety Executive
Accounting Officer
3 June 2014

Directors' Report

Composition of HSE's Board

The names of the Board members are reported in the Remuneration Report (page 63) and the Governance Statement (page 76). As at 31 March 2014, the Board comprised seven male and four female members.

Managing conflicts of interest

Paragraphs 3.2.1 and 3.2.2 of the Governance Statement (page 77) refer.

Pension liabilities

Details of pension costs etc are contained in Note 1(24) and Note 2 to HSE's Accounts and in the Remuneration Report.

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 or support priority operational work.

Staffing

Table 9: Total HSE (including HSL and ONR) staff in post by full-time equivalents (FTE) and occupational group

Occupational group	1 April 2014 (excludes ONR ⁷⁶)	31 March 2014 (includes ONR)	31 March 2013	31 March 2012
Frontline staff (of which are frontline inspectors) ⁷⁷	1 059 (981)	1 294 (1 216)	1 322 (1 241)	1 381 (1 302)
Inspectors working in functions other than frontline	70	102	126	130
Other professional or specialist staff	1 111	1 260	1 268	1 282
Other staff (of which are apprentices ⁷⁸)	381 (3)	425 (3)	459	462
Contingent labour ⁷⁹	0	0	8	33
Total staff ⁸⁰	2 621	3 081	3 183	3 288 ⁸¹

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 are required to publish information in relation to the number of off-payroll engagements.

Tables 10–12 indicate the number of off-payroll arrangements HSE has had in place.

Table 10: For all off-payroll engagements as of 31 March 2014, for more than £220 per day and that last for longer than six months

	Number
Number of existing engagements as of 31 March 2014	0
Of which:	
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

76 ONR became an statutory public corporation on 1 April 2014

77 Frontline staff comprises operational and other health and safety inspectors fulfilling frontline roles, and visiting officers who support inspectors in the delivery of key health and safety messages

78 The total number of apprentices employed within HSE during 2013/14 can be found on page 49

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

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

81 15 FTEs from the Department of Transport's Radioactive Materials Transport Team transferred to ONR in October 2011

Table 11: For all new off-payroll engagements, or those that reached six months in duration between 1 April 2013 and 31 March 2014, for more than £220 per day and that last for longer than six months

	<i>Number</i>
Number of new engagements, or those that reached six months duration between 1 April 2013 and 31 March 2014	0
Number of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	0
Number for whom assurance has been requested	0
Of which:	
Number for who assurance has been received	0
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	0

Table 12: For any off-payroll engagement of board members, and/or, senior officials with significant financial responsibility, between 1 April 2013 and 31 March 2014.

	<i>Number</i>
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0 ⁸²
Number of individuals that have been deemed board members, and/or, senior officials with significant financial responsibility, during the financial year. This figure should include both off-payroll and on-payroll engagements.	5 ⁸³

Equality and diversity

HSE's Dignity at Work statement is that we are committed to providing equal opportunities for all, irrespective of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (this includes ethnic or national origins, colour and nationality), religion or belief, sex, sexual orientation or working patterns. All HSE policies for the recruitment, retention and development of staff aim to create an inclusive culture in which this diversity is fully valued. Progress against our action plan is monitored by senior management, trade unions and four diversity networks, through HSE's Diversity Steering Group. We demonstrate our commitment to the Public Sector Equality Duty by publishing statistics and text on our website⁸⁴.

Disabled people are employed across all grades within HSE offices with diversity incorporated through all training, career development and management processes. Occupational health is a key tool in supporting those with long terms conditions and disability in the workplace.

82 As disclosed in the Remuneration Report, Board Member 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. It is not paid direct to him and as such has not been disclosed here

83 The five individuals comprise the Chief Executive (Accounting Officer), Deputy Chief Executive, Director of Finance, Planning and Procurement, and the Chief Executives of HSL and ONR respectively

84 www.hse.gov.uk/aboutus/reports/1314/diversity.htm

HSE's diversity survey statistics for staff in post are published on our website www.hse.gov.uk/aboutus/reports/diversity.htm and include the gender statistics for Senior Civil Servants. As at 31 March 2014, the Senior Management Team consisted of 8 male and 2 female members.

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:

- ◆ supported the Civil Service Capabilities plan and its four priority areas as well as several cross-government leadership/development programmes;
- ◆ continued to support the professional development of inspectors, through the Postgraduate Diploma in Regulatory Occupational Health and Safety and provision of technical and legal courses;
- ◆ developed and introduced a Regulators Training Programme for new regulatory/specialist inspectors leading to a Diploma in Occupational Health and Safety;
- ◆ continued to improve the capability of HSE staff by promoting the self-assessment competency toolkit, encouraging staff to take their 5 days mandatory learning and organising bespoke training events, including Personal Resilience during Change; and
- ◆ ensured our commitment in using Civil Service Learning (CSL) to make best use of the opportunities available through the CSL website portal, offering a supply of high quality, cost-effective generic learning and development across the Civil Service as a whole.

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 the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 1995 remains at a low level, with two reports submitted for the period.

We have seen an increase in the number of work-related ill health cases which we are addressing.

Our incident data shows that accidents resulting in minor injuries which are not reportable under the regulations have decreased significantly in comparison to previous report years. We have also seen an increase in the number of near miss reports, which we see as an indicator of our positive health and safety culture.

Table 13: Health and safety incidents in HSE during 2013/14

<i>Category</i>	<i>Target</i>	<i>Reported incidents in 2013/14</i>	<i>Reported incidents in 2012/13</i>	<i>Reported incidents in 2011/12</i>
Number of work-related incidents leading to major injuries over-7-day absences, including:	<5	1	1	0
Work-related slip or trip incidents leading to major injuries or over-7-day absences	<3	1	1	0
Work-related road traffic incidents leading to major injuries or over-7-day absences	<3	0	0	0
Number of work-related ill health incidents, including:	<50	68	33	54
Display screen equipment (DSE) related ill health	<20	16	9	25
Work-related stress (WRS) ill health	<20	45	19	20

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; and
- ◆ HSE participation in the annual, Civil Service-wide staff engagement survey, which revealed a slight decrease in our engagement level from 51% in 2012 to 50% in 2013. The survey results and next steps have been communicated to all staff and trade unions and a series of presentations provided to senior managers to help action planning on issues identified in the survey. The 'Engage' programme has been developed to respond to the survey along with other civil service and organisation priorities. It focuses on four priority areas: strengthening leadership, improving management capability, building high performance teams and building better tools for the job.

Sickness absence

The figure for annual working days lost to 31 March 2014 is 6.4 days per FTE: a decrease from 6.8 in 2012/13 and slightly higher than HSE's target for 2013/14 of 6.24. The 2013/14 civil service-wide average (provisional) is 7.4 days.

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 2013/14.

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.

Significant lapses of protective security

There were no significant lapses recorded during 2013/14.

HSE continues to take action throughout the year to manage information assurance risks, including:

- ◆ An extensive internal communications programme for all staff to prepare for the introduction of the new Government Security Classifications scheme in April 2014;
- ◆ All staff were required to complete the Responsibility for information e-learning programme;
- ◆ HSE carried out an assessment of our status against the *10 steps to cyber security guidance* produced by the Department for Business Innovation and Skills, Government Communications Headquarters and the Centre for the Protection of National Infrastructure. Overall, HSE manages cyber risks effectively and proportionately and in line with government standards; and
- ◆ HSE achieved formal accreditation as a Public Service Network compliant organisation in November 2013.

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; and
- ◆ Regular meetings of the Information Asset Owners Forum.

Significant events which have occurred since the end of the financial year

Note 22 of the Accounts refers.

Future developments

HSE Triennial Review

On 9 January DWP published the outcome of its Triennial Review of HSE conducted by Martin Temple, Chair of EEF, the manufacturers' organisation. The Review, a requirement for all arms-length bodies, was undertaken for the purposes of examining HSE's status as a public body, the delivery of its functions and its governance arrangements.

The Review⁸⁵ concluded that all of HSE's functions remain necessary and that HSE should continue to operate as an executive Non-Departmental Public Body (NDPB). The review also reported near universal praise for the work of HSE from the many stakeholders who responded.

85 www.gov.uk/government/publications/triennial-review-report-health-and-safety-executive-2014?ebul=gd-foodrink&cr=9/Feb14

The report identified a number of areas where there is scope for innovation and change to ensure that HSE continues to operate efficiently and effectively in the 21st century. Recommendations were made in relation to:

- ◆ Funding and income;
- ◆ Pace, efficiency and effectiveness of delivery;
- ◆ Commercial options;
- ◆ Relationships with other regulators; and
- ◆ Corporate Governance.

Following the Government's response to the recommendations, anticipated in summer 2014, we will be focussed on implementing the recommendations and identifying other opportunities which will direct HSE's next Business Plan.

External auditors

HSE's financial statements have been audited under Schedule 2 paragraphs 14(2) and 20 of the Health and Safety at Work etc Act 1974 by the Comptroller and Auditor General, whose certificate and report appear on pages 87-88. The cost of audit work was £127 000, which related solely to audit services.

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.



Kevin Myers

Acting Chief Executive
Health and Safety Executive
Accounting Officer
3 June 2014

Remuneration Report

Management

The Chair was appointed for a period of five years in October 2007. The contract was 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 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 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 specify the circumstances when appointments may be made otherwise. 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.

Details of the service contract for Board members who have served during the year, and the Chief Executive, are as shown in Table 14. In respect of 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.

Table 14: Service contract (this information is subject to audit)

<i>Name</i>	<i>Date of contract</i>	<i>Unexpired term as at 31 March 2014</i>	<i>Notice period</i>
Board members			
Judith Hackitt CBE	1 October 2012	1 year 6 months	N/A
Nick Baldwin	4 April 2011	See note ⁸⁶	N/A
Isobel Garner	1 April 2012	1 year	N/A
David Gartside	1 April 2014	6 months	N/A
Paul Kenny	1 October 2013	2 years 6 months	N/A
Frances Outram	1 October 2013	2 years 6 months	N/A
Howard Shiplee	13 August 2012	Left 30 April 2013	N/A
Professor Richard Taylor	1 April 2014	6 months	N/A
Sarah Veale CBE	1 October 2012	1 year 6 months	N/A
Jonathan Baume	1 April 2013	2 years	N/A
George Brechin	1 April 2013	2 years	N/A
John Morgan	1 May 2013	2 years	N/A
Chief Executive			
Geoffrey Podger CB	25 November 2010	Left 31 August 2013	13 weeks
Kevin Myers (Acting Chief Executive)	1 September 2013	Open ended	N/A

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 (page 76).

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.

⁸⁶ From 1 April 2014 Nick Baldwin will be attending the HSE Board under Schedule 12, Section 15(4) of the Energy Act 2013

Table 15: Remuneration (this information is subject to audit)**Single total figure of remuneration**

	<i>Salary (£'000)</i>		<i>Bonus payments (£'000)</i>		<i>Taxable expenses and other benefits in kind to nearest £100</i>		<i>Pension benefits (£'000)</i>		<i>Total excluding pension benefits (£'000)</i>	
	2013-14	<i>2012-13</i>	2013-14	<i>2012-13</i>	2013-14	<i>2012-13</i>	2013-14	<i>2012-13</i>	2013-14	<i>2012-13</i>
Chief Executive and Deputy Chief Executive										
Geoffrey Podger CB ⁸⁷ (Chief Executive to 31 August 2013)	90-95 (170-175 full year equivalent (FYE))	170-175	-	10-15	10 300	28 400	(25-30)	0-5	100-105	210-215
Kevin Myers (Deputy Chief Executive to 31 August 2013. Acting Chief Executive from 1 September 2013)	130-135	120-125	10-15	5-10	21 900	31 300	80-85	0-5	165-170	160-165
Gordon MacDonald ⁸⁸ (Deputy CE from 1 September 2013 to 14 March 2014)	55-60 (100-105 FYE)	-	-	-	-	-	110-115	-	55-60	-
David Ashton (Deputy CE from 10 March 2014)	5-10 (100-105 FYE)	-	-	-	-	-	(10-15)	-	5-10	-

87 Geoffrey Podger left HSE on 31 August 2013 and his salary includes payment of £19,322 in lieu of untaken annual leave

88 Gordon MacDonald's salary includes payment of £1 579 in lieu of untaken annual leave

Single total figure of remuneration

	Salary (£'000)		Bonus payments (£'000)		Taxable expenses and other benefits in kind to nearest £100		Pension benefits (£'000)		Total excluding pension benefits (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Judith Hackitt CBE	115-120	115-120	5-10	5-10	800	200	-	-	125-130	125-30
Nick Baldwin ⁸⁹	55-60	55-60	-	-	5 900	7 700	-	-	60-65	65-70
Robin Dahlberg	-	15-20	-	-	-	500	-	-	-	15-20
Isobel Garner	15-20	15-20	-	-	300	700	-	-	15-20	15-20
David Gartside	15-20	15-20	-	-	600	500	-	-	15-20	15-20
Paul Kenny ⁹⁰	15-20	15-20	-	-	-	-	-	-	15-20	15-20
Frances Outram	15-20	15-20	-	-	1 600	1 600	-	-	15-20	15-20
Hugh Robertson	-	15-20	-	-	-	-	-	-	-	15-20
Howard Shiplee ⁹¹	0-5	5-10 (15-20 FYE)	-	-	-	-	-	-	0-5	5-10
Elizabeth Snape MBE ⁹²	-	5-10 (15-20 FYE)	-	-	-	900	-	-	-	10-15
John Spanswick CBE ⁹³	-	0-5 (15- 20 FYE)	-	-	-	-	-	-	-	0-5
Professor Richard Taylor	15-20	15-20	-	-	500	1 300	-	-	15-20	15-20
Sarah Veale CBE ⁹⁴	15-20	5-10 (15-20 FYE)	-	-	400	-	-	-	15-20	5-10
Jonathan Baume ⁹⁵	15-20	-	-	-	1 400	-	-	-	15-20	-
George Brechin OBE ⁹⁶	15-20	-	-	-	900	-	-	-	15-20	-
John Morgan ⁹⁷	10-15	-	-	-	200	-	-	-	10-15	-

89 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

90 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 2014 was £16 781

91 Howard Shiplee's appointment ended 30 April 2013

92 Elizabeth Snape's appointment ended 30 September 2012

93 John Spanswick's appointment ended 30 April 2012

94 Sarah Veale's appointment commenced 1 October 2012

95 Jonathan Baume's appointment commenced 1 April 2013

96 George Brechin's appointment commenced 1 April 2013

97 John Morgan's appointment commenced 1 May 2013

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 15.

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 Acting Chief Executive also includes £1 200 in respect of his use of HSE's private vehicle user scheme.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 are based on 2012-13 performance and comparative bonuses for 2012-13 are based on 2011-12 performance.

Pay multiples

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 2013-14 was £165-170 000 (2012-13, £210-215 000). This was 4.3 times (2012-13, 5.5) the median remuneration of the workforce, which was £38 500 (2012-13, £38 512).

The ratio between the highest earner and median remuneration of the workforce in 2013-14 was 4.3, compared to 5.5 in 2012-13. The actual median remuneration has been broadly similar across the two years and the reduction in ratio is due to the departure of HSE's Chief Executive on 31 August 2013 who was previously the highest earner.

In 2013-14, 0 (2012-13, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £17 103 to £167 500 (2012-13, £17 103-£212 500).

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

Pension benefits

Table 16: Pension benefits – Chair, Chief Executive and Deputy (this information is subject to audit)

	<i>Accrued pension at pension age as at 31/3/14 and related lump sum</i> £'000	<i>Real increase in pension and related lump sum at pension age</i> £'000	<i>CETV⁹⁸ at 31/03/14</i> £'000	<i>CETV at 31/03/13</i> £'000	<i>Real increase in CETV</i> £'000	<i>Employer contribution to partnership pension account</i> Nearest £100
Judith Hackitt CBE	-	-	-	-	-	29 200
Geoffrey Podger CB	80-85 plus lump sum of 250-255	0-2.5 plus lump sum of 0-2.5	1 920	1 924	2	-
Kevin Myers	60-65 plus lump sum of 190-195	2-5.5 plus lump sum of 12.5-15	1 419	1 252	81	-
Gordon MacDonald	25-30 plus lump sum of 85-90	5-7.5 plus lump sum of 15-17.5	590	460	98	-
David Ashton	50-55 plus lump sum of 95-100	(0-2.5) plus lump sum of (2.5-5)	1 068	1 015	(13)	-

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 Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2014. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service.

Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is 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 centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

Cash Equivalent Transfer Values

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 buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV 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 £7 509 (2012-13, £7 159) were paid to the independent members of the Audit Committee as shown in Table 17.

Table 17: Honoraria and expenses paid to independent members of the Audit Committee

	2013-14 Total honoraria and expenses £'000	2012-13 Total honoraria and expenses £'000
Graham Aitken	4	4
Kash Pandya	4	4


Kevin Myers

Acting Chief Executive
Health and Safety Executive
Accounting Officer
3 June 2014

Statement of the Executive's and the Acting 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 Acting 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.

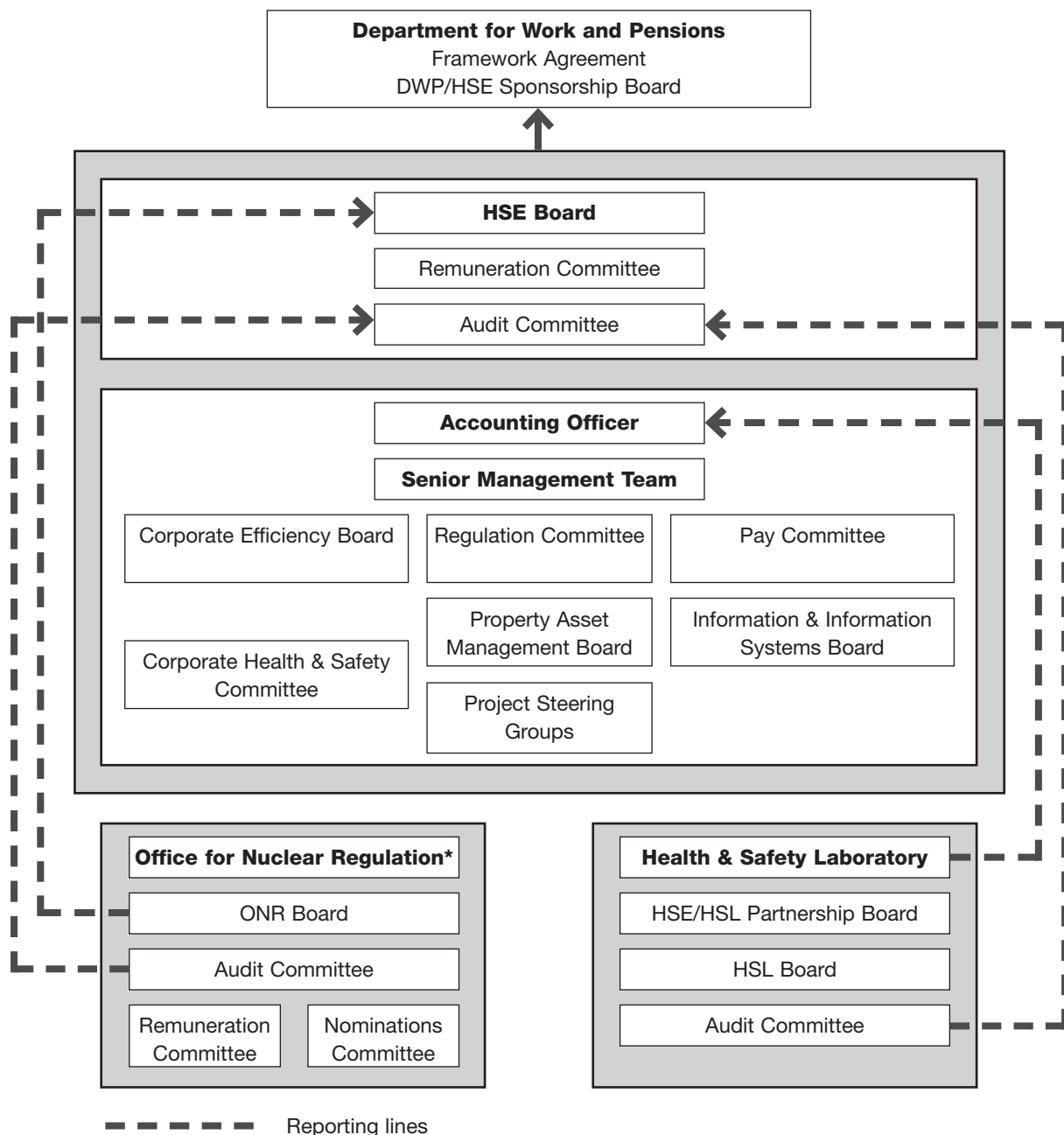
Governance Statement

71

1 Introduction

- 1.1 The Governance Statement provides an overview of the current arrangements for the stewardship of HSE, the systems of internal control employed and the key risks HSE faced in 2013/14 and their management.
- 1.2 The recent Triennial Review of HSE included scrutiny of most of the arrangements set out in this Statement. The Review found they satisfactorily met Government-set principles for governance. The related conclusions are considered further in paragraph 2.2.

2 HSE's governance framework



* ONR became a statutory public corporation on 1 April 2014

2.1 Departmental oversight by the Department for Work and Pensions (DWP)

- 2.1.1 HSE is primarily accountable to 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 which can be found at www.hse.gov.uk/aboutus/howwework/management/dwphse.pdf.
- 2.1.2 DWP formally exercises its sponsorship role of HSE through quarterly meetings of a Sponsorship Board at which senior officials from both bodies review HSE's operational and financial performance, key risks and emerging issues. Additionally, HSE submits monthly data to DWP on its 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 Meetings also take place between the Minister with responsibility for oversight of HSE and the Chair and Chief Executive.

2.2 Triennial Review of HSE: Governance

- 2.2.1 The Triennial Review of HSE included a review of the governance arrangements set out in Figure 12 which underpin the framework illustrated above. The Review concluded that HSE is satisfactorily achieving compliance against governance principles as set out within the *Corporate Governance in Central Government Departments: Code of Good Practice* (referred to as the Code of Practice). Further details are provided in section 6 of this statement. Notwithstanding, the review made recommendations to further strengthen specific aspects of governance which are currently being considered. These areas included:
- ◆ Maximising commercial potential by exploring opportunities to deliver functions in new and innovative ways – the outcomes of which may impact existing governance arrangements;
 - ◆ Updating the Framework Document with DWP to ensure it reflects the current working arrangements;
 - ◆ Reviewing and refreshing of the HSE Board's remit in light of other changes recommended in the review;
 - ◆ Developing a matrix of desirable skills/competence and required experience/background for Board members based on the refreshed remit;
 - ◆ Reducing the number of specified Board members if an appropriate balance of skills/competence and experience/background against the refreshed remit cannot be achieved.
- 2.2.2 HSE ensures its governance arrangements are routinely kept under review and updated consistent with good practice. This work will be given added impetus by the Triennial Review's recommendations.

2.3 Governance within HSE

- 2.3.1 Figure 12 summarises how governance within HSE currently operates.

Figure 12: How HSE governance operates

Corporate governance	Operational governance
<p>The HSE Board – Primary purpose is to:</p> <ul style="list-style-type: none"> i) Provide strategic clarity – set 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; 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; iii) Formulate advice to Ministers on specific policies, policy proposals, regulations and submitting proposals for the making of regulations; iv) Consider the health and safety performance in Great Britain and within specific sectors, occupations and processes and the effectiveness and efficiency of HSE's interventions; 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; and vi) Support the Accounting Officer in his obligation to ensure the proper conduct of the business. <p>The Chair and members are all non-executive directors, appointed by the Secretary of State and are drawn from a wide range of backgrounds, skills and expertise. Further details about the board members can be located at www.hse.gov.uk/aboutus/hseboard/index.htm.</p> <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 as much of its business in public as is possible. Agendas, papers and minutes of public Board meetings are available at http://www.hse.gov.uk/aboutus/meetings/hseboard/hseboard/2013index.htm.</p> <p>The Board's role 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>Accounting Officer (AO) – 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. Geoffrey Podger's term as Chief Executive ended on 31 August 2013. Whilst a permanent replacement is found, Kevin Myers is Acting Chief Executive.</p> <p>Senior Management Team – Chaired by HSE's Chief Executive. Its membership can be viewed at www.hse.gov.uk/aboutus/hseboard/index.htm. 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>Corporate Efficiency Board – Considers all significant expenditure cases and ensures compliance with government spending controls.</p> <p>It comprises the Chief Executive (Chair), Deputy Chief Executive, Director of Finance and Director of Human Resources (HR).</p> <p>Corporate Health and Safety Committee – Promotes the safety and well-being of our employees, contractors and visitors.</p> <p>It comprises HSE's Deputy Chief Executive (Chair), the Director of HR, HSL's Chief Executive and three other senior officials from its operational directorates and Business Services Division, a senior official from ONR and TU-side representatives.</p> <p>Information and Information Systems Governance Group – Drives implementation of HSE's Information and Information Systems Strategy.</p> <p>It comprises HSE's Deputy Chief Executive (Chair), members of its SMT from operational, policy and finance directorates, its Head of Business Services Division and ONR's Deputy Chief Executive.</p> <p>Pay Committee – Determines pay strategy for senior civil servants, other than the Chief Executive and Deputy Chief Executive.</p> <p>It comprises HSE's Chief Executive, Deputy Chief Executive, Director of HR and an independent board member.</p>

Corporate governance

Audit Committee – met four times in 2013/14. It 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, effective governance, overseeing the work of internal and external audit and considering the minutes and reports from the HSL and ONR Audit Committees.

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.

HSE's Accounting Officer, Director of Finance and Head of Internal Audit and representatives from DWP and NAO routinely attend meetings.

Remuneration Committee – 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.

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).

Operational governance

Property Asset Management Board – Responsible for developing and overseeing the delivery of HSE's Estates Strategy.

It comprises HSE's Deputy Chief Executive (Chair), the Directors of Field Operations, Finance, and HR and other senior officials.

Project Steering Groups – In place for significant projects to provide appropriate direction, consider key risks, and monitor progress.

Regulation Committee – Provides oversight to work relating to the continuing delivery of the Löfstedt recommendations, Red Tape Challenge and regulatory reviews.

It comprises HSE's Chief Executive (Chair), the Deputy Chief Executive and other SMT members/senior officials from its policy, operations, legal and communications directorates/divisions.

2.4 Governance of the Office for Nuclear Regulation (ONR) and the Health and Safety Laboratory (HSL)

2.4.1 Figure 13 includes a summary of the key elements of the respective 2013/14 governance arrangements HSE had with ONR and continues to have with HSL as an in-house agency of HSE.

Office for Nuclear Regulation

2.4.2 From 1 April 2014, ONR ceased to be an in-house agency of HSE, becoming a statutory public corporation sponsored directly by DWP. This ended HSE's Accounting Officer's oversight of ONR's accounting and governance arrangements and therefore the Framework Agreement between the two organisations is no longer required.

2.4.3 ONR's status change to a separate legal entity followed a period of managed transition during which HSE assisted it to develop and introduce an appropriate parallel, shadow governance structure and arrangements designed to meet HM Treasury and Cabinet Office requirements. The principal features of these arrangements are included in Figure 13.

2.4.4 Post 1 April 2014, ONR's Chair continues as an ex-officio member of the HSE Board. Likewise, an HSE non-executive director retains a seat on the ONR Board – reflecting the continuing benefits of effective liaison at the strategic level during the post-vesting period.

2.4.5 Service Management Agreements between HSE and ONR came into force on 1 April 2014. These agreements set out the arrangements for the provision of services from HSE to ONR and vice versa. These are to be managed largely at the operational level and reflect that while separate bodies, day-to-day working arrangements remain in place.

HSL

- 2.4.6 HSL continues to be a non-statutory, in-house agency of HSE. It 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 NAO.
- 2.4.7 HSL's detailed governance arrangements with HSE are set out in its Framework Agreement at www.hsl.gov.uk/about-hsl/corporate-information.aspx.

Figure 13: How HSE governance operates (HSE's oversight of ONR ceased on 1 April 2014 when it became a separate, statutory public corporation)

<p>ONR Board – 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 eleven times in 2013/14.</p> <p>Up to 31 March 2014, HSE fulfilled its sponsorship of ONR through representation on its Board by a non-executive Board member and HSE's Deputy Chief Executive. From 1 April, post-vesting, only an HSE non-executive Board member will continue to sit on the ONR Board. ONR's Chair will remain an ex-officio member of HSE's Board.</p> <p>ONR Audit Committee – Comprises a non-executive Chairman and three other non-executive directors, one of which is an independent member. The Committee met five times in 2013/14 after which it submitted its report to the ONR Board. All minutes of the ONR Audit Committee were considered by the HSE Audit Committee. ONR representatives also attend the HSE Audit Committee. The Deputy Chief Executive, who is also the Executive Director of Finance and Corporate Resources and the Head of Internal Audit also attend the meetings.</p> <p>ONR Nominations Committee – comprises a non-executive Chair and two other non-executive director members. It met three times in 2013/14 and submitted its report to the ONR Board and to the HSE Remuneration Committee.</p> <p>ONR Remuneration Committee – comprises the Chair of ONR, who chairs the Committee and three other non-executive director members. It met four times in 2013/14 and submitted its report to the ONR Board and to the HSE Remuneration Committee.</p>	<p>HSE/L Partnership Board – Comprises the Chief Executives of HSE and HSL, HSL's non-executive Board members and other HSE/L senior officials.</p> <p>It met twice in 2013/14 to:</p> <ul style="list-style-type: none"> i) consider and agree HSL's corporate strategy, associated plans and corporate governance arrangements; ii) monitor HSL's performance against its five-year plan and annual budget; and iii) consider any emerging risks and their control. <p>HSE's Chief Executive reports to HSE's Board on HSL's performance.</p> <p>HSL Board – met 11 times in 2013/14. 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 up to 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>The Chief Executive of HSL is also a member of HSE's Senior Management Team.</p> <p>HSL Audit Committee – Comprises the four non-executive directors and its Chief Executive in his role as HSL's Accounting Officer. HSE's Head of Internal Audit attends all meetings.</p> <p>The Committee met three times in 2013/14, 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>
---	---

- 2.4.8 It should be noted that HSL's Board will cease in its current form on 30 September 2014 when its current non-executive directors cease to be advisors to HSL's Chief Executive and Accounting Officer and the duties of the Board will be subsumed within alternative governance arrangements within HSE. Discussions on the future governance arrangements for HSL are underway, but no decisions have yet been reached.

3 HSE Board attendance

3.1.1 Figure 14 sets out the number of meetings the HSE Board and its principal committees held during 2013/14 and individual attendance by Board and committee members at these meetings.

Figure 14: Board and Committee attendance – 2013/14

<i>Name</i>	<i>Board</i>		<i>Audit Committee</i>		<i>Remuneration Committee</i>	
	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>
Chair Judith Hackitt CBE	10	10	-	-	2 (C)	2
David Gartside	10	10	4 (C)	4	-	-
Paul Kenny	10	8	-	-	-	-
Frances Outram	10	9	4	4	2	2
Jonathan Baume ⁹⁹	10	9	-	-	-	-
John Morgan ¹⁰⁰	9	8	-	-	-	-
George Brechin OBE ¹⁰¹	10	10	-	-	-	-
Howard Shiplee ¹⁰²	1	1	-	-	-	-
Professor Richard Taylor	10	10	-	-	-	-
Sarah Veale CBE	10	9	-	-	-	-
Isobel Garner	10	10	-	-	2	2
Nick Baldwin Ex-officio member/Chair of ONR	10	9	-	-	-	-
Independent members						
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.

⁹⁹ Jonathan Baume's appointment commenced on 1 April 2013

¹⁰⁰ John Morgan's appointment commenced on 1 May 2013

¹⁰¹ George Brechin's appointment commenced on 1 April 2013

¹⁰² Howard Shiplee's appointment ended on 30 April 2013

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 interests¹⁰³. 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, 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 2013/14.

4 **What has the HSE Board and its Committees done during the year?**

4.1 **HSE Board**

- 4.1.1 The HSE Board's work in 2013/14 has focused broadly on four key areas:

- i) Continuing oversight of 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 governance of HSE including ensuring the resources available to HSE were deployed in accordance with HSE's Business Plan 2012–15 and that progress in delivering the plan was on track and associated risks managed effectively; and
- iv) Overseeing both HSE's contribution to the Triennial Review and the proposed actions to take forward the HSE-led recommendations.

Simplification of the regulatory framework

- 4.1.2 A key part of the Board's activity in 2013/14 continued to be oversight of and driving forward the programme of significant regulatory reform arising from the 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 focussed on making it easier for businesses to both understand and comply with the law without reducing the protection of workers and the public. Examples in 2013/14 include:

- ◆ Overseeing timely progress towards the consolidation of sectoral health and safety regulations including mines', Genetically Modified Organisms (GMO), petroleum and biocides to come into force during 2014;
- ◆ Making recommendations to the Minister on the exemption from the provisions of the HSWA of certain self-employed persons whose work activities pose no risk to themselves, other workers or members of the public;

103 www.hse.gov.uk/aboutus/hseboard/biographies/board.htm

- ◆ Approving further revision, consolidation, withdrawal or otherwise of Approved Codes of Practice (ACOPS) – by March 2014 nineteen ACOPs had been reviewed of which five were revised and re-published, five withdrawn and nine consolidated into three; and
- ◆ Overseeing the implementation of the approved Local Authority National Code that sets a consistent standard for prioritised and targeted inspections.

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 improving health and safety performance. During 2013/14, the Board's actions included:

- ◆ Guiding and reviewing the intervention approaches used by HSE – for example within higher risk sectors by reviewing HSE's regulation of the construction industry; considering the challenges and plans to mitigate the impact of resourcing pressures in the offshore sector; and reviewing the continuing effectiveness of regulation of new energy sectors;
- ◆ Initiating follow up of the stakeholder event in 2012/13 to discuss and develop new and innovative ways to tackle occupational health issues by reviewing current activity and future plans; and
- ◆ Operating the Myth Busters Panel for those who wished to challenge claims made about health and safety requirements by non-regulators and reporting findings on HSE's website.

Maintaining good governance

4.1.4 The Board continued to exercise appropriate oversight of HSE's governance arrangements including, where appropriate, seeking improvement consistent with published good practice. Actions taken in 2013/14 included:

- ◆ Ensuring the operation of the Board was in accordance with good governance principles as outlined in the HM Treasury Code of Corporate Governance – confirmed as part of the Triennial Review of HSE (see section 6 of this statement);
- ◆ Reviewing and confirming the direction for HSE as outlined in the updated HSE Business Plan 2012–15;
- ◆ Ensuring the continued 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 and challenging operational performance and risks to delivery on a quarterly basis, ensuring that key activities and milestones were on track as specified in the Board's 2012–15 Business Plan and, if not, what action was being taken; and
- ◆ Exercising oversight of the lead-in to the vesting of ONR as a separate legal entity by, amongst other actions, seeking assurances from the HSE Audit Committee that the legislative, financial/accounting, governance and other relevant preparatory work was on track; extending the tenure of the Chair of ONR on to the HSE Board as an ex-officio member; including ONR matters as a standing item at HSE Board meetings; and committing an HSE Board member and HSE's Deputy Chief Executive to attend ONR Board meetings.

Overseeing HSE's contribution to its Triennial Review and implementation of relevant recommendations

4.1.5 In supporting, contributing to and taking forward the recommendations arising from the Review (see section 2.2 and section 5 of this Statement) the Board:

- ◆ Considered the Review's proposed terms of reference and proposed process and offered constructive feedback;
- ◆ Contributed to the review of HSE's evidence provided to the Review Team and oversaw the timely submission of accurate information to inform the Team's work;
- ◆ Met with the Review Team, as required; and
- ◆ Provided leadership in overseeing the initial production of a plan to progress actions recommended by the Review.

4.2 HSE Audit Committee

4.2.1 On behalf of the Board and to advise the Accounting Officer, the Audit Committee:

- ◆ Promotes the highest standards of propriety in the use of public funds and encourages accountability for the use of those funds;
- ◆ Improves the quality of financial reporting and promotes a climate of financial discipline and control;
- ◆ Promotes the development of internal control systems, including sensible business risk management; and
- ◆ Promotes value for money within HSE.

4.2.2 During 2013/14, its work included:

- ◆ Reviewing its terms of reference to ensure it operated in accordance with the principles laid down both in HM Treasury's *Audit Committee Handbook* and *Managing Public Money*;
- ◆ Examining and reviewing the management of the most significant risks facing the organisation and reviewing and challenging assurances in relation to the implementation of key projects e.g. *FFI*, *Shared Services* etc. In addition, the Audit Committee commenced a series of reviews of risk management within HSE's Directorates;
- ◆ Developing closer working relationships with the ONR and HSL Audit Committees to ensure appropriate oversight and exchange of information from both perspectives particularly in preparation for ONR's vesting as a separate legal entity;
- ◆ Routinely reviewing HSE and ONR's progress to improve the standard of information assurance and security, including reviewing reported security and IT security incidents;
- ◆ Considering the scope of, and receiving reports from external and internal audit on the major findings from their work, including monitoring the implementation of recommendations;
- ◆ Ensuring the quality of internal audit is maintained following the transfer of HSE Internal Audit to DWP;
- ◆ Considering the draft and final governance statements, advising the Accounting Officer of any further disclosures as necessary; and
- ◆ Recommending the financial statements for signature by the Accounting Officer.

4.3 Remuneration Committee

4.3.1 The Remuneration Committee met during 2013/14 to ensure that:

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

4.3.2 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 (or its sub-committee, the Regulation Committee) and any resource or financial implications must be cleared by HSE's Director of Finance and Planning.

4.4.3 Performance-related data provided to the Board continues to be extracted from HSE's in-house operational systems. The HSE-based 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 Up to 30 June 2013, financial/resources data was provided through our corporate accounting system with assurance gained through the activity described above. With the transfer to a shared services provider on 1 July, financial/resourcing data was provided by DWP; and subsequently, from 1 November 2013, by the Independent Shared Service Centre (ISSC). The assurances provided are included in section 8.3 of this statement.

4.4.5 The Board has not raised any concerns about the quality of the information it receives. However, it has requested that where possible more timely information is provided to the Board – for example in relation to HSE's financial position.

5 Ensuring the effectiveness of the HSE Board

5.1 Board effectiveness

5.1.1 The HSE Board reviews its skills and effectiveness annually. As part of its remit (see section 2.2) the Triennial Review's examination of governance arrangements included the role and remit of the Board, and the range of skills amongst Board members. The Review found that the Board was adequately fulfilling its role and made three specific recommendations regarding its remit, the skills and competencies required of its members and its constitution. HSE is working with DWP to take forward the recommendations with the aim that the work will complete in early 2014/15.

5.1.2 Subsequently DWP has carried out an independent review of the HSE Board members' skills and competencies, with Board members engaged in the process. The findings of DWP's work will be reviewed in 2014/15.

5.2 Audit Committee effectiveness

- 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.

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 Annually, HSE has undertaken reviews 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. It remains HSE's view that it complies fully with those elements of the Code of Practice as they are applicable to ALBs.
- 6.3 This view is supported by the recent independent Triennial Review of HSE which found that HSE's Governance arrangements satisfactorily achieved compliance against Government principles i.e. the Code of Practice (see section 2.2). Any actions taken forward relating to the further refinement of HSE's governance arrangements arising from the Review will be highlighted in the 2014/15 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, including HSL and ONR 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 it 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, consider any potential emerging risks and to agree expected risk ratings

given the overall direction of travel of each risk and the effectiveness of respective control measures.

- 7.2.2 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, HSE's Audit Committee is responsible for monitoring the management of risk, including the adequacy of the corporate risk register, and providing assurance to the HSE Board on the effectiveness of the organisation's risk management processes e.g. the Audit Committee has commenced a programme of more detailed reviews of Directorate risk management processes.
- 7.2.4 The Board also scrutinises and challenges management of 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 change in 2013/14 – a position confirmed in the Triennial Review which concluded that all of HSE's functions remained necessary.
- 7.3.2 Following publication of the Review's report, the Minister for Disabled People announced a wish for HSE to build on its well-deserved reputation to make more progress in growing its commercial income and realise HSE's potential as a world leader in providing health and safety advice. Such work may result in a different risk profile for the organisation which will be considered and managed appropriately as this work develops.
- 7.3.3 As such, the current risk profile of HSE remains comparable to previous years – both in terms of the risks facing the organisation and the severity of those risks, particularly in undertaking its regulatory role. 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.
- 7.3.4 2013/14 like previous years has continued to be challenging, in terms of delivering an extensive programme of work, as documented in the Annual Report whilst effectively managing our available resources. In particular:

continuing to deliver an extensive programme of regulatory reform (see 4.1.2) within challenging timescales.

- ◆ To mitigate this risk, HSE put in place effective project management practices, including plans with clear accountabilities and milestones for delivery and routine monitoring through regular checkpoint meetings.
- ◆ Oversight is provided by the HSE Regulation Committee supplemented by routine reporting of progress to the SMT, Board, Department and Minister, which also included DWP's Structural Reform Plan/Coalition Priorities updates on the Number 10 website. Delivery has remained on track as indicated in the DWP progress report published in November 2013¹⁰⁴.

¹⁰⁴ www.gov.uk/government/uploads/system/uploads/attachment_data/file/262703/improving-health-and-safety-progress-report-november-2013.pdf

- ◆ In addition, a follow up internal audit in 2013/14 did not identify any significant issues.

continuing to manage the reduction in HSE's grant-in-aid

- ◆ Through a structured programme of cost-reduction and efficiency measures, HSE is seeking to achieve the necessary budget reductions and more effective ways of working that allow it to protect, so far as possible, its frontline activities around regulation of major hazard sites and those premises which represent higher risks to workers and members of the public.
- ◆ HSE's financial strategy, so far, has delivered the required savings with the expectation that it will continue to across the remainder of the Spending Review period to March 2015. With regard to the strategy's efficiency savings, the key development in 2013 was HSE's transition to a shared service arrangement for the delivery of its transactional HR, finance and procurement functions. Whilst generally working well, there remain some issues with the reporting functionality within the new system which are being addressed.

HSE's workforce is unable to meet future business needs

- ◆ Recruitment to specialist inspector disciplines and their retention in post remains challenging – particularly in high hazard sectors where there exists strong competition for such expertise.
- ◆ To mitigate this risk, HSE is not only seeking to review our approach to recruiting staff with scarce skills – with the aim of improving how we attract such candidates and retaining them once recruited, but is also undertaking a wider, more strategic review of our approach in such sectors. For example, through the sector strategies, HSE is promoting the significant role that effective and strong leadership plays within major hazard sectors in the management of health and safety risks. In addition, HSE is undertaking a fundamental review of how and where it intervenes, ensuring that resources it has are used in the most effective way. In relation to the offshore sector, this approach was endorsed by the HSE Board at its January 2014 meeting.

possible disengagement of HSE staff due to internal and external factors which could impact on performance.

- ◆ During the year an extensive programme of visits by SMT members and consultation on the results of the People Survey 2013 were carried out across all HSE offices. Key issues have been incorporated into what is a wider 'Engage' programme with four priority outcomes: Strengthening Leadership, Improving Management Capability, Building High Performance Teams and Developing Tools for the Job. SMT and SCS action groups have been established to develop the actions and measures for each priority area. Work is also underway to engage staff in the programme.

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; and
- ◆ Assurance received from the Audit Committee.

8 Sources of assurance to support the Governance Statement

8.1 Assurance obtained from Internal Audit, External Audit and other reviews

- 8.1.1 Internal Audit provision to HSE is provided by DWP. Internal Audit considers the adequacy of HSE's (including ONR) system of governance, risk management and internal control and if required, within its reports, highlights recommendations for improvement.
- 8.1.2 In 2013/14 HSE Internal Audit has considered a wide range of areas across HSE and ONR, including risk management, key financial systems, people-related processes including sickness absence and engagement, information security, management of key corporate projects including Shared Services, Fee for Intervention and ONR vesting and areas susceptible to fraud in accordance with their internal audit plan, which was approved by the Audit Committee.
- 8.1.3 Of the reviews undertaken in 2013/14, all except one received an assurance level of adequate or higher. In relation to the one audit (Communications within ONR) which received an unacceptable assurance rating, the Head of Internal Audit is assured by progress that has been made to address the issues identified.
- 8.1.4 In addition, the annual report of the Head of Internal Audit, which was considered by the Audit Committee at its April 2014 meeting, indicates that HSE has adequate systems of governance, risk management and control in place that provide reasonable assurance regarding the effective and efficient achievement of its objectives.
- 8.1.5 Within HSL, the internal audit function is supplied by a private sector firm. The Head of Internal Audit's Annual Report for 2013/14 was considered by the HSL Audit Committee at its meeting in March 2014. It confirms that HSL's system of internal control fully met their expectations, and on the basis of their selective testing of key controls, the Head of Internal Audit concluded that these controls were generally operating effectively for the period under review.
- 8.1.6 The National Audit Office has produced their 'Report to those charged with governance' on completion of their audit of the 2013/14 financial statements. No significant areas of weakness were reported.
- 8.1.7 Positive assurance has also been taken from the DWP progress report in relation to implementation of health and safety reforms which was published in November 2013.
- 8.1.8 In 2012/13, HSE participated in the HM Treasury-led review of the quality assurance of analytical models. As a result, in 2013/14, HSE developed a process and guidance to identify, capture, maintain oversight and retire business critical analytical models. Data captured for each model includes the assurance methodologies used and the name of the Senior Responsible Owner. An appropriate frequency to review existing models and publish the related guidance is being actioned.

8.2 Assurance provided by HSE's Senior Management Team

- 8.2.1 At the end of the financial year, all members of the SMT and the Chief Executive of ONR 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.
- 8.2.2 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.
- 8.2.3 Geoffrey Podger's term as Chief Executive ended on 31 August 2013 and, whilst a permanent replacement is found, I am Acting Chief Executive and Accounting Officer. For the period prior to my appointment, I was Deputy Chief Executive (DCE) of HSE and had been for a number of years. As DCE, I was a member of the key decision making group within HSE (see Figure 12) and as a result, together with the specific handover meetings I held with the previous Chief Executive, I am assured as to the adequacy of the risk management and internal control arrangements in place prior to September 2013.

8.3 Assurance provided by Shared Services Connected Ltd (SSCL) in respect of provision of financial, HR and procurement services

- 8.3.1 SSCL assumed responsibility on 1 November 2013 for the delivery of the transactional financial, HR and procurement services to HSE previously delivered by DWP.
- 8.3.2 HSE has received a letter of assurance from the Cabinet Office Accounting Officer, whose Department is the Framework Authority for SSCL. The letter covers areas in the SSCL Framework Agreement such as the extent to which the Department has:
- ◆ Carried out its duties and obligations under the Framework Agreement in accordance with its terms; and that it has exercised, and continues to exercise, reasonable skill, care and diligence in the performance of those duties and obligations;
 - ◆ Monitored SSCL's compliance with its obligations under the Framework Agreement and has notified HSE of any issues that may have an adverse material impact on the Call-Off Agreement; and
 - ◆ Sufficient, appropriately skilled and experienced resource to enable it to comply with its obligations under the Framework Agreement.
- 8.3.3 The Cabinet Office Shared Services Audit Committee undertook a review of the evidence provided by the Crown Oversight Function, SSCL management, SSCL's independent auditors, the cross-departmental internal audit service, and the NAO. In summary, the conclusion is that reasonable assurance can be given for the whole of the financial year 2013-14.

8.4 Assurance received from the HSE Audit Committee

- 8.4.1 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, invited representatives to the HSE Committee meetings when appropriate, and at its June 2014 meeting, considered their respective annual reports.

- 8.4.2 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.
- 8.4.3 At its June 2014 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.

9 Significant control challenges faced by HSE

- 9.1 Based on the evaluation as described in section 8, above, it is the opinion of the Accounting Officer that there are no issues brought forward from 2012/13, nor any additional control challenges other than those incorporated within the Governance Statement, which require further disclosure within the Governance Statement.



Kevin Myers

Acting Chief Executive
Health and Safety Executive
Accounting Officer
3 June 2014

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 2014 under the 1974 Health and Safety at Work etc Act. 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 Board, Acting Chief Executive and auditor

As explained more fully in the Statement of the Executive's and the Acting Chief Executive's responsibilities, the Acting Chief Executive as the 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 1974 Health and Safety at Work etc Act. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 2014 and of the net operating cost for the year then ended; and
- ◆ the financial statements have been properly prepared in accordance with the 1974 Health and Safety at Work etc Act and Secretary of State 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 Secretary of State directions made under the 1974 Health and Safety at Work etc Act; and
- ◆ the information given in the Management Commentary section of the Annual Report, 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

5 June 2014

Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

89

	Notes	2013/14 £'000	2012/13 £'000
Administration costs			
Staff costs	2	39 247	39 208
Other administration costs	3	84 900	84 027
Operating income	5	(20 532)	(18 111)
EU income	5	(209)	(293)
Net administration costs		103 406	104 831
Programme costs			
Staff costs	2	133 616	132 762
Programme costs	4	21 155	20 213
Programme income	5	(104 106)	(97 985)
EU income	5	(208)	(603)
Net programme costs		50 457	54 387
Net operating cost for the year ended 31 March 2014		153 863	159 218
Other comprehensive expenditure:			
Net (gain)/loss on revaluation of property, plant and equipment	6, 3	(2 110)	(205)
Actuarial (gain)/loss on pension	11c	107	10
Comprehensive net expenditure for the year ended 31 March 2014		151 860	159 023

All income and expenditure is derived from continuing operations
The Notes on pages 93–123 form part of these accounts

Statement of Financial Position as at 31 March 2014

	Notes	31 March 2014 £'000	31 March 2013 £'000
Non-current assets			
Property, plant and equipment	6(a)	93 212	92 691
Intangible assets	6(b)	1 321	1 710
Trade and other receivables due after more than one year	8	140	122
Total non-current assets		94 673	94 523
Current assets			
Inventories	7	877	1 101
Trade and other receivables	8	43 840	40 629
Cash and cash equivalents	9	1	1
Total current assets		44 718	41 731
Total assets		139 391	136 254
Current liabilities			
Trade and other payables	10	(34 113)	(31 285)
Provisions	11	(10)	(149)
Total current liabilities		(34 123)	(31 434)
Non-current assets plus net current assets		105 268	104 820
Non-current liabilities			
Other payables	10	(102 290)	(104 319)
Pension liabilities	11	(1 352)	(1 272)
Total non-current liabilities		(103 642)	(105 591)
Assets less liabilities		1 626	(771)
Taxpayers' equity			
General fund		(9 127)	(9 514)
Revaluation reserve		10 753	8 743
Total taxpayers' equity		1 626	(771)

The Notes on pages 93–123 form part of these accounts



Kevin Myers
Acting Chief Executive
Health and Safety Executive
Accounting Officer
3 June 2014



David Gartside
Chair to the Audit Committee
Health and Safety Executive

3 June 2014

Statement of Cash Flows for the year ended 31 March 2014

	Notes	2013/14 £'000	2012/13 £'000
Cash flows from operating activities			
Net operating cost		(153 863)	(159 218)
Adjustments for non-cash transactions	3 and 4	8 816	7 004
(Increase)/decrease in trade and other receivables	8	(3 229)	(2 620)
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		(1 481)	(228)
(Increase)/decrease in inventories	7	224	(486)
Increase/(decrease) in trade payables	10	4 967	(2 264)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		1 636	1 214
Use of provisions	11	(230)	(584)
Net cash outflow from operating activities		(143 160)	(157 182)
Cash flows from investing activities			
Purchase of property, plant and equipment	6a (e)	(5 285)	(6 440)
Purchase of intangible assets	6b (a)	(435)	(892)
Proceeds of disposal of property, plant and equipment		328	219
Net cash outflow from investing activities		(5 392)	(7 113)
Cash flows from financing activities			
Funding from DWP		154 268	161 239
Capital element of payments in respect of finance leases and on-statement of financial position PFI contracts	10	(1 548)	(1 430)
Net financing		152 720	159 809
Net increase/(decrease) in cash and cash equivalents in the period	9	4 168	(4 486)
Cash and cash equivalents at the beginning of the period	9	(4 529)	(43)
Cash and cash equivalents at the end of the period	9	(361)	(4 529)

The Notes on pages 93–123 form part of these accounts

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2014

92

	Notes	(a) General Fund £'000	(b) Revaluation Reserve £'000	Total reserves £'000
Balance at 31 March 2012		(11 762)	8 543	(3 219)
Funding from DWP		161 239	–	161 239
Comprehensive expenditure for the year		(159 023)	–	(159 023)
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
Balance at 31 March 2013		(9 514)	8 743	(771)
Funding from DWP		154 268	–	154 268
Comprehensive net expenditure for the year		(151 860)	–	(151 860)
Movements in reserves:				
Additions – Actuarial gain/(loss) on pension	11c	(107)	–	(107)
– Net gain/(loss) on revaluation	6	–	2 110	2 110
Recognised in Statement of Comprehensive Net Expenditure		(2 003)	(11)	(2 014)
Transfer between reserves		89	(89)	–
Balance at 31 March 2014		(9 127)	10 753	(1 626)

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

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

The Notes on pages 93–123 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 2013-14 Government Financial Reporting Manual (FReM) (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 Acting 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.

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 2014, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the FReM. This includes the following adaptations effective from 1 April 2013:

IAS 1 Presentation of Financial Statements has been amended, requiring items of Other Comprehensive Income to be grouped on the basis of whether they might at some point be reclassified ('recycled') from OCI to profit (e.g. cash flow hedges) or where they will not (e.g. gains on property revaluation). The changes have been interpreted for terminology and adapted for the public sector context, requiring a single Statement of Comprehensive Net Expenditure rather than a separate statement of Other Comprehensive Expenditure. There is therefore no impact upon HSE.

IAS 19 Employee Benefits has been amended in respect of post employment benefits. The impact upon HSE is limited to modifications to the accounting for termination benefits, including the distinction between benefits provided in exchange for service and benefits provided in exchange for the termination of employment.

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 by HSE. An assessment will be undertaken to consider the impact of these standards on HSE.

Periods commencing on or after 1 January 2014

- ◆ *IFRS 10 (Consolidated Financial Statements); IFRS 11 (Joint Arrangements); IFRS 12 (Disclosure of Interests in other entities); IAS 27 (Separate Financial Statements); and IAS 28 (Investments in Associates and Joint Ventures).* These new and amended standards affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities. Accounting boundaries are adapted in the FReM so that the Westminster departmental accounting boundary is based on Office for National Statistics control criteria, as designated by HM Treasury. This is not expected to impact on HSE.
- ◆ *IFRS 13 Fair Value Measurement* (deferred from 2013-14). This standard is intended to improve consistency and reduce complexity, but its application is subject to further review by HM Treasury and the other Relevant Authorities following consultation which took place in 2013.

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 funding received by the Health and Safety Executive from DWP for the financial year 2013-14 was £154 268 000 (2012-13 – £161 239 000).

The funding 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. The policy in relation to employee pensions is disclosed at Note 2.

IAS 19 requires HSE to determine the short term employee benefit liability for employee leave. HSE calculates annual leave balances using an estimate of the amount of annual and flexi-leave that staff have accumulated 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 IAS 18 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 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 Redgrave Court and the freehold property at Carlisle as at 31st December 2013. Jones Lang LaSalle professionally revalued all land and building assets on the HSL Buxton site as at 31st March 2010. 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 are not depreciated until the asset is brought into use.

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 10 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 and other payables 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 (discount rates issued by HMT in March 2014 – see PES (2013) 07, -1.9% (short term), -0.65% (medium term) and 2.2% (long term). 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 1.8% (2012-13 2.35%) 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 dependants' 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.

Previous Chairs of the Health and Safety Commission 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 (GAD) 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.

When GAD value the liability at the end of the reporting period, HSE assess whether it is necessary to ask GAD to undertake a sensitivity analysis for each significant actuarial assumption. This assessment is informed by GAD and is based upon a consideration of how significantly the defined benefit obligation could have been affected by changes in the relevant actuarial assumption.

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>		2013/14		<i>2012/13 Restated¹⁰⁵</i>
	<i>Permanently employed staff</i>	<i>Others</i>	<i>Total</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Wages and salaries	133 825	344	134 169	133 415
Employers' National Insurance	11 827	11	11 838	11 794
Superannuation and pension costs	26 833	23	26 856	26 742
Lump sum exit costs	–	–	–	19
Total (as reported in the SoCNE)	172 485	378	172 863	171 970
Less recoveries in respect of outward secondments	(106)	–	(106)	(241)
Total net costs	172 379	378	172 757	171 729

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).

For 2013-14, employers' contributions of £26.7 million were payable to the PCSPS (2012-13 £26.5 million) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £99 558 were paid to one or more of the 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 £796, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £9 769. Contributions prepaid at that date were £nil.

In 2013-14 two people retired early on ill-health grounds (2012-13 – five people); the total additional accrued pension liabilities in the year amounted to £5 480 (2012-13 – £6 315). These liabilities are not the responsibility of HSE but are to be paid by the PCSPS.

¹⁰⁵ Wages and salaries have been restated to present recoveries in respect of outward secondments as a deduction.

(b) Average number of persons employed

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

		2013/14	2012/13
Permanent staff	Other	Total	Total
3 121	11	3 132	3 236

2.1 Exit packages

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where HSE has agreed early retirements, the additional costs are met by HSE and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme. There have been no compulsory redundancies in either 2013-14 or 2012-13. There have been no other departures where staff have been compensated for loss of office in 2013-14 (2012-13 one individual at a total resource cost of £52,153).

3 Other administrative costs

	2013/14 £'000	2012/13 £'000
Rentals under operating leases	4 490	4 968
PFI service charges¹⁰⁶		
ICT and IS	1 804	10 856
Accommodation	8 864	8 964
PFI Interest charges	8 636	8 755
Auditor's remuneration – Statutory Audit	127	125
Non-cash items		
Depreciation and amortisation of non-current assets	7 268	7 189
Impairment of non-current assets	12	–
Loss on disposal of non-current assets	195	129
Accommodation	10 529	11 693
Travel and subsistence	1 451	1 394
IT service costs¹⁰⁷	6 400	–
IT expenditure¹⁰⁸	11 549	6 970
Legal costs	8 265	8 609
Staff development and training	344	205
Consultants' fees	17	20
Publications	2 971	3 345
Shared Services costs¹⁰⁹	3 050	1 614
HSL sub-contract technical support	2 248	2 251
Scientific equipment (non-capital)	1 725	1 680
Telecoms costs	1 000	1 223
Provisions release	701	1 517
Other expenditure	3 254	2 520
Total administration costs	84 900	84 027

106 The PFI contract with LogicaCMG for the provision of information and communications technology (ICT) and information strategy (IS) ended on 30th June 2013.

107 HSE utilised the Government Procurement Services call-off contract as set out in the IT Managed Services Framework to contract with Steria UK PLC for a period of three years with an extension option up to a maximum of five years.

108 IT expenditure includes the residual project expenditure and planned one-off transformational activity in moving to the Target Operating Model which delivers significantly lower charges over the term of the contract.

109 Shared Services costs include the provision of Finance, HR and Procurement transactional processing and Internal Audit services. Expenditure in 2013-14 includes a charge for these shared services for the period from 1 July 2013 plus the one-off on-boarding cost of the Office for Nuclear Regulation (ONR) in advance of becoming a statutory corporation from 1 April 2014. The comparative figure in 2012-13 represents the HSE on-boarding cost.

4 Other programme costs

	2013/14 £'000	2012/13 £'000
Research and development	3 625	3 207
Nuclear safety studies	2 027	2 888
Travel and subsistence	8 595	8 841
Staff development and training	1 048	1 506
Pesticides – purchase of samples	1 832	1 812
Consultants' fees	72	86
Chemical Regulations testing	928	945
Auditors remuneration – EU audit fee	10	-
Non-cash items		
Deficit on revaluation	-	244
Gain on revaluation	-	(11)
Reversal of previous losses on the revaluation of property	(204)	-
Provisions – provided in year	72	(774)
Impairment of receivables (provision for bad debt)	1 473	227
Early departure liability	20	93
Provisions release	(701)	(1 517)
Other current expenditure	2 358	2 666
Total programme costs	21 155	20 213

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

	2013/14 £'000	2012/13 £'000
Administration income		
Health and Safety Laboratory (HSL) external customers	10 180	8 659
Prosecutions	7 179	7 154
Sale of publications	2 047	1 569
Other sales/income	1 126	729
Operating income	20 532	18 111
EU income (administration)	209	293
Programme income		
Fees and charges (see note 5(ii))	101 954	95 642
Other sales/income	2 152	2 343
	104 106	97 985
EU income (programme)	208	603
Total income	125 055	116 992

(ii) Fees and charges

	2013/14			2012/13		
	Income £'000	Cost £'000	Surplus/ (deficit) £'000	Income £'000	Cost £'000	Surplus/ (deficit) £'000
Licensing of nuclear installations	43 052	43 052	–	40 768	40 768	–
Civil Nuclear Security	5 304	5 304	–	4 543	4 543	–
Generic Design Assessment	2 778	2 778	–	4 324	4 324	–
Biocides and Plant Protection	13 452	13 275	177	12 776	12 470	306
Control of major accident hazards	10 939	12 493	(1 554)	11 534	11 909	(375)
Enforcement of offshore safety legislation	15 746	16 945	(1 199)	16 632	17 435	(803)
Fee for intervention	8 706	9 873	(1 167)	2 836	2 730	106
	99 977	103 720	(3 743)	93 413	94 179	(766)
Other HSE fees and charges	1 977			2 229		
Total fees and charges	101 954			95 642		

6 Property, plant and equipment

(a) Property, plant and equipment by category – 2013/14

2013/14	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 2013	2 547	69 524	19 455	8 350	3 679	17 199	8 898	135	129 787
Reclassifications (cost)	-	-	31	-	-	3	-	(34)	-
Additions in year	11	226	1 599	490	1 297	572	737	486	5 418
Revaluations in year	60	2 451	-	-	-	-	-	-	2 511
Impairments in year	-	-	-	-	-	(182)	-	-	(182)
Disposals during year	-	-	-	(1 559)	(783)	(296)	(995)	-	(3 633)
Balance at 31 March 2014	2 618	72 201	21 085	7 281	4 193	17 296	8 640	587	133 901
Depreciation at 1 April 2013	-	3 789	10 707	4 410	1 668	12 751	3 771	-	37 096
Impairments	-	-	-	-	-	(171)	-	-	(171)
Charge in year	-	1 504	1 564	1 695	454	823	636	-	6 676
Revaluations in year	-	197	-	-	-	-	-	-	197
Disposals during year	-	-	-	(1 554)	(506)	(266)	(783)	-	(3 109)
Accumulated depreciation at 31 March 2014	-	5 490	12 271	4 551	1 616	13 137	3 624	-	40 689
Net book value at 31 March 2014	2 618	66 711	8 814	2 730	2 577	4 159	5 016	587	93 212
Asset financing									
Owned	2 618	4 505	8 814	2 730	2 577	4 159	2 957	587	28 947
On-Statement of Financial Position PFI contracts	-	62 206	-	-	-	-	2 059	-	64 265
Net book value at 31 March 2014	2 618	66 711	8 814	2 730	2 577	4 159	5 016	587	93 212

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)
Balance at 31 March 2013	2 547	69 524	19 455	8 350	3 679	17 199	8 898	135	129 787
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
Net book value at 31 March 2013	2 547	65 735	8 748	3 940	2 011	4 448	5 127	135	92 691
Asset financing									
Owned	2 547	4 450	8 748	2 046	2 011	4 448	2 967	135	27 352
On-Statement of Financial Position PFI contracts	-	61 285	-	1 894	-	-	2 160	-	65 339
Net book value at 31 March 2013	2 547	65 735	8 748	3 940	2 011	4 448	5 127	135	92 691

Land and buildings comprise the following:

	<i>Freeholds</i> <i>£'000</i>	<i>Leaseholds</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Cost or valuation at 1 April 2013	7 784	64 287	72 071
Additions in year	237	-	237
Revaluations in year	245	2 266	2 511
Balance at 31 March 2014	8 266	66 553	74 819
Depreciation at 1 April 2013	787	3 002	3 789
Charge in year	314	1 190	1 504
Revaluations in year	42	155	197
Disposals during year	-	-	-
Accumulated depreciation at 31 March 2014	1 143	4 347	5 490
Net book value at 31 March 2014	7 123	62 206	69 329

- a) Property, plant and equipment are stated at valuation, which is obtained by the use of appropriate indices. However, as permitted by the FReM, the Executive 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. Consequently, 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 £11.55 million (£10.5 million as at 31 March 2013) is significantly lower than the outstanding repayment liability to the contractor (£54.2 million) for the remainder of the 30 year PFI agreement. The construction cost to the contractor was approximately £60 million. The building is situated in an area of social deprivation, which reduces its open market value.

DTZ professionally valued Redgrave Court and the freehold property at Carlisle as at 31 December 2013 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 2014 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). In each case, the valuations were in accordance with the Appraisal and Valuation Standards of 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 £1.436 million. (2012-13: £2.489 million)
- e) Cash Flow reconciliation

	<i>Note</i>	2013/14 £'000	2012/13 £'000
Capital payables and accruals at 1 April	10	305	260
Capital additions	6a	5 418	6 485
Capital payables and accruals at 31 March	10	(438)	(305)
Purchases of property, plant and equipment as per Statement of Cash Flows		5 285	6 440

(b) Intangible assets

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

2013/14	Websites £'000	Purchased software licences £'000	Internally developed software £'000	Payments on account and assets under construction £'000	Total £'000
Cost or valuation at 1 April 2013	148	5 470	73	-	5 691
Additions in year	21	106	-	87	214
Disposals	-	(440)	-	-	(440)
Impairments	-	-	(15)	-	(15)
Balance at 31 March 2014	169	5 136	58	87	5 450
Amortisation at 1 April 2013	125	3 823	33	-	3 981
Charge in year	21	560	10	-	591
Disposals	-	(440)	-	-	(440)
Impairments	-	-	(3)	-	(3)
Accumulated amortisation at 31 March 2014	146	3 943	40	-	4 129
Net book value at 31 March 2014	23	1 193	18	87	1 321

2012/13	Websites £'000	Purchased software licences £'000	Internally developed software £'000	Payments on account and assets under construction £'000	Total £'000
Cost or valuation at 1 April 2012	145	4 459	32	-	4 636
Reclassification	-	-	-	-	-
Additions in year	3	1 019	41	-	1 063
Disposals	-	(8)	-	-	(8)
Impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Balance at 31 March 2013	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)
Impairments	-	-	-	-	-
Reclassification	-	-	-	-	-
Revaluations	-	-	-	-	-
Accumulated amortisation at 31 March 2013	125	3 823	33	-	3 981
Net book value at 31 March 2013	23	1 647	40	-	1 710

a) Cash flow reconciliation

	Note	2013/14 £'000	2012/13 £'000
Capital payables and accruals at 1 April	10	221	50
Capital additions	6b	214	1 063
Capital payables and accruals at 31 March	10	-	(221)
Purchases of intangible assets		435	892

7 Inventories

	31 March 2014 £'000	31 March 2013 £'000
Work in progress	685	650
Finished stock for sale	192	451
Total inventories	877	1 101

8 Trade receivables and other current assets

(a) Analysis by type

Administration receivables

	31 March 2014 £'000	31 March 2013 £'000
Amounts falling due within one year		
Trade receivables	12 455	11 325
Deposits and advances	179	216
Accrued income	26 663	24 140
Prepayments	2 114	2 265
VAT	2 429	2 676
Other receivables	–	7
	43 840	40 629
Amounts falling due after more than one year		
Other prepayments	47	26
Deposits and advances	93	96
	140	122
Total	43 980	40 751

The trade receivables balance at 31 March 2014 is stated net of provision for impairment, which amounts to £2.04 million (31 March 2013: £1.22 million)

(b) Intra-government balances

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

	31 March 2014 <i>Amounts falling due within one year</i> £'000	31 March 2014 <i>Amounts falling due later than one year</i> £'000	31 March 2013 <i>Amounts falling due within one year</i> £'000	31 March 2013 <i>Amounts falling due later than one year</i> £'000
Balances with other central government bodies	4 356	–	8 887	–
Balances with local authorities	137	–	185	–
Balances with NHS trusts	147	–	66	–
Balances with public corporations and trading funds	117	–	148	–
Subtotal: intra-government balances	4 757	–	9 286	–
Balances with bodies external to government	39 083	140	31 343	122
Total receivables at 31 March	43 840	140	40 629	122

9 Cash and cash equivalents

	31 March 2014 £'000	31 March 2013 £'000
Balance at 1 April	(4 529)	(43)
Net change in cash and cash equivalent balances	4 168	(4 486)
Balance at 31 March	(361)	(4 529)
Less bank overdraft reported in trade and other payables	362	4 530
Balance per Statement of Financial Position	1	1
The following balances at 31 March are held at		
Government Banking Services	(362)	(4 530)
Commercial banks and cash in hand	1	1
	(361)	(4 529)

10 Trade and other payables

(a) Analysis by type

	31 March 2014 £'000	31 March 2013 £'000
Amounts falling due within one year		
Taxation and social security	3 455	3 705
Superannuation	2 868	2 766
Trade payables: non-capital	1 317	352
Trade payables: capital	438	526
Other payables	125	140
Accruals and deferred income	23 500	17 196
On-Statement of Financial Position PFI contracts	1 751	1 549
Balance with Government Banking Service	362	4 530
Early Departure liability	297	521
	34 113	31 285
Amounts falling due after more than one year		
Imputed finance lease element of on-Statement of Financial Position PFI contracts	101 819	103 569
Other payables	1	1
Early departure liability	470	749
	102 290	104 319
Total	136 403	135 604

(b) Intra-government balances

	31 March 2014 Amounts falling due within one year £'000	31 March 2014 Amounts falling due later than one year £'000	31 March 2013 Amounts falling due within one year £'000	31 March 2013 Amounts falling due later than one year £'000
Balances with other central government bodies	8 186	-	7 896	-
Balances with local authorities	20	-	69	-
Balances with NHS trusts	248	-	36	-
Balances with public corporations and trading funds	-	-	6	-
Subtotal: intra-government balances	8 454	-	8 007	-
Balances with bodies external to government	25 659	102 290	23 278	104 319
Total trade and other payables at 31 March	34 113	102 290	31 285	104 319

11 Provisions for liabilities and charges

2013/14	Dilapidations £'000	Chair's pension by analogy £'000	Other £'000	Total £'000
Balance at 1 April 2013	78	1 272	71	1 421
Provided in year	11	158	10	179
Provisions not required written back	-	-	(8)	(8)
Utilised in year	(89)	(78)	(63)	(230)
Balance at 31 March 2014	-	1 352	10	1 362

2012/13	Dilapidations £'000	Chair's pension by analogy £'000	Other £'000	Total £'000
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)
Balance at 31 March 2013	78	1 272	71	1 421

Analysis of expected timings of discounted flows

	<i>Dilapidations</i>	<i>Other</i>	<i>Total</i>
Not later than one year	-	10	10
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
Balance at 31 March 2014	-	10	10

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 2014. The results of the actuarial assessment are shown below:

	31 March 2014		31 March 2013	
	£'000	%	£'000	%
Financial assumptions				
The CPI inflation rate assumptions		2.50		1.70
The rate of increase in salaries		4.50		3.95
The rate of increase for pensions in payment and deferred pensions		2.50		1.70
The rate used to discount scheme liabilities		4.35		4.10
Amounts charged to operating costs				
The current service cost (net of employee contributions)	-		-	
Any past service costs	-		-	
Gains and losses on any settlements and curtailments	-		-	
The interest cost	51		60	
Actuarial gains and losses during year ^a				
Experience losses/(gains)	27		(34)	
Effect of changes in assumptions underlying the present value of the scheme's liabilities	80		44	
Total actuarial losses/(gains)	107		10	
Liability				
Actives	-		-	
Deferreds	-		-	
Pensioners and dependent pensioners	1 352		1 272	
Total present value of the scheme liabilities	1 352		1 272	

^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:

	<i>(Gain)/loss £'000</i>
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
Year to 31 March 2014	107
Total actuarial loss	280

HSE complies with IAS 19 and use longevity assumptions based on appropriate life expectancies advised by GAD. We have not undertaken a full sensitivity analysis, as we estimate that effect of small changes in assumptions would be immaterial. The combined effect of a 0.5 per cent reduction in the discount rate together with a one year increase in life expectancy would be an approximate increase of £100,000 to the pension liability.

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

	31 March 2014 £'000	31 March 2013 £'000
Contracted commitments at 31 March not otherwise included in these financial statements		
Property, plant & equipment	855	483
Intangible assets	107	3
	962	486

13 Losses and special payments

	2013/14 No. of cases	2012/13 No. of cases	2013/14 £'000	2012/13 £'000
Administration losses				
Cash losses	50	33	20	5
Claims waived or abandoned	571	167	702	278
Administrative losses	-	-	-	-
Fruitless payments	4	18	1	13
Stocks, stores and obsolete publications	1	6	6	1
Total administration losses	626	224	729	297
Special payments	5	9	91	2
Total losses and special payments	631	233	820	299

Claims waived or abandoned include debts where the company has gone into liquidation or administration. Four cases represent £395k (56%) of the total value in 2013-14.

Special payments made by HSE to staff and members of the public totalled 5 cases during 2013-14 to the value of £90,621 (2012-13 9 cases totalling £1,782)

14 Commitments under non-PFI operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	31 March 2014			31 March 2013 (restated)		
	Land	Buildings	Other	Land	Buildings	Other
	£'000	£'000	£'000	£'000	£'000	£'000
Obligations under the operating leases for the following periods comprise:						
Not later than 1 year	2	2 043	-	47	4 424	1
Later than 1 year and not later than 5 years	-	6 363	-	-	10 082	-
Later than 5 years	-	10 057	-	-	10 926	-
Total committed	2	18 463	-	47	20 407	1

Commitments as at 31 March 2013 have been restated to remove the ancillary payments (rates, service charges and insurance) which are now reported as other financial commitments (Note 16).

15 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's contract with Logica CMG (and Computacenter as the key subcontractor) ended on 3 June 2013. This contract involved the provision of information and communications technology (ICT) and information strategy (IS) service across all HSE sites and to all HSE users. On 3rd June 2013 HSE entered a three year IT services supply contract with Steria UK PLC.

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 £10.7m (2012-13 £19.8m) and the payments to which HSE is committed are as follows:

	31 March 2014	31 March 2013
	£'000	£'000
Not later than one year	9 910	11 477
Later than one year and not later than 5 years	39 637	38 884
Later than 5 years	153 693	165 617
Total committed	203 240	215 978

Total finance lease obligations under On-Statement of Financial Position PFI contract

Total obligations for the following periods comprise:

Gross liabilities	31 March 2014	31 March 2013
	£'000	£'000
Not later than one year	10 256	10 185
Later than one year and not later than 5 years	41 304	41 234
Later than 5 years	173 078	183 404
Total committed	224 638	234 823
Less interest element	(121 068)	(129 705)
Present value of obligations	103 570	105 118

Present value of obligations	31 March 2014	31 March 2013
	£'000	£'000
Not later than one year	1 751	1 549
Later than one year and not later than 5 years	8 928	8 171
Later than 5 years	92 891	95 398
Total present value of obligations	103 570	105 118

16 Other financial commitments

HSE has entered into non-cancellable contracts (which are not leases or PFI contracts) for ancillary services which are provided alongside the rental of buildings. These commitments relate to service charges, insurance and business rates. The payments to which HSE is committed are as follows:

	31 March 2014	31 March 2013
	£'000	£'000
Not later than 1 year	987	1 235
Later than 1 year and not later than 5 years	2 861	3 025
Later than 5 years	3 248	3 561
Total committed	7 096	7 821

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 internal audit services and sharing of 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:

- ◆ Cabinet Office;
- ◆ Crown Prosecution Service;
- ◆ Department for Environment, Food and Rural Affairs; and
- ◆ Treasury Solicitors.

None of the Executive or Non-Executive members, the Acting 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 have received a small number of personal injury claims from employees. It is possible that a payment will be made in three cases but there is significant uncertainty about both the timing and amount.

In April 2013, the Health and Safety Laboratory (HSL) was advised that the European Commission may attempt to recover some funding previously provided for work already undertaken. HSL continues to work with the EC to resolve this matter as HSL disputes both the value and principle of the recovery. It is not possible to adequately determine the timing, likelihood or amount of the potential repayment at this stage.

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 2013-14 was £19 866 (2012-13 – £5 536).

20 Segmental analysis

	2013/14				Total as per Statement of Comprehensive Net Expenditure
	Health & Safety Executive	Health & Safety Laboratory	Office for Nuclear Regulation	Less intercompany transactions	
	£'000	£'000	£'000	£'000	£'000
Admin expenditure	111 971	39 496	10 973	(38 293)	124 147
Programme expenditure	111 207	(45)	43 609	-	154 771
Total expenditure	223 178	39 451	54 582	(38 293)	278 918
Operating income	(19 518)	(39 268)	(39)	38 293	(20 532)
EU income	(225)	(183)	(9)	-	(417)
Programme income	(52 465)	-	(51 641)	-	(104 106)
Total income	(72 208)	(39 451)	(51 689)	38 293	(125 055)
Reportable segment net resources	150 970	-	2 893	-	153 863

Note: Net resources shown for ONR exclude notional costs. Actual non-recoverable expenditure for the year was £3 609k

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

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 is included as a directorate of HSE and has not published separate, audited accounts for 2013-14, but intends to publish a separate Annual Report later in 2014. ONR became a statutory public corporation on 1 April 2014, sponsored directly by DWP. ONR will produce its own financial statements for 2014-15, which will not be consolidated within HSE's. Note 22 and the Governance Statement provide more detail about these arrangements.

Analysis of revenue by major customer

Revenue from HSE's two major customers (2012-13 two), which individually represent over 10% of total revenue is:

	2013/14	2012/13
	£'000	£'000
Customer 1	17 111	20 644
Customer 2	14 027	12 804
The majority of transactions with these bodies were with the Office for Nuclear Regulation		

21 Going concern

The accounts are prepared on a Going Concern basis as there is no reason to believe HSE will not continue in operational existence for the foreseeable future.

22 Events after the reporting period

The Office for Nuclear Regulation (ONR) was formed on 1 April 2011 as an in house agency of the Health and Safety Executive and is responsible for all nuclear sector regulation across the UK. The Energy Bill 2013, which gained Royal Assent on 18 December 2013, established ONR as an statutory public corporation from 1 April 2014. All staff, assets and liabilities which relate to the functions carried out by ONR transferred from HSE to the new body on 1 April 2014.

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 accounting officer authorised these financial statements for issue on 5 June 2014.

