

# PROTECTING PEOPLE AND PLACES



## Health and Safety Executive **Annual Report and Accounts** **2021/22** HC 424





**Health and Safety Executive**

# **Annual Report and Accounts 2021/22**

**For the period 1 April 2021 to 31 March 2022**

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## Contents

### **06 Performance**

#### **06 Overview:**

06 Summary statement from HSE's Chair and Chief Executive

10 Performance overview

22 HSE performance at a glance

#### **24 Performance analysis:**

24 Delivery of our planned milestones

82 Looking forward

82 Sustainable development

### **89 Accountability**

#### **89 Corporate governance report:**

89 The Directors' report

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

92 Governance statement

#### **124 Remuneration and staff report**

#### **155 Parliamentary accountability report**

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

### **169 Financial statements**

174 Notes to the Accounts

## Performance – Overview

### Overview summary

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

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

As HSE we are dedicated to protecting people and places, helping everyone lead safer and healthier lives. For this reason, we have invested time in formulating our ambitious strategy for the next ten years, *Protecting People and Places: HSE strategy 2022 to 2032*.

This reflects our broader role in going beyond worker protection, to include public assurance across a range of health and safety and environmental issues, and ensuring we remain relevant in a changing world of work. The strategy sets the foundations for our future, while building on a very strong record of delivery over the last 12 months.

Our new strategy, mission and vision, and the work we are doing to develop our target operating model and sub-strategies, are explained on pages 72 to 74.

This report reflects some of our key achievements, including delivery of the majority (89%) of the milestones in our 2021/22 Business Plan. This covered a wide range of activities including our contribution to improving health and safety performance and our important role supporting the national response to the COVID-19 pandemic.

The year was not without its challenges. We have a very ambitious change programme which includes the creation of systems and processes for the new Building Safety Regulator within HSE and chemicals, product safety and explosives functions which have been repatriated to the UK from Europe.

Recruiting staff with the right skills has taken longer than we planned and we have work to do to improve delivery planning and financial forecasting, as well as modernising both our IT and digital infrastructure and our regulatory approaches. The work we are doing to manage these risks is set out on pages 104 to 111.

The outcome of the Spending Review 2021 was positive for HSE as we have secured funding to deliver key government priorities. This will allow us to continue the progress we have made during 2021/22 regarding:

- establishing an effective Building Safety Regulator (BSR) for England;
- developing full operating capability for UK chemicals, product safety and civil explosives, post-EU exit;
- supporting the safe transition to a carbon net zero society;
- finalising our research into COVID-19 transmission in the workplace.

We are fair and just when using our legal powers. Inspection and compliance checks help us ensure that serious risks are managed sensibly, and our impact is measured through surveys. When things go wrong, investigation helps us to get to the truth and learn lessons which we share with industry.

We hold employers to account for their failures and secure justice for victims and their families while making people and places safer. Examples of prosecutions which concluded during 2021/22 are included on pages 63 to 68.



These are exciting times for HSE with the launch of our new strategy, together with the growth and investment we have secured for the organisation. While the world and our approach in delivering our strategy will evolve, one thing remains the same – the commitment of those who work for HSE to protect people and places.

We are extremely proud of the way our colleagues continue to adapt and respond to unprecedented challenges, such as those presented by the pandemic, and we are privileged to lead them in delivering our commitments.



**Sarah Newton**  
*Chair*



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

## Performance overview

Our health and safety statistics<sup>1</sup> continue to be a stark reminder of the challenges we face in continuing to improve Britain's performance.

Figure 1 National health and safety statistics 2021/22

<p><b>1.7 million</b></p> <p>Work-related ill health cases (new or long-standing) in 2020/21</p> <p><i>Source: Estimates based on self-reports from the Labour Force Survey, people who worked in the last 12 months</i></p>	<p><b>0.8 million</b></p> <p>Work-related stress, depression or anxiety cases (new or long-standing) in 2020/21</p> <p><i>Source: Estimates based on self-reports from the Labour Force Survey, people who worked in the last 12 months</i></p>	<p><b>0.5 million</b></p> <p>Work-related musculoskeletal disorder cases (new or long-standing) in 2020/21</p> <p><i>Source: Estimates based on self-reports from the Labour Force Survey, people who worked in the last 12 months</i></p>	<p><b>10.6 billion</b></p> <p>Annual costs of new cases of work-related ill health in 2018/19, excluding long-latency illness such as cancer</p> <p><i>Source: Estimates based on HSE Costs to Britain Model</i></p>
<p><b>0.4 million</b></p> <p>Workers sustaining a non-fatal injury in 2020/21</p> <p><i>Source: Estimates based on self-reports from the Labour Force Survey</i></p>	<p><b>51,211</b></p> <p>Non-fatal injuries to employees reported by employers in 2020/21</p> <p><i>Source: RIDDOR</i></p>	<p><b>123</b></p> <p>Workers killed in work-related accidents in 2021/22</p> <p><i>Source: RIDDOR</i></p>	<p><b>5.6 billion</b></p> <p>Annual costs of workplace injury in 2018/19</p> <p><i>Source: Estimates based on HSE Costs to Britain Model</i></p>

1 <https://www.hse.gov.uk/statistics/index.htm>

<p><b>38.8 million</b> Working days lost due to work-related ill health and non-fatal workplace injuries in 2019/20</p> <p><i>Source: Estimates based on self-reports from the Labour Force Survey</i></p>	<p><b>12,000</b> Lung disease deaths each year estimated to be linked to past exposures at work</p> <p><i>Source: Counts from mesothelioma and other death certificates and estimates from epidemiological information</i></p>	<p><b>2,544</b> Mesothelioma deaths in Great Britain in 2020 with a similar number of lung cancer deaths linked to past exposures to asbestos</p> <p><i>Source: Mesothelioma death certificates</i></p>	<p><b>16.2 billion</b> Annual costs of work-related injury and new cases of ill health in 2018/19, excluding long-latency illness such as cancer</p> <p><i>Source: Estimates based on HSE Costs to Britain Model</i></p>
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## Who we are

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

Following the Grenfell Tower tragedy and government’s commitment to reform the building safety system, we are now the Building Safety Regulator in England.<sup>2</sup>

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

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2 Royal Assent was received on 28 April 2022.

## **HSE Board**

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

Further information on the Board can be found in the Governance statement on page 95.

## **Our Executive Management Committee**

Working closely with the HSE Board, senior executives lead HSE and drive its long-term performance. The Executive Management Committee (ExCo) is accountable to the HSE Board for effective day-to-day management of HSE. Further information is included in the Governance statement on page 98.

## **What we do**

Our purpose has always been to prevent work-related death, injury and ill health, with our role broadening over time to encompass public safety assurance on a wide range of issues. These include enabling business, protecting the environment and ensuring critical national infrastructure functions through major hazard permissioning and work on cyber-security.

**Through the Building Safety Regulator (BSR), we will deliver a rigorous and robust regulatory regime to keep people safe in their homes.** We have the policies and structure in place to begin regulating once the legislative requirements in the Building Safety Act 2022 have been fully established.

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

Our priorities for the year were outlined in the 2021/22 HSE Business Plan<sup>3</sup> which was published on 8 June 2021. The plan outlined our key areas of work for 2021/22, reinforcing our existing commitment to the priorities which are set out over the following pages.

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3 [HSE Business Plan 2021/22 \(parliament.uk\)](https://www.parliament.uk/business/committees/committees-a-z/commons-select/hse-committee/evidence/all-evidence/?q=HSE%20Business%20Plan%202021%2F22)

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

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

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

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

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

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

We continue to work closely with local authorities as co-regulators. Our joint Local Authorities/HSE Statement of Commitment sets out the shared vision for the ongoing co-regulatory partnership. This describes how working together – as effective, modern and professional regulators – will secure the positive benefits of world-leading workplace health and safety.

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

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

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

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

We made extensive contributions to the government's fundamental reform of the building safety system following the Grenfell Tower tragedy. We have established an Interim Residents Panel and Interim Competence Committee to support a consistent approach to building safety competence standards. We implemented Gateway reforms for planning applications for higher-risk buildings with HSE operating as a Statutory Consultee.

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



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

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

We continued to deal with the risk of the global COVID-19 pandemic. Some industries and sectors previously considered low-risk in terms of worker protection or public safety were considered potentially higher-risk during the pandemic. In response, we carried out a programme of interventions to check how businesses were implementing measures to reduce transmission of COVID-19. This included virtual inspections (using IT platforms), spot checks carried out by telephone calls, traditional on-site visits and responding to concerns.

Our continued oversight of the chemicals industry made sure the safe and sustainable use of thousands of pesticides and biocides has been maintained. Through our work we continue to reduce the potential harm to people and the environment and to maximise the benefits to ensure essential products remain on the market and can be used safely.

We investigate incidents, causes of ill health and health and safety concerns (complaints), in line with our published selection criteria. In addition to drawing on our science and engineering specialists and facilities to provide forensic analysis, we work with other regulators, the police and local authorities to:

- determine causes;
- learn and share lessons;
- ensure necessary measures are in place to prevent recurrence.

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

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

We use data and evidence to better target our regulatory work, and amplify the outcomes from our frontline inspection, investigation and enforcement activity with modern communication techniques. Our Measuring Strategy<sup>4</sup> helps to make sure that we collect the right information to support a culture of continuous improvement, ensuring that benchmarking and evaluation are built into our approach.

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

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

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

HSE's regulatory approach is to provide assurance that the risks in these high-hazard industry sectors are being properly managed. The approach is described in our Major Hazard Regulatory Model.<sup>5</sup>

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

- confirm dutyholders<sup>6</sup> have properly focused their risk management efforts on major accident hazards, and are controlling risks and complying with the law;
- take proportionate action, including enforcement, to ensure dutyholders make improvements where there is evidence of significant shortfalls in control measures;
- provide advice to the planning system to protect people around major hazard sites, major hazard pipelines and licensed explosives sites.

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

6 Dutyholder: a corporate body or an individual who has legal responsibilities under health and safety legislation

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

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

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

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

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

We have developed our new ten-year strategy because a clear, long-term strategic vision for HSE is critical to ensuring we remain relevant in the changing world of work and our increasing public assurance focus. We have invested in our supporting infrastructure to begin improvements in organisational and network resilience, and provide the platform to enable delivery of more regulatory services in an efficient and effective way.

Our people are at the heart of what we do and the difference we make. We need to continue to make HSE an excellent place to work – building a more diverse and inclusive workplace, where everyone feels valued and is treated with dignity and respect. Our people are

at their best when they can be themselves. HSE is fully engaged with the wider aim of being part of a Brilliant Civil Service which is the UK's most inclusive employer.

We have a continued and rigorous focus on driving efficiency and continuous improvement in delivering our functions to secure a sustainable financial footing for HSE.

## **Performance summary**

This report aligns with our published 2021/22 HSE Business Plan. It is laid out to reflect what we planned to deliver and our progress against those priorities.

This section provides a synopsis of work to support government initiatives in tackling the effects of the COVID-19 pandemic in the workplace and performance against the key strategic themes as outlined in our 2021/22 Business Plan:

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

Further detail is provided in the Performance analysis on pages 24 to 88.

## HSE performance 2021/22 at a glance

<b>£267 million<sup>7</sup></b> Total expenditure for year	<b>£89 million</b> Income and cost recovery	<b>£178 million</b> Government funding
<b>2,717 members of staff</b> (FTE) across various locations in the UK, working both at home and the office throughout the year		Sick absence increased to <b>6.8 days</b> per full-time equivalent (FTE) against target of 5.5 days per FTE

### Sustainability improvements<sup>8</sup>

Reductions have been made in:

**greenhouse gas emissions** by **74%**

paper usage **72%** (against target of 50% 2017/2018 baseline)

**overall waste sent to landfill 0%** (against a 2025 target of 5%)

### Enforcement action

Completed **290 criminal prosecutions** with a **96% conviction rate**

Issued over **6,900 notices** including approximately:  
**5,190** notices for improvement  
**1,740** prohibition notices

Completed **82%** of fatal investigations within 12 months of receiving primacy against our target of 80%

### Business plan delivery: 89% of milestones delivered

Over **16,900 inspections<sup>9</sup>** completed including:

**COVID-19 compliance:** over **2,200** inspections

**Fabricated Metal:** over **1,800** inspections

**Fairgrounds:** over **95** inspections

**Construction sector:** delivering **1,025** inspections under a planned major health campaign

**Asbestos:** **882** inspections and **100%** of asbestos licence applications were delivered

Completed **218,800 spot checks** to ensure workplace premises were COVID-secure

- 7 £267m is the budgetary figure which differs from total expenditure reported in the SoCNE on page 169, which excludes capital expenditure. Funding of £178m differs from the value disclosed in the Cash Flow on page 172 as this includes non-cash transactions such as depreciation.
- 8 Sustainability improvements are measured against a new baseline year 2017/18. Due to the nature of the operations at Buxton, the site is exempt from GGC targets.
- 9 All inspection figures are based on live data, therefore maybe subject to some increase due to delayed input.

## Business plan delivery: 89% of milestones delivered

<p>Established <b>new UK regulatory regimes during EU exit transition period</b></p>	<p>Continued to <b>enable the safe and sustainable use of pesticides and biocides</b> by completing evaluations and authorisations within the required timescales for:  <b>96% of biocide products</b>  <b>76% of plant protection products</b></p>
<p>Giving advice and guidance on health and safety throughout the year, our website was visited by <b>3.6 million users</b> with <b>23.5 million</b> page-views and a 'usefulness' scored rating of 74%</p>	
<p><b>Dutyholder feedback:</b>  <b>75%</b> of dutyholders said they had taken action as a result of a visit  <b>91%</b> stated the outcome of the visit was proportionate to the risks identified</p>	<p>Responded to <b>84%</b> of <b>4,087</b> FOI requests against a target of 90%  Handled over <b>24,500 concerns</b> about workplaces and activities and <b>2,600 COVID-related concerns</b></p>

## **Performance – Analysis**

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

Our suite of performance indicators – which we are in the process of enhancing – can highlight potential areas of concern and therefore enable timely and appropriate actions to be put in place. These indicators are reviewed monthly by Executive Management Committee (ExCo) at its performance hub.

In addition, as part of the enhancement of the strategic risk register, which is reviewed monthly by ExCo, we are currently developing appropriate risk indicators to inform our view of whether the risk is potentially improving or worsening. The risk register is also subject to a quarterly in-depth review by the HSE Board. Going forward, each of the key risks have been allocated to a Board committee and will be subject to a programme of deep dives, the outcomes of which will be reported back to the Board. Details of the most significant risks we have managed in 2021/22 are included within the Governance statement on pages 104 to 111.

### **Our performance**

The following section provides further detail of HSE's delivery during 2021/22, including a table of all milestones as published within the 2021/22 Business Plan with confirmation of delivery.

### **Delivery of our planned milestones**

We published our 2021/22 Business Plan on 8 June 2021, where we committed to delivering our support to the government in tackling the ongoing effects of the COVID-19 pandemic. The plan



also included delivery of a wide-ranging set of actions as our contribution to improving health and safety performance.

Some of the key performance detail of our achievements against these published Business Plan milestones is reflected within the strategic themes on pages 36 to 77.

As part of our contribution to improving health and safety performance across the UK we have delivered 89% of our planned milestones within the year (against a target of 90%).

Table 1 shows all the milestones from the published Business Plan and whether or not they were delivered during the year. Where applicable, there is an indication of whether the work will be delivered.

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

*Business Plan milestones* *Status*

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

#### **Continue to focus our activity on tackling (overall) ill health as part of the Health and Work Programme.**

- Establishing a ‘round table’ of health and work influencers to support partnership communications with SMEs and representative groups ✓
  - Delivering a health and work summit to provide shared learning and promote tangible actions employers can take to address work-related ill health ✓
  - Develop a partnership agreement with Public Health Scotland and a forum with health-related Scottish regulators ✓
  - Launch the new MSD digital risk assessment toolbox for employers ✓
  - Deliver and promote advice on MSDs through the Reducing Risk Through Design Award ✓
  - Deliver targeted communications activity focusing on effective local exhaust ventilation ✓
  - Adapt our stress ‘talking toolkit’, engaging with emergency services partners so they can input on design and delivery. This has not been developed as the emergency services have responded to the pandemic ✗
  - Launch a work-related stress app to support SMEs ✓
-

*Business Plan milestones* *Status*

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**Engage and collaborate on the learning from our expert science and research with those who can influence health and safety improvement**

- We will launch our live online training and conferences offering, enabling us to deliver a variety of content to different audiences utilising technology to meet customer expectations ✓
- We will make 50% of our current face-to-face training portfolio available in a virtual environment ✓
- We will deliver at least one virtual conference in main areas of focus of either net zero or intelligence from data ✓
- Working with our partners we will lead the delivery of an agreed programme of work under the ‘PROTECT’ National COVID-19 partnership ✓

**Provide an effective regulatory framework**

**Establish the Building Safety Regulator (BSR) in shadow form ahead of legislation**

- Establish an Interim Residents Panel to advise and shape the approach to resident engagement ✓
- Establish an Interim Competence Committee to support a consistent approach to building safety competence standards ✓
- Implement the Gateway reforms for planning applications for higher-risk buildings with HSE operating as a Statutory Consultee ✓

<i>Business Plan milestones</i>	<i>Status</i>
– Complete transition discovery working with residents, dutyholders and co-regulators	✓
– Publish proposals for oversight of Building Control Bodies	✓
– Deliver targeted stakeholder engagement strategy to prepare for new regime	✓
– Develop draft operational and enforcement policies, procedures and guidance to deliver Gateway building control functions	✓
<b>Following the UK transition period, work towards establishing the full operating capability for chemicals, product safety and explosives</b>	
– Deliver year 1 transformation programme for UK biocides and pesticides regimes	✓
– Development of product safety intelligence to deliver expanded regulatory role	✓
– Deliver an Explosives Approved Body by building capacity and capability informed by customer insight and market design	✓
<b>Support the delivery of the government’s ten-point plan for a green industrial revolution and a safe transition to a carbon-neutral economy</b>	
– Agree future partnership with BEIS	✓
– Develop and agree our policy and operational position on current and future net zero activity	✓
– Commence work with BEIS to assess the safety of trials for proposed new hydrogen technologies using our science, policy and regulatory expertise	✓

<i>Business Plan milestones</i>	<i>Status</i>
– Work with BEIS and industry to assure that the Hydrogen Grid Research and Development Programme (HyGrid) encompasses appropriate consideration of worker and public health and safety	✓
<b>Ensure the health and safety regulatory framework remains proportionate, targeted and delivers optimal regulatory outcomes</b>	
– Work with business bodies to develop shared solutions and messaging to tackle the burdens identified in HSE’s report into non-regulatory health and safety rules	✓
– Carry out amendments to the Personal Protective Equipment Regulations to implement the outcomes of the December 2020 judicial review ruling	✓
– Undertake a Post Implementation Review (PIR) of the Control of Electromagnetic Fields at Work Regulations	✓
– Revise the Gas Safety (Management) Regulations. A revised timeline of October 2022 agreed with stakeholders	✗

**Secure effective management and control of risk**

**Undertake out spot checks and inspections, supporting local authorities, to ensure workplaces are COVID-secure**

- Procure and mobilise external partners to deliver compliance spot checks ✓
- Undertake full review of resourcing approach and consider alternative delivery models ✓

<i>Business Plan milestones</i>	<i>Status</i>
– Undertake review of the current service to identify improvements	✓
– Through design, identify digital options to improve case and performance management	✓

**Target our inspections on specific issues including work-related ill health**

- Manufacturing - fabricated metals. Programme of inspections with a specific focus on control of welding fumes and metalworking fluids ✓
- Healthcare - Programme of inspections to NHS Trusts and Health Boards to focus on violence and aggression, and manual handling ✓
- Agriculture - As part of a wide strategic intervention programme, direct inspection of businesses invited to attend an agricultural compliance event. Focus will be on the full risk profile of the business aligned with compliance event content ✓
- Construction - One major respiratory risk health-focused initiative of inspections covering a representational range of site types and activities ✓
- Fairgrounds - As the sector reopens, we will focus our efforts on engagement and assurance processes within both the fixed and travelling fairgrounds industries, supported by targeted inspection activity ✓

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

<i>Business Plan milestones</i>	<i>Status</i>
– Asbestos licensing - Programme of inspections of individual licensed contractors to ensure compliance with Control of Asbestos Regulations by individual licensees	✓
– Asbestos licensing - Complete and publish the report of Post Implementation Review of Control of Asbestos Regulations. The PIR report was originally due to be published by 6 April 2022. However, this was deferred as we consider the outcomes from the Work and Pensions Select Committee review of HSE's approach to asbestos management and build these into the overall evidence base for the PIR, due to be published in 2022/23.	✗
<b>Investigate to swiftly tackle and reduce risks, securing accountability for victims and families</b>	
– Ongoing - Fatal investigations: Complete 80% of fatal investigations within 12 months of HSE receiving primacy	✓
– Ongoing - Non-fatal investigations: Complete 90% of non-fatal investigations within 12 months of the incident	✓
<b>Operate effective statutory schemes, ensuring the safe use of potentially harmful substances</b>	
– Complete 80% of plant protection product evaluations and authorisations within the relevant deadlines. This key performance indicator was narrowly missed in 2022/23 as we delivered 76%	✗

<i>Business Plan milestones</i>	<i>Status</i>
– Complete 80% of biocide product evaluation and authorisations within the relevant deadlines	✓

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

**Provide assurances that dutyholders are identifying and managing their major hazard risks they create**

- A programme of proactive inspections to address priority areas at major hazard sites including onshore ‘mothballed’ sites ✓
- 90% of asbestos licence applications completed to time/within their target date ✓

**Strengthen major hazard leadership and worker engagement**

- Complete a targeted programme of interventions focused on Process Safety Leadership principles ✓

**Raise operators’ focus on cyber-security to ensure appropriate protection against major incidents**

- Complete a programme of inspections at targeted major hazard sites in order to assess the management of cyber risks that may impact upon industrial control systems ✓



*Business Plan milestones* *Status*

- Complete a programme of inspections at the sites of essential services (as defined by NIS Regulations) using intelligence-led data to assess management of cyber risks that may impact on provision of essential services ✓

**Enable improvement through efficient and effective delivery**

**Develop a 10-year strategy and supporting target operating model**

- Develop and agree mission/vision/values and strategic objectives ✓
- Develop and agree supporting target operating model with sub-strategies. This element of strategy development is now being delivered in 2022/23 ✗
- Determine future working arrangements across HSE ✓

**Invest in our infrastructure focusing on IT to ensure we are fit for the future**

- Establish a test and development environment for biocides and pesticides regimes and BSR ✓
- Complete insource of staff and activities from current external IT provider ✓
- Develop a modern web strategy. Strategy development work is being undertaken and will be completed and implemented in 2022/23 ✗
- Undertake user needs analysis to inform SD IT infrastructure in Buxton ✓

<i>Business Plan milestones</i>	<i>Status</i>
– Complete required office moves to HSE office standards	✓
– Replace wide area network	✓
<b>Support our people to be the best they can by improving inclusion and wellbeing</b>	
– Embed arrangements for how we promote wellbeing, prevent mental ill health, and support colleagues where the need arises	✓
– Programme of senior leadership events to support leaders to deliver	✓
– Hold all-staff events	✓
– Achieve an Engagement Index of 61% (60% in 2020) as measured through the Civil Service People Survey	✓
– Develop an agreed, robust and evidence-based pay business case. This work is a deliverable in the 2022/23 HSE Business Plan	✗
– Reduce to 9% (10% in 2020) the percentage of staff who have personally experienced bullying or harassment at work during the past 12 months as measured by the Civil Service People Survey	✓
<b>Secure a sustainable financial future for HSE by improving performance through data and assurance</b>	
– Develop our Spending Review 2021 case	✓
– Consult with industry on cost recovery regimes and put appropriate legislation in place to commence recovery. The requirement for further discussion across government departments means that consultation will now commence in 2022/23	✗

<i>Business Plan milestones</i>	<i>Status</i>
– Develop shadow performance measures to measure where regulatory time is being focused	✓
– Recruit new assurance roles within the corporate and regulatory assurance teams to build capacity and capability in accordance with our assurance framework	✓
– Establish a programme to replace the HR, Finance and Procurement shared service and SOP platform (expires October 2023)	✓

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

### **Focus our activity on tackling (overall) ill health as part of the Health and Work Programme**

2021/22 was the fifth year of our Health and Work strategy and our continued focus on tackling three major causes of work-related ill health – musculoskeletal disorders, occupational lung disease and work-related stress.

To increase the reach of our messages, we delivered our first virtual health and work conference in November 2021 to provide shared learning and promote tangible actions employers can take to prevent work-related ill health. The conference gave employers and workers an opportunity to hear from HSE experts about key areas of strategic focus for health at work and practical insight on how to ‘design out’ the risks of preventable work-related ill health. We launched our new ‘Working Minds’ campaign at the conference.

In the coming year, the prevention of work-related ill health remains our primary focus and we will build on the success of the conference by hosting similar events during 2022.

In 2021/22 we focused on reducing exposure to carcinogens and asthmagens, with a particular emphasis on reducing lung disease risks in metalworking. Last year in the UK, 12,000 people died from lung diseases estimated to be linked to past exposure from work in a range of sectors.

Local exhaust ventilation (LEV) is one of the key control mechanisms for preventing exposure to hazardous substances. We delivered targeted communications on effective local exhaust ventilation.

We engaged extensively with relevant industry bodies to raise standards within the LEV arena and this included chairing two Industry and Regulatory Forum meetings. In May 2021, we launched an inspection campaign in the welding and metalworking fluid (MWF) industry. Our welding and MWFs guidance on the HSE website received more than 29,000 views.

We used other digital solutions including LEV specific e-bulletins on social media, to raise awareness of adequate control and the importance of competent advice. The highest performing e-bulletin received more than 37,000 views. Content included:

- lung disease information;
- a video featuring a welder explaining how he developed asthma;
- MWF Control of Substances Hazardous to Health (COSHH) and welding guidance. We continue to tackle this priority area, targeting inspections at sectors where there is a higher prevalence of non-compliance and developing practical guidance and tools to support businesses. Future work will focus on the promotion of designing out risk. Where this cannot be achieved, we ensure there are appropriate controls that are provided and maintained by competent people.

## **We launched our Working Minds campaign**

HSE launched our Working Minds campaign on 16 November 2021. We are calling for a culture change across Britain's workplaces where recognising and responding to the signs of stress becomes routine. Working Minds is aimed specifically at supporting small businesses and provides employers and workers with advice that is easy to implement, using simple steps in its '5 Rs' to Reach out, Recognise, Respond, Reflect, and make it Routine.

The Working Minds campaign is relevant to all sectors but specifically targets those in agriculture, construction, health, manufacturing, and motor trade repairs. Partners who contributed to the insight, development and delivery of Working Minds include Acas, MIND, the Civil Engineering Contractors Association, the Federation of Small Businesses, Mates in Mind and the Farm Safety Foundation.

Since the campaign's launch, HSE has:

- developed a website with dedicated resource hub for Working Mind champions;
- received more than 70 million views of campaign messages;
- delivered 1,600 downloads of assets;
- received more than 46,000 visits to campaign web pages;
- held two webinars for 300 participants with Mental Health Productivity Pilot and local authorities;
- spoken at 24 events and conferences, reaching more than 20,000 people directly;
- published a series of blogs from experts in HSE and campaign partners;
- developed a network of:
  - more than 1,200 subscribers to the Working Minds campaign newsletter;
  - over 448 champions, signed up to support and share the information employers and workers need;
  - 13 campaign partners.

Of those surveyed, 61% said they had now talked about stress as a result of our campaign. The campaign has been very well received and we will continue to build on the momentum that has been created.

## **Working with our partners, we are leading the delivery of an agreed programme of work under the ‘PROTECT’ National COVID-19 partnership**



At the start of the pandemic, experts and key UK funders of research and development identified areas needing increased research scale or infrastructure to respond to key near-term strategic, policy and operational questions regarding COVID-19. As a result, the National Core Studies (NCS) programme was established in the summer of 2020 to ensure critical questions could be answered quickly, and to the best of our capability.

**We are leading the ‘PROTECT’ project** (Partnership for Research into Occupational, Transport and Environmental COVID-19 Transmission). The study, which is scheduled to be complete by March 2023, responded swiftly to multiple changes as the pandemic progressed, eg on people’s immunity (natural, primary-tertiary vaccination status), variants with different infection properties and changes in population behaviours.

**We established an active and productive research community** of 200 scientists spanning 19 organisations (mainly universities and

public sector research establishments). We provided evidence that supports the ongoing pandemic response, which helps us understand and reduce transmission in a low-surveillance scenario.

The researchers are collecting data from environments where the virus has been encountered, the behaviour of people in those environments and the properties of the virus to enable us to understand how they combine to initiate transmission events. This has included:

- detailed studies of outbreaks;
- development of quantitative risk assessment models;
- deep dives into specific sectors;
- development of new measurement techniques;
- the collection of data from human challenge studies.

**We have also shown that a wide range of risk factors can accumulate** in workplaces to initiate the opportunity for COVID-19 transmission, and that the mix of risk factors is more dependent on external issues (geography, demography of the working population, travel to work, social deprivation etc) rather than the work activity alone.

We studied areas of the country where the prevalence of COVID-19 has remained stubbornly high. This involved detailed interviews with local and regional directors of public health, to identify the factors associated with this observation. Participants in these areas identified deprivation levels, demographic factors, issues related to employment and housing, and vaccination rates as key drivers.

We were able to take samples from volunteers involved in the studies funded by the Vaccine Taskforce, which showed that the nose is a key route for the virus to leave infected individuals. It also showed everyone transmits the virus with a different viral load and



against different timelines after initial infection. Throughout the programme we developed critical networks to enable the knowledge and evidence generated to flow into government to support and inform the national response.

**We provided answers supported by evidence to some of the key questions** that have changed the assumptions made at the outset of the pandemic on how transmission occurs. We delivered a dynamic programme which has adapted to answer critical new questions as the pandemic has developed. We also delivered this vital work for a lower cost than the funding made available by the government (a £2.4million saving against a £14million budget).

At the mid-way point of the PROTECT project, we can show that transmission is a continuous risk and that of the three routes of exposure (air, person-to-person and surfaces) surface contact is probably the least important (although still feasible). We employed sophisticated imaging techniques to determine how particles behave in individual, airborne droplets, and have undertaken detailed investigations into the efficacy of masks.

As we move into the final year, the study will focus on completing experimental work, engaging and collaborating with stakeholders to understand their needs and translate the findings into suitable products to deliver a legacy programme that will sustain capability for the future.

The legacy from the programme will provide knowledge and a solid evidence-based platform for future pandemics. We aim to ensure that the critical national capability can be sustained to provide the ongoing research needs in this area. HSE will consider how the learning from the programme can be used to support and deliver other projects and business objectives.

## **Provide an effective regulatory framework**

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

Some examples of our **key achievements during 2021/22** in this are outlined in the following pages.

### **Establishing the Building Safety Regulator**

We have continued our ambitious programme to establish the new Building Safety Regulator (BSR) for England in HSE. The reforms include a more stringent regulatory regime for high-rise residential buildings through planning, design, construction and occupation. They will raise industry standards, protect residents, and help prevent a tragedy like Grenfell Tower from ever happening again.

### **Interim Residents Panel**

We established a Residents Engagement Group (REG). This consists of a small but diverse group who are themselves residents or who have experience of engaging with residents and residents' groups in high-rise buildings. The REG advised us on our approach to the Interim Residents Panel (IRP) set up in December 2021. The IRP gives residents a voice in the development of BSR. The IRP is engaged in research, policy development and our communications strategies, and is advising us on establishing the statutory Residents Panel under the Building Safety Act 2022.

## Interim Competence Committee

We established an Interim Competence Committee to support a consistent approach to building safety competence standards. It will harness the existing momentum and set the groundwork for a permanent Competence Committee, which is mandated in the Building Safety Act 2022.<sup>10</sup> The Interim Committee has been in place since June 2021 and is working towards developing:

- an industry strategy to increase competence across the built environment;
- an understanding of the baseline levels of competence in key roles;
- the provision of targeted engagement interventions;
- action to ensure sufficient capability and capacity across the built environment to meet the competence requirements of the new regime.

## Planning Gateway One Service

We implemented Gateway reforms for planning applications for high-rise buildings with HSE operating as a Statutory Consultee.

HSE's Planning Gateway One Service (PGO) opened on 1 August 2021 and we are now the statutory consultee for planning applications on fire safety matters for high-rise residential buildings. The relevant performance target for the service is to provide a substantive response to a local planning authority within 21 days from the date of the consultation request.

Over a 6-month review period, HSE issued 226 substantive responses to consultation requests received from local planning authorities. We raised concerns on 97 cases, representing

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<sup>10</sup> <https://www.legislation.gov.uk/ukpga/2022/30/contents/enacted> Building Safety Act 2022 (legislation.gov.uk)

approximately 47% of substantive responses issued. This reflects the relatively poor standard of initial design that has been observed and which the PGO service was set up to tackle.

The PGO service is providing the first indication to industry and other stakeholders of what the more stringent regime is going to look and feel like once BSR is established. We continue to engage with the Department for Levelling Up, Housing and Communities to ensure we are meeting the policy intent and improving the fire safety of high-rise residential buildings.

We are engaging with local planning authorities and other stakeholders, such as Fire and Rescue Services, to improve awareness and increase understanding of the emerging regime for high-rise buildings once BSR is fully established.

### **Transition discovery working**

We completed transition discovery working with residents, dutyholders and co-regulators. We engaged directly with those who are affected by the new building safety regime and, in particular, those who have a specific role in the future regulatory system. This included residents of high-rise buildings, those involved in the commissioning, design and construction of buildings, those in the building control profession, plus other regulators.

The engagements were part of the research required to ensure BSR is designed and built to meet the intent of the building safety bill and service the need of those that will play a role in the future model. The insight gained will shape the capabilities, services and processes the programme will build over the next two years.

## **Oversight of Building Control Bodies**

We published proposals for oversight of Building Control Bodies. This includes developing draft operational standards rules and proposed key performance indicators to enable BSR to oversee the performance of building control bodies in the public and private sectors. We developed the strategic context for the operational standards rules with links to the competency framework to allow us to present the components of the new regulatory framework for building control oversight together.

We published our proposals for the framework and the next stage is to publish the draft oversight framework for wider consultation following Royal Assent of the Building Safety Act 2022, during the 2022/23 reporting year.

## **Stakeholder engagement strategy**

We delivered the first phase of a multi-year targeted stakeholder engagement strategy. The communications campaign is designed to make stakeholders aware of BSR and how we are delivering it. This includes dutyholders and residents understanding their rights and responsibilities within the new regime, leading to the expected behaviours. Some features of our engagement this year include:

- a BSR e-bulletin with over 7,000 subscriptions;
- a suite of Building Safety webpages with information published on safety cases and how designers and architects should be preparing for the new regime;
- YouTube animations uploaded to give an overview and explanation of the new regime and explain what a safety case is;
- BSR experts from HSE have spoken at stakeholder events throughout the year to a combined audience of over 16,000;
- a series of round tables were held to inform key audience groups about what to expect from the legislation shaping the new BSR regime.

## **Policies, procedures and guidance**

We developed draft operational and enforcement policies, procedures and guidance to deliver Gateway building control functions. Significant progress has been made to assess the impact of the Building Safety Bill and establish a baseline understanding of key policy intent, scope and principles that will underpin the core regulatory functions within the high-rise building regime.

This includes the development of the safety case principles and web pages in close collaboration with the Early Adopters through Policy Design Trials. An initial impact assessment has also been conducted to identify potential enforcements and interventions within the

regime. An approach to organisational design and a demand capacity tool has been developed, to forecast the potential incoming work volume and the estimated resource demand on partner regulators.

### **Following the UK transition period, work towards establishing the full operating capability for chemicals, product safety and explosives**



Since the UK's departure from the EU, we have implemented our Interim Operating Capability Model for chemical regulations and continue to develop our longer-term capability. We successfully delivered the regulatory frameworks across all chemical regimes including those previously managed by the European Commission and its agencies.

We engaged with the devolved administrations, both in developing our future plans and delivering statutory functions on their behalf. Significant recruitment has taken place and we have completed 450 biocides and 997 pesticides applications for substance approvals and product authorisations.

We responded to proposals from the EU Risk Assessment Committee (RAC) for over 100 substances as to their hazard and risk classification. These substances included active ingredients for plant protection and biocidal products, as well as general industrial chemicals. In accordance with the requirements of the new GB Classification and Labelling Regulations, our toxicologists, supported by specialists in the Environment Agency produced technical assessments. These follow the RAC opinions which are now being used by HSE to support legislative proposals for new or revised classification and mandatory safety labelling of these chemicals.

The published first year workplan for our operation as UK Agency for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) was successfully delivered. We ensured that all UK-based chemical manufacturers and importers were able to continue their businesses without interruption by the timely provision of technical support and prompt checking of registration submissions that covered over 4,000 different substances.

Laying foundations for future activity to regulate specific chemicals of concern, we established the REACH Independent Scientific Expert Pool (RISEP). This includes internationally recognised experts in chemistry, chemical risk assessment, exposure management and socio-economic analysis. They will play a key role in ensuring the credibility of the technical assessments produced and evaluated by HSE to authorise or restrict the use of very hazardous chemicals.

As part of the fundamental transformation to our Full Operating Capability Model for chemicals, the Biocides and Pesticides Transformation Programme has completed the discovery phase of the programme, undertaken significant analysis to support the redesign of our digital approach and is now carrying out the digital design work (Alpha stage). Additional government funding for future



investment in transformational work from April 2022 has been secured.

## **Development of product safety intelligence to deliver expanded regulatory role**

We have increased our capability as the Market Surveillance Authority for workplace machinery and products, contributing to the protection of people and places and supporting business confidence, productivity and growth. We have established a dedicated unit incorporating both intelligence and frontline operations to deliver effective interventions focused on safety and integrity, within a UK-wide product safety framework.

Working with the Office of Product Safety and Standards and other regulators, we have developed mechanisms for intelligence gathering and analysis to support the expanded regulatory role. This has allowed us to:

- actively contribute to the establishment of a national product safety database;
- develop an intelligence framework to inform regulatory interventions;
- respond to over 600 product safety queries and requests for advice;
- conduct investigations (183 were opened during the year, of which 57 have been completed).

Engaging with new and existing economic operators and enabling emerging technologies is a continuous activity for HSE. We will continue to develop our intelligence capability to reflect the new product safety framework and the post-EU exit business environment, as well as supporting necessary regulatory interventions.

## **Deliver an Explosives Approved Body (EAB) by building capacity and capability informed by customer insight and market design**

As a result of the UK leaving the EU, it has been necessary to establish an EAB able to execute the certification of all civil explosives products to be used in the UK. This includes explosives used in quarrying, oil and gas sectors.

The EAB extended our previous remit and we engaged and co-ordinated with industry bodies including the Civil Explosives Manufacturers and Importers Network to understand likely demand. We successfully undertook recruitment and comprehensive training to ensure we have the required expertise and have achieved UK Accreditation Service accreditation for the new EAB certification approach.

EAB are using existing data and reports to ensure compliance within the industry and have also implemented a simplified process for approving new applications from existing manufacturers and suppliers.

## **Support the delivery of the government's ten-point plan for a green industrial revolution and a safe transition to a carbon-neutral economy**

We are playing a key role in ensuring the safe transition to net zero. The Department for Business, Energy and Industrial Strategy (BEIS), as lead department, has engaged with HSE through science and regulation to support the initial phases in developing new net zero technologies.

Through the HyGrid programme, HSE has supported work to consider using hydrogen as an alternative to natural gas, ensuring it

encompasses worker and public health and safety. The aim of this work is to reach an authoritative view on the safety impacts of using 100% hydrogen for heating across the UK. HSE's review of the Hy4Heat innovation programme provided information used as a critical first step towards the understanding, technical feasibility and safety of using hydrogen to heat homes.

We have established evidence review groups, bringing together expertise from across HSE's science, regulation and policy teams to review the results of hydrogen research and development being undertaken by industry. A significant output is the delivery of hydrogen trials in communities, with trials planned in Fife and future village scale trials.



We have engaged with gas networks who will be delivering trials to ensure that they are planned and delivered safely, taking account of equipment, materials, and competency.

To respond to the challenges of meeting the UK's commitment to achieving net zero by 2050, HSE has established a Net Zero Hub which co-ordinates, facilitates and prioritises work on net zero activities across HSE, supporting links between science, regulatory

and policy work.

Common interest groups have been established across a range of net zero topics, including Carbon Capture, Usage and Storage, Battery Energy and Anaerobic Digestion, to enable collaboration across traditional boundaries, reflecting the new challenges posed by emerging technologies.

Our support of BEIS to review key outputs from trial and wider hydrogen research will continue to 2025 and will feed into governmental strategic decisions on the role of hydrogen in decarbonising heat in 2026. HSE will also continue work on the net zero topics to ensure that the regulatory framework remains fit for purpose and net zero technologies are implemented with safety as a key consideration.

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

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

### **Carry out spot checks and inspections, supporting local authorities, to ensure workplaces are COVID-secure**

HSE's co-ordinated programme of work has recorded more than 218,000 COVID-related spot checks over the year. We took action in varying degrees in over 7,300 interventions, including the prosecution of a principal contractor for failing to comply with enforcement notices that required improvements in coronavirus controls, as well as welfare and working at height measures.

We have continued to significantly support the cross-government response to the pandemic, focusing on worker safety and ensuring employers were implementing measures to reduce the risk of COVID-19 transmission.

We worked collaboratively with other government departments, the devolved administrations and local authorities. Using our extensive knowledge and expertise, we assisted in the development and revision of guidance in England, Scotland and Wales while maintaining regulatory consistency.

We used digital solutions, raising awareness via social media, ensuring businesses had immediate access to the latest

information. We issued industry-wide coronavirus e-bulletins, used animations, videos and had over 50 dedicated webpages that saw exceptional rates of user traffic and attracted great feedback confirmed by our user satisfaction data.

Our spot check programme included collaborating with over 150 local authorities. We completed over 51,000 spot checks on behalf of local authorities and a further 155,000 for HSE-enforced businesses. Our three-stage approach optimised resources using a blend of call handlers, spot check inspectors, field agents and warranted officers.

Both HSE and local authority inspectors instigated enforcement action where businesses were found to be failing in their risk management. We offered specific advice, issued improvement notices to stop certain work practices and cause dutyholders to implement safer methods, and took regulatory action that led to prosecution.

## **Targeted inspection campaigns**

Our intention was to target our inspections on specific issues, including a sustained focus on work-related ill health.

### **Manufacturing – fabricated metals**

Previous inspection campaigns found significant levels of uncontrolled risk, particularly in relation to the control of carcinogens and asthmagens specifically associated with welding fumes and metalworking fluids. Our major inspection campaign in metal fabrication businesses spanning Great Britain focused on these risks and aimed to reduce the risk of occupational lung disease by examining health risk controls.

We visited over 1,800 sites and served more than 950 enforcement notices, primarily for failure to control worker exposure to metalworking fluid mist and welding fumes. While the campaign targeted health risks, inspectors also served over 400 enforcement notices to remedy safety issues, such as poor machinery guarding.

We found moveable extraction hoods to be the most prevalent method of capturing welding fumes. In 2022/23 we will concentrate our efforts on increasing the uptake of on-torch extraction for welding fumes. Compliance in controlling exposure to metalworking fluid mist was found to be low in the businesses visited. We will continue to engage and discuss with industry partners to drive improvements in controls.

## **Agriculture**

The agriculture sector continues to have a high rate of workplace injuries and ill health and has the highest rate of work-related death of any industry.

This year we worked with an organisation which provides training courses in the sector, to develop online agriculture compliance events (ACEs).

This allowed our work to continue during the pandemic. Over 900 farm businesses completed the educational online events which focused on high-risk activities including workplace transport, handling of cattle, child safety and work at height. Farmers were asked to complete pre- and post-course surveys and their responses will be evaluated by our insight specialists.

Proactive farm inspection has taken place across four areas of Great Britain – the Midlands, the North West, Scotland and South Wales. These insight-driven inspections, linked to the ACE learning, checked compliance against the full risk profile of the business.

Over 200 inspections were carried out and standards found will be evaluated to inform the content and delivery of our future inspections. The evaluations, when considered in full, will influence our long-term engagement strategy with the industry.

## **Construction**

Construction remains a hazardous industry, and while performance has improved, the level of incidents and ill health remain high. We continue to work closely with the Construction Industry Advisory Committee and the Construction Leadership Council by providing advice and guidance to further improve standards and increase our influence and reach in the sector.

During our Health Initiative, we completed over 1,000 inspections, spanning the whole of Great Britain across a representational range of site types and activities. We focused on respiratory risks, and prevention and control of occupational lung disease.

We engaged with the devolved administrations and the Health in Construction Leadership Group to support and promote the initiative.

Our purpose was to:

- target known areas of poor practice;
- identify areas of improving/good practice;
- complete a COVID-19 check to ensure the safety of our staff and controls were in place on each site;
- consider welfare provision at 100% of inspection sites.



We found refurbishment and home building are the poorest performing parts of the industry. We identified material breaches of the law at 40% of all inspections and more than half of the refurbishment sites that we visited. As a result, during 2021/22 we issued:

- Notification of Contravention at 408 inspection sites;
- 200 Enforcement Notices (103 Improvement Notices and 97 Prohibition Notices).

We continue to work to improve our targeting and intelligence to direct regulatory activities towards the least compliant construction activities and dutyholders.

## **Fairgrounds**

Industry performance in relation to public safety is considered good, given the number of visitors to fairgrounds and number of rides taken annually. However, previous incidents highlight the risk of failure or incorrect operation of some rides which can result in fatalities and multiple serious injuries. These incidents are always high-profile.

Following the easing of COVID-19 restrictions, we undertook an inspection campaign aimed at reducing the risk of dangerous events on high-speed amusement rides and large Ferris wheels across Great Britain. During inspections, we also targeted improvements in standards of ride inspection, maintenance, repair and operation in the travelling fair sector. Over 95 inspections were undertaken, with enforcement action taken at just under a third of visits, which reinforced the advisory work undertaken with the industry before the inspection campaign.

The control of risks to the public, both from fixed and travelling fairgrounds, remains a priority. Further interventions on specific amusement devices are planned, which will supplement our

continuing focus on improving in standards in ride inspection, maintenance, repair and operation.

## **The NHS**

The healthcare sector continues to suffer injuries and ill health due to the manual handling of patients, and increased incidents of violence and aggression towards healthcare staff.

A multidisciplinary team of HSE regulatory inspectors and specialist occupational health inspectors undertook 20 inspections at NHS trusts and boards to examine their management arrangements for musculoskeletal disorders (MSDs) and violence and aggression (V and A):

- contraventions requiring enforcement action were identified in 10 (50%) of the inspections;
- contraventions in relation to management of risk from MSDs were identified at 7 (35%) of the trusts visited and 10 (50%) trusts had enforcement action taken in relation to management of risk from V and A;
- 7 trusts (35%) had contraventions identified in managing both risks;
- 3 (15%) trusts visited had contraventions sufficiently significant to require a cumulative total of 8 formal Improvement Notices to be served (6 for MSDs breaches and 2 for V and A).

Areas for enforcement included training, risk assessment, monitoring and review of controls, policies and procedures.

2021/22 represented the final year of our three-year inspection programme, delayed due to COVID-19. Considering these issues and those identified in previous NHS inspections, enforcement levels remained broadly similar across the NHS inspection campaigns. This suggests MSDs and V and A remain problematic within healthcare.

The enforcement picture from the most recent inspections indicates that in general employers have identified and implemented control measures to manage the risk, but issues remain in having suitable systems to review those control measures and ensure they remain effective and relevant.

The findings from our three years' programme will be analysed to give a fuller understanding of how effectively the NHS are managing these risks and to influence the NHS and the wider healthcare sector in reducing the incidence and days lost. Preliminary findings have already been shared with the tripartite Health, Safety and Wellbeing Partnership Group, a national sub-group of the NHS Staff Council, which includes representation from employers and trade union colleagues. Further relevant stakeholder engagement will follow as the analysis is progressed and findings are developed.

The inspections considered the ongoing management of COVID-19 risks. Enforcement action was taken in 5 (20%) of the inspections, mainly relating to the failure to properly implement identified controls. A further 6 trusts (30%) were given verbal advice, largely relating to the need to ensure appropriate social distancing, particularly in non-clinical areas.

### **Build membership of the Advanced Manufacturing Forum (AMF) to reduce risk and agree a framework with them to address the challenges in ensuring safe workplaces**

The manufacturing sector is adopting new technologies such as automated vehicles, artificial intelligence, and collaborative robots. Acknowledging the opportunities presented by these novel manufacturing technologies, we engaged with key industry stakeholders, including MAKE UK and the Advanced Machinery and Productivity Institute and we have established an AMF.

The forum co-ordinates HSE's effort and focuses on recognising any new accident and injury risks in workplaces. It will evaluate the primary health and safety risks and determine if there is a legislative or risk knowledge gap from these new technologies. The forum will work with industry stakeholders to learn from early adopters to help shape any guidance that is required.

### **Inspections of individual licensed contractors to ensure compliance with Control of Asbestos Regulations by individual licensees**

Work with asbestos requires a high degree of regulatory oversight. Asbestos can still be present in any building built or refurbished before the year 2000. Classed as a category 1 carcinogen, asbestos-related disease kills around 5,000 people each year. As part of this oversight, HSE operates a statutory asbestos licensing regime – granting and renewing licences to carry out higher-risk work with asbestos. We have completed 100% of asbestos licence applications to time. Approval is subject to sufficient demonstration and assessment that required standards are met.

Approximately 400 licensed asbestos companies carry out high-risk asbestos related work. Their work is monitored by HSE through targeted inspections. Compliance levels are good but the regulatory framework for such high-risk activity demands continuous improvement, which HSE achieves through regulatory inspection, assessment and advice.

The inspections and assessments serve two primary functions:

- checking on safe working practices at notified asbestos work;
- delivering intelligence to assess licensees at reapplication.

Activity within the industry in the previous year determines the number of inspections HSE carry out in the following year. During 2021/22, HSE carried out 882 inspections from 24,211 notifications.

HSE has a standing industry liaison group that directly represents two-thirds of the industry. We have a continuous dialogue through that liaison with the industry to maintain and improve standards. The recently published research on asbestos exposures in licensed work will be rolled out in 2022/23 to improve training and influence behaviours.

Our essential inspection programme to monitor licensed asbestos work will continue in 2022/23. Inspections are adjusted annually over a three-year rolling pattern to ensure licensees are visited proportionality throughout the length of their licence period.

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

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

Our oversight of chemicals enables the safe and sustainable use of thousands of chemicals, including pesticides and biocides. In this capacity we have continued to evaluate and make regulatory decisions, including the authorisation of biocidal and plant protection products, and the approval of active substances, as well as monitoring the maximum residue levels of pesticides in food before they can be sold to the UK market.

Our aim to complete 80% of plant protection product evaluations and authorisations within the relevant deadlines was not delivered, with completion of 76% of the 866 plant protection product assessments received in-year.

Our aim to complete 80% of biocide product evaluations and authorisations within the relevant deadlines was delivered, with completion of 96% of the 356 biocide product assessments received in-year.

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

Over the year we have received over 87,200 contacts. These include incoming calls regarding advice, concerns, working safely (including COVID-19 related enquiries), workplaces and their activities.

We received over 24,500 concerns, 2,600 of which were COVID-19 related. We also received over 19,500 COVID-19 related contacts.

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

Of those considered to be within our remit we:

- completed 82% of investigations into reported health and safety concerns within the agreed timescales;
- carried out follow-up activity on 2,314 of 2,661 concerns raised by potential whistleblowers (ie employees, ex-employees, self-employed people, union/work safety representatives) that presented a significant risk.

Similarly, when information is requested from us, for example under the Freedom of Information (Fol) Act, we aim to respond promptly. We responded to 84% of 4,087 Fol requests received against a target of 90%.

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

Investigation work, whether measured by its impact on health and safety or by the speed, ease and effectiveness of our processes, continues to be one of our priorities. We continue to investigate incidents and health and safety concerns in line with our published selection criteria and seek timely completion of both fatal and non-fatal investigations. When consistent with HSE's enforcement policy, we prosecute those who commit serious breaches of the law.

### **Fatal investigations**

Timely completion of fatal incident investigations continues to be one of our highest priorities. In 2021/22 we met our target on completing 80% of fatal investigations within 12 months of primacy of the incident with completion of 82% of investigations into fatal incidents within this specified timeframe.

### **Non-fatal investigations**

We met our target on completing 90% of non-fatal investigations within 12 months of primacy of the incident.<sup>11</sup> In 2021/22 we completed 93% investigations within 12 months of primacy of the incident with a decrease of around 15% (5,293 v 6,183 cases from last year) in those incidents meeting the selection criteria for investigation.<sup>12</sup>

The number of criminal proceedings instituted against dutyholders

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

12 [www.hse.gov.uk/enforce/incidselcrits.pdf](http://www.hse.gov.uk/enforce/incidselcrits.pdf)

and the number of convictions,<sup>13</sup> holding to account those who failed to meet their obligations, are shown in Table 2.

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

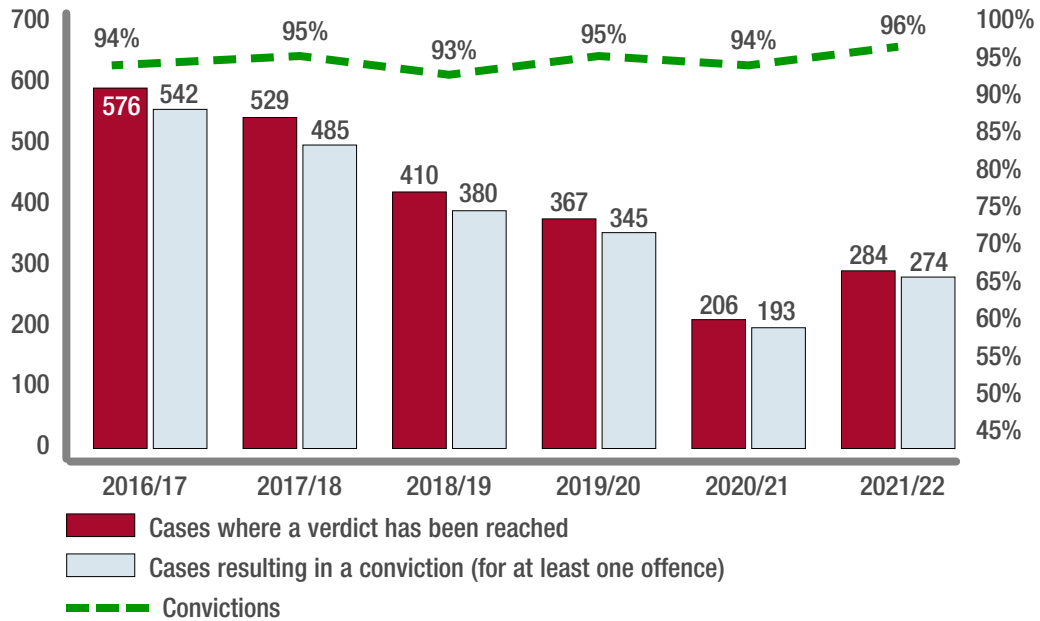
	2017/18	2018/19	2019/20	2020/10	2021/22
Fatal investigations completed within 12 months of primacy* (target: 80%)	72%	56%	75%	58%	82%*
Non-fatal investigations completed within 12 months of incident (target: 90%)	89%	89%	90%	90%	93%

\* Note: Fatal investigation figures based on completion within 12 months of primacy, ie date investigation passed to HSE following police enquiries

13 Those convicted will not necessarily be the same people in the year as those where proceedings have been instituted



**Figure 2** Cases where proceedings are instituted by HSE<sup>14</sup> and, in Scotland by Crown Office and Procurator Fiscal Service (COPFS)<sup>15</sup>



There have been 5 prosecutions during 2021/22 resulting in fines of over £1 million, and 52 HSE prosecutions resulting in custodial or community service/rehabilitation orders.

14 The figures shown for 2021/22 are based on live operational data and as such are provisional until official statistics are published in autumn 2022

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

The following are examples of the prosecutions (under the Health and Safety at Work Act 1974, unless otherwise stated) which concluded during 2021/22:

- An airline operator was fined £1.8m in September 21 after pleading guilty to an offence relating to poor traffic management which resulted in a baggage handler receiving life-changing injuries after being struck by a 'tug'.
- A local authority was fined £300,000 in December 2021 after pleading guilty to an offence for failing to maintain a public amenity on land owned by the council. A member of the public was struck by part of a falling tree while walking their dog on a nature trail.
- A company operating secure facilities for young people who have been sentenced or remanded to custody was fined £250,000 in June 2021 after pleading guilty to breaching their duty under section 2(1) of HSWA. A secure care officer sustained serious brain damage after he was assaulted at the centre by four young people aged between 12-18 years. At the time of the assault the officer was 21 years old and had only been working there for three months. Despite this, he was left in sole charge of six young people, at least two of whom were known to be violent. The company had failed to identify adequate control measures for lone working and effective arrangements for the planning, organisation, control, monitoring and review of the other measures they had identified.

- A farmer was convicted in January 2022 of an offence under section 3(2) of HSWA and was sentenced to 12 weeks immediate imprisonment which was suspended for 12 months. He was also fined £75 000. Tragically in this case, an 82-year-old man and his wife were surrounded by cattle and knocked to the ground as they walked with their dogs along a public right of way across a field in West Yorkshire. The man sadly died and his wife sustained significant injuries. The farmer had failed to consider the risks and what precautions to take if cattle are to be grazed in areas to which the public has access and when dogs might be present. These risks are magnified when the cows are with calves. He should have taken all reasonably practicable steps, particularly to put in place warning signs and a perimeter fence to segregate the cattle from the public.
- A petroleum company was prosecuted for a breach of the Control of Major Hazards Regulations 2015 and fined £500,000 following a significant release of liquified petroleum gas (LPG) into the atmosphere in November 2015. The immediate cause of the incident was established to be that the operating supply pressure was higher than the operating set pressure of the thermal relief valve. Alongside other failings, the investigation revealed that the company's processes for checking the design calculations for the relief valve were not sufficiently robust to ensure that the correct setting was used. The incident did not result in any injuries to personnel, damage to plant and equipment or any environmental damage. However, this was a 'major accident' as defined by the COMAH Regulations and the uncontrolled release led to the potential to cause danger to human health inside the plant.

- On 1 August 2019, a 15-year-old suffered serious burns to his arms and legs when an explosion occurred at a crushing machine close to where he was working in a recycling plant. He had previously completed a work placement with the company and was working during the school holidays at the time of the incident. The crushing machine had been built by the sole director of the company from scrap metal received into the site. Inspection revealed that general conditions in site were poor and there were multiple failings which caused the incident. In the immediate aftermath of the explosion, the injured boy's friend was left to try and treat his injuries for some 40 minutes, while the sole director told them not to call anyone. Sentencing the company and the director on the 25 February 2022, the court noted that the director was there as an employer, but also in loco parentis as the injured person and his friend were children. The court also noted that the director did not have employers' liability compulsory insurance. In awarding £66,000 compensation to the victim, the court prioritised compensation over fines and saved the young person the need for civil litigation. The director was subject to a suspended sentence order, with a community service requirement of 100 hours unpaid work.
- Two companies pleaded guilty to offences under section 2 of HSWA and one company also accepted a breach of section 3 after failing to properly plan construction work to replace a large water valve in a combined space. A worker suffered a compound fracture of his lower leg when he was struck by the new valve, suspended from a crane-mounted lorry and weighing over 1.5 tonnes, as it swung across the chamber. The companies were fined a total of just under £400,000 and paid combined costs of just under £32,000.

## **Dutyholder feedback**

Using surveys, we have received a good level of feedback in relation to how we conduct our inspections from a sample of dutyholders who had received a visit.

- 75% of respondents said they had acted as a result of a visit (71% in 2020/21);
- 91% of respondents considered the outcome of the visit proportionate to the risks identified (95% in 2020/21);
- 96% considered the activities inspected were appropriate to the risk (97% in 2020/21);
- 96% considered the inspection was conducted in an efficient and effective manner (96% in 2020/21).

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

From the data provided by the Parliamentary and Health Service Ombudsman (PHSO), which is responsible for investigating formal complaints made by the public against government departments, for 2021/22 there were 32 complaints assessed (compared to 27 complaints assessed in 2020/21); one of these was partially upheld.

PHSO partly upheld a complaint regarding an HSE investigation into the release of asbestos in a domestic property. They found HSE were guilty of maladministration in our decision not to take action against the company in 2012 and also in our handling of a related complaint made in 2017. HSE apologised for the impact on the home owner and made a £750 compensation payment. HSE has since implemented a revised assurance process to monitor our regulatory activity and reviewed our handling of concerns and complaints received from members of the public and others.

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

*Table 3* Complaints received by the PHSO about HSE in 2021/22

<i>Enquiries received</i>	<i>Complaints assessed</i>	<i>Complaints resolved through intervention</i>	<i>Complaints accepted for investigation</i>	<i>Investigations upheld or partly upheld</i>	<i>Investigations not upheld or discontinued</i>
32	29	0	2	1	0

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

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

We continue to **raise operators’ focus on cyber-security** to ensure appropriate protection against major accidents and the loss of essential services at major hazard (MH) establishments across Great Britain. Without the foundations of an effective cyber-security management system, any subsequent countermeasures are likely to be unfit for purpose.

We are working on behalf of BEIS to carry out inspections under the Network and Information Systems (NIS) Regulations 2018.

A programme of cyber-security inspections focused on preventing major accidents and maintaining essential services at MH sites was completed over the course of 2021/22. This work targeted specific sites based upon their intrinsic hazard ranking (safety/environmental), outputs from Control Of Major Accident Hazards safety reports, offshore safety case assessments and cyber-security self-assessments submitted to BEIS in the preceding year.

The programme covered a range of sites regulated by HSE and assessed the operator's management of cyber-security risk. Our inspectors applied HSE operational guidance (OG86) and provided relevant advice to the Operator of Essential Service where required.

We employed an efficient and fluid combination of both remote and onsite inspection carried out by HSE specialist inspectors, culminating in common actions being raised for improvement across all sectors. The operators have been fully engaged and committed with HSE in taking forward improvements in the cyber-security sphere. This increase in focus has allowed them to identify several areas for improvement and develop time-bound programmes for implementing these, and improving their overall effectiveness in managing cyber-security risks.

HSE will continue with the prioritised program of cyber-security inspections for 2022/23 across the MH sector. We will also continue our liaison with BEIS and the National Cyber Security Centre to understand the cyber-security threat and to ensure our regulatory standards are appropriate.

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

2021/22 has been a defining year for HSE as we developed and published our new ten-year strategy. Our new Mission ‘Protecting People and Places’ and Vision ‘Dedicated to helping everyone lead safer and healthier lives’ were agreed by the Board in June 2021. Both are underpinned by five strategic objectives, designed to challenge HSE and industry to continuously improve standards and provide public assurance in the following areas:

- Reduce work-related ill health, with a specific focus on mental health and stress
- Increase and maintain trust to ensure people feel safe where they live, where they work, and in their environment
- Enable industry to innovate safely to prevent major incidents, supporting the move towards net zero
- Maintain Great Britain’s record as one of the safest countries to work in
- Ensure HSE is a great place to work, and we attract and retain exceptional people

The strategy goes beyond worker protection and will keep us focused on tackling existing and emerging risks. Our objectives are forward-looking, evidence based, and underpinned by six strategic themes. It lets HSE adapt and respond to a changing landscape, while legislation enables innovation and progress. It will improve standards, compliance, and accountability across all industry sectors.

Protecting People and Places recognises the growth in the scope of our regulatory functions:



- As Building Safety Regulator (BSR), we implement the Department for Levelling up Housing and Communities (DLUHC) reforms following the Grenfell Tower tragedy.
- As a Regulatory Authority for chemicals in Great Britain (and aspects of Northern Ireland), our role in human health and environmental protection allows us to provide services to the Department for Environment, Food and Rural Affairs (DEFRA) and the devolved administrations in Scotland, Wales and Northern Ireland.
- Our commitment to enable industry to innovate safely in the move towards net zero supports the work of BEIS.

We know that more needs to be done. Improvements in occupational ill health have not mirrored those in safety, with increased reported cases of stress, depression and anxiety. Reducing incidence keeps people in work, reduces cost and supports the work of the Department for Work and Pensions (DWP) and the Department for Health and Social Care (DHSC).

We published the strategy on 25 May 2022. Our Business Plan was published on 25 May 2022 and serves as our strategic delivery mechanism, setting out what we intend to deliver year on year. The 2022/23 Business Plan set outs what we will do in the first transition year.

## **Develop and agree supporting target operating model with sub-strategies**

Our Board and Executive Committees have contributed their views on the principles that will define how we work in the future and to the features of a Target Operating Model (TOM). The TOM will provide HSE with a clear view of how to effectively and efficiently deliver our strategy supported by a route map, charting the changes required to deliver the strategic objectives.

We have developed a high-level view of a future business model and further development of the TOM will continue into 2022/23.

Subsequent plans will develop this into a full TOM where delivery plans will be implemented.

## **Determine future working arrangements across HSE**

The COVID-19 pandemic, and associated controls, necessitated significant changes to how our staff worked to keep delivering our business. During this period, we learned how to blend office and home-based work that benefitted both our staff and the work we deliver. Our Senior Leadership Team agreed interim ways of working as we developed a more comprehensive policy on hybrid working.

Our final policy was published on 26 May 2022 and delivers the best of home and office working, providing appropriate support while mitigating direct and indirect risks around discrimination, health and wellbeing. The hybrid working policy represents the first product to advance our Protecting People and Places strategic objective of 'ensuring HSE is a great place to work', underpinned by our strategic theme of being a 'people-focused HSE'. This advance in our working arrangements will direct developments in future IT and facilities provision for the benefit of staff, productivity and efficiency.

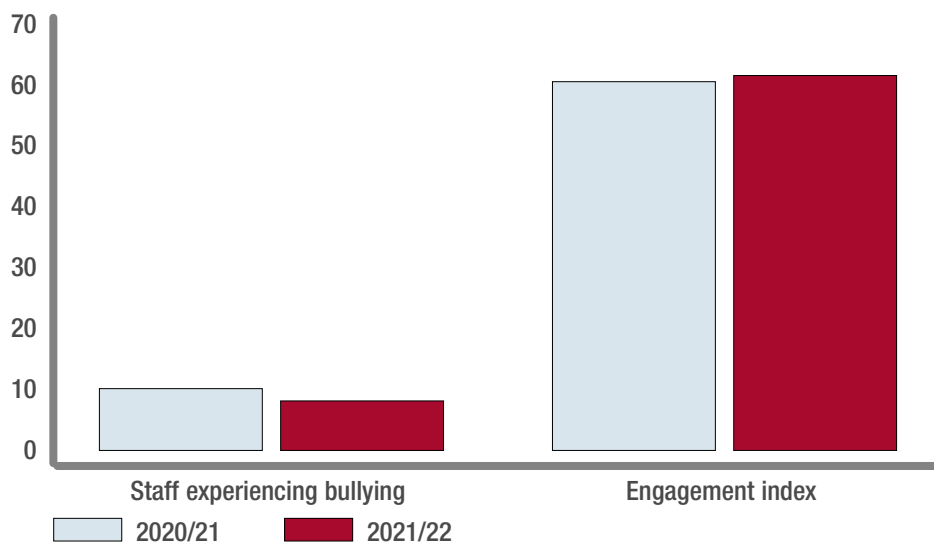
## Our people

Our people are at the heart of what we do and keeping our colleagues informed, listening to their views, while involving them in our purpose, priorities and plans, is central to our engagement strategy. We need to continue to make HSE an excellent place to work – building a more diverse and inclusive workplace, where everyone feels valued and is treated with dignity and respect. Our people are at their best when they can be themselves. We are fully engaged with the wider Civil Service aim of being a Brilliant Civil Service and the UK’s most inclusive employer.

Our achievements in 2021/22 include:

- achieving an Engagement Index of 61% (60% in 2020) as measured through the Civil Service People Survey;
- reducing to 8% (10% in 2020) the percentage of staff who have personally experienced bullying or harassment at work during the past 12 months as measured by the Civil Service People Survey. This was against a target of reducing to 9%.

*Figure 3* Our people milestone achievements



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

### **Adapting to the COVID-19 pandemic**

In 2021/22, HSE continued to prioritise and review its Safe Systems of Work in response to the changes in risks brought about by the pandemic. Control measures to reduce the risk of COVID-19 transmission were reviewed and adapted in accordance with changes to government guidance and ensured colleagues were able to complete their work safely at home, in our offices or when attending external premises.

### **Our deep dive into HSW culture maturity**

We launched our pilot approach to understanding and developing our health and safety at work (HSW) culture through our own HSE Culture Maturity Model. This included the use of an ACE@HSW Survey which referenced the results of the Civil Service People Survey to provide extensive information about our colleague's opinions on how we manage HSW.

We established focus groups and the analysis of their contribution alongside other data sources formed our first HSW culture maturity evaluation. We presented the findings to our senior leaders and constructed action plans to take forward into 2022/23 that aim to take us towards realising our long-term goal of Achieving Cultural Excellence in HSW.

## **Building the foundations for our Prevent, Promote, and Support (PPS) Principles of Health and Wellbeing**

Building on HSW training delivered in previous years, HSE senior leaders were invited to attend a tailored workshop to focus on what we learned individually and organisationally about HSW during the pandemic. The aim is to exploit that learning to continue to embed and fulfil our HSW policy statements of intent. We have:

- built the first phase of a revised support framework which focuses on preventing damaging health safety and wellbeing situations by ensuring we have, and use, the right information, tools and training available;
- developed and piloted a new approach to stress risk assessment.

## **Develop shadow performance metrics to measure where regulatory time is being focused**

We have developed new operational performance measures which we have published in our Business Plan and will be implemented for financial year 2022/23. We are using our visual performance hub to ensure we deliver our regulatory activities as efficiently and effectively as possible through a combination of modernised processes and focus on timely decision making. This will help us prioritise our resources ensuring they are focused on the highest priority areas.

The new performance measures will better inform where regulatory time is being spent and the timeliness of decisions to further improve operational excellence. To support this, we will develop a performance framework which will provide a summary of all the core measures used to determine how well we are functioning in terms of delivering our strategic objectives.

## Financial performance

The total cost of running HSE in 2021/22 was £267 million. This was funded by £178 million grant-in-aid (government funding) and £89 million income, which was 33% of total cost. This increased from £77 million (31%) in 2020/21 when the pandemic caused a significant reduction in cost recovery income.

Our costs across the past 5 years by main categories of spend are as follows:

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Staff costs	137	140	143	157	170
Estates and accommodation	31	30	31	30	30
IS/ IT	12	12	11	14	13
Capital and depreciation	16	14	15	18	24
Other	32	27	31	31	30
	<b>228</b>	<b>223</b>	<b>231</b>	<b>250</b>	<b>267</b>
Of which: EU exit	-	5	7	14	9

Our costs in 2021/22 increased by £17 million compared to 2020/21, which reflects the extra funding we received from government to deliver key programmes of activity which are explained on pages 39 to 52.

A major part of this is that we have recruited staff into new roles on a both permanent and temporary basis, to invest in the organisation so that we're able to meet all of HSE's objectives, which are set out in our Business Plan and our new strategy (see pages 72 to 75).

The following table shows the costs of those programmes as well as our core regulatory functions for both years and includes budget as well as actual expenditure for 2021/22.

## Actual expenditure in 2021/22 compared to budget and prior year

<i>HSE activity</i>	<i>2020/21</i>	<i>2021/22</i>	
	<i>Actual £m</i>	<i>Budget £m</i>	<i>Actual £m</i>
Core regulatory functions	210	217	215
COVID-19 spot checks	13	16	15
COVID-19 transmission studies	3	14	11
Programme to establish BSR	10	19	17
Establishment of UK regulatory regimes post-EU exit	14	13	9
	<b>250</b>	<b>279</b>	<b>267</b>

We spent £12 million less than our budget, mainly across the major programmes, but crucially we have delivered HSE's objectives for the year. Where plans have changed, we've been able to pass on cost savings to the Exchequer and identified further efficiencies where possible:

- we have been able to deliver the objective of our COVID-19 transmission studies at lower cost than was envisaged (see pages 39 to 41);
- the BSR communications strategy included paid for marketing campaigns in the last quarter of the year. These were instead delivered free of charge through other channels, with the aim of delivering the same outcomes more economically;
- on post-EU exit regulatory regimes, it took us longer than anticipated to appoint a delivery partner to provide the specialist input to modernise and digitise our UK chemicals processes and systems;
- development of our infrastructure for the Explosives Approved Body is dependent on receiving planning permission that has also taken longer than we had expected.

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

The level of debt at 31 March 2022 reduced to £33 million, compared to £35 million at 31 March 2021, and more than £13 million of this balance was less than one month old. The value of debt greater than six months old was £14 million, similar to the year before.

We have assessed the collectability of debt balances at 31 March 2022, using both past collection rates and our expectations about future recoverability. The level of impairment has not changed significantly in the past year (increased from £9.5 million to £10.3 million). There was a substantial increase during the previous financial year reflecting the impact of the pandemic on the economy and the current impairment reflects the continuing effect of this as well as rising inflation and wider economic pressures into financial year 22/23 and beyond.

We continue to apply our debt strategy and actively contribute to the Cross Government Debt Group to ensure consistency in approach and offer payment flexibility for individuals and businesses experiencing financial hardship. Our debt management strategy aligns with the Government Functional Standard and includes use of a debt collection agency and legal recovery action through the courts, where necessary. We seek to maximise the amount of debt we recover, while at all times ensuring we adhere to the principles of the functional standard.



## Financial outlook for 2022/23

Our ambitions for HSE have been reflected in our successful Spending Review 2021 outcome as we have secured continued funding to deliver key government priorities in respect of:

- establishing an effective Building Safety Regulator for England;
- developing full operating capability for UK chemicals, product safety and civil explosives, post-EU exit;
- supporting the safe transition to a carbon net zero society;
- finalising our research into COVID-19 transmission in the workplace.

Our budget is as follows:

<i>Expenditure</i>	<i>£m</i>
Staff costs	178
Staff-related costs	7
Estates and accommodation	32
Information systems/Information technology	8
Technical support	3
Deprecation	8
Other including programme expenditure	41
National core studies	5
EU repatriation services capital	6
BSR capital	6
Baseline capital	7

## Looking forward

Our 2022/23 Business Plan can be seen on our website.<sup>16</sup> It links to our HSE Strategy 2022 to 2032<sup>17</sup> and sets out the work we will undertake in 2022/23 against the five strategic objectives:



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



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



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



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



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

## Sustainable development

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

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

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16 <https://www.hse.gov.uk/aboutus/assets/docs/hse-business-plan.pdf>

17 <https://www.hse.gov.uk/aboutus/assets/docs/the-hse-strategy.pdf>

- implementing energy-saving technologies and initiatives;
- adopting strategies to minimise the environmental impacts of business travel;
- using utilities in a responsible and economic way to minimise negative impacts on the environment;
- managing waste and minimising volumes going to landfill, by re-use and recycling wherever possible;
- where possible, purchasing supplies which are recycled and recyclable, and whose production and use minimises the consumption of natural resources;
- using contractors/suppliers who perform their services in accordance with government policies;
- operating an environmental management system at our laboratory in Buxton;
- sourcing materials and assets that comply with government buying standards. We continue to assess our key suppliers' corporate environmental, social and economic responsibilities to manage supply-chain risk, including sustainability;
- wherever possible, HSE procures its goods and services against centrally let Crown Commercial Services frameworks that have been set up with due consideration to sustainability and social and ethical procurement issues;
- in instances where procurement of replacement goods is unavoidable, HSE seeks to buy goods that comply with Government Buying standards for the goods in question. HSE seeks to dispose of retired goods in accordance with the relevant environmental regulations;
- HSE applies appropriate social value considerations to award criteria for contracts in scope of PPN 06/20. It is HSE policy to only buy vehicles that comply with Government Ultra Low Emission Vehicle (ULEV) commitments unless there are specific operational imperatives for not doing so.

The impact of COVID-19 has continued in 2021-2022. With many of our workforce working at home, there is a consequential reduction in office electricity and water consumption, reduced paper consumption and reduced commuting and work-related travel. The true net impact of the changed ways of working is not calculable as we do not know how much additional power and water is being used at home.

Like many other organisations, the pandemic has seen a massive take up of video conferencing/collaboration software within HSE. With staff having now seen and enjoyed the capability of these tools, we expect a continued reduction in travel to face-to-face meetings post-pandemic. The anomalous nature of the year makes comparisons with other years largely invalid, so we are not offering narrative commentary on progress. Future periods will be closely monitored for true performance.

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

- The elimination of single-use plastics is progressing well at our two largest sites at Bootle and Buxton.
- Our Buxton site is in the process of shifting from the use of bottled water to mains-fed water, cutting the use of plastics and saving transport emissions from deliveries.
- A programme to install LED lights to replace fluorescent tubes throughout the Bootle HQ is complete, providing a significant electricity consumption reduction.
- Ten vehicle charging points have been installed in the Bootle HQ.
- Five vehicle charging points have been installed at our Buxton site.

- The rationalisation of the HSE estate has continued, with an overall reduction over the year of 2,755 m<sup>2</sup>. The smaller footprint brings an associated reduction in energy use for heat, light and power.
- At our 550-acre Buxton site a scoping study was undertaken by Derbyshire Wildlife Trust to consider opportunities and priorities in relation to nature recovery and habitat management. Further, more detailed, follow-up studies are planned for 2022/23.

HSE's laboratory facility in Buxton carries out a diverse range of scientific activities in response to external customer requirements or as part of the investigation of UK workplace incidents. The volume and nature of the work undertaken is therefore variable and the consequential inherent resource consumption and waste generated is equally so. For this reason, the Buxton site is exempt from Greening Government Commitments (GGC) targets.

Moving forward, continued review of the physical estate, modernisation of the IT estate, greater capacity and take-up of video conferencing (reducing the need for travel to meetings), and more staff working from home on a regular basis, will reduce associated emissions. We are working closely with our FM providers in our two largest sites, to formulate an achievable plan to support the government's sustainability and net zero aspirations.

## Greening Government Commitments

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

Due to timings of availability of information, the reporting year is calendar year rather than financial year.

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

*Table 4* Performance against GGCs compared to the baseline year 2017/18 and government reduction target (where appropriate).

<i>Across the HSE estate the aim is to:</i>	<i>Against government 2017-18 baseline</i>	<i>Target (by 2025)</i>	<i>Performance for year 2021-2022</i>	<i>Comments</i>
Reduce total greenhouse gas emissions	8,534.15	Target not yet set	2,180.25	HSE is consulting with key suppliers regarding realistic achievable targets for these aims over the 2021-2025 period.
Scope 1	2,936.41	Target not yet set	1,185.45	
Scope 2	3,802.26	Target not yet set	947.13	

<i>Across the HSE estate the aim is to:</i>	<i>Against government 2017-18 baseline</i>	<i>Target (by 2025)</i>	<i>Performance for year 2021-2022</i>	<i>Comments</i>
Scope 3	1,795.48	Target not yet set	652.30	
Reduce the distance travelled of domestic business travel flights by 30%	2,125,914	< 1,488,140	249,433	2021-22 not a representative year due to COVID-19 restrictions.
Report distance travelled on international flights	2,991,642	No target reduction set by government	69,458	2021-22 not a representative year due to COVID-19 restrictions.
Continue to reduce amount of waste generated by 15% from baseline	440	< 374	113.21	2021-22 not a representative year due to COVID-19 restrictions.
Reduce waste sent to landfill to less than 5% of overall waste	2%	<5%	0%	Due to the nature of the operations at Buxton the site is exempt from GGC targets. The percentage to landfill excludes our Buxton site, which sent 23% of its waste to landfill.
Increase recycling to at least 70%	94%	70%	90%	The percentage recycling reported excludes our Buxton site. The combined percentage of recycling stood at 61% for 2021-22

<i>Across the HSE estate the aim is to:</i>	<i>Against government 2017-18 baseline</i>	<i>Target (by 2025)</i>	<i>Performance for year 2021-2022</i>	<i>Comments</i>
Measure and report on food waste by 2022, for estates with over 50 FTE (full time equivalent staff) and or over 500m <sup>2</sup> floor area offering a food service.	0	N/A	N/K	This aim was set in October 2021. There is currently no data available. HSE is engaging with its suppliers to obtain data for future years.
Continue to reduce water consumption by at least 8% from baseline figure	27,692	<25,476	20,939	2021-22 not a representative year due to COVID-19 restrictions and low office occupancy.
Reduce the amount of paper used by 50%	10,870	<5,435	3,006	

## **Sarah Albon**

*Chief Executive and Accounting Officer*

Health and Safety Executive

14 October 2022



## **Accountability – Corporate governance report**

### **Corporate governance report**

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

### **The Directors' report**

#### **HSE structure**

HSE is led by a non-executive Board chaired by Sarah Newton.<sup>18</sup> The Board sets the organisation's long-term direction, strategy and objectives. The delivery of these, along with the day-to-day management of HSE, is the responsibility of the Chief Executive and the Executive Management Committee (ExCo).<sup>19</sup>

Further details on HSE's organisational structure can be found on our website.<sup>20</sup>

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18 <https://www.hse.gov.uk/aboutus/our-management.htm>

19 <https://www.hse.gov.uk/aboutus/our-management.htm>

20 <https://www.hse.gov.uk/aboutus/our-management.htm>

## HSE Board

### Non-executives at 31 March 2022



Sarah Newton  
*Chair of the Board*



Elaine Bailey



Martin Esom



Debbie Gillatt



Susan Johnson



John McDermid



Ged Nichols



Gina Radford



Ken Robertson



Claire Sullivan

## Our executives



Sarah Albon  
*Chief Executive*



James Anderson  
*Information Technology and Facilities*



Peter Baker  
*Building Safety and Construction Policy*



Rick Brunt  
*Engagement and Policy*



Clare Millington-Hume  
*Human Resources*



David Murray  
*Finance and Corporate Services*



Karen Russ  
*Science and Commercial*



Katy Shrimplin  
*Legal*



Angela Storey  
*Business Change & Operational Service*



Phillip White  
*Regulation*

## **Managing conflicts of interest**

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

## **Personal data-related incidents**

Information on personal data-related incidents can be found in the report of HSE's Data Protection Officer on page 118.

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

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

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

- observe the Accounts Directions issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *Government financial reporting manual*, have been followed, and disclose and explain any material departures in the accounts;

- prepare the accounts on a going-concern basis, unless it is inappropriate to presume that the Executive will continue in operation.

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

### **Accounting Officer's statement**

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

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

### **Governance statement**

#### **Introduction**

This Governance statement sets out HSE's governance, risk management and internal control arrangements which have operated in 2021/22.

As the Accounting Officer, I have maintained effective governance arrangements during 2021/22 which comply with relevant guidelines, including *Managing public money and the Corporate*

*governance in central government departments: Code of good practice.*

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

### **Ministerial and departmental oversight**

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

The HSE Board is responsible to the relevant ministers for the administration of the 1974 Act. Meetings also take place between the Minister with responsibility for oversight of HSE, the Chair and the Chief Executive. The arrangements between DWP and HSE within which corporate governance operates are set out in a framework document, which is available on HSE's website.<sup>21</sup>

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

### **Ministerial directions**

Ministerial directions are formal, technical instructions from the Secretary of State which allow the department to proceed with a spending proposal in a situation where the Accounting Officer has raised an objection. No ministerial directions were given in 2021/22.

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21 <https://www.hse.gov.uk/aboutus/assets/docs/board-operating-framework.pdf>

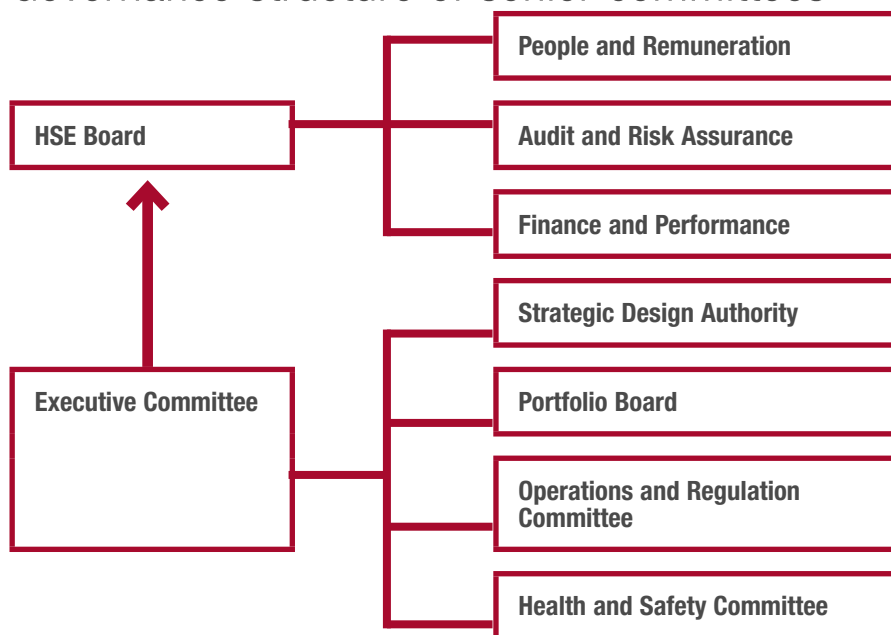
## Coronavirus (COVID-19)

We have adapted our ways of working to enable business to continue. Our offices have achieved COVID-19 secure status, enabling colleagues to work from home and/or office. In doing so, we have been able to maintain HSE’s control environment, with no relaxation of financial controls.

## Governance within HSE

The chart at Figure 4 sets out the structure of our senior committees as at 31 March 2022. This structure and board/sub-committee terms of reference and membership is kept under regular review.

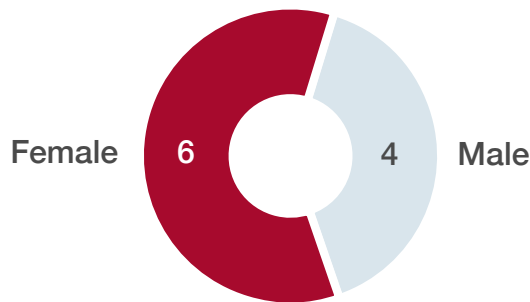
Figure 4 Governance structure of senior committees



## HSE Board

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

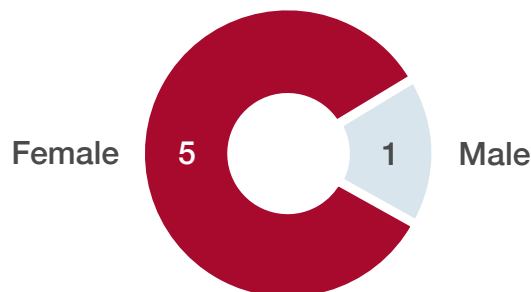
*Figure 5* Board composition by gender as at 31 March 2022



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

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

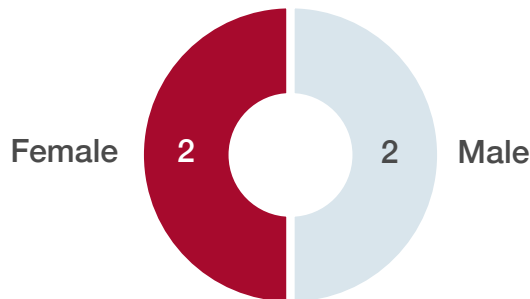
*Figure 6* People and Remuneration Committee composition by gender as at 31 March 2022



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

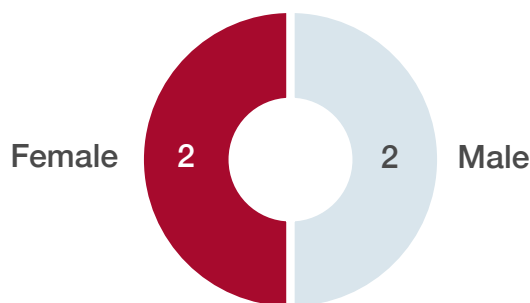


*Figure 7* Audit Risk and Assurance Committee composition by gender as at 31 March 2022



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

*Figure 8* Finance and Performance Committee composition by gender as at 31 March 2022



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

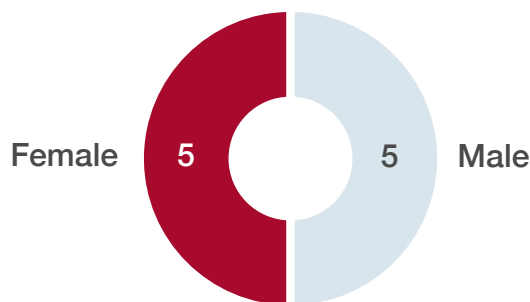
The Board and its sub-committees used a range of management information to monitor performance and support its discussions. This information includes financial, people and operational data.

## Executive Committee (ExCo)

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

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

*Figure 9* Executive Committee (ExCo) composition by gender as at 31 March 2022)



ExCo is accountable to the HSE Board for delivery of its strategy and objectives, and to Parliament for effective day-to-day management of HSE. Governance arrangements aim to improve effective decision making, with each committee having a distinct function and clear requirement of its membership.

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

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

## Board and committee attendance 2021/22

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

<i>Name of board/com- mittee mem- ber (and term of office held)</i>	<i>HSE Board</i>	<i>Audit &amp; Risk Assurance Committee</i>	<i>People &amp; Remuneration Committee</i>	<i>Science, Engineering &amp; Evidence Assurance Committee<sup>22</sup></i>	<i>Executive Committee</i>	<i>Finance and Performance</i>
	<i>10 meet- ings</i>	<i>4 meetings</i>	<i>3 meetings</i>	<i>4 meetings</i>	<i>10 meet- ings</i>	<i>2 Meetings</i>
<b>Non-executive members</b>						
Sarah Newton (1 Aug 2020 to 31 Jul 2025)	9 of 10	2 of 2	3 of 3	-	-	-
Janice Crawford (1 Jun 2016 to 31 Jul 2021)	3 of 4	2 of 2	-	-	-	-
Martin Esom (1 Jul 2017 to 30 Jun 2025)	10 of 10	4 of 4	-	-	-	-

22 The Science, Engineering & Evidence Assurance Committee (SEEAC) existed to provide independent assurance to the HSE Board on the quality and relevance of its science and engineering strategy and delivery. This committee ceased to exist from January 2022 and its functions have passed to HSE's Audit & Risk Assurance Committee (ARAC) and a new Science Quality Assurance Group (SQAG). SQAG is currently being constituted and the recruitment of an independent Chair is in progress.

<i>Name of board/com- mittee mem- ber (and term of office held)</i>	<i>HSE Board</i>	<i>Audit &amp; Risk Assurance Committee</i>	<i>People &amp; Remuneration Committee</i>	<i>Science, Engineering &amp; Evidence Assurance Committee<sup>22</sup></i>	<i>Executive Committee</i>	<i>Finance and Performance</i>
	<i>10 meet- ings</i>	<i>4 meetings</i>	<i>3 meetings</i>	<i>4 meetings</i>	<i>10 meet- ings</i>	<i>2 Meetings</i>
Susan Johnson OBE (1 Jun 2016 to 31 Jul 2024)	10 of 10	2 of 2	-	-	-	2 of 2
John McDermid (1 Oct 2019 to 30 Sep 2024)	9 of 10	-	-	4 of 4	-	-
Ged Nichols (1 Sep 2019 to 31 Aug 2024)	10 of 10	-	-	-	-	2 of 2
Ken Robertson (1 Oct 2016 to 31 Jul 2023)	9 of 10	2 of 2	-	4 of 4	-	-
Kevin Rowan (1 Jun 2016 to 31 Jul 2021)	3 of 4	-	-	-	-	-
Claire Sullivan (1 Aug 2019 to 31 Jul 2024)	9 of 10	-	3 of 3	-	-	-

<i>Name of board/com- mittee mem- ber (and term of office held)</i>	<i>HSE Board</i>	<i>Audit &amp; Risk Assurance Committee</i>	<i>People &amp; Remuneration Committee</i>	<i>Science, Engineering &amp; Evidence Assurance Committee<sup>22</sup></i>	<i>Executive Committee</i>	<i>Finance and Performance</i>
	<i>10 meet- ings</i>	<i>4 meetings</i>	<i>3 meetings</i>	<i>4 meetings</i>	<i>10 meet- ings</i>	<i>2 Meetings</i>
Mahbubul Islam (1 Oct 2019 to 31 Oct 2021)	3 of 5	2 of 2	-	-	-	-
Elaine Bailey (13 Jan 2021 to 12 July 2022)	9 of 10	-	3 of 3	-	-	-
Debbie Gillatt (27 September 2021 to 26 September 2026)	6 of 6	2 of 2	-	-	-	-
Gina Radford (27 September 2021 to 26 September 2026)	6 of 6	-	-	-	-	1 of 2

<i>Name of board/ committee mem- ber (and term of office held)</i>	<i>HSE Board</i>	<i>Audit &amp; Risk Assurance Committee</i>	<i>People &amp; Remuneration Committee</i>	<i>Science, Engineering &amp; Evidence Assurance Committee</i>	<i>Executive Committee</i>	<i>Finance and Performance</i>
	<i>10 meet- ings</i>	<i>4 meet- ings</i>	<i>3 meetings</i>	<i>4 meetings</i>	<i>10 meet- ings</i>	<i>2 Meetings</i>

### **Independent member of a sub-committee**

Amanda Hughes	-	2 of 2	-	-	-	-
Charmion Pears	-	2 of 2	-	-	-	-
Neil Bourne (Manchester University)	-	-	-	4 of 4	-	-
Peter Buckle (Imperial College)	-	-	-	4 of 4	-	-
Len Levy (Cranfield- University)	-	-	-	3 of 4	-	-
Elizabeth Cotton	-	-	-	4 of 4	-	-
Jose Torero Cullen	-	-	-	4 of 4	-	-
Mikela Chatzimichailidou	-	-	-	4 of 4	-	-

### **Executives**

Sarah Albon	-	3 of 4	3 of 3	-	10 of 10	2 of 2
James Anderson	-	-	-	-	9 of 10	-
Peter Baker	-	-	-	-	10 of 10	-
Martin Beecroft	-	-	1 of 1	-	2 of 2	-
Peter Brown	-	-	-	-	10 of 10	-
Maria Finch*	-	-	2 of 2	-	3 of 3	-
Clare Millington- Hume	-	-	2 of 2	-	6 of 6	2 of 2
David Murray	-	4 of 4	-	-	10 of 10	2 of 2
Karen Russ	-	-	-	-	10 of 10	-
Angela Storey	-	-	-	-	10 of 10	-
Philip White	-	-	-	-	10 of 10	2 of 2

<i>Name of board/ committee mem- ber (and term of office held)</i>	<i>HSE Board</i>	<i>Audit &amp; Risk Assurance Committee</i>	<i>People &amp; Remuneration Committee</i>	<i>Science, Engineering &amp; Evidence Assurance Committee</i>	<i>Executive Committee</i>	<i>Finance and Performance</i>
	<i>10 meet- ings</i>	<i>4 meet- ings</i>	<i>3 meetings</i>	<i>4 meetings</i>	<i>10 meet- ings</i>	<i>2 Meetings</i>
Katy Shrimplin	-	-	-	-	9 of 10	-

*\* Maria Finch attended as acting HR Director*

## **Risk management framework**

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

Divisions are responsible for ensuring they routinely consider risks to the delivery of their objectives through the effective application of HSE's risk management procedures. A review of divisional risk registers by the Business Assurance Team during 2021/22 provided me with positive assurance on the consistency of application in relation to key aspects of the process.

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



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

## **HSE's risk profile**

During the year, the most significant risks we have been managing are set out in the table below alongside the mitigating actions to manage them and their risk assessment at the end of March 2021. The risks were refreshed in November 2021 and there has been no movement in the risk assessment between then and 31 March 2022.

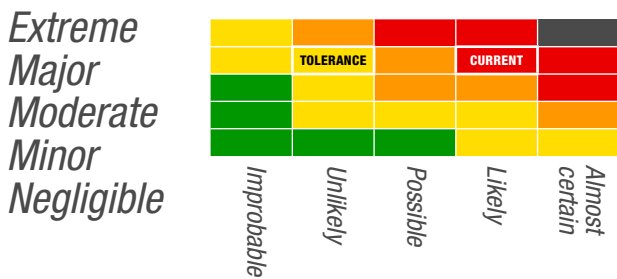
For the initial part of 2021/22 we continued to manage the risks that we reported in last year's Annual Report. These include **managing the impacts of COVID-19** on our people, our finances, regulatory capability and supporting the government in addressing issues arising from COVID-19, with our work to manage this risk documented throughout this report. The following risks have been re-articulated in the table below and the work undertaken is also explained in the Performance Report on pages 24 to 88:

- establishing the Building Safety Regulator (BSR) including resourcing and capability;
- developing a strategy which sets out HSE's future direction, priorities and sufficiently takes into account the external and internal operating environment and improvements needed to deliver.

*Risk description*

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

**Risk assessment at the end of March 2022**



**Target Tolerance Achievement: April 2024**

*Key controls and activities to manage risks*

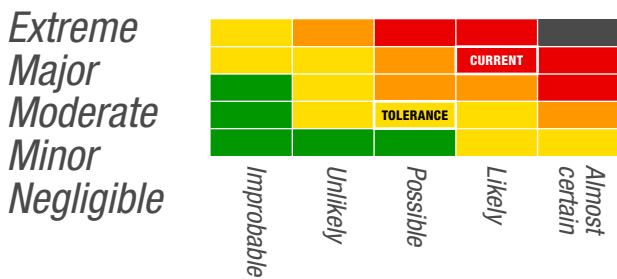
The existing HSE governance processes will be utilised to ensure that the core corporate underpinning elements [enabling strategies, delivery plan and annual business plan] are robust and aligned.

- Develop and agree Target Operating Model (**March 2023**)
- Identify and develop the supporting strategies (**March 2023**)
- Produce the supporting delivery plan to deliver the target operating model (**June 2023**)
- Review and, if necessary, propose changes to the business planning process to drive alignment of planned activity to strategic choices (**July 2022**)
- Propose options for how HSE's governance arrangements can be used to assure the 'golden thread' from strategic objectives through the HSE annual plan to divisional plans, thus ensuring resources being utilised 'on the right things' (**September 2022**)

*Risk description*

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

**Risk assessment at the end of March 2022**



**Target Tolerance Achievement: September 2023**

*Key controls and activities to manage risks*

**Understanding the problem** undertake analysis to better understand the specific areas of concern (eg location, skills) and share this with ExCo (Delivered)

**Attracting calibre applicants**

- Devise a recruitment and attraction strategy including using employee experience insights **(June 2022)**
- Review the Regulatory Training Programme and routes of entry **(Delivered)**

**Contingent Labour** Implement new contract for contingent labour using Public Sector resourcing as ‘One Stop Shop’ provider **(April 2022)**

**Improve internal recruitment planning and governance**

Implement an improved forward-looking HSE-wide recruitment plan which will be produced annually and updated quarterly **(June 2022)**

**Address internal challenges to recruitment:** devise a recruitment improvement plan to address capability, process and Management Information challenges which can hinder efficient recruitment **(June 2022)**

**Retaining staff**

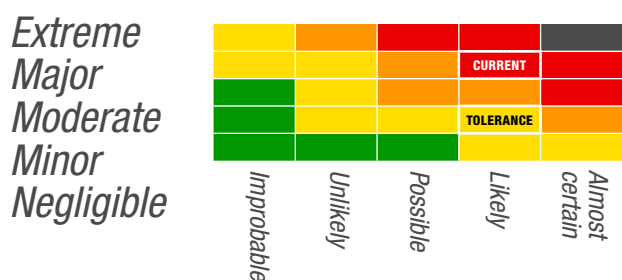
- Develop approach to long-term pay reform to ensure HSE has competitive and attractive reward package **(December 2022)**
- Develop hybrid working policy **(April 2022)**

*Risk description*

*Key controls and activities to manage risks*

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

**Risk assessment at the end of March 2022**



**Target Tolerance Achievement: June 2023**

- Finalise forecasting review and introduce a common set of standardised assumptions [eg recruitment] to support consistency and realism in forecasting and remove subjectivity **(April 2022)**
- Develop a dynamic, 3 year forward-looking financial and resourcing model which will enable financial scenarios to be modelled and understood prior to decision making **(June 2022)**
- Utilise the HSE establishment post list and governance arrangements via SDA to improve oversight of posts and their occupancy **(April 2022)**
- Review and if necessary, improve information to ExCo members to provide transparency of how forecasts are linked to posts **(April 2022)**
- Review portfolio dependencies for organisational capacity and capability and build this into continuous review of change programmes **(June 2022)**
- For cross-cutting activity, put in place appropriate governance mechanisms through Change Group together with supporting processes to ensure transparency and agreement at initiation so resource across HSE can be planned appropriately **(June 2022)**
- Design, develop and implement a series of mini Infrastructure and Project Authority type reviews on programme delivery confidence **(October 2022)**
- Finalise review of cost recovery against policy intent with clear proposals on who should pay to support new strategy **(April 2023)**

*Risk description*

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

**Risk assessment at the end of March 2022**



**Target Tolerance Achievement: March 2025**

*Key controls and activities to manage risks*

**Providing a modern platform**

- Develop an IT strategy and technology road map to forecast the path for replacing all legacy systems and the introduction of new technologies (**June 2022**)
- Develop a pipeline of prioritised business efficiencies that will guide the technology road map (**June 2022**)
- Deliver a programme to replace existing case management system, with incremental and iterative deployment of new functionality during the life of the programme (**June 2023**)
- Deliver a programme to replace all legacy small systems (**March 2025**)
- Deliver a programme to modernise the IT infrastructure supporting Science Division (**March 2025**)

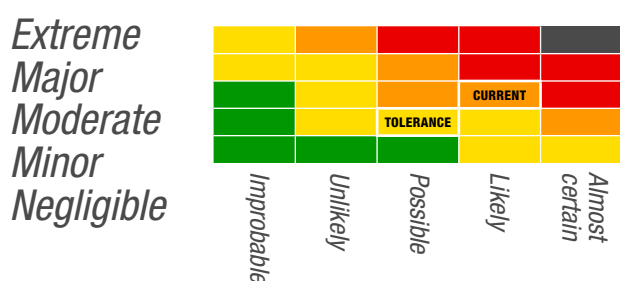
**Reducing barriers to use**

- Deliver a programme of training on IT to improve skills and confidence within the organisation (**March 2023**)

*Risk description*

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

**Risk assessment at the end of March 2022**



**Target Tolerance Achievement: June 2023**

*Key controls and activities to manage risks*

**Regulatory approach**

- Modernise our approach to taking prosecutions forward to bring in line with other regulators (**April 2022**)
- Review and update ‘Reducing Risks – Protecting People’ (**November 2022**)

**Regulatory processes and ways of working**

- Review the handling of concerns in the field: (i) Produce interim process recognising that the existing procedure is outdated (**Delivered**) (ii) Review pilot on dealing with red concerns to inform longer term approach to handling them (**December 2022**)
- Review approach to the selection of reportable incidents to investigate (ie incident selection criteria) and carry out pilot (**December 2022**)
- Review procedure for queries and dispute for FFI especially disputes process and clear backlog (**September 2022**)
- Catalogue and review legal operational guidance, including on use of digital processes, eg use of electronic signatures (**Commence April 2022**)

**Working with others**

- Prepare scope for review of local authority regulation of health and safety (**June 2022**)

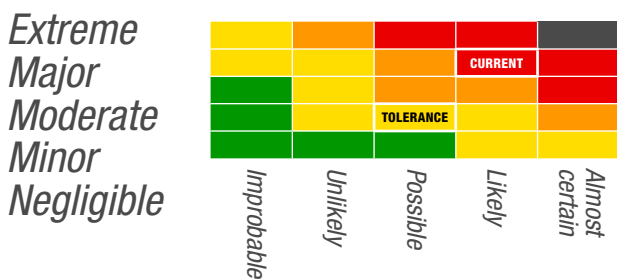
*Risk description*

*Key controls and activities to manage risks*

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

- Appoint performance senior lead **(Delivered)**
- Implement reporting of new measures to the performance hub **(April 2022)**
- Undertake a ‘stocktake’ review of ExCo members’ performance information needs, data availability, adequacy of supporting systems and report outcome and proposals for improvement to ExCo **(September 2022)**
- Following stocktake, develop a new performance framework for HSE with clear change control **(March 2023)**

**Risk assessment at the end of March 2022**



**Target Tolerance Achievement: April 2023**

**The Accounting Officer’s annual review of effectiveness**

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

Figure 10 outlines how the sources of assurance fit together, and how their outcomes have been reported to me as Accounting Officer, and relevant governance forums within HSE.

**Figure 10** Framework for considering effectiveness

<i>Annual assessment</i>	Accounting Officer Assessment of effectiveness		
<i>Reporting</i>	<b>Quarterly Integrated Assurance Report</b> to Executive Committee and Audit and Risk Assurance Committee		
	1st line	2nd line	3rd line
<i>Core assurance components used to determine effectiveness</i>	<b>Directors' Letters of Assurance</b> subject to independent assessment  <b>Government Functional Standards</b> subject to independent assessment by BA team  <b>Concern mechanisms</b>	<b>Business Assurance Teams</b> In-year reviews Annual assessment  <b>Data Protection Officer</b> In-year reviews Annual assessment  <b>Chief Scientific Adviser</b> Annual assessment  <b>Audit and Risk Assurance Committee</b> Annual report and assessment	<b>Internal Audit</b> Individual reviews Annual opinion  <b>Other external assurances including:</b> DWP Annual Assurance Assessment Government Business Services in relation to SSCL Civil Service Commission Investigatory Powers Commissioner's Office Infrastructure and Projects Authority ISO re-accreditation
<i>Underlying foundations</i>	<b>HSE Governance, Risk and Control Framework</b>		



## **Overall governance and control framework**

Our risk framework is described on page 104. In addition to the risk registers as indicated on pages 106 to 111, ongoing ‘business as usual’ risks, where HSE needs to assure itself that controls continue to be effective (rather than take new or different actions), are captured within the HSE Assurance Map, which is updated quarterly. This provides one of a number of mechanisms to identify potential assurance gaps, which are used to drive assurance activity within HSE’s annual Integrated Assurance Plan (see below).

Our governance and control framework is supported by appropriate policies, procedures and guidance for staff. All colleagues are expected to comply with those policies and procedures. These policies and procedures are subject to proportionate checks, supported by second and third-line assurance activity as appropriate. When improvements are identified, additional action is taken. The improvement in the timely implementation of audit recommendations – at the time of reporting, only two high-priority recommendations remained open and overdue, both of which are due to be implemented imminently, demonstrates my and ExCo’s commitment to improving our control environment.

I indicated within my statement last year that a series of appropriate first-line management checks were in development for our core regulatory processes and would be implemented during this year. I can confirm a programme of checks has been implemented, and an update was shared with ARAC in June 2021. The extension of these checks into other relevant regulatory areas continues to be a priority for development and implementation during 2022/23, as well as beginning to use the outcomes from these checks to drive improvements in the quality of our regulatory fieldwork and reporting the outcomes to relevant governance fora.

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

## **First line assurance**

### **Directors' Letters of Assurance**

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

I reviewed each of these, and I also requested both the Corporate and Regulatory Assurance teams to undertake a detailed review from a quality perspective and also consideration of whether any issues raised by Directors should be incorporated into this Governance statement.

I also undertook a more detailed review of a sample of the letters through a series of 'deep dive' meetings with the relevant Directors, supported by the Head of Business Assurance. This enabled me to better explore how conclusions had been drawn and the evidence used to make assessments.

Both my review and the review undertaken by my assurance teams did not highlight any issues of which I was not previously aware, nor which require separate reporting within this statement over and above those already included. The review did highlight some potential refinements to the process, and as part of my drive for continuous improvement I will take these forward to ensure HSE continues to have an effective governance, risk and control framework in place.

### **Functional standards**

For each standard, I requested the functional lead to undertake a self-assessment against the mandatory elements. Each assessment was subject to a 'sense-check' by the Business Assurance Team to ensure consistency. They provided me with a report on the overall position which indicated a good level of compliance. Where further actions were required, plans have been put in place by the Functional Leads and an update provided in their Letter of Assurance. Review of these highlighted that due to the development of HSE's new strategy and target operating model, we recognise the need to revisit our supporting functional strategies to ensure they align to and support delivery of HSE's objectives. This will be taken forward in 2022/23.

During the year, HM Treasury mandated the use of the Government Functional Standards<sup>23</sup> across government. The suite of standards contains both mandatory and advisory elements which support the governance, planning, delivery and assurance of functional work, as well as continuous improvement and professional development.

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23 Guide to functional standards - <https://www.gov.uk/government/publications/guide-to-functional-standards>

Going forward, I have:

- asked each Functional Lead to undertake a review of HSE's position against the full standard – where possible using the functions' continuous improvement assessment frameworks. I will be monitoring HSE's progress and actions at HSE's Operations and Regulation Committee;
- requested aspects of the functional standards to be subject to second and/or third-line assurance activity in 2022/23 and incorporated into the 2022/23 Integrated Assurance Plan. This is likely to form a key aspect of future years' assurance plans.

### **Effectiveness of mechanisms for raising concerns**

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

#### **Whistleblowing arrangements**

HSE has a well-established policy to support whistleblowers and our procedures offer a number of routes for employees to raise concerns, including nominated officers of Executive Committee (David Murray and Clare Millington-Hume) and the Board (Susan Johnson OBE). We have a very low number of whistleblowing concerns raised each year. In 2021/22, no new cases were raised [2020/21: 1 case].

I have also taken assurance from the cross-Civil Service People Survey 2021, which indicates the majority of staff know how to raise a concern under the Civil Service Code.

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

HSE has established policies in relation to fraud, bribery and corruption, which are consistent with those of other government

departments. These policies apply to all HSE employees, suppliers and contractors, and cover relevant legislation and individual responsibilities. During 2021/22 we have published a counter fraud, bribery and anti-corruption strategy which aligns with the government's counter fraud, bribery and corruption functional standard.

## **Second line assurance**

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

The Business Assurance team has been in place now since 2020/21 and has continued to drive tangible improvements in HSE's evidence-base on its systems of internal control.

Further to the actions I indicated in last year's statements, the independent second line regulatory assurance team, reporting directly to Director of Regulation, with a reporting line to the Head of Business Assurance is now fully staffed, and has already delivered a number of reviews across key regulatory functions.

During the year, both teams have delivered a number of reviews across a variety of functions which continue to help build a more extensive, robust evidence base to support decision making. While the reviews of both teams have identified areas for improvement have not identified any significant failures in control.

I have also noted that within her Quarter 4 integrated assurance report the Head of Business Assurance indicated that, in her view, HSE has continued to work to progress and embed its approach to compliance and assurance during 2021/22. While recognising there will continue to be areas of focus for HSE as part of its continuous improvement activities, she noted that 2021/22 has seen progress which will have a notable positive impact on HSE's control and governance arrangements.

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

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

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

The DPO's annual assessment in relation to HSE's compliance is that HSE has made good progress across a number of areas such as improved use of Data Privacy Impact Assessments and further development of Records of Processing activity across the organisation. However, improvements in the area of information governance are required if HSE is to have an improved level of confidence in its compliance with relevant legislation.

Fifty-six breaches [prior year: 50 breaches] were notified to the DPO during 2021/22 of which 3 [prior year: 4] were deemed serious enough to meet the threshold for self-reporting to the Information Commissioner's Office.

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

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

Given the independence of his role, I have taken assurance from the CSA's annual assessment which indicates that, in his view, HSE has good systems in place for science, engineering and evidence governance including the following:

- The Science, Evidence and Research Advisory Group (SERAG) is now well established to provide HSE with assurance that any research commissioned aligns to HSE's strategy, plans and end user needs).
- A review of Science commissioning by GIAA provided a moderate opinion and indicated there are appropriate groups in place to oversee the commissioning of science work, with suitable terms of reference also in place.
- A new Group, the Science Quality Assurance Group (SQAG) is being established to assure the quality of HSE's science.

I also noted that HSE continued to make a significant contribution to the government's response to COVID-19 through our science capability.

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

Given the remit of the ARAC as described on page 96, I have considered its views as part of my assessment.

Having received and challenged reports from HSE management, National Audit Office (NAO) and Government Internal Audit Agency (GIAA), and taken into account the range of assurance outcomes reported via the IAR, the Committee's conclusion is that 'HSE's risk, governance and internal control framework is satisfactory and fit for purpose'. The ARAC noted that the outcome from the wide range of assurance activity was largely positive with no fundamental weaknesses identified. It also welcomed the progress to strengthen regulatory compliance.

## Third line assurance

### Government Internal Audit Agency annual opinion

Internal audit is provided by the Government Internal Audit Agency (GIAA). They have carried out a portfolio of work to provide assurance on the strength of risk, control, and governance arrangements. The Head of Internal Audit (HIA) has provided an overall moderate opinion for 2021/22 (20/21: moderate) which means *'improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control'*.

Overall, the HIA has observed that *'control, risk and governance arrangements continue to be strengthened across HSE'*.

The Head of Internal Audit also indicates:

- continuing development of the governance framework, strong financial control, and some good operational performance;
- further enhancement of governance arrangements through the creation of the Finance and Performance Committee. This Committee will play a key role in driving forward ongoing changes to HSE's approach to organisational performance;
- continuing development of HSE's integrated assurance approach, with regular and effective reporting to Executive Committee and ARAC, and agreement of a comprehensive Integrated Assurance Plan;
- an increasing focus on first line assurance (see page 114), which he welcomes;
- good and improving change management, supported by appropriate governance fora, in various areas, such as the Building Safety Regulator Programme.



Of the 12 audits where GIAA provided an opinion, only one received a Limited opinion. This was in relation to major hazards issues management where GIAA identified weaknesses that included a lack of oversight and control over the extension of compliance dates and the closing down of issues. A series of recommendations have been agreed and I will be closely monitoring their implementation, utilising existing governance arrangements.

### **Other external assurances**

I have also considered other external assurances I have received during the year. These have included:

**DWP Annual Assurance Assessment:** This annual exercise is undertaken by DWP, our parent body, to enable it to assess the risk posed to the department by its public bodies and to manage that risk in a proportionate way. I have taken assurance from the DWP assessment which indicates that overall HSE is considered to be medium risk which represents no change from last year. Medium risk means there are *'No serious issues with performance and delivery of objectives, or issues are being managed effectively. External changes have minimal impact or are being mitigated effectively. No serious issues identified with the relationship with DWP'*.

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

**Government Business Services (GBS)**, which manages the shared services contract with SSCL, has provided me with a Letter of Assurance outlining the findings from assurance activity conducted in-year by both GIAA and Price Waterhouse Coopers LLP (PwC) as the Independent Service Auditor (ISA). I have taken assurance from the opinions provided by PwC (Generally Satisfactory with some improvements required, which is an improvement from last year) and GIAA (Moderate). I have also noted that a small number of exceptions relevant to HSE were identified during audit testing. However, I have been sufficiently assured that there is no material impact on HSE's financial statements as a result of these findings.

**Civil Service Commission:** The Civil Service Commission (CSC) undertakes an annual assessment of organisations' compliance with the Civil Service Recruitment Principles. Each organisation receives an annual assessment (poor, fair or good) and a forward trajectory (likely to improve, static or at risk). I have taken assurance that our recruitment processes are improving from the CSC latest assessment. For 2020/21 (latest available information) HSE received an improved rating of fair/static (19/20: fair/at risk). Of all 72 organisations assessed, 18 achieved Good, 43 were rated fair and 9 as poor. Of the organisations such as HSE which received a Fair rating, 16 were rated as Likely to Improve, 18 static and 9 at risk.

**Investigatory Powers Commissioner's Office (IPCO):** IPCO assessed HSE's compliance with the legislation and procedures governing the acquisition of communications data under the Investigatory Powers Act. The inspection concluded that HSE complies with the Act and its Code of Practice by acquiring communication data lawfully and for correct statutory purposes.

**Infrastructure and Projects Authority:** I have taken assurance from the assessment undertaken in April 2022 by IPA in respect of the BSR programme. This has indicated successful delivery of the programme appears feasible, while recognising there are some complex issues which continue to require management attention. As such, the assessment included a series of recommendations, all of which have been agreed and are being progressed.

**ISO external accreditation:** HSE's Science Division currently holds the ISO9001 accreditation for its Quality Management System. This requires regular revalidation undertaken by external assessors. The last revalidation was undertaken in 2020/21 and has been maintained following two audits from Lloyds Registry during 2021/22 on the adequacy of the quality systems in place within the division.

### **Overall conclusion**

Having considered the extensive evidence available to me, I am pleased to indicate that as in 2020/21, HSE continues to have satisfactory governance and risk management arrangements in pace with effective plans to ensure continuous improvement.

## **Accountability – Remuneration and staff report**

### **Remuneration and staff report overview**

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

### **Remuneration report**

#### **Service contracts**

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

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

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

#### **Remuneration policy**

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

to consider the following:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- government policies for improving public services;
- the fund available to departments as set out in the government's Department Expenditure Limits;
- the government's inflation target.

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

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

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

**Table 6** Single total figure of remuneration (this information is audited)

	<i>Salary (£'000)</i>		<i>Bonus payments (£'000)</i>		<i>Taxable expenses and other benefits in kind to nearest £100</i>		<i>Pension benefits (to nearest £1 000)<sup>24</sup></i>		<i>Total (£'000)</i>	
	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>
Sarah Albon Chief Executive	135-140	135-140	5-10	-	15 100 <sup>25</sup>	-	22	170	180-185	305-310
James Anderson	105-110	105-110	-	10-15	-	-	42	42	145-150	155-160
Peter Baker	95-100	90-95 (95-100 FYE)	-	10-15	-	-	39	118	135-140	215-220
Peter Brown <sup>26</sup>	90-95	85-90 (90-95 FYE)	5-10	-	-	-	4	164	100-105	245-250
Clare Millington-Hume <sup>27</sup>	65-70 (90-95 FYE)	-	-	-	-	-	24	-	85-90	-

24 The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum less individual contributions. This is a notional figure that accounts for changes in post-retirement pension payments over a standard 20 year period. The figure can therefore be dominated in the first year following an uplift to salary on promotion.

25 From 1 April 2021, Sarah Albon registered HSE's Bootle HQ as a second permanent office in response to a change in working pattern following restricted travelling during the pandemic. This means that the cost of Sarah's travel to Bootle is treated as taxable. During the year, she incurred £15k of taxable expenses related to her travel to HSE's HQ in Merseyside.

26 Peter Brown retired on 31 March 2022. Rick Brunt replaced Peter as Interim Director of Engagement and Policy from 1 April 2022

27 Clare Millington-Hulme joined HSE on 19 July 2021 as Director of Human Resources replacing Martin Beecroft who left on 30 June 2021

	<i>Salary (£'000)</i>		<i>Bonus pay- ments (£'000)</i>		<i>Taxable expenses and other benefits in kind to nearest £100</i>		<i>Pension ben- efits (to nearest £1 000)<sup>24</sup></i>		<i>Total (£'000)</i>	
	<i>2021- 22</i>	<i>2020- 21</i>	<i>2021- 22</i>	<i>2020- 21</i>	<i>2021- 22</i>	<i>2020- 21</i>	<i>2021- 22</i>	<i>2020- 21</i>	<i>2021- 22</i>	<i>2020- 21</i>
David Murray	115-120	115-120	5-10	-	-	-	23	56	145-150	170-175
Karen Russ	115-120	115-120	-	-	-	-	46	46	160-165	160-165
Katy Shrimplin <sup>28</sup>	90-95	0-5 (90-95 FYE)	-	-	-	-	84	3	175-180	5-10
Angela Storey	95-100	95-100	5-10	-	-	-	39	39	145-150	135-140
Philip White	95-100	95-100	5-10	10-15	-	-	(5)	41	100-105	150-155
Martin Beecroft <sup>29</sup>	25-30 (115-120 FYE)	115-120	-	-	-	-	11	46	40-45	160-165
Selvin Brown <sup>30</sup>	-	45-50 (100-105 FYE)	-	10-15	-	-	-	24	-	80-85

28 Katy Shrimplin joined HSE as Director of Legal Services Division on 22 March 2021

29 Martin Beecroft left HSE on 30 June 2021. As part of the terms of his voluntary exit departure agreed in March 2021, a payment of £95k was paid under the terms of the Civil Service Compensation Scheme.

30 Selvin Brown left HSE on 6 September 2020

**Table 7** Board (non-executive directors) single total figure of remuneration (this information is audited)

	<i>Salary (£'000)</i>		<i>Bonus pay- ments (£'000)</i>		<i>Taxable expenses and other benefits in kind to near- est £100</i>		<i>Pension ben- efits (to near- est £1000)</i>		<i>Total (£'000)</i>	
	<b>2021- 22</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2020- 21</b>
Sarah Newton	80-85	55-60 (80-85 FYE)	-	-	-	-	-	-	80-85	55-60
Elaine Bailey (Term started 31 Jan 2021)	15-20	0-5 (15-20 FYE)	-	-	-	-	-	-	15-20	0-5
Martin Esom	15-20	15-20	-	-	-	-	-	-	15-20	15-20
Debbie Gillatt (Term started 27 Sept 21)	5-10 (15-20 FYE)	-	-	-	-	-	-	-	5-10	-
Susan Johnson	15-20	15-20	-	-	-	-	-	-	15-20	15-20
John McDermid	15-20	15-20	-	-	-	-	-	-	15-20	15-20
Gerard Nichols	15-20	15-20	-	-	-	-	-	-	15-20	15-20
Gina Radford (Term started 27 Sept 21)	5-10 (15-20 FYE)	-	-	-	-	-	-	-	5-10	-
Ken Robertson	15-20	15-20	-	-	-	-	-	-	15-20	15-20
Claire Sullivan	15-20	15-20	-	-	-	-	-	-	15-20	15-20



	<i>Salary (£'000)</i>	<i>Bonus pay- ments (£'000)</i>	<i>Taxable expenses and other benefits in kind to near- est £100</i>	<i>Pension ben- efits (to near- est £1000)</i>	<i>Total (£'000)</i>					
	<b>2021- 22</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2020- 21</b>
George Brechin <sup>31</sup>	-	5-10 (15- 20 FYE)	-	-	-	-	-	-	-	5-10
Janice Crawford (Term ended 31 Jul 2021)	5-10 (15- 20 FYE)	15-20	-	-	-	-	-	-	5-10	15-20
Sarah Pinch (Term ended 31 Jul 2020)	-	5-10 (15- 20 FYE)	-	-	-	-	-	-	-	5-10
Kevin Rowan (Term ended 31 Jul 2021)	5-10 (15- 20 FYE)	15-20	-	-	-	-	-	-	5-10	15-20
Martin Temple (Term ended 31 Jul 2020)	-	25-30 80-85 (FYE)	-	-	-	2 200	-	-	-	30-35

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

## **Salary**

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

## **Allowances, taxable expenses and benefits in kind (this information is audited)**

The monetary value of benefits in kind covers any benefits provided by HSE and treated by HM Revenue and Customs as a taxable emolument.

Benefits for Board and Executive members included in Table 6 or 7 relate to reimbursement of travel expenses where any ensuing tax liability was met by HSE.

## **Bonuses**

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2021/22 are based on 2020/21 performance and comparative bonuses for 2020/21 are based on 2019/20 performance.

## Pay multiples (this information is audited)

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

The banded remuneration of the highest-paid director in HSE in the financial year 2021-22 was £145-150 000 (2020-21, £135-140 000).

*Table 8* Pay Ratios of organisation (total pay and benefits)

<i>Year</i>	<i>25th Percentile Ratio/Salary</i>	<i>Median remuneration</i>	<i>75th Percentile</i>
<b>2021/22</b>	<b>4.84 / £30 463</b>	<b>3.57 / £41 272</b>	<b>2.72 / £54 144</b>
2020/21	4.53 / £30 361	3.27 / £42 087	2.54 / £54 042

*The pay ratios in the table above do not materially change by isolating only the salary component.*

In 2021/22 7 employees (2020/21 11) were paid in excess of the highest paid director. All were engaged on temporary contracts through recruitment agencies, providing leadership and/or specialist support to major HSE Programme activity.

Remuneration ranged from £17 313 to £231 000 (2020/21 £17 811 to £290 400).

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

**Table 9** Fair pay disclosures

	2021-22	2020-21	% change	Explanation
Highest paid Director's salary and allowances	£137 500	£137 500	-	
Highest paid Director's performance pay/bonuses	£7 500	-	-	HSE's CEO received a bonus in 2021-22
FTE	2 741	2 578	6.3	
All employee's salary, allowances and bonuses	£131 767 000	£123 965 000	6.3	The increase in salary is due to additional staff numbers in 2021-22
Average salary, allowances and bonuses	£48 070	£48 092	(0.1)	
Total salary and allowances excluding bonuses	£130 147 000	£122 525 000	6.2	The increase in salary is due to additional staff numbers in 2021-22
Average	£47 479	£47 533	(0.1)	
Total performance pay/bonuses	£1 620 260	£1 439 541	12.6	The increase in total performance bonuses is due to additional staff numbers in 2021-22
Average	£591	£558	5.8	

## Pension benefits

**Table 10** Chief Executive and Executive Management Committee pension benefits (this information is audited)

Officials	Accrued pension at pension age as at 31/3/2022 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/2022 £'000	CETV at 31/03/2021 £'000	Real increase in CETV £'000
Sarah Albon <i>Chief Executive</i>	60-65 plus a lump sum of 130-135	0-2.5 plus a lump sum of 0-2.5	1 221	1 150	3

<i>Officials</i>	<i>Accrued pension at pension age as at 31/3/2022 and related lump sum</i>	<i>Real increase in pension and related lump sum at pension age</i>	<i>CETV at 31/03/2022</i>	<i>CETV at 31/03/2021</i>	<i>Real increase in CETV</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
James Anderson	15-20	0-2.5	206	169	23
Peter Baker	50-55 plus a lump sum of 135-140	0-2.5 plus a lump sum of 0-2.5	1 130	1 039	26
Peter Brown	35-40 plus a lump sum of 110-115	0-2.5 plus a lump sum of 0-2.5	834	819 <sup>32</sup>	3
Clare Millington-Hume <sup>33</sup>	0-5	0-2.5	20	1	12
David Murray	60-65	0-2.5	1 045	984	5
Karen Russ	15-20	2.5-5	240	195	29
Katy Shrimplin	40-45 plus a lump sum of 120-125	2.5-5 plus a lump sum of 10-12.5	943	843	85
Angela Storey	10-15	0-2.5	158	125	23
Philip White	45-50 plus a lump sum of 135-140	0-2.5 plus a lump sum of 0-2.5	1 093	1 038	(9)
Martin Beecroft	45-50	0-2.5	773	742	9
Selvin Brown	-	-	-	700	-

32 2020/21 recalculated in 21/22 by MyCSP to 819.

33 Clare Millington-Hume joined HSE on 19 July 2021.

## Civil Service pensions

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

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into **alpha** sometime between 1 June 2015 and 1 February 2022.

Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch

to **alpha** have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha**, as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.)

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum; **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**.

In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

### **Cash equivalent transfer values (CETVs)**

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure



pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

### **Real increase in CETV**

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

### ***Non-executives (this information is audited)***

Fees amounting to £3,000 (2020/21 restated: £3,000) were paid to the two independent members of the Audit and Risk Assurance Committee.

## Staff report

Analysis of staff numbers and costs is provided in Tables 11 to 20 and Figures 11 to 14.

**Table 11** Staff Costs (this information is audited)

	<b>2021-22</b>		<b>2020-21</b>	
	<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	110 528	17 476	<b>128 004</b>	116 726
Employers' National Insurance <sup>34</sup>	12 482	-	<b>12 482</b>	11 872
Pension costs	29 638	-	<b>29 638</b>	28 302
Lump sum exit costs	180	-	<b>180</b>	160
<b>Total (as reported in the SoCNE)</b>	<b>152 828</b>	<b>17 476</b>	<b>170 304</b>	157 060
Less recoveries in respect of outward secondments	(307)	-	<b>(307)</b>	(19)
<b>Total net costs</b>	<b>152 521</b>	<b>17 476</b>	<b>169 997</b>	157 041

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha' are unfunded multi-employer defined benefit scheme but employer (HSE) is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)).

34 Includes Apprenticeship Levy payments of £549k during 2021/22 (£493k for 2020/21)

<b>2021-22</b>		<b>2020-21</b>	
<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>

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For 2022, employers' contributions of £29.7 million were payable to the PCSPS (2020/21: £27.7 million) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021/22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt out to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £139 256 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £4 639, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death-in-service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at 31 March 2022 were £32 580. Contributions prepaid at that date were £nil. One person (2020/21: 2 people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £2 771 (2020/21: £7 263).

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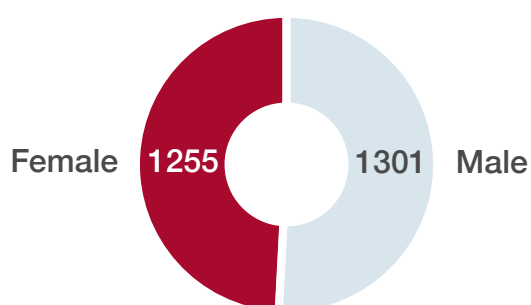
**Table 12** Staff numbers (this information is audited) – the average number of full-time equivalent (FTE)

<i>Permanent staff</i>	<i>Other</i>	<i>2021-22 Total</i>	<i>2020-21 Total</i>
<b>2 495</b>	<b>173</b>	<b>2 668</b>	2 483

**Table 13** The total HSE staff in post by full-time equivalents (FTE) and occupational group as at 31 March 2022

<i>Occupational Group</i>	<i>31 March 2022</i>	<i>31 March 2021</i>	<i>31 March 2020</i>
Inspectors and visiting health and safety staff <sup>35</sup>	<b>1 018</b>	1 045	1 059
Other professional or specialist staff	<b>1 282</b>	1 125	1 014
Other staff (of whom apprentices)	<b>257</b> <b>(9)</b>	262 (13)	270 (16)
Contingent labour <sup>36</sup>	<b>185</b>	161	28
<b>Total staff<sup>37</sup></b>	<b>2 742</b>	2 593	2 371

**Figure 11** Total HSE staff in post by FTE and gender (excluding Chair and contingent labour) as at 31 March 2022

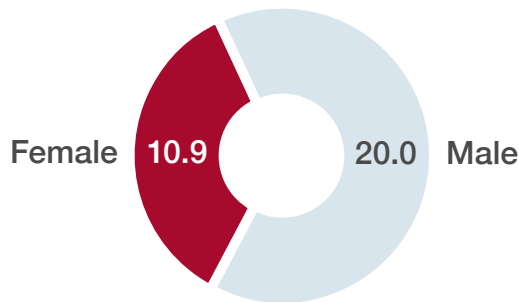


35 Comprises inspectors and visiting officers and regulatory compliance officers.

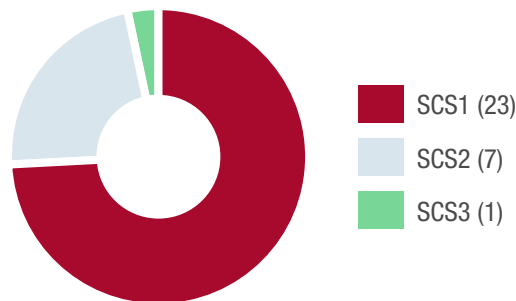
36 Contingent labour is defined as temporary staff not on HSE's payroll, which may include agency workers, specialist contractors, interim managers etc.

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

*Figure 12* Senior civil servants FTE gender split as at 31 March 2022



*Figure 13* Senior civil servants’ pay band as at 31 March 2022



## Human rights

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

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

## Diversity and Inclusion

HSE wants to attract, retain and invest in talent, wherever it is found, to drive improvement in the day to day lives of all citizens, spending public money with care and providing excellent services.

It is for this reason that the Civil Service and HSE want to have a truly diverse workforce, a culture of openness and inclusivity, as a means of delivering better outcomes to the citizens we serve.

HSE has three long-term aims for Diversity and Inclusion:

- to focus on inclusion to build our culture and reputation as a place that attracts, develops, retains and fully engages all diverse talent across HSE;
- to continue to increase the representation of currently under-represented groups at all levels across HSE;
- to support the reduction in bullying, harassment and discrimination.

In 2021 we started a number of initiatives to help improve Black Asian and Minority Ethnic representation and inclusion in HSE:

- held Insight sessions/Focus groups with Black Asian and Minority Ethnic colleagues to understand their lived experience of working in HSE. The report recommendations have been marbled into HSE's People Plan for action;
- delivered ASPIRE – our programme of development for Black Asian and Minority Ethnic colleagues;
- launched Reverse Mentoring (Mentors are Black Asian Minority Ethnic colleagues/Mentees are senior leaders);
- delivered two workshops for line managers of ASPIRE attendees on Race Confidence and Fluency;
- held insight sessions/focus groups with senior leaders to understand their lived experience of racial inclusion in HSE.

Our strategy for diversity and inclusion will continue to be framed by an approach where diversity and inclusion is not an end in itself, but an integral means of delivering better outcomes for the public we

serve. In order to mainstream diversity and inclusion and embed activity successfully into our everyday delivery, we know that supportive systems, networks and communities (individuals, teams, HR leads, champions, employee networks and leaders) within HSE will need to continue to work collectively and collegiately, embodying Civil Service values.

We will continue to prioritise and give focus to enabling and supporting this in HSE in addition to work to improve representation of under-represented groups and our ongoing work to address bullying, harassment and discrimination. Our approach will be underpinned by the Public Sector Equality Duty.

HSE is committed to ensuring our people are treated with dignity and respect and has a zero tolerance for any form of bullying, harassment and discrimination. Where it occurs, it is essential that it is reported and tackled.

In 2021/2022, we worked to reduce the instances of staff who personally experienced bullying harassment or discrimination. Our Civil Service People Survey results confirmed an encouraging reduction to 8% in 2021 (10% in 2020).

We used insight data from the Civil Service People Survey, HSE's Achieving Cultural Excellence survey and expertise from across the HR profession to support and reinforce the following themes with our leaders and colleagues:

- foster a culture where every colleague feels comfortable raising concerns and can do so without fear of recrimination;
- ensure HSE is handling and resolving concerns at source, dealing with poor practice or behaviour internally and at the first time of asking;
- that HSE is an organisation that is an inclusive place to work, a safe place to challenge and where differences of experience are not just respected but expected.

We ran several campaigns and learning interventions, supported by HSE senior leadership team – Learning at Work Week, Civil Service 'Speak Up' Campaign and encouraged use of our Behaviour Matters videos and supporting material.

These set out HSE's values and cultural aspirations and signposted colleagues to our policies and routes to raise concerns and seek support. They improved team's understanding, awareness and increased confidence in resolving issues in this area.



We have made real improvements and will not become complacent. We will:

- continue to monitor progress on bullying, harassment and discrimination through the annual Civil Service People Survey;
- continue to promote an open and transparent culture, raising awareness of standards via the annual Civil Service Speak Up campaign;
- encourage reporting of issues when they arise and take timely and appropriate action as a result;
- underpin our approach through the Public Sector Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

## **Engaging our people**

Our people are at the heart of what we do and keeping our colleagues informed, listening to their views and involving them in our purpose, priorities and plans is central to our engagement strategy. We need to continue to make HSE an excellent place to work where everyone feels valued and is treated with dignity and respect. Our people are at their best when they can be themselves. HSE is fully engaged with the wider Civil Service aim of being a Brilliant Civil Service and the UK's most inclusive employer.

HSE has built on the positive levels of engagement reported in the previous year and wants to continue as an organisation where everyone can feel comfortable speaking up and have clear avenues to provide constructive feedback and challenge. We hosted virtual town halls, our event Virtually Together, and One HSE: Back Together events.

Our 2021 corporate engagement plan included a 12-month programme of improvement activity to support health, safety, wellbeing, promote diversity and inclusion. As part of our work to advance racial equality and inclusion in our organisation, we introduced our Aspire programme for ethnic minority colleagues to help us better understand their lived experience in terms of racial inclusion in our organisation.

Our 2021 engagement index score increased to 62% (60% in 2020). This is encouraging and in 2022/2023 we will continue to promote a positive and inclusive culture.

### **Staff turnover**

The number of staff leaving HSE has increased (from 167 in 2020/21 to 281 in 2021/22). Of the 281 leavers, 66 moved to new posts in other government departments, 87 retired and 3 sadly passed away. Four colleagues were dismissed, and 15 fixed-term appointments concluded. The average age of HSE employees has slightly reduced from 47.3 to 46.7 in this time.

### **Pay**

We published our fifth gender pay gap report in March 2022 in relation to the period covering 1 April 2020 to 31 March 2021.<sup>38</sup> The results show that HSE has made improvements compared to the previous year with a mean gender pay gap of 16.8% and a median gender pay gap of 18.3%.

We are pleased that we have achieved a reduction in the gender pay gap, helping HSE to deliver a representative workforce in relation to gender and ultimately to all protected characteristics groups. We are also pleased to report that there has been

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38 <https://www.hse.gov.uk/aboutus/assets/docs/gender-pay-gap-report-2021.pdf>

considerable progress made in achieving our goal of ensuring gender parity in our senior leadership roles. We have done this by improving the way we develop and support our internal female talent in their career development and by improving our talent acquisition.

We continue to seek to achieve a much better gender balance across all bands and disciplines in HSE, and to attract more talented women into seeing the value of (and commencing) a rewarding career within our engineering disciplines.

There have been increases in women entering higher bands since April 2020. At SCS level, the increase in female representation from last year has improved by 7%. There has also been a 4.5% increase in women occupying Band 1 and a 2% increase in women occupying our Band 2 grade. At the same time, the proportion of women compared to men in the two lowest paid bands has decreased.

Our ambition for 2022 and successive years is to continue to take proactive steps to improve pay transparency, going above and beyond the statutory duty to breakdown its data to discover where the real impacts lay. We are also taking steps to ensure our current and future employees' career journeys are fair and inclusive to enable them to fulfil their potential regardless of gender, age, race, disability, religion or belief, sexual orientation, gender reassignment, marriage and civil partnership.

## **Expenditure on consultancy**

There was £nil consultancy spend during the financial year (£nil: 2020/21).

## **Expenditure on contingent labour**

HSE spent a total of £17.4 million (2020/21: £10.2 million) on contingent labour during the financial year.

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

Following the Review of tax arrangements of public sector appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments and their arm's length bodies must publish information on their highly paid and/or senior off-payroll engagements.<sup>39</sup> Tables 14–16 indicate the number of off-payroll arrangements HSE has had in place.

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39 <https://www.gov.uk/government/publications/review-of-the-tax-arrangements-of-public-sector-appointees>

**Table 14** Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater

Number of existing engagements as of 31 March 2022	110
<i>Of which:</i>	
Number that have existed for less than one year at time of reporting	81
Number that have existed for between one and two years at time of reporting	26
Number that have existed for between two and three years at time of reporting	2
Number that have existed for between three and four years at time of reporting	1
Number that have existed for four or more years at time of reporting	-

**Table 15** All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater

Number of temporary off-payroll workers engaged during the year ended 31 March 2022	174
<i>Of which:</i>	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	174
Subject to off-payroll legislation and determined as out-of-scope of IR35	0
Number of engagements reassessed for compliance or assurance purposes during the year	115
Of which: Number of engagements that saw a change to IR35 status following review	0

**Table 16** For any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

Number of off-payroll engagement of Board members, and/or senior officials with significant responsibility, during the financial year	0
Total number of individuals on-payroll and off-payroll that have been deemed 'Board members and/or senior officials with financial responsibility' during the financial year. This figure should include both on-payroll and off-payroll engagements <sup>40</sup>	3

### Exit packages (this information is audited)

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

There were no compulsory redundancies in 2021-22 (nil: 2020-21).

<i>Exit package cost band</i>	<i>Number of other departures agreed</i>	
	<b>2021-22</b>	<b>2020-21</b>
< £10,000	<b>1</b>	2
£10,000 - £25,000	<b>1</b>	1
£25,000 - £50,000	<b>1</b>	1
£50,000 – £100,000	-	1
£100,000 - £350,000	<b>1</b>	-
Total number of exit packages by type	<b>4</b>	5
Total resource cost £	<b>180 373</b>	159 764

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

## Employee relations

*Table 17* Relevant union officials FTE

Number of officials who were relevant union officials during relevant period	81.1
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*Table 18* Percentage of time spent on facility time

<i>Percentage of time</i>	<i>Number of employees FTE</i>
0%	0
1 to 50%	81.1
51 to 99%	0
100%	0

*Table 19* Percentage of pay bill spent on facility time

Total cost of facility time	261 332
Total pay bill	152 647 722
Percentage of the pay bill spent on facility time	0.17%

*Table 20* Paid trade union activities

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

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

We conduct recruitment in line with the Civil Service Commission's Recruitment Principles on the basis of fair and open competition and selection on merit.

The systems and procedures are subject to periodic internal and external audits in addition to the quarterly compliance return and our annual compliance statement. The Principles require departments to report on the use of permitted exceptions to fair and open competition and selection on merit.

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

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

HSE is committed to recruiting those with disabilities and promote equality of opportunity for all. HSE will not tolerate discrimination on any grounds including disability. HSE recruitment processes follow the principle of selection based on merit in a fair and open competition as outlined in the Civil Service Commission Recruitment Principles. All vacancy adverts reiterate the department's commitment to embracing diversity and promoting equality of opportunity.

In common with the wider economy, HSE faced challenges in attracting appropriate candidates for some of the more specialised



roles. Resourcing for the new Building Safety Regulator will require significant recruitment over the coming years as well as presenting new recruitment challenges.

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

The departmental occupational health provider offer a wide range of occupational health services which can be accessed by existing staff and managers. The Workplace Adjustment Passport has been implemented across HSE to facilitate such conversations and act as record prompting regular review. All staff have access to Civil Service Learning which offers a wide selection of courses, and senior colleagues also have the opportunity to apply to join a Civil Service Accelerated Development scheme, DELTA (Disability Empowers Leadership Talent).

Last year HSE took part in Beyond Boundaries which is a new cross-government talent scheme for all individuals and HSE ring fenced places for people who have a protected characteristic.

### **Sickness absence data**

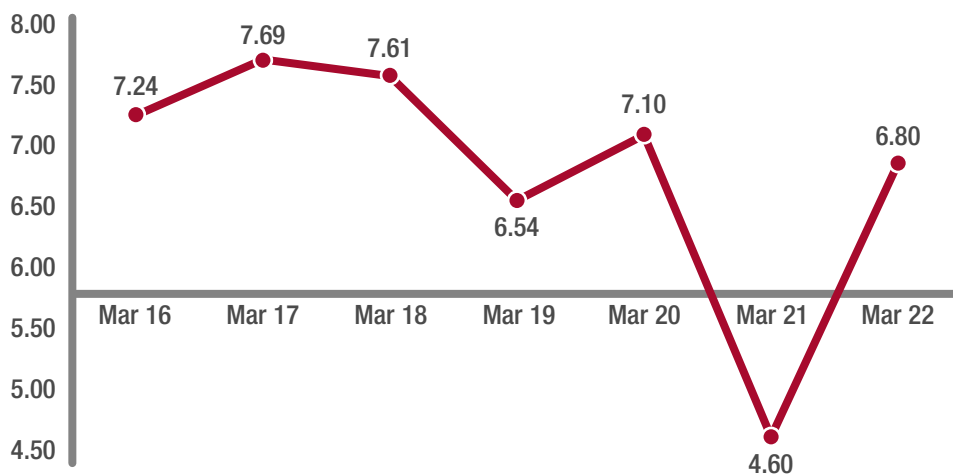
The 2021/22 figure for average working days lost per FTE is 6.8 days in comparison to 4.6 days per FTE in 2020/21. Of these average working days lost (AWDL) per staff year 4.2 were lost to long-term sickness, and 2.6 days to short-term sickness. Both increased on the previous year from 3.1 and 1.5 respectively. Mental health is the largest cause of long-term sickness absence at 36.2% of the total.

It is worth recognising the ongoing effect of the pandemic, which had a relatively positive impact on reducing sickness absence in the early stages because, for example, working from home allows more

flexibility and lockdown/stay-at-home measures minimise exposure to illnesses. Over the last year, as we have seen a gradual return to offices, sickness absence has started to increase as expected. We are also beginning to see the impact of long-COVID although it is too early to be able to understand this completely as diagnosis is difficult.

Support has continued to be provided to managers in relation to attendance issues, with short-term absences particularly targeted through proactive AWDL work. Managers have been encouraged to attend stress awareness and building resilience training and to use and promote the available support tools and initiatives, eg the employee assistance provision, occupational health, stress risk assessments, workplace adjustment passports and Working Minds. Guidance for managing long-COVID has been provided to ensure managers have the support they need.

*Figure 14* Average working days lost (AWDL)



## Accountability – Parliamentary accountability report

The report brings together the key parliamentary accountability disclosures.

### Regularity of expenditure

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

Special payments made by HSE to staff and members of the public amounted to 5 cases during 2021/22 totalling £26 000 (2020/21: 1 case to the value of £1 000).

*Table 21* Losses and special payments (this information is audited)

	2021-22 No of cases	2021-22 £'000	2020-21 No of cases	2020-21 £'000
Cash losses	34	1	10	-
Claims waived or abandoned	1 317	1 223	1 993	1 337
Fruitless payments	-	-	8	16
Stock, stores and obsolete publications	3	1	3	1
Total losses	1 354	1 225	2 014	1 354
Special payments <sup>41</sup>	5	26	1	1
Total losses and special payments	1 359	1 251	2 015	1 355

There have been no cases where individually they amount to more than £300 000.

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

## HSE fees and charges

The table below includes information regarding HSE's significant statutory chargeable activities which generate fees of more than £1m. HSE's fees and charges are set in accordance with the principals set out in its Fees and Charges policy.<sup>42</sup>

The financial objective of each regime is to fully recover our costs and not make a significant surplus or deficit. In 2021-22, we made a significant deficit on biocides and plant protection fees.

To address, we are currently reviewing our fees regulations in this area to ensure we return to full cost recovery in the future.

*Table 22* HSE fees and charges (this information is audited)

	2021-22			2020-21		
	<i>Income</i>	<i>Cost</i>	<i>Surplus/ (deficit)</i>	<i>Income</i>	<i>Cost</i>	<i>Surplus/ (deficit)</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>HSE fees and charges</b>						
Biocides and plant protection	12 794	15 425	(2 631)	8 772	10 332	(1 560)
UK REACH <sup>43</sup>	3 494	3 019	475	458	458	-
Control of major hazards	11 584	11 100	484	10 333	9 469	864
Enforcement of offshore safety legislation	17 578	17 558	20	15 696	16 044	(348)
Fee for intervention	13 342	13 227	115	8 665	7 989	676
<b>Total</b>	<b>58 792</b>	<b>60 329</b>	<b>(1 537)</b>	<b>43 924</b>	<b>44 292</b>	<b>(368)</b>

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

43 Under the European Union (Withdrawal) Act 2018, the EU REACH Regulation was brought into UK law on 1 January 2021 and is known as UK REACH (REACH – Registration, Evaluation, Authorisation and restriction of Chemicals). The income generated through this function is now included under Fees and Charges and we have restated 2020-21 to reflect income from the period 1 Jan 2021 to 31 March 2021.

	<b>2021-22</b>			<b>2020-21</b>		
	<b>Income</b>	<b>Cost</b>	<b>Surplus/ (deficit)</b>	<b>Income</b>	<b>Cost</b>	<b>Surplus/ (deficit)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Other HSE fees	<b>2 519</b>			<b>2 485</b>		
<b>Total fees and charges</b>	<b>61 311</b>			<b>46 409</b>		

**Sarah Albon**

*Chief Executive and Accounting Officer*

Health and Safety Executive

14 October 2022

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Health and Safety Executive for the year ended 31 March 2022 under the Health and Safety at Work etc Act 1974.

The financial statements comprise the Health and Safety Executive:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows, and Changes in Taxpayers' Equity for the year then ended; and
- the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Health and Safety Executive's affairs as at 31 March 2022 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Health and Safety at Work etc Act 1974 and Secretary of State directions issued thereunder.

## **Opinion on regularity**

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

## **Basis for opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit* of the financial statements section of my certificate.

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

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

## **Conclusions relating to going concern**

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Health and Safety Executive's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

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

### **Other information**

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate. The Board and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.



If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard

### **Opinion on other matters**

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

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

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

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

In the light of the knowledge and understanding of the Health and Safety Executive and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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

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

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

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

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

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

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

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

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

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

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

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

- the nature of the sector, control environment and operational performance including the design of the Health and Safety Executive's accounting policies;
- inquiring of management, the Government Internal Audit Agency and those charged with governance, including obtaining and reviewing supporting documentation relating to the Health and Safety Executive's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Health and Safety Executive's controls relating to the Health and Safety Executive's compliance with the Health and Safety at Work etc Act 1974 and Managing Public Money;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I also obtained an understanding of the Health and Safety Executive's framework of authority as well as other legal and regulatory frameworks in which the Health and Safety Executive operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Health and Safety Executive. The key laws and regulations I considered in this context included the Health and Safety at Work etc Act 1974, Managing Public Money, employment law and tax legislation.

In addition, I considered other risk assessment procedures performed relating to fraud and non-compliance with laws and regulations such as risk-based sampling of manual journals to identify those presenting a higher risk of fraud.

## **Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

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

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's

website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Report**

I have no observations to make on these financial statements.

### **Gareth Davies**

*Comptroller and Auditor General*

National Audit Office

157-197 Buckingham Palace Road

Victoria

London SW1W 9SP

19 October 2022



## Financial statements

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

(The notes on pages 174-212 form part of these accounts.)

	<i>Notes</i>	<i>2021-22</i> <i>£'000</i>	<i>2020-21</i> <i>£'000</i>
Staff costs	2	170 304	157 060
Other operating costs	3	93 149	87 789
<b>Total operating expenditure</b>		<b>263 453</b>	244 849
Fees and charges	4	(61 311)	(45 951)
Other operating income	4	(27 193)	(30 788)
<b>Total income</b>		<b>(88 504)</b>	(76 739)
<b>Net operating expenditure</b>		<b>174 949</b>	168 110
<b>Other comprehensive net expenditure</b>			
Items which will not be reclassified to net operating costs:		<b>3 028</b>	207
Net (gain)/loss on revaluation of property, plant and equipment			
<b>Comprehensive net expenditure</b>		<b>177 977</b>	168 317

All income and expenditure for the year ended 31 March 2022 is derived from continuing operations.

## Statement of Financial Position as at 31 March 2022

(The notes on pages 174-212 form part of these accounts.)

	<i>Notes</i>	<i>2021-22</i>	<i>2020-21</i>
		<i>£'000</i>	<i>£'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	5	106 271	113 386
Intangible assets	6	970	1 679
Trade and other receivables	7	1 916	2 197
<b>Total non-current assets</b>		<b>109 157</b>	<b>117 262</b>
<b>Current assets</b>			
Trade and other receivables	7	44 540	46 959
Cash and cash equivalents	8	832	-
<b>Total current assets</b>		<b>45 372</b>	<b>46 959</b>
<b>Total assets</b>		<b>154 529</b>	<b>164 221</b>
<b>Current liabilities</b>			
Trade and other payables	9	(52 023)	(45 383)
Provisions & pension liabilities	10	(69)	(65)
<b>Total current liabilities</b>		<b>(52 092)</b>	<b>(45 448)</b>
<b>Total assets less current liabilities</b>		<b>102 437</b>	<b>118 773</b>
<b>Non-current liabilities</b>			
Other payables	9	(76 134)	(79 521)
Pension liabilities	10	(1 116)	(981)
<b>Total non-current liabilities</b>		<b>(77 250)</b>	<b>(80 502)</b>
<b>Total assets less total liabilities</b>		<b>25 187</b>	<b>38 271</b>
<b>Taxpayers' equity</b>			
General fund		(12 002)	(1 946)
Revaluation reserve		37 189	40 217
<b>Total taxpayers' equity</b>		<b>25 187</b>	<b>38 271</b>

**Sarah Albon**

Chief Executive and Accounting Officer

Health and Safety Executive

14 October 2022

## Statement of cash flows for the year ended 31 March 2022

(The notes on pages 174-212 form part of these accounts.)

	<i>Notes</i>	<i>2021-22</i> <i>£'000</i>	<i>2020-21</i> <i>£'000</i>
<b>Cash flows from operating activities</b>			
Net operating cost		(174 949)	(168 110)
Adjustments for non-cash transactions	3,4	10 480	14 015
(Increase)/decrease in trade and other receivables	7	2 700	(6 442)
Less movements in receivables relating to impairments	3	(2 220)	(4 599)
Increase/(decrease) in trade payables	9	4 133	9 905
Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		2 733	3 160
Use of provisions	10	(67)	(66)
<b>Net cash outflow from operating activities</b>		<b>(157 190)</b>	<b>(152 137)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(3 168)	(6 557)
Purchase of intangible assets		(348)	(628)
Proceeds of disposal of property, plant and equipment		453	315
<b>Net cash outflow from investing activities</b>		<b>(3 063)</b>	<b>(6 870)</b>
<b>Cash flows from financing activities</b>			
Funding from DWP		164 893	160 921
Capital element of payments in respect of finance leases and on-statement of financial position PFI contracts	9	(2 928)	(2 518)
<b>Net financing</b>		<b>161 965</b>	<b>158 403</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>1 712</b>	<b>(604)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b>(880)</b>	<b>(276)</b>

	<i>Notes</i>	<i>2021-22</i> <i>£'000</i>	<i>2020-21</i> <i>£'000</i>
<b>Cash and cash equivalents at the end of the period</b>	8	832	(880)

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2022

(The notes on pages 174-212 form part of these accounts.)

	<i>Notes</i>	<i>(a)</i> <i>General Fund</i> <i>£'000</i>	<i>(b)</i> <i>Revaluation Reserve</i> <i>£'000</i>	<i>Total Reserves</i> <i>£'000</i>
<b>Balance at 31 March 2020</b>		5 274	40 588	45 862
Funding from DWP		160 921	-	160 921
Comprehensive net expenditure for the year		(168 317)	-	(168 317)
<b>Movements in reserves:</b>				
– Net gain on revaluation		-	(207)	(207)
Recognised in Statement of Comprehensive Net Expenditure		207	-	207
Transfer of Assets to GPA	5	(195)	-	(195)
Transfer between reserves		164	(164)	-
<b>Balance at 31 March 2021</b>		(1 946)	40 217	38 271
<b>Funding from DWP</b>		164 893	-	164 893
<b>Comprehensive expenditure for the year</b>		(177 977)	-	(177 977)
<b>Movements in reserves:</b>				
<b>Additions – Net gain on revaluation</b>		-	(3 028)	(3 028)
<b>Recognised in Statement of Comprehensive Net Expenditure</b>		3 028	-	3 028
<b>Balance at 31 March 2022</b>		(12 002)	37 189	25 187

<i>Notes</i>	<i>(a)</i>	<i>(b)</i>	<i>Total</i>
	<i>General Fund</i>	<i>Revaluation Reserve</i>	<i>Reserves</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>

- (a) The General Fund represents the total assets less liabilities of HSE to the extent that the total is not represented by other reserves and financing items.
- (b) The Revaluation Reserve reflects the unrealised element of the cumulative balance of revaluation adjustments.

## Notes to the Accounts

### 1 Statement of accounting policies

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

These accounts have been prepared on a going concern basis, in accordance with the 2021/22 Government Financial Reporting Manual (FReM) and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury.

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

At the reporting date HSE had a £28 million net asset position. HSE is mainly financed by grant-in-aid funding from DWP who have confirmed a 3-year funding settlement as part of the recent HMT Spending Review (SR21) up to 31 March 2025. Continuing government support is also evidenced through the commitment of significant funding for:

- the establishment of the new Building Safety Regulator within HSE;
- completion of the National Core Study programme to understand and mitigate transmission of COVID-19 in workplaces, transport and public places;
- continue to develop and improving services for UK chemicals following the end of the EU transition period.

HSE consider there are no material uncertainties around the consideration of going concern; the majority of our funding is statutory and there are no consultations on changing the existence, nature or funding of HSE. The funding arrangements with DWP result in cash drawdown as required and therefore there are no liquidity risks identified for HSE.

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

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

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, that which is judged to be most appropriate for the purposes

of giving a true and fair view has been selected. The particular accounting policies adopted by HSE are set out below. They have been applied consistently in dealing with the items that are considered material in relation to the accounts.

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

We have adopted all IFRS, International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to published standards that were effective at 31 March 2022. We've also taken into account the specific interpretations and adaptations included in the FReM.

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

IFRS 16 has been effective since 1 January 2019 for the private sector and will be introduced in the 2022/23 FReM to replace IAS 17. Although permitted, we have chosen not to adopt the standard early.

The new standard changes the accounting for lessees, removing the distinction between recognising an operating lease (off balance sheet) and a finance lease (on balance sheet). IFRS 16 requires all leases to be recognised as finance leases, except those which are low value leases or short-term (less than 12 months). This will result in the recognition of a right to use asset, measured at the present value of future lease payments and a matching liability in the SoFP.

As mandated by the FReM, we are adopting IFRS 16 on the cumulative catch-up basis, recognising any cumulative impact on previous years within reserves at the beginning of the period. As a result of this approach, prior year comparatives will not be restated. On initial transition, under the 'grandfathering' rules, a right of use asset will be recognised for all relevant leases previously classified as operating leases under IAS 17 and IFRIC 4. Right of use assets



will be measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments. HSE will use HM Treasury's central internal rate of borrowing (currently 0.95%), when it cannot obtain the rate implicit in the lease contract.

For existing contracts, we determined whether they contained a lease as defined within IFRS 16. A contract is defined as 'a contract, or a part of a contract that conveys the right to use an asset for a period of time in exchange for consideration'. The definition of a contract is expanded to include intra-UK government agreements where non-performance may not be enforceable by law. This includes, for example, agreements termed Memorandum of Terms of Occupation (MOTO) for leasing office space. We have elected to take advantage of the following recognition exemptions:

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

We elected to adopt the following practical expedients on transition: not reassess whether a contract contains a lease; where it is not possible to separate non-lease components from lease components, we account for all components as a lease.

### ***Impact of IFRS 16 on HSE's Financial Statements***

At 1 April 2022, 18 of HSE's existing operating leases meet the definition of a lease under IFRS 16. This would result in the recognition of new right of use assets with a discounted value of £16.7m, along with a lease liability of the same amount.

Any impact on the Statement of Comprehensive Net Expenditure

due to the timing of interest costs will be immaterial (less than £0.1m). Three current leases will continue to be treated as operating leases as they are short-term and will terminate in 2022-23 financial year. One current finance lease relating to our Basingstoke office (note 12a(ii)) will continue to be treated as a finance lease.

Operating lease commitments disclosed applying IAS 17 are £14.7m (note 12a), which is £2m lower than lease liabilities to be recognised at initial application of IFRS 16. This is mainly due to differences in lease terms between IAS 17 and IFRS 16. IAS 17 calculates the lease term based on the minimum term which may include a contract break clause, whilst IFRS 16 determines the lease term based on HSE's expectation to terminate the lease (which may not necessarily be the same as the break clause such as where MOTOs are agreed on a rolling one-year basis).

### **1.3 Accounting convention**

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

### **1.4 Areas of judgement**

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

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

Specific areas of judgment include:

**Non-current asset revaluations:** We obtain professional RICS valuation reports for our two largest PFI buildings where changes in valuation could potentially be material. Buxton Laboratory is valued on a depreciated replacement cost basis. The gross rebuild cost is estimated using the latest RICS approved construction cost indices. This cost is then reduced for factors relating to age of the building and an estimate for functional obsolescence. Functional obsolescence recognises that our requirements have changed, and the design of the building would be different now than when commissioned 16 years ago and is based on a review completed by HSE Management.

Leases are identified through analysis of HSE's register of commercial contracts and accommodation rental agreements/MoTO's. To estimate the impact of IFRS 16 we applied the following assumptions:

- reviewed all contracts for any embedded leases;
- where possible, separately identified the rental from other estate costs;
- where a break clause exists, the term was based on management's current expectations whether the break clause will be invoked.

The recoverability of trade receivables is reviewed annually at year-end as well as periodically during the year. HSE recognises expected credit losses using a forward-looking model that assesses the recoverability across its debt population. The model segregates debt into performing and non-performing categories and applies a combination of historical recoverability trends and our assessment of the likely collectability of significant individual debts based on payment performance and any information about the financial status of the company. The result is applied in accordance with IFRS 9.

Research and development expenditure commissioned through third parties is recognised in the period in which eligible activity creates a liability in line with the terms and conditions of the contract. Where activity has been undertaken but no invoice has been received, the value is accrued based on the level of progress and estimated costs to date which is provided by the supplier and verified by HSE's programme manager.

HSE estimates the value of untaken holiday leave at the year-end using a sample of data held in its corporate leave application system and extrapolates this for the organisation as a whole.

## **1.5 Employee benefits**

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

## **1.6 Value added tax**

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

## **1.7 Income**

Income is reported by significant streams in accordance with IFRS 15 and principally comprises fees and charges and commercial services provided on a full cost basis to external customers, and is recorded net of VAT.

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

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

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

Income relating to significant customer contracts (those greater than £25k) is recognised, over time, in proportion to the stage of completion of the project. Income from low value contracts is recognised evenly over the expected period of the contract. HSE's performance obligations are satisfied when the service has been fully delivered, for example completion of a report for the customer.

### *Prosecution cost recovery*

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

### *Fees and charges*

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

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

## 1.8 Non-current assets

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

Land and buildings are initially measured at cost, restated to current market value using external professional valuations at least every five years and in the intervening years by use of regular desktop valuations. Land and buildings are valued on an existing use basis except for the specialist laboratory site in Buxton, which has been included at depreciated replacement cost. Expenditure in respect of major capital refurbishment and improvement of properties occupied but not owned by HSE is capitalised because the expenditure provides a long-term continuing benefit for HSE.

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

### *Capitalisation and depreciation/amortisation*

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

Internally developed software is capitalised if it meets the criteria specified in IAS 38 Intangible Assets. Expenditure that does not meet the criteria is recognised as an expense in the year in which it is incurred. Website development costs are capitalised in line with



the requirements of SIC 32 Website Costs and the specific criteria as determined by IAS 38 Intangible Assets.

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

<i>Asset Category</i>	<i>Capitalisation threshold</i>	<i>Depreciation/amortisation period</i>
Freehold buildings	n/a	Remaining life as assessed by valuers
Leasehold buildings	n/a	Period remaining on lease or next rent review
PFI buildings	n/a	60 years' designated life
Leasehold improvements	£100 000	Remaining lease period, up to 20 years
Individual IT assets	£5 000	3 to 7 years
Pooled IT hardware	£5 000 (value of total pool)	3 to 6 years
Plant and machinery	£5 000	5 to 10 years on initial recognition. Scientific equipment and major facilities are reviewed annually and can be re-lived beyond 10 years.
Individual furniture and fittings	£5 000	2 to 15 years (except 30 years Buxton PFI)
Pooled furniture	£1 000	5 to 10 years
Motor vehicles	£5 000	3 to 10 years
Software, websites and licences	£100 000	5 years or licence period if shorter
Pooled software	£1 000	5 years or licence period if shorter

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

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

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

### **1.9 Financial instruments**

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

To calculate expected credit losses, we segment our trade receivables into categories based on historical recoverability trends. We use historic analysis of invoices outstanding at year-end and combine with an assessment on the recoverability of significant receivables. The performance analysis is then used to calculate impairment rates across the remainder of the debt population. The calculation of expected credit losses is explained further in 1.4 Areas of Judgement.

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

### **1.10 Provisions**

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

### **1.11 Pensions**

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

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

## **1.12 Leases**

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

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

## **1.13 Private Finance Initiative (PFI) transactions**

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

Contract payments are apportioned between a reduction in capital obligation, an imputed finance lease charge and a service charge.

Where HSE does not have control over the PFI asset and the balance of risks and rewards of ownership are borne by the PFI contractor, the PFI payments are recorded as an expense. Where HSE has

contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract. Where at the end of the PFI contract a property reverts to HSE, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year.

### **1.14 Contingent liabilities**

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

### **1.15 Operating segments**

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

## 2 Staff costs

	2021-22		2020-21	
	<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	<b>110 528</b>	<b>17 476</b>	<b>128 004</b>	116 726
Employers' National Insurance <sup>44</sup>	<b>12 482</b>	-	<b>12 482</b>	11 872
Pension costs	<b>29 638</b>	-	<b>29 638</b>	28 302
Lump sum exit costs	<b>180</b>	-	<b>180</b>	160
<b>Total (as reported in the SoCNE)</b>	<b>152 828</b>	<b>17 476</b>	<b>170 304</b>	<b>157 060</b>
Less recoveries in respect of outward secondments	<b>(307)</b>	-	<b>(307)</b>	(19)
<b>Total net costs</b>	<b>152 521</b>	<b>17 476</b>	<b>169 997</b>	<b>157 041</b>

Further detail about the staff costs and the number of people employed by HSE is included on pages 124 to 154 of the Accountability Report.

44 Includes Apprenticeship Levy payments of £550k during 2021/22.

### 3 Other operating costs

	<i>2021-22</i>	<i>2020-21</i>
	<i>£'000</i>	<i>£'000</i>
Rentals under operating leases	<b>3 340</b>	3 043
PFI service charges <sup>45</sup>	<b>11 677</b>	12 164
PFI Interest and finance lease charges	<b>5 870</b>	6 060
Accommodation	<b>7 734</b>	9 020
Auditor's remuneration – Statutory audit <sup>46</sup>	<b>108</b>	95
Travel and subsistence	<b>2 529</b>	1 018
IT expenditure and telecoms	<b>12 856</b>	13 647
Legal costs	<b>4 633</b>	4 705
Staff development and training	<b>1 335</b>	599
Publications	<b>554</b>	427
Shared services costs <sup>47</sup>	<b>1 741</b>	1 836
COVID-19 Response Spot-checks Programme <sup>48</sup>	<b>7 010</b>	7 543
Recruitment	<b>1 219</b>	1 111
Publicity	<b>692</b>	1 038
Scientific sub-contract technical support	<b>2 422</b>	2 406
Scientific equipment	<b>2 544</b>	1 523
Research and development <sup>49</sup>	<b>1 036</b>	1 339

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

46 During the year, HSE has not purchased any non-audit services from its auditor, National Audit Office (NAO). The 2021-22 Audit fee includes an additional fee of £10k which relates to 2020-21.

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

48 As part of the government response to the COVID-19 pandemic, HSE contracted with third-party companies to deliver a programme of spot-check inspections, together with providing support for in/outbound call enquiries. An element of 2021 expenditure has been reclassified.

	<i>2021-22</i>	<i>2020-21</i>
	<i>£'000</i>	<i>£'000</i>
COVID-19 National Core Study (Transmission and Environment) <sup>49</sup>	<b>9 479</b>	1 953
Pesticides – purchase of samples	<b>1 373</b>	878
Chemicals Regulation testing	<b>1 417</b>	1 165
Other expenditure <sup>48</sup>	<b>2 866</b>	2 044
<b>Other operating costs</b>	<b>82 435</b>	73 614
<b>Non-cash items:</b>		
Depreciation and amortisation of non-current assets	<b>7 395</b>	7 992
Charge for expected future credit losses	<b>2 220</b>	4 599
Reversal of previous losses on revaluation of PPE	<b>420</b>	1 002
Loss on disposal of non-current assets	<b>(114)</b>	362
Impairment of non-current assets	<b>352</b>	0
Movement in provisions	<b>206</b>	59
Training funded through Apprenticeship Levy	<b>235</b>	161
<b>Total non-cash items</b>	<b>10 714</b>	14 175
<b>Total operating costs</b>	<b>93 149</b>	87 789

49 HSE incurred research expenditure supporting Government Science's National Core Transmission Studies Programme which is now disclosed separately, 2021 expenditure has therefore been reclassified.



## 4 Income

	<i>2021-22</i>	<i>2020-21*</i>
	<i>£'000</i>	<i>£'000</i>
<b>Fees and charges</b>		
Biocides and plant protection	<b>12 794</b>	8 772
Control of major accident hazards	<b>11 584</b>	10 333
Enforcement of offshore safety legislation	<b>17 578</b>	15 696
Fee for intervention	<b>13 342</b>	8 665
UK REACH <sup>50</sup>	<b>3 494</b>	458
Other fees and charges	<b>2 519</b>	2 485
<b>Total fees and charges*</b>	<b>61 311</b>	46 409
<b>Other operating income</b>		
Prosecutions	<b>3 158</b>	2 022
Income from Customer Contracts <sup>51</sup>	<b>13 612</b>	13 428
Supply of accommodation and core IT to ONR <sup>52</sup>	<b>4 042</b>	5 138
DEFRA EU transition funding	<b>5 236</b>	8 722
Other income <sup>53</sup>	<b>1 145</b>	1 020
<b>Total other operating income</b>	<b>27 193</b>	30 330
<b>Total income</b>	<b>88 504</b>	76 739

\* Fees and charges have been reclassified in 20-21 to include UK REACH previously disclosed in other operating income. Fees and charges were significantly reduced in 2020-21 as a result of

- 50 Registration, Evaluation, Authorisation and restriction of Chemicals (REACH): Under the European Union (Withdrawal) Act 2018, the EU REACH Regulation was brought into UK law on 1 January 2021 and is known as UK REACH. The income is now included under fees and charges.
- 51 Income from customer contracts (previously commercial income) is earned from discretionary activity (ie for which HSE has no statutory responsibility to provide services) undertaken for any external organisation.
- 52 From 1 Sept 2020, the supply of core IT to ONR discontinued and charges relate mainly to supply of accommodation £4 013k (2020/21 £3 959k).
- 53 Other Income includes non-cash drawdown of the funding associated with the Apprenticeship Levy £234k (2020/21 £161k).



<b>2021-22</b>	<i>Land</i>	<i>Build-ings</i>	<i>Lease-hold improve-ments</i>	<i>Inform-ation technolo-gy</i>	<i>Motor vehi-cles</i>	<i>Plant and mac-hinery</i>	<i>Furni-ture and fitt-ings</i>	<i>Assets under con-struction</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Disposals	-	-	-	(3 023)	(429)	-	(261)	-	(3 713)
<b>Accumulated depreciation at 31 March 2022</b>	<b>-</b>	<b>1 097</b>	<b>7 172</b>	<b>9 391</b>	<b>840</b>	<b>18 131</b>	<b>5 035</b>	<b>-</b>	<b>41 666</b>
<b>Net book value at 31 March 2022</b>	<b>3 713</b>	<b>83 829</b>	<b>2 822</b>	<b>4 421</b>	<b>485</b>	<b>3 834</b>	<b>3 687</b>	<b>3 480</b>	<b>106 271</b>
<i>Asset financ- ing</i>									
Owned	3 713	5 828	2 822	4 421	485	3 834	2 427	3 480	27 010
On-Statement of Financial Position PFI contracts	-	76 885	-	-	-	-	1 260	-	-78 145
Finance lease	-	1 116	-	-	-	-	-	-	1 116
<b>Net book value at 31 March 2022</b>	<b>3 713</b>	<b>83 829</b>	<b>2 822</b>	<b>4 421</b>	<b>485</b>	<b>3 834</b>	<b>3 687</b>	<b>3 480</b>	<b>106 271</b>

HSE's headquarters is situated in Redgrave Court, Bootle which was constructed under the Private Finance Initiative (PFI) and is owned by Bootle Accommodation Partnerships Ltd (BAPL), which provides HSE with serviced accommodation. The open market value of Redgrave Court (£10.7 million at the latest desktop revaluation completed 31 January 2022) is significantly lower than the outstanding repayment liability to the contractor for the remainder of the 30-year PFI agreement. The construction cost to the contractor was approximately £60 million.

Jones Lang LaSalle Ltd (JLL) provide HSE with a professional and independent valuation service. They undertook a desktop valuation of the PFI building at the Buxton Laboratory site as at 31 March 2022. The valuation was completed on a depreciated replacement cost (DRC) basis and provides a value of £64.2 million once adjusted for irrecoverable VAT on build costs. The valuation considers the rebuild costs of the building and factors in age of the facility and an estimation for functional obsolescence.

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

2020-21	Land	Build- ings	Lease- hold improve- ments	Inform- ation tech- nology	Motor vehi- cles	Plant and machin- ery	Furni- ture and fitt- ings	Assets under con- struc- tion	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost or valuation opening balance at 1 April 2020</i>	2 911	93 993	11 761	14 130	2 524	20 519	8 373	2 380	156 591
Reclassifications & Transfers	(49)	(156)	962	41	-	-	-(1 003)		(205)
Additions	-	219	175	1 296	90	791	556	2 434	5 561
Revaluations	221	(3 427)	-	-	-	-	-		-(3 206)
Disposals	-	-	(2 844)	(868)	(633)	(30)	(425)		-(4 800)
Balance at 31 March 2021	3 083	90 629	10 054	14 599	1 981	21 280	8 504	3 811	153 941
<i>Depreciation opening balance at 1 April 2020</i>	-	329	8 127	8 602	1 259	16 714	4 419	-	39 450
Reclassifications & Transfers	-	(10)	-	-	-	-	-	-	(10)
Charge	-	2 309	915	2 470	220	736	584	-	7 234
Revaluations	-	(1 996)	-	-	-	-	-		-(1 996)
Disposals	-	-	(2 589)	(841)	(349)	(30)	(314)		-(4 123)
Accumulated depreciation at 31 March 2021	-	632	6 453	10 231	1 130	17 420	4 689	-	40 555
Net book value at 31 March 2021	3 083	89 997	3 601	4 368	851	3 860	3 815	3 811	113 386
<i>Asset financing</i>									
Owned	3 083	5 985	3 601	4 368	851	3 860	2 456	3 811	28 015

2020-21	Land	Build- ings	Lease- hold improve- ments	Inform- ation tech- nology	Motor vehi- cles	Plant and machin- ery	Furni- ture and fitt- ings	Assets under con- struc- tion	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
On-Statement of Financial Position PFI contracts	-	82 862	-	-	-	-	1 359	-84	221
Finance lease	-	1 150	-	-	-	-	-	-	1 150
Net book value at 31 March 2021	3 083	89 997	3 601	4 368	851	3 860	3 815	3 811	113 386

## Transfer of freehold assets

On 31 March 2021, HSE entered into agreement with the Government Property Agency (GPA), an executive agency of the Cabinet Office, to transfer the Carlisle freehold property assets including all revaluation reserve balances associated with the assets shown below.

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

The assets were transferred to GPA on 31 March 2021 at nil consideration and in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

## 6 Intangible assets

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

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

<i>2020-21</i>	<i>Websites</i>	<i>Purchased software licences</i>	<i>Internally developed software</i>	<i>Payments on account and assets under construction</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost or valuation at 1 April 2020	711	4 293	431	296	5 731

<i>2020-21</i>	<i>Websites</i>	<i>Purchased software licences</i>	<i>Internally developed software</i>	<i>Payments on account and assets under construction</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Reclassifications	-	-	104	(104)	-
Additions in year	-	982	-	-	982
Disposals	-	(76)	-	-	(76)
Balance at 31 March 2021	711	5 199	535	192	6 637
Amortisation at 1 April 2020	423	3 438	415	-	4 276
Charge in year	111	630	16	-	757
Disposals	-	(75)	-	-	(75)
Accumulated amortisation at 31 March 2021	534	3 993	431	-	4 958
Net book value at 31 March 2021	177	1 206	104	192	1 679



## 7 Trade receivables and other current assets

	<i>31 March 2022 £'000</i>	<i>31 March 2021 £'000</i>
<b>Amounts falling due within one year</b>		
Trade receivables*	<b>18 522</b>	23 221
Deposits and advances	<b>468</b>	369
Accrued income	<b>20 292</b>	18 116
Prepayments	<b>2 398</b>	2 557
VAT	<b>2 792</b>	2 651
Other receivables	<b>68</b>	45
	<b>44 540</b>	46 959
<b>Amounts falling due after more than one year</b>		
Trade receivables	<b>1 909</b>	2 189
Deposits and advances	<b>7</b>	8
	<b>1 916</b>	2 197
<b>Total</b>	<b>46 456</b>	49 156

\* The trade receivables balance at 31 March 2022 is stated net of expected future credit losses, which amounts to £10 261 k (31 March 2021: £9 542k).

### *Contract assets*

IFRS 15 Revenue from contracts with customers requires disclosure of contract assets (which are shown below) and contract liabilities (included below note 9).

HSE's contract assets represent our right to payment for goods or services which have been provided to customers and are conditional on the completion of further work to satisfy our performance obligations. These relate to services provided to customers on a commercial basis and are included within the accrued income balance above.

At 31 March 2022, the accrued income balance relating to commercial work where further work must be completed before we are able to invoice customers is £1.6m (31 March 2021 £2.6m). These balances are distinct from other receivables for which only the passage of time is required before consideration is due from customers or dutyholders.

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

<i>Recognised</i>	<i>31 March 2022</i>		<i>31 March 2021</i>	
	<i>Within 1 Year £000</i>	<i>More than 1 Year £000</i>	<i>Within 1 Year £000</i>	<i>More than 1 Year £000</i>
Commercial contracts	4 056	1 233	3 029	1 650

## 8 Cash and cash equivalents

	<i>31 March 2022 £'000</i>	<i>31 March 2021 £'000</i>
Opening Balance	(880)	(276)
Net change in cash and cash equivalent balances	1 712	(604)
<b>Closing Balance *</b>	<b>832</b>	<b>(880)</b>

\* At 31 March 2021 the account was overdrawn and disclosed within Trade and other payables

## 9 Trade and other payables

	<i>31 March 2022 £'000</i>	<i>31 March 2021 £'000</i>
<b>Amounts falling due within one year</b>		
Taxation and social security	<b>3 088</b>	4 022
Pension contributions	<b>3 116</b>	3 362
Trade payables	<b>4 345</b>	2 856
Accruals	<b>29 165</b>	23 690
Deferred income	<b>6 816</b>	5 735
Capital accruals	<b>2 105</b>	1 910
On-Statement of Financial Position PFI contracts and Finance lease **	<b>3 388</b>	2 928
Balance with Government Banking Service*	-	880
	<b>52 023</b>	45 383
<b>Amounts falling due after more than one year</b>		
Imputed finance lease element of on-Statement of Financial Position PFI contracts **	<b>74 743</b>	78 129
Finance lease **	<b>1 391</b>	1 392
	<b>76 134</b>	79 521
<b>Total</b>	<b>128 157</b>	124 904

\* Cash and cash equivalents - See note 8.

\*\* PFI and Finance lease details can be found in notes 12a(ii) and 13

### *Contract liabilities*

IFRS 15 revenue from contracts with customers requires disclosure of contract assets (included in Note 7) and contract liabilities. HSE's contract liabilities reflect our obligations to transfer goods or services to customers where we have been prepaid. These are accounted as deferred income in the table above.

## 10 Provisions for liabilities and charges

### Provision for retired Chairs' pension

For HSE Chairs' appointed prior to 2008, provision has been made for their pensions in HSE's accounts as if they were members of the PCSPS.

	<i>2021-22</i>	<i>2020-21</i>
	<i>£'000</i>	<i>£'000</i>
Balance at 1 April 2021	<b>1 046</b>	1 053
Provided in year	<b>206</b>	59
Utilised in year	<b>(67)</b>	(66)
<b>Balance at 31 March 2022</b>	<b>1 185</b>	1 046
<b>Expected timing of future payments</b>		
Falling due within one year	<b>69</b>	65
Falling due after more than one year	<b>1 116</b>	981

## 11 Capital commitments

	<i>31 March</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>
	<i>£'000</i>	<i>£'000</i>
<i>Contracted commitments not otherwise included in these financial statements</i>		
Property, plant and equipment	<b>1 537</b>	1 822
Intangible assets	<b>7</b>	21
<b>Total commitment</b>	<b>1 544</b>	1 843

## 12a Commitments under non-PFI leases

Total future minimum lease payments under operating leases, relate to accommodation and are given in the table below.

<i>(i) Operating leases</i>	<i>31 March 2022</i>	<i>31 March 2021</i>
	<i>£'000</i>	<i>£'000</i>
Not later than one year	<b>2 857</b>	3 459
Later than one year and not later than five years	<b>6 336</b>	7 674
Later than five years	<b>5 463</b>	11 169
<b>Total committed</b>	<b>14 656</b>	22 302
<hr/>		
<i>(ii) Finance leases</i>	<i>31 March 2022</i>	<i>31 March 2021</i>
	<i>£'000</i>	<i>£'000</i>
<hr/>		
<b>Gross liabilities</b>		
Not later than one year	<b>147</b>	147
Later than one year and not later than five years	<b>588</b>	588
Later than five years	<b>5 612</b>	5 759
<b>Total gross liabilities</b>	<b>6 347</b>	6 494
Less: interest element	<b>(4 956)</b>	(5 100)
<b>Present value of obligations</b>	<b>1 391</b>	1 394

HSE has a contract with Basingstoke and Deane Borough Council for the rental of Priestley House, Basingstoke. The lease started in 1966 and runs until 2065, was transferred to HSE in 1987 and is classified as a finance lease.

## 12b Rental income from sub-leases

As at 31 March 2022 HSE had granted leases for buildings with rental income expected to be received, which falls due as shown below.

<i>Income from rental under operating leases for the following periods comprise:</i>	<b>31 March 2022 £'000</b>	<b>31 March 2021 £'000</b>
Not later than one year	<b>7 448</b>	6 539
Later than one year and not later than five years	<b>3 583</b>	10 063
Later than five years	-	-
<b>Total committed</b>	<b>11 031</b>	16 602

## 13 Commitments under PFI contracts

HSE has entered into the following contracts let under the Private Finance Initiative that have been assessed under IFRIC 4; IFRIC 12; IAS 16 and IAS 17.

### **Merseyside headquarters (Redgrave Court)**

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

### **Health and Safety Laboratory (Harpur Hill)**

With effect from 28 October 2004, HSL took occupation of serviced accommodation in Buxton, Derbyshire for laboratory and support functions. This was provided under a 32 years and 29 weeks term, 'design, build, finance and operate' contract with Investors in the Community (Buxton) Limited (ICB Ltd), 2 years and 29 weeks being the design and build period prior to occupation.

## Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-Statement of Financial Position PFI transactions was £11.7 million (2020-21: £12.1 million) and the payments to which HSE is committed are as follows:

	<i><b>31 March 2022 £'000</b></i>	<i><b>31 March 2021 £'000</b></i>
Not later than one year	<b>15 482</b>	13 877
Later than one year and not later than five years	<b>63 845</b>	56 887
Later than five years	<b>136 665</b>	137 650
<b>Total committed</b>	<b>215 992</b>	208 414

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

## Total obligations for the following periods comprise:

<i>Gross liabilities</i>	<b>31 March 2022 £'000</b>	<b>31 March 2021 £'000</b>
Not later than one year	<b>8 893</b>	8 650
Later than one year and not later than five years	<b>35 126</b>	35 319
Later than five years	<b>80 417</b>	89 117
<b>Total committed</b>	<b>124 436</b>	133 086
Less interest element	<b>(46 307)</b>	(52 031)
<b>Present value of obligations</b>	<b>78 129</b>	81 055

<i>Present value of obligations</i>	<b>31 March 2022 £'000</b>	<b>31 March 2021 £'000</b>
Not later than one year	<b>3 386</b>	2 926
Later than one year and not later than five years	<b>15 767</b>	14 862
Later than five years	<b>58 976</b>	63 267
<b>Total present value of obligations</b>	<b>78 129</b>	81 055



## 14 Other financial commitments

HSE has entered into non-cancellable contracts (which are not leases or PFI contracts) for ancillary services which are provided alongside the rental of buildings (service charges, insurance and business rates); IT managed services; pesticide testing services; regulatory training modernisation; call-centre services; services provided by Shared Services Connected Limited and Software as a Service.

	<i>31 March 2022 £'000</i>	<i>31 March 2021 £'000</i>
Not later than one year	<b>18 303</b>	13 210
Later than one year and not later than five years	<b>10 660</b>	11 606
Later than five years	<b>7 131</b>	5 629
<b>Total committed</b>	<b>36 094</b>	30 445

## 15 Related party transactions

HSE is a Crown Non-Departmental Public Body and is sponsored by DWP, which is regarded as a related party (details of the grant-in-aid funding provided by DWP can be found within Financial Performance Report on page 78 and the Statement of Cash Flows on page 172). During the year, HSE had transactions on an arm's-length basis with DWP that mainly related to the sharing of premises costs. HSE has also received £17m of ring-fenced funding from Department for Levelling Up, Housing and Communities (DLUHC) who we are working with to create the Building Safety Regulator.

HSE has an agreement with the Department for Food and Rural Affairs (Defra) in relation to the funding and delivery of Competent Authority (CA) functions undertaken by HSE for pesticides/PPPs

(plant protection products) and detergents; and the functions of ‘the Agency’ and enforcing authority for UK REACH. The agreement covers these functions across England, Scotland, Wales and Northern Ireland and the level of funding is material.

HSE sublets a significant proportion of its PFI accommodation at Redgrave Court to the Office for Nuclear Regulation (see Note 4), the Home Office and HM Passport Office through property leases.

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

HSE retains a fully updated Register of Interests. During the year, we did not have any material transactions with organisations for which Board or Executive Directors have declared a related party interest.

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

## **16 Contingent liabilities**

HSE is defending a small number of civil claims brought by former employees and members of the public, some of which may result in compensation payments. There is significant uncertainty around the estimated liability and the timing of payments. This uncertainty can fluctuate based on factors such as evidence received, witness statements and whether claims proceed to trial.

## **17 Financial instruments**

As the cash requirements of HSE are met through the Parliamentary Estimate process, financial instruments play a much more limited role in creating or changing risk than would apply to a private sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with HSE's expected purchase and usage requirements and HSE is therefore exposed to little credit, liquidity, exchange rate or market risk.

As the cash requirements of HSE are met through our sponsor department DWP, financial instruments play a much more limited role in creating or changing risk than would apply to a private sector body.

### **Financial assets**

These comprise primarily of receivables generated as a result of cost recoverable activity. Receivables are recognised at amortised cost with an appropriate provision for expected credit loss in line with IFRS 9 (set out in our Accounting Policies).

### **Financial liabilities**

These comprise trade and other payables and relate primarily to HSE's long-term PFI contract commitments disclosed in Note 13.

## **18 Third-party assets**

The Gas Safe Register Service Concession Agreement (SCA) operates a profit capping mechanism known as Gain Share. Revenue that qualifies as Gain Share is shared between the service provider (if they meet certain performance criteria) and Funds for Distribution. Funds for Distribution are administered by HSE under the terms of the SCA and are reviewed by the Gain Share Governance Board before Executive Management Committee approval. Funds for Distribution were transferred from the provider to HSE in June 2018 to safeguard the fund and are effectively held on trust for the purpose of gas safety.

At 31 March 2022 the balance within the Gain Share account was £3.4m and is not included within HSE's Statement of Financial Position.

## **19 Events after the reporting period**

The date on which these accounts are authorised for issue is the date of the Certificate and Report of the Comptroller and Auditor General.

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AND PLACES**



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