



**Health and Safety Executive**  
**Annual Report**  
**and Accounts** 2008/09





# Health and Safety Executive Annual Report **and** Accounts 2008/09

Presented to Parliament by the Secretary of State pursuant to the following provisions of the Health and Safety at Work etc Act 1974: section 10(2) and paragraph 10(4) of Schedule 2; and by the Comptroller and Auditor General pursuant to section 10(2) of, and paragraph 10(2) of Schedule 2 to, that Act.

Ordered by the House of Commons to be printed 2 July 2009.

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ISBN 978 0 10 295939 0

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Part  
One

# Foreword by HSE's Chair and Chief Executive

On 1 April 2008, the Health and Safety Executive (HSE) and the Health and Safety Commission (HSC) merged to form a single regulatory body, retaining the HSE title, with the overall purpose of the prevention of death, injury and ill health to those at work and those affected by work activities in Great Britain.

This is the first Annual Report since the merger and it summarises the 'new' HSE's performance during 2008/09, together with the valued work that we undertake in partnership with local authorities, trade unions, other parts of government and other public and private sector stakeholders. We recognise that during the year unprecedented economic circumstances have emerged which inevitably create significant pressure on organisations to reduce costs. It is, therefore, essential that health and safety remains high on the agenda as a driver of business benefit not a cost or 'burden'. While HSE and local authority colleagues are key to influencing improved health and safety outcomes, the prime factor which governs whether there are fatalities, injuries or ill health at work is the motivation and performance of employers.

Extending recognition and acceptance of this, in the context of the current economic climate, is the key challenge facing Great Britain's health and safety system. We still have one of the best health and safety records in the world, but in recent years improvement has slowed and the momentum needs to be regained. The bottom line is that in 2007/08 (the latest statistics) 229 people died at work, over 28 000 people were seriously injured and over 2 million

*it is essential that health and safety remains high on the agenda as a driver of business benefit not a cost or 'burden'*

people suffered illnesses caused or made worse by work.

So, how has HSE responded? One of the first actions of the new Board was to consult our stakeholders on a new strategy *The Health and Safety of Great Britain: Be part of the solution*. Following consultation, the new strategy was published on 3 June 2009 and its aim is to reset and reaffirm the direction of health and safety, acting as the catalyst to regain momentum for improved health and safety outcomes referred to above. We will report progress against this new strategy in next year's Annual Report. The context for this Annual Report is the previous strategy, HSC's *Strategy for workplace health and safety in Great Britain to 2010 and beyond*.

HSE continues to move towards a changed organisational structure, unified in a single Merseyside headquarters at the heart of a successful and modern national organisation: one better able to support delivery of the new HSE strategy and which is more efficient – particularly important in the current fiscal environment. These changes have been managed through our 'How and Where We Work' Programme. This is a major project, the key element of which will be complete in March 2010. It will result in overall savings of approximately £5 million per year. The transition has strengthened our organisation by removing geographical obstacles to

enable greater visibility of HSE's senior management team and better working together between staff at all levels. A small base office is being established in Westminster so that we can maintain our stakeholder contact in the capital.

Turning to key operational achievements the main body of the report identifies some of our key achievements. Examples of these include:

- our work with chief executive officers in the nuclear industry and offshore and onshore oil and gas sectors to promote process safety leadership;
- continuing to raise public awareness of health and safety issues in key sectors such as construction and farms, ill-health issues (eg asbestos and dermatitis), plus hazards such as slips, trips and falls from height, building on all we have learned from our previous communications campaigns.

While HSE uses a range of influencing techniques and interventions, when it is clear that failure to comply with workplace health and safety regulations may put the lives of others at risk we have taken – and will continue to take – enforcement action. Based on the latest statistics for 2007/08, HSE issued 7715 enforcement notices and prosecuted 1137 employers. Those organisations found guilty were fined £10 819 475 for breaching health and safety law. Investigation and, ultimately, prosecution not only secures justice but is also vital if we are to learn from events and share the knowledge to prevent recurrence in similar circumstances.

2008/09 saw HSE conclude a successful merger with the Pesticides Safety Directorate, strengthening





our role in pesticides regulation. We also took on the role as regulator for animal pathogens in England and Wales – combined with our existing responsibilities for human pathogens.

HSE is committed to reducing the level of administration associated with health and safety regulation. This year, we published our third Simplification Plan to deliver ‘better regulation’ by showing how to reduce the level of paperwork but not the level of protection.

Feedback from our stakeholders tells us that the majority value HSE’s work highly. We have, however, increased our activity to counter inaccurate and often misleading claims in some sections of the media about alleged overzealous health and safety regulation by successfully promoting our message of a sensible and proportionate approach to risk management.

Through their support and inspection activities, our local authority partners have made a significant contribution to key aspects of our work.

The scope of HSE’s achievements is much wider than those summarised in this Report. We wish to thank the HSE Board members for their support and our staff for their continued commitment, professionalism and high levels of expertise – delivered against a backdrop of an especially challenging year for many, where major organisational change continued to impact on the way that we all work. We believe that HSE can be proud of its contribution to improving health and safety outcomes, but we are very aware, for the reasons outlined above and explained more fully in this report, that key challenges remain for all stakeholders in the health and safety system.

Industry and the workforce have changed over the years, with a growth in hazardous industries such as recycling and waste management. We also have more small businesses and a more diverse workforce. This necessitates new approaches to managing risks but within a regulatory framework that remains fit for purpose. Our task, therefore, is to find new, effective and innovative ways to engage current and future workforces to:

- › reduce the number of work-related injuries and cases of ill health;
- › gain widespread commitment and

recognition of what real health and safety is about;

- › motivate all those in the health and safety system as to how they can contribute to an improved health and safety performance; and
- › ensure that those who fail in their health and safety duties are held to account.

We believe that the work outlined in this report and the publication of our new strategy puts us on the right track to achieving these aims and we look forward to reporting our progress in next year’s report.

**Judith Hackitt CBE**  
*Chair*  
Health and Safety Executive

**Geoffrey Podger CB**  
*Chief Executive*  
Health and Safety Executive

# About us

The Health and Safety Executive's (HSE) primary function is to secure the health, safety and welfare of people at work and protect others from risks to health and safety from work activity. We are responsible for regulating health and safety in Great Britain and work in partnership with local authorities. HSE seeks to:

- influence people and organisations – dutyholders and stakeholders – to embrace high standards of health and safety;
- promote the benefits of employers and workers working together to manage health and safety sensibly; and
- investigate incidents, enquire into complaints about health and safety practices and enforce the law.

HSE regulates health and safety across a range of sectors and industries including major hazard sites such as nuclear installations, offshore gas and oil installations and onshore chemical plants through to more conventional workplaces like construction sites, quarries, factories, farms, waste management sites and hospitals. We do this by targeting our resources to priority risks and sectors and applying an appropriate mix of intervention and influencing techniques such as inspection, communication, advice and support and where necessary enforcement action. HSE also develops new or revised health and safety legislation and codes of practice, sponsors research and promotes training. Local authorities are responsible for regulating offices, shops and other parts of the services sector. Both regulators are responsible for

## HSE's Board



**Judith Hackitt CBE (Chair)**



**Professor Sayeed Khan**



**Danny Carrigan OBE**



**Robin Dahlberg**

Biographies for each of the Board members are on our website at: [www.hse.gov.uk/aboutus/hseboard](http://www.hse.gov.uk/aboutus/hseboard).



Judith Donovan CBE



Sandy Blair CBE

*we are responsible for  
regulating health and  
safety in Great Britain  
and work in partnership  
with local authorities*



Hugh Robertson



David Gartside

many other aspects of the protection both of workers and the public.

Health and safety matters dealt with by HSE have not been devolved to the administrations in Scotland and Wales. Effective working arrangements have been developed, however, between HSE and the devolved administrations to ensure that areas of 'common and close interest' are managed appropriately. Where necessary, such areas are underpinned by 'concordats' which set out any arrangements for consultation, information giving and joint working. These can be accessed at [www.hse.gov.uk/aboutus/howwework/framework/F-2001-3.htm](http://www.hse.gov.uk/aboutus/howwework/framework/F-2001-3.htm).

HSE is a non-departmental public body with Crown status, sponsored by the Department for Work and Pensions (DWP) and is accountable to:

- the Rt Hon Yvette Cooper MP, Secretary of State for Work and Pensions; and
- Lord McKenzie of Luton OBE, Parliamentary Under Secretary (for Work and Pensions) (Lords).

For more information, see the Management Commentary (pages 32–38) or [www.hse.gov.uk](http://www.hse.gov.uk).



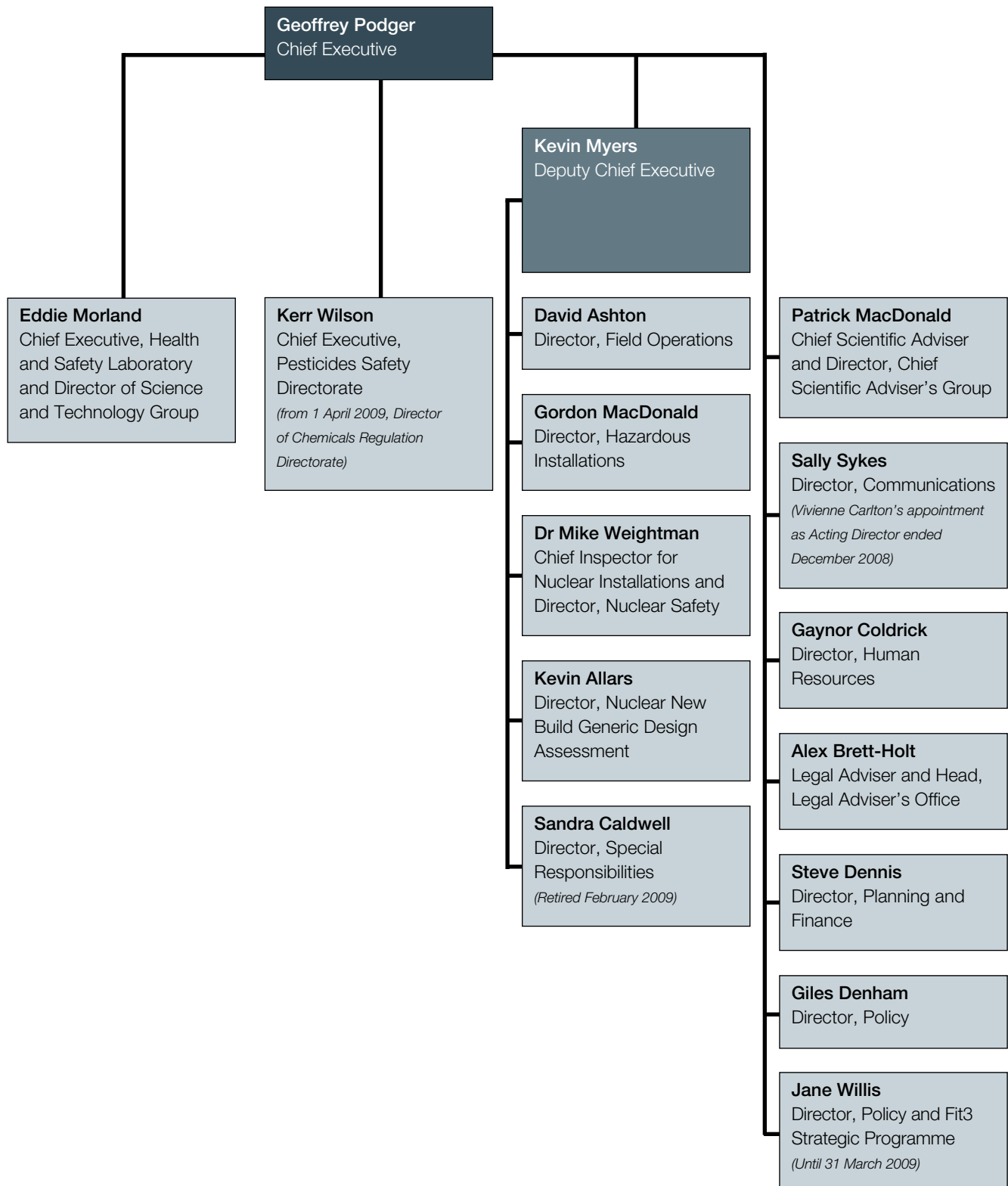
Elizabeth Snape MBE



John Spanswick CBE

You can get a copy of the register of interests relating to members of the Board and the Chief Executive by contacting HSE Infoline at [hse.infoline@natbrit.com](mailto:hse.infoline@natbrit.com), or by phoning 0845 345 0055, Monday–Friday between 8:30 and 18:00.

## HSE's structure and Senior Management Team (year ending 31 March 2009)



## The strategic framework

Our mission up to 2008/09 was, working with local authorities, to protect people's health and safety by ensuring that risks in the changing workplace are properly controlled. Our vision was to gain recognition of health and safety and, with that, achieve a record of workplace health and safety that leads the world.

Before the publication of HSE's new Strategy\* in June 2009, HSC's *Strategy for workplace health and safety to 2010 and beyond* ([www.hse.gov.uk/aboutus/strategiesandplans/strategy.htm](http://www.hse.gov.uk/aboutus/strategiesandplans/strategy.htm)) set out the strategic direction for delivering health and safety improvements in Great Britain. The Strategy's four key themes were:

- 1 **Developing closer partnerships.**
- 2 **Helping people to benefit from effective health and safety management and a sensible health and safety culture.**
- 3 **Focusing on our core business and the right interventions where we are best placed to reduce workplace injury and ill health.**
- 4 **Communicating the vision.**

It is important to make sure that we fulfil the functions set out in the Health and Safety at Work etc Act 1974 (see page 32) and that we can account for the use of both our statutory powers and the public funds we receive. We are reporting against four key business areas, which cover the full scope of our work. These are:

- › **Delivering health and safety outcomes;**
- › **Enabling justice;**
- › **Providing support to government;** and
- › **Demonstrating public accountability.**

Each business area contributes towards our mission, themes and the targets government has set. Our corporate support functions include communications, science, research, and financial and human resources management enabling delivery within the business areas.

This report summarises our performance against the objectives and key items of work in the HSE Business Plan 2008/09 ([www.hse.gov.uk/aboutus/strategiesandplans/bplan0809.pdf](http://www.hse.gov.uk/aboutus/strategiesandplans/bplan0809.pdf)). It also includes a brief 'Looking forward' section for each business area which identifies some of the key objectives for 2009/10. Further detail can be found in the HSE Business Plan 2009/10 ([www.hse.gov.uk/aboutus/strategiesandplans/bplan0910.pdf](http://www.hse.gov.uk/aboutus/strategiesandplans/bplan0910.pdf)).

The chart on page 6 shows how HSE was organised in 2008/09 to deliver the objectives in these business areas together with our corporate support functions.

\* *The Health and Safety of Great Britain: Be part of the solution.* The strategy includes a new HSE mission: 'the prevention of death, injury and ill health to those at work and those affected by work activities'. See [www.hse.gov.uk/strategy](http://www.hse.gov.uk/strategy).

## Targets for work-related health and safety

In 2000, HSC and the government published the Revitalising Health and Safety (RHS) strategy ([www.hse.gov.uk/revitalising/strategy.htm](http://www.hse.gov.uk/revitalising/strategy.htm)).

This included three national targets to improve occupational health and safety outcomes by 2010 (see Table 1).

Table 1 **Revitalising Health and Safety targets**

Indicator	Baselines	Targets (2009/10)	Results (2007/08)	Latest assessment
The incidence rate of fatal and major injury per 100 000 workers	117.3 (1999/2000)	105.6 (10% reduction)	106.6 (9% reduction)	On track
The incidence rate of work-related ill health per 100 000 workers	2 190 (2001/02)	1 750 (20% reduction)	1 860 (15% reduction)	Probably not on track
The number of working days lost from work-related injury and ill health per worker	1.76 (2000–02)	1.23 (30% reduction)	1.41 (20% reduction)	Probably not on track

*HSE will publish 2008/09 results for these indicators in October 2009.*

As part of Spending Review 2004, DWP agreed a new work-related health and safety Public Service Agreement (PSA) with HM Treasury to: 'improve health and safety outcomes in Great Britain through progressive improvement in the control of risks in the workplace' by 2008.

We measured our progress towards the PSA against six targets, grouped under the two main areas of HSE's work: occupational health and safety, and major hazards. The occupational health and safety PSA targets were based on the same indicators as the RHS targets, but worked from a different baseline year. They represented a three-year slice of the full ten-year targets. The major hazards PSA targets measure 'precursor incidents' – events in the major hazard industries with the potential to develop into a catastrophic accident.

The PSA's final assessment confirmed that the sub-targets for injuries, and nuclear and onshore precursor incidents had been met and bettered; those for working days lost and offshore precursor incidents, while not met, had shown improvement; and ill health was 'not met' and had not moved in a favourable direction over the relatively short PSA period. The overall PSA rating had to be considered 'not met' solely because of the performance of the occupational ill health target.

Table 2 **PSA targets for occupational health and safety and major hazards**

PSA targets	Indicator	Baselines (Year)	Target (2007/08)	Results (2007/08)	Final assessment
Occupational health and safety	The incidence rate of fatal and major injury per 100 000 employees	118.6 (2004/05)	115.0 (3% reduction)	106.6 (10% reduction)	Met and bettered
	The incidence rate of work-related ill health per 100 000 workers	1 850 (2004/05)	1 740 (6% reduction)	1 860 (0.5% increase)	Not met
	The number of working days lost from work-related injury and ill health per worker	1.53 (2004/05)	1.39 (9% reduction)	1.41 (8% reduction)	Probably not met (but moving in a favourable direction)
Major hazards	The number of events reported by licence holders that HSE's Nuclear Installations Inspectorate judges as having the potential to challenge a nuclear safety system	143 (2001/02)	132 (7.5% reduction)	108 (24.5% reduction)	Met and bettered
	The number of major and significant hydrocarbon releases in the offshore oil and gas sector	113 (2001/02)	62 (45% reduction)	74 (34% reduction)	Not met (but moving in a favourable direction)
	The number of relevant RIDDOR <sup>a</sup> reportable dangerous occurrences in the onshore sector	179 (2001/02)	152 (15% reduction)	109 (39% reduction)	Met and bettered

*a Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.*

From 1 April 2008, the PSA was replaced by a new Departmental Strategic Objective 3 (DSO3), which is to **'improve health and safety outcomes in Great Britain, through progressive improvement in the control of work-related risks'**.

DSO3 comprises five indicators (see Table 3) which share the RHS and original PSA baselines. Health and safety performance and the impact of our interventions is better measured over the longer term and as with DWP's other DSOs, progress on DSO3 will be judged in terms of direction of travel in the indicators. The injury and ill-health indicators (based on the latest validated and published data at 2007/08) are both on track.

Table 3 **DSO target to improve health and safety outcomes**

Indicators		Baseline (the baseline period is 2001/02 unless stated)	Result (% reduction from baseline)	Assessment
Indicator 1: The incidence of fatal and major injuries in workplaces (per 100 000 employees)		117.3 (1999/2000)	106.6 (9% reduction) (2007/08)	On track
Indicator 2: The incidence of work-related ill health (per 100 000 workers)		2 190	1 860 (15% reduction) (2007/08)	On track
Indicator 3: The number of dangerous events in the nuclear industry and in offshore and onshore oil and gas sectors	Nuclear	143	94 (33% reduction) (2008/09)	On track
	Offshore	113	62 (45% reduction) (2008/09)	On track
	Onshore	179	115 (36% reduction) (2008/09)	On track

*Notes to Tables 1–3:*

- Further details on the targets can be found at [www.hse.gov.uk/statistics/targets.htm](http://www.hse.gov.uk/statistics/targets.htm).
- Rates and percentage changes present for ill health, injuries and working days lost are rounded.
- The incidence rate of work-related ill health per 100 000 workers is based on self-reporting surveys. Other sources are also used to assess progress.
- The RHS and PSA results for work-related ill health are subject to a 95% confidence interval. The confidence interval or range of possibilities for 2007/08 results is from 1740 to 1980.
- The RHS and PSA results for working days lost are also subject to a 95% confidence interval. The confidence interval or range of possibilities for these results is from 1.29 to 1.52.
- Full details on the major hazards targets are available in the PSA Technical Note [www.hse.gov.uk/aboutus/strategiesandplans/sr2004.htm](http://www.hse.gov.uk/aboutus/strategiesandplans/sr2004.htm).

You can find further commentary on the PSA and latest DSO results in chapters 'Delivering health and safety outcomes' and 'Delivering major hazard outcomes' (pages 11–21). DWP publishes performance data against all of its PSAs and DSOs in its Departmental and Autumn Performance Reports ([www.dwp.gov.uk/resourcecentre/corporate-publications.asp](http://www.dwp.gov.uk/resourcecentre/corporate-publications.asp) and [www.dwp.gov.uk/publications/dwp/2008/autumnreport/autumn-performance-report-08.pdf](http://www.dwp.gov.uk/publications/dwp/2008/autumnreport/autumn-performance-report-08.pdf)).



# Delivering health and safety outcomes

## Objectives

...to deliver improved health, safety and welfare outcomes for those in, or otherwise affected by, work:

- › to ensure appropriate protection to people from health and safety risks
- › to influence people and organisations – dutyholders and stakeholders – to embrace and promote high standards of health and safety

### Fit for Work, Fit for Life, Fit for Tomorrow (Fit3)

HSE's Fit3 programme closed at the end of March 2009 after four challenging years. Fit3 brought together policy, operational, scientific and communications specialists from across HSE, along with local authority colleagues and other key partners, into a single programme focused on making sustained improvements in the numbers of people injured or made ill by work activity. It delivered a range of targeted interventions – including inspection, communications, stakeholder engagement and enforcement – focused on key hazards and industry sectors.

Over the last three years we have seen worthwhile and real improvements in workplace health and safety:

- › the PSA target to reduce the fatal and major injury incidence rate has been met and bettered (with a 10% reduction compared to the 3% target between 2004/05 and 2007/08) and there are encouraging trends of falling injury rates in most sectors;
- › there have been reductions in fatal and major injuries from falls from height (17%) and workplace transport (10%), but there has

been little change in the number of injuries from slipping and tripping, which remains the most common (almost 40%) cause of major injury – we are addressing this through HSE's 'Shattered Lives' campaign;

- › although the PSA target to reduce the incidence rate of work-related ill health by 6% between 2004/05 and 2007/08 was not met, strong partnership networks were developed with initiatives delivered within stakeholders' own industries plus inspection and enforcement by both HSE and local authorities;
- › the PSA target to reduce the number of working days lost per worker due to work-related injury or ill health (a 9% reduction) has probably not been met. Work with government partners continues with the aim to impact on wider areas of health, work and well-being;
- › the incidence rate of stress was slightly down on 2006/07 levels (and similar to those in 2004/05 and 2001/02), while the rate for musculoskeletal disorders was down on 2006/07, about the same as that for 2004/05 but significantly lower than that for 2001/02.

*there have been reductions in fatal and major injuries from falls from height and workplace transport*

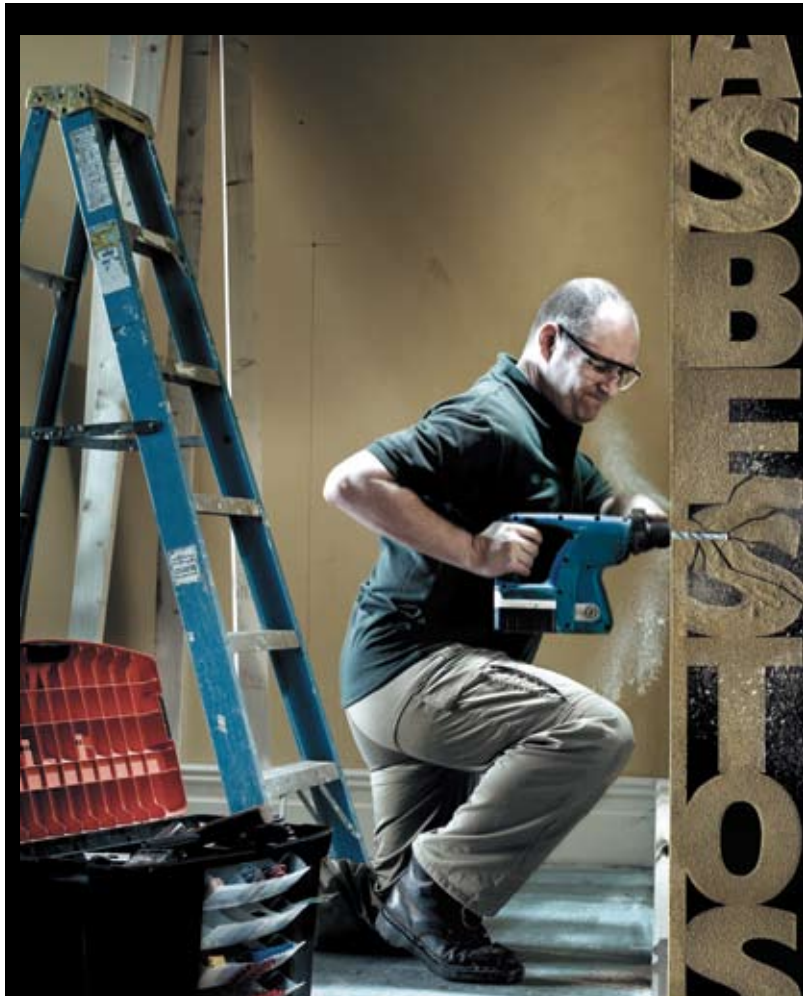
**Key achievements**

**Working with local authorities, we built on the success of Ladder Exchange 2007 with a further exercise in 2008 to raise ladder safety awareness.** With the help of the Ladder Association and four major hire companies, who offered discounts, up to 5000 broken and damaged ladders were replaced in a bid to reduce the number of falls from heights.

**In partnership with local authority inspectors, we carried out a targeted inspection campaign in North Humberside.** The programme of concentrated visits focused on topics including workplace transport and slips, trips and falls, and was publicised locally to help raise awareness of the key issues. 228 inspections were carried out and formal enforcement action taken at 35 premises. One of the lasting benefits of the initiative was that it provided an opportunity to improve partnership working and for inspectors to learn from each other's approaches.

**There is continued evidence that our work to promote worker engagement in the construction industry is having a positive effect on health and safety,** with major contractors now seeing worker engagement as central to their strategies to improve health and safety standards on site. For example one construction group stakeholder commented that there had been no reported accidents or incidents in over 80% of the group's projects during the past 12 months. Importantly they added that the 'worker engagement initiatives have made a major contribution to this level of performance'.

**We worked closely with the Strategic Forum for Construction to produce guidance on tower crane operators' working conditions and the use, inspection, maintenance and**



**Case study**

**Asbestos – every week 20 tradesmen die from this ‘hidden killer’...**

Every year more people die from past exposure to asbestos than in road accidents. Last year we reported on our pilot media campaign aimed at raising the awareness of general tradesmen, plumbers and electricians to the potential risk of working on buildings that might contain asbestos. To build on this we ran a national campaign through October and November 2008, expanding our target group to include joiners.

HSE worked in partnership with DIY stores, victim support groups, local authorities, the TUC, trade unions and trade associations etc. The campaign was launched by HSE's Chair Judith Hackitt, ex-footballer Ian Wright and mesothelioma victim Tom King and his son. Having worked in the building trade as a teenager, Ian was keen

to act as a spokesperson for this cause and was very supportive of the campaign.

During the promotion there were 17 national and regional TV broadcasts, including interviews on GMTV and BBC news. 23 radio and print pieces ran nationally and 156 ran regionally, with personal stories from mesothelioma sufferers and their families used for impact.

The campaign generated tremendous interest with over 600 000 information packs distributed plus a substantial increase in calls to HSE's Infoline and visits to the website compared to the same period last year. A major DIY company reported an increase in sales of respiratory equipment suitable for working with asbestos during the campaign – a positive indicator of its success in raising public awareness. Both HSE and local authority operational staff continue to maintain a high profile for the duty to manage asbestos.

thorough examination of tower cranes. As part of the Safe Crane Campaign, we also developed a website to provide information to the public.

**The incidence of contact dermatitis cases shows a significant reduction**, from a total of 8400 incidences reported in 2004/05 to 6600 in 2007/08 (the latest year available), with strong stakeholder partnerships forged by HSE and local authorities (eg with the Hairdressing and Beauty Industry Authority, City and Guilds, and the Learning and Skills Councils) being a key factor.

**We continued to work with public sector organisations to encourage and help them to implement the latest Stress Management Standards**, while local authorities helped organisations within the finance sector. Early results suggest that those organisations visited are making better progress than others, with one major government department now using focus groups to discuss stress solutions with its staff. HSE also co-operated with the Trades Union Congress (TUC) to deliver two successful workshops on stress for trade union representatives.

**In partnership with the Welsh Assembly Government, we piloted an advice and information service to small and medium enterprises (SMEs) in Wales.** 'Workboost Wales' provided advice to SMEs through a telephone enquiry line and advisor visits. To date, Workboost Wales has completed around 950 visits (including follow-up visits, addressing topics such as absence management and stress). The pilot ended in March 2009 and formal evaluation will follow; anecdotally, the service has met business needs and levels of customer satisfaction are high.

## Promoting the benefits of sensible health and safety management and worker involvement

HSE recognises that greater improvements in health and safety outcomes are possible if businesses believe in the benefits of managing health and safety effectively and workers are actively involved. We encourage employers and workers to work together to manage health and safety sensibly.

Successful involvement of all businesses (large or small) is fundamental to HSE's success. This year we worked with employers to concentrate in particular on the need for businesses to ensure that health and safety is led from the top of the organisation, and that workers are fully involved.

### Key achievements

#### **We continued to promote and embed the joint Institute of Directors/HSE leadership guidance for directors and board members.**

Research conducted nine months after the launch showed raised awareness of 25% among the target audience (in organisations with five or more employees in the public, private and third sectors).

#### **We developed and launched a suite of new and revised guidance on worker involvement and consultation,**

including examples of good practice focusing on how to consult and involve employees, revised legal guidance and a free leaflet targeting SMEs. The guidance was developed in consultation with stakeholders, expert practitioners and the Small Business Trade Association Forum and was launched at the Worker Involvement in Health and Safety conference. We also improved HSE's *Worker involvement* website, making the guidance more accessible to businesses.

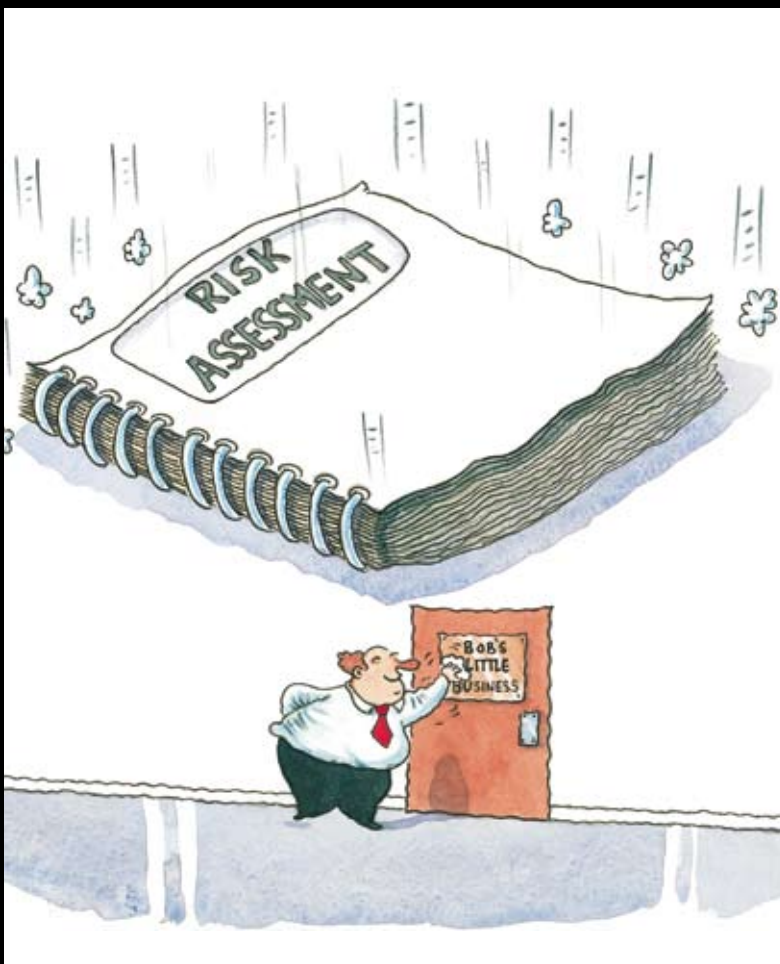
**Together with Local Authorities Coordinators of Regulatory Services (LACORS), we completed the Large Organisation Partnership Pilot (LOPP).**

An independent review of the pilot drew out the lessons learned, which were shared with the LOPP community at its final plenary meeting, eg 'no one size fits all', rather, a bespoke approach to developing partnerships with large organisations is essential. Work is ongoing to assimilate these into wider development on leadership in line with the implementation of the new HSE strategy.

**Communication**

HSE's Communications Programme includes our public and media relations operations, stakeholder engagement, campaign management, events, online products and services, publications, and internal communications channels. Our aim is to promote the benefits of common-sense health and safety management and engender confidence in HSE internally and externally.

The programme supported the launch of the strategy consultation in partnership with LACORS with a series of regional workshops seeking



Case study

**Reducing barriers and administrative costs for businesses**

HSE embarked on a campaign to help small businesses improve their approach to health and safety risk management. Work began in autumn 2007 and has continued through 2008/09.

Through the campaign we demonstrated what a 'good enough' risk assessment might look like by providing over 30 example risk assessments across a range of industry sectors. The examples were developed and promoted in partnership with the Small Business Trade Association Forum and other key stakeholders. The aim was to demystify the risk assessment process, allowing businesses to conduct their own risk assessments with increased confidence.

The example risk assessments have proved to be popular and feedback has been positive; in a recent online survey 71% of SMEs rated these examples as excellent to good, 90% confirmed that they saved time conducting their risk assessment (with an average time saving of 46%) and 90% would recommend them to others. Based on this work HSE was successful at reaching the final stage in the National Business Awards' Better Regulation category.

The example risk assessments can be found at [www.hse.gov.uk/risk/casestudies](http://www.hse.gov.uk/risk/casestudies).

support and involvement from all stakeholders in workplace health and safety in delivering the strategy's goals (see also page 24).

We continued to make good progress in challenging and distancing HSE from stories that trivialise health and safety, including the launch of the *Myth of the month* e-calendar dispelling health and safety myths. However, we have more work to do in communicating the benefits of a common-sense approach to health and safety, particularly in how we inform and engage with smaller businesses to motivate them and build their confidence to manage their health and safety sensibly and proportionately.

### Key achievements

**In addition to the 'Hidden Killer' and 'Shattered Lives' initiatives (see pages 12 and 16) we used campaigns to raise public awareness to other health and safety issues including:**

- making property developers aware of the legal requirements and their health and safety responsibilities as clients under the Construction (Design and Management) Regulations 2007. The campaign, launched in February, was supported by an intensive inspection initiative in March 2009 targeting the refurbishment sector. The results will be assessed in 2009/10;
- the 'Make the promise. Come home safe' campaign aimed at the agricultural sector. Agriculture remains one of the most dangerous sectors with a high level of fatalities at around 40 per year. The campaign was launched in December 2008, highlighting the risks associated with farming. 70 000 mailshots were sent to farmers inviting them to respond to receive a free guidance booklet. To date, approximately 7000 have replied to this initiative, confirming that the farming industry remains at risk and hard to engage.

**We continued to explore innovative ways to promote the benefits of common-sense health and safety to businesses.** We used various communication channels including TV, radio, web, publications, conferences and events in our campaign management. One of our asbestos campaign adverts was nominated for a prestigious advertising award. Continued development of HSE's website resulted in over 20 million visits; use of podcasts, newsfeeds and text messaging; plus subscriptions to our free e-bulletin service doubled over the reporting year to 221 000.

**We took a proactive approach to public relations and developing third-party advocates.** Our strategic engagement programme focused on working with local authorities, partners (the Institution of Occupational Safety and Health, the Royal Society for the Prevention of Accidents, and EEF (the manufacturers' organisation)) and businesses who continue to speak in defence of the 'health and safety' brand.

*our aim is to promote the benefits of common-sense health and safety*



Case study

**Watch your STEP – with phase 2 of HSE's 'Shattered Lives' campaign**

Slips, trips and falls are the major cause of workplace injury – latest figures reveal that 38% of major injuries are caused by a slip, trip or fall. HSE has run several campaigns over the years culminating in last year's 'Shattered Lives' initiative, which was the most successful to date in terms of prompting more than 800 000 people to visit our website for further information. In 2008/09, we built on the success of phase 1 of the campaign to develop and promote two computerised e-learning packages: the slips and trips electronic programme (STEP) and a work at height access information tool (WAIT) on access equipment safety.

The second phase of the campaign was aimed largely at those industries targeted by phase 1: construction, catering and hospitality, building and plant maintenance, food retail, and food and drink manufacturing – plus two additional sectors where improvement is required: health services and education.

We publicised phase 2 via the national press as well as online, using trade press to promote an eco-disk carrying a condensed version of the STEP tool with a link to the full product on the website. The regional press publicity supported a construction inspection initiative in March 2009. As the campaign is a long-term commitment towards behaviour change it is too early to report on its impact. However, significant interest has been shown via visits to our website, and anecdotal evidence suggests that businesses have taken the message on board and will act on it.

The 'Shattered Lives' visual concept and message continue to resonate with audiences and attract favourable reaction. It won several prestigious advertising awards for best campaign and use of photography and has been featured in numerous trade journals. See [www.hse.gov.uk/falls/shatteredlives.htm](http://www.hse.gov.uk/falls/shatteredlives.htm).

## Local authority partnerships

One of HSE's main objectives is to stimulate and support delivery of improved health and safety outcomes by developing closer partnerships with local authorities as fellow enforcing authorities under the Health and Safety at Work etc Act. To encourage and support efforts to improve local and national regulation of health and safety, we continue to work closely with LACORS, the newly formed Local Better Regulation Office (LBRO), professional organisations, and individual local authorities and regional groups.

This year the HSE/local authority partnership has been subject to independent evaluation. This reported a 'step change' in the relationship between HSE and local authorities, with both parties increasingly embedding partnership as the way we operate together. Working with local authority partners, we made a number of changes recommended by the evaluation and have developed a programme to implement further improvements including exploring new ways of jointly planning and delivering inspection and enforcement to better target our joint resources towards risk.

Local authorities have made major contributions to the delivery of HSE's Fit3 programme of work through their inspection activity, plus work to raise awareness on dermatitis (in the catering, cleaning and beauty sectors) and the development of a web-based toolkit aimed at preventing violence in retail and licensed premises.

Further initiatives are planned for 2009/10, for example in the South West a project (Work Well Dorset) has begun in which all Dorset local authorities are working with HSE to develop a joint model for delivery of health and safety regulation across the whole of the county throughout 2009/10. The model includes joined-up approaches to accident investigation and separate strategies for interventions with both large and small businesses.

## Key achievements

**HSE and local authorities worked in partnership to prevent exploitation of vulnerable migrant and temporary (agency) workers.** This included jointly-organised inspection of employment agency arrangements for managing health and safety (Cambridgeshire); work to improve information and intelligence-sharing across a range of agencies on accommodation and other issues (Lancashire/Greater Manchester); and inspections of migrant worker accommodation (Kent/Sussex). Conditions at sites varied, particularly with electrical equipment and gas appliances. We took action to improve standards where they were inadequate, including issuing an improvement notice where gas appliances had not been checked.

### *developing closer partnerships with local authorities as fellow enforcing authorities*

**We revised and published the S18 (section 18) Standard for Health and Safety Enforcing Authorities, which defines arrangements for health and safety enforcement.** This standard will be applied to both HSE and local authorities to ensure we all have appropriate arrangements in place. Part of the S18 Standard's underpinning guidance is complete and the remainder will be added during the coming year.

### Looking forward

Our plans for 2009/10 include:

- continuing to target high-risk industries and sectors, such as construction, agriculture and waste and recycling, using focused and tailored intervention strategies including:
  - advisory visits to small construction sites and customised guidance on topics such as roof work, manual handling, welfare facilities and the Construction (Design and Management) Regulations 2007;
  - maintaining the focus on farm safety with health awareness days and partnership work with machinery manufacturers and suppliers;
- continuing to target long-latency occupational diseases (eg cancer, asbestosis and noise-induced hearing loss) through inspection, communications initiatives, e-learning tools and by engaging stakeholders;
- working with local authorities and SMEs to improve the guidance and support we provide to SMEs to help them comply with their obligations in a manner proportionate to the risks posed by their activities;
- building on existing projects to establish effective involvement of the workforce on health and safety issues, eg in managing noise and hand-arm vibration syndrome. Activities include preparing simple toolkits for safety and other employee representatives to use on site.



# Delivering major hazard outcomes

## Objective

...to reduce the risk of catastrophic incidents in major hazard industries

**H**SE regulates those industries where catastrophic failures have the potential to cause substantial harm to people or society. These include nuclear sites, and offshore (oil and gas) and onshore major hazard industries (chemical and downstream oil; mining; explosives manufacture and storage; gas storage and distribution; and biological agents). For those activities involving significant hazard, risk or public concern, we employ permissioning regimes that require higher levels of control (eg through licences, consents, acceptance of safety cases etc).

The DSO indicators remain on track to reduce the number of major and significant hydrocarbon releases offshore, dangerous occurrences at COMAH (Control of Major Accident Hazards Regulations) sites onshore, and the number of events reported by nuclear site licence holders which are judged to have the potential to challenge a nuclear safety system.

We have initiated a programme of work to update the non-nuclear aspects of our Expert Report to the government's Energy Review (published in June 2006) and develop the necessary organisational strategies, guidance and knowledge framework to ensure that HSE is a responsible enabler of the new energy economy.

The work of HSE's Nuclear Directorate (ND) was examined by the Nuclear Regulatory Review carried out by Dr Tim Stone. As a result of the review, it is now intended that ND should become a statutory corporation within the framework of the HSE. A Transition Manager has been engaged, and a scoping exercise to take this work forward has started. The aim is for the recommendation to be completed in full by mid-2010, with shadow working arrangements in place before then.

ND continued to progress its work on Generic Design Assessment (GDA) of the proposed nuclear new build reactor designs for Great Britain. Associated with GDA was a review of the regulatory approach to the siting of new nuclear facilities and the provision of advice to local government authorities, both of which were completed in July 2008. Following this, we developed and published guidance for organisations who wish to obtain a licence to construct a nuclear power station. Although some aspects of GDA have been subject to slippage, we are aiming to complete the programme by the June 2011 end date as originally planned.

*we initiated a programme to ensure that HSE is a responsible enabler of the new energy economy*

## Key achievements

**In response to the major incident at Buncefield fuel storage depot in 2005, we continued our work with the industry-led Process Safety Leadership Group (PSLG) to drive forward implementation of Buncefield Major Incident Investigation Board's recommendations.** Benchmark standards for the outstanding recommendations have been agreed and the Process Safety Leadership agenda developed following lessons learnt from both Buncefield and the BP Texas City refinery incident. The joint Competent Authority (HSE, the Environment Agency and the Scottish Environment Protection Agency) continue to work collaboratively through PSLG in addressing the outstanding recommendations, which aim to improve the design and operation of fuel storage sites and emergency arrangements for dealing with major accidents (see also page 27).

**We worked in partnership with the Environment Agency and the Scottish Environment Protection Agency to improve the effectiveness of the regulatory regime covering major hazard sites.** The programme to remodel the COMAH Regulations aimed to provide a more coordinated approach to planning and delivery of regulatory activities and to increase the time inspectors spend carrying out site inspection against companies' safety reports. Phase 2 of this programme was launched early April 2009 with the aim of delivering a remodelled regime by April 2010. This includes nine workstreams detailing proposals for regulatory changes as well as changes to the structure and organisation of the Competent Authority.

**We continued to target the management of asset integrity and reliability in the major hazards industries.** In November 2007 we published a critical report detailing the findings of a three-year programme of interventions to monitor the management of maintenance and levels of integrity on offshore installations. Following this, the offshore industry has committed both substantial resources (£1 billion per year) and leadership support to remedial actions and improved management of maintenance. HSE is currently assessing the industry's progress in addressing the issues raised in the report and the results will be reported to ministers in July 2009.

**We investigated significant dangerous occurrences and learnt lessons from incidents.** For instance following a serious explosion resulting in the death of two firefighters, HSE carried out an extensive review of the health and safety performance of two fireworks display and manufacture companies. The review concluded that these organisations were no longer fit to hold a licence to store or manufacture explosives which HSE consequently revoked. This was the first time HSE had used this power since introduction of the relevant legislation in 2005.

**We continued the introduction of safety reviews into HSE's advice to planning authorities and partners across government.**

Following ministerial agreement early in 2008, HSE began work to develop, test and implement land use planning methodologies and policies which aim to take account of societal risk around high-risk sites through local development plans. A series of trials has begun which will be followed by a technical seminar in 2009/10 to share and discuss outcomes with stakeholders.

**We promoted the importance of process safety leadership in the nuclear industry.** The peer review work signalled at the HSE leadership events held in 2008 (see case study on page 21) has been taken forward by several licensees in a joint review of control room operations. A Regulatory Nuclear Interface Protocol between HSE, the Defence Nuclear Safety Regulator and major nuclear dutyholders was signed in April 2008, and will underpin ongoing discussions on the strategic issues affecting the nuclear programmes between dutyholders, safety directors and regulators. This has already proved beneficial in enhancing effective regulation.

**To help target our regulatory interventions** we worked with the nuclear industry to develop safety performance indicators. Preliminary licensee data has been gathered and we started to use this to help direct regulatory interventions from April 2009. Further work to embed this process is planned for 2009/10. Development of a model for improving the use of operating experience continued, and is intended to be completed by March 2010.

**We worked with the Nuclear Decommissioning Authority and regulators to develop strategies for spent fuel, nuclear materials, and radioactive waste by 2010,** for implementation by licensees from 2011 onwards. Additionally, to ensure the continued safe operation of Sellafield, we successfully oversaw its transition to a new parent body organisation, Nuclear Management Partners Limited.



Case study

### **‘Leading from the top’ to prevent major incidents**

Lessons from recent major incidents, such as the fire and explosion at the Buncefield fuel storage depot and the BP Texas City refinery fire, underline the need for strong process safety leadership in creating positive safety cultures. Good leadership from board level down throughout the organisation is essential to achieve the right culture and enable key decision makers to understand all the dimensions of process safety risk when making business and operational decisions.

To bring together some common themes and attributes of good process

safety leadership and to create an ongoing momentum within industry to carry this work forward, HSE organised a conference for leaders from major hazard industries in April 2008 called ‘Leading from the top: Avoiding major incidents’.

During the last three years HSE has been engaging with the chief executive officers and boards of the major nuclear operators to promote alignment around a common vision of ‘sustained’ excellence in nuclear operations. This culminated, as part of the ‘Leading from the top’ conference, in the signing of a formal agreement between HSE and nuclear industry on more effective ways of working. This focused on having a shared vision, values and behaviours

while respecting each other’s distinct roles and responsibilities. Since the conference feedback of interactions has been collected and has been jointly reviewed at strategic liaison meetings. It is generally agreed that this initiative has improved the effectiveness and efficiency of nuclear regulation and HSE is organising a Nuclear Chief Executive conference in early summer this year to build on this.

HSE will continue working with the major hazard sector to complete this work with the clear expectation that companies will soon start to demonstrate that effective process safety leadership is in place from board level down within major hazard enterprises.

### **Looking forward**

Our plans for 2009/10 include:

- › maintaining intervention plans for all nuclear, top-tier COMAH sites, offshore installations and other high-hazard establishments and conducting targeted inspection according to those plans;
- › carrying out a series of projects on emerging energy technologies to ensure that carbon capture and storage and carbon dioxide management hazards are properly controlled, which will be delivered by April 2011;
- › bringing about the creation of the Nuclear Statutory Corporation in April 2010;
- › using the outcomes from the Buncefield causation study to define research to support future regulatory activity.

# Enabling justice

## Objectives

...to improve standards of health and safety and prevent harm to workers and members of the public  
 ...to promote a just, fair society and provide equitable conditions for all businesses to operate under

*targeting our inspections to focus on those businesses which present the highest risks or have the poorest performance*

**H**SE and local authorities aim to deliver sustainable, long-term reductions in occupational ill health and injury by providing advice and guidance; working in partnership with stakeholders; conducting targeted inspections and other proactive work with dutyholders; and investigating incidents and complaints. Enforcement action is essential in underpinning and amplifying the wide range of interventions we carry out. Inspectors use enforcement notices as a preventative measure, to require specific improvements where standards are poor and to stop activities which present serious risks. Where there is evidence of serious breaches of the law we will call failing dutyholders to account through prosecution.

We continue to work with the police and the Crown Prosecution Service to ensure the effective investigation of work-related deaths and any subsequent prosecutions. This has involved particular consideration of the arrangements to enforce the Corporate Manslaughter and Corporate Homicide Act which came into force in April 2008. Although not part of health and safety law the new offence introduces an important new element in the corporate management of health and safety.

We have taken steps to make better use of information to improve the targeting of our inspections to focus on those businesses which present the highest risks or have the poorest performance. We have worked closely with local authorities to share regional and local intelligence and a number of joint HSE/local authority

enforcement-led initiatives have been carried out (see case study on page 23 for example).

HSE's enforcement statistics for 2007/08 are available at [www.hse.gov.uk/statistics/enforce](http://www.hse.gov.uk/statistics/enforce). The statistics for 2008/09 will be published on our website in October 2009.

## Key achievements

**We worked with the Environment Agency to target and improve health and safety issues in the expanding waste and recycling industry in north-east London.** The fatal incident rate for the sector is more than ten times the national average. We visited 50 sites and addressed issues on transport, machinery, work at height and training. We plan to revisit many of the sites in 2009/10 to ensure that necessary improvements have been made.

**We aimed to improve the use of our resources to maximise the impact on health and safety outcomes.** Following a six-month trial the HSE Board agreed the implementation of a risk-based approach for handling complaints made against dutyholders. This will enable us to use our resources effectively where we can have the most impact.

**Ensuring that our enforcement decisions are consistent and in line with our Enforcement Policy Statement is a key priority for HSE.**

To support this, an HSE/local authority inspector panel carried out a second Regulatory Decision Making Audit on a sample of investigations to review the enforcement decisions made. The results showed an improvement in compliance over the previous audit. The findings will be published shortly.



#### Case study

### Joint intervention by Kent local authorities and HSE – a common approach to Kent enterprises

In November 2008 HSE and local authority inspectors carried out a programme of inspections over a three-week period at 13 locations across Kent. The inspections built on previous joint initiatives and targeted work at height, manual handling, workplace transport and the duty to manage asbestos in buildings. The project was also a further trial of flexible warranting between HSE and local authorities which had first been tested in 2007. The enforcement responsibility for health and safety legislation is split between HSE and local authorities depending on the type of work activity. Flexible warranting allows HSE and local authority inspectors to exercise their powers in each other's premises. The approach offers a number of benefits including the potential to gain more

impact from joint working by being able to plan activity across enforcement boundaries.

We publicised the initiative in advance by sending a mailshot to those businesses involved, explaining what was happening and providing information about the priority topics. This was followed up by a press launch. A questionnaire was completed for each business and a full site inspection carried out with inspectors issuing instant visit reports providing specific advice and serving notices, depending on their findings.

A total of 334 premises were visited resulting in 47 improvement and 29 prohibition notices being served. Additionally, 25 sets of ladders were taken out of use due to their poor condition. The initiative was also successful in making efficient and effective use of resources by targeting a number of important topics in one go, testing the new county-wide flexible warranting scheme and in enabling inspectors to learn from one another and share best practice.

### Working to prevent injuries and fatalities through enforcement and prosecution

Enforcement action makes a crucial contribution to preventing injury and ill health. Throughout 2008/09 our inspectors have used both notices and prosecution when their inspections have identified poor conditions or disregard for the law. For example:

**An unannounced HSE inspection of an asbestos removal job resulted in the prosecution of two companies**, asbestos being the single biggest cause of work-related deaths in Great Britain. Work was immediately stopped when our inspectors found debris containing asbestos on most levels of the 15-storey tower block. The main contractor was fined £150 000 and the asbestos removal company £70 000.

**A company director was prosecuted following an incident in which an agency worker suffered multiple injuries.** While moving a 40-foot long container the worker's handling vehicle up-ended causing him to fall 30 feet through the windscreen. The company had previously received written advice about the dangers of travelling with a raised load.

**A joint HSE/police investigation following a fatality at a theme park** involved over 200 witness interviews, examination of the ride by HSE specialist inspectors and analysis of video footage. Evidence showed in the seven days before the incident 30% of the people on the ride did not have their restraints checked. The company responsible was fined £250 000.

Inspections to 28 Welsh care homes resulted in the issue of 31 enforcement notices and raised serious concerns about the management of risks. In response HSE established a working group with other regulators and stakeholders to jointly run 'awareness days' for care home owners and managers. More events are planned during 2009/10 and the group will also provide improved guidance and e-learning packages.

#### Looking forward

Our plans for 2009/10 include:

- reviewing the application of HSE's incident selection criteria to ensure we are using the resources we deploy on investigation to the maximum possible impact;
- introducing a risk-based approach to complaints investigation to enable consistent and justifiable decisions and proportionate response;
- investigating significant dangerous occurrences, hydrocarbon releases, and other significant loss-of-containment incidents within major hazard industries;
- continuing to take enforcement action in line with the HSE Enforcement Policy Statement and Enforcement Management Model.

# Providing support to government

## Objectives

...to provide evidence and advice to help the government make major policy decisions on health and safety issues affecting society and the economy  
 ...to provide strategic direction for the health and safety system

**H**SE's work in this business area includes promoting better regulation, developing and implementing policy on key areas of health and safety (including enforcement and major hazard industries), helping to shape the health and safety debate, contributing to wider government policies (eg on energy), and negotiating for the UK on health and safety in the European Union (EU).

We continued to demonstrate to government the value of HSE's expert advice and support in a range of policy areas by:

- developing the new HSE strategy for the whole health and safety system in Great Britain;
- implementing a strategy to deal efficiently with proposals for new and developing energy technologies, ensuring that the nation's future demand for energy is met safely;
- implementing an international engagement strategy designed to maintain HSE's position as one of the leading authorities on health and safety worldwide;
- maintaining HSE's position as an exemplary modern regulator by achieving already over two-thirds of our 2010 target reduction in the administrative burden of health and safety regulation, and developing proposals to surpass the target, as shown by our third Better Regulation Simplification Plan.

## Key achievements

**We developed HSE's new strategy to reset the direction of workplace health and safety in Great Britain.** Following the merger of HSC and HSE, the draft strategy was launched on 3 December in London, Edinburgh and Cardiff and was subject to a three-month stakeholder consultation period. The consultation process engaged over 700 stakeholders in regional and national workshops and elicited over 200 written responses. The final version was launched in June 2009, supported by the publication of HSE's Business Plan 2009/10.

**In 2008 we became the regulator for animal pathogens in England and Wales, and for Scotland in April 2009. We also provide scientific support to inspectors in Northern Ireland.** Arising from a report by former HSC Chair Sir Bill Callaghan following the foot and mouth disease outbreak, work was taken forward on delivering a key recommendation for a single regulatory framework for dangerous human and animal pathogens. We have explored options and legal alternatives to fulfil the recommendations and are currently on track to deliver a single set of regulations for human and animal pathogens by April 2010.

**The Pesticides Safety Directorate (PSD) transferred to HSE from the Department for Environment, Food and Rural Affairs (Defra) on 1 April 2008.** The transfer brings together the various chemical regulatory schemes delivered by PSD and HSE with the purpose of working towards greater operational flexibility in the delivery of chemicals regulation. On 1 April 2009 PSD merged with relevant parts of HSE to form a single Chemicals Regulation Directorate, which will help maintain our critical mass of expertise, improve efficiency and provide a better regulatory service.



## Case study

**Modernising the registration scheme for gas engineers**

The 2006 review of domestic gas safety, involving consumer groups and industry stakeholders (including gas engineers and their representatives), identified no room for complacency and a strong case for change. HSE listened to these views in developing a modernised gas engineer registration scheme and on 8 September 2008 awarded a ten-year service concession agreement to the Capita Group Plc to provide a new registration scheme.

The Gas Safe Register replaced CORGI gas registration on 1 April 2009 and is set to deliver improvements in gas safety and add value for consumers and gas engineers. HSE will measure performance of the registration scheme annually through a series of eight key performance indicators, which include raising consumer awareness of gas safety risks and targeting unsafe gas work, along with consumer, engineer and stakeholder satisfaction with the registration scheme. There are contractual and financial implications should the scheme provider fail to meet these performance levels.

**Better regulation**

HSE is committed to better, smarter regulation. Simple, clear legislation can encourage users' compliance and help deliver better health and safety outcomes. We understand the benefits of working in partnership with others, in particular local authorities, in raising health and safety awareness and supporting employers and workers to improve health and safety in their organisations.

**Simplifying and reducing administration**

HSE's third Simplification Plan was published in December 2008 (see [www.hse.gov.uk/simplification](http://www.hse.gov.uk/simplification)). The 2008 plan outlines the progress HSE has made in reducing the levels of administration associated with health and safety regulation, as well as showing how the organisation is delivering the government's Better Regulation agenda – without reducing levels of health and safety protection. The plan also includes details of further simplification initiatives for 2009/10.

Helping businesses understand their responsibilities is key to improving health and safety for everyone. The Plan's simplification initiatives play an important role in this, promoting a sensible, proportionate and risk-based approach which enables organisations to conduct their activities efficiently and safely.

**Key achievements**

**We successfully delivered several simplification initiatives in 2008** including guidance on labelling the weight of loads; clarifying examinations of equipment; and labelling drinking water. In addition, requirements for the health and safety law poster have been simplified through the Health and Safety Information for Employees (Amendment) Regulations 2009, and outdated forms have been removed through the Factories Act 1961 and Offices, Shops and Railway Premises Act 1963 (Repeals and Modifications) Regulations 2009.

**HSE's example risk assessments and 'Myth of the month' campaign** were well received (see pages 14 and 15).

**Our work in Europe with a number of stakeholders has resulted in an EC proposal to delay implementation of the Electromagnetic Fields Directive and to revisit the evidence for parts of the Directive.** This was due to concerns over the adverse effect of the original Directive on industry and on the use of magnetic resonance imaging (MRI) scanners.

**In October 2008, an independent External Validation Panel approved HSE's cost savings for a number of HSE's simplification initiatives** including: asbestos regulations consolidation; clarifying the labelling of drinking water; easier reporting of incidents under RIDDOR; and example risk assessments.

*simple, clear legislation can encourage compliance and help deliver better health and safety*

### Improving policy development

We recently reviewed HSE's guidance on policy making to ensure that all policy advisors understand the importance of, and apply, a consistent and high-quality approach to policy making. A new Policy Capability Team was set up to ensure that HSE's policies and programmes are developed and delivered in line with the government's Better Regulation agenda and guidelines on impact assessments, consultation and common commencement dates.

#### Key achievements

During 2008/09 we continued to improve and build on HSE's approach to delivering policies and initiatives. For example:

**European checkpoint reviews are held to support and challenge policy officials** to ensure a thorough, transparent and accountable approach is applied to our role in negotiating and implementing European proposals.

**We ensure that the Small Business Trade Association Forum is involved in all aspects of the policy development process.** The Forum has increased to 52 members, allowing the views of a wide range of business sectors to be represented in HSE policy making. The Forum takes an active role in advising on and supporting HSE projects, building the small business perspective into HSE activities and improving the way we communicate with small and medium enterprises in implementing the 'Think Small First' initiative.

**As part of our commitment to improve how we work as a regulator in partnership with local authorities, we constantly review what can be achieved.** This year:

- new guidance has been introduced for local authorities to ensure, among other things, a more proportionate and risk-based approach to their enforcement of health and safety legislation;
- HSE supported the South West Regulatory Forum to explore with the Local Better Regulation Office how partnership across environmental health, trading standards and their sponsoring bodies can improve regulation.

### Impact assessments

HSE has published four impact assessments, which can be found at [www.hse.gov.uk/ria](http://www.hse.gov.uk/ria) and on the Better Regulation Executive Impact Assessment Library at [www.ialibrary.berr.gov.uk](http://www.ialibrary.berr.gov.uk):

- both the Health and Safety Information for Employees (Amendment) Regulations 2009, and Factories Act 1961 and Offices, Shops and Railway Premises Act 1963 (Repeals and Modifications) Regulations 2009, are in HSE's Simplification Plan and will reduce unnecessary administrative burdens;
- the Health and Safety (Miscellaneous Amendments and Revocations) Regulations 2009 will remove obsolete legislation and make small amendments to existing regulations;
- the Chemical (Hazard Information and Packaging for Supply) Regulations 2009 are an amendment to the CHIP Regulations as a consequence of the adoption and entry into force of the European Regulation on Classification, Labelling and Packaging of Substances and Mixtures Regulations.

#### Looking forward

Our plans for 2009/10 include:

- contributing to the review of gas engineers' competence to be undertaken by Gas Safe Register as part of the implementation of the new gas safety regime;
- providing advice and appropriate input to the government's strategic approach in planning for pandemics such as avian flu;
- contributing to the government's Better Regulation agenda through HSE's Simplification Plan, eg improving the regulation of pesticides, biocides, detergents and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).



# Demonstrating public accountability

## Objectives

...to demonstrate high standards of accuracy, openness and timeliness in providing information and in accounting to government, Parliament, and the public for HSE's actions, decisions and use of resources

...to use the best available knowledge and science to underpin the advice we provide and the decisions we make

*public access to health and safety information improves understanding and strengthens confidence in the health and safety system*

**H**SE is accountable to the public, Parliament and the Department for Work and Pensions for its actions and use of resources and must demonstrate that it provides value for money as a public organisation. To this end, we report internally and externally on our performance (see the Statement on Internal Control, page 48).

HSE believes that public access to health and safety information improves understanding and strengthens confidence in the health and safety system. Details of the HSE Board's open meetings, together with agendas, papers, minutes and those of its advisory committees and subcommittees are published at [www.hse.gov.uk/aboutus/meetings](http://www.hse.gov.uk/aboutus/meetings).

## Key achievements

**We merged HSC and HSE into a single health and safety authority.** On 1 April 2008 HSE became a single national regulatory body responsible for promoting the cause of better health and safety at work.

**We supported the Buncefield Major Incident Investigation Board's inquiry into the cause of the explosion and fire at the Buncefield fuel storage depot – the final report of which**

**was published in December 2008.** During the course of the complex three-year investigation a number of interim reports have been produced. These have been instrumental in enabling early action to be taken to improve the way risks are controlled at similar sites while the wider lessons are learned.

In parallel with the Investigation Board's work, a criminal investigation was undertaken by HSE and the Environment Agency, who act as the joint Competent Authority under the COMAH Regulations 1999. On 1 December 2008 HSE and the Environment Agency launched criminal proceedings against five defendants for causing the explosion and fires at Buncefield on 11 December 2005, and causing a major accident to the environment in the aftermath of the initial incident (see also page 19).

**We continued to respond to Freedom of Information (FOI) requests in a timely manner.** From April 2008 to January 2009, HSE received 5373 FOI requests, 4754 (88%) were responded to within the 20-day target or by an alternatively agreed deadline. HSE is one of only two monitored bodies to have received more than 1000 requests during each quarter since the FOI Act was implemented. We continue to meet Ministry of Justice standards for response timelines.

## Looking forward

Our plans for 2009/10 include:

- discharging 95% of FOI requests within the 20-day time limit and providing monitoring via quarterly statistics;
- delivering HSE's diversity action plan for all diversity strands for 2009/10; and
- developing and consulting on a single equality scheme for 2010–13.

# Corporate

## Objectives

...to support HSE's priorities at a corporate level by engaging with stakeholders and undertaking generic research and analysis

...to ensure the organisation functions effectively and efficiently, by managing our people and financial resources and by ensuring it performs functions in accordance with the law

- › conduct research on workplace interventions and emerging technologies;
- › provide expert advice on epidemiology social science and economics evidence; and
- › conduct horizon scanning and futures work.

## Key achievements

**We commissioned and published research in a wide range of scientific or engineering topics** which will be used to support and monitor improvements in industries such as construction, waste management and recycling, or to apply effective solutions to reduce slips and asthma. More detail of the outcomes of HSE's research can be found in our research projects directory at [www.hseresearchprojects.com/projectsearch.aspx](http://www.hseresearchprojects.com/projectsearch.aspx).

**We launched a series of employer and employee surveys, aimed at groups and areas targeted by the Fit3 programme, to baseline and track the changes in workplace conditions most likely to lead to injury and ill health.** The results showed that over the survey period there were improvements in the control and management of some key health and safety risks in the workplace. For example, there were significant improvements in training for workers and in the provision of control measures, such as work restraints or safety harnesses to prevent falls from height.

**HSL supplied technical and specialist support to approximately 250 front-line investigations and inspections.** HSL's work helps HSE understand the specific causes of incidents and of workplace risks and how they may be prevented in the future.

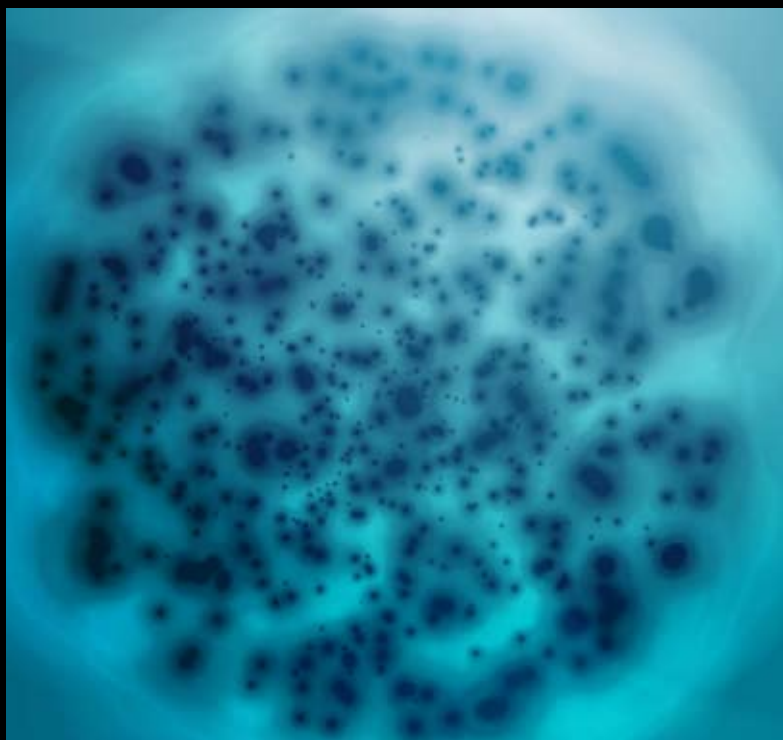
## Science and research

Scientists, engineers and other expert staff in HSE and our agency the Health and Safety Laboratory (HSL) play a pivotal role in supporting the work of our main business areas and of other government departments. We use science and analysis to identify the causes of incidents, develop solutions to risks in the workplace, test the effectiveness of our interventions, and identify new and emerging risks.

HSL carries out and publishes research and provides scientific and forensic services on behalf of HSE. As an agency, HSL competes in the marketplace, providing scientific research and services to non-HSE customers while being HSE's prime provider of science. HSL's performance during the year can be found in the HSL Annual Report & Accounts 2008/2009 available at [www.hsl.gov.uk](http://www.hsl.gov.uk) from 30 June 2009.

Our analysts have supported HSE's work programmes with statistical analysis, survey work and impact assessments. To support the delivery of the targets and other key objectives during 2008/09, HSE has been working to:

- › improve the quality of HSE's science;
- › improve the use of evidence in HSE;
- › provide high-quality data and disseminate key statistics;



Case study

### **How common is work-related cancer? Using epidemiology to provide an answer**

International research on cancer currently lists more than 50 workplace agents, mixtures or work circumstances as ‘definite’ or ‘probable’ occupational carcinogens. HSE acknowledges that this is an important issue. Cancers associated with work exposures usually have other contributory causes too – for instance, smoking. This means we cannot count individual cases of work-related cancer directly and use this information to present overall and detailed statistics about them.

How then can HSE establish the right balance in our priorities between work-related cancer and other health and safety risks? Although we cannot count cases of work-related cancer, we can use epidemiology to estimate the number of cases that occur because of exposure to a hazard – or, more strictly speaking, the number of cases that would not occur in its absence.

HSE and HSL have been working closely with researchers and international experts using this approach to estimate the number of current and future cases of cancer attributable to work exposures. Research conducted by academics reveals that 4.9% (8% men, 1.5% women) of all cancer-related deaths in Great Britain in 2004 were cases of six key cancers attributable to work-related carcinogens, equivalent to 7300 deaths in 2004.

This research will help HSE set evidence-based priorities for action to prevent future work-related cancers. In particular, it will help us to more successfully promote messages about the importance of proper workplace controls to others in the health and safety system and allow targeted approaches on specific hazards and occupations.

More details are available on HSE’s website at [www.hse.gov.uk/research/rrhtm/rr595.htm](http://www.hse.gov.uk/research/rrhtm/rr595.htm).

### **Legal support**

The Legal Adviser’s Office (LAO) supports the work of HSE, particularly in enabling justice and providing support to government by providing high-quality legal advice to investigators, enforcement decision makers and policy makers in HSE. LAO also provides guidance in HSE’s Enforcement Guide and monitors the work of the solicitor agents engaged by HSE in enforcement cases. Its key achievements form part of those highlighted elsewhere in this report.

### **Corporate support**

Our Resources and Planning Directorate (RPD) provided many of HSE’s corporate service functions, including HR services, finance, planning, procurement, estates management, information technology, internal audit and performance management (see Statement on Internal Control for performance management details). RPD also supported a number of important projects aimed at improving HSE’s effectiveness and efficiency. Examples in 2008/09 include implementing improved information security standards (see pages 36–37 and 48); and coordinating the Easier Access to Services (EASe) programme, which will provide improved information and advice for telephone callers.

*scientists, engineers and other expert staff in HSE and HSL play a pivotal role in supporting the work of our main business areas and of other government departments*

### Key achievements

**Implementing a significant efficiency programme of change that will produce substantial business and financial benefits including:**

- › the new single headquarters on Merseyside, which from 2010 will produce savings of around £5 million a year;
- › a field estate that costs less and provides a good-quality working environment, through the introduction of modern design standards and the use of better technology. A new design model has been implemented in two offices so far saving approximately £145 000;
- › improvements to the way that information and advice is provided to the public over the next two years; and
- › improved handling of complaints about unsafe conditions.

Further examples of corporate support activity can be found in the Management Commentary on pages 32–38.

### Looking forward

Our plans for 2009/10 include:

- › undertaking research projects to improve understanding about which types of interventions are most effective on health and safety outcomes;
- › delivering an improved leadership, management and personal skills development programme for our staff tailored to HSE's need and to meet Professional Skills for Government requirements by December 2009;
- › maintaining the number of front-line inspectors.

# Health and safety in HSE

*overall, HSE remains on track to achieve its targets*

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

In 2005, HSE set challenging long-term targets for incident reduction as part of a three-year framework. HSE's annual health and safety plan sets out the progress to be sought each year, and the activities to deliver it. Overall, HSE remains on track to achieve its targets.

The number of incidents reportable under RIDDOR remains at a low level and at rates markedly better than those in comparable organisations. In 2008/09, for the third year running, there was a fall in incidents leading to injury.

## Sickness absence

Sickness absence has fallen steadily through the year from 8.13 working days lost per employee per year in April 2008 to 6.97 (provisional) as of 31 March 2009. This meets our target of eight days or less for the 2008/09 reporting year and prepares us to meet the challenge of 6.2 working days lost per employee by the end of 2009/10.

Table 4 **Accident and ill-health statistics**

	Apr–Mar 2009	Apr–Mar 2008	Apr–Mar 2007	Apr–Mar 2006	Apr–Mar 2005
<b>Incidents reportable under RIDDOR</b>					
Fatal injuries	0	0	0	0	0
Major injuries	1	(1)	(1)	2 (1)	1
Dangerous occurrences	0	1	1	0	0
Over-3-day injuries	1	3	8 (1)	7 (2)	15 (5)
Ill health	1	4	1	0	4
Other <sup>a</sup>	0	0	0	1 <sup>a</sup>	0
	<b>3</b>	8 (1)	10 (2)	10 (3)	20 (5)
<b>Non-RIDDOR reportable incidents</b>					
Other over-3-day injuries, eg road traffic accidents	6	2	0	5	1
Ill health other	72	93	92	105	123
Minor injuries	56 (12)	61 (1)	82 (15)	109 (19)	133 (20)
Near misses, including verbal abuse and possible accidental asbestos exposure	114 (5)	117	258 (6)	268 (6)	126 (4)
<b>Total</b>	<b>251 (17)</b>	281 (2)	442 (23)	497 (28)	403 (29)

<sup>a</sup> RIDDOR (other) = injury to employee not at work who was taken to hospital after an injury sustained on premises operated by HSE facilities management contractor.

Figures for non-HSE staff (ie contractors) are included and shown in brackets. Source: HSE's e-HR system.

# Management Commentary

## The Health and Safety Executive

HSE performs its functions on behalf of the Crown. The Health and Safety at Work etc Act 1974 established HSE on 1 January 1975 to support its former governing body, the Health and Safety Commission (HSC), which came into being on 1 October 1974. Responsibility for HSC and HSE transferred to the Department for Work and Pensions (DWP) in July 2002.

On 1 April 2008 HSC and HSE merged to form one unitary body supporting the government's strategic aims and current targets for health and safety at work. (The Legislative Reform (Health and Safety Executive) Order 2008 amended the Health and Safety at Work etc Act 1974 to provide for the introduction of the unitary body.) The 'new' HSE remains accountable to DWP and its main aim is the prevention of death, injury and ill health to those at work and those affected by work in Great Britain. HSE's Board provides strategic direction for Great Britain's health and safety system and reports to the Secretary of State for Work and Pensions, and to other Secretaries of State.

HSE's Board has powers to:

- approve and issue codes of practice, with the consent of the Secretary of State, subject to consultation with government departments and other organisations;
- make agreements with any government department or person to perform HSE functions on HSE's behalf;
- make agreements with any minister, government department, or public authority for HSE to perform functions on their behalf;
- give mandatory guidance to local authorities on enforcement; and
- direct HSE or authorise any other person to investigate and report on accidents or other matters and, subject to regulations made by the relevant minister, direct inquiries to be held.

HSE's Chair and other Board members follow a code of practice which conforms to Cabinet Office guidance. It sets out the responsibilities of the Chair and the corporate and individual responsibilities of the Board members.

## Public interest and other

### Corporate governance

The relationship with our sponsoring department, DWP, and the framework within which corporate governance operates is set out in the Framework Document. You can find this at [www.hse.gov.uk/aboutus/framework/f01-a5.pdf](http://www.hse.gov.uk/aboutus/framework/f01-a5.pdf).

The Chair and members of HSE's Board are appointed by the Secretary of State and are drawn from a wide range of backgrounds. The Board meets monthly and has responsibility for determining strategy, HSE's policies, broad resource allocation, and oversight of performance, financial and corporate risk management.

HSE's Senior Management Team (SMT) provides advice to the Board on all key issues and is responsible for implementing and delivering the Board's strategy and policies. The SMT meets formally monthly, supplemented by weekly video conferences.

The Audit Committee supports the Board and the Chief Executive, in his role as HSE's Accounting Officer, in discharging their respective responsibilities. In particular, the Audit Committee provides independent advice on the appropriateness and adequacy of HSE's risk management, internal control and governance arrangements; it also advises on overall value-for-money issues. In line with the HM Treasury Audit Committee Handbook, it has a wholly non-executive membership, comprising two non-executive directors of the HSE Board and two independent external members. This strengthens HSE's governance arrangements by increasing the Committee's capacity to challenge current

practice. The Chief Executive (HSE's Accounting Officer), HSE's Finance Director, the Head of Internal Audit and a representative of the National Audit Office normally attend meetings to inform the Committee's discussions. Meetings take place at least four times a year.

HSE's Chief Executive makes delegations in writing on the use of resources to HSE's main budget holders. The main budget holders then issue any further delegations in writing.

### Sustainability

We remain committed to making HSE more environmentally friendly and, during 2008/09, the following activities have supported this aim:

- › we introduced recycling schemes for glass, cans and plastic in all our offices in London and the south-east, Merseyside, and Scotland and plan to extend the arrangement across the rest of the HSE estate;
- › we set up display energy certificates (DECs) for all HSE offices over 1000 m<sup>2</sup> in line with new legislation;
- › as part of the arrangements for the relocation of the Glasgow office, we established an Environmental Subgroup of staff to look at green issues. This was the first time we had used such an approach and it produced real benefits. These included improved specifications for energy (efficient heating and lighting systems) and water management as well as proposals to encourage 'green' staff behaviour. The arrangement will now be a standard feature of our approach to major property events;
- › office furniture is now recycled whenever possible through Greenworks, an accredited organisation that redistributes old furniture to charities and small start-up businesses. This helps to reduce the amount of waste entering the landfill system;
- › the rising trend in the use of videoconferencing continued in 2008 with an approximate 3%

increase (105 conferences). The number of participants using the system also increased by a total of 1403 (approximate 7% increase).

### Workforce and recruitment

Recruitment into HSE is conducted in line with the Civil Service Commissioner's Recruitment Code. We operate systems and procedures that meet the Code and ensure that recruitment is carried out on the basis of fair and open competition and selection on merit. The systems and procedures are subject to periodic internal and external audits. The Code requires departments to publish summary information about their recruitment and the use of permitted exceptions to the principles of fair and open competition and selection on merit.

During 2008/09 HSE recruited 346 new staff, including 53 for HSL. Table 5 shows the total number of staff in post at 1 April 2009. One of our priorities was to maintain the number of staff engaged in 'front-line' operations. Over the year we recruited 114 trainee inspectors and 50 specialists into a range of disciplines (including nuclear, offshore and mechanical engineering). In June 2009, under a new recruitment initiative, up to 30 experienced, supervisory-level construction workers will join as construction inspectors on two-year fixed-term contracts.

A further priority was to ensure business continuity while work was relocated from London to Merseyside to set up the single site headquarters, and to help staff not relocating to find alternative employment in London. To support the ongoing transition arrangements we have retained sufficient key staff to transfer corporate knowledge to the new staff recruited on Merseyside, ie 108 new posts were filled by 65 external recruits (as part of the overall recruitment figure above) and 43 internal staff moves.

Consistent with our aim to work closely with our partners and international regulatory bodies, we managed 92 UK and ten overseas secondments.

Table 5 **Total HSE (including HSL) staff in post by occupational group**

	1 April 2009	Staff in post (excludes PSD)	Staff in post (includes PSD)	1 April 2008 <sup>d</sup>	1 April 2007	Reconstructed staff in post <sup>e</sup> (includes staff transferred to ORR on 1 April – comparison only)	Staff in post (excludes staff transferred to ORR on 1 April)	1 April 2006	1 April 2005	1 April 2004
<b>Occupational group</b>										
Front-line staff <sup>a</sup> (of which the following are front-line inspectors)	<b>1 415</b> <b>(1 323)</b>	1 325 (1 238)	1 325 (1 238)	1 405 (1 312)		1 543 (1 421)	1 442 (1 328)	1 517 (1 404)	1 551 (1 483)	
Inspectors working in functions other than front-line	<b>146</b>	128	128	128		122	116	126	122	
Other professional or specialist staff <sup>b</sup>	<b>1 386</b>	1 263	1 403	1 350		1 470	1 429	1 371	1 359	
Other staff (of which are agency staff)	<b>644</b> <b>(52)</b>	683 (50)	717 (50)	699 (4)		856 (88)	824 (88)	889 (100)	987 (115)	
<b>Total staff<sup>c</sup></b>	<b>3 591</b>	3 399	3 573	3 582		3 991	3 811	3 903	4 019	

All figures are for full-time equivalent (FTE) staff, rounded to the nearest whole number and include agency/temporary staff and secondees/loans for whom HSE meets all or the majority of costs.

- a 'Front-line staff' comprises operational health and safety inspectors and other visiting staff who support delivery of key health and safety messages.
- b The figures for 'other professional/specialist staff' have been reduced by the totals for 'other visiting staff' (note a) as follows: 68 for 01/04/2004, 113 for 01/04/2005, 114 for 01/04/2006, 93 for 01/04/2007, 87 for 01/04/2008, and 92 for 01/04/2009. These staff are already included in the figures for 'front-line staff'.
- c Total staff = the sum of all rows bar 'of which are front-line inspectors' and 'of which are agency staff'.
- d Pesticides Safety Directorate (PSD) transferred from Defra to HSE on 01/04/2008. Figures are shown including and excluding PSD to enable direct comparison with previous years' figures.
- e 'Reconstructed staff in post' figures at 01/04/2006 include staff who transferred to the Office of Rail Regulation (ORR) on that date, when responsibility for rail regulation health and safety matters transferred from HSE to ORR. Inclusion will enable direct comparison with previous years' figures.

HSE publishes staff-in-post figures for each of its directorates/divisions at [www.hse.gov.uk/aboutus/reports/staff.htm](http://www.hse.gov.uk/aboutus/reports/staff.htm).



### Learning and development

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

- › arranged training and development activity for staff with more than 7746 attendances at over 1641 events which included management and personal development courses for a range of staff and technical and legal courses for new and existing regulatory and specialist inspectors. (New corporate systems have enabled the recording of all learning and development activities. Previously recorded figures accounted for only contract and technical training);
- › continued to develop new courses within HSE's post-graduate diploma. This training has supported ongoing development of our regulatory inspectors and course feedback has been positive;
- › carried out a comprehensive retender exercise to identify suppliers for future personal skills and management development training. Our new contractors, Eliesha Training and Dynamic Learning Solutions, signed contracts on 1 December 2008 for a period of five years.

### Diversity

HSE's policies for recruitment, management and progression of staff create an inclusive culture in which diversity is fully valued. Our equality schemes for disability, gender and race are monitored by senior management and our trade unions on HSE's Diversity Steering Group. The schemes, available on HSE's website ([www.hse.gov.uk/diversity](http://www.hse.gov.uk/diversity)) are supported by a more detailed diversity action plan covering all the diversity strands. To take forward diversity in 2008/09 we:

- › implemented a programme of regionally targeted advertising to attract more people from a black and minority ethnic (BME) background to apply for trainee inspector posts;

- › appointed two new training providers to develop and deliver a new range of standalone and integrated (within other courses) diversity training across HSE;
- › designed a personal development scheme for junior BME staff. The scheme will be introduced in 2009/10 (with further plans to extend it to staff in other diversity strands under-represented at senior levels);
- › promoted and monitored the use of the Equality Impact Assessment tools by staff who develop policy, strategy and guidance.

HSE's diversity survey statistics for staff in post by gender/race/disability are published on our website at [www.hse.gov.uk/aboutus/reports/diversity.htm](http://www.hse.gov.uk/aboutus/reports/diversity.htm).

### Employee involvement

HSE's policy is to consult the trade unions representing our staff on major organisational and staffing changes and issues affecting the terms and conditions of employment. There is a formal consultation structure, chaired by the Chief Executive, between HSE management and unions within the Whitley system at both national and local levels.

We informed staff of emerging issues through weekly electronic news bulletins, HSE's website, intranet and monthly in-house magazine. SMT members also delivered a series of events across HSE on the business challenges and structural changes facing the organisation, enabling questions and actions to be made. Issues of significance this year were:

- › agreeing HSE's 2007 Spending Review settlement with ministers and DWP for the period 2008/09–2010/11;
- › support for staff in scope of HSE's 'How and Where We Work' programme and the transition of work to the Merseyside Headquarters; and
- › agreeing HSE's pay remit with Treasury for a further three years to 2010/11, enabling negotiations to commence with HSE's trade unions.

### Personal data related incidents

HSE is required this year, for the first time, to report on personal data related incidents. Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or maybe subject to the limitations of other UK information legislation.

Table 6 **Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2008/09**

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
Nil	Nil	Nil	Nil	Nil

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within HSE are set out in Table 7. Small, localised incidents are not recorded centrally and are not cited in these figures.

Table 7 **Summary of other protected personal data related incidents in 2008/09**

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	None
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	None
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	None
IV	Unauthorised disclosure	None
V	Other	None

Table 8 **Year-on-year total numbers of protected personal data related incidents prior to 2008/09**

	Total number of protected personal data related incidents formally reported to the Information Commissioner's Office, by category number						Total number of other protected personal data related incidents, by category number					
	I	II	III	IV	V	Total	I	II	III	IV	V	Total
2007/08	-	-	-	-	-	None	-	-	-	-	-	None
2006/07	-	-	-	-	-	None	-	-	-	-	-	None
2005/06	-	-	-	-	-	None	-	-	-	-	-	None

### Payments to suppliers

HSE is committed to the prompt payment of bills for goods and services received and is a signatory to the principles of the Better Payment Practice Code, issued by the Better Payment Practice Group. Payments are normally made as specified in the contract. If there is no contractual provision or other understanding, payment is due to be made within 30 days of the receipt of the goods or services or presentation of a valid invoice or similar demand, whichever is later. On 8 October 2008 the Prime Minister committed government organisations to speeding up the payment process, paying suppliers wherever possible within ten working days. The standard terms and conditions in most contracts and the legislative periods within the Late Payment of Commercial Debts (Interest) Act 1998 remain at 30 days. HSE implemented the reduced target of ten working days from 1 January 2009. HSE's overall performance during 2008/09 was 98.68% against the 30-day target (2007/08 – 98.9%). Performance against the ten-day target between January and March 2009 was 91.65%.

There were no interest charges payable during 2008/09 (2007/08 – nil) relating to the Late Payment of Commercial Debts (Interest) Act 1998 or the Late Payment of Commercial Debts Regulations 2002.

### Introduction of the euro

HSE continues to maintain its changeover planning and preparation activities such that, in the event of a positive decision to join the single European currency, the changes required to the computer systems, business systems and products will have been identified and quantified and we would be able to meet the timescales set out in the Third National Changeover Plan.

### Pension liabilities

Details of pension costs etc are contained in Note 1(i) and Note 3 to HSE's accounts and in the Remuneration Report.

### External auditors

HSE's financial statements have been audited under Schedule 2 paragraphs 14(2) and 20 of the Health and Safety at Work etc Act 1974 by the Comptroller and Auditor General whose certificate and report appear on pages 52–53.

The cost of audit work was £129 460, which related solely to audit services. This figure includes £13 460 relating to trigger point audit work for transition to International Financial Reporting Standards undertaken on behalf of both HSE and HSL.

## Financial position and results for the year

HSE's financial plan for 2008/09 was designed to deliver its planned preventative and investigative programmes and met the three ministerial priorities linked to its Spending Review 2007 settlement of maintaining the front-line inspection force; continuing to adhere to the current enforcement policy; and sustaining the commitment to the Revitalising Health and Safety targets. HSE has successfully managed to increase front-line numbers across the year, maintained activity and continued to deliver the planned efficiency programmes. HSE's financial plan for the SR07 period is to spend proportionally more resource in the last two years of the period (2009/10 and 2010/11) in support of strategy delivery without creating potentially unaffordable forward commitments into SR10.

### Financial position (balance sheet)

HSE's balance sheet shows total debtors of £34.7 million (£14.8 million of which relates to income due to HSE for chargeable activities) and creditors of £98.8 million (£61.6 million of which relates to the long-term liability to pay finance lease charges on HSL's Buxton site and £5.9 million to the balance with HM Paymaster General not yet cleared at 31 March 2009).

Tangible fixed assets of £86.9 million are also a significant component of the balance sheet, of which £58.2 million relates to HSL's PFI contract at the Buxton site.

### Results for the year (operating cost statement)

The operating cost statement shows a net operating cost of £219.2 million (2007/08 – £215.1 million (restated)) for HSE.

### Cash flow statement

HSE's cash flow statement shows a net cash outflow from operating activities of £206.6 million, compared to £208.9 million in 2007/08 (restated).

Cash outflow of £9.0 million from investing activities (net of £0.4 million proceeds from disposal of fixed assets) consists of expenditure on fixed asset additions of £9.4 million (£5.9 million of which relates to leasehold improvements).

The difference in the cash balance at 31 March 2008 and 31 March 2009 is a timing issue related to the process of how HSE receives its cash requirement from DWP (see Note 10 to the accounts).

## Funding

HSE is financed by Grant-in-Aid within DWP's Request for Resources (RfR) 2.

### Prior year comparatives

Comparative figures have been restated (where appropriate) as a result of the following:

- › the merger with HSC;
- › the transfer of the Pesticides Safety Directorate from Defra on 1 April 2008;
- › a UK GAAP requirement to capitalise intangible IT assets (software licences) procured under a PFI contract.

Further details can be found in Note 2 to HSE's accounts, 'Transfer of functions and restatements'.

### International Financial Reporting Standards

From 1 April 2009, the accounts of HSE, along with other central government departments and entities in the wider public sector, will be produced using International Financial Reporting Standards (IFRS), as interpreted for the public sector in the IFRS-based Financial Reporting Manual (FRm). Preparation for the efficient transition to IFRS-based financial reporting for HSE has been through adoption of the HM Treasury trigger point system in conjunction with NAO. HSE has ensured all necessary processes and procedures are in place in readiness for adoption as at 1 April 2009.

### Director's statement

So far as the Accounting Officer is aware, there is no relevant audit information of which HSE's auditors are unaware.

The Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that HSE's auditors are aware of that information.

# Remuneration Report

## Management

### Appointments

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

The Chief Executive is appointed for a fixed term of up to five years. All senior officials are established members of the Senior Civil Service and subject to standard Cabinet Office terms and conditions. None receives any predetermined compensation on termination of office.

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

### Remuneration policy

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

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

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the government's Departmental Expenditure Limits; and
- 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.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

### Service contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be made on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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 Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk).

Details of the service contract for each senior manager who has served during the year are as shown in Table 9.

Table 9 **Service contracts** (this information is subject to audit)

Name	Date of contract	Unexpired term	Notice period
<b>Chief Executive</b>			
Geoffrey Podger CB	28 November 2005	1 year 8 months	13 weeks
<b>Board members</b>			
Judith Hackitt CBE	1 October 2007	3 years 6 months	N/A
Sandy Blair CBE	1 April 2006	Contract expired 31 March 2009 <sup>a</sup>	N/A
Daniel Carrigan OBE	1 October 2007	1 year 6 months	N/A
Robin Dahlberg	1 April 2007	1 year	N/A
Judith Donovan CBE	1 October 2006	6 months	N/A
David Gartside	1 April 2008	2 years	N/A
Professor Sayeed Khan	1 April 2008	2 years	N/A
Hugh Robertson	1 April 2007	1 year	N/A
Elizabeth Snape MBE	1 October 2006	6 months	N/A
John Spanswick CBE	1 May 2006	1 month	N/A

<sup>a</sup> Although Mr Blair's contract expired on 31 March 2009, a further three-year contract commenced on 1 April 2009.

Kevin Myers and Sandra Caldwell are permanent civil servants and have open-ended contracts.

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

### HSE Board

The composition of the Board during the year was as follows:

Judith Hackitt CBE	Chair of the Board
Sandy Blair CBE	Non-Executive Board Member
Danny Carrigan OBE	Non-Executive Board Member
Robin Dahlberg	Non-Executive Board Member
Judith Donovan CBE	Non-Executive Board Member
David Gartside	Non-Executive Board Member
Professor Sayeed Khan	Non-Executive Board Member
Hugh Robertson	Non-Executive Board Member
Elizabeth Snape MBE	Non-Executive Board Member
John Spanswick CBE	Non-Executive Board Member

## Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Chief Executive, Deputy Chief Executive and board members.

Table 10 **Remuneration** (this information is subject to audit)

	2008/09			2007/08		
	Allowances and taxable expenses	Benefits in kind	Salary full year equivalent	Allowances and taxable expenses	Benefits in kind	Salary full year equivalent
	Salary to nearest £'000	to nearest £100	(FYE) £'000	Salary to nearest £'000	to nearest £100	(FYE) £'000
<b>Chief Executive and Deputy Chief Executive</b>						
Geoffrey Podger CB	180–185	8 800	-	170–175	-	-
Kevin Myers <sup>a</sup>	65–70	5 500	1 900	-	-	-
Sandra Caldwell <sup>b</sup>	70–75	-	-	-	-	-
Justin McCracken	-	-	-	145–150	-	-
Jonathan Rees	-	-	-	115–120	-	-
<b>Board members</b>						
Sir Bill Callaghan	-	-	-	65–70	-	-
Judith Hackitt CBE	140–145	1 800	-	40–45	-	-
Sandy Blair CBE	15–20	2 200	-	15–20	1 900	-
Daniel Carrigan OBE	15–20	4 400	-	15–20	5 400	-
Robin Dahlberg	15–20	100	-	15–20	-	-
Judith Donovan CBE	15–20	6 800	-	15–20	5 300	-
David Gartside	15–20	3 200	-	-	-	-
Professor Sayeed Khan	15–20	5 500	-	15–20	5 600	-
Hugh Robertson	15–20	-	-	15–20	-	-
Elizabeth Snape MBE	15–20	200	-	15–20	100	-
John Spanswick CBE	-	-	-	-	-	-

*a* Kevin Myers was appointed as Deputy Chief Executive with effect from 13 October 2008. His salary prior to this is not included.

*b* Sandra Caldwell was Temporary Deputy Chief Executive from 1 April 2008 to 12 October 2008.

### Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; and recruitment and retention allowances. This presentation is based on payments made by the Health and Safety Executive.

**Benefits in kind** (this information is subject to audit)

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. These benefits for Board members include travel and subsistence payments associated with home to office travel, as appropriate. Any ensuing tax liability is met by HSE. The benefit in kind in respect of the Deputy Chief Executive reflects his use of HSE's private vehicle user scheme.

No significant awards were made to past senior managers.

No compensation was payable to former senior managers.

No amounts were payable to third parties for services of a senior managers.

**Pension benefits**Table 11 **Pension benefits – Chief Executive and Deputy** (this information is subject to audit)

	Accrued pension and lump sum at age 60 £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/03/09 £'000	CETV at 31/03/08 £'000	Real increase in CETV £'000
Geoffrey Podger CB <sup>a</sup>	70–75 pension and 215–220 lump sum	2.5-5.0 pension and 5.0-7.5 lump sum	1 556	1 406	42
Kevin Myers	40–45 pension and 130–135 lump sum	5.0–7.5 pension and 15.0–17.5 lump sum	884	715	113

*a These figures take no account of Mr Podger's pension rights from a previous employment that are in the process of being transferred.*

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

For all previous Chairs (including Sir Bill Callaghan), no contribution has been made to a stakeholder pension provider but a pension provision has been set up, in line with FRS 17, on a 'by analogy to the PCSPS' basis to account for the value of an equivalent fund.



### Civil Service Pensions (CSP)

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme (31 March) the member's earned pension is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with the RPI. In all cases, members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and

12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill-health retirement).

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

Further details about the Civil Service pension arrangements can be found at [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

### The Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit

accrued to the member as a result of their purchasing additional pension benefits at their own costs. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

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

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

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

Fees and expenses amounting to £8354 (2007/08 – £6365) were paid to the non-executive members of the Audit Committee as shown in Table 12.

Table 12 **Fees and expenses paid to non-executive members of the Audit Committee**

	2008/09 Total fees and expenses £'000	2007/08 Total fees and expenses £'000
Peter Conway	4	3
Paul Smith	4	3

*2007/08 figures are provided for comparative purposes.*



**Geoffrey Podger CB**  
Chief Executive  
Health and Safety Executive  
Accounting Officer  
10 June 2009



Part  
Two



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

**U**nder paragraphs 14(1) and 20(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 the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Executive's state of affairs at the year-end and of its net operating cost, recognised gains and losses and cash flows for the financial year.

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

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

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

# Statement on Internal Control

## 1 Scope of responsibility

On 1 April 2008, the previously separate legal bodies of the Health and Safety Commission (HSC) and the Health and Safety Executive (HSE) merged to become a single unitary body. The Chair of HSC became Chair of the new HSE Board and existing commissioners were appointed as non-executive board members. The new Board has responsibility for determining strategy, agreeing the business plan, including the broad allocation of resources, and for financial performance and risk management. The Chief Executive became the Chief Executive of the new HSE, reporting to the Board, and the officials who had previously been HSE board members became the Senior Management Team (SMT). The SMT provides advice to the new Board on all key issues, implements its policies and plans, and HSE's statutory responsibilities.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Health and Safety Executive's policies, aims and objectives, agreed with the Department's ministers. During 2008/09 I was also responsible for safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

The HSE is a Non-Departmental Public Body with Crown status, established under the Health and Safety at Work etc Act 1974. The sponsoring department is the Department for Work and Pensions (DWP). DWP ministers have primary responsibility for health and safety issues in government. HSE also reports to other ministers on different aspects of health and safety. The Health and Safety Laboratory (HSL) was established as an in-house agency of HSE on 1 April 1995 and operates on 'Next Steps' agency principles. HSL provides health and safety science and research services. It has its own Accounting Officer and arrangements to manage risk.

HSE's mission is the prevention of death, injury and ill health to those at work and those affected by work activities, and with that to achieve a record of workplace health and safety that leads the world. The HSE Board sets the strategy for securing health and safety in relation to work activities and has published a revised strategy for the health and safety system in Great Britain.

## 2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of HSE's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in HSE for the year ended 31 March 2009 and, up to the date of approval of the Annual Report and Accounts, accords with HM Treasury guidance.

## 3 Capacity to handle risk

HSE's annual business plan for 2008/09 set out how HSE intended to develop a new strategy, deliver its key business objectives (including its Departmental Strategic Objectives (DSOs) and the Revitalising Health and Safety targets) and meet its statutory obligations.

Arrangements for managing business risk are in place and continue to be improved by HSE's directorates, divisions, programmes and projects.

HSE has continued to take action throughout 2008/09 to embed and raise awareness of business risk across the organisation. HSE participates in HM Treasury's Risk Improvement Group, seeking to adopt good practice and learn from other parts of government. A subgroup of the new Board reviewed its risk register to ensure it continues to meet the Board's needs. HSE's strategic planning team maintains regular contact with key personnel who directly manage particular risk issues and provides support and advice as required.

HSE conducts regular internal audits of the business risk system. The Audit Committee reviews the organisation's progress, in terms of embedding and improving business risk management, at each meeting. The Corporate Risk Management Plan (CRMP) is a standing agenda item at each Audit Committee meeting.

#### **4 The risk and control framework**

HSE's Risk Management Framework codifies its overall strategy for managing business risks. It emphasises the need for business risk management to be integrated with the organisation's management system to ensure that risks are managed effectively and proportionately. It also defines the key roles and responsibilities in the process.

The SMT comprises senior managers in operations, policy, communications and corporate support, Director of Chemicals Regulation Directorate together with the Chief Scientist, the Legal Adviser, and the Chief Executive of HSL. Its role is to manage HSE's performance and any risks that threaten achievement of HSE's objectives. This includes taking co-ordinated decisions to ensure HSE remains in a sound financial position, directing improved business efficiency and implementing programmes of work to help achieve DWP's DSO3. The Board meets formally monthly to make decisions about health and safety issues, policy, strategic finance and personnel matters and consider any significant changes in business risk. It receives a formal performance and risk report quarterly, which combines the performance report and the CRMP to draw the links between HSE's corporate-level risks and their current (and potential) impact on performance. The Minister responsible for work-related health and safety (DWP's Parliamentary Under-Secretary in the Lords) receives and considers the performance and risk report. The HSE Chair and Chief Executive meet the Minister regularly to discuss a range of key issues, including performance and risk on a quarterly basis.

The CRMP sets out HSE's strategic risks and is the focus for business risk management at corporate level. SMT risk owners are responsible for ensuring adequate measures are in place to manage each risk, and for monitoring the adequacy of these measures. If needed, further control measures are added. Each quarter, the SMT and the HSE Board formally review HSE's corporate risks and direct further action as appropriate. SMT members have supplied the Accounting Officer with letters of assurance which include an assessment of internal controls within their commands.

The performance and risk report is complemented by a monthly finance and staffing paper, which is a standing item at SMT and HSE Board meetings. It provides a more detailed review of current financial and staffing out-turn and outlook information and an assessment of financial risk to support strategic resource decisions.

Established corporate policies continue to contribute to an effective control framework across a range of risk areas, including the health and safety of HSE's own staff and contractors, human resource matters, workforce strategy, planning, finance, accounting, procurement, information technology, regularity and propriety and authorisation of expenditure. Guidance on related arrangements is set out in codes and other instructions.

HSE has taken steps to improve the management of its information assets. These include the appointment of the Deputy Chief Executive as its Senior Information Risk Manager, and the creation of a forum that brings together key information asset owners to aid planning and the management of information-related risk. A gap analysis on the range of actions required by central government has been completed and priorities have been identified. Actions taken include: revising our information assurance policies, producing updated risk assessments, briefing managers on their responsibilities for improving information management standards, and providing practical suggestions to help secure improved performance.

The use of resources is delegated and agreed in writing from the Accounting Officer to those individual senior managers who are the main budget holders (MBHs). HSE's and HSL's budgets are monitored as a whole and monthly reports provided to MBHs, the Finance Director, the Accounting Officer and the Board (and in turn to the Department and Treasury) based on the latest resource out-turn and forecast information.

On 1 April 2008, the Pesticides Safety Directorate (PSD) transferred to HSE from the Department for Environment, Food and Rural Affairs (Defra), and has been combined with the Chemical Assessment Schemes Unit to form the Chemicals Regulation Directorate.

## 5 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of this is informed by the work of the internal auditors and managers within HSE who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the SMT, the Audit Committee and the risk owners; a plan to address weaknesses and ensure continuous improvement of the system is in place.

HSE's Audit Committee, which comprises two Board members and two independent external members, met four times during 2008/09. During the year the Committee reviewed and updated its terms of reference to ensure it operated in accordance with best practice.

HSE's Internal Audit and Assurance Unit has direct access to the Accounting Officer and operates to Government Internal Audit Standards. HSL has an internal audit function supplied by a private sector auditor that also works to Government Internal Audit Standards. Annual audit plans are risk based and approved by the relevant audit committees, to whom Internal Audit makes regular reports. All work undertaken is subject to internal quality assurance processes.

For each assignment, Internal Audit provides an opinion on the adequacy and effectiveness of the system of internal control and makes recommendations for improvement. Recommendations arising from audits are followed up promptly to ensure that appropriate action is taken and improvements in the risk management, governance and internal control processes are achieved where necessary. The Audit Committee actively monitors achievement of recommendation implementation.

At the end of the financial year, the Head of Internal Audit produces an annual report which is presented to the Audit Committee. This report summarises the work completed during the year and identifies any significant issues which may impact upon the effectiveness of HSE's control environment and which should be incorporated into this statement. An opinion on the adequacy and effectiveness of HSE's systems of internal control is also provided.



The overall risk management arrangements have been developed in consultation with HSE's Internal Audit Unit and are subject to regular review by it. The Internal Audit work programmes will continue to focus on testing the adequacy and effectiveness of the systems of internal control in HSE and HSL.

In light of the audits undertaken in 2008/09, the overall opinion of the Head of Internal Audit is that HSE has a satisfactory system of control, governance and risk management in place which provides reasonable assurance regarding the effective and efficient achievement of its objectives.

## **6 Significant internal control problems**

There were no significant internal control problems.



**Geoffrey Podger CB**  
*Chief Executive*  
Health and Safety Executive  
Accounting Officer  
10 June 2009

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

I certify that I have audited the financial statements of the Health and Safety Executive for the year ended 31 March 2009 under the Health and Safety at Work etc Act 1974. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

The Executive, and Chief Executive as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Health and Safety at Work etc Act 1974 and the Department for Work and Pensions' directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Executive's and the Chief Executive's responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Health and Safety at Work etc Act 1974 and the Department for Work and Pensions' directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the foreword, background information on key activities, achievements during the year, policy and better regulation and corporate activities such as science, research and workforce matters is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In addition, I report to you if the Executive has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Executive's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Executive's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements

and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Executive and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Executive's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

### Audit opinion

In my opinion:

- › the financial statements give a true and fair view, in accordance with the Health and Safety at Work etc Act 1974 and directions made thereunder by the Department for Work and Pensions, of the state of the Executive's affairs as at 31 March 2009 and of its net operating cost, recognised gains and losses and cash flows for the year then ended;
- › the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Health and Safety at Work etc Act 1974 and the Department for Work and Pensions' directions made thereunder; and
- › information given within the Annual Report, which comprises the foreword, background information on key activities, achievements during the year, policy and better regulation and corporate activities such as science, research and workforce matters is consistent with the financial statements.

### *Audit opinion on regularity*

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

### Report

I have no observations to make on these financial statements.

**Amyas C E Morse** *Comptroller and Auditor General*  
 National Audit Office  
 151 Buckingham Palace Road  
 Victoria, London SW1W 9SS  
 23 June 2009

# Operating Cost Statement for the year ended 31 March 2009

	Notes	2008/09 £'000	Restated 2007/08 £'000
<b>Administration costs</b>			
Staff costs	3	163 781	161 424
Other administration costs	4	111 454	95 832
<b>Gross administration costs</b>			
Operating income	6	(84 350)	(67 625)
EU income	6	(914)	(627)
<b>Net administration costs</b>			
		189 971	189 004
<i>Programme costs</i>			
Expenditure	5	36 110	36 360
Less income	5 and 6	(6 847)	(10 243)
<b>Net programme costs</b>			
		29 263	26 117
<b>Net operating cost</b>			
		219 234	215 121

All income and expenditure is derived from continuing operations.

## Statement of Recognised Gains and Losses for the year ended 31 March 2009

	Notes	2008/09 £'000	2007/08 £'000
Net gain/(loss) on revaluation of tangible fixed assets	14	(2 397)	3 990
Actuarial gain on pensions by analogy	12	147	(97)
<b>Total recognised gains and losses for the financial year</b>			
		(2 250)	3 893

There is no cumulative effect of the prior period adjustment on recognised gains and losses.

The Notes on pages 57 to 83 form part of these accounts.

# Balance Sheet as at 31 March 2009

	Notes	31 March 2009		Restated 31 March 2008	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	7(a)		86 886		87 692
Intangible assets	7(b)		1 414		1 290
<b>Debtors:</b> falling due after more than one year	9		3 942		4 041
<b>Current assets</b>					
Stocks	8	1 456		1 346	
Debtors	9	30 722		29 521	
Cash at bank and in hand	10	193		233	
		32 371		31 100	
Creditors (amounts falling due within one year)	11	(32 585)		(20 580)	
<b>Net current assets</b>			(214)		10 520
<b>Total assets less current liabilities</b>			92 028		103 543
Creditors (amounts falling due after more than one year)	11		(66 224)		(63 844)
Provisions for liabilities and charges	12		(1 738)		(4 606)
			24 066		35 093
<b>Taxpayers' equity</b>					
General fund	13		13 958		22 247
Revaluation reserve	14		10 108		12 846
			24 066		35 093

The Notes on pages 57 to 83 form part of these accounts.



**Geoffrey Podger CB**  
 Chief Executive  
 Health and Safety Executive  
 Accounting Officer  
 10 June 2009

# Cash Flow Statement for the year ended 31 March 2009

	2008/09 £'000	Restated 2007/08 £'000
Net cash outflow from operating activities	<b>(206 573)</b>	(208 951)
Capital expenditure and financial investment	<b>(9 001)</b>	(5 407)
Payments of amounts due to the consolidated fund	<b>(2)</b>	(304)
Financing (DWP)	<b>209 613</b>	213 482
Increase/(decrease) in cash in the period	<b>(5 963)</b>	(1 180)

See Note 15 for notes to the Cash Flow Statement.

The Notes on pages 57 to 83 form part of these accounts.

# Notes to the Accounts

## 1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2008/09 Government Financial Reporting Manual (FReM) ([www.financial-reporting.gov.uk](http://www.financial-reporting.gov.uk)) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of HSE, for the purposes of giving a true and fair view, have been selected. The particular accounting policies adopted by HSE are described below. They have been applied consistently in dealing with the items considered material in relation to the accounts. The financial statements consolidate the figures for the Health and Safety Laboratory (HSL).

### (a) Accounts Direction

In accordance with Accounts Directions issued by the Secretary of State with the approval of the Treasury, the Health and Safety Executive has prepared a Statement of Responsibilities and Statement on Internal Control. HSE has no need to produce Parliamentary Control Schedules (the Statement of Parliamentary Supply and the Statement of Resources by Departmental Aims and Objectives) and the relevant information is contained in those schedules within DWP's accounts (see Note 1(c)) with regard to Request for Resources).

### (b) Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets (including the depreciated replacement cost of the specialist laboratory site at Buxton) and stocks, where material, at their value to the business by reference to their current costs.

### (c) Government grants

#### *Grants receivable*

Pursuant to Section 43 of the Health and Safety at Work etc Act 1974, the Executive has been financed by a Request for Resources from the Department for Work and Pensions (Request for Resources 2).

The total Request for Resources received by the Health and Safety Executive from DWP for the financial year 2008/09 was £209 613 000 (2007/08 – £ 213 482 686).

The Request for Resources is credited to the General Fund in the year in which it is received.

#### *Grants payable*

Grants payable are recorded as expenditure in the period when the underlying event or activity giving entitlement to the grant has been completed.

**(d) Tangible fixed assets**

Items of equipment costing less than £2000 are charged to expenditure in the year of purchase, except for computer equipment costing over £500 but less than £2000 and items of furniture costing less than £2000 which are grouped for capitalisation by year of acquisition.

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

Fixed assets are capitalised at cost of acquisition and installation.

The respective values of all freehold properties and only those leasehold properties that qualify as finance leases (refer accounting policy Note 1(m)) are included in the Balance Sheet. Land and buildings are valued on an existing use basis except for the specialist laboratory site at 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 to the organisation.

All land and building assets are assessed each year for the likelihood of a material change in value as at 31 March. Where the directors consider that it is likely that there has been a material change in value, assets are revalued using a professional valuation or appropriate indices. All other assets are revalued by reference to appropriate HM Treasury approved indices. Professional valuations, where appropriate, are undertaken at least every five years, in accordance with the FrM and Financial Reporting Standard (FRS15).

Jones Lang LaSalle professionally revalued all land and building assets on the Buxton site as at 31 March 2005. Additionally, the freehold property at Carlisle was independently valued at 31 March 2009 by Donaldsons, Chartered Surveyors. In each case, the valuations were in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (RICS).

**(e) Depreciation**

Freehold land is not depreciated.

Depreciation is provided on all other tangible fixed assets from the date of acquisition.

Depreciation is calculated to write off the current replacement cost evenly over its expected useful life (less any estimated residual value). Assets in the course of construction and residual interests in off-balance sheet Private Finance Initiative (PFI) contract assets are not depreciated until the asset is brought into use or reverts to HSE respectively.



Tangible fixed assets are depreciated at the following rates:

Buildings	Freehold	over 50 years or remaining life assessed by the valuers
	Leasehold	over period of lease or to next rent review except for HSL PFI building which is 60 years designed life
Specialist plant		over remaining life
Leasehold improvement		5 years or period of remaining lease if less
Furniture		up to 15 years except for furniture under the HSL PFI contract which is 30 years
Office machinery, publicity and major scientific equipment		up to 10 years
IT equipment		up to 7 years
Printing/typesetting and telecommunications equipment		up to 7 years
Motor vehicles		up to 9 years

#### **(f) Intangible assets**

Software licences that exceed the capitalisation limit of £500, and which can be separately identified and used independently of a particular asset, are capitalised at cost as intangible fixed assets. Licences are amortised, on a straight-line basis, over the shorter of the licence period or five years. Amortisation is provided from the month of acquisition. Software licences are not revalued.

In view of the large number of software licences purchased across HSE, those capitalised are accounted for on a pooled basis with any items/pools amounting to over £100 000 identified individually. The licences are amortised, on a straight-line basis, over the shorter of the licence period or five years.

#### **(g) Revaluation reserve**

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments. Surpluses arising on the revaluation of fixed assets are credited to the revaluation reserve. Deficits are charged to the reserve in respect of amounts previously credited; the balance of any deficit is charged to the Operating Cost Statement.

Each year, the realised element of the reserve (ie an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the General Fund. On disposal of a revalued asset, the balance on the revaluation reserve in respect of that asset becomes fully realised and is transferred to the General Fund.

**(h) Stocks and work in progress**

Stocks and work in progress are valued as follows:

- finished goods and priced goods for resale are valued at cost or, where materially different, current replacement cost, and at net realisable value only when they either cannot or will not be used. The cost of free publications is written off in the year in which it is incurred;
- work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value; and
- consumable stores items are charged to the Operating Cost Statement on receipt.

**(i) Foreign currency**

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

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

**(j) Research**

Expenditure on research is written off in the year in which it is incurred.

**(k) Capital charge**

A charge, reflecting the cost of capital utilised by HSE, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%; 2007/08 – 3.5%) on the average carrying amounts of all assets less liabilities, except for cash balances with the Office of HM Paymaster General, where the charge is nil.

**(l) Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), details of which are described in Note 3. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. HSE recognises the expected costs of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, HSE recognises the contributions payable for the year. The current Chair is not a member of the PCSPS but a contribution of 25% of her salary is made to a stakeholder pension provider. Previous Chairs of the Health and Safety Executive were not members of the PCSPS but arrangements exist whereby HSE makes pension payments analogous to those that would have been made if they had been members of the PCSPS and are payable out of the current year's funds that are made available. The appointment of board members (other than the Chair) is non-pensionable.

**(m) Leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by HSE, the asset is recorded as a tangible asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

**(n) Administration and programme expenditure**

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running the organisation as defined under the administration cost-control regime, together with associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the out-turn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Executive.

**(o) Private Finance Initiative (PFI) transactions**

PFI transactions (refer to Note 21) have been accounted for in accordance with Treasury Technical Note No. 1 (Revised), entitled *How to Account for PFI transactions* as required by the *Financial Reporting Manual*. Where the balance of risk and rewards of ownership of the PFI asset are borne by the PFI operator, the PFI payments are recorded as an operating cost. 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 an asset reverts to HSE, the difference between the expected fair value of the residual assets 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.

Where the balance of risks and rewards of ownership of the PFI asset are borne by HSE, the asset is recognised as a fixed asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

**(p) Provisions**

HSE provides for legal or constructive obligations which are of uncertain timing or amount at the Balance Sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury discount rate of 2.2% (2007/08 – 2.2%) in real terms.

**(q) Contingent liabilities**

Disclosure conforms to FRS12, including discounting where the time value of money is material.

**(r) 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 fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

**(s) Operating income**

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

**(t) Financial instruments**

HSE determines the classification of financial assets and liabilities at initial recognition. They are derecognised when the right to receive cash flows has expired or HSE has transferred substantially all the risks and rewards of ownership or control of the asset.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Loans and receivables are initially recognised at fair value and subsequently held at amortised cost. The fair value of trade and other receivables is usually the original invoiced amount.

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties. Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined using expected cash flows discounted back to a present value.

Cash at bank and in hand comprises cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant changes in value. For the purpose of the consolidated cash flow statement, cash at bank and in hand is as defined above net of outstanding bank overdrafts. Bank overdrafts are included within current liabilities on the balance sheet.

HSE assesses at each balance sheet date whether there is objective evidence that financial assets are impaired as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date and whether such events have had an impact on the estimated future cash flows of the financial instrument and can be reliably estimated.

Interest determined, impairment losses and translation differences on monetary items are recognised in the Operating Cost Statement.

## 2 Transfer of functions and restatements

Restatement of Balance Sheet and Operating Cost Statement at 31 March 2008

	Published accounts at 31 March 2008 £'000	Functions transferred from Defra £'000	Merger with HSC £'000	Other restatements £'000	Restated at 31 March 2008 £'000
<b>Balance Sheet</b>					
Tangible fixed assets	87 405	287	-	-	87 692
Intangible fixed assets	109	62	-	1 119	1 290
Debtors falling due after more than one year	4 041	-	-	-	4 041
Current assets					
Stocks	1 346	-	-	-	1 346
Debtors	27 284	2 237	-	-	29 521
Cash in bank and in hand	233	-	-	-	233
Creditors (amounts falling due within one year)	(17 055)	(3 525)	-	-	(20 580)
Creditors (amounts falling due after more than one year)	(63 844)	-	-	-	(63 844)
Provisions for liabilities and charges	(4 606)	-	-	-	(4 606)
<b>Net assets</b>	<b>34 913</b>	<b>(939)</b>	<b>-</b>	<b>1 119</b>	<b>35 093</b>
<b>Taxpayers equity</b>					
General Fund	22 067	(939)	-	1 119	22 247
Revaluation Reserve	12 846	-	-	-	12 846
	34 913	(939)	-	1 119	35 093
<b>Operating Cost Statement</b>					
Staff costs	153 889	7 062	473	-	161 424
Other administration costs	92 446	2 574	365	447	95 832
Gross administration costs	246 335	9 636	838	447	257 256
Operating income	(55 031)	(12 594)	-	-	(67 625)
EU income	(256)	(371)	-	-	(627)
Net administration costs	191 048	(3 329)	838	447	189 004
Programme costs					
Expenditure	33 078	3 282	-	-	36 360
Income	(10 243)	-	-	-	(10 243)
Net programme costs	22 835	3 282	-	-	26 117
<b>Net operating cost</b>	<b>213 883</b>	<b>(47)</b>	<b>838</b>	<b>447</b>	<b>215 121</b>

Reported figures at 31 March 2008 have been restated as a result of the following:

- functions transferred from Defra relating to Pesticides Safety Directorate (PSD);
- merger of HSE with HSC on 1 April 08; and
- software licences held under the Refit contract have been capitalised for the first time.

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

#### (a) Staff costs

			2008/09	Restated 2007/08
	Staff with a permanent UK contract £'000	Other staff engaged on the objectives of HSE £'000	Total £'000	Total £'000
Wages and salaries	125 491	3 793	129 284	126 581
Social security costs	9 745	38	9 783	10 161
Other pension costs	25 413	81	25 494	25 648
<b>Total</b>	<b>160 649</b>	<b>3 912</b>	<b>164 561</b>	162 390
Less recoveries in respect of outward secondments	(780)	-	(780)	(966)
<b>Total net costs</b>	<b>159 869</b>	<b>3 912</b>	<b>163 781</b>	161 424

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

For 2008/09 employer's contributions of £25.2 million were payable to the PCSPS (2007/08 – £24.4 million) at one of the four rates in the range 17.1 to 25.5% of pensionable pay (2007/08 – 17.1 to 25.5%), based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. From 2009/10, the rates will be in the range 16.7 to 24.3%. The contribution rates are set to meet the costs of the benefits accruing during 2008/09 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £89 881 (2007/08 – £42 356) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3 to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £3650, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum payments on death in service and ill-health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £7797.

Eight people retired early on ill-health grounds (2007/08 – three people); the total additional accrued pension liabilities in the year amounted to £14 388 (2007/08 – £16 470). These liabilities are not the responsibility of HSE but are to be paid by the Civil Superannuation Vote.

**(b) The average number of whole-time equivalent persons employed during the year**

		2008/09	Restated 2007/08
	Permanently employed staff	Other staff engaged on the objectives of HSE	Total
	3 514	68	3 582
			3 670

**4 Other administration costs**

	2008/09 £'000	Restated 2007/08 £'000
<b>Rentals under operating leases</b>		
Hire of plant and machinery	23	17
Operating leases	8 225	8 474
<b>PFI service charges</b>		
Off-balance sheet contracts	22 606	22 720
On-balance sheet PFI contracts	3 437	3 303
<b>Interest charges – On-balance sheet PFI contracts</b>	<b>5 782</b>	<b>5 686</b>
<b>Auditor's remuneration</b>	<b>129</b>	<b>98</b>
<b>Non-cash items</b>		
Auditor's remuneration (PSD)	-	28
PFI on-balance sheet contracts – amortisation of prepayment	153	153
Depreciation and amortisation of fixed assets	8 022	6 861
Cost of capital charge	1 288	1 091
Impairment of fixed assets	35	99
(Profit)/loss on disposal of fixed assets	115	18
Provisions: provided in year	4 518	669
Unwinding of discount on provisions	76	31
Other non-cash items	(227)	1 150
<b>Other expenditure</b>	<b>57 272</b>	<b>45 434</b>
	<b>111 454</b>	<b>95 832</b>

**Analysis of other expenditure**

	2008/09 £'000	Restated 2007/08 £'000
Accommodation	14 670	13 074
Travel and subsistence	12 344	10 568
Other	30 258	21 792
	<b>57 272</b>	<b>45 434</b>

**5 Net programme costs**

	2008/09 £'000	Restated 2007/08 £'000
Research	14 524	11 921
Publicity, marketing and distribution	13 532	11 696
Current grants and other current expenditure	8 054	12 743
Subtotal	<b>36 110</b>	36 360
Less programme income	<b>(6 847)</b>	(10 243)
<b>Net total</b>	<b>29 263</b>	<b>26 117</b>



## 6 Income

The activities of the Executive include certain chargeable services, each of which is subject to a financial objective of full cost recovery. Memorandum Trading Accounts are prepared where the cost of a particular service exceeds £100 000. The charges for these activities, which are exclusive of VAT, include provision for the recovery of notional interest.

	Cost £'000	Income £'000	2008/09 Surplus/ (deficit) £'000	Restated 2007/08 Surplus/ (deficit) £'000
<b>(i) HSE fees and charges</b>				
Licensing of nuclear installations	28 341	28 341	-	-
Safety-related research in the nuclear industry	429	429	-	-
Civil nuclear security	3 267	3 267	-	-
Generic Design Assessment	5 124	5 124	-	-
Genetically modified organisms	139	144	5	37
First-aid approvals	329	228	(101)	(55)
Asbestos licensing	453	409	(44)	(10)
FEPA fees and levy	678	480	(198)	-
Authorisation of biocides and pesticides (non-agricultural)	1 449	920	(529)	55
Authorisation of agricultural pesticides	11 855	12 006	151	110
Notification of new substances	-	-	-	40
Control of major accident hazards	8 401	7 721	(680)	(250)
Enforcement of offshore safety legislation	12 676	11 280	(1 396)	(93)
Enforcement of Gas Safety (Management) Regulations	431	459	28	(42)
<b>Total HSE fees and charges</b>	<b>73 572</b>	<b>70 808</b>	<b>(2 764)</b>	<b>(208)</b>
Health and Safety Laboratory external customers	7 425	7 425	-	-
Health and Safety Laboratory EU income	235	235	-	-
Other fees and agency charges	-	115	-	-
<b>Total HSL income</b>	<b>7 660</b>	<b>7 775</b>	<b>-</b>	<b>-</b>
<b>Total fees and charges at 31 March 2009</b>	<b>81 232</b>	<b>78 583</b>	<b>-</b>	<b>-</b>
Total fees and charges at 31 March 2008 (restated)	66 923	66 523	-	-
<b>(ii) HSE sales and other income</b>				
Sale of publications	2 136	3 177	1 041	1 074
Other sales/income	-	9 672	-	-
EU income	-	679	-	-
<b>Total sales and other income at 31 March 2009</b>	<b>2 136</b>	<b>13 528</b>	<b>-</b>	<b>-</b>
Total sales and other income at 31 March 2008 (restated)	2 748	11 972	-	-

This analysis is provided for fees and charges purposes and is not intended to comply with SSAP 25 Segmental Reporting.

**Analysis of income per the Operating Cost Statement**

	HSE fees and charges	HSL income	HSE sales and other income	Total per Operating Cost Statement
Operating income	67 305	7 540	9 505	84 350
EU income	-	235	679	914
Programme income	3 503	-	3 344	6 847
<b>Total per note 6</b>	<b>70 808</b>	<b>7 775</b>	<b>13 528</b>	<b>92 111</b>

## 7 Assets

### (a) Tangible fixed assets

	Land and buildings £'000	Leasehold improve- ments £'000	Information technology £'000	Motor vehicles £'000	Plant and machinery £'000	Furniture and fittings £'000	Payments on account and assets under construction £'000	Total £'000
Cost or valuation at 1 April 2008 (restated)	68 417	21 769	6 039	3 334	14 750	12 601	1 381	128 291
Reclassifications (cost)	-	654	-	-	12	-	(666)	0
Additions in year	197	5 880	669	862	895	638	390	9 531
Revaluations in year	(2 966)	-	(50)	209	102	265	0	(2 440)
Disposals during year	-	(8 261) <sup>a</sup>	(2 767)	(968)	(213)	(276)	-	(12 485)
<b>Balance at 31 March 2009</b>	<b>65 648</b>	<b>20 042</b>	<b>3 891</b>	<b>3 437</b>	<b>15 546</b>	<b>13 228</b>	<b>1 105</b>	<b>122 897</b>
Depreciation at 1 April 2008 (restated)	4 075	14 527	5 026	1 250	10 155	5 566	-	40 599
Charge in year	1 214	3 299	518	516	888	991	-	7 426
Revaluations in year	(248)	-	(20)	70	74	116	-	(8)
Disposals during year	-	(8 261) <sup>a</sup>	(2 766)	(556)	(200)	(223)	-	(12 006)
<b>Accumulated depreciation at 31 March 2009</b>	<b>5 041</b>	<b>9 565</b>	<b>2 758</b>	<b>1 280</b>	<b>10 917</b>	<b>6 450</b>	<b>-</b>	<b>36 011</b>
<b>Net book value at 31 March 2009</b>	<b>60 607</b>	<b>10 477</b>	<b>1 133</b>	<b>2 157</b>	<b>4 629</b>	<b>6 778</b>	<b>1 105</b>	<b>86 886</b>
Net book value at 31 March 2008 (restated)	64 342	7 242	1 013	2 084	4 595	7 035	1 381	87 692
Asset financing								
Owned	4 904	10 477	1 133	2 157	4 629	4 261	390	27 951
Finance leased	-	-	-	-	-	-	-	-
On-balance sheet PFI contracts	55 703	-	-	-	-	2 517	-	58 220
PFI residual interests	-	-	-	-	-	-	715	715
<b>Net book value at 31 March 2009</b>	<b>60 607</b>	<b>10 477</b>	<b>1 133</b>	<b>2 157</b>	<b>4 629</b>	<b>6 778</b>	<b>1 105</b>	<b>86 886</b>

<sup>a</sup> Relates to the write off of brought forward costs and depreciation in respect of leasehold improvement schemes, completed in previous years, and previously stated at nil net book value.

Depreciation charged in the year on assets under the HSL PFI contract was £1.143 million (2007/08 – £1.078 million).

## Land and buildings comprise the following:

	Freeholds £'000	Short leaseholds £'000	Total £'000
Cost or valuation at 1 April 2008	5 567	62 850	68 417
Reclassifications	-	-	-
Additions in year	197	-	197
Revaluations in year	(236)	(2 730)	(2 966)
Disposals during year	-	-	-
<b>Balance at 31 March 2009</b>	<b>5 528</b>	<b>60 120</b>	<b>65 648</b>
Depreciation at 1 April 2008	505	3 570	4 075
Charge in year	166	1 048	1 214
Revaluations in year	-	-	-
Disposals during year	(47)	(201)	(248)
<b>Accumulated depreciation at 31 March 2009</b>	<b>624</b>	<b>4 417</b>	<b>5 041</b>
<b>Net book value at 31 March 2009</b>	<b>4 904</b>	<b>55 703</b>	<b>60 607</b>
Net book value at 31 March 2008	5 062	59 280	64 342

**(b) Intangible assets**

	2008/09 £'000
Cost or valuation at 1 April 2008 (restated)	2 967
Additions in year	720
Revaluations in year	-
Disposals during year	-
<b>Balance at 31 March 2009</b>	<b>3 687</b>
Amortisation at 1 April 2008	1 677
Charge in year	596
Revaluations in year	-
Disposals during year	-
<b>Accumulated amortisation at 31 March 2009</b>	<b>2 273</b>
<b>Net book value at 31 March 2009</b>	<b>1 414</b>
Net book value at 31 March 2008	1 290

**8 Stocks and work in progress**

	2008/09 £'000	2007/08 £'000
Work in progress	664	595
Finished stock for sale	792	751
	<b>1 456</b>	<b>1 346</b>

**9 Debtors****(a) Analysis by type**

	2008/09 £'000	Restated 2007/08 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	8 150	8 344
Imprest/advances	334	432
Prepayments	4 124	3 360
Current part of PFI prepayment	153	153
VAT	2 863	2 909
Other debtors	264	777
Accrued income	14 834	13 546
	<b>30 722</b>	<b>29 521</b>
<b>Amounts falling due after more than one year</b>		
PFI prepayment	3 770	3 923
Other prepayments	75	4
Imprests/advances	97	114
	<b>3 942</b>	<b>4 041</b>
<b>Total</b>	<b>34 664</b>	<b>33 562</b>

The imprests/advances total of £431 419 (2007/08 – £545 255 (restated)) includes £131 551 (2007/08 – £157 855 (restated)) advances of salary for house purchase, £95 583 (2007/08 – £127 204) advances of salary for season ticket purchase, £124 760 (2007/08 – £127 674 (restated)) imprests and £79 525 (2007/08 – £132 522 (restated)) other advances. There were 19 officers who had £2500 or more outstanding at 31 March 2009 which totalled £132 865 (2007/08 – £182 091, relating to 27 officers).

**(b) Intra-government balances**

	Restated		Restated	
	2008/09	2007/08	2008/09	2007/08
	Amounts falling due within one year	Amounts falling due after one year	Amounts falling due within one year	Amounts falling due after one year
	£'000	£'000	£'000	£'000
Balances with other central government bodies	3 862	6 580	-	-
Balances with local authorities	241	258	-	-
Balances with NHS trusts	34	180	-	-
Balances with public corporations and trading funds	5 420	4 768	-	-
<b>Subtotal: intra-government balances</b>	<b>9 557</b>	<b>11 786</b>	<b>-</b>	<b>-</b>
Balances with bodies external to government	21 165	17 735	3 942	4 041
<b>Total debtors at 31 March</b>	<b>30 722</b>	<b>29 521</b>	<b>3 942</b>	<b>4 041</b>

**10 Cash at bank and in hand**

	2008/09	Restated 2007/08
	£'000	£'000
Balance at 1 April	233	1 413
Net change in cash balances	(5 963)	(1 180)
<b>Balance at 31 March</b>	<b>(5 730)</b>	<b>233</b>
Less Office of HM Paymaster General balance in creditors	5 923	-
Balance per balance sheet	193	233
<b>The following balances at 31 March are held at</b>		
Office of HM Paymaster General	(5 923)	161
Commercial banks and cash in hand	193	72
	<b>(5 730)</b>	<b>233</b>

The credit balance (£5 730 000) relates to transactions posted at Office of HM Paymaster General after the defunding of HSE's account on 31 March 2009 in accordance with DWP's cash management arrangements agreed with HM Treasury.

## 11 Creditors

### (a) Analysis by type

	2008/09 £'000	Restated 2007/08 £'000
<b>Amounts falling due within one year</b>		
Other taxation and social security	3 286	3 226
Superannuation	2 381	2 331
Trade creditors: non capital	665	1 095
Trade creditors: capital	369	278
Other creditors	178	276
Accruals and deferred income	18 263	13 374
Balance with Office of HM Paymaster General	5 923	-
Provisions reclassified as creditors	1 520	-
	<b>32 585</b>	20 580
<b>Amounts falling due after more than one year</b>		
Imputed finance lease element of on-balance sheet PFI contracts	61 582	60 870
Other creditors	2 313	2 974
Provisions reclassified as creditors	2 329	-
	<b>66 224</b>	63 844
<b>Total</b>	<b>98 809</b>	84 424

### (b) Intra-government balances

	2008/09 £'000	Restated 2007/08 £'000	2008/09 £'000	2007/08 £'000
Balances with other central government bodies	6 720	7 026	-	-
Balances with local authorities	32	11	-	-
Balances with NHS trusts	24	32	-	-
Balances with public corporations and trading funds	684	1 298	-	-
<b>Subtotal: intra-government balances</b>	<b>7 460</b>	8 367	-	-
Balances with bodies external to government	25 125	12 213	66 224	63 844
<b>Total creditors at 31 March</b>	<b>32 585</b>	20 580	<b>66 224</b>	63 844

## 12 Provisions for liabilities and charges

	Early departure costs £'000	Dilapidations £'000	Chair's Pension by analogy £'000	Other £'000	Total £'000
Balance at 1 April 2008	2 255	655	1 417	279	4 606
Increase in provision	4 019	481	70	67	4 637
Provisions not required written back	-	(107)	(147)	(12)	(266)
Amounts utilised	(2 501)	(615)	(200)	(150)	(3 466)
Unwinding of discount	76	-	-	-	76
Amounts reclassified as financial liabilities	(3 849)	-	-	-	(3 849)
<b>Balance at 31 March 2009</b>	<b>0</b>	<b>414</b>	<b>1 140</b>	<b>184</b>	<b>1 738</b>

### Early departure costs

HSE meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to PCSPS over the period between early departure and normal retirement date. HSE provides for this in full when the early retirement programme becomes binding on HSE by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2% in real terms.

A number of voluntary early release schemes were agreed in 2008/09, mainly on flexible early retirement/severance terms, for eligible staff based in London HQ. These schemes were in the scope of the project to relocate posts to Merseyside HQ.

The balance of this provision has been reclassified as financial liabilities in accordance with the Financial Instruments Standard.

### Legal claims

Provision has been made for various legal claims against HSE. The provision (which is included in 'other') reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. No reimbursement will be received in respect of any of these claims.

Legal claims which may succeed but are less likely to do so or cannot be reliably estimated are disclosed as contingent liabilities in Note 22.



### Provision for retired Chairs of HSC

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

The provision reflects the valuation made by the Government Actuaries Department (GAD) at 31 March 2009. The results of the actuarial assessment are shown below:

	31 March 2009		31 March 2008	
	£'000	%	£'000	%
<b>Financial assumptions</b>				
The inflation rate assumptions		2.75		2.75
The rate of increase in salaries		4.29		4.30
The rate of increase for pensions in payment and deferred pensions		2.75		2.75
The rate used to discount scheme liabilities		6.04		5.30
<b>Amounts charged to operating costs</b>				
The current service cost (net of employee contributions)	-		17	
Any past service costs	-		-	
Gains and losses on any settlements and curtailments	-		-	
The interest cost	70		58	
<b>Actuarial gains and losses during year<sup>a</sup></b>				
Experience losses/(gains)	(42)	-3.7		
Effect of changes in assumptions underlying the present value of the scheme's liabilities	(105)	-		
Total actuarial losses/(gains)	(147)	-		
<b>Liability</b>				
Actives	0		0	
Deferreds	0		1 148	
Pensioners and dependent pensioners	1 140		269	
Total present value of the scheme liabilities	1 140		1 417	

*a* Amounts are expressed as a percentage of the present value of the scheme liabilities as at the balance sheet date.

The current service and interest cost elements were charged to HSE's operating costs.

### 13 General Fund

The General Fund represents the total assets less liabilities of each of the entities within the accounting boundary, to the extent that the total is not represented by other reserves and financing items.

	2008/09 £'000	Restated 2007/08 £'000
Balance at 1 April	22 247	19 111
Prior period adjustment	-	3 846
Adjusted opening balance	22 247	22 957
Net parliamentary funding	209 613	217 592
Funding returned to Defra	-	(4 110)
Net transfer from operating activities		
Net operating cost	(219 234)	(215 121)
CFERS repayable to consolidated fund	(2)	(1)
Non-cash charges		
Cost of capital	1 288	1 091
Defra services	-	629
Transfer from revaluation reserve	341	267
Actuarial gain/(loss) on pension	147	(97)
Other	(442)	(960)
<b>Balance at 31 March</b>	<b>13 958</b>	<b>22 247</b>

£4.1 million cash balance was transferred with PSD to HSE as part of the Machinery of Government change. This balance however should have been retained by Defra. A cash transfer to Defra to correct this error was completed within the financial reporting period.

### 14 Reserves

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

	2008/09 £'000	2007/08 £'000
<b>Revaluation reserve</b>		
Balance at 1 April	12 846	9 123
Arising on revaluation during the year (net)	(2 397)	3 990
Transfer to general fund of realised element of revaluation reserve	(341)	(267)
<b>Balance at 31 March</b>	<b>10 108</b>	<b>12 846</b>

## 15 Notes to the Cash Flow Statement

	Notes	2008/09 £'000	Restated 2007/08 £'000
<b>(a) Reconciliation of operating cost to operating cash flows</b>			
Net operating cost		(219 234)	(215 121)
Adjust for non-cash transactions		13 980	10 100
(Increase)/decrease in stock	8	(110)	179
(Increase)/decrease in debtors	9	(1 102)	(835)
Less movements in debtors not through Operating Cost Statement		74	(703)
Increase/(decrease) in creditors	11	8 462	(553)
Less movements in creditors not through Operating Cost Statement		(1 328)	(705)
Provisions reclassified as creditors		(3 849)	-
Interest element of finance lease payment		-	815
Use of provisions	12	(3 466)	(2 128)
Net cash outflow from operating activities		(206 573)	(208 951)
<b>(b) Analysis of capital expenditure and financial investment</b>			
Tangible fixed asset additions		(8 645)	(5 495)
Intangible fixed asset additions		(720)	(315)
Proceeds of disposal of fixed assets		364	403
Net cash outflow from investing activities		(9 001)	(5 407)
<b>(c) Analysis of financing and reconciliation to the net cash requirement</b>			
From DWP		209 613	217 592
Returned to Defra		-	(4 110)
Decrease/(increase) in cash		5 963	1 180
Adjustment for payments and receipts not related to supply Amounts due to DWP		-	-
– received in a prior year and paid over		-	(303)
– received and not paid over		-	-
<b>Net cash requirement</b>		<b>215 576</b>	<b>214 359</b>

## 16 Capital commitments

	2008/09 £'000	2007/08 £'000
Contracted commitments for which no provision has been made	1 516	259

£1.5 million contracted commitments includes £1.1 million in respect of a contract to construct HSL's new incident material store.

## 17 Losses and special payments

	2008/09 No. of cases	Restated 2007/08 No. of cases	2008/09 £'000	Restated 2007/08 £'000
Cash	27	7	22	12
Claims abandoned	175	164	173	93
Administrative losses	0	-	0	-
Fruitless payments	25	31	7	10
Stores	1	1	22	76
Special payments	18	18	225	62
	<b>246</b>	221	<b>449</b>	253

Special payments made by HSE to staff and members of the public totalled 18 cases in 2008/09 to the value of £225 325.

## 18 Commitments under non-PFI operating leases

At 31 March 2009 HSE was committed to making the following payments during the next year, analysed according to the period in which the lease expires:

	2008/09		Restated 2007/08	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases expiring within				
One year	307	2	134	6
After one year but not more than five years	2 311	3	1 731	7
More than five years	8 473	-	8 913	-
	<b>11 091</b>	<b>5</b>	10 778	13

## 19 Commitments under non-PFI finance leases

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

## 20 Related party transactions

The Health and Safety Executive is an Executive Non-Departmental Public Body with Crown status and is sponsored by DWP.

DWP is regarded as a related party. During the year, HSE had several transactions with DWP that mainly related to the provision of pension services and premises costs. HSE did not have material transactions with other entities for which the DWP is regarded as the parent department.

In addition, HSE had a number of material transactions with other government departments and other central government bodies. The significant transactions have been with the Civil Nuclear Constabulary, Crown Prosecution Service, Department for Environment, Food and Rural Affairs, Department of Health, Department for Transport, Department for Business, Enterprise and Regulatory Reform, Health Protection Agency, Home Office, Ministry of Defence, Ministry of Justice, National School of Government, Office for National Statistics, Office of the Rail Regulator, Treasury Solicitor, UK Atomic Energy Authority (UKAEA) Fusion and Welsh Assembly Government. Transactions mainly relate to premises, research, training, computer, legal services and administrative expenditure together with relevant income from the provision of health and safety advice and services. None of the Executive members, the Chief Executive or senior managers, or any person connected with these, had any interest in any material transactions with HSE or received benefits from HSE suppliers during the year.

## 21 Commitments under PFI contracts

### Off-balance sheet

HSE has entered into two contracts let under the Private Finance Initiative that have been assessed under FRS5 as being off HSE's balance sheet. The intention of the contracts is that the majority of the risks are transferred to the party best able to manage them and in these cases this is the private sector supplier.

### Merseyside Headquarters (Redgrave Court)

HSE has signed a 30-year contract with Kajima Development (Bootle Accommodation Partnerships) Ltd for the provision of fully serviced accommodation in Bootle, Merseyside. The contract runs from May 2005 to May 2035. The estimated capital value of the contract is £60 million.

### IT services

HSE has streamlined the management of its IT service by placing all of its IT services with a single strategic partner who has responsibility for delivery and end-to-end service. In June 2001, HSE signed a ten-year contract with a partner (LogicaCMG with Computacenter as the key subcontractor) for the provision of information and communications technology (ICT) and information strategy (IS) service across all HSE sites and to all HSE users. The estimated capital value of the contract is £26.5 million.

### Charge to the Operating Cost Statement and future commitments

The total amount charged in the Operating Cost Statement in respect of off-balance sheet PFI transactions was £22 605 701 (2007/08 – £22 719 666); and the payments to which HSE is committed during 2009/10, analysed by the period during which the commitment expires, are as follows:

	2009/10 £'000	2008/09 £'000
Expiry within 1 year	-	-
Expiry within 2 to 5 years	15 526	15 802
Expiry within 6 to 10 years	-	-
Expiry within 11 to 15 years	-	-
Expiry within 16 to 20 years	-	-
Expiry within 21 to 25 years	-	-
Expiry within 26 to 30 years	7 870	8 399

### On-balance sheet

With effect from 28 October 2004, HSL took occupation of serviced accommodation for laboratory and support functions provided under a 30-year contract with Investors in the Community (Buxton) (ICB) Ltd.

The transactions arising out of this contract have been accounted for in accordance with Technical Note no.1 (Revised), entitled *How to Account for PFI Transactions* as required by the FReM. As the balance of the risks and rewards of ownership of the PFI property is borne by HSL, rather than the PFI provider, ICB Ltd, the buildings and furniture provided under the contract are included in HSL's balance sheet as fixed assets. The liability to pay for these assets is in substance a finance lease obligation. Contractual payments comprise an imputed finance lease charge and a service charge.

As part of the PFI contract, HSL handed over all of the land and buildings at the Sheffield site to ICB Ltd, and a prepayment for their fair value of £4.6 million, as determined by the contract, is recognised in the accounts and amortised evenly over the life of the PFI contract.

The Accounts are prepared on the basis that the economic effect of granting a lease at Buxton to ICB Ltd is not material because the difference between the existing use value of the freehold land at Buxton as at 31 March 2009 and the value of the reversionary interest in the freehold land as at October 2034 is not significant, given the location of, and potential uses for, the Buxton site.

Imputed finance lease obligations under on-balance sheet PFI contracts comprises:

	2009/10 £'000	2008/09 £'000
Rentals due within 1 year	5 175	5 069
Rentals due after 1 but within 2 years	5 294	5 085
Rentals due after 2 years but within 5 years	16 690	16 283
Rentals due after 5 years but within 10 years	31 576	30 627
Rentals due after 10 years but within 15 years	36 133	35 169
Rentals due after 15 years but within 20 years	41 096	40 045
Rentals due after 20 years but within 25 years	46 686	45 547
Rentals due after 25 years but within 30 years	5 712	15 517
Subtotal	<b>188 344</b>	193 342
Less interest element	<b>(126 762)</b>	(132 472)
<b>Total</b>	<b>61 672</b>	60 870

### Charge to the Operating Cost Statement and future commitments

The total amount charged to HSL's Income and Expenditure account in respect of the service element of on-balance sheet PFI transactions was £3 589 809, (2007/08 – £3 455 847), both figures adjusted to include release of prepayment of £153 400, and, subject to ICB Ltd achieving contracted levels of service and availability, the value of the payments to which HSL is committed in respect of the following financial year is:

	2009/10 £'000	Restated <sup>a</sup> 2008/09 £'000
Expiry within 26 to 30 years	<b>3 444</b>	3 439

*a* Restated to exclude the prepayment element, for which no commitment to repay exists.

## 22 Contingent liabilities

HSE is currently defending two equal-pay cases (*Cadman* and *Wilson*). In October 2003, HSE successfully appealed to the Employment Appeal Tribunal against an Employment Tribunal decision in the case of *Cadman* handed down in July 2002. That appeal was subject to cross appeal and in October 2004 the Court of Appeal referred a point of law to the European Court of Justice (ECJ). The ECJ judgment was handed down in October 2006, following which the Court of Appeal remitted the case back to the Employment Tribunal for a rehearing. No date has yet been fixed for *Cadman* to be reheard.

Meanwhile, the 'sister' case of *Wilson* which had been stayed before the Employment Appeal Tribunal pending the outcome of the *Cadman* case in the ECJ was remitted to the Employment Tribunal sitting at Shrewsbury. The Employment Tribunal applying the ECJ decision in the *Cadman* case found in

HSE's favour. Mrs Wilson appealed to the Employment Appeal Tribunal (EAT) and the EAT found in favour of the appellant. As this has implications for other departments and agencies, HSE lodged a 'protective' appeal to allow for cross-Whitehall consideration. Mrs Wilson has subsequently filed a cross appeal. In accordance with directions from the Court, the Equality and Human Rights Commission has been informed that permission to appeal has been given, the Commission is considering whether to seek to intervene.

HSE has decided to run a second voluntary early release scheme for eligible staff based in our London HQ and in scope of the project to relocate posts to its Merseyside HQ. Details of the scheme were announced in May 2009.

## 23 Financial instruments

It is, and has been, HSE's policy that no trading in financial instruments is undertaken.

HSE does not face the degree of exposure to financial risk that commercial businesses do. In addition financial assets and liabilities generated by day-to-day operational activities are not held in order to change the risks facing the HSE in undertaking its activities. HSE relies upon DWP for its cash requirements, having no power itself to borrow or invest surplus funds and the HSE's main financial assets and liabilities have either a nil or a fixed rate of interest related to the cost of capital (currently 3.5%). The short-term liquidity and interest rate risks are therefore slight. HSE's exposure to foreign currency risk is not significant. The foreign exchange loss for 2008/09 was £524 (2007/08 – £588).

### Financial assets by category

	Fair value assets £'000	Loans and receivables £'000	2008/09 Total £'000
Cash	-	193	193
Trade debtors	-	8 150	8 150
Other debtors	-	598	598
Accrued income	-	14 834	14 834
Imprest and advances	98	-	98

The above figures exclude statutory debtors which relate to VAT due from HM Revenue and Customs.



**Financial liabilities by category**

	<b>Financial liabilities £'000</b>	<b>2008/09 Total £'000</b>
Trade creditors	1 034	1 034
Accruals and deferred income	18 263	18 263
Other creditors	2 491	2 491
Balance with Office of Paymaster General	5 923	5 923
Provisions reclassified as creditors	3 849	3 849

The above figures exclude statutory creditors which relate to tax and social security due to HM Revenue and Customs.

**24 Post balance sheet events**

FRS21 requires HSE to disclose the date when the financial statements are authorised, which is the date of the Certificate and Report of the Comptroller and Auditor General.

The authorised date is 23 June 2009.







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