



# The Health and Safety Executive Annual Report and Accounts 2014/15

HC4



# The Health and Safety Executive Annual Report and Accounts 2014/15

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

Ordered by the House of Commons to be printed on 18 June 2015.

HC4



© Crown copyright 2015

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](http://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/government/publications](http://www.gov.uk/government/publications) and is also available from HSE's website at [www.hse.gov.uk/aboutus/reports1415](http://www.hse.gov.uk/aboutus/reports1415).

Any enquiries regarding this publication should be sent to us at [www.hse.gov.uk/contact/](http://www.hse.gov.uk/contact/).

Print ISBN 9781474116817

Web ISBN 9781474116824

ID 16031502 06/15

Printed on paper containing 75% recycled fibre content minimum.

Printed in the UK on behalf of the Controller of Her Majesty's Stationery Office.

## **04 Management Commentary**

### **04 Strategic Report:**

04 Summary from the Health and Safety Executive's (HSE) Chair and Chief Executive

07 About us

07 HSE's structure

08 HSE's strategic framework

10 Review of HSE's performance (including stakeholder perceptions of HSE)

39 Performance against the Coalition Priorities for the Department for Work & Pensions

39 Financial performance

41 Public accountability

42 Stakeholder involvement

43 Environmental, social and community issues

### **45 Directors' Report**

## **52 Remuneration Report**

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

## **61 Governance Statement**

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

## **79 Statement of Comprehensive Net Expenditure for the year ended 31 March 2015**

## **80 Statement of Financial Position as at 31 March 2015**

## **81 Statement of Cash Flows for the year ended 31 March 2015**

## **82 Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015**

## **83 Notes to the Accounts**

## Strategic Report

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

2014/15 marked the 40th anniversaries of both the Health and Safety at Work Act and the Health and Safety Executive. Forty years on and the health and safety system has stood the test of time – succeeding in significantly reducing fatalities, major injuries and ill health, and bringing the resulting benefits to individuals, businesses and the economy alike. The reasons for this are twofold. Firstly, because of the enduring principle of health and safety law in Great Britain – that those who create risks are best placed to control them, and that they should do so in a proportionate and practical way. Secondly, HSE has demonstrated its ability to learn from experience over those years, adapting to changes in the working environment and continuously improving how it regulates.

This has been another busy year in which we have continued to focus on preventing death, injury and ill-health in Great Britain's workplaces. As ever, this is achieved not only through HSE's direct interventions, but through influencing and helping others to take action. To that end HSE has continued to make health and safety simpler and more straightforward. This is helping businesses and other organisations of all sizes to benefit from health and safety with the minimum of bureaucracy and maximum focus on issues that really matter, rather than trivia.

During the year the government published its response to the Triennial Review of HSE, welcoming the review's positive findings. We have made excellent progress delivering on the recommendations, updating processes in key areas such as:

- ◆ simplifying and consolidating the large amount of regulation which has built up over time without reducing standards;
- ◆ tackling over-interpretation of legal requirements – and whether caused through misunderstanding or lack of clarity in guidance; and
- ◆ targeting our inspections and interventions on higher risk premises and activities as well as poor performers.

Some of the highlights delivered during the year included:

- ◆ simplifying the Construction (Design and Management) Regulations to provide a much more logical approach and give greater clarity on the influence each dutyholder has on construction hazards and risks at each phase of a project;
- ◆ ensuring all COMAH<sup>1</sup> sites in England and Wales received joint plans for the interventions of the Environmental Permitting Regime and COMAH regime. This new initiative was in line with the 'Focus on Enforcement' recommendations and 85% of companies surveyed said it had benefitted their business;
- ◆ transforming the huge and outdated suites of explosives and mines legislation into modern streamlined packages;
- ◆ completing the evaluation of more major biocide and plant protection product applications in 2014/15 than in any year since the introduction of the current regimes;

---

1 Control of Major Accident Hazards

- ◆ continuing to make effective, targeted use of our enforcement powers, issuing 6 270 (p)<sup>2</sup> improvement notices and over 3 100 (p) prohibition notices. We also instituted 600 (p) prosecution cases with a 96% (p) conviction rate in the courts;
- ◆ using big data analytics from the Health and Safety Laboratory to provide better intelligence and targeting of scarce resources within, and across, a growing number of departments and agencies, including the Department for Environment, Food & Rural Affairs (Defra), Cabinet Office, the Better Regulation Delivery Office (BRDO), the Natural Hazards Partnership and, of course, HSE;
- ◆ launching a new and quite different campaign on asbestos, with the aim of going beyond awareness raising to persuade people to change their behaviour. This involved working with a trade supplier and providing a web-based application for the current generation of tradespeople; and
- ◆ taking monthly sample surveys of dutyholders who have received a visit from an HSE inspector. The results indicate encouraging degrees of satisfaction with HSE and the way we conduct inspections, including where Fee For Intervention has been applied.

The Mythbusters Challenge Panel continues to set the record straight on further cases, making it clear where health and safety has been misrepresented, or used as a catch-all reason for stopping activities. Independent research by the University of Exeter into the cases brought to the Panel has shed further light on the causes of these issues, confirming that health and safety is not the real cause in the vast majority of instances.

HSE investigated more than 200 (p) work-related fatal injuries during 2014/15. The total cost to Britain of injuries, including non-fatal cases and new cases of ill health resulting from current working conditions, is conservatively estimated at £14 billion per annum. In addition, there are an estimated 13 000 early deaths each year caused by long-term occupational disease issues. Significantly, each work-related death represents an individual tragedy and an important reminder that there is more to do to improve workplace health and safety.

Looking to the future, work has begun on revising HSE's strategic direction, in order to continue to be a modern, effective regulator. We are adapting and improving how we work to ensure that we continue to deliver a world class regulatory regime here in Great Britain which earns us our global reputation, whilst also identifying and pursuing new opportunities. The three overarching themes to our approach are:

- ◆ first and foremost, to protect and strengthen HSE's regulatory capability, ensuring legislation and guidance are relevant and straightforward, and our staff are equipped with the right skills and knowledge;
- ◆ to make our knowledge and know-how available to those who seek to improve their health and safety systems both nationally and internationally, capitalising on HSE's expertise and its reputation as a world class regulator. This will allow HSE to generate new revenues, helping it remain world class; and
- ◆ to build on successes in encouraging others to share in and take leadership of

---

2 All figures denoted as (p) indicate provisional at the time of publication. The enforcement-related and fatal injury investigation figures are based on HSE's live operational data for 2014/15.

health and safety, to maximise leverage whilst enabling our own staff to focus on other key priorities.

This report highlights another year in which much has been achieved thanks to the commitment and hard work of colleagues across HSE, its Board and the many stakeholders and dutyholders who actively contribute to maintaining and improving the health and safety system. Building on successes from 40 years ago to today, HSE is well placed to continue delivering a world class regulatory role, supporting a health and safety system which enables activity and attends to real risks in a straightforward manner.

**Judith Hackitt CBE**

Chair

2 June 2015

**Dr Richard Judge**

Chief Executive

2 June 2015

## About us

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

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

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

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

Health and safety legislation is a matter reserved to the UK Parliament. In Scotland and Wales effective working arrangements have been developed between HSE and the respective administrations to ensure that areas of common and close interest are managed appropriately. Specific liaison agreements are in place with devolved bodies where there is a need to consult, share information and co-operate to deliver respective regulatory responsibilities.<sup>3</sup>

## HSE's structure

HSE is led by a non-executive Board, chaired by Judith Hackitt. The Board sets the organisation's long-term direction, strategy and objectives. The delivery of these, along with the day-to-day management of HSE is the responsibility of the Chief Executive<sup>4</sup>, Dr Richard Judge (who joined HSE on 10 November) and the Senior Management Team (SMT). Details on HSE's governance arrangements are provided in the Governance Statement (pages 61–76). Further details on HSE's organisational structure can be found on our website<sup>5</sup>

The Health and Safety Laboratory (HSL), operated as an in-house agency of HSE to 31 March 2015, and was from 1 April 2015 integrated back into HSE as a major part of HSE's Science Directorate. It continues to provide technical support to HSE's investigations into incidents; and science and research services to both HSE

---

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

4 Kevin Myers' term as Acting Chief Executive and Accounting Officer ceased on 9 November 2014

5 [www.hse.gov.uk/aboutus/furtherinfo/directorates.htm](http://www.hse.gov.uk/aboutus/furtherinfo/directorates.htm)

and external customers. HSE's financial statements consolidate the figures for HSL. Other data relating to HSL, for example, aspects of performance, are incorporated in this Report as appropriate.

## HSE's strategic framework

Our mission is:

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

We deliver it within the framework for health and safety set by the Government in *Good health and safety, good for everyone*<sup>6</sup>.

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

Our strategy, *The health and safety of Great Britain\Be part of the solution*<sup>7</sup>, continues to define the goals that we and all stakeholders in Britain's health and safety system should strive to achieve within the framework as described above.

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

The activities HSE aimed to take forward as its contribution to the delivery of the strategy in 2014/15 were detailed in our 2012-15 Business Plan which was updated in April 2014<sup>8</sup>. Our activities for 2015/16 are detailed in HSE's 2015/16 Business Plan, published in March 2015<sup>9</sup>.

The following pages provide an update on HSE's performance during 2014/15 and include a full set of accounts which have been prepared in accordance with the HSWA and DWP's directions issued thereunder.

---

6 Available to download at [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/66745/good-health-and-safety.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66745/good-health-and-safety.pdf)

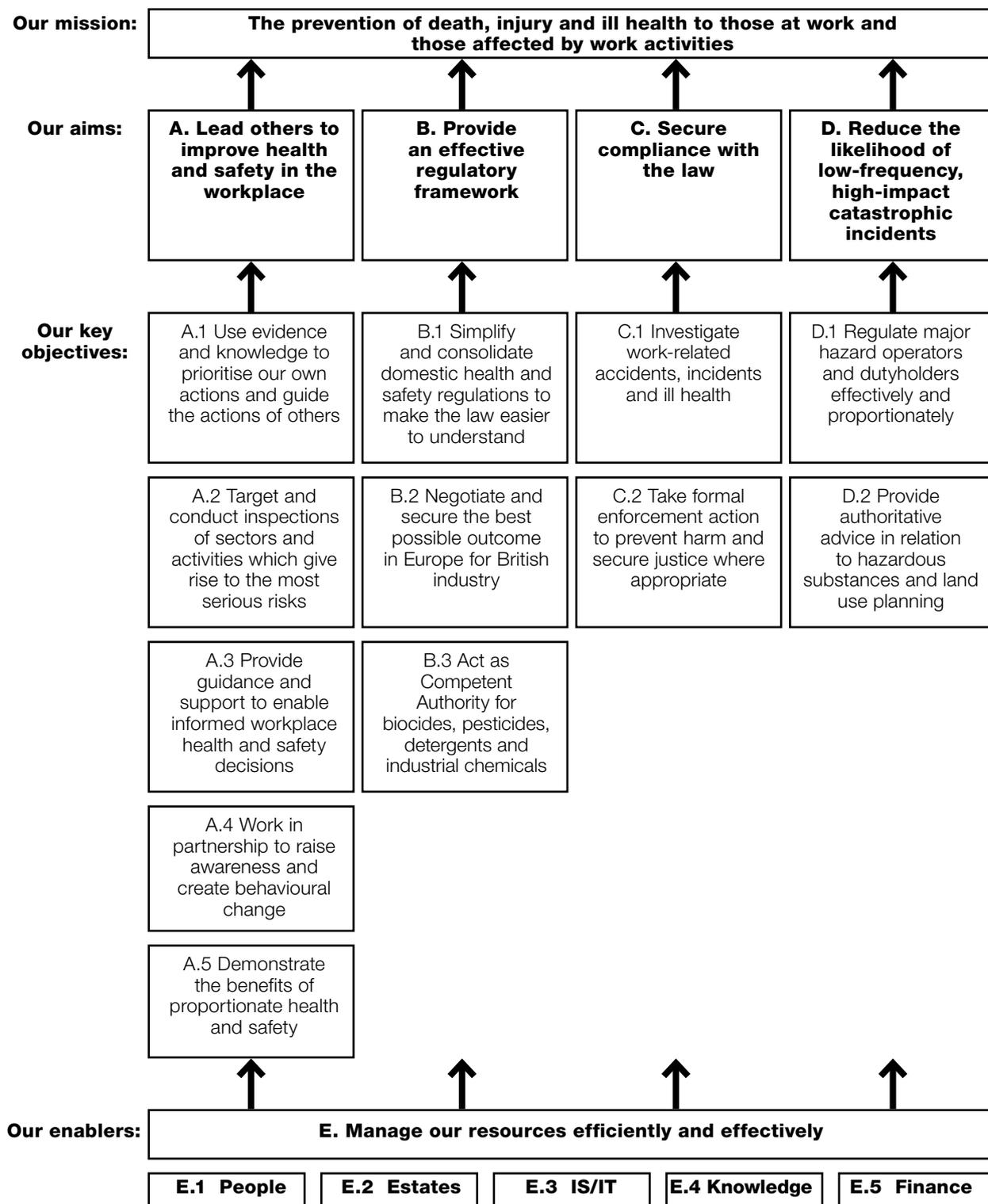
7 [www.hse.gov.uk/strategy/document.htm](http://www.hse.gov.uk/strategy/document.htm)

8 [www.hse.gov.uk/aboutus/strategiesandplans/businessplans/updated-april14-businessplan12-15.pdf](http://www.hse.gov.uk/aboutus/strategiesandplans/businessplans/updated-april14-businessplan12-15.pdf)

9 [www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan1516.pdf](http://www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan1516.pdf)

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

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



## Review of HSE's performance

This section provides an overview of our stakeholders' perceptions of HSE and a review of HSE's progress in delivering:

- ◆ the activities contained within our 2012-15 Business Plan, including those that relate to the recommendations from the Triennial Review of HSE (**TR**); and
- ◆ our contribution to DWP's Coalition Priorities as set out in DWP's Business Plan.

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

### **Stakeholder perceptions of HSE**

The Government-commissioned Triennial Review of HSE report was published in January 2014<sup>10</sup>. As part of the report, Martin Temple, the independent Chair who led the Review, identified that while he received positive feedback in respect of the quality of HSE's work and the professionalism of HSE's inspectors, HSE did not routinely publish information which provided an insight into the quality of this very publicly visible area of its work. The Government, as part of its response to the review<sup>11</sup> accepted this finding.

In response, HSE has implemented arrangements to obtain regular feedback, through a series of surveys to provide a more balanced picture of its performance.

This section of the Annual Report brings together the key sources of stakeholder feedback to provide an integrated view of stakeholders' perceptions of HSE, namely from:

- ◆ a dutyholder survey (implemented following the Triennial Review);
- ◆ a biocide and pesticide applicant survey (implemented following the Triennial Review);
- ◆ feedback from awareness raising events;
- ◆ findings from a National Audit Office/Department for Business, Innovation and Skills business perceptions survey; and
- ◆ HSL's external customer evaluation.

### **Dutyholder survey:**

During 2014/15, HSE commenced monthly sample surveys of those dutyholders who have received a visit from one of its inspectors. The results to date, as indicated in Figures 2-4 show encouraging degrees of satisfaction with HSE and the way we conduct inspections.

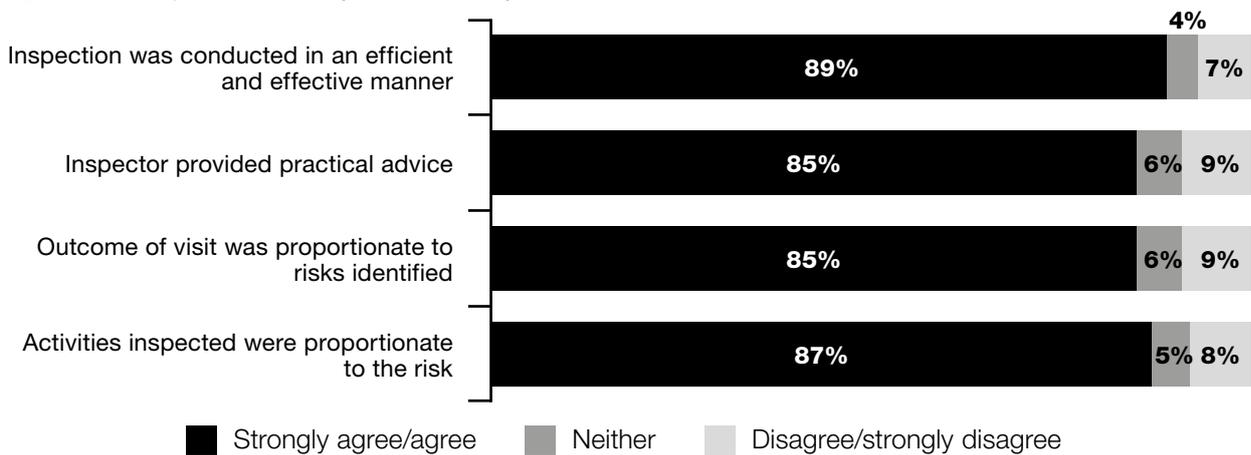
---

10 [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/275233/hse-function-form-governance-triennial-review.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275233/hse-function-form-governance-triennial-review.pdf)

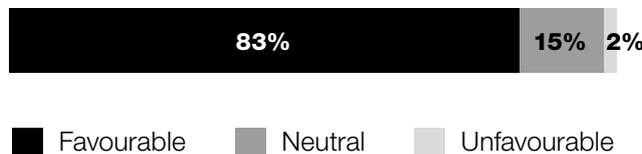
11 [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/323221/govt-resp-triennial-review-hse.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/323221/govt-resp-triennial-review-hse.pdf)

Importantly, outwith the results shown in Figures 2-4, the surveys established that 89% of dutyholders questioned stated they had taken action as a result of an inspector’s visit.

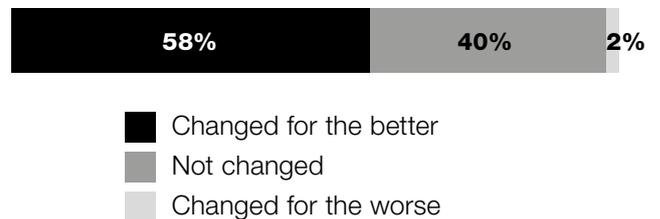
**Figure 2:** Responses to dutyholder survey on HSE’s effectiveness as an enforcer of the law 2014/15



**Figure 3:** Dutyholder’s impression of HSE



**Figure 4:** Impression of HSE changed as a result of the visit

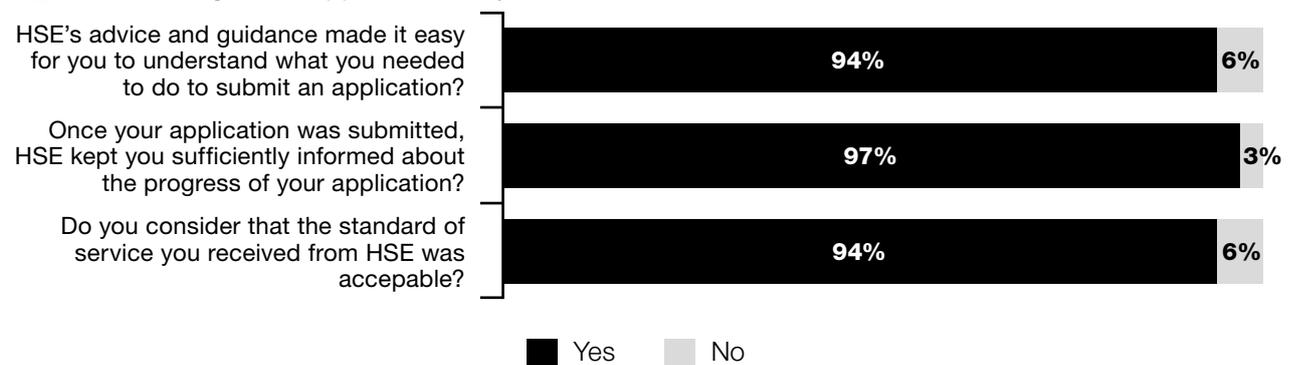


Figures 2, 3 & 4 are based on 656 responses

**Biocide and pesticide applicant surveys:**

During 2014/15, HSE began to obtain feedback from those who had applied for a biocide or pesticide approval to improve our understanding of the quality of our work. The results to date indicate as illustrated in Figure 5.

**Figure 5:** Findings from applicant survey

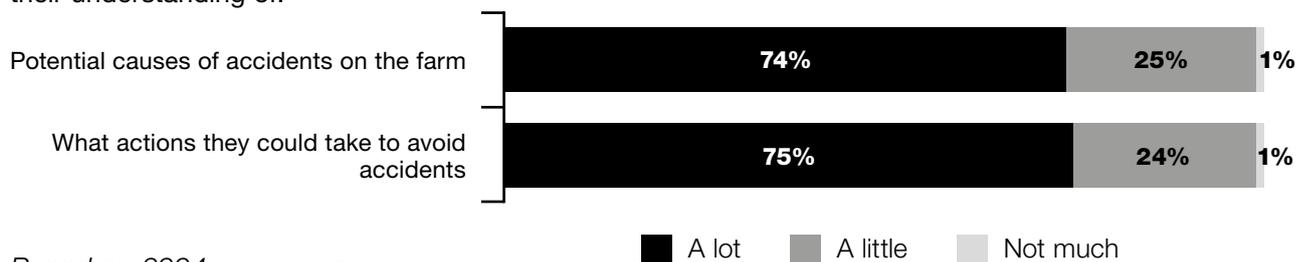


Based on 34 responses

**Feedback from health and safety awareness raising events:**

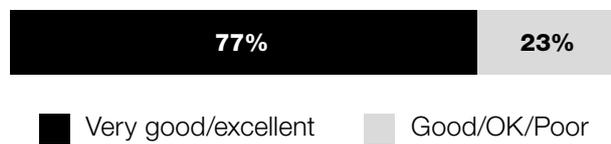
During the year over 80 events were held with a significant percentage of attendees reporting that the event they had attended had improved their knowledge of particular aspects of relevant health and safety risks and prompted them to make workplace improvements as demonstrated in Figures 6-8.

**Figure 6:** Agricultural events - % of respondents who stated that attending the event had increased their understanding of:



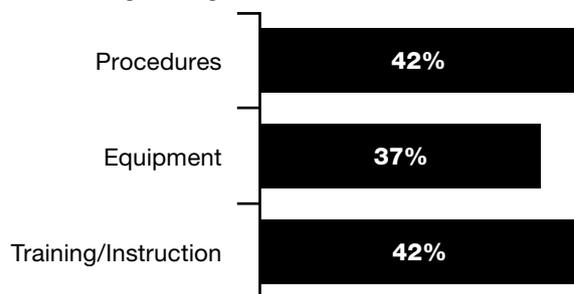
Based on 2994 responses

**Figure 7:** Construction events - rating of events by respondents



Based on 1473 responses

**Figure 8:** Construction events - % who stated that following the event they would be making changes to:



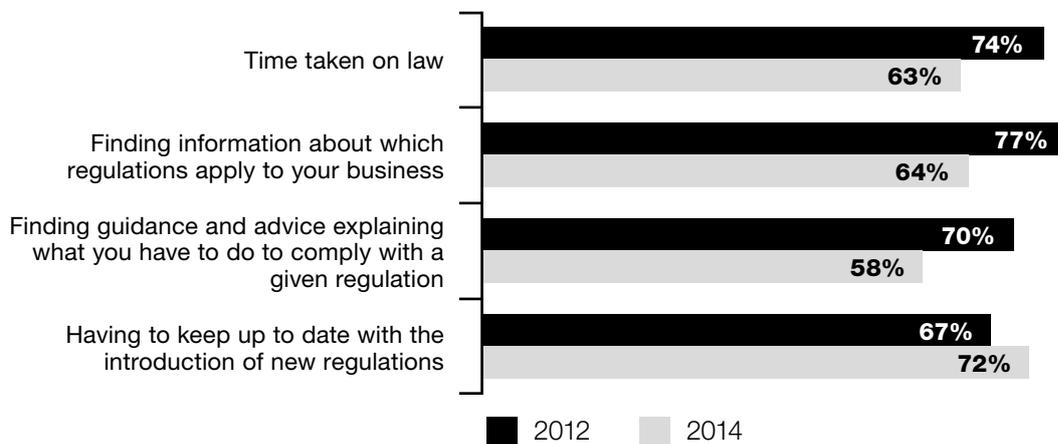
Based on 1060 responses

**Perceptions on regulation:**

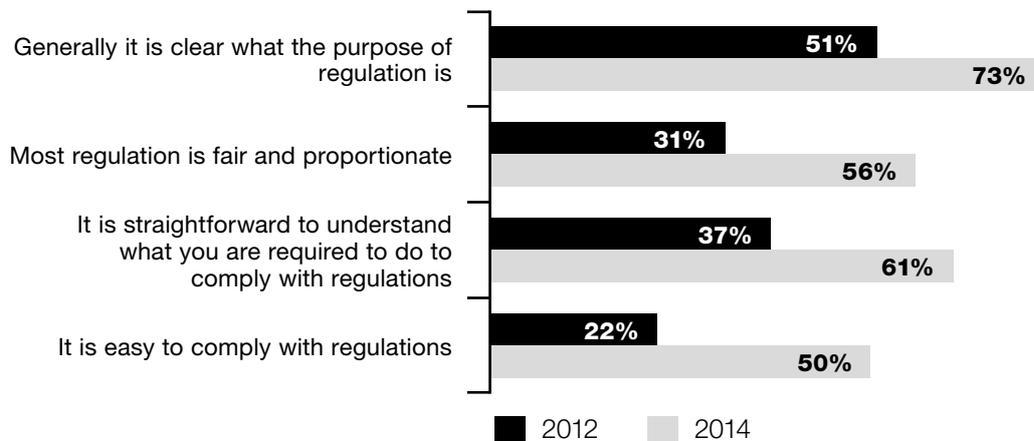
In May 2014, the National Audit Office (NAO), the Better Regulation Executive (BRE) and the Better Regulation Delivery Office (BRDO), published a survey<sup>12</sup> looking at businesses' perceptions of regulation.

The survey, the latest in a series conducted since 2007 (the last one being 2012) covered five areas of national regulation of which health and safety law (as regulated by HSE) was one aspect. The following are some of the key findings from the 2014 review:

**Figure 9:** Agreement (% agree) that activities are a burden when complying with health and safety legislation



**Figure 10:** Agreement (% agree) with statements relating to clarity, fairness and ease of health and safety regulation

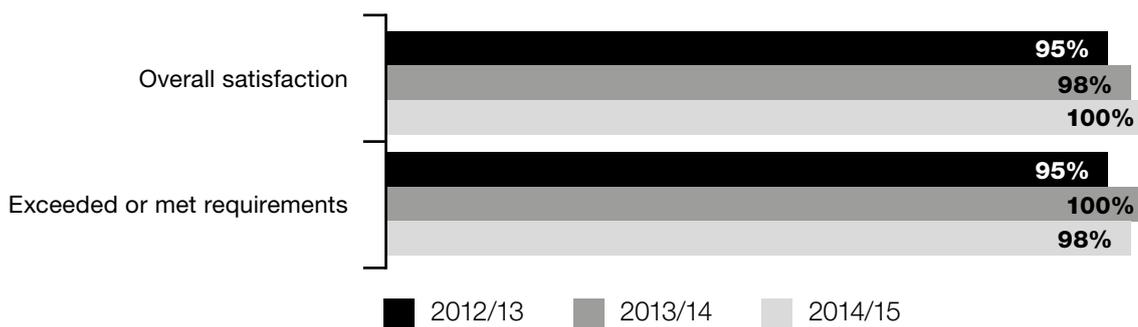


The results indicate an encouraging improvement in perception relating to health and safety regulation which may be as a result of the work HSE has undertaken over the past two years to simplify, revoke or consolidate the health and safety regulatory framework. Further details of the work done in 2014/15 are detailed on pages 25–27 of this Annual Report.

**HSL's external customer evaluation**

HSL provides a diverse range of scientific services on behalf of its external customers in the UK and other countries, to improve the global health and safety system. Feedback from HSL's customer survey indicates continuing high levels of overall satisfaction with the services it provides, as illustrated in Figure 11.

**Figure 11:** HSL's external customer evaluation



## Progress against the HSE Business Plan 2012-15

This section reports on the progress HSE has made against the 2014/15 activities, milestones and measures in our 2012-15 Business Plan. Progress is presented under each of the four aims of the Plan.

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

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

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

#### Objective A.1 Use evidence and knowledge to prioritise our own actions and guide the actions of others

Maintain a fit-for-purpose and robust evidence base on workplace injuries, work-related ill health, and the causes and consequences of health and safety failings, publishing a suite of health and safety statistics annually each autumn.	 <sup>13</sup>
Commission and deliver research and evidence to enhance our knowledge to support identification and delivery of HSE's current and future priorities including research on:	 <sup>14</sup>
<ul style="list-style-type: none"> <li>◆ <b>Ageing Onshore Infrastructure</b> – safety issues related to the working life extension of plant and equipment at onshore major hazard sites including:           <ul style="list-style-type: none"> <li>◆ A strategy to tackle future ageing plant issues that need to be addressed to be developed by <b>March 2015</b>.</li> </ul> </li> <li>◆ <b>Asbestos</b> – report on prediction of Mesothelioma risks associated with current asbestos exposures by <b>June 2014</b> and assess and take forward research findings and develop appropriate intervention strategies by <b>March 2015</b>;  <b>Commentary:</b> <i>The further work necessary to enable the development of intervention strategies by March 2015 encountered unexpected delay, principally in securing suitable partner organisations to participate in testing the airborne exposure research (now addressed and on track to deliver by October 2015). Hence, development of the intervention strategies has had to be re-scheduled to deliver by January 2016.</i> </li> <li>◆ <b>Chronic Obstructive Pulmonary Disease (COPD)</b> – final assessment of large scale epidemiological study to establish the principal causes of COPD by <b>December 2015</b>;  <b>Commentary:</b> <i>The main survey for this study has had to be re-scheduled to May 2015 due to technical issues within partner organisations and therefore outside HSE's control. The overall completion date for the study has therefore been rescheduled to February 2016.</i> </li> </ul>	  

13 The latest HSE Annual Statistics Report 2013/14 is available at [www.hse.gov.uk/statistics/index.htm](http://www.hse.gov.uk/statistics/index.htm)

14 Further details on HSE's research during 2014/15 can be found in the Science Report 2015 for HSE at [www.hse.gov.uk/aboutus/meetings/hseboard/2015/280115/pjanb1507.pdf](http://www.hse.gov.uk/aboutus/meetings/hseboard/2015/280115/pjanb1507.pdf)

### Objective A.1 Use evidence and knowledge to prioritise our own actions and guide the actions of others

<ul style="list-style-type: none"> <li>◆ <i>Waste and recycling</i> – report on occupational exposures, ill health and effective control procedures to manage risks by <b>December 2015</b>. <b>Commentary:</b> <i>Observational visits from the initial phase of the work have been completed. Results are currently being analysed to form the basis for the site sampling main phase. Difficulties in identifying, and obtaining agreement for visits to suitable sites, have led to a revised completion date of mid-2016.</i></li> </ul>	○
<p>(TR): Review and publish updated sector strategies by October 2014.</p>	● <sup>15</sup>

### Objective A.2 Target and conduct inspections of those sectors and activities which give rise to the most serious risks or where risks are least well controlled

<p>Ensure a more consistent and proportionate approach to inspection and enforcement activity by local authorities by:</p> <ul style="list-style-type: none"> <li>◆ Working with the Better Regulation Delivery Organisation (BRDO) to assist the development of the Primary Authority Scheme (PAS); <b>Commentary:</b> <i>HSE continues to work with the BRDO to ensure that the PAS delivers increased regulatory efficiency and consistency in line with HSE policy introduced through the National Local Authority Enforcement Code.</i></li> <li>◆ (TR): Undertaking a review of the Code of Practice for local authorities (LA) by the <b>end of 2014</b>; <b>Commentary:</b> <i>A public consultation to review the implementation of the LA National Enforcement Code was completed in October 2014<sup>16</sup>. In response to the comments received, HSE is updating and clarifying the supporting information on the Code for publication on its website during early summer 2015.</i></li> <li>◆ (TR): Continuing to monitor local authorities' implementation of the Code. Where outliers are identified they will be brought to the attention of local authority political members. <b>Commentary:</b> <i>HSE has engaged with LA regulators at a number of events during 2015 to clarify issues relating to implementation of the Code.</i></li> </ul>	●  ●  ●
<p>Inspect where robust evidence and intelligence indicate health and safety performance is of serious concern and where inspection is the most effective intervention to secure compliance (see Figures 2, 3, 4 and 12).</p> <p><b>Commentary:</b> <i>Circa 20 200(p) proactive inspections were undertaken in 2014/15 to higher risk sectors and poorly performing dutyholders. This included an intensive inspection initiative during June and September 2014 to over 2300 construction refurbishment sites, which resulted in circa 350 Improvement Notices and over 300 Prohibition Notices being issued.</i></p>	●

15 The latest updated sector strategies are available to download at [www.hse.gov.uk/aboutus/strategiesandplans/sector-strategies/index.htm](http://www.hse.gov.uk/aboutus/strategiesandplans/sector-strategies/index.htm)

16 The summary analysis of responses is available on HSE's website. [www.hse.gov.uk/consult/condocs/cd-247-responses.pdf](http://www.hse.gov.uk/consult/condocs/cd-247-responses.pdf)

**Objective A.2 Target and conduct inspections of those sectors and activities which give rise to the most serious risks or where risks are least well controlled**

<p>Issuing licences and undertaking 1200 inspections per annum to asbestos licensed contractors and removal operators to provide assurance of the competence of those participating in those activities by <b>March 2015</b>;</p> <p><b>Commentary:</b> <i>HSE delivered a targeted programme of inspections on contractors with high numbers of notifications and contractors not previously visited. We will continue to prioritise poorly performing contractors, those with high numbers of notifications and any not previously inspected.</i></p>	<p>●</p>
<p>Working with local authority partners to promote sustained compliance by dutyholders in controlling the risks associated with legionella in water systems and undertaking a programme of inspections to cooling towers/evaporative condensers at circa 2500 HSE enforced sites by <b>March 2015</b>.</p> <p><b>Commentary:</b> <i>A programme of over 1900(p) inspections was completed in year, resulting in 500 Improvement Notices and circa 20 Prohibition Notices being issued to dutyholders.</i></p>	<p>●</p>
<p>Undertaking up to 9 targeted and coordinated inspections in response to intelligence received from other regulators/agencies about health and safety risks to migrant workers by <b>March 2015</b>.</p> <p><b>Commentary:</b> <i>Many of the inspections were carried out as joint visits with other regulator and/or enforcement agencies during the multi-agency Operation Centurion in June 2014. Premises visited included poultry processors, construction sites, hand car washes and herb and vegetable growers - resulting in the issue of two Prohibition Notices and one Improvement Notice.</i></p>	<p>●</p>

**Figure 12:** Inspections undertaken in 2014/15 by sector



**Objective A.3 Provide guidance and support to enable informed workplace health and safety decisions**

<p>Provide concise and straightforward guidance ensuring it is proportionate, fit for purpose and, where possible, provide expertise to enable others to develop, produce and disseminate their own guidance.</p> <p><b>Commentary:</b> <i>A rolling programme of reviews was introduced in 2014/15 to keep HSE's guidance up to date, with 87% of the programme on track at 31 March 2015 (further details are included on page 26).</i></p>	<p>●</p>
<p>Deliver and participate in awareness raising events on key health and safety issues seeking opportunities for cost sharing, focusing on higher risk industries including stone, agriculture, molten metals, welding and construction.</p> <p><b>Commentary:</b> <i>Stakeholder perceptions of these events can be found in Figures 6-8.</i></p>	<p>●</p>

**Objective A.4 Work in partnership to raise awareness and create behavioural change**

<p>Deliver nine roll-outs of Estates Excellence<sup>17</sup> in 2014/15, with the aim that the programme will reach 4500 small and medium-sized enterprises (SMEs) by the <b>end of 2014/15</b> (including those reached through the earlier roll-outs in 2013/14).</p> <p><b>Commentary:</b> Five Estates Excellence projects were delivered. A re-evaluation of the remainder of the programme was undertaken in-year with options produced, and as such a further six projects are now planned for 2015/16. Since its introduction in 2010, the Estates Excellence programme has offered free support to over 5500 businesses across Britain and provided training for over 4500 people.</p>	○
<p>Monitor the delivery of the Gas Safe Register (GSR), and Gas Safe Advice Line (GSAL) and work with them to raise awareness of gas safety and carbon monoxide risks.</p> <p><b>Commentary:</b> HSE continued to monitor the performance of Capita Gas Registration and Ancillary Services Ltd (CGRAS) in delivering both the GSR and the GSAL. CGRAS continue to meet the service levels on responses to requests for support, and advice from consumers and engineers. Further details are included on page 26.</p>	●
<p>Implement asbestos awareness and behaviour change campaign including:</p> <ul style="list-style-type: none"> <li>◆ Finalising plans for activity around asbestos awareness and audience behaviour change by <b>September 2014</b>;</li> </ul> <p><b>Commentary:</b> The asbestos safety campaign commenced in September 2014 with the launch of a free web application<sup>18</sup> and promotion and distribution of asbestos safety kits through a commercial trade partner. The campaign closed in March 2015 but the web application, which had received over 53 000 visits, continues to provide important information for the target audience.</p> <ul style="list-style-type: none"> <li>◆ Evaluating its success by <b>end of 2015</b>.</li> </ul> <p><b>Commentary:</b> A full evaluation report is due in July 2015. Circa 185 000 asbestos safety kits were distributed and interim evaluation indicates that 96% of recipients agreed that they were useful.</p>	●  ●
<p>Continue to promote the key roles that leadership and worker involvement play in improving health and safety performance including:</p> <ul style="list-style-type: none"> <li>◆ Delivering 20 events within the construction industry to promote the use of the Leadership and Worker Involvement toolkit (LWIT)<sup>19</sup> by <b>March 2015</b>;</li> <li>◆ Monitoring implementation of the actions agreed by the offshore industry partnership Step Change in Safety as set out within the UK Oil and Gas Industrial Strategy: Business and Government Action Plan<sup>20</sup>, including: <ul style="list-style-type: none"> <li>◆ ensuring there is strong and sustainable leadership within the industry which demonstrates accountability for delivery of improved health and safety performance;</li> <li>◆ monitoring adoption of the Step Change Workforce Engagement toolkit<sup>21</sup>.</li> </ul> </li> </ul>	●  ●

17 [www.hse.gov.uk/estatesexcellence/index.htm](http://www.hse.gov.uk/estatesexcellence/index.htm). Estates Excellence brings together business owners, commercial landlords and expert partners to improve health and safety in the workplace

18 [www.beware-asbestos.info/](http://www.beware-asbestos.info/)

19 [www.hse.gov.uk/Construction/lwit/index.htm](http://www.hse.gov.uk/Construction/lwit/index.htm)

20 [www.gov.uk/government/publications/uk-oil-and-gas-industrial-strategy-business-and-government-action-plan](http://www.gov.uk/government/publications/uk-oil-and-gas-industrial-strategy-business-and-government-action-plan)

21 [www.stepchangeinsafety.net/safety-resources/workforce-engagement-toolkit](http://www.stepchangeinsafety.net/safety-resources/workforce-engagement-toolkit)

**Objective A.4 Work in partnership to raise awareness and create behavioural change**

<p>Take forward any HSE-led actions arising from the Occupational Disease stakeholder conference held in March 2013, including:</p> <ul style="list-style-type: none"> <li>◆ Undertaking a strategic review on how HSE accesses external expert advice on the prevention of occupational disease;</li> <li>◆ Further developing our insight and evidence about those bodies and organisations with whom we do not currently engage but who could be active and influential in tackling occupational disease;</li> <li>◆ Building on our current information and advice portfolio to develop a framework which provides businesses and all those with an interest with a package of tools and information that steers and directs them to design and deliver their own interventions to tackle occupational disease;</li> <li>◆ Developing a more coordinated approach to deliver and present HSE's work on occupational disease, drawing together activities undertaken through HSE's Sector Strategies and inspection/enforcement programmes to underpin HSE's role as a 'catalyst for action';</li> <li>◆ Engaging more proactively with other public bodies involved with the Health and Well-being agenda so that, where appropriate, there is a clear demarcation between those factors that are clearly public health-related and those where there is an occupational element. Where the latter is the case, we should ensure that it is clear in any guidance and communication activities that there is a requirement for risk management; and</li> <li>◆ Continuing our successful partnership working approach with those industries where we have most concern and where we have a proven working partnership.</li> </ul> <p><b>Commentary:</b> <i>HSE has continued to work with its collaborators in developing new and innovative ways of tackling occupational disease through a range of activities, including:</i></p> <ul style="list-style-type: none"> <li>◆ <i>launching the Construction Dust Partnership – bringing together organisations with reach and influence from across the industry to help raise awareness about the risks of workplace dust; and</i></li> <li>◆ <i>undertaking a series of bilateral meetings with a range of stakeholders with diverse interests in occupational disease issues. These relationships continue to be established and potential joint activities discussed<sup>22</sup>.</i></li> </ul> <p><i>The Occupational Disease community site launched in early 2014 has gained significant interest in its first year, with over 23 000 visitors and circa 21 000 subscribers to the e-bulletin.</i></p>	
<p>(TR) Review interfaces with other regulators and where appropriate update Memoranda of Understanding (MoU) ensuring they reflect best practice and clear accountability by the <b>end of 2015</b>. This will include:</p> <ul style="list-style-type: none"> <li>◆ (TR): Revised MoU with the Gangmasters' Licensing Authority published by <b>July 2014</b>;</li> </ul>	

22 <http://webcommunities.hse.gov.uk/connect.ti/OccupationalDisease/grouphome>  
 23 [www.hse.gov.uk/aboutus/howwework/framework/mou/mou-gla-hse.pdf](http://www.hse.gov.uk/aboutus/howwework/framework/mou/mou-gla-hse.pdf)

**Objective A.4 Work in partnership to raise awareness and create behavioural change**

<ul style="list-style-type: none"> <li>◆ (TR): Amended Liaison Agreement (now reclassified as an MoU) between HSE and Care Quality Commission (CQC) in place to align with the revised CQC registration requirements due to come into force from <b>October 2014</b> (subject to Parliamentary approval);</li> </ul>	● <sup>24</sup>
<ul style="list-style-type: none"> <li>◆ (TR): Revised MoU with the Office of the Rail Regulator (ORR) published by <b>December 2014</b>. <i>Commentary: The MoU's publication was deferred to enable the incorporation of an annex addressing enforcement arrangements for large-scale infrastructure projects; and the introduction of a new Agency Agreement for road vehicle incursions. The content of the MoU was agreed in March 2015 and following sign-off by all parties in April 2015, was published on HSE's website in May 2015<sup>25</sup>.</i></li> </ul>	○

**Objective A.5 Demonstrate the benefits of proportionate health and safety**

Run the Independent Regulatory Challenge Panel <sup>26</sup> enabling businesses to challenge specific health and safety regulatory advice they believe to be unreasonable.	●
Chair the Mythbusters Panel for those who wish to challenge claims made about health and safety requirements by non-regulators, reporting findings on HSE's website. <i>Commentary: The panel considered 74 cases that met its terms of reference and its responses are published on the HSE website<sup>27</sup>.</i>	●
Discourage unnecessary risk-averse behaviour, seeking to remove the perception that health and safety prevents efficient and effective working practices. <i>Commentary: By partnering with ten organisations offering small business advice and using HSE's own digital channels, our free online tools and guidance<sup>28</sup> aimed at small and medium enterprises reached almost 300 000 SMEs. In addition, media coverage helped us to reach circa 640 000 SME owners, while regular social media activity using the hashtag #easymasABC reached almost 110 000 social media accounts.</i>	●
Liaise with national and regional media to focus on the core aims of health and safety, rebutting and correcting trivial or ill-informed criticism. <i>Commentary: During 2014/15, HSE issued more than 500 press releases and responded to over 3000 media enquiries. HSE media coverage continues to be mostly factual or positive with 98% of articles about HSE being favourable or neutral.</i>	●

24 [www.cqc.org.uk/sites/default/files/20150210\\_mou\\_between\\_cqc\\_hse\\_las\\_in\\_england\\_final.pdf](http://www.cqc.org.uk/sites/default/files/20150210_mou_between_cqc_hse_las_in_england_final.pdf)

25 [www.hse.gov.uk/aboutus/howwework/framework/mou/orrmou.pdf](http://www.hse.gov.uk/aboutus/howwework/framework/mou/orrmou.pdf)

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

27 [www.hse.gov.uk/myth/index.htm](http://www.hse.gov.uk/myth/index.htm)

28 H&S ABC – an easy guide to health and safety is available at [www.hse.uk/abc](http://www.hse.uk/abc)

## Aim B. Provide an effective regulatory framework

HSE will take forward the recommendations arising from the independent review Reclaiming health and safety for all: An independent review of health and safety legislation (November 2011). This will be a significant piece of work which will help to simplify and streamline the regulatory framework, make the legislation easier to understand with the consequence that compliance levels should increase. We will also continue to negotiate and secure the best possible outcome for the United Kingdom within Europe minimising burdens on business whilst maintaining necessary protection for workers.

Further information on better regulation can be found below and on pages 23 to 26, whilst stakeholder's perception of regulation is provided in Figures 9 and 10.

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

### Objective B.1 Simplify and consolidate domestic health and safety regulations to make the law easier to understand

(TR): Amend, clarify and where appropriate revoke unnecessary existing health and safety legislation and consolidate health and safety regulations in specific sectors by:	
◆ Consolidating sectoral regulations (mining, genetically modified organisms (GMO), petroleum, biocides and explosives) by <b>December 2014</b> ;	 <sup>29</sup>
◆ Completing a consultation on Construction (Design and Management) (CDM) Regulations by <b>September 2014</b> ;	 <sup>30</sup>
◆ Revising CDM 2007 and associated guidance by <b>April 2015</b> ;	
◆ Reviewing the arrangements for Adventure Activities Licensing;	
<i><b>Commentary:</b> HSE continued to monitor the performance of Tourism Quality Services Ltd (TQS) in delivering their licensing commitments to ensure that young people are properly protected when taking part in Adventure Activities. Government agreement was secured for TQS to continue to deliver this until at least September 2016. HSE will work with other government departments, the devolved administrations and stakeholders to identify and agree the most appropriate operating model post-September 2016.</i>	
◆ Undertaking consultation and introducing the new COMAH regulations <sup>31</sup> by <b>June 2015</b> ;	

<sup>29</sup> Details on the regulations can be found at <http://news.hse.gov.uk/category/about-hse/legislation/>

<sup>30</sup> The Construction (Design and Management Regulations) 2015 came into force on 6 April 2015 at [www.hse.gov.uk/construction/cdm/2015/index.htm?ebul=gd-cons/cdmapr15&cr=1](http://www.hse.gov.uk/construction/cdm/2015/index.htm?ebul=gd-cons/cdmapr15&cr=1) Guidance on the regulations is available to download at [www.hse.gov.uk/pubns/books/l153.htm](http://www.hse.gov.uk/pubns/books/l153.htm)

<sup>31</sup> The Control of Major Accident Hazards Regulations were laid in Parliament in March 2015 and came into force 1 June 2015

## Objective B.1 Simplify and consolidate domestic health and safety regulations to make the law easier to understand

<ul style="list-style-type: none"> <li>◆ Reviewing onshore and offshore health and safety regulatory frameworks to consider whether they adequately cover emerging energy technologies related to hydrocarbon gas storage and underground coal gasification by <b>July 2015</b>.</li> </ul> <p><b>Commentary:</b> <i>The Regulatory frameworks have undergone an initial review and a legislative package will be developed in 2015/16 to ensure that a suitable regulatory regime is in place for emerging energy technologies.</i></p>	●
<p>Review 14 HSE Approved Codes of Practice (ACOPs)<sup>32</sup> to ensure they remain relevant, provide clarity on what the law requires and are suitably presented by <b>December 2014</b>.</p>	●
<p>Following the amendment of the HSWA, along with any necessary Regulations in December 2013, bring into effect consequential amendments to legislation and guidance by <b>April 2015</b>.</p> <p><b>Commentary:</b> <i>The Deregulation Act which contains the clause to amend the HSWA received Royal Assent on 26 March 2015. Further progress was not possible during the period of purdah leading up to the General Election. On the first available Common Commencement date, HSE will bring into force the Regulations, which will prescribe self-employed persons for the purpose of bringing them in scope of HSWA.</i></p>	○
<p>Participate, as appropriate, in the Government's Focus on Enforcement reviews including:</p> <ul style="list-style-type: none"> <li>◆ Field testing the framework to enable businesses to challenge the consistency of regulators' decisions and launching it by <b>October 2014</b>;</li> <li>◆ Demonstrating a clear link between good company performance and reduced inspection burdens by <b>October 2014</b>;</li> <li>◆ Streamlining safety report assessment and reduce associated costs by <b>March 2015</b>;</li> <li>◆ Assisting businesses to transition into the COMAH regime by <b>April 2015</b>;</li> </ul> <p><b>Commentary:</b> <i>Commentary on this item is included on page 27 of this Report.</i></p> <ul style="list-style-type: none"> <li>◆ (TR): Reducing inspection burdens by joining up the work of the Competent Authority Regulators by <b>October 2015</b>.</li> </ul> <p><b>Commentary:</b> <i>Joint planning of COMAH and EPR<sup>33</sup> in England and Wales has been introduced and will be rolled out to SEPA<sup>34</sup> during 2015/16. COMAH Intervention Managers have been deployed to manage cross-regulatory planning between HSE and Agencies.</i></p>	<p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p>

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

33 Environmental Permitting Regulations

34 Scottish Environment Protection Agency

## Objective B.2 Negotiate and secure the best possible outcome in Europe for the UK

<p>Lead the negotiations on a number of Directives and European Union Regulations, transpose Directives into UK law and give legal effect to EU Regulations, without gold plating or enhancing requirements including:</p> <ul style="list-style-type: none"> <li>◆ With DECC<sup>35</sup>, completing the initial UK negotiations on the proposal for a European Offshore Oil and Gas Regulation in line with the requirement of the Directive and implement by <b>July 2015</b>;</li> </ul> <p><b>Commentary:</b> <i>Negotiations secured a Directive rather than a direct acting Regulation. The project is on schedule to complete transposition of the Directive into legislation in Great Britain by July 2015.</i></p>	●
<ul style="list-style-type: none"> <li>◆ Submitting a Transposition Project Plan to the Reducing Regulation Committee within 2 weeks of publication of the Seveso III Directive<sup>36</sup> and transposing the Directive into law by <b>May 2015</b>;</li> </ul> <p><b>Commentary:</b> <i>The plan to transpose the Seveso III Directive into legislation was completed and laid before Parliament on 9 March 2015.</i></p> <ul style="list-style-type: none"> <li>◆ Consulting on proposed Electromagnetic Fields Directive (EMF) transposition approach by <b>March 2015</b> and transpose by <b>July 2016</b>;</li> </ul> <p><b>Commentary:</b> <i>HSE continues to progress work to implement the EMF Directive by summer 2016. Stakeholders have been heavily involved in supporting the development of the approach including inputting into the emerging impact assessment and guidance. The wider package will be consulted on in autumn 2015.</i></p> <ul style="list-style-type: none"> <li>◆ Consulting on amendments required to the existing Basic Safety Standards for Radiological Protection Directive in <b>autumn 2016</b> and transpose by <b>February 2018</b>;</li> <li>◆ Completing implementation of the direct acting EU Classification, Labelling and Packaging Regulation 2008 including transposition of amending Directive 2014/27/EY by <b>April 2015</b>;</li> <li>◆ With Defra,<sup>37</sup> implementing the EU Ship Recycling Regulations by <b>April 2015</b>;</li> <li>◆ (TR): Taking forward the recommendations arising from the Ministerial review of the Health and Safety Executive's Approach to Negotiating and Implementing European Union Legislation in accordance with the agreed timescales.</li> </ul> <p><b>Commentary:</b> <i>Of the seven recommendations identified in DWP's independent report<sup>39</sup>, three have been delivered, in relation to impact assessments and HSE internal guidance. The remaining four are on-going actions which HSE continues to deliver.</i></p>	●  ○ ●  ●  ● <sup>38</sup>  ●

35 Department of Energy and Climate Change

36 Seveso III is the main piece of EU legislation that deals specifically with the control of on-shore major accident hazards involving dangerous substances

37 Department for Environment, Food and Rural Affairs

38 The Regulations came into force on 26th March 2015

39 [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/367410/hse-implementing-european-legislation.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/367410/hse-implementing-european-legislation.pdf)

**Objective B.2 Negotiate and secure the best possible outcome in Europe for the UK**

Represent the UK Government's interests in EU institutions, including the Advisory Committee for Safety at Work and the Governing Board of the European Agency for Safety and Health at Work.	●
Contribute to the UK Government's Review of the Balance of Competences, by providing input on HSE-led areas during 2014 and contribute evidence to other lead bodies in accordance with the Government's published timeframes.	●
Contribute to and support the European Agency for Safety and Health at Work (EU-OSHA) 2014/15 campaign on Occupational Stress.	●

**Objective B.3 Act as Competent Authority for biocides, pesticides, detergents and industrial chemicals<sup>40</sup>**

Evaluate new and existing active substances for biocides and pesticides. <b>Commentary:</b> Over 2100(p) active substance evaluations and product evaluations were processed, with 82% processed within timescales. See stakeholder perceptions at Figure 5.	●
Evaluate industrial chemical substances. <b>Commentary:</b> 100% of all industrial chemical substances evaluations received were processed within timescales.	●
Process all Prior Informed Consent (PIC) <sup>41</sup> notifications within the relevant timescales. <b>Commentary:</b> 100% of all PICs received were processed within timescales.	●

40 In addition to its contribution to occupational health and safety, HSE delivers operational policy and operation of regulatory schemes for pesticides, biocides and general chemicals regulations, much of which is led by Defra which includes consideration of the health of workers, consumers, the general public and the effects on the environment

41 The Prior Informed Consent procedure allows countries that are importing certain dangerous chemicals to specify conditions that the imported chemicals must meet

## Reporting on other Better Regulation requirements

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

### Progress during 2014/15

<p><b>One-in One-out, One-in Two-out:</b></p> <p>One-in, two-out<sup>42</sup> (OITO) requires that when new regulation needs to be introduced, and there is a direct net cost to business or a civil society organisation in complying with that regulation, this cost must be offset by deregulatory measures providing savings to business of at least double that amount.</p>	<p>Every six months, the Government publishes a cross-government Statement of New Regulation (SNR)<sup>43</sup>. DWP also publishes its own departmental OITO statement of new regulation<sup>44</sup>, which includes HSE.</p> <p>HSE has undertaken reforms which make a significant contribution to the final government OITO balance. The most significant of these has been the revision to the Construction Design and Management Regulations, contributing an "out" of £19.6 million in SNR9. Cumulatively over the lifetime of the last Parliament, from SNR1 to SNR9, HSE has contributed £21.2 million of savings to business under OITO.</p>
<p><b>Regulatory Policy Committee – Impact Assessments:</b></p> <p>Government is required to carry out assessments of costs, benefits and impacts of any legislation it implements that affects businesses, public sector front line staff or those working for charities or voluntary organisations. This is carried out using impact assessments.</p> <p>The Regulatory Policy Committee (RPC) provides external, independent scrutiny of new regulatory and deregulatory proposals.</p>	<p>The RPC's latest report<sup>45</sup>, published in December 2014, provides a complete list of validated costs and benefits of regulatory and deregulatory proposals, HSE's contribution is at section 14. During 2014, 93% of HSE's submissions received a 'fit for purpose' rating from the RPC, two percentage points higher than in 2013.</p> <p>In March 2015, the RPC published its report <i>Securing the evidence base for regulation</i><sup>46</sup>, which included comparative departmental performance for initial submissions rated as fit for purpose during 2010-2015. HSE was ranked first place for achieving 92% in comparison to the average cross-departmental total of 78%.</p>

42 [www.gov.uk/government/policies/reducing-the-impact-of-regulation-on-business/supporting-pages/operating-a-one-in-two-out-rule-for-business-regulation](http://www.gov.uk/government/policies/reducing-the-impact-of-regulation-on-business/supporting-pages/operating-a-one-in-two-out-rule-for-business-regulation)

43 The ninth statement of new regulation is available at: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/397237/bis-14-p96b-ninth-statement-of-new-regulations-better-regulation-executive.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/397237/bis-14-p96b-ninth-statement-of-new-regulations-better-regulation-executive.pdf)

44 [www.gov.uk/government/collections/better-regulation](http://www.gov.uk/government/collections/better-regulation)

45 [www.gov.uk/government/publications/validated-costs-and-benefits-to-business-of-regulations/complete-list-of-validated-costs-and-benefits-of-regulatory-and-deregulatory-proposals](http://www.gov.uk/government/publications/validated-costs-and-benefits-to-business-of-regulations/complete-list-of-validated-costs-and-benefits-of-regulatory-and-deregulatory-proposals)

46 Departmental comparisons can be found in Figure 2.3 at [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/415102/2015\\_03\\_03\\_RPC\\_Annual\\_Report\\_2014\\_website\\_copy\\_revised\\_2015\\_03\\_19.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415102/2015_03_03_RPC_Annual_Report_2014_website_copy_revised_2015_03_19.pdf)

### Progress during 2014/15

<p><b>Red Tape Challenge (RTC) and the Löfstedt Review:</b></p> <p>The Red Tape Challenge was introduced to give business and the public the opportunity to challenge the Government to get rid of the most burdensome regulations.</p>	<p>HSE has delivered Professor Löfstedt's<sup>47</sup> recommendations and DWP's final progress report on the implementation of health and safety reforms was published in March 2015<sup>48</sup>.</p> <p>Over the course of this Parliament HSE has undertaken a comprehensive review of its 200 pieces of legislation and has delivered substantial reforms, removing or improving around 84% of regulations by December 2014 (this includes reducing the overall stock of legislation by 50%). These reforms have been achieved without compromising or diluting health and safety protections for workers.</p>
<p><b>Alternatives to regulation:</b></p>	<p>HSE has developed a tool for use in designing non-regulatory interventions which has been used with stakeholders to develop ways of influencing behaviours dealing with noise and vibration, the pharmaceuticals industry and silica.</p> <p>HSE is also:</p> <ul style="list-style-type: none"> <li>◆ contributing to a Government funded study by the Institution of Environmental Sciences to help develop a tool for policymakers about the insights which influence organisations (as opposed to individuals); and</li> <li>◆ working with Gas Safe Register to encourage groups most at risk from unsafe gas appliances to register for annual gas safety checks. In just 5 months the pilot resulted in a 300% increase in higher risk households having checks, of which, one-fifth had potentially dangerous issues with appliances.</li> </ul>
<p><b>Implementation and guidance:</b></p> <p>Provide concise and straightforward guidance ensuring it is proportionate, fit for purpose and, where possible, provide expertise to enable others to develop, produce and disseminate their own guidance.</p>	<p>HSE's external guidance review programme (completed in March 2014) resulted in a 63% reduction in hard copy guidance (from 11 059 pages to 4139).</p>

47 Professor Ragnar Löfstedt, Director of the King's Centre for Risk Management at King's College London was asked to review health and safety regulation. Comments received through the Government's Red Tape Challenge on health and safety regulation were fed in to his review. His recommendations 'Reclaiming health and safety for all: An independent review of health and safety legislation' were published in November 2011

48 [www.gov.uk/government/publications/improving-health-and-safety-final-report-march-2015](http://www.gov.uk/government/publications/improving-health-and-safety-final-report-march-2015)

### Progress during 2014/15

<p><b>Focus on Enforcement:</b> Participate in government Focus on Enforcement reviews<sup>49</sup>.</p>	<p>Ministers have strongly welcomed the progress made by HSE and its COMAH environmental regulatory partners in taking action to address the findings of the government led Chemicals Sector Review. In particular, those items reported on page 22 of this Annual Report; and:</p> <ul style="list-style-type: none"> <li>◆ for the first time in April 2014 all COMAH sites (in England and Wales) received joint plans bringing together the planned interventions for the separate EPR<sup>50</sup> and COMAH regimes – which 85% of companies said had benefitted their business;</li> <li>◆ guidance to address misconceptions that the COMAH Regulations prevent businesses considering expanding their activities, and providing ‘New to COMAH meetings’ with prospective businesses; and</li> <li>◆ delivery of 16 regional road shows over September 2014 to bring inspectors and industry up to speed on the reforms.</li> </ul>
<p><b>Small business (Micro-business moratorium):</b> On 1 April 2011, the Government introduced a 3-year freeze on new UK regulation for businesses with fewer than 10 employees, including start-up businesses. Known as the Micro-business moratorium, the freeze applied to business regulations that come into force before 31 March 2014</p>	<p>Small and Micro Business Assessments (SAMBAs) apply to domestic measures that regulate business unless they are regarded as deregulatory or have a very low cost to business. HSE has undertaken a significant programme of legislative reform to rationalise and remove unnecessary burdens, it has therefore not been necessary to undertake any SAMBA assessment for these measures.</p>
<p><b>EU Regulations</b> Lead the negotiations on a number of Directives and EU Regulations, transpose Directives into UK law and give legal effect to EU Regulations</p>	<p>In addition to those items reported on pages 23-24, HSE:</p> <ul style="list-style-type: none"> <li>◆ influenced development of a Commission proposal to address increasing incidents in the EU involving young children and liquid laundry detergents in soluble packaging. Working with UK industry and BIS<sup>51</sup> and in line with the Government’s Guiding Principles for EU Regulation, HSE successfully negotiated an amendment to the EU Classification, Labelling and Packaging Regulation to allow these products to continue to be legally manufactured and used whilst delivering additional protection for young children; and</li> <li>◆ helped Defra put in place legislation to allow the UK to take full advantage of a conditional derogation from the European restriction on the supply and use of dichloromethane-based paint stripper in the REACH Regulation, keeping EU requirements to a minimum. As a result, trained and competent UK-based professional users will once again be able to purchase and use this type of paint stripper to remove layers of paint and coatings from heritage structures, antiques and works of art and other items, avoiding unnecessary damage.</li> </ul>

49 <http://discuss.bis.gov.uk/focusonenforcement/feed>

50 Environmental Permitting Regulations

51 Department for Business, Innovation and Skills

## Aim C. Secure compliance with the law

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

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

### Objective C.1 Investigate work related accidents, incidents and ill health.

<p>Follow up health and safety concerns meeting HSE's risk-based criteria within agreed timescales.</p> <p><b>Commentary:</b> <i>There were over 14 100(p) health and safety concerns which met HSE's criteria due to be followed up in 2014/15, with 70% completed within agreed timescales (see Figure 13).</i></p>	
<p>Investigate incidents that meet HSE's incident selection criteria.</p> <p><b>Commentary:</b> <i>Over 3260(p) incidents meeting HSE's criteria were taken forward for investigation in 2014/15 (see Figure 14). There were no incidents meeting HSE's selection criteria that were not taken forward due to a lack of resource.</i></p>	
<p>Aim to complete 95% of fatal investigations within 12 months of HSE assuming primacy.</p> <p><b>Commentary:</b> <i>Of the 129(p) fatal RIDDOR<sup>52</sup> investigations for which HSE had received primacy and which were due for completion in 2014/15, 63% were completed within their 12 month target<sup>53</sup>. This is a significant improvement compared to 43% in 2013/14.</i></p> <p><i>HSE has taken action to make further improvements to performance in this area, with the introduction of new guidance to improve the management of investigations. Improvement plans for 2015/16 include introduction of a suite of IT products and guidance to improve the management of investigations, report writing and the recording of material evidence.</i></p>	
<p>Aim to complete 95% of non-fatal investigations within 12 months of the incident.</p> <p><b>Commentary:</b> <i>HSE completed 5004(p) non-fatal investigations with 90% completed within 12 months of the incident, which is broadly similar to 2013/14.</i></p>	
<p><b>(TR):</b> Review the time taken to complete investigations to identify where improvements in performance might be made, and identify suitable targets to support this by <b>September 2014</b>.</p> <p><b>Commentary:</b> <i>The review was delivered and improvement options were developed and submitted to HSE's Board in March 2015 for consideration.</i></p>	

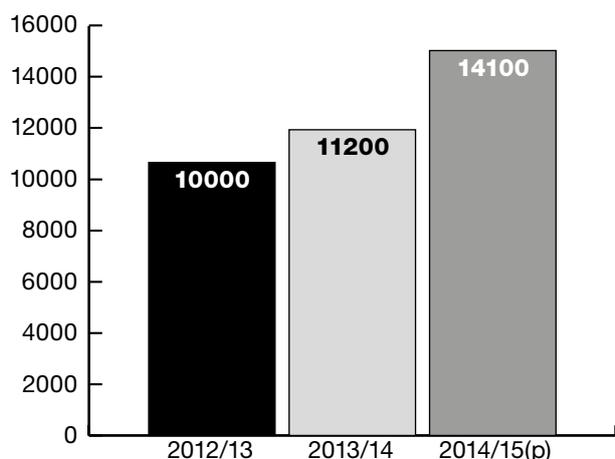
52 Reporting of Injuries, Disease and Dangerous Occurrences Regulations

53 Excluding cases awaiting Coroner or COPFS decisions

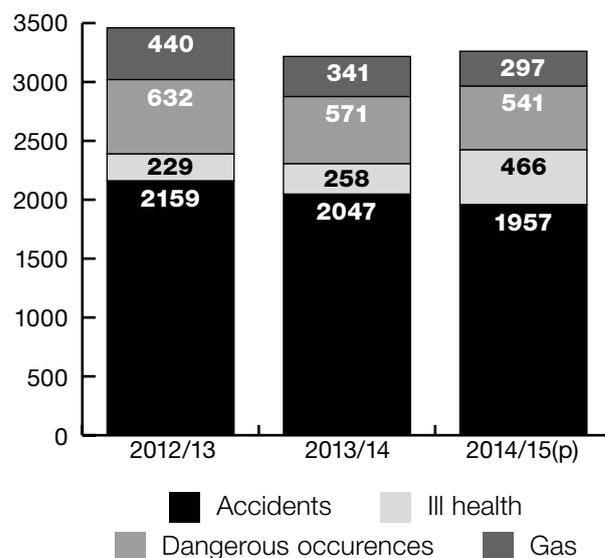
**Objective C.1 Investigate work related accidents, incidents and ill health.**

<p>When appropriate, take enforcement action in line with HSE’s Enforcement Policy statement and Enforcement Management Model.</p> <p><b>Commentary:</b> HSE issued almost 9400(p) Enforcement Notices in 2014/15, including circa 6270(p) Improvement Notices and over 3100(p) Prohibition Notices (see Figure 15)</p>	●
<p>Prosecute where there has been a serious breach of the law.</p> <p><b>Commentary:</b> 582(p) prosecution cases were completed as per the latest statistics published for 2013/14 (Figures 16 and 17 relate). Dutyholders found guilty of health and safety offences in that year received fines totalling £16.6 million.</p> <p>Details of all prosecution cases which resulted in a conviction can be viewed at HSE’s website<sup>54</sup>.</p>	●

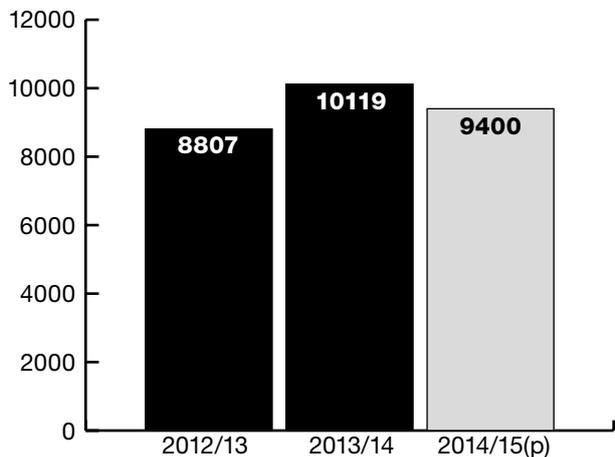
**Figure 13:** Number of health and safety concerns meeting HSE risk-based criteria due to be followed up



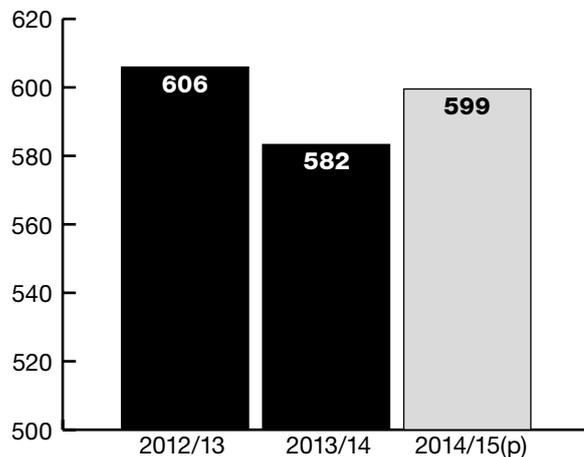
**Figure 14:** Number of RIDDOR incidents investigated by HSE



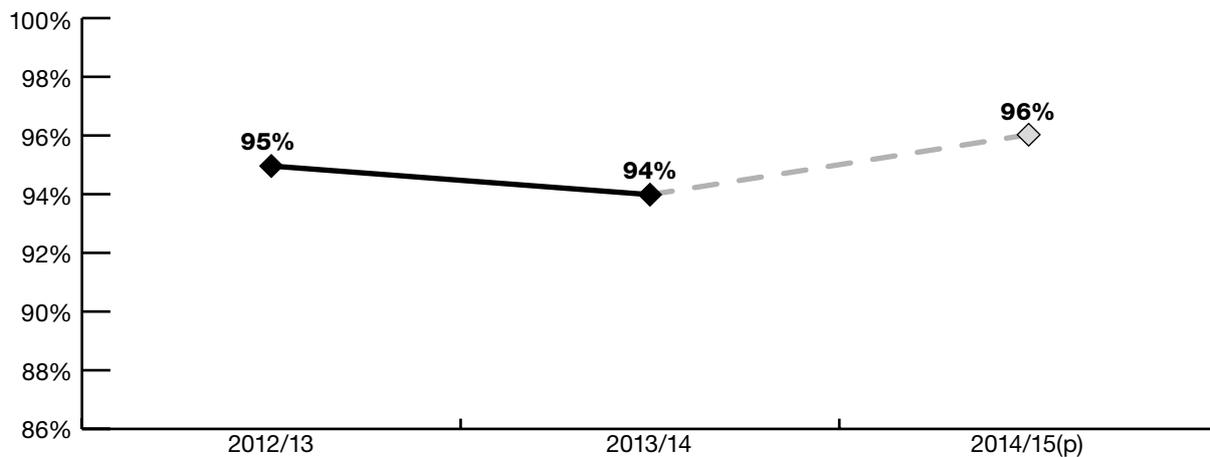
**Figure 15:** Number of notices issued by HSE<sup>55</sup>



**Figure 16:** Number of cases for which legal proceedings have been instituted by HSE, and in Scotland the COPFS<sup>56</sup>



**Figure 17:** Conviction rate for cases heard



55 In Figures 15–17, the data up to 2013/14 has been sourced from the official Health and Safety Statistics at [www.hse.gov.uk/statistics/enforcement.htm](http://www.hse.gov.uk/statistics/enforcement.htm), and 2014/15 is based on live operational data. The official statistics on enforcement notices and prosecutions for 2014/15 will be published in Autumn 2015

56 Crown Office and Procurator Fiscal Service

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

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

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

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

### Objective D.1 Regulate major hazard operators and dutyholders effectively and proportionately

<p>Assess dutyholder submissions (safety cases and safety reports) against agreed standards to ensure the new or continued safe operation of major hazard installations.</p> <p><b>Commentary:</b> HSE assessed over 120(p) safety cases and reports submitted by dutyholders, with 85% assessed within timescales.</p>	
<p>Grant and authorise applications, derogations, licences, approvals and notifications including explosives classifications, explosive site licences, Genetically Modified Organisms (Contained Use) notifications, Control of Substances Hazardous to Health (COSHH) notifications of the use of biological agents in accordance with statutory requirements and deadlines.</p> <p><b>Commentary:</b> HSE processed circa 450(p) dutyholders applications for licences, approvals and notifications, with 83% to agreed performance standards (see Figure 18).</p>	
<p>Deliver agreed intervention plans and inspections at major hazard sites<sup>57</sup> and; inspect sub-COMAH sites<sup>58</sup> which present a significant risk because of the dangerous substances that they handle.</p> <p><b>Commentary:</b> HSE visited over 1000(p) major hazard operators including COMAH sites, offshore installations, gas pipeline operators, biological agent operators, explosives and mines, delivering a range of interventions to ensure safe production (see Figure 19). We identified more than 3500(p) significant major hazard health and safety issues that required action by the dutyholder.</p>	

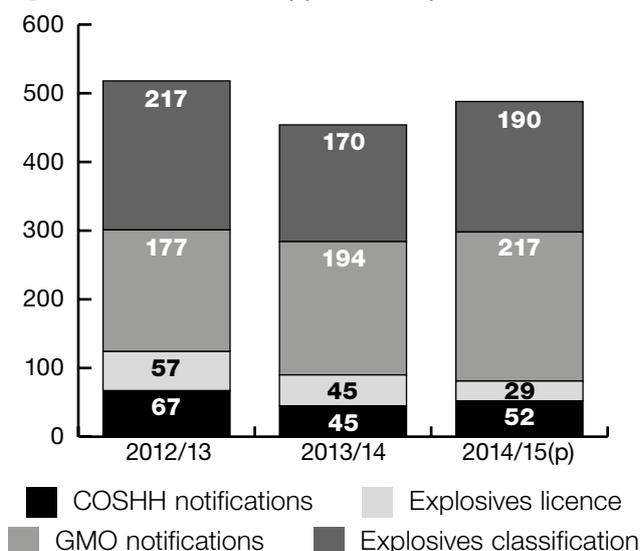
<sup>57</sup> Includes Control of Major Accident Hazards (COMAH) sites, offshore installations, major accident hazard pipeline operators, gas distribution networks, explosive manufacturing and storage sites, mines and biological agent facilities

<sup>58</sup> Sub-COMAH sites are defined as sites falling below COMAH thresholds quantities with inventories of dangerous substances and where the worst foreseeable event would be comparable to that at a COMAH site

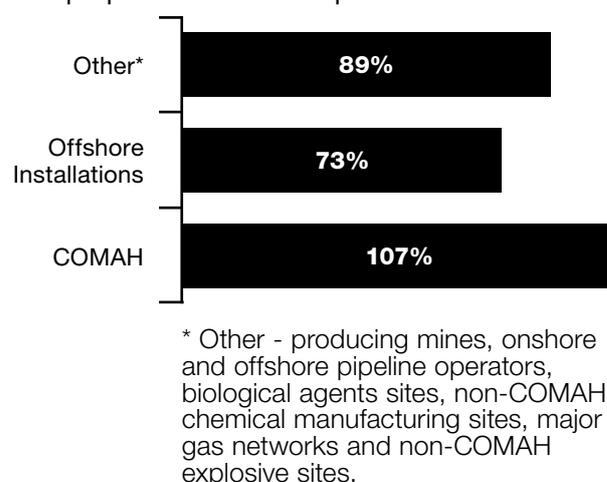
**Objective D.1 Regulate major hazard operators and dutyholders effectively and proportionately**

<p>Undertake the Offshore Ageing and Life Extension Programme (KP4) to ensure dutyholders can demonstrate that suitable measures are in place to address ageing and life extension in their asset integrity management systems to ensure associated risks are controlled and safety is ensured at all times. Publish final report in May 2014.</p> <p><b>Commentary:</b> <i>The final report identified a series of recommendations<sup>59</sup>. Following a gap analysis, industry will now manage the progression of work associated with these recommendations, via the Oil and Gas Ageing and Life Extension Group.</i></p>	●
<p>In response to Lord Gill's ICL Inquiry Report, ensure that metallic LPG pipe work giving rise to the most significant risks is replaced or managed to ensure that it is fit for purpose by December 2015.</p> <p><b>Commentary:</b> <i>HSE continues to provide specialist technical input to the LPG pipework programme. Pipework at 99% of the 4400 high priority industrial/commercial sites identified by HSE has been replaced or otherwise addressed. The remaining 26 high priority sites will be addressed by early summer 2015. Circa 4500 low priority sites have been identified and are on track for completion by LPG suppliers by December 2015 (with over 1500 sites dealt with at March 2015).</i></p>	●

**Figure 18:** Volume of applications processed



**Figure 19:** Major hazard operator sites visited as a proportion of 2014/15 plan



**Objective D.2 Provide authoritative advice in relation to hazardous substance consents and land use planning**

<p>Provide advice on complex planning applications within the non-determination periods in line with Government's expectations for responding to applications.</p> <p><b>Commentary:</b> <i>HSE provided advice on circa 1600(p) planning applications to assist local authorities to make informed decisions over land use planning. Of these, HSE advised against the granting of planning permission in 145 cases, with local planning authorities following HSE's advice for 128 cases.</i></p>	●
<p>Process 'hazardous substance consents' applications within agreed timescales in line with Government's expectations for responding to applications.</p> <p><b>Commentary:</b> <i>HSE processed circa 90(p) consents applications with 99% within agreed timescales.</i></p>	●

59 The final report is available at: [www.hse.gov.uk/offshore/ageing/kp4-report.pdf](http://www.hse.gov.uk/offshore/ageing/kp4-report.pdf)

## Aim E. Manage our resources efficiently and effectively

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

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

### Objective E.1 Have the right people, in the right place, at the right time, possessing the right skills, knowledge and behaviours and performing the right roles

Maintain a committed, skilled and diverse workforce.	
Provide people with appropriate training and learning development opportunities, including continuous professional development.	
Manage the health and safety of our staff, maintaining a proactive approach to attendance management and continue to improve arrangements as set out in the HSE Framework for Health and Safety Management and Corporate Health and Safety Plan.	
Develop and implement the engage programme to support employee engagement and business performance. <i>Commentary: Commentary on the above items is included in the Directors' Report section on pages 45-51 of this Annual Report.</i>	

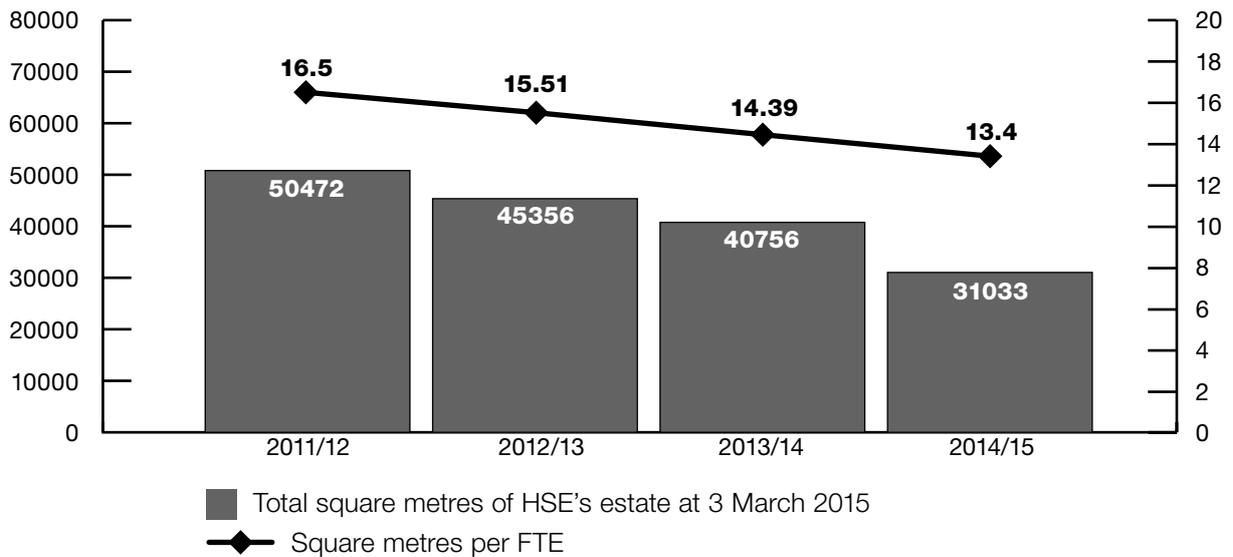
### Objective E.2 Continue to reform HSE's estate to achieve better space utilisation and improved cost efficiency

In line with HSE's estates strategy review and where applicable reduce HSE's estate, as and when leases allow and where sublet opportunities arise, by moving to smaller premises through the Government Property Unit or closing offices. Reviews include Norwich, London (Caxton House and Wrexham <b>in 2014/15</b> ). <i>Commentary: The above reviews were completed to budget and time and options to, stay, relocate, or sublet have been actioned. The size of HSE's estate has been reduced by 19 439 m<sup>2</sup>(p) (38.5%) over the four-year Spending Review (SR 2010) period to 31 March 2015 (see Figure 20).</i>	
Implement a phased plan for making the best use of HSE's Headquarters (Redgrave Court, Bootle) and ensure provision of services and efficient PFI arrangement support. <i>Commentary: HSE has advertised space on the government estate database (e:PIMMS). As at 31 March 2015, 40% (10 900m<sup>2</sup>) of Redgrave Court has been sublet, including two further sublets with the Charities Commission and Valuation Office Agency, and additional space let to the Office for Nuclear Regulation. HSE is actively seeking further opportunities to sub-let space in this building.</i>	

**Objective E.2 Continue to reform HSE’s estate to achieve better space utilisation and improved cost efficiency**

<p>Define and implement by April 2015 a Government Property Unit initiative to integrate current departmental property arrangements into a Shared Service platform.</p> <p><b>Commentary:</b> HSE joined the DWP led cluster of departments for Property Shared Services with effect from January 2015.</p>	<p>●</p>
<p>In line with the Greening Government Commitment, reduce the impact HSE has on the environment by:</p> <ul style="list-style-type: none"> <li>◆ reducing waste and greenhouse gas emissions from HSE’s estate by 25% <b>by 2015</b> from a 2009/10 benchmark;</li> <li>◆ reducing water consumption to best practice benchmarks.</li> </ul> <p><b>Commentary:</b> Progress in this area is included in HSE’s Sustainability Report on pages 43-44.</p>	<p>●</p> <p>●</p>

**Figure 20:** Delivering HSE’s estates strategy



**Objective E.3 Use technology to drive down cost and improve efficiency**

Define and implement a new Government compliant IT procurement strategy for delivery of HSE's IT services from 2016.	●
Exploit technology to allow staff to work more effectively outside of the office, improving productivity and flexibility.	●
Streamline and simplify operational processes to improve delivery and performance including: <ul style="list-style-type: none"> <li>◆ Enabling the electronic delivery of letters and enforcement notices to dutyholders by <b>May 2014</b>.</li> </ul> <p><i>Commentary: The key aspects of this project have been delivered to plan. The project will now be piloted internally between April to October 2015. Following its evaluation it will be rolled out nationally across HSE's enforcement teams by the end of October 2015.</i></p>	○
Post shared services, undertake a review of the Finance, Planning and Procurement resources across HSE to ensure optimum effectiveness and efficiency by <b>September 2014</b> . <p><i>Commentary: Following completion of the review, a transformation project was initiated. The main outcome from the project will be improved financial and performance management across the organisation. The new operating model is expected to be fully implemented by summer 2015.</i></p>	●

**Objective E.4 Utilise the knowledge, expertise and capabilities of the Health and Safety Laboratory (HSL) to improve health and safety management**

Provide specialist services to HSE for incident investigations, providing the vital scientific evidence <sup>60</sup> base to support prosecutions. <p><i>Commentary: HSL supported over 132(p) incident investigations, for instance, by utilising laser scanning data to construct a computer reconstruction of a high profile incident.</i></p>	●
Provide specialist scientific services to HSE enabling the scientific evidence base to support policy. <p><i>Commentary: HSL supported HSE in a number of areas including:</i></p> <ul style="list-style-type: none"> <li>◆ researching current ill health and work practices associated with silica exposure to provide evidence to inform policy on monitoring and reducing the occupational health burden of silicosis;</li> <li>◆ developing scientifically robust criteria to inform the development of guidance for HSE and industry on the storage of potentially explosive oxidising substances to ensure appropriate separation of occupied buildings from storage or manufacturing facilities; and</li> <li>◆ supporting the HSE Buy Quiet campaign<sup>61</sup> to reduce the risk of noise-induced hearing loss in the workplace, with research that provided the evidence base on the inadequacy of manufacturer noise declarations and identified weaknesses in EU legislation and standardisation.</li> </ul>	●

60 Further detail can be found in the Science Report 2015 (as referred to at footnote 14)

61 Buy Quiet is an initiative to raise awareness amongst manufacturers and supply chain employers of the benefits of manufacturing and buying quieter machinery. Further details are at [www.hse.gov.uk/noise/buy-quiet](http://www.hse.gov.uk/noise/buy-quiet)

### Objective E.4 Utilise the knowledge, expertise and capabilities of the Health and Safety Laboratory (HSL) to improve health and safety management

<p>(TR): Develop and increase the sales of specialist scientific products and services to external clients, both nationally and internationally to help them improve the health and safety of their workers and those members of the public affected by their work (see Objective E.5 – Commercialisation).</p> <p><b>Commentary:</b> HSL's total revenue from sources other than HSE has grown by 14% in 2014/15 to £13.8 million. Examples of the work HSL has undertaken for external customers include:</p> <ul style="list-style-type: none"> <li>◆ a test programme designed to understand the combustion behaviour of chosen high hydrogen fuels as part of a major research project for a UK institute; and</li> <li>◆ a review of the effectiveness of management of risks to health presented by the use of hazardous chemicals at seven European sites of a highly sophisticated global manufacturing company.</li> </ul> <p>As indicated in Figure 11, HSL continues to receive positive feedback from its customers.</p>	●
---	---

### Objective E.5 Manage our financial resources effectively to reduce our cost to the taxpayer

<p>Manage our finances within the resources voted by Parliament.</p> <p><b>Commentary:</b> HSE's net resource outturn for 2014/15 shows a small underspend of less than 1% against budget and capital is also within the resources voted by Parliament.</p>	●
<p>Deliver a challenging range of efficiency and economy measures in all areas of spend to deliver our budget reductions whilst minimising the impact on frontline activity.</p> <p><b>Commentary:</b> HSE has identified and delivered the necessary efficiency and economy measures to live within its Spending Review (SR2010) settlement (2011/12 to 2014/15) which represented a 40% real term budgetary reduction across the four year period. These measures have been delivered whilst seeking to minimise the impact on frontline delivery.</p>	●
<p>Exhaust all non-staff cost savings including:</p> <ul style="list-style-type: none"> <li>◆ Reducing the cost of the estate by 25% in real terms through reducing the space we occupy and sub-letting where possible;</li> </ul> <p><b>Commentary:</b> Over the four-year SR2010 period to March 2015, the running costs of HSE's estate were reduced by 36% (£9.0 million). Property events undertaken in 2014/15 resulted in a running cost saving of £0.1 million; and four new sublets generated income of £3.9 million</p> <ul style="list-style-type: none"> <li>◆ Continuing to seek travel and subsistence savings (approx. 27% across the SR10 period) through smarter travel, restrictions on non-essential travel and extensive use of video conferencing;</li> </ul> <p><b>Commentary:</b> HSE has successfully implemented a number of initiatives to reduce the cost of travel and subsistence which includes the extensive use of video conferencing (one of the highest users in the public sector and industry across both UK and Europe). The nature of HSE's activity requires a level of business travel but nevertheless the organisation has been able to deliver savings of 36% in real terms across the SR2010 period.</p>	●  ●

## Objective E.5 Manage our financial resources effectively to reduce our cost to the taxpayer

<ul style="list-style-type: none"> <li>◆ Re-tendering of the IS/IT<sup>62</sup> desktop and IT services contract delivering 40% savings on the desktop charge whilst transforming how the service is delivered. <b>Commentary:</b> HSE is transforming its desktop service through implementation of Windows 7 across the HSE IT estate. This activity was one of the final transformational activities the IT contractor was to complete as part of the re-tendering of IT services. The current IT services contract delivered savings of above 40% when it was awarded in 2013.</li> </ul>	●
<p>Further managing down of staff numbers where appropriate.</p> <p><b>Commentary:</b> HSE has sought, as far as possible, to protect the number of front-line health and safety inspectors regulating the Major Hazard industries while seeking to minimise the reduction in those regulating other sectors. Staff in post figures as at 31 March 2015 can be found in Table 4 on page 46.</p>	●
<p>Deriving more of our income from non-Government sources through the commercialisation of HSE/HSL including:</p> <ul style="list-style-type: none"> <li>◆ Appointing a Commercial Director (CD) to identify and deliver options for the commercialisation of HSE/HSL. HSE's SMT led by the CE and the CD as champion will be responsible for considering, advising on options and seeking HSE Board approval, setting the pace and direction for the delivery of change and providing challenge to this work and to those who will be responsible for its delivery;</li> <li>◆ (TR): Working with DWP and Cabinet Office to identify the best commercial delivery model going forward to enable HSE/HSL to build on its international reputation and take commercial opportunities from bodies outside the UK where they are willing to pay for our intellectual property and the combined expertise in its practical and proportionate application; <b>Commentary:</b> HSE has worked with DWP and Cabinet Office and considered a number of potential commercial delivery models. Further work is being undertaken to prepare for a legislative change to HSWA to enable HSE to deliver more commercial activity.</li> <li>◆ (TR): Publishing proposals for an advice service in <b>May 2014</b> that will support a more efficient planning system and launch the full service by <b>March 2015</b>; <b>Commentary:</b> The full service is on track to be launched by a revised date of July 2015.</li> </ul>	●  ●  ●  ○
<p>(TR): Developing proposals for a voluntary, fully chargeable inspection service and to begin testing demand among possible candidate organisations for such a service by the <b>end of autumn 2014</b>. <b>Commentary:</b> This topic was discussed with a selection of candidate organisations. On the basis of responses received, we have now focussed on other areas with more immediate and larger likelihood of results, particularly international opportunities in Singapore, Hong Kong and the Middle East.</p>	N/A

### Objective E.5 Manage our financial resources effectively to reduce our cost to the taxpayer

<p>(TR): Undertake a review of Fee for Intervention in <b>2014/15</b>.</p> <p><b>Commentary:</b> Details can be found in the Governance Statement on page 67. An independent report of the review is available on HSE's website<sup>63</sup>.</p>	●
<p>(TR): Implement a new performance framework during <b>2014/15</b> to enable a clearer demonstration of HSE's performance, including:</p> <ul style="list-style-type: none"> <li>◆ developing stakeholder perspective measures (see pages 10-14) ;</li> <li>◆ developing measures to benchmark the cost effectiveness of its support services; and</li> <li>◆ reviewing targets and performance relating to investigations.</li> </ul>	●

## Performance against the Coalition Priorities for the Department for Work and Pensions

Table 1 reports performance against the HSE led recommendations which feature in the DWP's Business Plan (section 6.2)<sup>64</sup>. Progress is reported monthly on the Number 10 website.

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

**Table 1:** Performance against the Coalition Priorities during 2014/15:

Recommendation	Scheduled End Date	Progress
i. Take forward plans to remove or improve around 84% of health and safety regulations.	Dec 2014	 See page 26.

## Financial performance

HSE has successfully delivered the necessary efficiencies, economies and additional income to meet its SR2010 settlement which represented a 40% real term budget reduction from 2011/12 to 2014/15.

This was the final year of the spending review period and required further in-year budgetary savings (6.7%). HSE's financial management performance shows a net resource budgetary outturn for the year within 1% of budget. Further improvements and economies and efficiencies are being sought through a transformation project, which went live in April 2015, and introduces a Business Partner approach for finance, planning, performance, value for money and business risk.

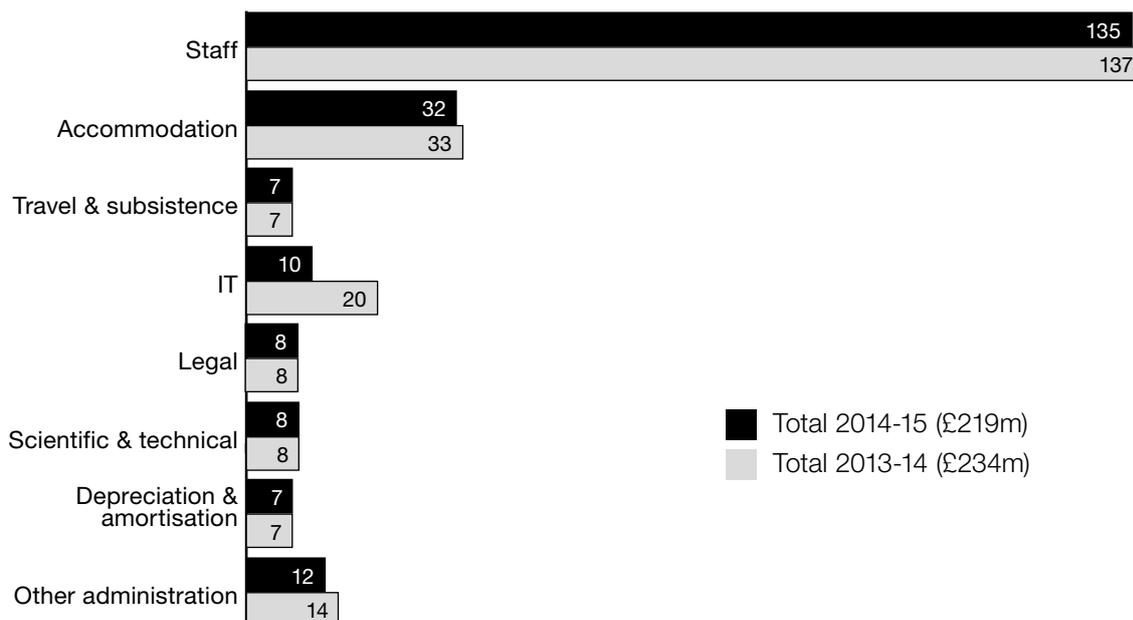
The main elements of the financial strategy delivered in 2014/15 include:

- ◆ Full year savings of £10 million (50%) resulting from the new IS/IT service delivery model introduced as part of the contract with Steria from June 2013.
- ◆ Absorption of inflationary pressures – staff and staff related costs have reduced whilst maintaining delivery of key activities. HSE continues to more than offset the inflationary pressures on its estate (in particular on private finance initiative (PFI) buildings) through sub-letting mainly to Other Government Departments.
- ◆ Income has been retained at £81 million with the movement from last year relating to the expected impact of reduced charges in the Service Management Agreement with the Office for Nuclear Regulation (ONR became a statutory

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

corporation on 1 April 2014 and the accounts and chart below exclude ONR to provide a meaningful comparison). HSL continues to grow its income from external customers (from £11 million to £13 million) and will seek further opportunities going forward whilst sustaining regulatory excellence.

**Figure 21:** Expenditure £ millions

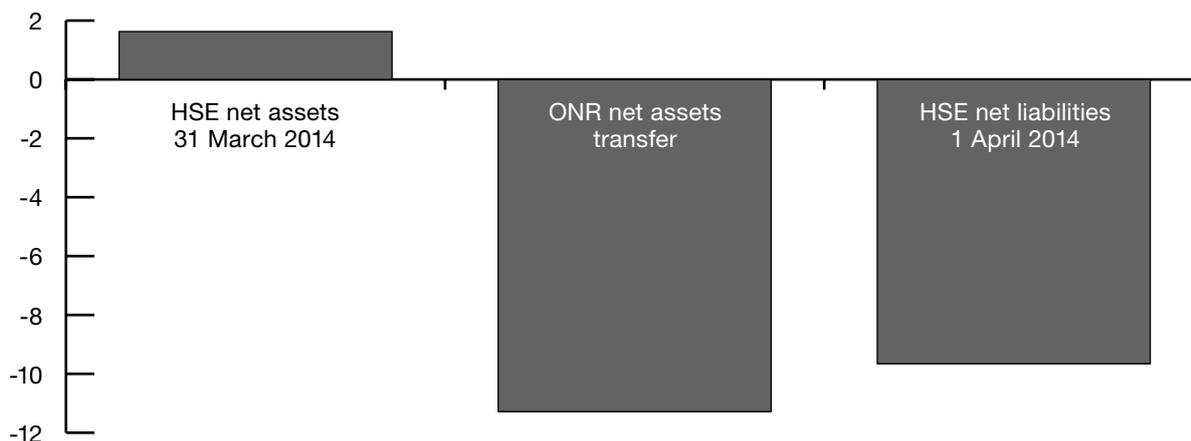


**Change in HSE financial position on the formation of ONR at 1 April 2014**

HSE's net financial position has shifted from a net asset balance of £1.6 million on 31 March 2014 to a net liability position of £9.7 million at 31 March 2015.

This is largely due to the transfer of assets from HSE to ONR on 1 April 2014, principally receivables of £14.5 million and payables of £4 million. The transfer was treated in accordance with the HM Treasury Financial Reporting Manual (FRm). Figure 22 shows how the financial position changed by £11 million between 31 March 2014 and 1 April 2014.

**Figure 22:** Financial position £ millions



## Public accountability

### ***Demonstrating transparency***

In line with the Government's commitment to improve the transparency and accountability of government through accessibility to and use of data, HSE continues to publish a variety of datasets on the data.gov.uk website including monthly expenditure transactions over £25 000<sup>65</sup> and Government Procurement Card transactions over £500<sup>66</sup>. We also continue to:

- ◆ publish the business-related travel and expenses costs of our Chair, HSE Board members, Chief Executive, Deputy Chief Executive and Senior Management Team on the HSE website and all commercial opportunities are published on Contract Finder<sup>67</sup>.
- ◆ publish Fee for Intervention (FFI) invoice information<sup>68</sup> after each invoice run; and
- ◆ identify and publish datasets as part of a programme to develop a National Information Infrastructure. An Information Asset Inventory with both published and unpublished HSE datasets are detailed on data.gov.uk<sup>69</sup>.

In relation to operational data, HSE routinely publishes enforcement information on notices and prosecutions for Great Britain - within its public registers<sup>70</sup>. Statistics relating to HSE (and Local Authority) enforcement activity are also published annually<sup>71</sup>. In addition, statistical information which is judged to be of wider public interest and has been released under the Freedom of Information Act is also updated and published on the HSE website<sup>72</sup>.

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

In 2014/15, HSE received over 4900 FOI requests, of which more than 4500 (92%) were responded to within the 20-day target<sup>73</sup>. Requests received by HSE account for almost 11% of all requests received by the 43 bodies monitored by the Ministry of Justice and we continue to meet their standards for responses.

### ***Complaints***

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

---

65 [data.gov.uk/dataset/financial-transactions-data-dwp-hse](http://data.gov.uk/dataset/financial-transactions-data-dwp-hse)

66 [data.gov.uk/dataset/gpc-financial-transactions-over-500-hse](http://data.gov.uk/dataset/gpc-financial-transactions-over-500-hse)

67 [www.gov.uk/contracts-finder](http://www.gov.uk/contracts-finder)

68 [www.hse.gov.uk/fee-for-intervention/ffi-invoices-oct12-jan15.pdf](http://www.hse.gov.uk/fee-for-intervention/ffi-invoices-oct12-jan15.pdf)

69 [data.gov.uk/feeds/custom.atom?unpublished=true&q=HSE](http://data.gov.uk/feeds/custom.atom?unpublished=true&q=HSE)

70 [www.hse.gov.uk/enforce/prosecutions.htm](http://www.hse.gov.uk/enforce/prosecutions.htm)

71 [www.hse.gov.uk/statistics](http://www.hse.gov.uk/statistics)

72 [www.hse.gov.uk/statistics/adhoc-analysis/index.htm](http://www.hse.gov.uk/statistics/adhoc-analysis/index.htm)

73 This data relates to the number of FOI requests received between 1 April 2014 to 31 March 2015, whereas the latest data published by Ministry of Justice at [www.gov.uk/government/collections/government-foi-statistics](http://www.gov.uk/government/collections/government-foi-statistics) is recorded by calendar year

The Parliamentary and Health Service Ombudsman (PHSO) is responsible for investigating formal complaints made by the public against Government Departments. The data in Table 2 is taken from the latest available PHSO annual analysis of the complaints it received about HSE during 2013/14<sup>74</sup>. No remedial action was required of HSE in respect of the investigation that was partly upheld.

**Table 2:** Complaints received by the PHSO about HSE in 2013/14

<i>Complaints received</i>	<i>Complaints assessed</i>	<i>Complaints resolved through intervention</i>	<i>Complaints accepted for investigation</i>	<i>Investigations upheld or partly upheld</i>	<i>Investigations not upheld</i>
37	6	0	5	1	4

### **Stakeholder involvement**

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

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

HSE seeks to work effectively in partnership with business, trade unions and third party organisations in industries and occupations where there is a higher risk of accidents or ill health. Working with our partners we seek to raise awareness, create behavioural change and influence others to find their own solutions and take ownership for driving forward improvements in health and safety standards. Stakeholder perceptions of HSE are included on pages 10-14 of this Report.

HSE's engagement with the health and safety system is primarily undertaken on an industry sector basis guided by individual sector strategies. These sector strategies provide an evidence-based strategic framework for deploying HSE's resources to proactive work and are the means by which HSE's activities are aligned with delivering of our Strategy *The health and safety of Great Britain* \Be part of the solution. During the year the sector strategies were reviewed and updated in discussion with stakeholders and published on the HSE website<sup>75</sup>.

74 [www.ombudsman.org.uk/improving-public-service/annual-government-performance-information](http://www.ombudsman.org.uk/improving-public-service/annual-government-performance-information)

75 Sector strategies are available to download at [www.hse.gov.uk/aboutus/strategiesandplans/sector-strategies/index.htm](http://www.hse.gov.uk/aboutus/strategiesandplans/sector-strategies/index.htm)

## **Environmental, social and community issues**

### ***Impact assessments***

HSE continues to consider the impact of its policies and intervention techniques on the wider environment through impact assessments (see page 25). For example, the HSE impact assessment into the proposed new COMAH Regulations 2015 (which implement an environmental Directive known as Seveso III) considered the potential wider impacts of major accidents involving dangerous substances and limiting the consequences to both people and the environment.

### ***Administrative apprenticeship programme***

HSE is now in its fourth year of employing apprentices – a core element of the government's drive to improve vocational training and increase access to job opportunities.

Building on the success and popularity of previous apprenticeship programmes, a further 20 apprentices were recruited during 2014/15. Our apprenticeship programme continues to provide quality development opportunities that give people the skills they need to move into regular work or further/higher education at the end of the programme.

### ***Volunteering in the local community***

A wide range of employees across HSE are involved in voluntary activities in roles such as school governors, magistrates, reservists in the armed forces etc. For example, in HSE's Bootle headquarters a group of staff continue to be involved in a voluntary project with children in a local primary school to help them improve their reading ability.

### ***Sustainable development***

HSE seeks to comply with all applicable legal and other relevant requirements that relate to our environmental aspects, official codes of practice and, as far as practicable, accepted best practice in environmental management. HSE's long-term aim is to continually reduce its environmental impact. This has been accelerated as a result of an on-going internal strategy to rationalise and downsize the estate.

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

- ◆ implementing energy saving technologies and initiatives;
- ◆ adopting strategies to minimise the environmental impacts of business travel;
- ◆ using utilities in a responsible and economic way to minimise negative impacts on the environment;
- ◆ managing waste and minimising volumes going to landfill, by re-use and recycling wherever possible;
- ◆ purchasing supplies wherever possible which are recycled and recyclable, and whose production and use minimises the consumption of natural resources;
- ◆ using contractors/suppliers who perform their services in accordance with the government's environmental policy; and

- ◆ completing environmental assessments against all IT alterations and projects, the results of which influence whether the change or project is implemented.

### *Sustainable procurement*

Our sourcing of materials and assets complies with Government Buying Standards and we continue to assess our key suppliers' corporate environmental, social and economic responsibilities to manage supply chain risks, including sustainability. Our latest assessment indicated that our key suppliers have sustainable development policies and management systems in place (including environmental and corporate responsibility targets).

### *Increasing commercial opportunities for Small and Medium Enterprises (SMEs)*

HSE continues to encourage participation in any new commercial opportunities from the SME market.

### *Sustainability report*

Detailed information on HSE's (including HSL) environmental performance can be found in our Sustainability Report at [www.hse.gov.uk/aboutus/reports/sustainability-report-2015.htm](http://www.hse.gov.uk/aboutus/reports/sustainability-report-2015.htm). The Sustainability Report details progress towards improving energy consumption and related reduction in carbon emission, water consumption and waste management which are key areas against which the Government wishes to measure public bodies' environmental performance.

The following table provides a summary of HSE's performance at March 2015 against the Greening Government Commitments (GGC).

**Table 3:** Performance against GGC compared to the baseline year (2009/10) and target (where appropriate)

		<i>2015 Government reduction target<sup>76</sup></i>	<i>Reduction at 31 March 2015<sup>77</sup></i>
	Greenhouse Gas Emissions	25%	26%
	Waste	25%	44%
	Domestic flights	20%	44%
	Water	n/a	23%
	Paper	n/a	13.5%

76 The Office for Nuclear Regulation (ONR), formerly an in-house agency of HSE, became a separate legal entity on 1 April 2014. As such, HSE's baseline data from which the reduction against the respective GGC targets is calculated has been adjusted in line with HMT sustainability reporting guidance

77 Consistent with the footnote above, the reductions reported at March 2015 exclude ONR as appropriate. ONR reports its performance against the GGC targets in its separate 2014/15 Annual Report & Accounts at [www.onr.org.uk/](http://www.onr.org.uk/)

## **Directors' Report**

### ***Composition of HSE's Board***

The names of the Board members are reported in the Remuneration Report (page 52) and the Governance Statement (page 65). As at 31 March 2015, the Board comprised 6 male and 5 female members.

### ***Managing conflicts of interest***

Paragraph 3.2.1 of the Governance Statement refers (page 66).

### ***Pension liabilities***

Details of pension costs are contained in Note 1(13) and Note 3 to HSE's Accounts and in the Remuneration Report (pages 57-59).

## **Our workforce**

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

### ***Recruitment***

Recruitment into HSE is conducted in line with the Civil Service Commissioners' Recruitment Code. We operate systems and procedures that meet the Code and ensure that recruitment is carried out on the basis of fair and open competition and selection on merit. The systems and procedures are subject to periodic internal and external audits (the most recent being in 2013) in addition to the annual completion of a self-assessment return to the Office of the Civil Service Commission. The Code requires departments to publish summary information about their recruitment and the use of permitted exceptions to the principles of fair and open competition and selection on merit.

HSE continued to operate a general recruitment freeze announced by the Civil Service, except for a small number of permitted dispensations to deliver or support priority operational work.

## Staffing

**Table 4:** Total HSE (including HSL) staff in post by full-time equivalents (FTE) and occupational group

<i>Occupational group</i>	<b>31 March 2015</b>	<b>1 April 2014 (excludes ONR<sup>78</sup>)</b>	<b>31 March 2014 (includes ONR)</b>	<b>31 March 2013</b>
Frontline staff (of which are frontline inspectors) <sup>79</sup>	1047 (972)	1059 (981)	1294 (1216)	1322 (1241)
Inspectors working in functions other than frontline	66	70	102	126
Other professional or specialist staff	1086	1111	1260	1268
Other staff (of which are apprentices <sup>80</sup> )	375 (18)	381 (3)	425 (3)	459
Contingent labour <sup>81</sup>	1	0	0	8
<b>Total staff<sup>82</sup></b>	<b>2575</b>	<b>2621</b>	<b>3081</b>	<b>3183</b>

## Review of tax arrangements of public sector appointees

As part of the *Review of tax arrangements of public sector appointees* published by the Chief Secretary to the Treasury in May 2012, departments and their arm's length bodies are required to publish information in relation to the number of off-payroll engagements.

Tables 5-7 indicate the number of off-payroll arrangements HSE has had in place.

**Table 5:** For all off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months

	<i>Number</i>
<b>Number of existing engagements as of 31 March 2015</b>	<b>1<sup>83</sup></b>
Of which:	
Number that have existed for less than one year at time of reporting	1
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

78 ONR became an independent statutory public corporation on 1 April 2014

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

80 The total number of apprentices recruited within HSE during 2014/15 can be found on page 43

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

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

83 The engagements recorded in Tables 5 and 6 relate to one person

**Table 6:** for all new off-payroll engagements, or those that reached six months in duration between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months

	<i>Number</i>
<b>Number of new engagements, or those that reached six months duration between 1 April 2014 and 31 March 2015</b>	<b>1</b>
Number of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	1
Number for whom assurance has been requested	1
Of which:	
Number for who assurance has been received	1
Number for whom assurance has not been received	0
Number that have been terminated as a result of assurance not being received	0

**Table 7:** For any off-payroll engagement of board members, and/or, senior officials with significant financial responsibility, between 1 April 2014 and 31 March 2015

	<i>Number</i>
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0 <sup>84</sup>
Number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility, during the financial year. This figure includes on-payroll engagements.	5 <sup>85</sup>

### ***Equality and diversity***

HSE's Dignity at Work statement is that we are committed to provide equal opportunities for all, irrespective of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (this includes ethnic or national origins, colour and nationality), religion or belief, sex, sexual orientation or working patterns.

All HSE policies for recruitment, retention and development of staff aim to create an inclusive culture in which this diversity is fully valued. Progress against our action plan is monitored by senior management, trade unions and four diversity networks, through HSE's Diversity Steering Group.

Disabled people are employed in all grades in HSE offices across Britain with diversity incorporated through all training, career development and management processes. Our occupational health support package is a key tool in helping staff with long term conditions and disability in the workplace.

- 84 As disclosed in the Remuneration Report, Board Member Paul Kenny's reimbursement of salary and expenses is paid direct to his employer (GMB Trade Union) who have responsibility for reporting any tax liability. It is not paid direct to him and as such has not been disclosed here
- 85 The five individuals comprise the Chief Executive (Accounting Officer), Deputy Chief Executive, Acting Deputy Chief Executive, Director of Finance, Planning and Procurement, and the Chief Executive of HSL respectively

We demonstrate our commitment to the Public Sector Equality Duty by publishing diversity survey statistics for staff in post on our website<sup>86</sup>, including gender statistics for Senior Civil Servants. As at 31 March 2015, the Senior Management Team consisted of 8 male and 3 female members.

### ***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:

- ◆ supported the Civil Service Capabilities plan and its four priority areas, as well as several cross-government leadership/development programmes;
- ◆ continued to support the professional development of inspectors, through the Regulators Training Programme for new regulatory/specialist inspectors, leading to a Diploma in Regulatory Occupational Health and Safety awarded by NEBOSH; and provision of technical and legal courses;
- ◆ continued to improve the capability of HSE staff by promoting the self-assessment competency toolkit, encouraging staff to take their five days mandatory learning;
- ◆ supported attendance at leadership master classes and face-to-face courses: Working with Others and Recognising and Improving Performance, which were both well attended; and
- ◆ developed and launched a coaching and mentoring framework aimed at providing support to newly appointed line managers. In addition, all newly appointed Band 1 staff are offered the support of a qualified leadership coach from either HSE's coaching community or the Civil Service Learning coaching database.

### ***Employee health and safety***

HSE recognises that as an organisation which regulates health and safety in other workplaces, we must lead by example. We attach great importance to ensuring the continued health, safety and welfare of our staff.

HSE's Senior Management Team leads on improving health and safety and monitors progress regularly.

In 2014/15 we:

- ◆ changed our approach to recording and monitoring incidents against historical data to enable greater transparency and determine trends;
- ◆ continued to develop and support key staff who manage the risks associated with the use of display screen equipment;
- ◆ carried out a detailed review of all ill health cases submitted for work related stress to gain a greater understanding of the contributory factors;
- ◆ piloted a lone worker protection system; and
- ◆ revised our internal guidance for working with ionising radiation, the use of respiratory protective equipment and the management of stress.

HSE reported three incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).

**Table 8:** Health and safety incidents in HSE during 2014/15

<i>Category</i>	<b><i>Reported incidents in 2014/15(p)</i></b>	<i>Reported incidents in 2013/14</i>	<i>Reported incidents in 2012/13</i>
<b>Number of work-related incidents leading to major injuries over-7-day absences, including:</b>	<b>4</b>	1	2
Work-related slip or trip incidents leading to major injuries or over 7-day absences	<b>2</b>	1	1
Work-related road traffic incidents leading to major injuries or over 7-day absences	<b>0</b>	0	0
<b>Number of work-related ill health incidents, including:</b>	<b>52</b>	68	33
Display screen equipment (DSE) related ill health	<b>10</b>	16	9
Work-related stress (WRS) ill health	<b>35</b>	45	19

### ***Employee involvement***

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

- ◆ a comprehensive structure of joint consultative forums, including a National Whitley Committee, a network of Local Whitley Committees in each region and sub-committees addressing specific issues such as health and safety and estates management;
- ◆ four staff network groups, which have been key partners in taking forward equality and diversity within HSE;
- ◆ a regular programme of senior management visits to all HSE offices to hold open meetings on topic issues and invite feedback from staff; and
- ◆ HSE participation in the annual, Civil Service-wide staff engagement survey, which indicated that our engagement level remained at 50% in 2014. The survey results and next steps have been communicated to all staff and trade unions and a series of presentations provided to senior managers to help action planning on issues identified in the survey.

The engage programme was established in early 2014 to deliver improvements across HSE in a number of key areas, including priorities identified by staff in the 2013 People Survey and others that emerged from the Triennial Review. During 2014/15 a number of initiatives and actions have been taken forward to help drive improvements in leadership and management; how we work and how we communicate and engage with our staff, including the introduction of:

- ◆ a Band 1 managers' forum, providing key business updates, supported by team talk – a briefing aid to help facilitate discussion at local level;

- ◆ a coaching and mentoring programme for Band 1 and Band 2 staff;
- ◆ high performing team workshops, aimed at improving consistency in the performance management process;
- ◆ 'IT labs' to assist staff with some of the most common IT issues; and
- ◆ engagement workshops led by HSE's Chief Executive, which provided the opportunity for staff to contribute their views about the organisation and hopes for the future.

### ***Sickness absence***

The provisional 2014/15 figure for average working days lost is 7.5 per FTE in comparison to 6.7 per FTE in 2013/14.

The increase in 2014/15 has prompted HSE to further review its approach to attendance management. We are currently implementing strengthened arrangements which focus on more consistent application and awareness of attendance policies across all parts of the organisation; and by equipping managers to be even more proactive in supporting and motivating staff to attend work.

### ***Protected personal data related incidents***

There were no reportable incidents of lost protected personal data that required formal reporting to the Information Commissioner's Office in 2014/15.

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

### ***Significant lapses of protective security***

There were no significant lapses recorded during 2014/15.

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

- ◆ internal communications reminding staff of their responsibilities and requirement to complete the *Responsible for information* training on the Civil Service Learning portal;
- ◆ raising the education and awareness of Information Asset Owners;
- ◆ assessment and improvement of security measures against the *10 steps to cyber security* guidance produced by the Department for Business Innovation and Skills, Government Communications Headquarters and the Centre for the Protection of National Infrastructure. Overall, HSE continues to manage cyber risks effectively and proportionately and in line with government standards; and
- ◆ HSE received re-certification from the Government Digital Service as a Public Service Network (PSN) compliant organisation in February 2015.

Oversight of information assurance and security matters is maintained by:

- ◆ an annual report to the HSE Board;
- ◆ quarterly security briefings to the Senior Information Risk Owner;
- ◆ updates to the HSE Audit Committee;
- ◆ regular meetings of the Information Asset Owners Forum; and
- ◆ annual Letters of Assurance to the HSE Accounting Officer which require evidence from SMT members of the management of security and risks to information assets.

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

Note 21 of the Accounts refers.

### ***Future developments***

Examples of work to be undertaken in 2015/16, as HSE's contribution to improving the health and safety performance of Great Britain, include:

- ◆ focussing on key health risks, including respirable crystalline silica, asbestos and asthmagens and carcinogens during our proactive inspections;
- ◆ working with dutyholders to implement revised EU regulations in both on and offshore major hazard industries and embedding the new Construction (Design and Management) Regulations;
- ◆ continuing to update and refresh our guidance so that it is clear and easy to understand; and
- ◆ working with the Scottish Government and other stakeholders to see how we better respond to health and safety needs in Scotland from within a reserved GB-wide HSE.

### ***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 77-78. The cost of the audit work was £93 000, which related solely to audit services

### ***Director's statement***

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

### **Dr Richard Judge**

Chief Executive  
Health and Safety Executive  
Accounting Officer  
2 June 2015

## Management

If the Chair leaves the Executive other than on the expiry of her term of office, and it appears to the Secretary of State that there are special circumstances that justify the payment of compensation, a payment can be made as determined by the Secretary of State, with Treasury approval.

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

## Remuneration policy

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

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

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

## Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise. All senior officials are established members of the Senior Civil Service (SCS) and subject to standard Cabinet Office terms and conditions. None receives any predetermined compensation on termination of office.

Details of the service contracts for Board members who have served during the year, and the Chief Executive, are as shown in Table 9. In respect of appointments which are open-ended, early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

<i>Name</i>	<i>Date of contract</i>	<i>Unexpired term as at 31 March 2015</i>	<i>Notice period</i>
<b>Board members</b>			
Judith Hackitt CBE	1 October 2012	1 year	N/A
Martyn Thomas CBE	1 October 2014	4 years 6 months	N/A
Nick Baldwin	4 April 2011	4 years <sup>87</sup>	N/A
Isobel Garner	1 April 2012	2 years	N/A
David Gartside	1 April 2014	Left 10 October 2014	N/A
Paul Kenny	1 October 2013	1 year 6 months	N/A
Frances Outram	1 October 2013	1 year 6 months	N/A
Sarah Pinch	1 February 2015	4 years 10 months	N/A
Professor Richard Taylor	1 April 2014	Left 30 September 2014	N/A
Sarah Veale CBE	1 October 2012	6 months	N/A
Jonathan Baume	1 April 2013	1 year	N/A
George Brechin OBE	1 April 2013	1 year	N/A
John Morgan	1 May 2013	1 year	N/A
<b>Chief Executive</b>			
Dr Richard Judge	10 November 2014	Open ended	N/A
Kevin Myers CBE (Acting Chief Executive)	1 September 2013	Until 9 November 2014	N/A
<i>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.</i>			

**HSE Board**

The composition of the Board during the year is referred to within the Governance Statement on page 65.

87 From 1 April 2014 Nick Baldwin attends the HSE Board as an ONR representative

## Salary and pension entitlements

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

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

### Single total figure of remuneration

	Salary (£'000)	Bonus payments (£'000)	Taxable expenses and other benefits in kind to nearest £100	Pension benefits (to nearest £'000) <sup>88</sup>	Total (£'000)					
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14		
<b>Chief Executive and Deputy Chief Executive</b>										
Dr Richard Judge <sup>89</sup>	<b>55-60</b> (160-165 full year equivalent FYE)	-	-	-	-	-	<b>8 000</b>	-	60-65	-
Kevin Myers CBE <sup>90</sup>	<b>135-140</b>	130-135	<b>10-15</b>	10-15	<b>18 800</b>	21 900	<b>96 000</b>	83 000	<b>265-270</b>	245-250
Eddie Morland <sup>91</sup>	<b>70-75</b> (130-135 FYE)	-	-	-	<b>2 300</b>	-	<b>60 000</b>	-	<b>135-140</b>	-
Geoffrey Podger CB <sup>92</sup>	-	90-95 (170-175 FYE)	-	10-15	-	10 300	-	(29 000)	-	70-75
Gordon MacDonald <sup>93</sup>	-	55-60 (100-105 FYE)	-	-	-	-	-	110 000	-	165-170
David Ashton <sup>94</sup>	<b>75-80</b> (100-105 FYE)	5-10 (100-105 FYE)	-	-	-	-	<b>40 000</b>	(13 000)	<b>115-120</b>	(0-5)

88 The value of pension benefits accrued during the year is calculated as: the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual

89 Dr Richard Judge was appointed Chief Executive from 10 November 2014

90 Kevin Myers was Acting Chief Executive from 1 September 2013 until 9 November 2014 and Deputy Chief Executive to 31 August 2013 and from 10 November 2014

91 Eddie Morland was appointed Acting Deputy Chief Executive from 22 September 2014 to 31 March 2015

92 Geoffrey Podger was Chief Executive until 31 August 2013 and his salary includes payment of £19 322 in lieu of untaken annual leave

93 Gordon MacDonald was Deputy Chief Executive from 1 September 2013 until 14 March 2014 and his salary includes payment of £1579 in lieu of untaken annual leave

94 David Ashton was Deputy Chief Executive from 10 March 2014 until 4 January 2015

	Salary (£'000)		Bonus payments (£'000)		Taxable expenses and other benefits in kind to nearest £100		Total excluding pension benefits £'000	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Judith Hackitt CBE	<b>105-110</b>	115-120	<b>5-10</b>	5-10	<b>1 110</b>	800	<b>115-120</b>	120-125
Nick Baldwin <sup>95</sup>	-	55-60	-	-	-	5 900	-	60-65
Isobel Garner	<b>15-20</b>	15-20	-	-	<b>400</b>	300	<b>15-20</b>	15-20
David Gartside <sup>96</sup>	<b>5-10</b>	15-20	-	-	<b>300</b>	600	<b>5-10</b>	15-20
Paul Kenny <sup>97</sup>	<b>15-20</b>	15-20	-	-	-	-	<b>15-20</b>	15-20
Frances Outram	<b>15-20</b>	15-20	-	-	<b>1 800</b>	1 600	<b>15-20</b>	15-20
Sarah Pinch <sup>98</sup>	<b>0-5</b>	-	-	-	<b>100</b>	-	<b>0-5</b>	-
Howard Shiplee <sup>99</sup>	-	0-5	-	-	-	-	-	0-5
Martyn Thomas CBE <sup>100</sup>	<b>5-10</b>	-	-	-	<b>300</b>	-	<b>5-10</b>	-
Professor Richard Taylor <sup>101</sup>	<b>5-10</b>	15-20	-	-	<b>300</b>	500	<b>5-10</b>	15-20
Sarah Veale CBE	<b>15-20</b>	15-20	-	-	<b>500</b>	400	<b>15-20</b>	15-20
Jonathan Baume	<b>15-20</b>	15-20	-	-	<b>400</b>	1 400	<b>15-20</b>	15-20
George Brechin OBE	<b>15-20</b>	15-20	-	-	<b>1 100</b>	900	<b>15-20</b>	15-20
John Morgan	<b>15-20</b>	10-15	-	-	<b>900</b>	200	<b>15-20</b>	10-15

*HSE makes a contribution to Judith Hackitt's private pension arrangements disclosed in Table 11. There are no pension benefits for remaining Board members.*

## Salary

'Salary' includes gross salary; performance pay; overtime; reserved rights to London weighting or London allowances; and recruitment and retention allowances. A performance-related bonus is paid to qualifying members of the Senior Civil Service. The value of the bonus is dependent on a number of factors and is subject to the total amount of available funds. For the reporting period the total value of the funds available for SCS bonuses was 3.3% of the total SCS pay bill. This presentation is based on payments made in-year by HSE to those in Table 10.

95 Nick Baldwin attends the HSE Board as a representative of ONR who pay his salary and expenses

96 David Gartside's appointment ended 10 October 2014

97 Paul Kenny's reimbursement of salary and expenses is paid direct to his employer (GMB Trade Union), who have responsibility for reporting any tax liability

98 Sarah Pinch's appointment commenced 1 February 2015

99 Howard Shiplee's appointment ended 30 April 2013

100 Martyn Thomas's appointment commenced 1 October 2014

101 Professor Richard Taylor's appointment ended 30 September 2014

***Allowances, taxable expenses and benefits in kind (this information is subject to audit)***

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. These benefits for Board members include travel and subsistence payments associated with home to office travel, as appropriate. Any ensuing tax liability is met by HSE. The benefits in kind in respect of Kevin Myers and Eddie Morland include their use of HSE's private vehicle user scheme (£1996 and £2342 respectively).

***Bonuses***

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2014-15 are based on 2013-14 performance and comparative bonuses for 2013-14 are based on 2012-13 performance.

***Pay multiples***

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

The banded remuneration of the highest-paid director in HSE in the financial year 2014-15 was £170-175 000 (2013-14, £165-170 000). This was 4.5 times (2013-14, 4.3) the median remuneration of the workforce, which was £38 058 (2013-14, £38 500).

In both 2014-15 and 2013-14, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £18 294 to £172 500 (2013-14, £17 103 to £167 500).

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

## Pension benefits

**Table 11:** Pension benefits - Chair, Chief Executive and Deputy (this information is subject to audit)

	<i>Accrued pension and lump sum at pension age as at 31/3/15</i>	<i>Real increase in pension and related lump sum at pension age</i>	<i>CETV<sup>102</sup> at 31/03/15</i>	<i>CETV at 31/03/14</i>	<i>Real increase in CETV</i>	<i>Employer contribution to partnership pension scheme</i>
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Judith Hackitt CBE	-	-	-	-	-	26 700
Dr Richard Judge	55 - 60 Nil lump sum	0 - 2.5 Lump sum no increase	904	890	5	-
Kevin Myers CBE	65 - 70 plus lump sum of 205 - 210	2.5 - 5 plus lump sum of 12.5 - 15	1 602	1 419	97	-
Eddie Morland	85 - 90 Nil lump sum	2.5 - 5 Lump sum no increase	1 601	1 473	53	-
Geoffrey Podger CB	-	-	-	1 920	-	-
Gordon MacDonald	-	-	-	590	-	-
David Ashton	50 - 55 plus lump sum of 95 -100	0 - 2.5 plus lump sum of 0 - 2.5	1 158	1 068	39	-

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

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

### Civil Service pensions (CSP)

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

opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for **classic** and 3.5% and 8.85% for **premium, classic plus** and **nuvos**. Increases to employee contributions apply from 1 April 2015. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

New Career Average pension arrangements were introduced from 1st April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details are available at [www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha](http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha)

### **Cash equivalent transfer values**

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

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

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

### **Real increase in CETV**

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

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

Fees and expenses amounting to £7 502 (2013-14, £7 509) were paid to the independent members of the Audit Committee as shown in Table 12.

**Table 12:** Honoraria and expenses paid to independent members of the Audit Committee

	<i>2014-15</i> <i>Total honoraria and expenses</i> <i>£'000</i>	<i>2013-14</i> <i>Total honoraria and expenses</i> <i>£'000</i>
Graham Aitken	4	4
Kash Pandya	4	4

### **Dr Richard Judge**

Chief Executive  
Health and Safety Executive  
Accounting Officer  
2 June 2015

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

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

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

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

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

## 1 Introduction

- 1.1 The Governance Statement (GS) provides an overview of the arrangements for the stewardship of HSE, the systems of internal control employed and the key risks HSE faced in 2014/15 and their management. The arrangements include HSL, except where stated otherwise.

## 2 HSE's Governance Framework

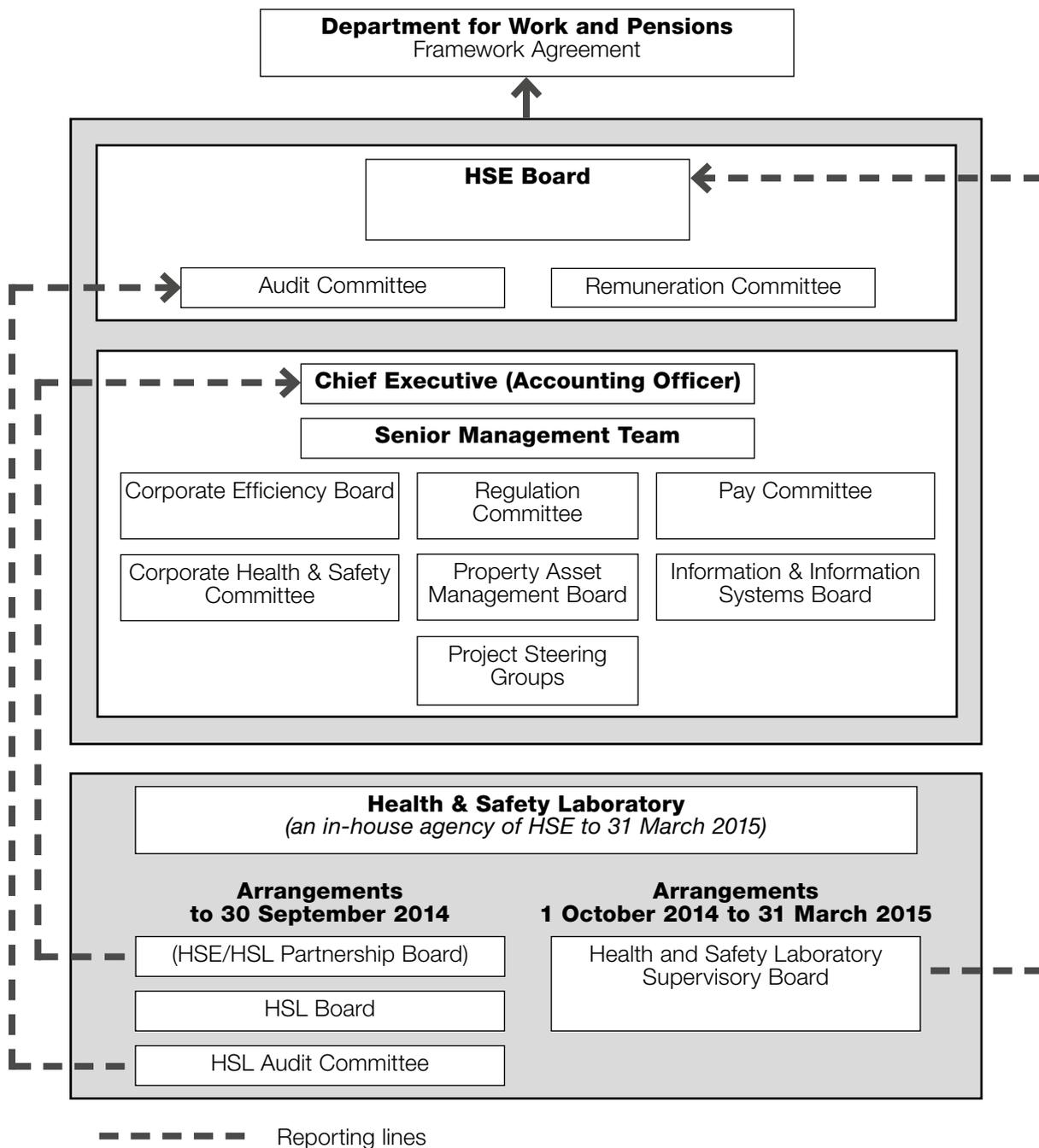
### ***Key change to the Framework in 2014/15***

- 2.1.1 Consistent with the decision to establish an HSL Supervisory Board (see Figures 23 and 24), the HSE Board determined that, from 1 October 2014, HSL should be more closely integrated within HSE's governance framework and oversight. Other key actions supporting this change included:
- ◆ dissolving the HSL Board, with its oversight function passing to the HSE Board;
  - ◆ ending the delegated HSL Accounting Officer function and returning it to the HSE Accounting Officer's remit and dispensing with the internal requirement for HSL to prepare a separate annual report and accounts;
  - ◆ dissolving HSL's Audit Committee and integrating its remit into that of the HSE Audit Committee and extending HSE's internal audit arrangements to HSL; while,
  - ◆ retaining HSL's status as in-house agency of HSE and its Chief Executive post.

The relevant changes are reflected in Figure 23.

- 2.1.2 Following further review, the arrangements above ended on 31 March 2015 – including cessation of the HSL Supervisory Board. From 1 April 2015, HSL, while retaining its name and functions, became the major part of HSE's new Science Directorate and thus integrated fully within HSE's governance framework arrangements.

**Figure 23:** Governance Framework



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

- 2.2.1 HSE remains primarily accountable to DWP and its Ministers for its use of resources and performance. The arrangements between the Department and HSE within which corporate governance operates are set out in a Framework Document<sup>103</sup>.
- 2.2.2 DWP formally exercises its stewardship of HSE through quarterly meetings of a Sponsorship Board at which senior officials from both bodies review HSE's operational and financial performance, key risks and emerging issues. Additionally, HSE submits monthly data to DWP on its forecasts for and use of resources and quarterly on its operational performance for inclusion in DWP Executive Team reports.
- 2.2.3 Meetings also take place between the Minister with responsibility for oversight of HSE and the Chair and Chief Executive.

### **2.3 Governance within HSE**

- 2.3.1 HSE ensures its governance arrangements are routinely kept under review and updated consistent with good practice. Figure 24 summarises how governance within HSE currently operates. As highlighted in our 2013/14 Annual Report and Accounts, the Office for Nuclear Regulation (ONR), formerly an in-house agency of HSE, became a separate legal entity on 1 April 2014. It is, therefore, no longer part of HSE's governance framework.

**Figure 24:** How HSE governance operates

#### *Corporate governance*

##### **The HSE Board – Primary purpose is to:**

- i) Provide strategic clarity – sets the vision and establishes the strategic aims and objectives for the overall health and safety system and for HSE, consistent with any policy or resources framework determined by the Secretary of State;
- ii) Approve a business plan that takes forward the implementation of its strategy, approving the broad allocation of resources within the plan, scrutinising progress towards achieving the plan, setting the risk appetite for the organisation and ensuring appropriate controls are in place;
- iii) Formulate advice to Ministers on specific policies, policy proposals, regulations and submitting proposals for the making of regulations;
- iv) Consider the health and safety performance in Great Britain and within specific sectors, occupations and processes and the effectiveness and efficiency of HSE's interventions;
- v) Assure itself that appropriate succession and capability planning is taking place, including selection and recommendations for appointment of the Chief Executive; and
- vi) Support the Accounting Officer in his obligation to ensure the proper conduct of the business.

#### *Operational governance*

**Accounting Officer (AO)** – The AO for HSE is the Chief Executive (CE) who may be called to account to Parliament for the stewardship of the resources within HSE's control.

For the year to 9 November 2014, Kevin Myers acted as HSE's CE and AO. From 10 November 2014, Dr Richard Judge took up post as the substantive CE and AO.

The membership of HSE's **Senior Management Team (SMT)** – Chaired by HSE's CE - can be viewed at [www.hse.gov.uk/aboutus/hseboard/index.htm](http://www.hse.gov.uk/aboutus/hseboard/index.htm)

The SMT is responsible for implementing HSE's strategy, policies and operational programmes. It also advises the Board on all key issues through the CE.

The SMT meets formally once a month, supplemented by regular videoconferences and supported by the following:

**Corporate Efficiency Board** – Considers all significant expenditure cases and ensures compliance with government spending controls.

It comprises the Deputy Chief Executive (Chair), Director of Finance and Deputy Director of Human Resources (HR).

**Corporate governance**

The Chair and members are all non-executive directors, appointed by the Secretary of State and are drawn from a wide range of backgrounds, skills and expertise. Further details about the board members can be viewed at [www.hse.gov.uk/aboutus/hseboard/index.htm](http://www.hse.gov.uk/aboutus/hseboard/index.htm)

The Board continues to have a prescribed structure with three employee, three employer, one local authority and two independent representatives.

The Board meets formally ten times per annum. As part of its policy of openness, the Board endeavours to conduct as much of its business in public as is possible. Agendas, papers and minutes of public Board meetings are available at [www.hse.gov.uk/aboutus/meetings/meetings/index.htm](http://www.hse.gov.uk/aboutus/meetings/meetings/index.htm)

The Board's role and responsibilities are set out in a Board Operating Framework document. Further details are provided in sections 3–5 of this governance statement.

**Committees of the Board**

**Audit Committee** – met four times in 2014/15. It assists the HSE Board and Accounting Officer in meeting their responsibilities in the areas of: internal control and management of risk; propriety, financial discipline, accountability and value for money in the use of public funds; the integrity of financial statements; and effective governance – including, from 1 October 2014, assimilating the function of HSL's Audit Committee. It reports to the Board and is chaired by a non-executive director of the HSE Board. The Committee comprises two non-executive directors of the HSE Board (including its Chair) and two independent external members.

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

**Remuneration Committee** – Determines pay strategy, in line with Cabinet Office guidance, for the Chief Executive and Deputy Chief Executive. It also ensures that appropriate succession planning arrangements are in place – paying particular attention to SMT-level appointments, including in HSL.

It comprises HSE's Chair (who chairs the Committee), two non-executive directors of the HSE Board (one of whom is the Vice Chair of the Committee) and the Permanent Secretary (DWP).

**Reporting to the Board**

**The HSL Supervisory Board:** from 1 October 2014 to 31 March 2015, fulfilled the principal challenge function on behalf of the HSE Board, with regard to HSL's operational and financial performance. While it reported progress to HSE's Board, it was not a formally constituted committee of the Board, being chaired by HSE's CE. In addition, it comprised two HSE non-executive directors, HSL's CE (who remains a member of HSE's SMT) and other HSE/HSL senior officials (paragraph 2.1.2 confirms the dissolution of this Board on 31 March 2015).

**Operational governance****Corporate Health and Safety**

**Committee** – Promotes the safety and well-being of HSE's employees, contractors and visitors.

It comprises HSE's Chief Executive (Chair), the Deputy Director of HR, HSL's Chief Executive and three other senior officials from its operational directorates and Business Services Division and Trade Unions-side representatives.

**Information and Information**

**Systems Governance Board** – Drives implementation of HSE's Information and Information Systems Strategy. It comprises HSE's Deputy Chief Executive (Chair), members of its SMT from operational, policy and finance directorates and its Head of Business Services Division.

**Pay Committee** – Determines pay strategy for senior civil servants, other than the Chief Executive and Deputy Chief Executive.

It comprises HSE's Chief Executive, Deputy Chief Executive, Deputy Director of HR and a non-executive director of the HSE Board.

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

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

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

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

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

### 3 HSE Board attendance

3.1.1 Figure 25 sets out the number of meetings the HSE Board and its principal committees held during 2014/15 and individual attendance by Board and committee members at these meetings.

**Figure 25:** Board and Committee attendance - 2014/15

<i>Name</i>	<i>HSE Board</i>		<i>Audit Committee</i>		<i>Remuneration Committee</i>	
	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>
Chair: Judith Hackitt CBE	10	9	-	-	1(C)	1
David Gartside <sup>104</sup>	5	4	2(C)+1	3	-	-
Paul Kenny	10	8	-	-	-	-
Frances Outram	10	9	2(C)+2	4	1	1
Jonathan Baume	10	10	-	-	-	-
John Morgan	10	10	-	-	-	-
George Brechin OBE	10	10	-	-	-	-
Professor Richard Taylor <sup>105</sup>	4	4	-	-	-	-
Sarah Veale CBE	10	10	-	-	-	-
Isobel Garner <sup>106</sup>	10	9	1	1	1	1
Nick Baldwin	10	9	-	-	-	-
Martyn Thomas CBE <sup>107</sup>	6	6	-	-	-	-
Sarah Pinch <sup>108</sup>	2	2	-	-	-	-
<i>Independent members</i>						
Kash Pandya	-	-	4	4	-	-
Graham Aitken	-	-	4	4	-	-
A - Maximum number of meetings the member could have attended. B - Number of meetings the member attended. C - Committee Chair.						

104 David Gartside's appointment ended on 10 October 2014

105 Professor Richard Taylor's appointment ended on 30 September 2014

106 Isobel Garner was appointed to the Audit Committee on 10 October 2014

107 Martyn Thomas's appointment commenced on 1 October 2014

108 Sarah Pinch's appointment commenced on 1 February 2015

### 3.2 **Managing conflicts of interest**

- 3.2.1 Board members and the independent members of the Audit Committee have a duty to update any changes to their register of interests<sup>109</sup>. As well as their own proactive notifications, Board members are actively reminded on annual basis to review and update their register.
- 3.2.2 The Board's Operating Framework documents the process to be followed should a Board member identify a potential conflict of interest. On receipt of the papers for a Board meeting, members consider their contents and are required to alert the Chair to any potential conflicts of interest. Given the specific backgrounds from which Board members are appointed, the only conflicts that are considered to debar a member from taking part in a discussion are where there is a material financial interest. There were no instances in 2014/15.

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

### 4.1 **HSE Board**

- 4.1.1 The HSE Board's work in 2014/15 has focused broadly on four key areas:
- ◆ continuing oversight of the extensive programme of work to streamline and simplify the regulatory framework to make health and safety legislation easier to understand;
  - ◆ setting the strategic direction for HSE's three to five year business plan and providing the strategic steer for Britain's health and safety system;
  - ◆ exercising the governance of HSE; and
  - ◆ over-seeing the actions to deliver the HSE-led recommendations in the Triennial Review report.

#### ***Simplification of the regulatory framework***

- 4.1.2 A key part of the Board's activity in 2014/15 continued to be oversight of the programme of significant regulatory reform arising from the review *Reclaiming health and safety for all: An independent review of health and safety legislation* (November 2011), undertaken by Professor Ragnar Löfstedt.
- 4.1.3. The Board continued to focus HSE's effort on making it easier for businesses both to understand and comply with the law without reducing the protection of workers and the public. Examples of the Board's input included:
- ◆ overseeing the transposition into law of two important EU Directives for Offshore Safety and Seveso III with HSE playing a significant role in negotiating to maintain current standards, a position supported by industry;
  - ◆ overseeing the implementation of the Construction (Design and Management) Regulations 2015; the consolidation of all regulations for the mining sector

---

109 [www.hse.gov.uk/aboutus/hseboard/biographies/board.htm](http://www.hse.gov.uk/aboutus/hseboard/biographies/board.htm)

into the goal-setting Mines Regulations 2014; and the Genetically Modified Organisms (Contained Use) Regulations 2014, which also consolidated a number of regulations for this sector;

- ◆ oversight of the revision and republication of fourteen Approved Codes of Practice by the end of 2014 and withdrawal of three; and
- ◆ considering the proposed Health and Safety at Work etc. Act 1974 (General Duties of Self-Employed Persons) (Prescribed Undertakings) Regulations prior to consultation and subsequently providing advice to the Minister responsible for HSE on the outcome of consultation.

### ***Providing the strategic steer for HSE's continuance as an effective and proportionate regulator within Britain's health and safety system***

4.1.4 The Board provided the leadership and strategic direction for HSE's core regulatory activities of inspection, incident investigation and enforcing the law; and for progressing work to grow a greater level of commercial activity. During 2014/15, the Board's actions included:

- ◆ commissioning an Independent Review of Fee for Intervention (FFI)<sup>110</sup> which concluded that, overall, FFI was working well and fulfilled its policy intention. The FFI appeals process was also reviewed with changes introduced to simplify and improve transparency of the process;
- ◆ considering a report<sup>111</sup> commissioned by DWP for the Minister for Disabled People which provided him with assurance regarding HSE's approach to negotiating and implementing EU legislation;
- ◆ supporting the work to establish an independent expert advisory group on workplace health, having evaluated how HSE should maintain and update its understanding of developments in occupational health knowledge, research and practice; and
- ◆ exercising particular oversight of HSE's aim to improve the timely completion of HSE-led fatal incidents – including receiving specific updates on obstacles to speedier close-out and the mitigating action being taken to develop and embed more effective working practices.

### ***Commercial growth***

4.1.5 The Board established a group to steer the development of HSE's plans for commercial growth alongside securing HSE's future as a modern, effective, independent and respected regulator, which includes:

- ◆ agreeing HSE's future direction, incorporating increased commercial activity and its primary business of being an effective and independent regulator - and one which, where legislation allows, more effectively recovers its costs;
- ◆ considering a detailed Business Plan for 2015/16 (a link to the plan is provided on page 8); and
- ◆ agreeing a new governance structure whereby the Board is able to more

---

110 [www.hse.gov.uk/fee-for-intervention/independent-ffi-review-panel-final-report-2014.pdf](http://www.hse.gov.uk/fee-for-intervention/independent-ffi-review-panel-final-report-2014.pdf)

111 [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/367410/hse-implementing-european-legislation.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/367410/hse-implementing-european-legislation.pdf)

effectively oversee the growth of HSE's commercial activity and deliver greater integration of HSL into HSE (see also section 2).

### ***Maintaining effective governance***

4.1.6 The Board continued to exercise oversight of HSE's governance arrangements including, where appropriate, seeking improvement consistent with published good practice. Actions taken in 2014/15 included:

- ◆ ensuring the operation of the Board was in accordance with good governance principles as outlined in the HM Treasury Code of Corporate Governance – confirmed as part of the 2013/14 Triennial Review of HSE (see section 6 of this Statement);
- ◆ ensuring the continued implementation of HSE's financial strategy through scrutiny of HSE's financial performance at all Board meetings, gaining assurance that HSE's income and expenditure forecasts were on track and underpinning actions remained consistent with its financial strategy;
- ◆ reviewing and challenging operational performance and risks to delivery on a quarterly basis, ensuring that key activities and milestones were on track as specified in the Board's 2012–15 Business Plan; and steering development and implementation of a new performance management framework for the organisation; and
- ◆ maintaining oversight of and high-level input to the engage programme which seeks to strengthen leadership, improve management capability, build high performance teams and develop tools for the job.

### ***Overseeing implementation of Triennial Review (TR) HSE-led recommendations accepted by the Government***

#### **4.1.7 2013/14 Triennial Review of HSE: Governance**

- ◆ The Triennial Review of HSE, as reported in 2013/14, included a review of the governance arrangements. A summary of progress against the governance related recommendations can be found on pages 28–30 of the Government's response to the Triennial Review<sup>112</sup>.

## **4.2 HSE Audit Committee**

4.2.1 In 2014/15, its work included:

- ◆ integrating the functions of the HSL Audit Committee from 1 October 2014;
- ◆ examining and reviewing the management of the most significant risks facing the organisation and considering the sufficiency of assurances in relation to the implementation of key projects such as IT and provision of a debt collection agency;
- ◆ continuing with its series of in-depth reviews of risk management within HSE's

---

112 [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/323221/govt-resp-triennial-review-hse.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/323221/govt-resp-triennial-review-hse.pdf)

Directorates with particular focus on HSL, Chemicals Regulation and Hazardous Installations;

- ◆ considering the scope of the Internal Audit plan, and receiving reports from external and internal audit on the major findings from their work, including monitoring the implementation of recommendations;
- ◆ monitoring the quality of HSE's internal audit service provided by DWP;
- ◆ considering the draft and final governance statements and advising the Accounting Officer of any further disclosures as necessary; and
- ◆ reviewing and making observations before recommending the financial statements for signature by the Accounting Officer.

### **4.3 Remuneration Committee**

4.3.1 The Remuneration Committee met once during 2014/15 to ensure that:

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

4.3.2 The Committee also ensured that adequate succession planning was in place at a senior level and approved procedures for senior recruitment.

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

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

4.4.2 Papers to the Board are cleared by the SMT and any resource or financial implications must be cleared by HSE's Director of Finance or their nominee.

4.4.3 Performance-related data provided to the Board continues to be extracted from HSE's in-house operational systems. The HSE-based data systems and the procedures that support their use are subject to regular, planned internal quality assurance checks by the HSE teams that operate them, independent internal audits and, from time-to-time, external assurance by, for example, NAO or the UK Statistics Authority.

4.4.4 Originating financial/resourcing data is provided by the Independent Shared Service Centre (for HSE, delivered by Shared Services Connected Limited (SSCL)). The assurances provided are included in sub-section 8.3 of this Statement.

4.4.5 The Board has not raised any concerns about the quality of the information it receives. To further improve access to data on key performance matters and to enable earlier identification of any action required, the Board now receives and considers, on a timelier basis, information on financial and operational performance and corporate risks.

## 5 Board effectiveness

- 5.1.1 The 2013/14 TR concluded that while the HSE Board adequately fulfilled its role and was therefore effective, three specific recommendations were made regarding review of its remit, the skills and competencies required of its members and its constitution which have been acted on (see paragraph 4.1.7).

### 5.2 Audit Committee effectiveness

- 5.2.1 The Audit Committee undertook a self-effectiveness review of its performance in April 2014. It was largely reassured that the results indicated its performance was deemed to be effective. Only minor improvements were needed which have been acted on during the year e.g. undertaking more in-depth assessments of Directorates' risk registers including, for example, those for HSE's Field Operations Directorate and Chemicals Regulation Directorate.

## 6 Compliance with the Code of Practice

- 6.1 The Code of Corporate Governance, published in 2011 and which is extant, is primarily for ministerial departments. However, arm's length bodies (ALBs) such as HSE should adopt and adhere to the Code to the extent that it is practical, appropriate and not incompatible with any statutory or other authoritative requirements.
- 6.2 Annually, HSE undertakes reviews of its governance arrangements against the Code's requirements, and evaluates the extent of compliance with the Code, taking account of the size and complexity of the organisation and the existing governance arrangements in place. It remains HSE's view that, for 2014/15, it complies fully with those elements of the Code of Practice as they are applicable to ALBs.
- 6.3 This view is underpinned by the 2013/14 independent Triennial Review of HSE which found that our Governance arrangements satisfactorily achieved compliance against Government principles i.e. the HM Treasury Code of Practice<sup>113</sup>.

## 7. How HSE manages its risks

### 7.1 Identification and management of risks across HSE

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

---

113 [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220646/corporate\\_governance\\_good\\_practice\\_guidance\\_july2011.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220646/corporate_governance_good_practice_guidance_july2011.pdf)

- 7.1.2 Risks are evaluated using a risk assessment matrix of likelihood and impact, which provides a colour-coded rating on the severity of each risk. This allows risks to be prioritised by highlighting those that are the most significant. Dependent on their rating, risks are escalated and relegated through the hierarchy of risk registers in HSE to ensure that they are managed by the appropriate level of the business.
- 7.1.3 The HSE corporate risk register (CRR) contains the most significant risks considered to be facing HSE in the delivery of its objectives and which require corporate oversight.

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

- 7.2.1 Regular reports are provided to HSE's SMT to enable it to focus on identifying and managing HSE's key risks. The SMT formally reviews progress quarterly, particularly to monitor how the most significant risks are being managed across HSE, decide on any new control measures, consider any potential emerging risks and to agree expected risk ratings given the overall direction of travel of each risk, the effectiveness of respective control measures and the outcome of assurance reviews - including reference to and consideration of selected key performance indicators.
- 7.2.2 The CRR is considered as part of an integrated risk and performance report which emphasises the links between HSE's most significant risks and their potential to impact on performance.
- 7.2.3 In addition to SMT's scrutiny, HSE's Audit Committee is responsible for monitoring the management of risk, including the adequacy of the CRR and providing assurance to the HSE Board on the effectiveness of the organisation's risk management processes e.g. the Audit Committee has continued with its programme of more detailed reviews of Directorate risk management processes.
- 7.2.4 The Board also scrutinises and challenges management of HSE's most pressing risks – as articulated in the CRR every quarter, as does the DWP Sponsorship Board.

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

- 7.3.1 2014/15, like previous years, has continued to be challenging in terms of delivering an extensive programme of work, as documented in the Annual Report, whilst effectively managing our available resources. In particular:
- ◆ **Continuing to deliver an extensive programme of regulatory reform (see 4.1.2) within challenging timescales.** HSE has delivered the significant majority of this work to the required deadlines, through its use of effective project management practices including plans, clear accountabilities and regular review and reporting of progress.

- ◆ **Meeting required reduction in Government funding over the Spending Review period whilst maintaining delivery of core regulatory activities.** HSE's financial strategy has delivered the necessary budget reductions through a structured programme of sustainable cost reduction, efficiency measures, more effective ways of working and strengthened corporate oversight of financial and operational performance. The programme has included for example migrating to government framework contracts as they become available for all goods and services; reducing accommodation costs through moving to smaller premises, closing offices and sub-letting spare capacity; moving to Shared Services arrangements for HR, finance and procurement transactional processing and contracting with an external debt recovery agency to support HSE in collecting monies owed to it.
- ◆ **HSE's workforce is unable to meet business needs.** Recruitment to specialist inspector disciplines and their retention in post has continued to be a challenge in 2014/15 – particularly in high hazard sectors where there exists strong competition for such expertise.

HSE has reviewed its approach to recruitment, utilising specialist recruitment and marketing agencies to help source critical skills and this has seen some success in year. In addition, to ensure the specialist skills in place are utilised in the most effective manner, there has been extensive prioritisation of work to ensure these resources are targeted to areas of greatest risk. A capability programme is also in progress to baseline work volumes, priorities, and skills gap analyses including niche technical skills. Despite these challenges, the organisation continued to deliver its key activities as demonstrated elsewhere in this report.

This has been an area of focus of both the Audit Committee and HSE Board during the year to ensure that HSE has the right people, with the right skills delivering the right activities at the right time.

- ◆ **Disengagement of staff due to internal and external factors which could have a detrimental impact on performance.** HSE continues to have a lower engagement score as indicated via the cross government People Survey. Improving engagement, in as far as HSE is able, has therefore been a key tenet of work throughout the year. It has been taken forward as the engage programme which is based on four priority outcomes of: Strengthening Leadership, Improving Management Capability, Building High Performance Teams and Developing Tools for the Job.

Examples of key actions taken as part of engage include: an extensive programme of SMT visits across all HSE's offices to discuss a wide ranging number of issues – both internal and external; the new Chief Executive held a series of workshops to obtain feedback and help shape future direction and priorities for the organisation; and implementation of a monthly 'pulse' survey of a random sample of staff to provide real-time information on the 'temperature'

of the organisation which has seen encouraging levels of participation and a number of workshops focussing on high performing teams to further promote effective people-management practice have also been held.

As engage-related activities become increasingly embedded, it is envisaged they will have a positive impact on the level of engagement across the organisation.

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

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

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

- ◆ findings from Internal Audit, External Audit and other reviews including a specific audit of risk escalation procedures;
- ◆ Letters of Assurance provided by members of HSE's SMT;
- ◆ the governance statement produced by HSL to 30 September 2014; and
- ◆ assurance received from the Audit Committee.

## **8. Sources of Assurance to support the Governance Statement**

### **8.1 Assurance obtained from Internal Audit, External Audit and other reviews.**

#### *Internal Audit*

- 8.1.1 The internal audit function is independent of HSE's management and considers the adequacy of HSE's and HSL's systems of governance, risk management and internal control; and if required, within its reports, highlights recommendations for improvement.
- 8.1.2 HSE's internal audit service is provided by DWP. For 2014/15, HSL's internal audit function has been provided by BDO (a private sector firm) but from April 2015, DWP will also provide this service to HSL.
- 8.1.3 Internal Audit has reviewed a wide range of activities in 2014/15, in accordance with the internal audit plan which was approved by the Audit Committee and the Accounting Officer. Examples of audits undertaken include risk management (with a focus on risk escalation), information assurance, key financial processes including spending controls and various income streams, people related activities including recruitment of specialists, workforce planning and succession planning; operational areas including intervention planning and fatal investigations and areas susceptible to fraud.

- 8.1.4 Of the 38 reviews undertaken (9 related to HSL) and reported in 2014/15 all except two received an assurance level of moderate<sup>114</sup> or substantial<sup>115</sup>. Of the 96 recommendations raised in 2014/15 (42 related to HSL), there were three categorised as Level 1<sup>116</sup>. All related to prosecution income: see paragraph 8.1.5.
- 8.1.5 The audit of prosecution income received an unsatisfactory assurance. Six priority 1 or 2 recommendations were identified and accepted by management. The control issues centred mainly around non-compliance with established policies. Management has produced a remedial action plan to address the issues and will report against this plan to the Audit Committee going forward. The Audit Committee has also stated that it wishes to monitor progress against recommendations in all future cases where an unsatisfactory audit opinion has been given.
- 8.1.6 The audit of European Funded audits received a limited assurance. A series of recommendations have been agreed with management and are in the process of being implemented to improve the control environment. Internal Audit will follow up progress in due course.
- 8.1.7 In addition, the Draft Annual Report of the Head of Internal Audit was considered by the Audit Committee at its April 2015 meeting. This report incorporated the opinion of HSL's internal auditors on the adequacy of HSL's control environment at the half year point. The Final Report from the Head of Internal Audit also includes findings from BDO's Annual Report relating to HSL.
- 8.1.8 The Head of Internal Audit's overall opinion, based on the cumulative assurance obtained from the programme of work completed is that HSE's systems of governance, risk management and control in place provide a moderate level of assurance regarding the effective and efficient achievement of its objectives.

#### *The National Audit Office*

- 8.1.9 The National Audit Office (NAO) has produced its 'Report to those charged with governance' on completion of their audit of the 2014/15 financial statements. No significant areas of weakness were reported.
- 8.1.10 NAO's third report (February 2015)<sup>117</sup> on the role of prescribed persons (whistleblowing arrangements) includes coverage of HSE as one of a number of regulators which have been designated as a 'prescribed person' i.e. in the case of HSE, an independent, authoritative organisation with which an employee may raise a health and safety concern. HSE has noted the relevant recommendations around strengthening its arrangements for recording and tracking concerns reported and is acting on them for 2015/16.

---

114 Moderate assurance – some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control

115 Substantial assurance – the framework of governance, risk management and control is adequate and effective

116 Significant weakness in governance, risk management and/or control that if unresolved exposes the HSE to an unacceptable level of residual risk. Urgent remedial action must be taken

117 [www.nao.org.uk/report/the-role-of-prescribed-persons](http://www.nao.org.uk/report/the-role-of-prescribed-persons)

## **8.2 Assurance provided by HSE's Senior Management Team**

- 8.2.1 At the end of the financial year, all members of the SMT provided Letters of Assurance (LoA) to the Accounting Officer outlining the governance arrangements they have operated within their area of responsibility, including the identification and management of business risks, and their consideration of the effectiveness of those arrangements.
- 8.2.2 As an additional level of assurance, for 2014/15, selected Directors were invited to an Assurance Panel at which key aspects of their LoAs were discussed. Any lessons learnt have been taken forward for 2015/16.
- 8.2.3 A review of the LoAs by the Accounting Officer indicates that there are no material control challenges which require additional disclosure, other than those already reported within the Governance Statement or elsewhere within the Annual Report and Accounts.

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

- 8.3.1 SSCL continues to deliver transactional financial, HR and procurement services to HSE as part of a wider service to Government. Assurance regarding specific aspects of SSCL's arrangements (as described below) has been obtained from an Independent Service Auditor's Report (ISA) completed in April 2015 on SSCL's core services provided to Government for the period 1 April 2014 to 31 March 2015. The ISA conducted its examination in accordance with the International Standard on Assurance Engagements 3402, 'Assurance Reports on Controls at a Service Organisation', issued by the International Auditing and Assurance Standards Board.
- 8.3.2. The ISA's Report examined SSCL's description of its core services to Government and the suitability of the design and operating effectiveness of controls to achieve stated control objectives. In summary, the ISA's opinion was:
- ◆ The description provided by SSCL fairly represented the core services to Government during 2014/15;
  - ◆ The controls related to the specific control objectives reviewed were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout 2014/15. The five principal control areas considered were Information Technology; Employee Services; Payroll; Finance and Accounting; Procurement and Change Management; and
  - ◆ The controls tested operated effectively throughout 2014/15.

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

- 8.4.1 The Audit Committee completed its programme of work for the year and, in addition to reporting to the HSE Board following each of its meetings, produced an annual report of its work for consideration by the Accounting Officer and the Board.

8.4.2 In considering its own annual report and the HSL Governance Statement to 30 September 2014, the HSE Audit Committee has not identified any further issues for disclosure in the Governance Statement or Annual Report. As such, the Committee recommended the consolidated HSE financial statements for signing by the Accounting Officer.

### **8.5 Assurance from HSL: pre-1 October 2014 governance changes**

8.5.1 Consistent with the changes to HSL's governance arrangements set out in section 2, for the period 1 April to 30 September 2014, it produced a Governance Statement setting out its assessment of the effectiveness of the then arrangements for its stewardship, systems of internal control and key risks. No material internal control challenges were reported to HSE's Accounting Officer.

### **8.6 Significant lapses of data-related & protective security incidents**

8.6.1 There were no incidents reported to the Information Commissioner's Office or DWP in 2014/15. Further detail is provided in the Directors' Report, page 50.

## **9. Significant control challenges faced by HSE**

9.1 Based on the evaluation as described in section 8, above, it is the opinion of the Accounting Officer that there are no issues brought forward from 2013/14, nor any additional control challenges other than those incorporated within the Governance Statement, or page 50 of the annual report (personal data incidents and significant lapses of data security), which require further disclosure within the Governance Statement.

### **Dr Richard Judge**

Chief Executive  
Health and Safety Executive  
Accounting Officer  
2 June 2015

# 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 2015 under the 1974 Health and Safety at Work etc. Act. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Board, Accounting Officer and auditor**

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

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

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

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

## **Opinion on regularity**

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

## Opinion on financial statements

In my opinion:

- ◆ the financial statements give a true and fair view of the state of the Health and Safety Executive's affairs as at 31 March 2015 and of the net operating expenditure for the year then ended; and
- ◆ the financial statements have been properly prepared in accordance with the 1974 Health and Safety at Work etc. Act and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

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

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

### **Sir Amyas C E Morse**

10 June 2015

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road, Victoria, London, SW1W 9SP

# Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

79

		<b>2014-15</b>	2013-14 <i>Excluding ONR</i>	2013-14
	<i>Notes</i>	<b>£'000</b>	£'000	£'000
Staff costs	3	<b>135 448</b>	137 004	172 863
Other operating expenditure	4	<b>83 267</b>	97 306	106 055
<b>Total operating expenditure</b>		<b>218 715</b>	234 310	278 918
Fees and charges	5 ii	<b>(50 807)</b>	(50 527)	(101 954)
Other operating income	5 i	<b>(29 918)</b>	(32 404)	(22 684)
EU income	5 i	<b>(203)</b>	(409)	(417)
<b>Total income</b>		<b>(80 928)</b>	(83 340)	(125 055)
<b>Net operating expenditure</b>		<b>137 787</b>	150 970	153 863
<b>Other comprehensive net expenditure:</b>				
Items which will not be reclassified to net operating costs:				
Net (gain)/ loss on revaluation of property, plant and equipment	6, 4	<b>3 345</b>	(2 110)	(2 110)
Office for Nuclear Regulation transfer of function	2	<b>11 281</b>	-	-
Actuarial loss on pension		-	107	107
<b>Comprehensive net expenditure</b>		<b>152 413</b>	148 967	151 860

All income and expenditure for year ended 31 March 2015 is derived from continuing operations.

The 2013-14 comparatives are shown with and without the Office for Nuclear Regulation (ONR) which was an in house agency of the Health and Safety Executive until 31 March 2014. The Energy Bill 2013, which gained Royal Assent on 18 December 2013, established ONR as a statutory public corporation from 1 April 2014. All staff, assets and liabilities which relate to the functions carried out by ONR transferred from HSE to the new body on this date. Full disclosure of the impact of the transfer on these accounts is provided at Note 2.

The notes on pages 83 to 110 form part of these accounts.

# Statement of Financial Position as at 31 March 2015

80

	<i>Notes</i>	<b>31 March 2015</b> £'000	<i>1 April 2014</i> <i>(excluding ONR)</i> £'000	<i>31 March 2014</i> £'000
<b>Non-current assets</b>				
Property, plant and equipment	6(a)	<b>87 050</b>	92 369	93 212
Intangible assets	6(b)	<b>1 296</b>	1 321	1 321
Trade and other receivables due after more than one year	7	<b>503</b>	140	140
<b>Total non-current assets</b>		<b>88 849</b>	93 830	94 673
<b>Current assets</b>				
Inventories		<b>717</b>	877	877
Trade and other receivables	7	<b>32 893</b>	29 375	43 840
Cash and cash equivalents	8	<b>138</b>	1	1
<b>Total current assets</b>		<b>33 748</b>	30 253	44 718
<b>Total assets</b>		<b>122 597</b>	124 083	139 391
<b>Current liabilities</b>				
Trade and other payables	9	<b>(30 712)</b>	(30 086)	(34 113)
Provisions	10	<b>(72)</b>	(10)	(10)
Pension liabilities	10	<b>(82)</b>	(80)	(80)
<b>Total current liabilities</b>		<b>(30 866)</b>	(30 176)	(34 203)
<b>Non current assets plus net current assets</b>		<b>91 731</b>	93 907	105 188
<b>Non-current liabilities</b>				
Other payables	9	<b>(100 131)</b>	(102 290)	(102 290)
Pension liabilities	10	<b>(1 333)</b>	(1 272)	(1 272)
<b>Total non-current liabilities</b>		<b>(101 464)</b>	(103 562)	(103 562)
<b>Assets less liabilities</b>		<b>(9 733)</b>	(9 655)	1 626
<b>Taxpayers' equity</b>				
General fund		<b>(16 905)</b>	(20 408)	(9 127)
Revaluation reserve		<b>7 172</b>	10 753	10 753
<b>Total taxpayers' equity</b>		<b>(9 733)</b>	(9 655)	1 626

The notes on pages 83 to 110 form part of these accounts.

## Dr Richard Judge

Chief Executive and Accounting Officer  
Health and Safety Executive  
2 June 2015

## Frances Outram

Chair to the Audit Committee  
Health and Safety Executive  
2 June 2015

# Statement of Cash Flows

## for the year ended 31 March 2015

81

	<i>Notes</i>	<b>2014-15</b> <b>£'000</b>	<b>2013-14</b> <b>£'000</b>
<b>Cash flows from operating activities</b>			
Net operating cost		<b>(137 787)</b>	(153 863)
Adjustments for non-cash transactions	4	<b>7 721</b>	8 816
(Increase)/decrease in trade and other receivables	7	<b>10 584</b>	(3 229)
Less movements in receivables relating to impairments	4	<b>(1 304)</b>	(1 481)
Increase/(decrease) in trade payables	9	<b>(5 198)</b>	4 967
Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		<b>1 423</b>	1 636
Less net payables and receivables balances transferred to ONR for no cash consideration on 1 April 2014	2	<b>(10 438)</b>	-
Decrease in inventories		<b>160</b>	224
Use of provisions	10	<b>(88)</b>	(230)
<b>Net cash outflow from operating activities</b>		<b>(134 927)</b>	(143 160)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6a(e)	<b>(3 578)</b>	(5 285)
Purchase of intangible assets	6b(a)	<b>(577)</b>	(435)
Proceeds of disposal of property, plant and equipment		<b>277</b>	328
<b>Net cash outflow from investing activities</b>		<b>(3 878)</b>	(5 392)
<b>Cash flows from financing activities</b>			
Funding from DWP		<b>141 054</b>	154 268
Capital element of payments in respect of finance leases and on-statement of financial position PFI contracts	9	<b>(1 750)</b>	(1 548)
<b>Net financing</b>		<b>139 304</b>	152 720
<b>Net increase in cash and cash equivalents in the period</b>	8	<b>499</b>	4 168
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b>(361)</b>	(4 529)
<b>Cash and cash equivalents at the end of the period</b>	8	<b>138</b>	(361)

The notes on pages 83 to 110 form part of these accounts.

# Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	<i>Notes</i>	<i>(a) General Fund £'000</i>	<i>(b) Revaluation Reserve £'000</i>	<i>Total Reserves £'000</i>
<b>Balance at 31 March 2013</b>		(9 514)	8 743	(771)
Funding from DWP		154 268	-	154 268
Comprehensive expenditure for the year		(151 860)	-	(151 860)
Movements in reserves:				
Additions – Actuarial (loss) on pension		(107)	-	(107)
– Net gain on revaluation	6	-	2 110	2 110
Recognised in Statement of Comprehensive Net Expenditure		(2 003)	(11)	(2 014)
Transfer between reserves		89	(89)	-
<b>Balance at 31 March 2014 (including ONR)</b>		(9 127)	10 753	1 626
<b>Funding from DWP</b>		<b>141 054</b>	<b>-</b>	<b>141 054</b>
<b>Comprehensive expenditure for the year</b>		<b>(152 413)</b>	<b>-</b>	<b>(152 413)</b>
<b>Movements in reserves:</b>				
<b>Additions - Net (loss) on revaluation</b>	4, 6	<b>-</b>	<b>(3 345)</b>	<b>(3 345)</b>
<b>Recognised in Statement of Comprehensive Net Expenditure</b>		<b>3 345</b>	<b>-</b>	<b>3 345</b>
<b>Transfer between reserves</b>		<b>236</b>	<b>(236)</b>	<b>-</b>
<b>Balance at 31 March 2015</b>		<b>(16 905)</b>	<b>7 172</b>	<b>(9 733)</b>

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

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

The notes on pages 83 to 110 form part of these accounts.

## 1 Statement of accounting policies

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

These financial statements have been prepared on a going concern basis and in accordance with the 2014-15 Government Financial Reporting Manual (FReM) ([www.financial-reporting.gov.uk](http://www.financial-reporting.gov.uk)) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, that which is judged to be most appropriate for the purposes of giving a true and fair view, has been selected. The particular accounting policies adopted by HSE are set out below. They have been applied consistently in dealing with the items that are considered material in relation to the accounts.

### 1.2 *Accounts Direction*

In accordance with the Accounts Direction issued by the Secretary of State with the approval of HM Treasury, the Health and Safety Executive has prepared a Statement of the Executive's and Chief Executive's Responsibilities and a Governance Statement.

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

#### *Adopted in these financial statements*

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2015, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the FReM.

#### *Adoption of new and revised standards*

The following standards and interpretations which are expected to apply to HSE if they are adopted in the FReM, were issued but not yet effective as at 31 March 2015:

- ◆ IFRS 9 Financial Instruments (effective from 1 January 2018); and
- ◆ IFRS 13 Fair Value Measurement (effective from 1 April 2015)

HSE plans to adopt both of these standards once required to do so by the FReM, but does not anticipate a significant impact on the financial statements.

### 1.4 *Accounting convention*

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

### **1.5 Areas of judgement**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. These are based on historic and other factors that are believed to be reasonable, the results of which form the basis for making judgements. The estimates and underlying assumptions are reviewed on an ongoing basis. Specific areas of judgement include depreciation and amortisation periods, provisions, early departure costs and impairments.

### **1.6 Employee benefits**

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

The policy in relation to employee pensions is disclosed at Note 3.

HSE calculates annual leave balances using an estimate of the amount of annual and flexi-leave that staff have accumulated at year-end.

### **1.7 Value added tax**

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

### **1.8 Income**

Income principally comprises fees and charges for services provided on a full-cost basis to external customers, other government departments and agencies, and is recorded net of VAT.

Revenue is recognised when the services for which revenue is receivable or has been received, have been performed, and the amount of income can be reliably measured. This is assessed using time recording information and estimates of recoverable costs.

## **1.9 Non-current assets**

### *Property, plant and equipment*

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

### *Land and buildings*

Land and buildings are initially measured at cost, restated to current market value using external professional valuations at least every five years and in the intervening years by use of desktop valuations. Land and buildings are valued on an existing use basis except for the specialist laboratory site, which has been included at depreciated replacement cost.

Expenditure in respect of major capital refurbishment and improvement of properties occupied but not owned by HSE is capitalised because the expenditure provides a long-term continuing benefit for HSE.

### *Intangible assets*

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

### *Capitalisation and depreciation/amortisation*

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

Internally developed software is capitalised if it meets the criteria specified in IAS 38 Intangible Assets. Expenditure that does not meet the criteria is recognised as an expense in the year in which it is incurred. Website development costs are capitalised in line with the requirements of SIC 32 Web Site Costs and the specific criteria as determined by IAS 38 Intangible Assets.

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

<i>Asset Category</i>	<i>Capitalisation Threshold</i>	<i>Depreciation/Amortisation Period</i>
Freehold buildings	n/a	Remaining life as assessed by valuers
Leasehold buildings	n/a	Period remaining on lease or next rent review
PFI buildings	n/a	60 years designated life
Leasehold improvements	£100,000	Remaining lease period, up to 20 years
Individual IT assets	£5,000	3 to 7 years
IT hardware pooled	£5,000	3 to 6 years
Plant and machinery	£5,000	5 to 10 years
Individual furniture and fittings	£5,000	2 to 15 years (except 30 years HSL PFI)
Motor vehicles	£5,000	3 to 10 years
IT software, websites and licences	£100,000	5 years or licence period if shorter
Software pooled	£1,000	5 years or licence period if shorter

### *Revaluation and impairment*

Increases in value are credited to the revaluation reserve, unless they reverse a previous impairment, in which case they are credited to the SoCNE.

All assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. In accordance with the FReM, impairment losses that result from clear consumption of economic benefit or service potential are recognised in the SoCNE. Downward revaluations, resulting from changes in market value, only result in an impairment where the asset is revalued below its historic cost carrying amount. In these cases the accounting treatment is as for any other impairment, with amounts being first set against any accumulated balance in the revaluation reserve, and any amount in addition to this being recognised and recorded in the SoCNE.

## **1.10 Financial assets and liabilities**

Financial assets and liabilities are recognised when HSE becomes party to the contracts that give rise to them. The fair value of receivables is usually the original invoiced amount. Any changes in value are recognised in the SoCNE.

HSE reviews financial assets for indications of possible impairment throughout the year and at the reporting date. An impairment loss is recognised if there is objective evidence that a loss event (or events) has occurred after initial recognition and before the reporting date and has a reliably measurable impact on the estimated future cash flows of the financial asset or group of financial assets.

## **1.11 Provisions**

Provisions are recognised in accordance with IAS 37 and are valued using the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury.

### **1.12 Early departure costs**

For past early departure schemes, HSE meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits, in respect of employees who retire early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. HSE provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments, discounted by the Treasury discount rate of 1.8% (2013-14 1.8%) in real terms.

### **1.13 Pensions**

Past and present employees are covered by the provisions of the PCSPS, which is an unfunded, defined benefit, contributory, public service occupational pension scheme made under the Superannuation Act 1972. HSE recognises the expected cost future pension liabilities in a systematic and rational basis over the period during which it benefits from employees' services, by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, HSE recognises the contributions payable for the year.

Previous Chairs were not members of the PCSPS but arrangements exist whereby HSE make pension payments analogous to those that would have been made had they been members of the PCSPS. The pension liability is valued each year using published actuarial assumptions and the full amount calculated is treated as a provision in the SoFP. Changes to the provision are included in the SoCNE.

The appointment of Board members (other than the Chair) is non-pensionable. The current Chair is not a member of the PCSPS but a contribution of 25% of her salary is made to a stakeholder pension provider.

### **1.14 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys the right to use the asset. Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to HSE. All other leases are classified as operating leases.

Assets funded through finance leases are capitalised as non-current assets and depreciated/amortised over their estimated useful lives or lease term, whichever is shorter. The amount capitalised is the lower of the fair value of the assets or the present value of the minimum lease payments at the inception of the lease. The resulting lease obligations are included in liabilities net of finance costs. Finance costs are charged directly to the SoCNE.

Rental costs arising under operating leases are charged to the SoCNE in the year in which they are incurred.

### **1.16 Private Finance Initiative (PFI) transactions**

PFI transactions have been accounted for in accordance with IFRIC 12 and IAS 17, as interpreted for the public sector.

Where HSE has control over the PFI assets, or where HSE does not have control but the balance of risks and rewards of ownership are borne by HSE, the asset is recognised as a non-current asset and the liability to pay for it is accounted for as a finance obligation. Contract payments are apportioned between a reduction in capital obligation, an imputed finance lease charge and a service charge.

Where HSE does not have control over the PFI asset and the balance of risks and rewards of ownership are borne by the PFI contractor, the PFI payments are recorded as an expense. Where HSE has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract.

Where at the end of the PFI contract a property reverts to HSE, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year.

### **1.17 Contingent liabilities**

Contingent liabilities are disclosed in the notes to the accounts in accordance with IAS 37. HSE also discloses, for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities which have been reported to Parliament in accordance with the requirements of Managing Public Money. Where the time value of money is material, contingent liabilities are stated at discounted amounts.

### **1.18 Operating segments**

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

## **2 Office for Nuclear Regulation transfer of function**

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

The transfer of function has been treated as a transfer by absorption in these accounts, in accordance with the Government Financial Reporting Manual (FRM). This means

that the HSE (transferor) accounts are adjusted at carrying value from the date of transfer; assets and liabilities have therefore not been restated as at 31 March 2014.

The SoCNE comparatives for 2013-14 also include transactions relating to ONR. However, an extra column 'excluding ONR', has been included in both the SoCNE and SoFP which removes the ONR transactions and balances for the purpose of comparability.

The £11.281 million balance of net assets transferred has been accounted for as a non-operating loss in the SoCNE. In addition, the tables below set out the ONR transactions and balances and the impact on the HSE figures:-

<i>SoCNE Impact</i>	<i>Notes</i>	<b>2013-14 Including ONR £'000</b>	<b>ONR £'000</b>	<b>2013-14 Excluding ONR £'000</b>
Staff costs	3	172 863	35 859	137 004
Other operating expenditure	4	106 055	8 749	97 306
Notional expenditure*		-	9 974	-
<b>Total operating expenditure</b>		<b>278 918</b>	<b>54 582</b>	<b>234 310</b>
Fees and charges	5(ii)	(101 954)	<b>(51 427)</b>	(50 527)
Other operating income	5(i)	(22 684)	(254)	(22 430)
Notional income*	5(i)	-	-	(9 974)
EU Income	5(i)	(417)	(8)	(409)
<b>Total operating income</b>		<b>(125 055)</b>	<b>(51 689)</b>	<b>(83 340)</b>
<b>Net operating cost for the year ended 31 March 2014</b>		<b>153 863</b>	<b>2 893</b>	<b>150 970</b>

\* The 2013-14 notional charge for accommodation, corporate services and science is included above as ONR expenditure and HSE income. HSE continues to provide elements of these services to ONR, the income from which is disclosed in Note 5.

<i>SoFP Impact</i>	<i>Notes</i>	<b>31 March 2014 £'000</b>	<b>ONR transfer £'000</b>	<b>1 April 2014 £'000</b>
Non-current assets	6, 7	94 673	843	93 830
Current assets	7, 8	44 718	14 465	30 253
<b>Total assets</b>		<b>139 391</b>	<b>15 308</b>	<b>124 083</b>
Current Liabilities	9, 10	(34 203)	(4 027)	(30 176)
<b>Non-current assets plus net current assets</b>		<b>105 188</b>	<b>11 281</b>	<b>93 907</b>
Non-current liabilities		(103 562)	-	(103 562)
<b>Assets less liabilities</b>		<b>1 626</b>	<b>11 281</b>	<b>(9 655)</b>
<b>Taxpayers' equity</b>		<b>1 626</b>	<b>11 281</b>	<b>(9 655)</b>

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

#### (a) Staff costs

Staff costs comprise:	2014-15			2013-14 Excluding ONR	2013-14
	Permanently employed staff £'000	Others £'000	Total £'000	Total £'000	Total £'000
Wages and salaries	105 503	68	105 571	106 860	134 169
Employers' National Insurance	9 175	-	9 175	9 098	11 838
Superannuation and pension costs	20 702	-	20 702	21 046	26 856
Lump sum exit costs	-	-	-	-	-
<b>Total (as reported in the SoCNE)</b>	<b>135 380</b>	<b>68</b>	<b>135 448</b>	137 004	172 863
Less recoveries in respect of outward secondments	(18)	-	(18)	(52)	(106)
<b>Total net costs</b>	<b>135 362</b>	<b>68</b>	<b>135 430</b>	136 952	172 757

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 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2014-15, employers' contributions of £20.6 million were payable to the PCSPS (2013-14 £26.7 million including ONR) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £66 419 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £4 210 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at 31 March 2015 were £6 582. Contributions prepaid at that date were £nil.

In 2014-15 six people retired early on ill-health grounds (2013-14 – two people); the total additional accrued pension liabilities in the year amounted to £23 049 (2013-14 – £5 480). These liabilities are not the responsibility of HSE but are to be paid by the PCSPS.

### **(b) Average number of persons employed**

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

<i>Permanent staff</i>	<i>Other</i>	<i>2014-15 Total</i>	<i>2013-14 Excluding ONR Total</i>	<i>2013-14 Total</i>
<b>2 596</b>	<b>3</b>	<b>2 599</b>	2 672	3 132

### **3.1 Exit packages**

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where HSE has agreed early retirements, the additional costs are met by HSE and not by the Civil Service pension scheme. There have been no compulsory redundancies in either 2014-15 or 2013-14. Ill-health retirement costs are met by the pension scheme and are not included in the table.

<i>Exit package cost band</i>	<i>Number of other departures agreed</i>	
	<i>2014-15</i>	<i>2013-14</i>
< £10,000	<b>3</b>	1
£10,000 - £25,000	<b>2</b>	1
£25,000 - £50,000	<b>1</b>	-
£50,000 - £100,000	-	1
£100,000 - £350,000	-	-
<b>Total number of exit packages</b>	<b>6</b>	3
<b>Total resource cost £</b>	<b>£84 315</b>	£90 236

## 4 Operating costs

	2014-15	2013-14 Excluding ONR	2013-14
	£'000	£'000	£'000
Rentals under operating leases	<b>3 523</b>	4 490	4 490
<b>PFI service charges</b>			
ICT and IS*	-	1 804	1 804
Accommodation	<b>9 766</b>	8 864	8 864
PFI Interest charges	<b>8 505</b>	8 636	8 636
Auditor's remuneration - Statutory Audit	<b>93</b>	127	127
<b>Non-cash items</b>			
Depreciation and amortisation of non-current assets	<b>6 854</b>	7 111	7 268
Impairment of non-current assets	-	12	12
Reversal of previous losses on revaluation of property	<b>(663)</b>	(204)	(204)
Loss on disposal of non-current assets	<b>13</b>	193	195
Provisions – provided in year	<b>213</b>	72	72
Impairment of receivables	<b>1 304</b>	1 474	1 473
	<b>7 721</b>	<b>8 658</b>	<b>8 816</b>
Accommodation	<b>10 260</b>	10 529	10 529
Travel and subsistence	<b>6 686</b>	7 108	10 046
IT expenditure and telecoms*	<b>9 790</b>	18 841	18 949
Legal costs	<b>7 895</b>	8 114	8 265
Staff development and training	<b>1 200</b>	1 019	1 392
Consultants fees	<b>40</b>	17	89
Publications	<b>2 884</b>	2 971	2 971
Shared Services costs**	<b>2 036</b>	2 476	3 050
HSL sub-contract technical support	<b>2 094</b>	2 248	2 248
Scientific equipment (non-capital)	<b>2 048</b>	2 227	2 227
Research and development	<b>1 545</b>	1 704	3 625
Nuclear Safety Studies	-	-	2 027
Pesticides – purchase of samples	<b>1 520</b>	1 832	1 832
Chemical Regulations testing	<b>1 285</b>	928	928
Other expenditure	<b>4 376</b>	4 713	5 140
<b>Total operating costs</b>	<b>83 267</b>	97 306	106 055

2014-15 operating costs are no longer categorised in separate administration and programme notes.

\* HSE utilised the Government Procurement Services call-off contract as set out in the IT Managed Services Framework to contract with Steria UK PLC from June 2013 for a period of three years with an extension option up to a maximum of five years. Hence, there were no ICT and IS PFI charges in 2014-15.

\*\* Shared Services costs include the provision of Finance, HR and Procurement transactional processing provided by Shared Services Connected Ltd and Internal Audit services provided by DWP.

## 5 Income

HSE's activities include certain chargeable services, each of which is subject to a financial objective of full cost recovery. Information is not supplied as an IFRS requirement but for Fees and Charges purposes.

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

	2014-15	2013-14 <i>Excluding ONR</i>	2013-14
	£'000	£'000	£'000
Fees and charges (see note 5(ii))	<b>50 807</b>	50 527	101 954
<b>Other operating income</b>			
Prosecutions	<b>5 162</b>	7 140	7 179
Health and Safety Laboratory external customers	<b>12 899</b>	11 075	10 180
Sale of publications	<b>1 892</b>	2 047	2 047
Supply of services to ONR*	<b>7 078</b>	9 079	-
Provision of REACH services to Defra**	<b>1 196</b>	1 261	1 261
Other sales/income	<b>1 691</b>	1 802	2 017
<b>Total other operating income</b>	<b>29 918</b>	32 404	22 684
EU income	<b>203</b>	409	417
<b>Total income</b>	<b>80 928</b>	83 340	125 055

\* Supply of services to ONR includes £3.156 million for accommodation. The balance relates to Information Technology and other corporate services.

\*\* REACH is a European Union regulation concerning the Registration, Evaluation, Authorisation & restriction of CHemicals

**(ii) Fees and charges**

	<i>Income</i>	<i>Cost</i>	<i>2014-15 Surplus/ (deficit)</i>	<i>Income</i>	<i>Cost</i>	<i>2013-14 Surplus/ (deficit)</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>ONR fees and charges</b>						
Licensing of nuclear installations	-	-	-	43 052	43 052	-
Civil Nuclear Security	-	-	-	5 304	5 304	-
Generic Design Assessment	-	-	-	2 778	2 778	-
Other ONR fees and charges	-	-	-	293	293	-
<b>Total ONR fees and charges</b>	-	-	-	51 427	51 427	-
<b>HSE fees and charges</b>						
Biocides and Plant Protection	<b>12 748</b>	<b>12 590</b>	<b>158</b>	13 452	13 275	177
Control of major accident hazards	<b>10 654</b>	<b>12 724</b>	<b>(2 070)</b>	10 939	12 493	(1 554)
Enforcement of offshore safety legislation	<b>15 529</b>	<b>16 255</b>	<b>(726)</b>	15 746	16 945	(1 199)
Fee for intervention	<b>10 150</b>	<b>11 943</b>	<b>(1 793)</b>	8 706	9 873	(1 167)
	<b>49 081</b>	<b>53 512</b>	<b>(4 431)</b>	100 270	104 013	(3 743)
Other HSE fees and charges	<b>1 726</b>			1 684		
<b>Total fees and charges</b>	<b>50 807</b>			101 954		

## 6 Property, Plant and Equipment

### (a) Property, plant and equipment by category – 2014-15

2014-15	Land	Buildings	Leasehold improve- ments	Information technology	Motor vehicles	Plant and machinery	Furniture and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost or valuation closing balance at 31 March 2014</i>	2 618	72 201	21 085	7 281	4 193	17 296	8 640	587	133 901
<i>Assets transferred to ONR at 1 April 2014**</i>	-	-	(444)	(17)	(676)	(8)	(145)	-	(1 290)
Reclassifications (cost)	(11)	597	115	-	-	-	-	(701)	-
Additions in year	-	494	45	1 287	887	909	164	118	3 904
Revaluations in year	234	(9 937)	-	-	-	-	-	-	(9 703)
Disposals during year	-	-	(6 416)	(345)	(730)	(259)	(136)	-	(7 886)
<b>Balance at 31 March 2015</b>	<b>2 841</b>	<b>63 355</b>	<b>14 385</b>	<b>8 206</b>	<b>3 674</b>	<b>17 938</b>	<b>8 523</b>	<b>4</b>	<b>118 926</b>
<i>Depreciation closing balance at 31 March 2014</i>	-	5 490	12 271	4 551	1 616	13 137	3 624	-	40 689
<i>Depreciation transferred to ONR at 1 April 2014**</i>	-	-	(178)	(15)	(204)	(7)	(42)	-	(446)
Reclassifications	-	-	-	-	-	-	-	-	-
Charge in year	-	1 604	1 479	1 327	406	822	612	-	6 250
Revaluations in year	-	(7 021)	-	-	-	-	-	-	(7 021)
Disposals during year	-	-	(6 400)	(345)	(459)	(259)	(133)	-	(7 596)
<b>Accumulated depreciation at 31 March 2015</b>	<b>-</b>	<b>73</b>	<b>7 172</b>	<b>5 518</b>	<b>1 359</b>	<b>13 693</b>	<b>4 061</b>	<b>-</b>	<b>31 876</b>
<b>Net book value at 31 March 2015</b>	<b>2 841</b>	<b>63 282</b>	<b>7 213</b>	<b>2 688</b>	<b>2 315</b>	<b>4 245</b>	<b>4 462</b>	<b>4</b>	<b>87 050</b>
Asset financing									
Owned	2 841	6 668	7 213	2 688	2 315	4 245	2 503	4	28 477
On-Statement of Financial Position PFI contracts	-	56 614	-	-	-	-	1 959	-	58 573
<b>Net book value at 31 March 2015</b>	<b>2 841</b>	<b>63 282</b>	<b>7 213</b>	<b>2 688</b>	<b>2 315</b>	<b>4 245</b>	<b>4 462</b>	<b>4</b>	<b>87 050</b>

\*\* 2013-14 asset balances contain assets transferred to ONR

2013-14	Land	Buildings	Leasehold improvements	Information technology	Motor vehicles	Plant and machinery	Furniture and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2013	2 547	69 524	19 455	8 350	3 679	17 199	8 898	135	129 787
Reclassifications (cost)	-	-	31	-	-	3	-	(34)	-
Additions in year	11	226	1 599	490	1 297	572	737	486	5 418
Revaluations in year	60	2 451	-	-	-	-	-	-	2 511
Impairments in year	-	-	-	-	-	(182)	-	-	(182)
Disposals during year	-	-	-	(1 559)	(783)	(296)	(995)	-	(3 633)
Balance at 31 March 2014	2 618	72 201	21 085	7 281	4 193	17 296	8 640	587	133 901
Depreciation at 1 April 2013	-	3 789	10 707	4 410	1 668	12 751	3 771	-	37 096
Impairments	-	-	-	-	-	(171)	-	-	(171)
Charge in year	-	1 504	1 564	1 695	454	823	636	-	6 676
Revaluations in year	-	197	-	-	-	-	-	-	197
Disposals during year	-	-	-	(1 554)	(506)	(266)	(783)	-	(3 109)
Accumulated depreciation at 31 March 2014	-	5 490	12 271	4 551	1 616	13 137	3 624	-	40 689
Net book value at 31 March 2014	2 618	66 711	8 814	2 730	2 577	4 159	5 016	587	93 212
Asset financing									
Owned	2 618	4 505	8 814	2 730	2 577	4 159	2 957	587	28 947
On-Statement of Financial Position PFI contracts	-	62 206	-	-	-	-	2 059	-	64 265
Net book value at 31 March 2014	2 618	66 711	8 814	2 730	2 577	4 159	5 016	587	93 212

**Land and buildings comprise the following:**

	<b>Freeholds</b>	<b>Leaseholds</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cost or valuation at 1 April 2014	8 266	66 553	74 819
Reclassification	586	-	586
Additions in year	494	-	494
Revaluations in year	180	(9 883)	(9 703)
<b>Balance at 31 March 2015</b>	<b>9 526</b>	<b>56 670</b>	<b>66 196</b>
Depreciation at 1 April 2014	1 143	4 347	5 490
Charge in year	371	1 233	1 604
Revaluations in year	(1 498)	(5 523)	(7 021)
Disposals during year	-	-	-
<b>Accumulated depreciation at 31 March 2015</b>	<b>16</b>	<b>57</b>	<b>73</b>
<b>Net book value at 31 March 2015</b>	<b>9 510</b>	<b>56 613</b>	<b>66 123</b>

- a) Property, plant and equipment are stated at valuation, however, as permitted by the FReM, HSE has elected to adopt a depreciated historical cost basis as a proxy for fair value where non-property assets have a short useful life or are of relatively low value. This applies to most IT hardware, motor vehicles, plant and machinery and furniture.
- b) Redgrave Court was procured following an open, competitive tendering exercise seeking new or existing office accommodation in North West England. Consequently, Bootle Accommodation Partnerships Ltd (BAPL) constructed and provides HSE with serviced accommodation under the Private Finance Initiative at Redgrave Court, which is owned by BAPL.

The open market value of Redgrave Court of £12 million at 31 December 2014 (£11.55 million as at 31 December 2013) is significantly lower than the outstanding repayment liability to the contractor (£54.2m) for the remainder of the 30 year PFI agreement. The construction cost to the contractor was approximately £60m. The building is situated in an area of social deprivation, which reduces its open market value.

DTZ provide HSE with a professional and independent valuation service. They undertook a desktop valuation of Redgrave Court as at 31 December 2014 and the freehold property at Carlisle at 31 December 2013. They have also conducted a valuation of all land and building assets on the Buxton site as at 31 March 2015. In each case, the valuations were in accordance with the Appraisal and Valuation Standards of RICS.

- c) Costs incurred during the year in respect of major refurbishment and improvement of properties have been capitalised as Leasehold Improvements.

d) Depreciation charged in the year on assets under PFI contracts was £1 333k.  
(2013-14: £1 290k restated)

e) Cash Flow reconciliation

	<i>Note</i>	<b>2014-15</b> <b>£'000</b>	<i>2013-14</i> <i>£'000</i>
Capital accruals at 1 April	9	<b>438</b>	305
Capital additions	6a	<b>3 904</b>	5 418
Capital accruals at 31 March	9	<b>(764)</b>	(438)
<b>Purchases of property, plant and equipment as per Statement of Cash Flows</b>		<b>3 578</b>	5 285

### ***(b) Intangible assets***

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

	<b>2014-15</b>				
	<b>Websites Purchased</b>	<b>software licences</b>	<b>Internally developed software</b>	<b>Payments on account and assets under construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation at 1 April 2014</b>	<b>169</b>	<b>5 136</b>	<b>58</b>	<b>87</b>	<b>5 450</b>
Reclassifications	<b>2</b>	<b>(2)</b>	-	-	-
Additions in year	-	<b>278</b>	<b>19</b>	<b>282</b>	<b>579</b>
Disposals	-	<b>(467)</b>	-	-	<b>(467)</b>
<b>Balance at 31 March 2015</b>	<b>171</b>	<b>4 945</b>	<b>77</b>	<b>369</b>	<b>5 562</b>
Amortisation at 1 April 2014	<b>146</b>	<b>3 943</b>	<b>40</b>	-	<b>4 129</b>
Charge in year	<b>25</b>	<b>571</b>	<b>8</b>	-	<b>604</b>
Disposals	-	<b>(467)</b>	-	-	<b>(467)</b>
<b>Accumulated amortisation at 31 March 2015</b>	<b>171</b>	<b>4 047</b>	<b>48</b>	-	<b>4 266</b>
<b>Net book value at 31 March 2015</b>	<b>-</b>	<b>898</b>	<b>29</b>	<b>369</b>	<b>1 296</b>

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

**a) Cash flow reconciliation**

	Note	2014-15 £'000	2013-14 £'000
Capital accruals at 1 April	9	-	221
Capital additions	6b	579	214
Capital accruals at 31 March	9	(2)	-
<b>Purchases of intangible assets</b>		<b>577</b>	435

## 7 Trade receivables and other current assets

### (a) Analysis by type

	<b>31 March 2015</b>	31 March 2014 (excluding ONR)	31 March 2014
	<b>£'000</b>	£'000	£'000
<b>Amounts falling due within one year</b>			
Trade receivables	<b>17 141</b>	12 114	12 455
Deposits and advances	<b>234</b>	149	179
Accrued income	<b>11 373</b>	12 631	26 663
Prepayments	<b>3 000</b>	2 052	2 114
VAT	<b>1 145</b>	2 429	2 429
	<b>32 893</b>	29 375	43 840
<b>Amounts falling due after more than one year</b>			
Other prepayments	<b>59</b>	47	47
Trade receivables	<b>351</b>	-	-
Deposits and advances	<b>93</b>	93	93
	<b>503</b>	140	140
<b>Total</b>	<b>33 396</b>	29 515	43 980

The trade receivables balance at 31 March 2015 is stated net of provision for impairment, which amounts to £2 520k (31 March 2014: £2 040k).

### (b) Intra-government balances

	<b>31 March 2015</b>	<b>31 March 2015</b>	31 March 2014	31 March 2014
	<b>Amounts falling due within one year £'000</b>	<b>Amounts falling due later than one year £'000</b>	Amounts falling due within one year £'000	Amounts falling due later than one year £'000
Balances with other central government bodies	<b>2 818</b>	-	4 356	-
Balances with local authorities	<b>266</b>	-	137	-
Balances with NHS trusts	<b>126</b>	-	147	-
Balances with public corporations and trading funds	<b>1 768</b>	-	117	-
<b>Subtotal: intra-government balances</b>	<b>4 978</b>	-	4 757	-
Balances with bodies external to government	<b>27 915</b>	<b>503</b>	39 083	140
<b>Total receivables at 31 March</b>	<b>32 893</b>	<b>503</b>	43 840	140

## 8 Cash and cash equivalents

	<b>31 March 2015</b>	<i>31 March 2014</i>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	<b>(361)</b>	(4 529)
Net change in cash and cash equivalent balances	<b>499</b>	(4 168)
<b>Balance at 31 March</b>	<b>138</b>	(361)
<b>The following balances at 31 March are held at</b>		
Government Banking Service	<b>138</b>	(362)
Commercial banks and cash in hand	-	1
	<b>138</b>	(361)

## 9 Trade and other payables

### (a) Analysis by type

	<b>31 March 2015</b>	<i>31 March 2014 (excluding ONR)</i>	<i>31 March 2014</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>			
Taxation and social security	<b>2 669</b>	2 633	3 455
Superannuation	<b>2 337</b>	2 222	2 868
Trade payables	<b>1 462</b>	1 268	1 317
Other payables	<b>188</b>	44	50
Accruals and deferred income	<b>21 094</b>	21 071	23 575
Capital accruals	<b>766</b>	438	438
On-Statement of Financial Position PFI contracts	<b>1 972</b>	1 751	1 751
Balance with Government Banking Service	-	362	362
Early Departure liability	<b>224</b>	297	297
	<b>30 712</b>	30 086	34 113
<b>Amounts falling due after more than one year</b>			
Imputed finance lease element of on-Statement of Financial Position PFI contracts	<b>99 848</b>	101 819	101 819
Other payables	<b>1</b>	1	1
Early departure liability	<b>282</b>	470	470
	<b>100 131</b>	102 290	102 290
<b>Total</b>	<b>130 843</b>	132 376	136 403

**(b) Intra-government balances**

	<b>31 March 2015</b> <b>Amounts</b> <b>falling due</b> <b>within one</b> <b>year</b> <b>£'000</b>	<b>31 March 2015</b> <b>Amounts</b> <b>falling due</b> <b>later than</b> <b>one year</b> <b>£'000</b>	<b>31 March 2014</b> <b>Amounts</b> <b>falling due</b> <b>within one</b> <b>year</b> <b>£'000</b>	<b>31 March 2014</b> <b>Amounts</b> <b>falling due</b> <b>later than</b> <b>one year</b> <b>£'000</b>
Balances with other central government bodies	7 160	-	8 186	-
Balances with local authorities	12	-	20	-
Balances with NHS trusts	179	-	248	-
Balances with public corporations and trading funds	96	-	-	-
<b>Subtotal: intra-government balances</b>	<b>7 447</b>	<b>-</b>	<b>8 454</b>	<b>-</b>
Balances with bodies external to government	23 265	100 131	25 659	102 290
<b>Total trade and other payables at 31 March</b>	<b>30 712</b>	<b>100 131</b>	<b>34 113</b>	<b>102 290</b>

**10 Provisions for liabilities and charges**

<b>2014-15</b>	<b>Dilapidations</b> <b>£'000</b>	<b>Chairs' pensions</b> <b>by analogy</b> <b>£'000</b>	<b>Other</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
Balance at 1 April 2014	-	1 352	10	1 362
Provided in year	-	143	70	213
Provisions not required written back	-	-	-	-
Utilised in year	-	(80)	(8)	(88)
<b>Balance at 31 March 2015</b>	<b>-</b>	<b>1 415</b>	<b>72</b>	<b>1 487</b>
<b>Expected timing of future payments</b>				
Falling due within one year	-	82	72	154
Falling due after more than one year	-	1 333	-	1 333
<b>2013-14</b>				
	<b>Dilapidations</b> <b>£'000</b>	<b>Chairs' pensions</b> <b>by analogy</b> <b>£'000</b>	<b>Other</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
Balance at 1 April 2013	78	1 272	71	1 421
Provided in year	11	158	10	179
Provisions not required written back	-	-	(8)	(8)
Utilised in year	(89)	(78)	(63)	(230)
Balance at 31 March 2014	-	1 352	10	1 362
<b>Expected timing of future payments</b>				
Falling due within one year	-	80	10	90
Falling due after more than one year	-	1 272	-	1 272

### 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.

### Provision for retired Chairs' pensions

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.

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

	31 March 2015	31 March 2014
<i>Contracted commitments at 31 March not otherwise included in these financial statements</i>	<b>£'000</b>	<b>£'000</b>
Property, plant & equipment	<b>638</b>	855
Intangible assets	<b>8</b>	107
	<b>646</b>	962

## 12 Losses and special payments

	<b>2014-15</b>	<b>2014-15</b>	2013-14	2013-14
	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>
	<b>of cases</b>		<b>of cases</b>	
<b>Administration losses</b>				
Cash losses	<b>50</b>	<b>14</b>	50	20
Claims waived or abandoned	<b>2 122</b>	<b>1 026</b>	571	702
Administrative losses	-	-	-	-
Fruitless payments	<b>5</b>	<b>1</b>	4	1
Stocks, stores and obsolete publications	<b>2</b>	<b>1</b>	1	6
<b>Total administration losses</b>	<b>2 179</b>	<b>1 042</b>	626	729
<b>Special payments</b>	<b>14</b>	<b>129</b>	5	91
<b>Total losses and special payments</b>	<b>2 193</b>	<b>1 171</b>	631	820

Claims waived or abandoned include debts where the company has gone into liquidation or administration. Four cases represent £352k (34%) of the total value in 2014-15.

Special payments made by HSE to staff and members of the public totalled 14 cases during 2014-15 to the value of £128,577 (2013-14 5 cases totalling £90,621)

### 13a Commitments under non-PFI operating leases

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

	<b>31 March 2015</b>		<b>31 March 2014</b>	
	<b>Land</b>	<b>Buildings</b>	<b>Land</b>	<b>Buildings</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Obligations under operating leases for the following periods comprise:</b>				
Not later than 1 year	-	<b>2 290</b>	2	2 043
Later than 1 year and not later than 5 years	-	<b>5 983</b>	-	6 363
Later than 5 years	-	<b>9 379</b>	-	10 057
<b>Total committed</b>	-	<b>17 652</b>	2	18 463

### 13b Rental income from sub-leases

As at 31 March 2015 HSE had granted leases for land and buildings with rental income expected to be received, which falls due as shown below.

Income from rental under operating leases for the following periods comprise:

	<b>31 March 2015</b>		<b>31 March 2014</b>	
	<b>Land</b>	<b>Buildings</b>	<b>Land</b>	<b>Buildings</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than 1 year	<b>3</b>	<b>3 072</b>	3	43
Later than 1 year and not later than 5 years	<b>2</b>	<b>10 134</b>	5	80
Later than 5 years	-	-	-	-
<b>Total committed</b>	<b>5</b>	<b>13 206</b>	8	123

## 14 Commitments under PFI contracts

HSE has entered into the following two contracts let under the Private Finance Initiative that have been assessed under IFRIC 4; IFRIC 12; IAS 16 and IAS 17 as being brought onto HSE's Statement of Financial Position under adoption of IFRS.

### ***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.

### ***HSL accommodation***

With effect from 28 October 2004, HSL took occupation of serviced accommodation for laboratory and support functions provided under a 32 years and 29 weeks term, "design, build, finance and operate" contract with Investors in the Community (Buxton) Limited (ICB Ltd), 2 years and 29 weeks being the design and build period prior to occupation.

### ***Charge to the Statement of Comprehensive Net Expenditure and future commitments***

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-Statement of Financial Position PFI transactions was £9.8 million (2013-14 £10.7 million) and the payments to which HSE is committed are as follows:

	<b>31 March 2015</b>	<i>31 March 2014</i>
	<b>£'000</b>	<i>restated</i>
		<b>£'000</b>
Not later than one year	<b>10 629</b>	10 216
Later than one year and not later than 5 years	<b>42 514</b>	40 864
Later than 5 years	<b>154 905</b>	158 811
<b>Total committed</b>	<b>208 048</b>	209 891

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

Total obligations for the following periods comprise:

<i>Gross liabilities</i>	<b>31 March 2015</b>	31 March 2014
	<b>£'000</b>	£'000
Not later than one year	<b>10 326</b>	10 256
Later than one year and not later than 5 years	<b>41 304</b>	41 304
Later than 5 years	<b>162 752</b>	173 078
Total committed	<b>214 382</b>	224 638
Less interest element	<b>(112 564)</b>	(121 068)
<b>Present value of obligations</b>	<b>101 818</b>	103 570

<i>Present value of obligations</i>	<b>31 March 2015</b>	31 March 2014
	<b>£'000</b>	£'000
Not later than one year	<b>1 971</b>	1 751
Later than one year and not later than 5 years	<b>9 672</b>	8 928
Later than 5 years	<b>90 175</b>	92 891
<b>Total present value of obligations</b>	<b>101 818</b>	103 570

**15 Other financial commitments**

HSE has entered into non-cancellable contracts (which are not leases or PFI contracts) for ancillary services which are provided alongside the rental of buildings (service charges, insurance and business rates); IT managed services; and services provided by SSCL (which are described in Note 4). The payments to which HSE is committed are as follows:

	<b>31 March 2015</b>	31 March 2014
	<b>£'000</b>	£'000
Not later than 1 year	<b>6 874</b>	6 955
Later than 1 year and not later than 5 years	<b>8 570</b>	13 387
Later than 5 years	<b>3 950</b>	5 347
<b>Total committed</b>	<b>19 395</b>	25 689

## 16 Related party transactions

HSE is a Crown Non-Departmental Public Body and is sponsored by DWP, which is regarded as a related party. During the year, HSE had several transactions on an arms length basis with DWP that mainly related to the provision of internal audit services and sharing of premises costs. HSE also had material transactions with ONR for which the DWP is regarded as the sponsor department.

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

- ◆ Home Office
- ◆ Cabinet Office
- ◆ Department for Environment, Food and Rural Affairs
- ◆ Department for Transport
- ◆ Government Legal Department (previously Treasury Solicitors)
- ◆ High Peak Borough Council
- ◆ Sefton Metropolitan Borough Council

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

## 17 Contingent liabilities

HSE has received a small number of personal injury claims from employees. It is possible that a payment will be made in some cases but there is significant uncertainty about both the timing and amount.

## 18 Financial instruments

As the cash requirements of HSE are met through the Estimate process, financial instruments play a much more limited role in creating or changing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with HSE's expected purchase and usage requirements and HSE is therefore exposed to little credit, liquidity, exchange rate or market risk.

## 19 Segmental analysis

	<b>2014-15</b>			
	<i>Health &amp; Safety Executive</i>	<i>Health &amp; Safety Laboratory</i>	<i>Less intercompany transactions</i>	<i>Total as per Statement of Comprehensive Net Expenditure</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating expenditure	205 864	39 959	(27 108)	218 715
Operating income	(68 068)	(39 968)	27 108	(80 928)
<b>Reportable segment net resources</b>	<b>137 796</b>	<b>(9)</b>	<b>-</b>	<b>137 787</b>

	<b>2013-14</b>				
	<i>Health &amp; Safety Executive</i>	<i>Health &amp; Safety Laboratory</i>	<i>Office for Nuclear Regulation</i>	<i>Less intercompany transactions</i>	<i>Total as per Statement of Comprehensive Net Expenditure</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating expenditure	223 178	39 451	54 582	(38 293)	278 918
Operating income	(72 208)	(39 451)	(51 689)	38 293	(125 055)
Reportable segment net resources	150 970	-	2 893	-	153 863

	2014-15		Total as per Statement of Financial Position £'000
	Health & Safety Executive £'000	Health & Safety Laboratory £'000	
Property, plant and equipment	25 911	61 139	87 050
Intangible assets	755	541	1 296
Trade and other receivables due after more than one year	444	59	503
<b>Total non-current assets</b>	<b>27 110</b>	<b>61 739</b>	<b>88 849</b>
Inventories	-	717	717
Trade and other receivables	27 430	5 463	32 893
Cash and cash equivalents	(68)	206	138
<b>Total current assets</b>	<b>27 362</b>	<b>6 386</b>	<b>33 748</b>
<b>Total assets</b>	<b>54 472</b>	<b>68 125</b>	<b>122 597</b>
Trade and other payables	(25 125)	(5 587)	(30 712)
Provisions	(72)	-	(72)
Pension liabilities	(82)	-	(82)
<b>Total current liabilities</b>	<b>(25 279)</b>	<b>(5 587)</b>	<b>(30 866)</b>
<b>Non-current assets less net current liabilities</b>	<b>29 193</b>	<b>62 538</b>	<b>91 731</b>
Other payables	(53 553)	(46 578)	(100 131)
Pension liabilities	(1 333)	-	(1 333)
<b>Total non-current liabilities</b>	<b>(54 886)</b>	<b>(46 578)</b>	<b>(101 464)</b>
<b>Assets less liabilities</b>	<b>(25 693)</b>	<b>15 960</b>	<b>(9 733)</b>
General fund	(26 142)	9 237	(16 905)
Revaluation reserve	449	6 723	7 172
<b>Total taxpayers' equity</b>	<b>(25 693)</b>	<b>15 960</b>	<b>(9 733)</b>

The Health and Safety Laboratory (HSL) is an in-house agency of HSE. ONR became a statutory corporation on 1 April 2014, sponsored directly by DWP. ONR will produce its own financial statements in 2014-15, which will not be consolidated within HSE's. Note 2 and the Governance Statement provide more detail about these arrangements.

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

In accordance with IFRS 8, HSE identifies a major customer as individually representing over 10% of total revenue. In 2014-15 HSE's sole major customer (2013-14 two) generated £8.8m of revenue.

## **20 Going concern**

HSE's closing Statement of Financial Position shows a net liability position as at 31 March 2015. The value of net liabilities exceeds the value of net assets as a result of the transfer of net assets to the Office for Nuclear Regulation, when it was established as a statutory corporation on 1 April 2014. In accordance with the FReM, there was no cash settlement for the transfer, which was instead treated as a transfer within reserves. The Board has previously considered this position and in the light of on-going commitment from DWP is content that HSE should continue to prepare the annual accounts on a going concern basis.

## **21 Events after the reporting period**

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







