



The Health and Safety Executive \\ Annual Report and Accounts 2009/10

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The Health and Safety Executive

\\ Annual Report and Accounts 2009/10

Presented to Parliament pursuant to section 10(2) of, and paragraph 10 (4) of Schedule 2 to, the Health and Safety at Work etc Act 1974; and on behalf of the Comptroller and Auditor General, pursuant to section 10(2) of, and paragraph 10(2) of Schedule 2 to, the Health and Safety at Work etc Act 1974.

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Part One

The Health and Safety Executive
\\ Annual Report 2009/10

Foreword by HSE's Chair and Chief Executive



Judith Hackitt CBE
(Chair)

Health and Safety
Executive



Geoffrey Podger CB
(Chief Executive)

Health and Safety
Executive

This has been the first full year of our new strategy '*Be part of the solution*'. Much progress has been made with the latest statistics indicating, for example, the lowest rate of fatalities ever for Great Britain and our continuing to be the best performing country in the EU against this measure. Much credit for this is of course due to employers and employees meeting the challenge of their responsibilities and it is encouraging that there has been so much support for the new strategy from both sides of industry.

The Health and Safety Executive (HSE) has also sought during the year to reinforce the message that we, and our local authority co-regulators, are in the business of saving lives and averting injury and ill health in the workplace. We have no interest in denying the British public the right to live their lives without unnecessary bureaucratic regulation and interference. HSE is a pragmatic regulator and our mission is to support those who wish to properly protect their workforces, to take firm enforcement action against the criminally negligent and to strive to continually improve our own efficiency and effectiveness.

There is however no basis for complacency. As the country emerges from recession there are real risks to maintaining health and safety standards, not least as new businesses recruit new and inexperienced staff. Coupled with this are the new challenges related to the developing energy sector and the continuing concerns we have regarding the agriculture, construction and waste and recycling industries. Our strategy's general emphasis on the need for leadership, competence and worker involvement has particular relevance to all these issues.

Finally, we would wish to put on record our thanks to the members of the HSE Board for their commitment and energy and to our own staff who, at every level, make such an important contribution to protecting their fellow citizens.

The Health and Safety Executive (HSE) is a non-departmental public body with Crown status, sponsored by the Department for Work and Pensions (DWP) and accountable to its ministers.

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 health and safety in Great Britain and work in partnership with local authorities (LAs).

HSE's strategy, *The Health and Safety of Great Britain \ Be part of the solution*, defines the goals that we and all stakeholders in the health and safety system must strive to achieve (see www.hse.gov.uk/strategy). Our mission is:

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

HSE seeks to influence people and organisations, dutyholders and stakeholders, to embrace high standards of health and safety, demonstrate leadership of health and safety and promote the benefits of employers and workers working together to manage health and safety sensibly. HSE also investigates incidents and complaints about health and safety practices, and develops new or revised health and safety legislation and codes of practice.

HSE regulates health and safety across a range of sectors and industries including major hazard sites such as nuclear installations, offshore gas and oil installations and onshore chemical plants through to more conventional sites, quarries, farms, factories, waste management sites and hospitals. We do this through continued targeting of our resources to priority risks and sectors such as the agriculture and waste management industries and by applying an appropriate and proportionate mix of intervention techniques such as inspection, communication campaigns, advice and support and, where necessary, enforcement action.

We work together with local authorities, who are responsible for regulating half of the workplaces in Great Britain, in particular commerce, retail, hospitality, entertainment and other services. Both regulators are responsible for many other aspects of the protection both of workers and the public in accordance with the Health and Safety at Work etc Act 1974.

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

HSE's strategic framework

It is important to make sure that we fulfil the functions set out in the Health and Safety at Work etc Act 1974 (see page 47) and that we can account for the use of both our statutory powers and the public funds we receive. We are reporting our performance in 2009/10 against each of the strategy areas, which are:

- \\ Creating healthier, safer workplaces;
- \\ Avoiding catastrophe;
- \\ Investigations and securing justice;
- \\ The need for strong leadership;
- \\ Building competence;
- \\ Involving the workforce;
- \\ Customising support for SMEs; and
- \\ Taking a wider perspective.

In addition, our corporate support functions which include science, research, communications, financial and human resource management underpin all we do, enabling delivery. Key achievements in these areas are reported within this Annual Report in the 'Enabling delivery' section.

This report summarises our performance against the key activities HSE has been progressing in support of the HSE strategy, as described within the HSE Business Plan 2009/10 (www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan1011.pdf). It also includes a brief 'Looking forward' section for each theme which identifies some of the key objectives for 2010/11. Further detail can be found in the HSE Business Plan 2010/11 (www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan0910.pdf).

The chart on page 9 shows how HSE was organised in 2009/10 to deliver its objectives.

For more information, see the 'Management Commentary' (pages 47–53) or www.hse.gov.uk.

HSE's Board



Judith Hackitt CBE
(Chair)



Professor
Sayeed Khan



Danny Carrigan OBE



Robin Dahlberg



Judith Donovan CBE



Sandy Blair CBE



Hugh Robertson



David Gartside

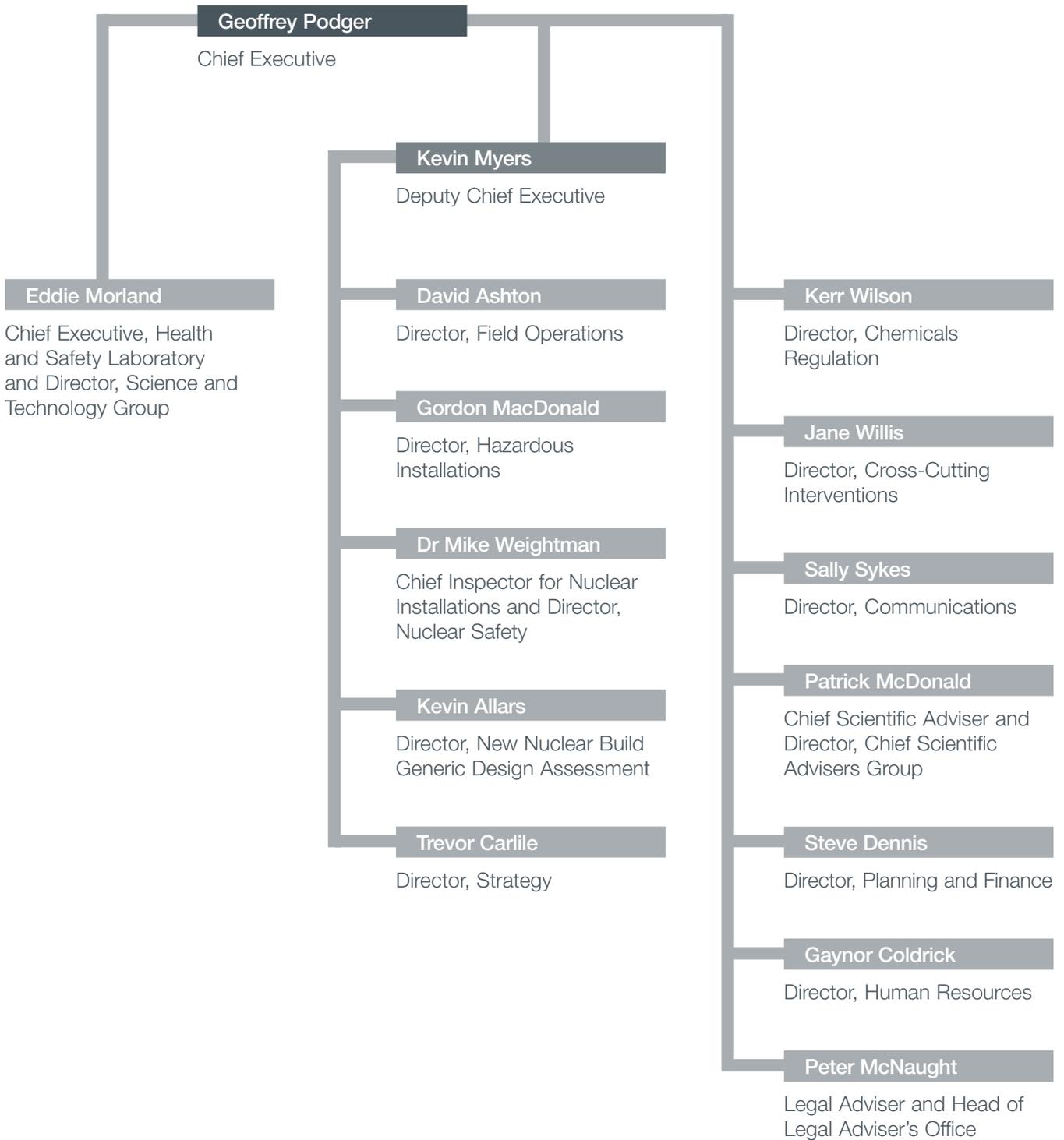


Elizabeth Snape MBE



John Spanswick CBE

HSE's structure and Senior Management Team (year ending 31 March 2010)



Biographies for each of the Board members are on our website at: www.hse.gov.uk/aboutus/hseboard/biographies/board.htm

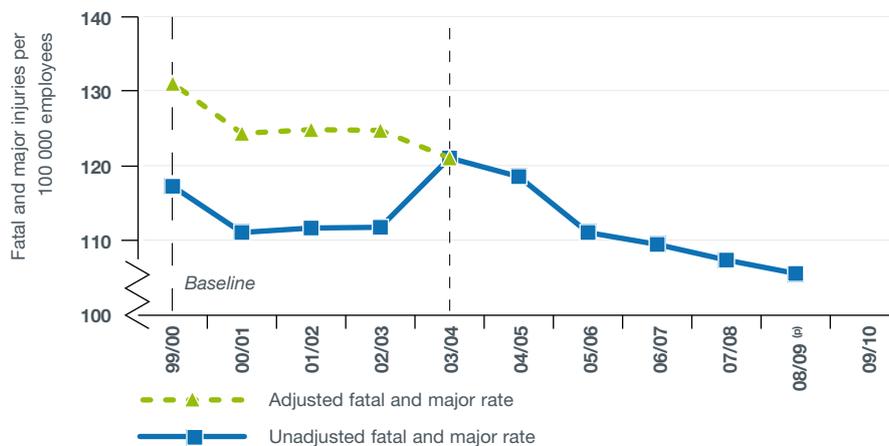
You can obtain a copy of the register of interests relating to members of the Board and the Chief Executive by contacting HSE Infoline at hse.infoline@connaught.plc.uk, or by phoning 0845 345 0055, Monday–Friday between 0830 and 1800.

(This post was formerly held by Alex Brett-Holt, who retired on 7 March 2010)

Performance for work-related health and safety

The performance information¹ set out below relates to Britain's health and safety system as a whole. HSE, while fulfilling a key role, is only one of the contributors to improved health and safety outcomes.

Figure 1 The incidence rate of fatal and major injuries per 100 000 employees²



The baseline for this indicator is 1999/00 when the rate of fatal and major injuries per 100 000 employees was 117.3.

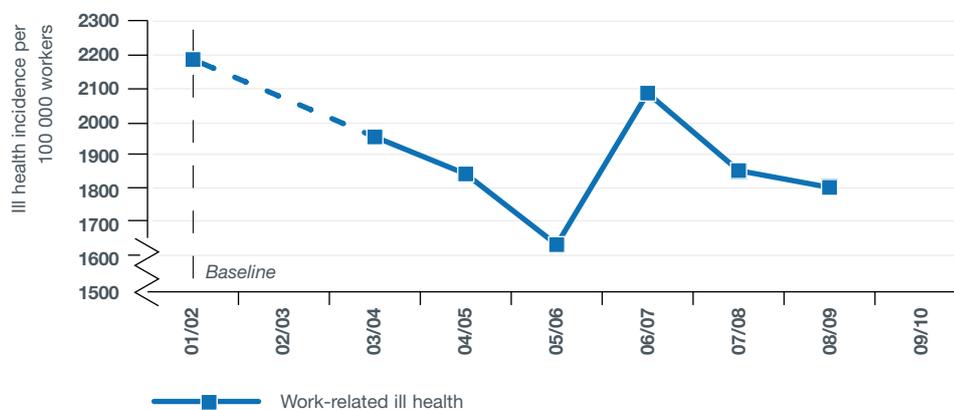
The provisional rate for 2008/09 is 105.6 per 100 000 employees.

Research indicates that the rise in major injuries that took place in 2003/04 resulted from a change in recording systems. Work has been undertaken to quantify this effect and produced an adjusted time series which is shown in this figure.

Notes to figures

- The latest data for figures 1, 2 & 3 are for 2008/09, while those for figure 4 are for 2009/10. The rates for ill health and working days lost are rounded. Further information can be found at www.hse.gov.uk/statistics/overall/hssh0809.pdf.
- This indicator is measured using data on fatal and major injuries to employees reported under RIDDOR, supported by self-reports via the Labour Force Survey (LFS). In 2008/09, comparison of the respective data estimated that employers reported 58% of RIDDOR-reportable major (and over-3-day) injuries.
- This indicator is based on self-reporting surveys, primarily the LFS. Other sources are also used to assess progress. The 2008/09 estimate is subject to a 95% confidence interval with a range of possibilities for results between 1690 to 1940. Data is not available for 2002/03.

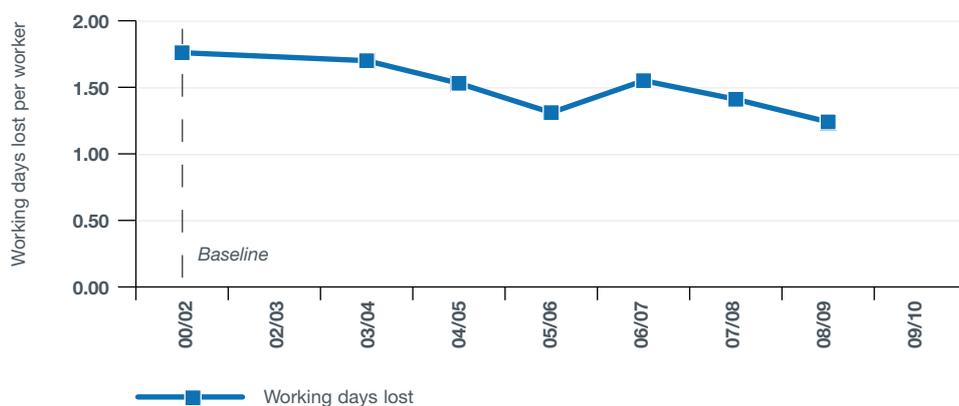
Figure 2 The incidence rate of work-related ill health per 100 000 workers³



The 2001/02 baseline incidence rate is 2190 self-reports of work-related ill health per 100 000 workers.

The latest data for 2008/09 shows a Labour Force Survey incidence rate of 1810 per 100 000 workers.

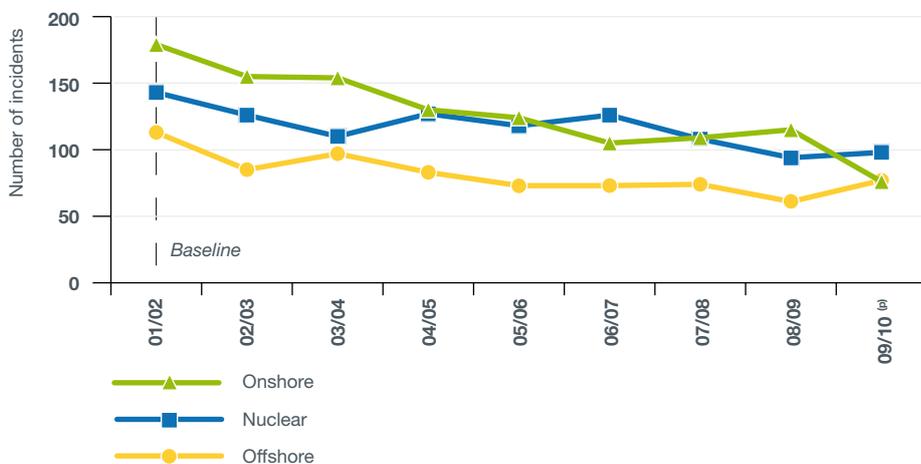
Figure 3 The number of working days lost per worker from work-related injury and ill health⁴



The 2000/02 baseline for this indicator is 1.76 days lost per worker. The rate for 2008/09 is 1.24.

Figure 4 Major Hazards: the number of dangerous events in the nuclear industry and in the offshore and onshore oil and gas sectors. This indicator is measured using data from reports on relevant specified events made to HSE. These are:

- ∞ the number of events⁵ reported by licence holders which are judged to have the potential to challenge a nuclear safety system;
- ∞ the number of major and significant hydrocarbon releases⁶ in the offshore oil and gas sector;⁷ and
- ∞ the number of RIDDOR⁸ reportable dangerous occurrences in the onshore sector.



The 2001/02 baseline by industry sector is nuclear 143, offshore 113, and onshore 179. The 2009/10 (provisional) data were onshore 76, nuclear 98, and offshore 77.

Notes to figures

- 4 The results from the LFS for working days lost are subject to a 95% confidence interval with a range of possibilities of 1.13 to 1.36 per worker.
- 5 As per arrangements made under condition 7 of site licences granted under section 1 of the Nuclear Installations Act 1965 (as amended).
- 6 Hydrocarbon releases are reported under RIDDOR 95. Information on severity of release is provided in supplementary reports from industry.
- 7 The (provisional) data for the offshore sub-indicator shown in the 2008/09 Annual Report has been restated from 62 to 61 major and significant hydrocarbon releases.
- 8 As per RIDDOR 95.

Improving the work environment: Creating healthier, safer workplaces

Strategy Goals:

To specifically target key health issues and to identify and work with those bodies best placed to bring about a reduction in the incidence rate and number of cases of work-related ill health.

To set priorities and, within those priorities, to identify which activities, their length and scale, deliver a significant reduction in the rate and number of deaths and accidents.

The causes of accidents in the workplace are generally well understood and we have continued to focus on their prevention. However, this is not always the case for ill health. Some ill health is clearly work-related, albeit with long latency in certain cases, while in other instances the causes are not solely work-related or the seriousness may be exacerbated by non-work factors. Our intention has been to concentrate on preventing work-related ill health while offering our expertise to support other programmes addressing the wider issues.

This section provides an insight into the work that HSE, either directly or in partnership, has undertaken in 2009/10 to address key health issues – particularly long latency diseases. It also sets out some of the important work HSE has undertaken to tackle the causes of fatal and major injuries.

Key progress and achievements in 2009/10

Tackling long latency diseases

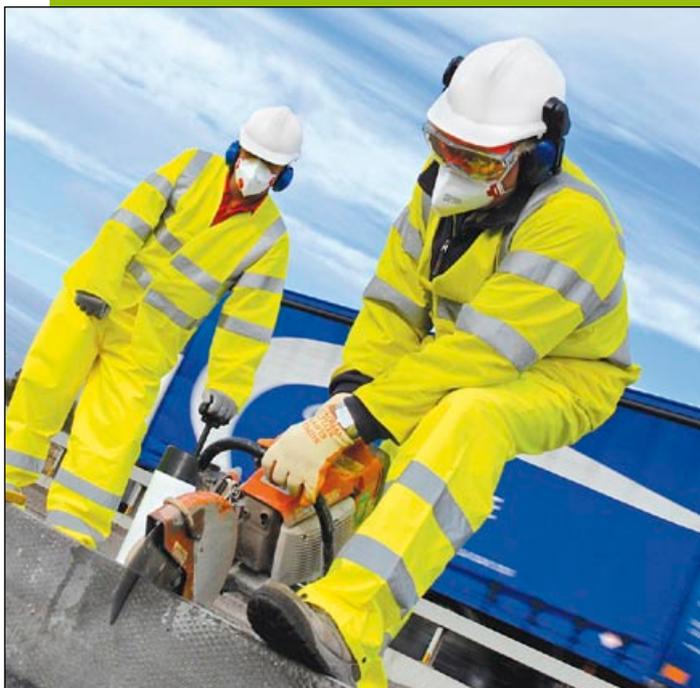
\\ Raising awareness of the dangers of working with asbestos. In November 2009, HSE launched the second phase of the highly effective Hidden Killer asbestos media campaign. The campaign successfully picked up coverage on Radio 5 live, BBC Scotland and Wales, Scottish and Welsh national press and numerous pieces on regional television, radio and press. We continued to work in partnership with asbestos support groups who provided case studies of mesothelioma sufferers and family members, which featured prominently in the national and regional press coverage. Independent evaluation indicates that 85% of tradespeople had seen recent publicity on asbestos and 76% claimed to have taken or planned to take more precautions. During the promotion, there were nearly 200 items of national and regional news coverage and a subsequent 13-fold increase in web hits on the campaign website.

\\ Licensing asbestos contractors to ensure compliance with the Control of Asbestos Regulations 2006. In March 2010, there were 622 licensed asbestos contractors in Great Britain. HSE carried out 1069 inspections in 2009/10 (a significant increase of 44% from 2008/09) of 353 different licence holders. Nine licences were revoked or surrendered and 341 licence applications were received, of which 40 were unsuccessful. Our aim, in 2010/11, is to inspect all asbestos licence holders.

\\ Improving our knowledge and understanding of exposure risks which can lead to occupational cancers. In addition to a major study into the occupational cancer burden in Great Britain, HSE has

Insight

Silica dust



Every year HSE estimates that at least 500 construction workers die from lung cancer and even more suffer ill health as a result of inhaling a dangerous substance called respirable crystalline silica (known as 'silica dust' or 'RCS'). One of the biggest causes of exposure to silica dust is cutting stone and concrete products with mechanical cut-off saws. Each year, many thousands of workers cut kerbing, paving or blocks in road or highway maintenance, potentially exposing them and others to high amounts of RCS.

In 2007, HSE set up an initiative to tackle the problem, bringing together the relevant stakeholders, including contractors, product and machine

manufacturers, hire companies and public service clients such as local authorities and the Highways Agency. The group agreed to work as co-partners to identify a range of practical solutions to reduce exposure to silica dust and to play a part in implementing them.

One of the outputs so far has been a Clear the Air! multimedia initiative – including a DVD, leaflets and online forums showing construction workers how to protect themselves. Industry requests total more than 240 000 leaflets and 3000 copies of the DVD. We have also held Silica Safety and Health Awareness Days (SHADs) for relevant tradespeople and have received positive feedback.

Importantly, as a result of three years of joint efforts by all the stakeholders, other outcomes that are having a major impact on workers' protection include:

- \\ substantial investment by machine manufacturers to make water suppression an effective RCS control measure;
- \\ removal of barriers to the specification of alternative products such as plastic kerbstones;
- \\ based on the Clear the Air! initiative, training has continued to be delivered in 2009/10 across the country by local authorities, contractors and the Highways Agency to provide key messages about the harm that can be caused and the simple measures that can be taken;
- \\ on-site self-enforcement by employers and the self-employed. Many stakeholders have reported a large increase in the numbers of workers now following good practice and the work is driving awareness in other tasks presenting silica exposure risks such as roof tile cutting.

also undertaken various research to improve knowledge of potential exposures in specific industries where carcinogenic substances are found. In addition we have identified a number of sectors and activities which present a higher risk of exposure to substances that can cause serious long latency respiratory diseases, including cancers. These include stoneworking, quarry working, foundries and welding. Partnership teams have been built with key stakeholders in these areas with the aim of developing and agreeing measures to bring about sustained reductions in exposures.

\\ Continuing to promote and embed positive messages about simple precautions to reduce dermatitis in higher risk industries through the strong stakeholder partnerships forged by HSE and local authorities. Feedback from HSE's Bad Hand Day campaign suggests significant improvements during the year in awareness levels and the use of best practice techniques in the hair and beauty sector, for example, a major supplier to the industry ran a marketing campaign for the recommended type of protective glove. Local authorities are also now including dermatitis during food hygiene inspections of catering establishments. A major step in November 2009 was the standards body for this sector taking over lead responsibility for ongoing promotion of good practice – HSE will continue to provide input and support as appropriate. We also produced new evidence-based guidelines on dermatitis for healthcare professionals this year.

Focusing on key hazards – slips, trips and falls from height

\\ Delivering the third phase of the successful Shattered Lives campaign to target those sectors most at risk of a slip, trip or fall from height. The campaign included the launch of the work at height access information toolkit (WAIT) – a simple, user-friendly online tool that provides users with practical advice and guidance on the factors to consider when selecting access equipment for planned work at height. HSE also continued the promotion of the slips, trips e-learning package (STEP), and distributed over one million inserts promoting STEP and WAIT across the trade press, combined with a direct mailing promoting STEP and WAIT to over 260 000 employers. We launched four new radio adverts during the campaign and developed seven employer case studies to support it.

Full campaign results are not yet available as the evaluation is ongoing but there have been over 91 000 visitors to the campaign website between February and March 2010. To date, STEP and WAIT have received 102 768 and 40 329 visitors, respectively, since their launch and three vocational colleges have incorporated STEP within their catering curriculum.

\\ Working with local authorities to successfully remove unsafe ladders from the workplace. HSE and local authorities continued to build on the success of Ladder Exchange 2008 with a further exercise during October and November 2009 to raise ladder safety awareness. To date, nearly 7000 dangerous ladders have been exchanged since the initiative began three years ago. The number of stakeholder partners involved in this initiative has increased from 12 in 2008 to 16 in 2009. HSE inspectors used Ladder Exchange to support targeted inspection activity as part of the North West's digital switchover in November 2009.

\\ Launching a health & safety awareness officer (HSAO) Slips and Trips pilot in specific regions in November 2009. The pilot involved targeted advisory interventions by HSAOs to businesses operating in all HSE-enforced sectors (excluding construction) that have reported a major or over-3-day slip or trip accident that would not meet the HSE criteria for investigation by an inspector. Feedback shows that these interventions are reducing the potential slips and trips risks to a large number of employees.

Reducing workplace violence

\\ Working in partnership, HSE ran the Cash and Valuables in Transit project in conjunction with Greater Manchester Police, local authorities and the security industry, to improve the safety of employees by promoting risk assessment and safety. Visits were made to 'attack sites' and depots to review risk assessments, and identify areas where risks could be better controlled. This project won a number of awards including the *Local Government Chronicle* and Healthy Working Lives Sustainable Communities Awards 2009. The project's success has resulted in other regions approaching HSE, Greater Manchester Police and local authorities for advice on implementing their own initiatives for tackling violence to those involved in the transit of cash and valuables and retail industries.

Delivering effective and efficient interventions

\\ **Inspecting hard rock quarries and open cast coal mines.** HSE set up a National Quarries Team to inspect the above quarries and mines in Great Britain. Since its formation, the team has made significant progress with targeting poor performers within the industry, while building stronger partnerships with larger organisations

such as Aggregate Industries. There has been considerable support from the industry for the team's formation, including the Mineral Products Association and British Aggregates Association.

\\ **Focusing inspection in the adventure activities licensing sector.** In 2009/10, HSE requested its licensing contractors to undertake a series of focused inspections on caving, in addition to normal licensing

Insight

Agriculture Revisited initiative

In May 2008 HSE's Board agreed a reinvigorated drive to help reduce the consistently high rates of work-related farming deaths. As well as refocusing on existing interventions and activities in agriculture, this includes HSE's Make the Promise farm safety campaign, which has continued to grow since its launch in January 2009.

During 2009, we used direct mailing to target and contact farmers and encourage them to make their promise to come home safe from the fields. By the end of the year, 15 000 farmers had signed up to the campaign.

We followed this up by sending those farmers seasonal messages before busy periods, such as harvest time, to remind them to keep the promise they had made. We are also planning activities with key stakeholders, including those organisations who wish to work with us as Promise partners. For example, we are encouraging organisations to host informal evening events for farmers and print articles in their magazines using the materials in the campaign toolkit.

We launched the third phase of the initiative in January 2010 with the stark message that people are still dying needlessly in farm accidents, to encourage more farmers to sign up. Our most recent mailing exercise has so far generated over 10 000 responses.

During 2009, the other work streams of Agriculture Revisited continued to support the campaign by:

- \\ developing the programme of SHADs to increase the number of farmers who benefit from them. Feedback from these events is generally positive

and we are now running them in more areas so farmers have greater choice in location. Improvements to the process for inviting the target audience to SHADs has resulted in much improved attendance rates from approximately 25% to 70% across all events. Non-attendance is followed up by non-warranted HSE staff visiting the relevant dutyholders. Feedback from these visits resulted in approximately one in eight of those dutyholders also being visited by an HSE inspector to ensure appropriate health and safety controls were in place;

- \\ publishing guidance aimed at cutting the rate of tractor deaths – *Tractor action: A step-by-step guide to using tractors* is available on HSE's website;
- \\ engaging in partnership work with manufacturers and suppliers, including the development of an accessible tractor safety web page which will be launched in mid-2010;
- \\ encouraging access by farmers and farm workers to relevant training, such as the new Land-based Agriculture Vocational Health and Safety qualification now being offered at a number of agricultural colleges; and
- \\ developing a co-ordinated programme of attendance for HSE at agricultural shows in 2010.

It is too early to see any changes in behaviour amongst farmers, but qualitative research carried out in October 2009 indicated that farmers had responded positively to the campaign.

The campaign has also received extensive positive media coverage around Britain, including the BBC's popular *Countryfile* programme, watched by 7.5 million people, and BBC Radio 4's *Farming Today*.

or renewal inspections. Caving was chosen as it is a high-hazard, high-consequence activity which occurs relatively infrequently and for which it is difficult to get an accurate picture of standards and good practice. 95 (90%) of the 108 providers offering caving activities were inspected during the period. The inspections revealed that good standards were being maintained and no licences were revoked.

Working with the priority sectors to reduce the rate of fatalities and major injuries

Agriculture

\\ Reacting quickly and effectively to a serious E.coli 0157 outbreak at an open farm in Surrey in August 2009. HSE's response included:

- \\ issuing a health alert to the owners/operators of open farms drawing their attention to the risks from E.coli 0157 and the appropriate control measures immediately prior to the October half-term break and the Easter holiday period;
- \\ developing revised guidance including enforcement guidelines for LA and HSE inspectors; and
- \\ providing evidence to the Advisory Committee on Dangerous Pathogens (ACDP) and the Health Protection Agency (HPA) Griffin investigation committee.

Construction

\\ Undertaking targeted interventions with 20 companies supplying tower cranes to construction sites across Great Britain. HSE inspections of site and head offices focused on topics including competence, maintenance, thorough examination, erection, dismantling and safe use of tower cranes. Formal enforcement action was taken to improve standards where necessary. Feedback on findings was provided through industry stakeholders.

\\ Delivering the Outreach campaign to rapidly increase the profile of HSE amongst migrant construction workers in London. The launch of the campaign in September 2009 proceeded with a wide range of events and activities focusing on three migrant communities and received very positive feedback from those involved.

In addition, HSE, working in partnership with key stakeholders, distributed 110 000 pocket information cards to construction workers from migrant communities and their families. Feedback from an advice charity for eastern European migrants indicates that the small pocket leaflets have been well received and people's understanding of health and safety issues has improved. Another leading organisation with close links to the Romanian community confirmed: 'the events and meetings the HSE organised during the last months have given workers the opportunity to find out more about the health and safety rules companies have to comply with, and about the rights and responsibilities they have under the Health and Safety Regulations. The campaign made workers more aware of the role played by the HSE.'

\\ Recruiting 24 inspectors of construction (IoC) on fixed-term contracts to supplement existing inspector resources targeted on the construction industry. Those recruited, in June 2009, had all recently worked in the industry in a variety of roles and they commenced site inspections after an initial three-month training period. Subsequently, IoCs have focused on the inspection of hard-to-reach small construction projects in support of the Construction Programme's Small Sites Strategy. They have been targeting roof-work activities as these lead to the largest number of accidents, particularly falls from height within construction work.

\\ Focusing our inspections on the refurbishment sector. In spring 2010, HSE carried out an intensive inspection initiative targeting the refurbishment sector. This was timed to coincide with, and follow on from, the Shattered Lives media campaign. Historically, this sector has a disproportionately high accident record, with injuries as a result of a fall from height a particular feature. During 2009/10, inspectors visited 2014 sites, issued 691 Enforcement Notices at 470 of those sites: and of the notices issued, 348 related to work at height.

Waste and recycling

\\ Developing and launching clear guidance for the waste and recycling industry. HSE produced web-based guidance for the industry focusing, in particular, on local authorities and their client duties when procuring and managing waste services. The guidance comprises a short document on the underlying



principles of safety management, complemented by a suite of case studies illustrating how these have been put into practice. We will facilitate further case studies as the guidance becomes more widely adopted. To support this we also:

- \\ negotiated with the Chartered Institution of Wastes Management to make their standard contract clauses compatible with the guidance;
- \\ liaised with the Department for Environment, Food and Rural Affairs (Defra) and the devolved administrations to ensure our work was consistent with, and could be implemented alongside, other government initiatives in this sector; and
- \\ gathered valuable inputs from trades unions and Waste Industry Safety and Health (WISH) forum members, including the Environmental Services Association and Local Government Employers Organisations.

We launched the guidance nationally at eight regional events, attended by approximately 800 LA representatives together with private sector contractors. Feedback has been extremely positive, with over 80% of delegates reflecting that the guidance and events met most or all of their needs. HSE is following up the initiative with a three-year inspection programme to ensure that the message is being delivered effectively and improvements continue to be made.

Looking forward

Our plans for 2010/11 include:

- \\ continuing to identify and target:
 - \\ those sectors that make significant contributions to fatal and major injuries, including construction, agriculture and waste and recycling using a range of tailored intervention strategies; and
 - \\ those industries where there are higher risks of future ill health or premature death as a result of exposure to substances, physical agents etc. Our work will focus on influencing behavioural change through, for example, developing and maintaining partnerships with stakeholders in higher risk activities, undertaking inspections and raising awareness.

Further details can be obtained in the HSE Business Plan 2010/11.

Improving the work environment: Avoiding catastrophe

Strategy Goal:

To reduce the likelihood of low-frequency, high-impact catastrophic incidents while ensuring that Great Britain maintains its capabilities in those industries strategically important to the country's economy and social infrastructure.

HSE's regulatory responsibilities include specialist industries such as nuclear, offshore, oil, gas, chemical sites and biological agents. These industries, along with emerging energy technologies, fulfil core roles in keeping Britain running. The risk associated with many is that, if not properly managed, they have the potential to cause great harm to workers, the environment and to the public. This section provides an insight into the work HSE has either undertaken directly, or has influenced through partners/stakeholders to mitigate key risks.

Key progress and achievements in 2009/10

Effective regulation

See Insight box opposite.

Reviewing asset integrity (including ageing plant)

\ Targeting management of asset integrity and reliability in major hazard industries. We undertook a review of the offshore Asset Integrity Programme (KP3) and reported the findings to the then Secretary of State for Work and Pensions in July 2009. Our review concluded that there had been considerable progress, but further improvements were still needed across a range of areas, including physical state of plant, safety leadership and the role of the engineering function. As a result, we have commissioned further work programmes to support industry in taking action in these areas.

We continued to raise awareness and promote management of the risks associated with ageing plant during site inspections. In the offshore industry, the information we have gathered supports an Ageing Infrastructure project. Launched in April 2010, the project aims to encourage and help dutyholders to further improve the management of age-related integrity issues. Onshore, guidance on the inspection of ageing plant in the chemical industry was published in February 2010 and will be fully implemented in 2010/11.

Insight

Improving our approach to controlling major accident hazards

Beginning in 2008, HSE and its regulatory partners in the Competent Authority (CA) embarked on an extensive review of their regulatory approach to the Control of Major Accident Hazards Regulations (COMAH).

The CA for COMAH comprises HSE and the Environment Agency in England and Wales, and HSE and the Scottish Environment Protection Agency in Scotland.

The review was delivered via the Remodelling COMAH programme. Changes to legislation were not proposed, but the programme has changed the way the CA carries out its responsibilities. Areas such as priority setting, safety report assessment and inspection have seen the biggest change and a new CA Strategic Management Group will ensure that CA organisations act as fully joined-up co-regulators.

The programme itself comprised nine work streams – each tasked to identify improvements, develop options, recommend a new approach and provide drive to the changes. The changes identified by the review will:

- \\ improve the way COMAH regulators use intelligence to identify priorities, enabling a greater focus on areas of concern and poor performance;

- \\ make better use of available resources by ensuring that COMAH regulators adopt the most effective intervention approaches and tools; and
- \\ increase the deployment of joint CA inspection and assessment teams, where appropriate.

In 2009/10, details of the new approach were finalised, piloted and shared with industry. Alongside the CA's routine engagement with dutyholders and their representative bodies, two bespoke workshops for industry and other stakeholders were held in London and Leeds. The events were oversubscribed and provided feedback that suggests the CA's approach and changes are the right ones – and welcomed by those who attended. Throughout 2010/11 the CA will continue to listen and act on dutyholders' feedback.

To promote closer working 21 joint training workshops were delivered to over 300 CA staff across the three CA organisations. The workshops were vital in preparing CA staff to deliver the remodelled regime and the new arrangements from April 2010.

In addition to these changes, and to support industry in their forward planning arrangements, the CA has committed to share COMAH intervention plans with COMAH site operators, beginning May 2010.

Safety performance indicators

\\ **Working across all major hazard sectors to increase the adoption and use of safety performance indicators (SPIs).** In particular, HSE worked with the offshore industry to set targets for two new SPIs on safety critical maintenance. SPIs are already an integral part of business management systems in the gas and pipelines sector and full implementation of safety indicators at all top-tier COMAH sites is on target, with further developments in 2010/11 to secure full implementation at all sites.

Learning lessons from the Buncefield Oil Storage Depot incident in 2005

\\ **Collaborating with the Process Safety Leadership Group (PSLG) to progress implementation of the recommendations from the investigation into the Buncefield major incident.** In December 2009, the PSLG, a joint regulator/industry group of which HSE is part, published its report on standards improvements at fuel storage sites. HSE also developed, with the Environment Agency (EA) and Scottish Environment Protection Agency (SEPA), a new policy setting out minimum standards of containment to help improve safety standards. Additionally, we assisted the local authority in which Buncefield is located to bring the storage facilities at the site back on stream and restore fuel supplies to Heathrow airport.

Liquefied petroleum gas (LPG) – pipework replacement

\\ Implementing a major programme to replace underground metallic pipework carrying LPG from bulk storage tanks to industrial and commercial premises.

The importance of the programme is underlined by it being one of Lord Gill's key recommendations from his inquiry (July 2009) into the explosion at ICL Plastics in 2004. The programme is supported by a LA/HSE inspection campaign targeting higher risk installations. Web-based guidance for domestic LPG users has also been developed.

HSE consulted on Lord Gill's proposals for a new safety regime for small bulk LPG storage installations. The outcome of this consultation, along with HSE's analysis, showed that the current legal framework supported by clearer guidance on roles and responsibilities for safety at LPG installations, could deliver Lord Gill's vision. This informed the HSE Board's advice to the then Secretary of State, and contributed to the Government's final response to Lord Gill's report, published on 18 March 2010.

Land use planning

\\ **Developing further the risk criteria for land use planning.** HSE led the Societal Risk Technical Advisory Group, with representatives from industry and academia. The group completed its work on societal risk in relation to land use planning, which resulted in the revision of the document 'Risk criteria for land use planning' for use in the vicinity of major industrial hazards.

Emerging energy technologies (EET)

\\ **Researching hazards, standards in and regulation of emerging energy technologies.** HSE's EET programme is carrying out work to enable the safe introduction of new energy technologies such as:

- \\ the Carbon Capture and Storage competition;
- \\ proposals to distribute bio methane through the national grid gas pipeline network; and
- \\ the development of deep-water offshore wind farms.

The programme has started research into new hazards which may be associated with alternative sources of energy so they can be controlled effectively from the outset. Emerging findings are informing what more needs to be done in the areas of standard-setting,

regulation and any further research. We aim to publish the associated report on the status of non-nuclear energy technologies in summer 2010. Work also began on the development of a strategy on future regulation of these technologies, which we expect to complete by April 2011.

Generic Design Assessment (GDA) – new nuclear power station design

\\ **Progressing GDA.** HSE met a major milestone with the publication in November 2009 of 33 reports on its assessment of two new nuclear power station designs planned for potential development in the UK. While the need for further work by the design companies and regulators was highlighted, so far nothing has been identified that would prevent the designs from being built in the UK. GDA is being taken forward, as a joint programme, by HSE and the EA and was set up to ensure that any new reactor to be built in the UK meets high standards of safety, security and environmental protection. In taking forward its assessment, HSE has been working closely with other nuclear regulators who are assessing the designs, primarily the United States Nuclear Regulatory Commission, the French nuclear safety authority (ASN) and the Finnish radiation and nuclear safety authority (STUK). The final phase of GDA has commenced and the related reports are due to be published in June 2011.

Emergency arrangements at nuclear sites

\\ **Testing emergency arrangements at nuclear sites, in line with the joint HSE/Licensees' plan for 2009/10.**

The tests focused on:

- \\ the operator's actions on and off the site;
- \\ demonstrating the adequacy of the relevant LA's arrangements to deal with the off-site aspects of the emergency, particularly the functioning of the Strategic Coordination Centre (SCC) where organisations with responsibilities or duties during a nuclear emergency also exercise their functions; and
- \\ a limited number to rehearse the functioning of the SCC and the wider involvement of central government.

Lessons learned from all of the exercises were fed into the review process for both on- and off-site emergency plans to improve response to potential nuclear emergencies.

Periodic Safety Reviews (PSRs)

\\ **Systematically reviewing and reassessing the safety cases for nuclear reactor sites.** HSE completed its assessment of the second Periodic Safety Review of Heysham 2 and Torness power stations. After careful consideration, we concluded that there is an appropriate basis for continued station operation, while the programme of further work identified by the review is progressed. PSRs provide a systematic review and reassessment of a safety case, looking forward up to ten years. UK reactor licensees are required to carry out a PSR every ten years for each nuclear reactor site, in line with international best practice.

Looking forward

Our plans for 2010/11 include:

- \\ continuing to deliver key interventions at major hazard operators and dutyholders, including all top-tier COMAH sites, offshore installations, nuclear and other high-hazard establishments;
- \\ ensuring dutyholders in the offshore sector and at onshore COMAH sites effectively manage asset integrity risks, including those arising from ageing plant and equipment. Work will include the publication of revised guidance on the assessment and management of ageing plant and the development of an inspection programme to assess compliance with the guidance;
- \\ implementing key aspects of regulatory reform including implementation of the COMAH Remodelling programme (see Insight on page 21); and a review of explosives legislation;
- \\ continuing to work closely with the LPG industry to oversee a programme of pipework replacement; and
- \\ implementing a combined human and animals pathogen regime following the outbreak of foot and mouth disease in 2007 in Surrey and HSE's investigation into potential breaches of biosecurity at the Pirbright site.

Further details can be obtained in the HSE Business Plan 2010/11.

Improving the work environment: Investigations and securing justice

Strategy Goal:

To investigate work-related accidents and ill health and take enforcement action to prevent harm and to secure justice when appropriate.

Investigating complaints and incidents is an important lever for improving health and safety standards. It enables us to determine causes, learn and share lessons, and ensure that necessary measures are in place to prevent recurrence. Investigation also provides the basis for enforcement action to secure justice.

Inspectors use Enforcement Notices as a preventative measure, to require specific improvements where standards are poor and to stop activities which present serious risks. Where there is evidence of serious breaches of the law, HSE or the relevant local authority will call failing dutyholders to account through prosecution.

We continue to work closely with local authorities to share regional and local intelligence and a number of joint HSE/LA enforcement-led initiatives have been carried out. HSE's enforcement statistics for 2008/09 are available at www.hse.gov.uk/statistics/enforce/index.htm. The statistics for 2009/10 will be published in autumn 2010.

Key progress and achievements in 2009/10

Improving ways of working

\ \ Introducing a risk-based approach to complaints investigation, to improve the use of our resources to maximise the impact on health and safety outcomes.

Following a successful trial, HSE has implemented its risk-based approach for handling complaints. We deal with approximately 16 000 health and safety complaints each year, ranging from the very serious to less urgent matters. Under the revised approach, dedicated staff assess each complaint and assign a priority and response proportionate to the risk. This is enabling HSE to use our resources effectively by concentrating on those complaints most likely to prevent serious injury and ill health in the workplace.

\ \ Launching a new HSE safety bulletin system to enable dutyholders to learn urgent lessons efficiently.

We launched the system in November 2009 and since January 2010, we have issued five safety bulletins with a further four in the pipeline. This was combined with a workshop in January 2010 'Safety Alerts – everyone has a role to play – what's yours?' at which Judith Hackitt addressed key industry stakeholder participants. The safety bulletin system has been well received with over 2000 external users signing up to it so far. The system combines a consistent approach with a prominent location on HSE's website and features such as RSS feed, SMS messaging and e-bulletins allowing users to sign up to receive an automatic download of the bulletins when they are issued.

Working to prevent injuries and fatalities through enforcement and prosecution

Enforcement action makes an important contribution to preventing injury and ill health. The failure to manage health and safety effectively can have tragic consequences and we continue to hold individuals and organisations to account where this happens. Based on HSE's latest statistics for 2008/09, HSE issued 8054 Enforcement Notices. Additionally, there were 1090 offences prosecuted by HSE, heard and completed in that year, resulting in 846 convictions (in Scotland, the Procurator Fiscal prosecutes on behalf of HSE). Throughout 2009/10, our inspectors have used both notices and prosecution when their inspections have identified poor conditions or disregard for the law. For example:

- ∞ In December 2009, following the death of two fire fighters, the owners of a firework display business were found guilty of manslaughter and received custodial sentences. The sentences imposed were amongst the highest yet in relation to deaths at work.
- ∞ A leading waste management organisation and a maintenance contractor were prosecuted following an incident in which a worker fell and suffered serious injuries. The companies were fined £170 000 with £44 000 costs. As a result of the investigation, the companies improved their approach to the control of contractors, achieving better protection for thousands of workers in the supply chain and 12 500 employees in this high-risk sector.
- ∞ Two construction firms involved in a major scaffolding collapse at Milton Keynes were fined £126 000 for their role in an incident that left one person dead and two others seriously injured. The court heard that a combination of failures led to the scaffolding collapse. The scaffolding was not strong or stable enough for the work being carried out and inspection of the scaffold was inadequate, despite instructions from HSE and the firm's health and safety manager.
- ∞ A Crown Notice served on a London prison achieved significant improvements in the management of

Insight

Working with local authorities – WorkWell Dorset

During 2009/10, a project team of HSE and LA staff worked closely with the district and unitary authorities in Dorset as part of the WorkWell Dorset project to develop ways of delivering health and safety regulation, better targeted on risk, and as far as possible, unconstrained by the barriers of enforcement boundaries and traditional ways of working.

The project ran until March 2010 and the county now has in place a consistent, risk-based process for reacting to incidents and complaints, with a joint team trained to conduct major investigations. Since the initiative began, joint HSE and LA teams have delivered:

- ∞ targeted, proactive campaigns focused on smaller businesses including visits on selected industrial estates. These campaigns have deployed a mix

of intervention styles offering advice, for example through surgeries on estates, and by taking enforcement action, where necessary; and

- ∞ an intervention with a care provider owning a number of homes across the county. Inspections at a sample of homes were followed by securing a commitment from the company's board to take action on lessons learned.

These interventions have made use of, but are not wholly reliant on, the flexible warrant approach, which authorises appropriately trained HSE and LA staff to cross statutory enforcement boundaries where it is justified by the need to tackle risks. Dorset managers have made sure the new ways of working will continue in use in the county and the project team has prepared a tool kit so that other areas could adopt and adapt the work carried out in Dorset.

asbestos. The Notice required training for managers, improved systems to manage contractors and updating of the register. It resulted in a new standard contract for London-region prisons and asbestos training for key staff. National guidance is also being introduced for all prison facilities managers.

- ∞ A nuclear licensee was successfully prosecuted in December 2009 following an investigation into an incident in which two contractors inhaled radioactive contamination in July 2007. They received a fine of £75 000 and were ordered to pay costs of £26 100. HSE is satisfied that appropriate measures are being taken to improve arrangements and to ensure they are carried out properly.

Shortly before publication of this Annual Report, a jury found three companies guilty of charges brought by HSE and the Environment Agency (EA) relating to the explosion and fire at Buncefield Oil Storage Depot, Hemel Hempstead, on 11 December 2005. Sentencing is planned to occur on 16 July 2010. Two further companies had already pleaded guilty to charges over the incident which was the largest fire in peacetime Europe. This was the most resource intensive and complex criminal inquiry HSE and EA had worked on together, involving many hundreds of hours of detailed forensic investigation. The outcome reinforces the key message that companies will be prosecuted when they put workers and members of the public at risk and damage the environment.

Looking forward

Our plans for 2010/11 include:

- ∞ continuing to investigate incidents and complaints in accordance with our criteria;
- ∞ continuing to take enforcement action in line with the HSE Enforcement Policy Statement and Enforcement Management Model; and
- ∞ encouraging proportionate, consistent, transparent and accountable enforcement with our LA co-regulators through continued promotion of the section 18 standard, and development of supporting frameworks and toolkits.

Further details can be obtained in the HSE Business Plan 2010/11.

Taking responsibility: The need for strong leadership

Strategy Goals:

To encourage strong leadership in championing the importance of, and a common-sense approach to, health and safety in the workplace.

To motivate focus on the core aims of health and safety and, by doing so, to help risk makers and managers distinguish between real health and safety issues and trivial or ill-informed criticism.

These goals represent the consensus that strong leadership is essential to improving health and safety outcomes. HSE's aim is to ensure that leadership starts at the top to create an organisation that is able to identify not only what effective health and safety management behaviours look like, but also makes sensible health and safety the way we do business.

Examples of work HSE has taken forward to support this are detailed opposite.

Key progress and achievements in 2009/10

Influencing leaders

\\ **Promoting and embedding the joint HSE/Institute of Directors' (IoD) guidance *Leading health and safety at work: Leadership actions for directors and board members*.** We distributed nearly 110 000 copies and targeted those sectors identified as having a lower level of awareness of the guidance. In addition, our partners continued to assist us by distributing the guidance among their networks – for example a pilot, led by Companies House, but involving other stakeholders including HSE, the Department for Business, Innovation and Skills (BIS), HM Revenue and Customs (HMRC), EA and Business Link was launched which signposts new directors to the IoD guidance.

\\ **Evaluating the impact of the IoD/HSE guidance for directors and board members.** We completed two pieces of HSE-sponsored research of director behaviour that followed up on the baseline 2008 survey of 1600 directors: RR695 *Evaluation of guidance for directors and board members*, including:

- \\ interviews with directors, managers and employees in 30 organisations that explored directors' actions on health and safety in more depth; and
- \\ a telephone survey to repeat the 2008 baseline study with a different sample of directors to enable comparisons to be drawn. Additional questions were included to explore directors' leadership behaviour and their understanding of health and safety legislation.

The independent Chief Scientist-led steering group considered this and other evidence of the impact of recent changes on directors' health and safety behaviour. Although they had completed much of their work by

Insight

Process safety leadership

To develop the leadership agenda within the onshore petrochemical sector HSE is working with the Process Safety Leadership Group, which includes industry, regulator and trade union representation.

In July 2009, representatives of Britain's high-hazard industries, regulators and the unions published an agreement setting out eight process safety leadership principles, aimed to secure top-level engagement in dealing with significant risks to people and the environment.

The principles for senior industry figures to follow include:

- \\ requiring board level involvement and competence in safety management;
- \\ putting process safety leadership at the core of a business to ensure risks are properly managed; and
- \\ engaging and involving the workforce in managing safety.

Other principles cover the need for top-level scrutiny of process safety indicators and publication of performance data to improve transparency of major hazard risk management and secure public confidence.

The agreement represents a clear commitment to improving standards. It leaves nobody in any doubt that safety culture starts with senior management and board members.

HSE will now look for clear evidence that not only have companies signed up to these principles, but they are being acted upon and board members are taking their leadership role seriously. Since publication of the agreement, we have also worked with the Chemical Industry Association to deliver workshops to encourage industry to adopt the new principles.

year-end, their report was finalised in May 2010 and is available on HSE's website at www.hse.gov.uk/leadership from the end of June 2010.

- \\ **Promoting the importance of leadership in the nuclear industry.** We hosted a number of events throughout the year for leaders of nuclear industry. Topics included key strategic challenges and opportunities facing participants over the next ten years:
 - \\ the increasing needs of society for more openness and transparency;
 - \\ the integrity of the Magnox Fuel Cycle;
 - \\ Safety Performance Indicators;
 - \\ safety culture; and
 - \\ long lead item procurement.

Feedback from the events was very positive. This has led to more formal discussions with individual chief executive officers, which have provided greater understanding of the challenges we face in regulating the nuclear industry. Formal channels of communication have also been developed as a result, with the release of a stakeholder newsletter and revised web pages.

- \\ **Supporting trade bodies to develop further a leadership role in their respective sectors and to develop a more proactive approach to promoting health and safety leadership within their member companies.** HSE has worked proactively in close partnership with and through a range of trade bodies to influence industry-wide improvements to health and safety performance, and this has extended to include leadership within individual companies. Examples of emerging good practice include:
 - \\ the Engineering Employers' Federation publishing its 'Balanced Scorecard' to assist companies to set relevant performance indicators;
 - \\ trade associations, like the Confederation of Paper Industries, developing occupational health objectives for adoption by their member companies;
 - \\ the requirement by the British Metals Recycling Association of specific health and safety commitments from companies as a condition of membership – joining a trend already established by other waste/recycling trade associations such as the Environmental Services Association;
 - \\ in March 2010, HSE chaired and facilitated a leadership workshop by the Manufacturing Industries Revitalising Network in support of HSE's strategy.

This was attended by over 100 delegates from trade associations and consultancies. Feedback confirmed that the event was successful, with a number of trade associations and individual companies committing to take the leadership agenda forward. The network plans to continue developing this theme with additional events on specific aspects of leadership later in 2010.

\\ Building health and safety leadership into training for school leadership. HSE has taken forward work to build health and safety leadership into training for school leaders and to encourage greater understanding of sensible risk management. This work commenced with the recruitment of a head teacher to work within HSE on a six-month secondment organised through the Head Teachers and Industry (HTI) Stretch Programme (which works as the strategic interface between education and business). The secondee met key education stakeholders to explore how school leaders are given training on health and safety leadership, and is assessing available options for enhancing leadership of health and safety amongst school leaders.

Strategy pledge

\\ Promoting and gaining commitment to the HSE strategy. Following the launch of *The Health and Safety of Great Britain \\ Be part of the solution* in June 2009, over 1400 organisations, companies and individuals signed the strategy pledge committing to become 'part of the solution'. HSE provided an on-line forum for those who had signed the pledge to share good practice, network and discuss how they were contributing to delivering the strategy. Over 300 pledgees have joined the forum, which now has several case studies highlighting the work of others, along with tools to help organisations record how they are making their contribution.

\\ Establishing central engagement with key government departments. The Ministry of Defence (MOD) recently signed the HSE strategy pledge – setting the tone and providing an opportunity for HSE and MOD to work towards more strategic engagement – particularly on leadership of health and safety. In January 2010, a senior safety manager from MOD was seconded to HSE to help both organisations work together and understand how to develop an effective central approach that supported the implementation of the strategy. This work is continuing into 2010/11.

Looking forward

Our plans for 2010/11 include:

- \\ working with public sector organisations as major employers, standard setters and wider influencers to demonstrate leadership in their varied roles;
- \\ supporting major hazard dutyholders to adopt high standards of process safety leadership by ensuring the progressive adoption of the process safety leadership principles; and
- \\ assessing health and safety leadership in practice as part of our inspection programme.

Further details can be obtained in the HSE Business Plan 2010/11.

Taking responsibility: Building competence

Strategy Goal:

To encourage an increase in competence, which will enable greater ownership and profiling of risk, thereby promoting sensible and proportionate risk management.

HSE's aim is to develop clearer communication pathways so that organisations and other stakeholders can easily and quickly obtain the right advice relevant to the risks within their activities. Effective health and safety management requires competence across all parts of an organisation and through each level of the workforce. The following section provides an illustration of HSE's actions to progress this strategy goal.

Key progress and achievements in 2009/10

Gas safety

\\ Launching successfully a revised statutory registration scheme for gas engineers under the Gas Safe Register brand and continuing to monitor the scheme's delivery. Through this new scheme, HSE has promoted consumer awareness of gas safety issues. This included TV advertising and features on consumer programmes such as *Watchdog* and *Rogue Traders*, national and regional radio and newspapers, as well as a very effective online campaign which received over 11 500 hits on YouTube in the first week of release. By the end of calendar year 2009, there were over 60 500 gas engineering businesses registered with the Gas Safe Register. A review of the enforcement of gas safety has begun and HSE will respond to the recommendations from this review in 2010/11.

Accreditation scheme

\\ Facilitating an accreditation scheme for health and safety professionals. We worked with the Chartered Institute of Environmental Health and the Institute of Occupational Safety and Health to assist the commencement of a feasibility study into an accreditation scheme for health and safety professionals. The results will be key to informing future work in this area.

The role of consultants

\\ **Recognising the role of consultants in promoting the impact that leadership, worker involvement and risk management has on business.** HSE ran two one-day events for health and safety consultants in Yorkshire and the North East to increase the level of competent advice provided to businesses – particularly SMEs – who traditionally rely more on external providers of health and safety advice. Feedback from the consultants was positive and, following the events, HSE involved them in a review of asbestos legislation, following our consultation exercise on legislative changes. In 2010/11, HSE will visit the consultants to assess their competence.

Scottish Centre for Healthy Working Lives

\\ **Establishing an operational partnership agreement with the Scottish government-funded centre for Healthy Working Lives (SCHWL).** This will provide a free health and safety advisory service for Scottish employers. It includes workplace assessments for SMEs and help for businesses through an award programme to recognise good practice on workplace health, safety and well-being.

Examples of HSE's support during 2009/10 included:

- \\ organising advisory events for the voluntary care sector;
- \\ opening access to our training programme for environmental health officers to expand SCHWL advisers' competence in providing advice to dutyholders; and
- \\ a planned number of days' expert advice from HSE's occupational health inspectors – again to deepen the competence of SCHWL advisers in providing advice to SMEs.

Looking forward

Our plans for 2010/11 include:

- \\ reviewing and improving the content of health and safety standards, guidance, tools and information to support directors, managers and workers to recognise and manage risks in operational activities – for example, the revision of *Successful health and safety management* (HSG65);
- \\ working with key stakeholders to facilitate the provision of effective health and safety training, education and qualifications;
- \\ supporting the provision of assured competent advice by facilitating work to establish an accreditation scheme for health and safety professionals; and
- \\ assessing the extent of competence in the workplace as part of every proactive inspection, where appropriate.

Further details can be obtained in the HSE Business Plan 2010/11.

Taking responsibility: Involving the workforce

Strategy Goal:

To reinforce the promotion of worker involvement and consultation in health and safety matters throughout unionised and non-unionised workplaces of all sizes.

This section provides an insight into the action HSE has taken to influence the active involvement of the workforce in the health and safety system, and the action we have taken to promote a shared understanding between management and employees that worker involvement is fundamental to achieving healthier and safer working practices and workplaces.

Key progress and achievements in 2009/10

Promoting effective worker involvement

\\ Promoting the effectiveness of worker involvement in contributing to major accident risk control in the offshore sector. In addition to running events focused on gathering and disseminating examples of good practice, the joint HSE and offshore industry Workforce Involvement Group (WIG) has been working with safety representative training providers to identify additional training requirements beyond the industry-run five-day introductory course for safety representatives. The WIG is reviewing the results of this with the aim of presenting its findings and recommendations to the Offshore Industry Advisory Committee (OIAC) in June 2010 for consideration of future action. HSE has commenced an inspection programme of offshore installation to assess the level of compliance with the SI 971 Regulations. The programme will be completed in October 2010.

\\ Working with the Olympic Delivery Authority (ODA) to influence effective leadership and worker involvement in the project's health and safety arrangements. The Olympic Park is the largest civil engineering project in the UK and HSE has been involved from the outset. Leadership and worker involvement are priorities for the ODA, which has established a leadership team and a range of initiatives to engage the workforce with the aim of securing a high level of health and safety performance. There will be a peak of 11 000 workers on site and, at the end of March 2010, the accident record was well below the industry average, with 11 separate periods of one million staff-hours without a RIDDOR reportable incident. Good practice from the site is being captured to inform the wider construction industry.

Insight

Safe and sound at work initiative

In 2009, HSE launched its two-year 'Safe and sound at work – Do your bit' campaign to promote a co-operative approach to sensible and proportionate health and safety management. Our research suggests that workplaces where workers take an active part in health and safety have lower accident rates. Collaboration in the workplace helps to:

- \\ spot workplace risks;
- \\ ensure health and safety controls are practical; and
- \\ increase the level of commitment to working in a safe and healthy way.

The 'Safe and sound at work – Do your bit' communication campaign and website was designed with the assistance of the training industry, employer representative bodies and trade unions to help explain the practical steps employers can take to involve their workers.

We have developed a number of initiatives to help employers gain the many benefits of effective worker involvement. This includes:

- \\ part-funded training to help develop new health and safety representatives in construction, manufacturing and transportation. The training, aimed at non-unionised workplaces, provides basic health and safety and personal 'soft' skills to help negotiate positive change in the workplace. With the assistance of Construction Skills and the Union of Construction, Allied Trades and Technicians (UCATT), two successful pilots in construction were delivered on sites in the north-west and south-east regions – with employees, site managers, sub-contractors and health and safety managers all confirming the benefits;

\\ joint training of line managers and safety representatives in larger organisations to help ensure the benefits of this collaborative approach are practical and beneficial. Working in collaboration with Proskills and trade unions, this training has also been successfully piloted to 26 organisations in the manufacturing sector. Respondents have recognised immediate benefits in participating in the course. For example, one respondent remarked: 'We've done a number of these events over the years, but the timing of this session was particularly good, both in terms of where we are in general with health and safety across the site, and in relation to involving safety representatives.'

The courses will run until March 2011 and will be independently evaluated to determine their impact in improving health and safety. The aim is that this initiative will stimulate training providers to include these 'soft' skills in their health and safety training, resulting in greater employee influence in the workplace.

**SAFE & SOUND
AT WORK**





The London 2012 Olympics site is highlighting good practice in the construction industry

Picture courtesy of London 2012

Looking forward

Our plans for 2010/11 include:

\\ undertaking a project focusing on compliance within the offshore sector with the provisions of SI971 Offshore Installations (Safety Representatives and Safety Committees) Regulations. The project will:

- \\ assess compliance with the Regulations;
- \\ ensure that employers and workers understand the legal requirements to inform and consult workers; and
- \\ gather examples of good practice to share across the offshore industry and other major hazard industries;

\\ assessing worker involvement in health and safety as part of our inspection programme.

Further details can be obtained in the HSE Business Plan 2010/11.

Transforming the approach: Customising support for SMEs

Strategy Goal:

To adapt and customise approaches to help the increasing numbers of SMEs in different sectors comply with their health and safety obligations.

Working with local authorities and with SMEs, HSE's aim is to improve the guidance and support we provide to SMEs to help them comply with their obligations in a manner proportionate to the risks posed by their activities. This section provides examples of the main ways HSE is supporting SMEs to comply with their obligations.

Key progress and achievements in 2009/10

Influencing SMEs

\ \ Demonstrating our commitment to provide practical help to small business. In September 2009, we made our range of 200 priced publications, already on our website, free to download in weblite format. By making this extensive set of information freely available, we are helping employers to better understand their legal duties and what health and safety precautions they need to take; and we are better enabling safety representatives to contribute to improved health and safety in the workplace. The weblite format removes unnecessary tints and colours from the publications, making them easier for businesses to download, view and print. Since taking this action we have received positive feedback and over 600 000 visits to our publications site have been made.

\ \ Innovating ways to promote improved health and safety performance. HSE staff in Scotland are piloting a DVD and toolkit for SMEs – 'Health risks at work – Do you know yours?' The DVD raises awareness of common workplace health risks and how to control them. HSE developed the toolkit in partnership with the Scottish Centre for Healthy Working Lives, Scottish Chamber of Safety and the Royal Society for the Prevention of Accidents (RoSPA) in Scotland. Over 70 'delivery champions' have been recruited from across the health and safety community in Scotland and the aim is to engage with several hundred SMEs during the pilot. The pilot is being independently evaluated – with funding from NHS Health Scotland – and a report is due in March 2011. There is already UK-wide and international interest.

HSE worked with representatives from the motor vehicle industry to develop revised guidance



\\ **Launching revised guidance on Motor Vehicle Repair (MVR).** This coincided with the tenth anniversary of the MVR Health and Safety Forum in October 2009. The guidance (HSG 261) is in line with BIS good practice guidelines and is available in hard copy and on the internet. Feedback on the guidance from the industry was appreciative, with more than 1300 hardcopy publications sold and 5500 free on-line copies downloaded in the first three months.

\\ **Working in partnership with the construction industry, HSE has through the Work Well Together (WWT) campaign, delivered over 50 events that provide health and safety information and advice on a face-to-face basis.** These events, aimed at SMEs, are delivered mainly by the industry, thereby increasing their credibility. By March 2010, over 6000 people had attended the events. Evaluation showed that 68% of delegates from our target firms (who employ up to 15 employees) thought the campaign's relevance was good to excellent – with some committing immediately to introduce, review or improve health and safety measures within their business. The recent report by Rita Donaghy, Chair of the Inquiry into the underlying causes of construction fatal accidents (see page 39), commended the effectiveness of the WWT campaign to date and encouraged industry to fully support it in the future.

\\ **Customising guidance for SMEs in the construction industry.** During 2009/10, HSE produced the first four of a series of simple, more straightforward guidance sheets targeted to SMEs as part of HSE's Construction Small Sites Strategy. The sheets, including one on roof work, combine clear, concise guidance with photographs of good and unacceptable practice to illustrate the relevant points dutyholders need to be aware of.

\\ **Launching the Safety Schemes in Procurement (SSIP) Forum.** The SSIP Forum was launched in 2009/10, making the assessment of health and safety in procurement more efficient. It brings mutual recognition to a number of industry and public sector pre-qualification schemes established to assist clients in identifying the competences of those that they wish to engage. The benefits of this scheme to SMEs are reduced duplication, increased access to tender opportunities and improved standards through consistent application of the competence criteria across the schemes. This initiative demonstrated how diverse businesses in construction can work together, with government, to create a solution to a long-running problem caused by the schemes not recognising each other's accreditation.

Estates excellence

See Insight box opposite.

Insight

Supporting SMEs through the Estates Excellence Project (EEP)

HSE invited a number of key stakeholders across South East England to join with them 'to be part of the solution' following the launch of the new strategy. The EEP aims to pool resources and expertise to reduce accidents and ill health by helping SMEs to identify, prioritise and control their key health and safety risks. The project involves visiting SMEs in a selected industrial estate or area, irrespective of its enforcing authority, working with them to benchmark their knowledge and performance in key risk areas, and then supporting them by providing tailored on-site advice and training.

A key aspect of the project is the involvement of a wide range of stakeholders from enforcing authorities (local authorities, HSE and the Fire Service) to organisations representing employers and employees such as the Federation of Small Businesses, Institute of Directors and the South East Regional TUC, other government agencies including ACAS, local private sector businesses, insurance companies and landlords.

A trial was carried out in Medway in November 2009 and 113 businesses were visited in one week. Forty-five companies attended the training courses and workshops.

Continuing support is being provided by a dedicated website and web community along with follow-up visits as part of the evaluation.

Several changes are being made to the EEP as a result of the trial and over the next nine months a further 900 businesses will be visited in five areas across the South East. Full evaluation will be carried out in early 2011.

Looking forward

Our plans for 2010/11 include:

- \\ producing, launching and promoting new common-sense messages for SMEs, including the development of messages to enable SMEs to gain greater certainty and clarity in managing health and safety;
- \\ improving the availability and accessibility of HSE's messages, including continuing to promote and increase the number of HSE publications freely available online, and improving the accessibility, usability and content of HSE's website; and
- \\ facilitating and participating in partnership projects which focus on SMEs, including the Estates Excellence project and working with partners to deliver the construction Small Sites Strategy.

Further details can be obtained in the HSE Business Plan 2010/11.

Transforming the approach: Taking a wider perspective

Strategy Goal:

To take account of wider issues that impact on health and safety as part of our continuing drive to improve Great Britain's health and safety performance.

HSE has worked in pursuit of the 'Better regulation' agenda and with the EU, partners and other regulators to deliver more effective, efficient and accountable arrangements for the management of health and safety. HSE is committed to better, smarter regulation. Simple clear legislation can encourage users' compliance and help deliver better health and safety outcomes. We understand the benefits of working in partnership with others, in particular local authorities, in raising health and safety awareness and supporting employers and workers to improve health and safety in their organisations. Examples of our work in this area are provided in this section.

Key progress and achievements in 2009/10

Public accountability

\\ Assessing HSE's Nuclear Directorate (ND) against International Atomic Energy Agency's (IAEA) standards. In 2009, the IAEA's Integrated Regulatory Review Service (IRRS) mission reviewed the measures and other actions taken by ND in response to their 2006 report. The IRRS concluded that HSE's ND had made significant progress and noted a number of improvements to our regulatory regime that it would recommend as good practice to other countries' nuclear regulators.

\\ Providing evidence to the Work and Pensions Select Committee. In July 2009 the Parliamentary Work and Pensions Select Committee published their *Workplace health and safety: Follow-up report*. The Select Committee recognised the work HSE was doing to promote good standards of health and safety during the economic downturn and undertook to continue to monitor HSE's approach as the economy comes out of recession. The findings of the report were informed by a visit by the Select Committee to HSE's Redgrave Court headquarters and an oral evidence session held with Judith Hackitt and Geoffrey Podger.

\\ Contributing to strategic projects of national significance. HSE continued to be an active member of the cross-department Health, Work and Wellbeing (HWWB) Executive and supported work to implement a number of the initiatives announced in the Government's response to Dame Carol Black's report *Working for a Healthier Tomorrow*. These included contributing to the guidance for employers on the introduction of the new

medical statement, the 'Fit Note', and the evidence-gathering to measure progress with implementing the HWWB strategy.

\\ **Launching new tower cranes regulations for the construction industry and introducing a tower cranes notification register.** HSE consulted on the proposed Notification of Tower Crane Regulations 2010. Following this consultation, the Regulations came into force on 6 April 2010.

The register is being introduced in response to increasing public concern about tower crane safety. It is part of a package of measures developed as a result of collaborative working between HSE and the construction industry to address issues around tower cranes. This has included creating a competency requirements framework for crane erectors and dismantlers; undertaking more research into the effect of wind loading on cranes; consideration of the adequacy of crane design standards; greater research to improve understanding of crane accidents at an international level; and greater promotion of the industry safe crane campaign to improve public confidence in crane safety.

\\ **Supporting the Donaghy report *One death is too many*.** HSE continued to provide support to Rita Donaghy in her Inquiry into the underlying causes of fatal accidents in the construction industry and subsequent preparation of her report, published on 9 July 2009. Following publication, HSE has worked with other government departments and stakeholders to explore how the report's recommendations might be delivered, some of which had begun to be taken forward. Such actions informed the Government's response to the Donaghy report, which was published in March 2010.

\\ **Preparing HSE's Nuclear Directorate to become a statutory body as the Office for Nuclear Regulation.** A major transition programme has been completed to enable the directorate to move smoothly to the proposed new status. The necessary legislation to achieve this, while completed, was not laid before Parliament by the previous Government, although ministers did publish it in draft form. Based on interim enhanced rewards packages, ND also made good progress in recruiting new staff. This and other initiatives are being taken forward as part of a transformation programme to build its strength, and to develop its regulatory capability for future challenges.



Ensuring tower crane safety is an increasing focus in HSE work with the construction industry

\\ **Responding to requests under the Freedom of Information (FOI) Act.** From April 2009 to January 2010 HSE received 5153 FOI requests, 4719 (92%) were responded to within the 20-day target. HSE continues to be one of only two monitored bodies to have received more than 1000 requests during each quarter since the FOI Act was implemented. HSE continues to compare favourably with other central government departments and meets Ministry of Justice standards for response timelines.

\\ **Publishing information on travel and expenses costs.** In 2009/10, we published on our website the business-related travel and expense costs of our Chair, HSE Board members, Chief Executive, Deputy Chief Executive and Senior Management Team members. Details, which are updated quarterly, are at www.hse.gov.uk/aboutus/reports/expenses/index.htm.

Partnership working

\\ HSE, working closely with National Grid Gas, has enabled the introduction of a non-conventional source of gas from Britain's first biomethane production facility at a sewage treatment works. This plant will supplement natural gas supplies with a sustainable and low carbon-generating fuel source. The project might not have been able to proceed because the specification of the manufactured biomethane does not comply with the Gas Safety (Management) Regulations 1996. However, following consideration of a detailed proposal from National Grid Gas, which demonstrated that safety would not be compromised, HSE issued an exemption from the Regulations to allow the network injection of biomethane from this plant.

Better regulation

\\ Simplifying and reducing administrative burdens

– HSE's fourth Simplification Plan was published in December 2009 (see www.hse.gov.uk/simplification/simplification09.pdf). The 2009 plan reports on HSE's progress, in partnership with local authorities, to reduce administrative burdens from health and safety regulation without reducing levels of health and safety protection. The key successes within the 2009 plan were:

- \\ reducing administrative burdens from health and safety regulation by an estimated £500 million since 2005 (including a saving of between £95 million and £120 million in 2009/10), successfully delivering several simplification initiatives in 2009, including:
 - \\ publishing an electronic risk assessment template to help businesses get started on their risk assessment and save them time;
 - \\ launching a new website on the Control of Substances Hazardous to Health (COSHH) with updated guidance and COSHH-specific example risk assessments;
 - \\ developing a 'one stop shop' on the HSE website to enable landlords to get the appropriate gas safety guidance;
- \\ three of HSE's simplification measures were approved by an independent External Validation Panel in June 2009 to ensure that our measures are benefiting businesses and enabling them to incur savings. These included:
 - \\ Manual Handling Operations Regulations – Guidance on the labelling of loads;

Insight

Joint Statement of Commitment – to continue to improve standards of partnership working

The strong co-regulator partnership between HSE and local authorities is integral to the Health and Safety strategy and to its consistent delivery. 1 July 2009 saw the launch of the *Joint Statement of Commitment* agreed by HSE and LA representatives. It sets out a commitment to improved standards of partnership working to help us deliver and further secure improvements in workplace health and safety.

The statement helps define how HSE, local authorities and Local Authorities Co-ordinators of Regulatory Services (LACORS) will function together in working with and on behalf of the Local Government Associations in England, Wales and Scotland.

The statement also reflects the aims of the new HSE Section 18 Standard, which defines arrangements for health and safety enforcement. For the first time both local authorities and HSE's field operations will work to a common standard. In partnership with LA representatives, we have developed a suite of 'toolkits' to support local authorities in enforcing health and safety legislation. These toolkits have been trialled by volunteer local authorities and fine tuned to enable local authorities to meet the Standard.

In November 2009, nine regional partnership events were held to reinforce commitment to the LA/HSE partnership and explore how local authorities can help turn the strategy into reality through their business plans for 2010/11. Approximately 700 LA inspectors took part in the discussions and shared good practice.

- ∞ removal of eight business registration forms, saving businesses over £21 million per year; and
- ∞ amending regulations on the health and safety law poster.

∞ Successfully forming HSE's Chemicals Regulation Directorate (CRD). From 1 April 2009, responsibility for pesticides, biocides, detergents and industrial chemicals regulatory schemes were brought together under one directorate. All the teams were integrated into a single organisational structure to create a critical mass of expertise in chemical regulatory specialisms. Significant progress has been made in integrating systems and processes to take advantage of the commonalities of the regulatory schemes and deliver a more joined-up approach. The changes implemented in the first year are delivering service and cost benefits to all stakeholders.

International strategy

∞ Attending key international events and building relationships with key stakeholders who are important for our international work and reputation.

HSE's work included:

- ∞ hosting the annual meeting of the Anglo-Irish Health and Safety Forum and strengthening our bilateral relationships with France and Spain (ahead of its EU Presidency, January to June 2010);
- ∞ managing our European dossiers as part of our international engagement strategy. For example, we have worked closely with the European Commission as they develop proposals for revised directives on electromagnetic fields and musculoskeletal disorders, and have been active in negotiations on the proposed biocidal products regulation;
- ∞ preparing the significant UK input to the International Labour Organisation (ILO) proposed code of practice (COP) on safety and health in agriculture with the aim of submitting a revised draft COP by November 2010; and, in the lead-in, co-ordinating the interface with other departments such as BIS, Defra, the Department of Health and the Gangmasters' Licensing Authority;
- ∞ handling formal objections in Europe to a number of defective standards and the complementary work to develop improved alternatives; and
- ∞ playing a significant role on an EU Commission editorial board writing on-line guidance for the new Machinery Directive.

Looking forward

Our plans for 2010/11 include:

- ∞ continuing to contribute to international and domestic strategies by ensuring the safety of existing and emerging technologies. Work will include:
 - ∞ the continued delivery of the Emerging Energy Technologies programme;
 - ∞ progression of the GDA programme for the UK's next generation of new-build nuclear power stations; and
 - ∞ continuing to strengthen HSE's Nuclear Directorate to enable it to maintain its performance as a world-class nuclear regulator;
- ∞ effectively delivering a number of specific statutory duties and other obligations on behalf of the Government including:
 - ∞ ensuring the safe use of biocides, industrial chemicals, pesticides and detergents;
 - ∞ monitoring the delivery of the Gas Safe register;
 - ∞ responding readily and effectively as required to civil emergencies; and
 - ∞ providing appropriate Land Use Planning policy, advice and guidance.
- ∞ continuing to reduce the unnecessary administrative burdens on businesses; and
- ∞ using HSE's brand to re-focus the perception of HSE as a reasonable and practical enabler.

Further details can be obtained in the HSE Business Plan 2010/11.

Our corporate support functions underpin all we do. Science, communications, human resource (HR) and financial management enable HSE to function efficiently and effectively and support the delivery of health and safety outcomes. Some of our key achievements in these areas are described in the following section.

Progress in ‘Developing our people’, as detailed within the 2009/10 HSE Business Plan, together with details relating to Workforce and recruitment, Staff in post, Learning and development and Diversity can be found on pages 48–51 of the Management Commentary.

Key progress and achievements in 2009/10

Using science

Our Goal: To help deliver HSE’s strategy by undertaking forensic investigation, research and analysis.

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

Key progress and achievements in 2009/10

Commissioning 190 new research projects and a similar number of smaller projects that develop the lessons learned from investigation work, and publishing the results of the research. HSE’s research reports can be found on our website at www.hse.gov.uk/research/rhhtm/index.htm. Significant reports published in the last year cover the Buncefield explosion mechanism, sensible risk management in the construction industry, safety among farmers, crowd management for special events, and integrating risk concepts into undergraduate engineering courses. Results of HSE-funded research into the occupational burden of cancer are shortly to be published in the internationally-regarded high-impact *British Journal of Cancer*.

\\ **Supporting HSE policy teams in developing Impact Assessments for key interventions**, including regulations covering tower cranes and biological agents, and informing negotiations about European Directives on musculoskeletal disorders (MSDs) and electromagnetic fields (EMFs). Research has been commissioned into improving the evidence base on the impact of HSE initiatives, as well as into wider economic issues. During the year we published the completed, full Impact Assessment for the notification of conventional tower cranes. All HSE Impact Assessments are available on HSE's website: www.hse.gov.uk/ria/index.htm and on the Better Regulation Executive Impact Assessment Library www.ialibrary.berr.gov.uk.

Further detail on health and safety legislation can be found at www.hse.gov.uk/legislation/index.htm.

\\ **Providing technical support to investigations**. HSE's agency, HSL, has provided technical support to HSE and local authorities in over 500 ongoing investigations. These cover incidents such as crane failures, gas explosions, fires and slipping accidents. Increasingly, more use is being made of human factors specialists to support investigations, and of scientists and engineers to support court cases. HSL's performance during the year can be found in the HSL Annual Report & Accounts 2009/10 available at www.hsl.gov.uk from late July 2010.

Using communications

Our Goal: To help deliver HSE's strategy by raising awareness, promoting sensible health and safety and running specific campaigns and communication events.

Communicating risk associated with occupational health and safety can be complex and challenging. There is a very wide choice of media at our disposal and the desired outcomes can vary from the extremes of encouraging behavioural changes through to promoting sensible health and safety.

Whatever the objective, HSE's aim continues to be to target appropriate messages to the relevant audience in a way which stimulates the desired response. Examples of how we have progressed this during the year are detailed below.

Key progress and achievements in 2009/10

\\ **Using campaigns to raise awareness of the dangers of asbestos, slips trips and falls and working in agriculture**. During 2009/10, HSE successfully delivered the Hidden Killer, Shattered Lives and Make the Promise campaigns (see pages 14, 16 and 17), building upon research and learning from our social marketing efforts. Novel approaches in the agriculture and asbestos campaigns have pushed the boundaries of communications thinking, as has the adoption of new tools in the web and social media area.

Our campaigns compare well to other government campaigns in terms of customer awareness, recognition and intention to change behaviour. Independent evaluation of the Hidden Killer campaign demonstrated that 90% of the target audience recognised the advertising and more than three-quarters claimed to, or intended to, change their behaviour as a result.

\\ **Delivering innovative and award-winning campaigns**. HSE's campaigns enjoyed a successful year in some of the most hotly contested awards for marketing and communications:

- \\ We won the Gold award in the 'business to business' category of the Direct Marketing Awards for our Make the Promise campaign.
- \\ Public relations for the Hidden Killer campaign came top in the 'health' category of the European Excellence Awards. The campaign was also awarded an ANNA (Awards for National Newspaper Advertising).

\\ **Challenging and distancing HSE from stories that trivialise health and safety**. HSE continued to proactively set the record straight, including participation in *Panorama* programme 'May Contain Nuts'. This combined approach of proactivity and calculated risk taking now forms part of HSE's external communications strategy and has begun to pay real dividends, with positive coverage for HSE in/on, among others: *The Guardian*, BBC Breakfast TV; *Woman's Hour*; Teachers' TV; and BBC TV's *Working Lunch*. By involving other stakeholders in the health and safety system, HSE's messages of 'proportionality' and 'sensible risk' were communicated and spread to others in the health and safety system. Subsequent to the *Panorama* programme being transmitted, we distributed our statement to key stakeholders in the health and safety system, who in turn distributed it to their members. Some of the stakeholders have also created discussion forums on the issue on their own websites, with links back to the HSE website.

\\ Continuing to tackle health and safety myths with our Myth of the Month programme. Together with a rebuttal strategy, HSE is ensuring that any confusion or misrepresentation of its remit to promote sensible and proportionate management of real workplace risks and the prevention of death, injury and ill health, is addressed in the media. As a result, there has been a growing pick-up of our message that 'health and safety' can be used as a convenient excuse to ban activities when often the real reason may, for example, be about cost, or an unwillingness to defend honestly an unpopular decision.

\\ Exploring innovative ways to promote the benefits of common-sense health and safety to businesses. The redesign of HSE's website resulted in over 20 million visits in 2009, an increase of over 50% since 2006. Use of podcasts, newsfeeds and text messaging, plus subscriptions to our free e-bulletin service doubled in 2009 to 301 000. HSE's podcast is consistently ranked in the top 20 downloads from iTunes for government podcasts around the world.

\\ Engaging and communicating with key stakeholders. HSE continued to progress its stakeholder communications and engagement plan. Examples of key activity delivered included:

- \\ ensuring HSE had a corporate presence at key stakeholder events in the health and safety calendar, eg providing key speakers for the Institute of Safety and Health's (IoSH) exhibition and conference, which enabled stakeholders to speak directly to HSE staff and access relevant material on health and safety topics;
- \\ developing relationships and appropriate channels to spread key health and safety messages, support others to contribute towards delivery of the strategy and gather examples of and promote good practice across the wider health and safety system, eg the strategy online 'pledge forum' (see page 29); and
- \\ as part of HSE's parliamentary communication plan, introducing newsletters to the Scottish Parliament and Welsh Assembly to complement the UK Parliament version; and holding an exhibition and reception in the House of Commons to better acquaint MPs and others in Westminster with our work.

Making efficient use of resources

Our Goal: To use our resources efficiently, maximise our potential to effect positive change in the health and safety system and live within the budget we have agreed with the Government.

HSE continued to make best use of resources to bring about improvements in Great Britain's health and safety performance. Throughout, we prioritised our activities in line with available resources to achieve results across a wide range of industries and problems, focused on meeting the targets and deliverables outlined in the 2009/10 Business Plan. Some of the key work we have progressed in 2009/10 is detailed below.

Key progress and achievements in 2009/10

\\ Successfully completing the complex and challenging transition of our HQ from London to Merseyside as part of the How and Where We Work programme. This work has paved the way for savings in the order of £56 million throughout HSE's estate over the next ten years. The largest element of this derives from our move from a split-site HQ to a single HQ in Merseyside. This has enabled us to reduce our presence in London, and hence our costs, by transferring the spare space to other public sector organisations. Other resultant benefits include making better use of the space in Merseyside and reducing substantially travel between Merseyside and London.

Over 170 posts migrated from London to Bootle during 2009/10 without any major impact on operations, and improvements in communication and collaboration are already being realised as a consequence.

\\ Reviewing and improving our estate of field offices. During 2009/10, four more offices have been refurbished to modern standards, including for some a move to 'hot desking'. This work has not only allowed us to reduce our space requirements and save on rents, rates etc, but also provide our staff with an improved, modern and flexible working environment designed to be compatible with improved IT tools that improve efficiency and effectiveness.

\\ **Participating in the Operational Efficiency Programme (OEP) benchmarking exercise.** The OEP aims to drive efficiency in public services in five key areas: back office operations and IT; collaborative procurement, asset management and sales; property; and local incentives and empowerment. During 2009/10, HSE submitted benchmarking data in relation to its finance, HR, procurement, IT and estates functions. The results indicate that further action is needed, mainly in the HR and estates areas (covered on page 44) which is being taken forward during 2010/11.

\\ **Commencing the retendering of a number of our externally provided services.** Wherever possible we are seeking to use existing government framework contracts to drive down costs while maintaining service levels. We completed the contract for solicitor agents just before the end of the year.

Looking forward

Our plans for 2010/11 include:

- \\ using our science, engineering and analytical evidence and expertise efficiently to support effective delivery of the strategy;
- \\ using HSE's brand to refocus the perception of HSE as a reasonable and practical enabler;
- \\ developing and implementing plans for reducing energy consumption, waste recycling and HSE's carbon footprint to meet targets for sustainable operations on the government estate;
- \\ contributing to central government initiatives that aim to improve public service within the current fiscal constraints, which will include undertaking and analysing results of benchmarking reviews; and
- \\ continuing to reform HSE's estate.

Further details can be obtained in the HSE Business Plan 2010/11.

Health and safety in HSE

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

In 2009, HSE set challenging long-term targets for incident reduction as part of a three-year framework. HSE's annual health and safety plan sets out the progress to be sought each year, and the activities to deliver it. Overall, HSE remains on track to achieve its targets.

The number of incidents reportable under RIDDOR remains at a low level and at rates markedly better than those in comparable organisations. Overall, non-RIDDOR reportable statistics for 2009/10 continue to reflect a downward trend, both over-3-day and cases of ill health have continued to fall; however, there has been a rise in the number of minor injuries leading to injury.

Table 1 Accident and ill-health statistics

	Apr–Mar 2010	Apr–Mar 2009	Apr–Mar 2008	Apr–Mar 2007	Apr–Mar 2006
Incidents reportable under RIDDOR:					
Fatal injuries	0	0	0	0	0
Major injuries	0	1	(1)	(1)	2(1)
Dangerous occurrences	2	0	1	1	0
Over-3-day injuries	6	4	3	8(1)	7(2)
Ill health	1	1	4	1	0
Other ^a	0	0	0	0	1 ^a
	9	6	8(1)	10(2)	10(3)
Non-RIDDOR reportable incidents:					
Other over-3-day injuries, eg road traffic accidents	1	3	2	0	5
Ill health other	53	72(1)	93	92	105
Minor injuries	72 (3)	58(12)	61(1)	82(15)	109(19)
Near misses, including verbal abuse and possible accidental asbestos exposure	76 (1)	116(5)	87	258(6)	268(6)
Total	211 (4)	255(18)	251(2)	442(23)	497(28)

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

The figures for non-HSE staff (ie contractors) are included and shown in brackets.

Sickness absence

Working days lost per employee at 31 March 2010 was 5.7, which compares favourably against the 2009/10 target of 6.2 days. From 1 April 2010, HSE will be aligning the calculation of its sickness absence rate to Cabinet Office guidance, which gives a more precise measure. We anticipate that this will show an increase in average working days lost. The rate for 2009/10 would have been 6.7 days under this revised calculation.

The Health and Safety Executive

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

On 1 April 2008, HSC and HSE merged to form the unitary body, the Health and Safety Executive. The HSAW was amended accordingly to account for this. HSE remains accountable to ministers and DWP. HSE's Board provides strategic direction for Great Britain's health and safety system and reports to the Secretary of State for Work and Pensions, and to other Secretaries of State.

HSE's Board has powers to:

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

Public interest and other

Corporate governance

The relationship with our sponsoring department, DWP, and the framework within which corporate governance operates is set out in the Framework Document. You can find the Framework Document at www.hse.gov.uk/aboutus/howwework/management/dwphse.pdf

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

HSE's Senior Management Team (SMT) provides advice to the Board on all key issues and is responsible for implementing the Board's strategy and policies. The SMT meets formally once a month, supplemented by regular videoconferences.

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

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

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

Sustainability

We remain committed to making HSE more environmentally friendly and, during 2009/10, the following activities have supported this aim:

- ∞ We contributed to reducing HSE's carbon footprint by:
 - ∞ using telephone/video conference facilities, where appropriate;
 - ∞ expanding recycling arrangements across the entire HSE estate for glass, cans and plastic;
 - ∞ continuing to recycle office furniture, whenever possible, through Greenworks, an accredited organisation that redistributes old furniture to charities and small start-up businesses. This helps reduce the amount of waste entering the landfill system;
 - ∞ installing SMART meters into the majority of the HSE estate to assist with HSE's energy management;
 - ∞ arranging for energy efficient lighting, improvements to heating and control, and water saving features to be installed on all floors when refurbishing two major HSE properties. We also arranged for all construction waste materials to be recycled, wherever possible, during the refurbishment of HSE's London office; and
 - ∞ co-ordinating and promoting 'Bike to Work' week 2009. During this time, 176 people from HSE took part and cycled a total of 1745 miles.
- ∞ We increased our commitment to environmental management through the appointment of a dedicated Energy and Environment team and continued to make progress towards meeting our Sustainable Operations on Government Estate targets. We were successful in gaining re-accreditation to ISO14001:2004 standard for our Environmental Management System and have updated display energy certificates (DECs) for all HSE estates over 1000 m².

Social and community issues

HSE works closely with its LA partners, as fellow enforcing authorities under the Health and Safety at Work etc Act 1974, as described more fully in the section titled 'Investigations and securing justice' (see pages 24–26). HSE's Chief Executive meets with his counterpart in Sefton Metropolitan Borough Council, the local authority in which HSE's headquarters is located, to consider issues of common social and community interest, eg transportation and environmental matters.

Workforce and 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 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.

By the end of March 2010 HSE had recruited 248 new staff, including 14 for HSL. Table 2 shows the total number of staff in post at 1 April 2009. A continuing priority was to direct our resources, maintaining the number of staff engaged in 'front line' operations and directed towards HSE's core functions as a regulator. We have increased the effectiveness of our recruitment activity and managed to meet the majority of our recruitment needs. Altogether, we recruited 48 trainee inspectors and 75 specialists into a range of disciplines (including nuclear, offshore and mechanical and electrical engineering).

Table 2 Total HSE (including HSL) staff in post by occupational group

	1 April 2010	1 April 2009		1 April 2008 ^d	1 April 2007		1 April 2006	1 April 2005
Occupational group			Staff in post (excludes PSD)	Staff in post (includes PSD)		Reconstructed staff in post ^e (includes staff transferred to ORR on 1 April – comparison only)	Staff in post (excludes staff transferred to ORR on 1 April)	
Front-line staff ^a (of which the following are front- line inspectors)	1 464 (1 342)	1 415 (1 323)	1 325 (1 238)	1 325 (1 238)	1 405 (1 312)	1 543 (1 421)	1 442 (1 328)	1 517 (1 404)
Inspectors working in functions other than front-line	153	146	128	128	128	122	116	126
Other professional or specialist staff ^b	1 425	1 386	1 263	1 403	1 350	1 470	1 429	1 371
Other staff (of which are agency staff)	660 (118)	644 (52)	683 (50)	717 (50)	699 (4)	856 (88)	824 (88)	889 (100)
Total staff^c	3 702	3 591	3 399	3 573	3 582	3 991	3 811	3 903

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

a 'Front-line staff' comprises operational health and safety inspectors, inspectors of construction (fixed term appointments) and other visiting staff who support delivery of key health and safety messages.

b The figures for 'other professional/specialist staff' have been reduced by the totals for 'other visiting staff' (note a) as follows: 113 for 01/04/2005, 114 for 01/04/2006, 93 for 01/04/2007, 87 for 01/04/2008, 92 for 01/04/2009 and 100 for 01/04/2010. These staff are already included in the figures for 'front-line staff'.

c Total staff = the sum of all rows bar 'of which are front-line inspectors' and 'of which are agency staff'.

d Pesticides Safety Directorate (PSD) transferred from Defra to HSE on 01/04/2008. Figures are shown including and excluding PSD to enable direct comparison with previous years' figures.

e 'Reconstructed staff in post' figures at 01/04/2006 include staff who transferred from HSE to ORR. Inclusion will enable direct comparison with previous years' figures.

We completed the programme to create a single headquarters site in Merseyside and have almost completed the redeployment of surplus staff from the London office (including 34 staff that left under early retirement and severance schemes).

Consistent with our aim to work closely with our partners and international regulatory bodies, we managed 45 GB loans and secondments and 12 overseas secondments.

HSE publishes staff in post figures for each of its directorates/divisions at www.hse.gov.uk/aboutus/reports/staff.htm.

Learning and development

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

- ∞ arranged training and development activity for staff with more than 8290 attendances at over 890 events, including the delivery of the new Pathways Management programmes and the introduction of a 360-degree assessment tool, based on the HSE competency framework;
- ∞ developed a range of personal development courses and Bite Size sessions including successful interviewing techniques and life–work balance. We also extended regional delivery of training, covering areas such as performance management and presentational skills, and technical and legal courses for new and existing regulatory and specialist inspectors;
- ∞ continued to support the professional development of our regulatory inspectors through the post-graduate diploma (PGD). The vast majority of staff have achieved successful outcomes as they progress through the PGD course;
- ∞ introduced the Regulatory Development Needs Analysis (RDNA) tool to improve the continuous professional development of health and safety regulators by specifying and maintaining consistent competence standards in line with business needs; and
- ∞ HSE successfully underwent reassessment to retain its status as an Investor in People and will retain this status for the next three years. The assessor was satisfied beyond doubt that HSE had met the standard and, though there are still areas for improvement, the assessor recommended HSE continues with the policies, strategies and plans that are already in place to address these.

Diversity

HSE's policies for recruitment, management and progression of staff create an inclusive culture in which diversity is fully valued. Our equality schemes for disability, gender and race are monitored by senior management and our trade unions on HSE's Diversity Steering Group. The schemes, available on HSE's website (www.hse.gov.uk/diversity/esframework.pdf) are supported by a more detailed diversity action plan covering all the diversity strands. To take forward diversity in 2009/10 we:

- ∞ undertook a diversity review of corporate functions and policies, the outcome of which has fed into our Single Equality Scheme introduced from April 2010 and next year's Diversity Action Plan. The Single Equality Scheme sets out HSE's priorities and builds on previous progress on race, disability and gender equality, such as research into the health and safety risks for migrant workers and discussing the challenge of recruiting more female safety representatives with trade unions. It can be found on www.hse.gov.uk/diversity/single-equality-scheme.pdf;
- ∞ continued our programme of regionally targeted advertising to attract more people from a black and minority ethnic (BME) background to apply for trainee inspector posts;
- ∞ designed a career development programme for junior BME staff. Selected staff commenced the programme in April 2010; and

we promoted and monitored the use of the Equality Impact Assessment tools by staff who develop policy, strategy and guidance.

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

Employee involvement

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

We inform staff of emerging issues through weekly electronic news bulletins, HSE's website and intranet and monthly in-house magazine and consult them directly through a biennial staff attitude survey. SMT members also deliver a series of events across HSE on the business challenges facing the organisation, enabling questions and actions to be made.

Personal data-related incidents

In 2009/10, and in the previous two financial years, there were no reportable incidents of lost personal data that we formally reported to the Information Commissioner's Office. There were also no other protected personal data-related incidents, during 2009/10 or the previous two financial years. We will continue to monitor and assess our information risks to identify and address any weaknesses and improve our systems where necessary. Further information is contained in the Statement on Internal Control (see pages 63–66).

Payments to suppliers

HSE is committed to the prompt payment of bills for goods and services received and is a signatory to the principles of the Better Payment Practice Code, issued by the Better Payment Practice Group. Payments are normally made as specified in the contract. If there is no contractual provision or other understanding, payment is due to be made within 30 days of the receipt of the goods or services or presentation of a valid invoice or similar demand, whichever is later. On 8 October 2008, the Prime Minister committed government organisations to speeding up the payment process, paying suppliers wherever possible within ten working days. The standard terms and conditions in most contracts and the legislative periods within the Late Payment of Commercial Debts (Interest) Act 1998 remain at 30 days. HSE implemented the reduced target of ten working days from 1 January 2009. HSE's overall performance during 2009/10 was 94.54% against the 10-day target and 99.02% against a 30-day target (2008/09 – 91.65% from January to March 2009 against the 10-day target and 98.68% overall against the 30-day target).

There were no interest charges payable during 2009/10 (2008/09 – nil) relating to the Late Payment of Commercial Debts (Interest) Act 1998 or the Late Payment of Commercial Debts Regulations 2002.

Pension liabilities

Details of pension costs etc are contained in Note 1(26) and Note 3 to HSE's accounts and in the Remuneration Report.

External auditors

HSE's financial statements have been audited under Schedule 2 paragraph 10(2) of the Health and Safety at Work etc Act 1974.

The cost of audit work was £137 000, which related solely to audit services. This figure includes £12 600 relating to trigger point audit work for transition to International Financial Reporting Standards undertaken on behalf of both HSE and HSL and £3000 relating to the EC Specific Targeted Project 'Development of Ultrasonic Guided Wave Inspection Technology for the Condition Monitoring of Offshore (OPCOM)' work on behalf of HSE.

Financial position and results for the year

HSE's financial plan for 2009/10 was designed to deliver its planned preventative and investigative programmes. HSE has successfully managed to increase front-line numbers across the year, maintained activity, lived within its budget and continued to deliver its planned efficiency programmes. HSE's financial plan for the SR07 period is to spend proportionally more resource in the last two years of the period (2009/10 and 2010/11) in support of strategy delivery. HSE's aim is to maintain front-line inspector numbers at a stable level, continue to become more efficient and retain flexibility in long-term financial commitments in so far as possible.

Statement of Financial Position

HSE's Statement of Financial Position shows a reduction in total non-current assets from £102.7 million at 31 March 2009 to £97.8 million at 31 March 2010. This is mainly due to the revaluation of the HSL's Buxton site and the impairment in value of HSE's HQ building at Redgrave Court (see Note 7 to HSE's Accounts).

Total trade and other receivables of £39.1 million (£31.0 million of which relates to income due to HSE for cost recoverable activity) has increased from £30.7 million at 31 March 2009. This is due to an increase in accrued nuclear income and a process change (ie timing of issuing invoices) relating to chemical regulation activity.

Trade and other payables of £148.2 million (£109.1 million of which relates to the long-term liability to pay finance lease charges on HSE's HQ building at Redgrave Court and HSL's Buxton site) has reduced slightly from £150.5 million at 31 March 2009.

Results for the year (operating cost statement)

The operating cost statement shows a net operating cost of £229.9 million (2008/09 – £220.8 million (restated)) for HSE. This increase in operating cost is consistent with HSE's financial strategy for the SR07 period.

Cash flow statement

HSE's cash flow statement shows a net cash outflow from operating activities of £225.2 million, compared to £203.8 million in 2008/09 (restated).

Cash outflow from investing activities of £10.9 million (net of £0.35 million proceeds from the disposal of fixed assets) consists of expenditure on fixed asset additions of £11.3 million (£4.1 million of which relates to leasehold improvements).

The difference in the cash balance at 31 March 2009 and 31 March 2010 is a timing issue related to the process of how HSE receives its cash requirement from DWP (see Note 10 to the accounts).

Funding

HSE is financed by Grant-in-Aid within DWP's Request for Resources (RfR) 2: Promote work as the best form of welfare for people of working age, while protecting the position of those in greatest need.

Prior year comparatives

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

- ∞ implementation of International Financial Reporting Standards;
- ∞ Fixed Asset adjustments to re-align the Fixed Asset Module (FAM) with the General Ledger;
- ∞ land revaluation relating to Redgrave Court.

Further details can be found in Note 2 to HSE's accounts 'First-time adoption of IFRS'.

International Financial Reporting Standards

From 1 April 2009, the accounts of HSE, along with other central government departments and entities in the wider public sector, have been produced using International Financial Reporting Standards (IFRS), as interpreted for the public sector in the IFRS-based Financial Reporting Manual (FRoM). HSE has ensured all necessary processes and procedures were in place and IFRS was implemented as at 1 April 2009.

Director's statement

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

Remuneration Report

Management

Appointments

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

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

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

Remuneration policy

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

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

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

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

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service contracts

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

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

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Details of the service contract for each senior manager who has served during the year are as shown in Table 3.

Table 3 Service contracts (this information is subject to audit)

Name	Date of contract	Unexpired term	Notice period
Chief Executive			
Geoffrey Podger CB	28 November 2005	8 months	13 weeks
Board members			
Judith Hackitt CBE	1 October 2007	2 years 6 months	N/A
Sandy Blair CBE	1 April 2009	2 years	N/A
Daniel Carrigan OBE	1 April 2008	6 months	N/A
Robin Dahlberg	1 April 2007	Contract expired 31 March 2010 ^a	N/A
Judith Donovan CBE	1 October 2009	6 months	N/A
David Gartside	1 April 2008	1 year	N/A
Professor Sayeed Khan	1 April 2008	1 year	N/A
Hugh Robertson	1 April 2007	Contract expired 31 March 2010 ^a	N/A
Elizabeth Snape MBE	1 October 2009	2 years 6 months	N/A
John Spanswick CBE	1 May 2009	2 years 1 month	N/A

^a Although Mr Dahlberg's and Mr Robertson's contracts expired on 31 March 2010, further three-year contracts commenced on 1 April 2010.

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

HSE Board

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

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

Salary and pension entitlements

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

Table 4 Remuneration (this information is subject to audit)

	2009/2010				2008/2009			
	Salary	Allowances and taxable expenses to nearest	Benefits in kind to nearest	Salary full year equivalent (FYE)	Salary	Allowances and taxable expenses to nearest	Benefits in kind to nearest	Salary full year equivalent (FYE)
	£'000	£100	£100	£'000	£'000	£100	£100	£'000
Chief Executive and Deputy Chief Executive								
Geoffrey Podger CB	185–190	16 000	-	185–190	180–185	8 800	-	180–185
Kevin Myers ^a	135–140	18 100	1 800	135–140	65–70	5 500	1 900	120–125
Sandra Caldwell ^b	-	-	-	-	70–75	-	-	115–120
Board members								
Judith Hackitt CBE ^c	125–130	1 300	-	125–130	135–140	1 800	-	135–140
Sandy Blair CBE	15–20	800	-	15–20	15–20	2 200	-	15–20
Daniel Carrigan OBE	15–20	2 200	-	15–20	15–20	4 400	-	15–20
Robin Dahlberg	15–20	3 300	-	15–20	15–20	100	-	15–20
Judith Donovan CBE	15–20	300	-	15–20	15–20	6 800	-	15–20
David Gartside	15–20	3 000	-	15–20	15–20	3 200	-	15–20
Professor Sayeed Khan	15–20	3 000	-	15–20	15–20	5 500	-	15–20
Hugh Robertson	15–20	1 900	-	15–20	15–20	-	-	15–20
Elizabeth Snape MBE	15–20	1 100	-	15–20	15–20	200	-	15–20
John Spanswick CBE	10–15	700	-	15–20	-	-	-	-

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

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

^c The 2008/09 comparative banding for Judith Hackitt has been restated to show the accrued value of bonus payments earned in year.

Salary

'Salary' includes gross salary; bonuses or performance pay; overtime; reserved rights to London weighting or London allowances; and recruitment and retention allowances. This presentation is based on payments made in year by the Health and Safety Executive to the Board member. The payments of the SCS bonus in 2009/10 was based on 2008/09 performance and comprised 8.6% of the total SCS pay bill. The award for performance in 2009/10 due to paid July 2009/10 has not yet been decided. This presentation is based on payments made in year by the Health and Safety Executive to the Board member.

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

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

∥ No significant awards were made to past senior managers.

∥ No compensation was payable to former senior managers.

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

Pension benefits

Table 5 Pension benefits – Chief Executive and Deputy (this information is subject to audit)

	Accrued pension and lump sum at age 60 £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/03/10 £'000	CETV at 31/03/09 £'000	Real increase in CETV £'000
Geoffrey Podger CB	75–80 pension and 225–230 lump sum	2.5–5.0 pension and 10.0–12.5 lump sum	1 728	1 556	87
Kevin Myers	50–55 pension and 155–160 lump sum	7.5–10.0 pension and 25.0–27.5 lump sum	1 112	884	172

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

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

Civil Service Pensions (CSP)

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

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

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

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

Further details about the Civil Service pension arrangements can be found at www.civilservice-pensions.gov.uk.

The Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own costs. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The real increase in the value of the CETV

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

Non-executives (this information is subject to audit)

Fees and expenses amounting to £6924 (2008/09 – £8354) were paid to the non-executive members of the Audit Committee as shown in Table 6.

Table 6 Fees and expenses paid to non-executive members of the Audit Committee

	2009/10	2008/09
	Total fees and expenses	Total fees and expenses
	£'000	£'000
Peter Conway	4	4
Paul Smith	3	4

2008/09 figures are provided for comparative purposes.



Geoffrey Podger CB
 Chief Executive
 Health and Safety Executive
 Accounting Officer
 23 June 2010

Part Two

The Health and Safety Executive \\ Accounts 2009/10

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

Under paragraph 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 the 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 cost, recognised gains and losses 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 the propriety and regularity of the public finances for which he is answerable, for keeping proper records and for safeguarding assets are set out in *Managing Public Money* published by HM Treasury.

1 Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Health and Safety Executive's policies, aims and objectives, agreed with the Department's ministers. During 2009/10 I was also responsible for safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

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

HSE's mission is to prevent death, injury and ill health to those at work in Great Britain and those affected by work activities, and with that to achieve a record of workplace health and safety that leads the world. The HSE Board has responsibility for determining strategy, agreeing the business plan, including the broad allocation of resources and for financial, performance and risk management. The Senior Management Team (SMT) provides advice to the Board on all key issues, implements its policies and plans, and HSE's statutory responsibilities. The HSE Board has set the strategy for securing health and safety in relation to work activities and has published the strategy 'Be part of the solution' for the GB health and safety system.

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of HSE's policies, aims and objectives. It evaluates the likelihood of those risks being realised and the impact should they be realised, and aims to manage them efficiently, effectively and economically. The system of internal control has been in place in HSE for the year ended 31 March 2010 and, up to the date of approval of the Annual Report and Accounts, accords with HM Treasury guidance.

3 Capacity to handle risk

HSE's annual business plan for 2009/10 sets out how it will deliver its key business objectives and meet its statutory obligations.

The Accounting Officer has directed all budget holders to ensure that risks within their area of responsibility are managed and reviewed regularly. Budget holders are also required to formally report how they have managed such risks at the end of each financial year. HSE's corporate risks are captured within the Corporate Risk Management Plan (CRMP) which is considered by the SMT and Board on a quarterly basis.

During 2009/10, HSE has continued to take action to raise awareness of and embed business risk management. In particular, key risk practitioners within HSE's directorates attended the National

School of Government's accredited risk management training course 'Management of Risk' to support them in taking forward the principles of business risk management within their directorate.

HSE seeks to learn from best practice. We participate in Treasury's Risk Improvement Group, and also attend the DWP Risk Forum to adopt good practice and learn from other parts of government. Relevant information and guidance is circulated to key risk practitioners, including HSE's 'Guide to Business Risk Management' which sets out HSE's approach to identifying, assessing and managing business risks. HSE's planning and performance team continue to provide expert advice to the organisation.

4 The risk and control framework

The Senior Management Team (SMT) comprises senior managers in operations, policy, communications and corporate support, the Director of the Chemicals Regulation Directorate, together with the Chief Scientist, the Legal Adviser, and the Chief Executive of HSL. Its role is to manage HSE's performance and any risks that threaten achievement of HSE's objectives. These risks are set out in the CRMP which is reviewed by SMT quarterly. SMT risk owners are responsible for ensuring adequate measures are in place to manage each risk, and for monitoring and obtaining assurance on the adequacy of these measures. SMT members have supplied me with letters of assurance which include an assessment of internal controls within their commands.

The HSE Board meets formally monthly to make decisions about health and safety issues, cross-cutting interventions, strategic finance and personnel matters and consider any significant changes in business risk. It receives a formal performance and risk report quarterly, which combines the performance report and the CRMP to draw the links between HSE's corporate-level risks and their current (and potential) impact on performance. In addition, the HSE Audit Committee reviews the organisation's progress, in terms of embedding and improving business risk management, at each meeting. The CRMP is a standing agenda item at each Audit Committee meeting.

During the period of the report the Minister responsible for work-related health and safety (DWP's Parliamentary Under-Secretary in the Lords) received and considered the performance report. The HSE Chair and Chief Executive met the Minister regularly to discuss a range of key issues, including performance on a quarterly basis.

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

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

HSE has taken a number of steps to improve the management of its information assets. The Deputy Chief Executive as its Senior Information Risk Manager (SIRO) has prioritised actions from the improvement plan, which includes all staff being instructed to complete the National School of Government e-learning package on information assurance.

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

5 Review of effectiveness

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

In July 2009, Ministers published the report of Lord Gill's Inquiry into the explosion on 11 May 2004 at ICL Plastics in Maryhill, Glasgow in which nine people died and thirty-three were injured. Employers and operators hold the primary responsibility for ensuring the proper health and safety of their activities as the Inquiry report confirmed. Lord Gill's report, however, also made criticisms of HSE's actions and omissions in regulating the ICL Plastics site at particular points in time over the last two decades of the last century, which were contributory factors to the explosion. HSE has fully accepted and publicly apologised for its part in the circumstances which led to the explosion. The management systems and process which are in place now are more rigorous than those in place during the 1980s and have been audited this year to ensure that matters of serious concern raised as a result of inspection or investigation are followed up and closed out as a matter of routine. HSE's non-executive Board has, and continues to closely oversee progress in implementing the action plan that has been put in place to respond to the underlying causes of the explosion.

HSE's Audit Committee, which comprises two Board members and two independent external members met three times during 2009/10. During the year the Committee considered a number of important topics including the revised Government Internal Audit Standards, the move to International Financial Reporting Standards, measures to prevent and detect fraud, value for money and information assurance. The Committee also requested and received a report which examined the issues of 'follow-up' and 'close-out' raised in the ICL Inquiry report. The results confirm that matters of serious concern raised as a result of inspection or investigation were now followed up and closed out as a matter of routine.

HSE's Internal Audit and Assurance Unit has direct access to the Accounting Officer. HSL has an internal audit function supplied by a private sector firm. Both operate to the Government Internal Audit Standards. Strategic and Operational Audit Plans are risk based and approved by the Audit Committee, to whom Internal Audit makes regular reports. All work undertaken is subject to internal quality assurance processes.

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

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

The Internal Audit work programmes will continue to focus on testing the adequacy and effectiveness of the systems of internal control in HSE and HSL.

In light of the audits undertaken in 2009/10, and reliance upon the work of HSL's internal auditor, the overall opinion of the Head of Internal Audit is that HSE has a satisfactory system of control, governance and risk management in place which provides reasonable assurance regarding the effective and efficient achievements of its objectives.

6 Significant internal control problems

There were no significant problems of internal control.



Geoffrey Podger CB
Chief Executive
Health and Safety Executive
Accounting Officer
23 June 2010

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 2010 under the Health and Safety at Work etc Act 1974. These comprise the Operating Cost Statement, the Statement of Financial Position, the Statement of Cash Flows and the Statement of 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 Executive, Chief Executive and Auditor

As explained more fully in the Statement of the Executive's and the Chief Executive's Responsibilities, the Chief Executive 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 the financial statements in accordance with applicable law and 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 am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on regularity

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

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 2010 and of its net operating cost, changes in taxpayers' equity and cash flows for the year then ended; and
- ∟ the financial statements have been properly prepared in accordance with the Health and Safety at Work etc Act 1974 and Department for Work and Pensions 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 Department for Work and Pensions directions issued under the Health and Safety at Work etc Act 1974; and

- \\ the information given in the Annual Report which comprises the foreword, performance, the Management Commentary and the unaudited part of the Remuneration 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 are not in agreement with the accounting records or returns; or
- \\ I have not received all of the information and explanations I require for my audit; or
- \\ the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria, London SW1W 9SP
2 July 2010

Operating Cost Statement for the year ended 31 March 2010

		2009/10	Restated 2008/09
	Notes	£'000	£'000
Administration costs			
Staff costs	3	178 294	163 822
Other administration costs	4	113 347	112 998
Gross administration costs		291 641	276 820
Operating income	6	(100 336)	(84 350)
EU income	6	(535)	(914)
Net administration costs		190 770	191 556
Programme costs			
Expenditure	5	44 065	36 110
Less income	5 and 6	(4 904)	(6 847)
Net programme costs		39 161	29 263
Net operating cost		229 931	220 819

All income and expenditure is derived from continuing operations.

The Notes on pages 73–111 form part of these accounts.

Statement of Financial Position as at 31 March 2010

	Notes	31 March 2010 £'000	Restated 31 March 2009 £'000	Restated 1 April 2008 £'000
Non-current assets				
Property, plant and equipment	7(a)	96 274	101 055	107 934
Intangible assets	7(b)	1 420	1 489	1 290
Trade and other receivables due after more than one year	9	126	172	118
Total non-current assets		97 820	102 716	109 342
Current assets				
Inventories	8	1 113	1 456	1 346
Trade and other receivables	9	39 017	30 569	29 392
Cash and cash equivalents	10	265	193	233
Total current assets		40 395	32 218	30 971
Total assets		138 215	134 934	140 313
Current liabilities				
Trade and other payables	11	(37 924)	(36 744)	(24 550)
Total current liabilities		(37 924)	(36 744)	(24 550)
Non-current assets plus/less net current assets/ liabilities		100 291	98 190	115 763
Non-current liabilities				
Provisions for liabilities and charges	12	(1 366)	(598)	(3 189)
Other payables	11	(110 234)	(113 728)	(113 116)
Pension liabilities	12	(1 434)	(1 140)	(1 417)
Total non-current liabilities		(113 034)	(115 466)	(117 722)
Assets less liabilities		(12 743)	(17 276)	(1 959)
Taxpayers' equity				
General fund		(17 959)	(27 384)	(14 805)
Revaluation reserve		5 216	10 108	12 846
Total taxpayers' equity		(12 743)	(17 276)	(1 959)

The Notes on pages 73–111 form part of these accounts



Geoffrey Podger CB
Chief Executive
Health and Safety Executive
Accounting Officer
23 June 2010

Statement of Cash Flows for the year ended 31 March 2010

	Note	2009/10 £'000	Restated 2008/09 £'000
Cash flows from operating activities			
Net operating cost		(229 931)	(220 819)
Adjustments for non-cash transactions	4	13 169	19 534
(Increase)/decrease in trade and other receivables	9	(8 402)	(1 231)
Less movements in receivables relating to items not passing through the Operating Cost Statement		(361)	202
(Increase)/decrease in inventories	8	343	(110)
Increase/(decrease) in trade payables		(194)	6 884
Less movements in payables relating to items not passing through the Operating Cost Statement		362	(920)
Use of provisions	12	(160)	(3 466)
Payments of Consolidated Fund Extra Receipts (CFERs)		(24)	(2)
Provisions reclassified as payables	12	(35)	(3 849)
Net cash outflow from operating activities		(225 233)	(203 777)
Cash flows from investing activities			
Purchase of property, plant and equipment	7a	(11 047)	(10 614)
Purchase of intangible assets	7b	(248)	(720)
Proceeds of disposal of property, plant and equipment		346	364
Net cash outflow from investing activities		(10 949)	(10 970)
Cash flows from financing activities			
Funding from DWP		239 430	207 876
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(1 055)	908
Net financing		238 375	208 784
Net increase/(decrease) in cash and cash equivalents in the period	10	2 193	(5 963)
Cash and cash equivalents at the beginning of the period	10	(5 730)	233
Cash and cash equivalents at the end of the period	10	(3 537)	(5 730)
Add bank overdraft reported in trade and other payables	10	3 802	5 923
Cash at bank and in hand at the end of the period	10	265	193

The Notes on pages 73–111 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2010

	Note	(a) General Fund £'000	(b) Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2008		22 247	12 846	35 093
Changes in accounting policy		(37 052)		(37 052)
Restated balances at 1 April 2008		(14 805)	12 846	(1 959)
Changes in taxpayers' equity for 2008/09				
Net gain/(loss) on revaluation			(2 365)	(2 365)
Release of reserves to the Operating Cost Statement			(32)	(32)
Non-cash charges – cost of capital		44		44
Transfers between reserves		341	(341)	0
Net operating cost for the year		(220 819)		(220 819)
Actuarial gain (loss) on pension		147		147
Other		(166)		(166)
Total recognised revenue and expense for 2008/09		(220 453)	(2 738)	(223 191)
Net Parliamentary funding from DWP		207 876		207 876
CFERs payable to the Consolidated Fund		(2)		(2)
Balance at 31 March 2009		(27 384)	10 108	(17 276)
Changes in taxpayers' equity for 2009/10				
Net gain/(loss) on revaluation	7		(6 187)	(6 187)
Release of reserves to the Operating Cost Statement	4		1 633	1 633
Non-cash charges – cost of capital	4	(83)		(83)
Transfers between reserves		338	(338)	0
Net operating cost for the year		(229 932)		(229 932)
Actuarial gain (loss) on pension	12	(304)		(304)
Other				
Total recognised revenue and expense for 2009/10		(229 981)	(4 892)	(234 873)
Net Parliamentary funding from DWP		239 430		239 430
CFERs payable to the Consolidated Fund		(24)		(24)
Balance at 31 March 2010		(17 959)	5 216	(12 743)

(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. Movements through the General Fund have had a significant impact on the closing position. Impairment in the value of PFI Assets of £45 million has resulted in a change from a positive £22 247 000 at 31 March 2008 to a negative general reserve position of (£17 959 000) at 31 March 2010. The HSE Board has considered this impact and further details can be found in Note 22.

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

(c) HSL Reserves are included within the General Fund figure.

HSL Reserves position – HSE is a level 3 organisation within DWP's hierarchical cash management regime on materiality grounds and its bank accounts (including HSL's cash requirement) are defunded by DWP on the last day of each month. This means that HSE's and HSL's bank accounts at year-end should only contain small overdrawn balances for transactions after the defunding process. HSL generates cash receipts from non-HSE customers and treats intercompany income from HSE as a cash transaction in its accounts although no cash changes hands. HSL is a net-nil organisation that seeks to recover its full costs from HSE and non-HSE income. As HSL's costs base includes cash and non-cash costs (eg depreciation on the laboratory) it appears to generate excess cash which, because of the defunding arrangements, is not shown in the Statement of Financial Position and leads to approx £2 million per year reduction in the general reserve. The Board of HSE has considered this position and is content that the on-going commitment from HSE supports preparation of the annual accounts on a going concern basis.

The Notes on pages 73–111 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 in accordance with the 2009/10 Government Financial Reporting Manual (FReM) (www.financial-reporting.gov.uk) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

These financial statements are the first to be prepared in accordance with IFRS and accordingly IFRS 1 *First Time Adoption of International Financial Reporting Standards* has been applied in preparing these financial statements. Reconciliations disclosing the effect of the transition from UK GAAP to IFRS on HSE's financial statements are shown in Note 2. Comparative figures in respect of 2008/09 have been restated to reflect these adjustments.

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

1.2 Accounts Direction

In accordance with the Accounts Direction issued by the Secretary of State with the approval of the Treasury, the Health and Safety Executive has prepared a Statement of Responsibilities and Statement on Internal Control. HSE has no need to produce Parliamentary Control Schedules (the Statement of Parliamentary Supply and the Statement of Resources by Departmental Aims and Objectives) and the relevant information is contained in those schedules within DWP's accounts (see Note 1.6) with regard to Request for Resources).

1.3 Accounting standards, interpretations and amendments

Effective in these financial statements

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2010, have been adopted for the first time in these financial statements, taking into account the specific interpretations and adaptations included within the FReM.

Effective for future Financial Years

The following IFRSs, IFRIC Interpretations and Amendments applicable to HSE, have been issued but are not yet effective and have not been early adopted by HSE:

IAS 24 *Related Party Transactions* (effective 1 January 2011) – the amendment provides exemption for full disclosure of transactions with state-controlled entities and is not expected to impact the current exemption allowed within the FReM. IAS 24 also extends the definition of a related party to include relationships where joint control exists.

IFRS 9 *Financial Instruments: Classification and Measurement* (effective 1 January 2013) – IFRS 9 is a replacement for IAS 39 and introduces new requirements for the classification and measurement of financial assets, together with the elimination of two categories. The Standard does not include Financial Liabilities. Further proposals are to be introduced during 2010 and HSE will undertake an assessment of the impact of IFRS 9 once these are known.

1.4 Accounting convention

These accounts 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.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the HSE's accounting policies.

1.5 Transfer of functions

Machinery of government changes, which involve transfer of functions or responsibilities from one part of the public sector to another, are accounted for using merger accounting. This requires the restatement of the opening Statement of Financial Position and prior year's Operating Cost Statement, Statement of Cash Flows and associated notes to the accounts.

1.6 Government grants

Grants receivable

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

The total Request for Resources received by the Health and Safety Executive from DWP for the financial year 2009/10 was £239 430 000 (2008/09 – £207 876 349).

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

1.7 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 impairment.

1.8 Operating income

Operating income is income which relates directly to the operating activities of HSE. It principally comprises fees and charges for services provided on a full cost basis to external customers (Note 6). Operating income is stated net of VAT.

1.9 Revenue recognition

HSE complies with IAS18 for all material income streams and recognises revenue when earned. Earned income is assessed using time recording information and reliable estimates of recoverable costs. HSE takes a proportionate approach to revenue recognition and accounts for low value income in the period of receipt where immaterial to the accounts and consistent in value across financial years.

1.10 Administration and programme expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition set out in the FReM. Administration costs reflect the costs of running the organisation. All HSE income is offset against gross administrative costs in determining the out-turn against the administration cost limit.

Programme costs include programme expenditure, programme overheads and non-administration costs, including any other disbursements by HSE which have been agreed as programme expenditure with HM Treasury.

1.11 Capital charge

A charge, reflecting the cost of capital utilised by HSE, is included in expenditure. The charge is calculated at the real rate set by HM Treasury (currently 3.5%; 2008/09 – 3.5%) on the average carrying amounts of all assets less liabilities, except for:

- (a) Property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro-rata for in-year:
 - ∩ Additions at cost.
 - ∩ Disposals as valued in the opening Statement of Financial Position (plus any subsequent capital expenditure prior to disposal).
 - ∩ Impairments at the amount of the reduction of the opening Statement of Financial Position value (plus any subsequent capital expenditure).
 - ∩ Depreciation of property, plant and equipment and amortisations of intangible assets.
- (b) Cash balances with the Office of HM Paymaster General, where the charge is nil.

1.12 Employee benefits

Short-term employee benefits, such as salaries and paid absences, are accounted for on an accruals basis over the period for which employees have provided services in the year. General staff bonuses are recognised to the extent that HSE has a present obligation to pay this amount as a result of past service and the obligation can be measured reliably. Bonuses in relation to SCS employees are accrued to the extent that the total value of the bonuses can be measured reliably. The policy in relation to employee pensions is disclosed at Note 3.

IAS19 requires HSE to determine true short-term employee benefit liability for employee leave. HSE calculates annual leave balances directly from the employee information system supplemented with a statistically valid sample extrapolated across the population to provide additional flexible working hours and time off in lieu liability at year-end.

1.13 Property, plant and equipment

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

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the capitalisation threshold. Computer hardware has a capitalisation threshold of £1000. A capitalisation threshold of £100 000 is applied to leasehold improvements. For all other tangible assets the prescribed capitalisation level is £5000. Where an

item costs less than the capitalisation limit, but forms an integral part of a package whose total value is greater than the capitalisation level, the item is treated as a capital asset.

For furniture and fittings, the total cost of maintaining a record of relatively low value individual items is considered prohibitive and therefore the majority of these items are recorded on a pooled basis.

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

On initial recognition assets are measured at cost, including any costs, such as installation, which are directly attributable to bringing them into working condition and any associated decommissioning costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to HSE and the cost of the item can be measured reliably.

All expenditure on repairs and maintenance is charged to the Operating Cost Statement during the financial period in which it is incurred.

1.14 Land and buildings

Land and buildings are measured initially at cost, restated to current value using external professional valuations in accordance with IAS 16 at least every five years and in the intervening years by use of published indices appropriate to the type of land and building.

Land and buildings are valued on an existing use basis except for the specialist laboratory site, which has been included at depreciated replacement cost.

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

DTZ professionally valued Redgrave Court as at 31 March 2008 and 31 March 2009. Jones Lang LaSalle professionally revalued all land and building assets on the HSL Buxton site as at 31 March 2010. Additionally, the freehold property at Carlisle was independently valued at 31 March 2009 by Donaldsons, Chartered Surveyors. In each case, the valuations were in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (RICS).

1.15 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. Where no active market exists, assets are revalued using appropriate indices to indicate depreciated replacement cost as a proxy for fair value.

Purchased software

Purchased software licences and applications covering a period of more than one year and above the capitalisation threshold of £500 are capitalised at cost as intangible assets and reported at amortised cost. In view of the large number of software licences purchased across HSE those capitalised are accounted for on a pooled basis with any items/pools amounting to over £100 000 identified individually.

Licences with a finite life are amortised, on a straight-line basis, over the shorter of the licence period or five years. Should HSE purchase licences in advance they are only subject to amortisation once they are available for use.

Internally developed software

Internally developed software is capitalised if it meets the criteria specified in IAS 38 *Intangible Assets*. Costs are categorised as research or development costs and accounted for accordingly (see Note (1.16)). Internally developed software that has a finite useful life is amortised on a straight line basis over the shorter of five years or the life of the software. Expenditure that does not meet the criteria for capitalisation is recognised as an expense in the year in which it is incurred. Costs associated with the maintenance of software are also expensed when incurred.

Website development costs

Website development costs are capitalised in line with the requirements of SIC 32 *Web Site Costs* and the specific criteria as determined by IAS 38 *Intangible Assets*. Costs are categorised as research or development costs and accounted for accordingly (see Note (1.16)).

1.16 Research and development expenditure

Expenditure on research is charged to the Operating Cost Statement in the year in which it is incurred. Development expenditure is also recognised in the Operating Cost Statement when incurred unless it meets the specific criteria for capitalisation within IAS 38 *Intangible Assets*. Development costs previously recognised as an expense, prior to the relevant criteria being met, are not recognised as an asset in subsequent periods.

1.17 Depreciation

Depreciation is charged on property, plant and equipment using the straight-line method, as this reflects the expected pattern of consumption of economic benefits. The rates used are calculated to write assets down to their estimated residual value over their expected useful lives. No depreciation is provided on freehold land.

Depreciation commences once an asset is available for use and continues until the asset is derecognised or categorised as held for sale or written down to nil value. Property, plant and equipment are therefore depreciated from the date of acquisition. No depreciation is charged in the month of disposal. Assets in the course of construction and residual interests in off-balance sheet Private Finance Initiative (PFI) contract assets are not depreciated until the asset is brought into use or reverts to HSE.

Estimated useful asset lives are normally in the following ranges:

Freehold buildings	50 years or remaining life as assessed by the valuers
Leasehold buildings	Period remaining on lease or to next rent review
HSL PFI leasehold buildings	60 years designated life
Leasehold improvements	Up to 20 years (over the period remaining on lease)
Information technology	3 to 7 years
Software development	5 years
Plant and machinery	5 to 10 years
Furniture and fittings	2 to 15 years (except HSL PFI contract which is 30 years)
Motor vehicles	3 to 9 years

For vehicles acquired by the Health and Safety Executive car-leasing scheme, 68% of the original cost is depreciated over the three-year life of the contract.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.18 Amortisation

Amortisation is calculated on intangible assets using the straight-line method, as this reflects the expected pattern of consumption of economic benefits. The rates used are calculated to write assets down to their estimated residual value over their expected useful lives.

Amortisation commences once an asset is available for use and continues until the asset is derecognised, categorised as held for sale or written down to nil value. Intangible assets are therefore depreciated from the date of acquisition. No depreciation is charged in the month of disposal. Assets in the course of construction are not amortised but are subject to impairment reviews until the asset is brought into use.

Estimated useful asset lives are normally in the following ranges:

Software licences	shorter of licence period and 5 years
Internally developed software	5 years
Websites	5 years

The residual values and useful lives of intangible assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.19 Revaluation reserve

Increases in value are credited to the revaluation reserve while decreases in value are debited to the revaluation reserve up to the level of depreciated historical cost for any asset previously revalued. Any excess devaluation is charged to the Operating Cost Statement. Each year, the realised element of the reserve (ie an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the General Fund.

On disposal of a revalued asset, the balance on the revaluation reserve in respect of that asset becomes fully realised and is transferred to the General Fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Operating Cost Statement.

All non-current assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.20 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 of assets where substantially all risks and rewards of ownership of a leased asset are borne by HSE are classified as finance leases. Leased assets are capitalised at the lower of the present value of the minimum lease payments discounted by the interest rate implicit in the lease or the fair value of the leased asset. Obligations relating to finance leases are recognised as liabilities. Payments are apportioned between reductions in the capital obligation included in creditors and the interest element of the finance lease payment which is charged to the Operating Cost Statement over the period of the lease. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

Leases where the lessor retains a significant portion of the risks and rewards of ownerships are classified as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

1.21 Private Finance Initiative 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 HSE does not have control over the PFI asset and the balance of risks and rewards of ownership are borne by the DWP, the assets are recognised on the DWP's Statement of Financial Position and any related payments or charges are recorded as an expense.

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.

1.22 Inventories

Inventories and work in progress are valued as follows:

- (a) finished goods and priced goods for resale are valued at cost less cost to sell or, where materially different, current replacement cost, and at net realisable value only when they either cannot or will not be used. The cost of free publications is written off in the year in which it is incurred; and
- (b) work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value.

HSE also holds inventories of stationery and similar consumable materials for its own use. Due to the nature of these items HSE does not consider it appropriate to reflect their value in the Statement of Financial Position. Accordingly, HSE charges all expenditure on consumable items to the Operating Cost Statement on receipt.

1.23 Financial instruments

Financial assets and liabilities are recognised when HSE becomes party to the contracts that give rise to them. HSE determines the classification of financial assets and liabilities at initial recognition in line with the categories designated by IAS 39 as appropriate. Financial assets are derecognised when the right to receive cash flows has expired or HSE has transferred substantially all the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expire. It is, and has been, HSE policy that no trading in financial instruments is undertaken.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Loans and receivables are initially recognised at fair value and subsequently held at amortised cost net of any impairment. The fair value of trade and other receivables is usually the original invoiced amount. Any changes in value are recognised in the Operating Cost Statement. Loans and receivables are included in current assets, except for those maturing more than 12 months after the end of the reporting period, which are classified as non-current assets.

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant changes in value. For the purpose of the Statement of Cash Flows, cash and cash equivalents are as defined above net of outstanding bank overdrafts. Bank overdrafts are included within current liabilities on the Statement of Financial Position.

Financial liabilities measured at amortised cost

Financial liabilities within trade payables and accruals are non-interest bearing and are initially recognised at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost.

Fair value

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

Impairment of financial assets

HSE assesses at each Statement of Financial Position date whether there is objective evidence that financial assets are impaired as a result of events that occurred after the initial recognition of the asset and prior to the Statement of Financial Position date and if such events have had an adverse impact on the estimated future cash flows of the financial instruments they are impaired and the value within the Statement of Financial Position is reduced by the amount of any impairment. For the purpose of a collective evaluation of impairment, financial assets are grouped, where they are not individually significant, on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of assets by being indicative of the counterparty's ability to pay all amounts due according to the terms of the asset being evaluated.

The amount of the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows and is recognised in the Operating Cost Statement. Future cash flows for a group of financial instruments that are collectively

evaluated for impairment are estimated on the basis of expected cash flows for the asset and historical loss experience for assets with credit risk characteristics similar to those in the group.

For the purpose of measuring the impairment loss, interest income is recognised using the original rate of interest used to discount the future cash flows.

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

1.24 Provisions

Provisions are recognised when HSE has a present legal or constructive obligation arising as a consequence of past events and where it is probable that a transfer of economic benefit will be necessary to settle the obligation. These obligations, which are of uncertain timing or amount at the Statement of Financial Position date, are included on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2% (2008/09 – 2.2%)). The increase in the provision due to unwinding of the discount is recognised as an interest expense in the Operating Cost Statement.

1.25 Foreign currency translation

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

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

1.26 Pensions

The provisions of the Principal Civil Service Pension Scheme (PCSPS), details of which are described in Note 3, cover past and present employees. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. HSE recognises the expected costs of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, HSE recognises the contributions payable for the year. There is a separate scheme statement for the PCSPS as a whole. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

The current Chair is not a member of the PCSPS but a contribution of 25% of her salary is made to a stakeholder pension provider. Previous Chairs of the Health and Safety Executive were not members of the PCSPS but arrangements exist whereby HSE makes pension payments analogous to those that would have been made if they had been members of the PCSPS and are payable out of the current year's funds that are made available. The appointment of Board members (other than the Chair) is non-pensionable.

This pension liability is valued each year by the Government Actuary's department and the full amount calculated is treated as a provision on the face of the Statement of Financial Position.

Any change to the provision resulting from actuarial losses or gains is charged to the General Fund with just the in-year service charge and interest charge included within the Operating Cost Statement.

1.27 Early departure costs

HSE meets the additional costs of benefits beyond the normal PCSPS benefits, in respect of employees who retire early by paying the required amounts annually to 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 on HSE by establishing a provision for the estimated payments, discounted by the Treasury discount rate of 1.8% (2008/09 2.2%) in real terms.

1.28 Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed, unless they are remote.

In addition to contingent liabilities disclosed in accordance with IAS 37 HSE discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

These comprise:

- \\ items over £250 000 (or lower where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by Departmental Minute prior to HSE entering into the agreement; and
- \\ all items (whether or not they arise in the normal course of business) over £250 000 (or lower, where required by specific statute or where material in the context of the accounts) which are required by the FReM to be noted in the accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be discounted by IAS 37 are stated at the amounts reported to Parliament.

1.29 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.

1.30 Insurance

HSE does not purchase commercial insurance unless it is required under the standard terms of a service contract. Losses arising from damage to or loss of assets, employer's liability and claims from third parties are charged directly to the Operating Cost Statement.

1.31 Segmental reporting

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, has been identified as the HSE's Management Board. Following the

amendment to the requirements of IFRS 8, as implemented by the International Accounting Standards Board in April 2009, it has been agreed by Treasury's Financial Reporting Advisory Board that early adoption of the proposed amendments can be taken in 2009/10. The amendment changes 'total assets' from a mandatory reporting requirement to only being required where total assets for segments are regularly reported to the chief operating decision maker. As these are not regularly reported by this agency, early adoption has been implemented. Details of reporting segments are at Note 21.

2 First-time adoption of IFRS

This is the first year that HSE has presented its financial statements under IFRS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2010, the restated comparative information presented for the year ended 31 March 2009 and in the preparation of an opening IFRS Statement of Financial Position as at 1 April 2008, HSE's date of transition to IFRS. The effect of the transition on HSE's financial position, operating costs and cash flows is set out in the following tables and accompanying notes.

(a) Reconciliation of operating costs for the year ended 31 March 2009

	£'000
Net operating cost for 2008/09 under UK GAAP	219 234
UK GAAP Fixed asset register adjustment	32
UK GAAP Land revaluation Redgrave Court	383
Adjustment for:	
IAS 19 Employee Benefits – employee leave accrual	41
IFRIC 12 – PFI off Statement of Financial Position contracts service charges	(22 606)
IFRIC 12; IAS 17 – PFI on Statement of Financial Position contracts service charges (Redgrave/Refit)	14 596
IAS 17 – PFI interest (Refit)	5 099
IAS 16 – PFI Depreciation (Redgrave/Refit)	1 101
IAS 17 – Interest on capital (Redgrave/Refit)	(1 422)
IAS 17 – Deficit on Revaluation (Redgrave/Refit)	5 435
IFRIC 12; IAS 17 – HSL PFI on Statement of Financial Position contracts service charges	492
IAS 17 – HSL PFI Interest (Buxton)	(1 744)
IAS 17 – Interest on capital (Buxton)	178
Net operating cost for 2008/09 under IFRS	220 819

(b) Reconciliation of Financial Position at 31 March 2008

	UK GAAP Published accounts at 31 March 2008	IFRS adjustments	IFRS Statement of Financial Position at 1 April 2008
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	87 692	20 242	107 934
Intangible assets	1 290	-	1 290
Trade and other receivables due after more than one year	4 041	(3 923)	118
Current assets			
Inventories	1 346	-	1 346
Trade and other receivables	29 521	(129)	29 392
Other current assets	-	-	-
Cash and cash equivalents	233	-	233
Current liabilities			
Trade and other payables <1 year	(20 580)	(3 970)	(24 550)
Other payables	-	-	-
	103 543	12 220	115 763
Non-current liabilities			
Provisions	(3 189)	-	(3 189)
Other payables	(63 844)	(49 272)	(113 116)
Pension liabilities	(1 417)	-	(1 417)
Net assets/liabilities	35 093	(37 052)	(1 959)
Taxpayers' equity			
General fund	22 247	(37 052)	(14 805)
Revaluation reserve	12 846	-	12 846
Total taxpayers' equity	35 093	(37 052)	(1 959)

(c) Reconciliation of Cash Flows for the year ended 31 March 2009

	UK GAAP 2008/09 £'000	IFRS adjustments £'000	Restated 2008/09 £'000
Cash flows from operating activities			
Net operating cost	(219 234)	(1 585)	(220 819)
Adjustments for non-cash transactions	13 980	5 554	19 534
(Increase)/decrease in trade and other receivables	(1 102)	(129)	(1 231)
Less movements in receivables relating to items not passing through the Operating Cost Statement	74	128	202
(Increase)/decrease in inventories	(110)	-	(110)
Increase/(decrease) in trade payables	8 462	(1 578)	6 884
Less movements in payables relating to items not passing through the Operating Cost Statement	(1 328)	521	(807)
Use of provisions	(3 466)	-	(3 466)
Payments of CFERs	(2)	-	(2)
Provisions reclassified as payables	(3 849)	-	(3 849)
Net cash outflow from operating activities	(206 575)	2 911	(203 664)
Cash flows from investing activities			
Purchase of property, plant and equipment	(8 645)	(1 174)	(9 819)
Purchase of intangible assets	(720)	-	(720)
Proceeds of disposal of property, plant and equipment	364	-	364
Proceeds of disposal of intangibles	-	-	-
Net cash outflow from investing activities	(9 001)	(1 174)	(10 175)
Cash flows from financing activities			
Net Parliamentary funding from DWP	209 613	(1 737)	207 876
Net financing	209 613	(1 737)	207 876
Net increase/(decrease) in cash and cash equivalents in the period	(5 963)	-	(5 963)
Cash and cash equivalents at the beginning of the period	233	-	233
Cash and cash equivalents at the end of the period	(5 730)	-	(5 730)
Add. bank overdraft reported in trade and other payables	5 923	-	5 923
Cash at bank and in hand at the end of the period	193	-	193

(d) Reconciliation of Taxpayers' Equity at 31 March 2009

	General Fund £'000	Revaluation Reserve £'000
Taxpayers' equity at 31 March 2009 under UK GAAP	(13 958)	(10 108)
Adjustment for:		
PFI – Redgrave Court building		
∩ Consideration of service concession – IFRIC 4; IFRIC 12		
∩ Initial recognition – IFRIC 12; IAS 17		
∩ Subsequent recognition – IAS 16	(13 550)	
PFI – IT assets		
∩ Consideration of service concession – IFRIC 4; IFRIC 12		
∩ Initial recognition – IFRIC 12; IAS 17	(1 109)	
Holiday pay accrual at 31.03.09 – IAS 19	3 104	
PFI – Redgrave Court capital creditor – IFRIC 12; IFRIC 4; IAS 17	58 424	
PFI – Buxton – prepayment reversal – IAS 32; IAS 39	3 923	
PFI – Buxton – capital creditor adjustment – IFRIC 12; IFRIC 4; IAS 17	(9 865)	
Land revaluation – Redgrave Court	383	
Fixed Asset Register adjustment	32	
Taxpayers' equity at 1 April 2009 under IFRS	27 384	(10 108)

(e) Impact of transition to IFRS

The most significant adjustments arising from the transition to IFRS are set out below.

- ∩ **Lease and service concession arrangements (IAS 17, IFRIC 12 and IFRIC 4)** – the main impact has been the reclassification of some lease arrangements. Finance lease tests under UK GAAP and IFRS are broadly similar except that IAS 17 requires property leases to be considered as component parts, ie land and buildings separately. Following a detailed review of our lease and service concession arrangements, some leases have been reclassified as finance leases as at 1 April 2008. This has led to an increase in property, plant and equipment and a similar increase in finance lease creditors. The impact on expenditure is that the amount of operating lease costs relating to the arrangement has been replaced with depreciation and the financing charge for the capitalised element of reclassified leases.
- ∩ **Impairments (IAS 36)** – Under IAS 36, assets are reviewed when there are any indicators of impairment. Following impairment reviews, we have recognised impairments to the value of £6 million, which have reduced the value of non-current assets shown in the Statement of Financial Position.
- ∩ **Intangible assets (IAS 38)** – Under UK GAAP, software purchases and capitalised software development costs were included within tangible fixed assets in the Statement of Financial Position. Under IAS 38, such items have been reclassified and are now disclosed as intangible assets.
- ∩ **Employee benefits (IAS 19)** – HSE has recognised accruals in relation to holiday leave, flexi-leave and Time off in lieu (TOIL) balances which have been earned by employees as at

the reporting date. In-year movements in the accrual are reflected within the Operating Cost Statement.

- Cash and Cash Equivalents (IAS 7)** – IAS 7 extends the definition of cash to cash and cash equivalents. This results in a change of presentation of the cash flow information to include Cash with Paying Agents.

3 Staff numbers and costs of the Health and Safety Executive

(a) Staff costs

Staff costs comprise:			2009/10	Restated 2008/09
	Staff with a permanent UK contract	Other staff engaged on the objectives of HSE	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	133 440	7 216	140 656	129 317
Employers' national insurance	11 079	43	11 122	9 785
Other pension costs	26 987	85	27 072	25 500
Total	171 506	7 344	178 850	164 602
Less recoveries in respect of outward secondments	(556)	-	(556)	(780)
Total net costs	170 950	7 344	178 294	163 822

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

For 2009/10 employer's contributions of £26.5 million were payable to the PCSPS (2008/09 – £25.2 million) at one of the four rates in the range 16.7 to 24.3% of pensionable pay (2008/09 – 17.1 to 25.5%), based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. From 2010/11, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the costs of the benefits accruing during 2009/10 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £138 718 (2008/09 – £89 881) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1110; 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum payments on death in service and ill-health retirement of these employees. Contributions due to the partnership pension providers at the Statement of Financial Position date were £12 516. Contributions prepaid at that date were £0.

In 2009/10 one person retired early on ill-health grounds (2008/09 – eight people); the total additional accrued pension liabilities in the year amounted to £279 (2008/09 – £14 388). These liabilities are not the responsibility of HSE but are to be paid by the PCSPS.

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

		2009/10	2008/09
Permanently employed staff	Other staff engaged on the objectives of HSE	Total	Total
3 543	104	3 647	3 582

4 Other administration costs

	2009/10	Restated 2008/09
	£'000	£'000
Rentals under operating leases	4 215	8 225
PFI service charges		
On-Statement of Financial Position PFI contracts	20 954	18 678
Interest charges – on-Statement of Financial Position PFI contracts	9 060	9 137
Auditor's remuneration		
Statutory audit	134	129
EU audit	3	0
Non-cash items		
PFI on-Statement of Financial Position contracts – amortisation of prepayment	0	0
Depreciation and amortisation of non-current assets	8 011	9 124
Cost of capital charge	(83)	44
Impairment of non-current assets	1 633	5 885
(Profit)/loss on disposal of non-current assets	2 293	115
Provisions: provided in year	954	423
Unwinding of discount on provisions	-	76
Other non-cash items	361	(227)
Early departure liability – movement in year	3 819	4 095
Accommodation	16 780	14 670
Travel and subsistence	12 949	12 344
IT expenditure	8 843	5 944
Legal costs	8 646	6 886
Staff development and training	4 252	3 602
Consultants' fees	1 964	782
Other expenditure	8 559	13 066
	113 347	112 998

5 Net programme costs

	2009/10	2008/09
	£'000	£'000
Research and development	18 929	14 524
Publicity, marketing and distribution	18 103	13 532
Other current expenditure	7 033	8 054
Gross programme costs	44 065	36 110
Less programme income	(4 904)	(6 847)
Net programme cost	39 161	29 263

6 Income

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

Analysis of income per the Operating Cost Statement

	HSE fees and charges	HSL income	HSE sales and other income	Total per operating cost statement
Operating income	84 220	6 901	9 215	100 336
EU income	-	230	305	535
Programme income	-	-	4 904	4 904
Total per analysis below	84 220	7 131	14 424	105 775

The following analysis is provided for fees and charges purposes and is not intended to comply with IFRS 8.

	Cost	Income	2009/10 Surplus/ (deficit)	2008/09 Surplus/ (deficit)
	£'000	£'000	£'000	£'000
(i) HSE fees and charges				
Licensing of nuclear installations	32 062	30 429	(1 633) ^a	-
Safety-related research in the nuclear industry	276	276	-	-
Civil nuclear security	3 841	3 822	(19) ^a	-
Generic Design Assessment	14 118	13 582	(536) ^a	-
Genetically modified organisms	143	147	4	5
First-aid approvals	291	240	(51)	(101)
Asbestos licensing	490	391	(99)	(44)
Biocides	2 626	2 149	(477)	(727)
Plant protection	12 549	12 445	(104)	151
Control of major accident hazards	8 461	7 530	(931)	(680)
Enforcement of offshore safety legislation	13 115	12 750	(365)	(1 396)
Enforcement of Gas Safety (Management) Regulations	427	459	32	28
Total HSE fees and charges	88 399	84 220	(4 179)	(2 764)
Health and Safety Laboratory external customers	6 775	6 775	-	-
Health and Safety Laboratory EU income	230	230	-	-
Other miscellaneous income	-	126	-	-
Total HSL income	7 005	7 131		
Total fees and charges for the year ended 31 March 2010	95 404	91 351		
Total fees and charges for the year ended 31 March 2009 (restated)	81 232	78 583		-
(ii) HSE sales and other income				
Sale of publications	4 184	4 369	185	1 041
Other sales/income	-	9 750	-	-
EU income	-	305	-	-
Total sales and other income for the year ended 31 March 2010	4 184	14 424		
Total sales and other income for the year ended 31 March 2009 (restated)	2 136	13 528	-	-

a The deficit on 'Licensing of Nuclear Installations' relates to the preparatory costs in HSE's Nuclear Directorate re: the formation of the proposed Office for Nuclear Regulation.

The following analysis of income from services provided to external and public sector customers is provided for fees and charges purposes and not for the purposes of IFRS 8.

	2009/10		
	Income	Full cost	Surplus/ (deficit)
	£'000	£'000	£'000
Fees and charges to external customers	72 397	76 450	(4 053)
Fees and charges to other government departments	18 954	18 954	-
	91 351	95 404	(4 053)
	Restated 2008/09		
	Income	Full cost	Surplus
	£'000	£'000	£'000
Fees and charges to external customers	56 089	58 738	(2 649)
Fees and charges to other government departments	22 494	22 494	0
	78 583	81 232	(2 649)

7 Assets

(a) Tangible non-current assets

	Land	Buildings	Leasehold improve- ments	Information technology	Motor vehicles	Plant and machinery	Furniture and fittings	Payments on account and assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April									
2009 (restated)	1 802	77 981	20 042	7 083	3 436	15 542	12 581	345	138 812
Reclassifications (cost)	-	31	144	-	-	48	122	(345)	0
Additions in year	-	1 532	4 114	2 311	747	960	1 125	673	11 462
Revaluations in year	313	(12 761)	-	-	-	(6)	-	-	(12 454)
Restatements	-	-	-	-	-	-	-	-	-
Disposals during year	-	(8)	(1 787)	(709)	(865)	(482)	(2 299)	-	(6 150)
Balance at 31 March 2010	2 115	66 775	22 513	8 685	3 318	16 062	11 529	673	131 670
Depreciation at 1 April									
2009 (restated)	-	6 009	9 565	4 157	1 303	10 919	5 804	-	37 757
Reclassifications	-	-	-	-	-	-	-	-	-
Charge in year	-	1 401	1 875	1 593	687	901	958	-	7 415
Revaluations in year	-	(6 267)	-	-	-	-	-	-	(6 267)
Restatements	-	-	-	-	-	-	-	-	-
Disposals during year	-	-	(165)	(709)	(564)	(445)	(1 626)	-	(3 509)
Accumulated depreciation at 31 March 2010	-	1 143	11 275	5 041	1 426	11 375	5 136	-	35 396
Net book value at 31 March 2010	2 115	65 632	11 238	3 644	1 892	4 687	6 393	673	96 274
Asset financing owned	2 115	4 112	11 238	1 388	1 892	4 687	3 951	673	30 056
Finance leased on- Statement of Financial position PFI contracts	-	61 520	-	2 256	-	-	2 442	-	66 218
PFI residual interests	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2010	2 115	65 632	11 238	3 644	1 892	4 687	6 393	673	96 274

	Land	Buildings	Leasehold improve- ments	Information technology	Motor vehicles	Plant and machinery	Furniture and fittings	Payments on account and assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2008 (restated)	2 185	86 443	21 769	9 408	3 334	14 748	12 602	886	151 375
Reclassifications (cost)	-	-	654	(33)	-	12	-	(666)	(33)
Additions in year	-	196	5 880	1 844	862	895	638	390	10 705
Revaluations in year	(383)	(8 658)	-	(96)	209	102	265	0	(8 561)
Restatements	-	-	-	-	(1)	(2)	(648)	(265)	(916)
Disposals during year	-	-	(8 261) ^a	(4 040)	(968)	(213)	(276)	-	(13 758)
Balance at 31 March 2009 (restated)	1 802	77 981	20 042	7 083	3 436	15 542	12 581	345	138 812
Depreciation at 1 April 2008 (restated)	-	5 085	14 527	6 859	1 249	10 155	5 566	-	43 441
Reclassifications	-	-	-	(1)	-	-	-	-	(1)
Charge in year	-	1 457	3 299	1 377	516	887	991	-	8 527
Revaluations in year	-	(533)	-	(38)	70	74	116	-	(311)
Restatements	-	-	-	-	24	2	(645)	-	(619)
Disposals during year	-	-	(8 261) ^a	(4 040)	(556)	(199)	(224)	-	(13 280)
Accumulated depreciation at 31 March 2009 (restated)	-	6 009	9 565	4 157	1 303	10 919	5 804	-	37 757
Net book value at 31 March 2009 (restated)	1 802	71 972	10 477	2 926	2 133	4 623	6 777	345	101 055
Asset financing									
Owned	1 802	2 719	10 477	1 102	2 133	4 623	4 260	345	27 461
Finance leased on-Statement of Financial Position PFI contracts	-	69 253	-	1 824	-	-	2 517	-	73 594
PFI residual interests	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2009 (restated)	1 802	71 972	10 477	2 926	2 133	4 623	6 777	345	101 055

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

Land and buildings comprise following:

	<i>Freeholds</i>	<i>Leaseholds</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost or valuation at 1 April 2009	5 145	74 638	79 783
Reclassifications	23	8	31
Additions in year	1 503	29	1 532
Revaluations in year	(433)	(12 015)	(12 448)
Disposals during year	(8)	-	(8)
Balance at 31 March 2010	6 230	62 660	68 890
Depreciation at 1 April 2009	624	5 385	6 009
Charge in year	169	1 232	1 401
Revaluations in year	(790)	(5 477)	(6 267)
Disposals during year	-	-	-
Accumulated depreciation at 31 March 2010	3	1 140	1 143
Net book value at 31 March 2010	6 227	61 520	67 747

- ∩ Property, plant and equipment are stated at valuation, which is obtained by the use of appropriate indices. However, as permitted by the FReM, the Department has elected to adopt a depreciated historical cost basis as a proxy for fair value where non-property assets have a short useful life or are of relatively low value. This therefore applies to most IT hardware, motor vehicles, plant and machinery and furniture.
- ∩ Following the adoption of International Financial Reporting Standards, HSE's headquarters building (Redgrave Court) in Bootle, Merseyside was recognised as an asset of HSE and has been valued on an open market value basis at 31 March 2009.

Redgrave Court was first recognised in HSE's accounts as at 1 April 2008 at a value of £19.7 million. This was further impaired as a result of professional valuation conducted as at 31 March 2009 which valued the property at £13.6 million. The freehold land was also revalued and a downward valuation of £383 000 was noted. This is detailed in Note 2.

Redgrave Court was procured following an open, competitive tendering exercise seeking new or existing office accommodation in North West England. As a consequence, 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 (£13.6 million as at 31 March 2009) is significantly lower than the outstanding repayment liability to the contractor (£57.8 million) for the remainder of the 30-year PFI agreement. The construction cost to the contractor was approximately £60 million. The building is situated in an area of considerable social deprivation which reduces its open market value.

The impact of this valuation is that HSE's Statement of Financial Position shows net liabilities and negative reserves. The Board of HSE has considered the impact and is content that the on-going commitment from the Department for Work and Pensions supports preparation of the annual accounts on a going concern basis.

DTZ professionally valued Redgrave Court as at 31 March 2009. Jones Lang LaSalle professionally revalued all land and building assets on the Buxton site as at 31 March 2010. This resulted in a downward re-valuation of £5.4 million, which was charged against previous revaluation gains in the revaluation reserve. The excess over revaluation reserves of £845 000 was charged to the Operating Cost Statement in line with HSE policy. Additionally, the freehold property at Carlisle was independently valued at 31 March 2009 by Donaldsons, Chartered Surveyors. In each case, the valuations were in accordance with the Appraisal and Valuation Standards of the Royal Institute of Chartered Surveyors (RICS).

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

∥ Depreciation charged in the year on assets under PFI contracts was £2.809 million (2008/09: £2.244 million).

∥ Cash Flow Reconciliation:

		2009/10	Restated 2008/09
	Note	£'000	£'000
Capital payables and accruals at 1 April	11	369	278
Capital prepayments at 1 April		-	-
Movement on long-term payables		-	-
Capital additions	7a	11 462	10 705
Capital prepayments at 31 March		-	-
Capital payables and accruals at 31 March	11	(784)	(369)
Purchases of property, plant and equipment as per Statement of Cash Flows		11 047	10 614

(b) Intangible assets

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

	2009/10				Total £'000
	Websites	Purchased software licences	Internally developed software	Payments on account and assets under construction	
	£'000	£'000	£'000	£'000	
Cost or valuation at 1 April 2009 (restated)	32	3 538	0	194	3 764
Reclassification	44	140	10	(194)	0
Additions in year	36	468	22	-	526
Disposals	-	-	-	-	-
Impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Balance at 31 March 2010	112	4 146	32	0	4 290
Amortisation at 1 April 2009 (restated)	1	2 274	-	-	2 275
Charge in year	30	563	2	-	595
Disposals	-	-	-	-	-
Impairments	-	-	-	-	-
Reclassifications	-	-	-	-	-
Revaluations	-	-	-	-	-
Accumulated amortisation at 31 March 2010	31	2 837	2	0	2 870
Net book value at 31 March 2010	81	1 309	30	0	1 420

	2008/09 (restated)				
	Websites	Purchased software licences	Internally developed software	Payments on account and assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2008 (restated)	0	2 967	0	0	2 967
Reclassifications	32	-	-	45	77
Additions in year	-	571	-	149	720
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Revaluations	-	-	-	-	-
Balance at 31 March 2009 (restated)	32	3 538	0	194	3 764
Amortisation at 1 April 2008	-	1 677	-	-	1 677
Charge in year	1	597	-	-	598
Disposals	-	-	-	-	-
Revaluations	-	-	-	-	-
Accumulated amortisation at 31 March 2009 (restated)	1	2 274	0	0	2 275
Net book value at 31 March 2009 (restated)	31	1 264	0	194	1 489

\\ Cash Flow Reconciliation

	2009/10	Restated 2008/09
	£'000	£'000
Capital payables and accruals at 1 April	-	-
Capital additions	526	720
Capital prepayments at 31 March	-	-
Capital payables and accruals at 31 March	(278)	-
Purchases of intangible assets	248	720

8 Inventories

	31 March 2010	31 March 2009	1 April 2008
	£'000	£'000	£'000
Work in progress	555	664	595
Finished stock for sale	558	792	751
	1 113	1 456	1 346

9 Trade and other receivables

(a) Analysis by type

Administration receivables

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£'000	£'000	£'000
Amounts falling due within one year			
Trade receivables	12 104	8 150	8 368
Imprest/advances (see table below)	307	334	432
Prepayments	3 196	4 124	3 360
VAT	3 875	2 863	2 909
Other receivables	623	264	777
Accrued income	18 912	14 834	13 546
	39 017	30 569	29 392
Amounts falling due after more than one year			
Other prepayments	39	75	4
Imprests/advances (see table below)	87	97	114
	126	172	118
Total	39 143	30 741	29 510

The imprests/advances total of £394 029 (2008/09 – £431 419 (restated)) includes:

	2009/10	2008/09 restated
	£	£
Advances of salary for house purchases	113 652	131 551
Advances of salary for season ticket purchases	70 637	95 583
Imprests	133 261	124 760
Other advances	76 479	79 525

There were 20 officers who had £2500 or more outstanding at 31 March 2010 which totalled £139 989 (2008/09 – £132 865, relating to 19 officers).

(b) Intra-government balances

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

	31 March 2010	31 March 2010	31 March 2009 (restated)	31 March 2009 (restated)	1 April 2008 (restated)	1 April 2008 (restated)
	Amounts falling due within one year £'000	Amounts falling due later than one year £'000	Amounts falling due within one year £'000	Amounts falling due later than one year £'000	Amounts falling due within one year £'000	Amounts falling due later than one year £'000
Balances with other central government bodies	4 713	-	3 862	-	6 580	-
Balances with local authorities	112	-	241	-	258	-
Balances with NHS trusts	18	-	34	-	180	-
Balances with public corporations and trading funds	2 553	-	5 420	-	4 768	-
Subtotal: intra-government balances	7 396	-	9 557	-	11 786	-
Balances with bodies external to government	31 621	126	21 012	172	17 606	118
Total receivables at 31 March/1 April	39 017	126	30 569	172	29 392	118

10 Cash and cash equivalents

	31 March 2010 £'000	31 March 2009 (restated) £'000	1 April 2008 £'000
Balance at 1 April	(5 730)	233	1 413
Net change in cash and cash equivalent balances	2 193	(5 963)	(1 180)
Balance at 31 March	(3 537)	(5 730)	233
Less Office of HM Paymaster General balance in trade and other payables	3 802	5 923	-
Balance per Statement of Financial Position	265	193	233
The following balances at 31 March are held at			
Office of HM Paymaster General	(3 802)	(5 923)	161
Commercial banks and cash in hand	265	193	72
	(3 537)	(5 730)	233

The credit balance (£3 537 000) relates to transactions posted at Office of HM Paymaster General after the defunding of HSE's account on 31 March 2010 in accordance with DWP's cash management arrangements agreed with HM Treasury.

11 Trade and other payables

(a) Analysis by type

	31 March 2010 £'000	31 March 2009 (restated) £'000	1 April 2008 (restated) £'000
Amounts falling due within one year			
Other taxation and social security	3 646	3 286	3 226
Superannuation	2 562	2 381	2 331
Trade payables: non capital	1 892	665	1 095
Trade payables: capital	1 061	369	278
Other payables	305	178	276
Accruals and deferred income	22 211	21 367	16 437
On-Statement of Financial Position PFI contracts	1 218	1 055	907
Balance with Office of HM Paymaster General	3 802	5 923	-
Early departure liability	1 213	-	-
Provision reclassified as creditors	14	1 520	-
	37 924	36 744	24 550
Amounts falling due after more than one year			
Imputed finance lease element of on-Statement of Financial Position PFI contracts	107 868	109 086	110 142
Other payables	-	2 313	2 974
Early departure liability	2 345	-	-
Provision reclassified as creditors	21	2 329	-
	110 234	113 728	113 116
Total	148 158	150 472	137 666

(b) Intra-government balances

	31 March 2010	31 March 2010	31 March 2009 (restated)	31 March 2009 (restated)	1 April 2008 (restated)	1 April 2008 (restated)
	Amounts falling due within one year £'000	Amounts falling due later than one year £'000	Amounts falling due within one year £'000	Amounts falling due later than one year £'000	Amounts falling due within one year £'000	Amounts falling due later than one year £'000
Balances with other central government bodies	7 097	-	6 720	-	7 026	-
Balances with local authorities	10	-	32	-	11	-
Balances with NHS trusts	26	-	24	-	32	-
Balances with public corporations and trading funds	2 687	-	684	-	1 298	-
Subtotal: intra-government balances	9 820	-	7 460	-	8 367	-
Balances with bodies external to government	28 104	110 234	29 284	113 728	16 183	113 116
Total creditors at 31 March	37 924	110 234	36 744	113 728	24 550	113 116

12 Provisions for liabilities and charges*(a) Administration provisions*

	Dilapidations £'000	Chair's pension by analogy £'000	Other £'000	Total £'000
Balance at 1 April 2009	414	1 140	184	1 738
Provided in year	900	371	20	1 291
Provisions not required written back	-	-	(34)	(34)
Utilised in year	-	(77)	(83)	(160)
Amounts reclassified as financial liabilities	-	-	(35)	(35)
Balance at 31 March 2010	1 314	1 434	52	2 800

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

(b) Analysis of expected timings of discounted flows

	Dilapidations	Other	Total
In the remainder of Spending Review period to 2010/11	1 314	52	1 366
Between 2011/12 and 2015/16	-	-	-
Between 2016/17 to 2025/26	-	-	-
Thereafter	-	-	-

(a) Legal claims

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

Legal claims which may succeed but are less likely to do so or cannot be reliably estimated are disclosed as contingent liabilities in Note 19.

(b) Dilapidations

HSE makes a provision for the cost of dilapidation works required to satisfy its legal requirement upon leaving a leased property. The provision is based on a professional estimate of the cost to return the premises to the condition agreed in the lease documentation.

(c) *Provision for retired Chairs of Health and Safety Commission (HSC)*

Provision has been made for retired Chairs' pensions in HSE's accounts as if they were members of the PCSPS. The current Chair receives a contribution towards a private pension and is not included in this provision. The provision reflects the valuation made by the Government Actuaries Department (GAD) at 31 March 2010. The results of the actuarial assessment are shown below:

	31 March 2010		31 March 2009		1 April 2008	
	£'000	%	£'000	%	£'000	%
Financial assumptions						
The inflation rate assumptions		2.75		2.75		2.75
The rate of increase in salaries		4.29		4.29		4.30
The rate of increase for pensions in payment and deferred pensions		2.75		2.75		2.75
The rate used to discount scheme liabilities		4.60		6.04		5.30
Amounts charged to operating costs						
The current service cost (net of employee contributions)	-		-		17	
Any past service costs	-		-		-	
Gains and losses on any settlements and curtailments	-		-		-	
The interest cost	67		70		58	
Actuarial gains and losses during year ^a						
Experience losses/(gains)	52		(42)	(3.7)	143	10.1
Effect of changes in assumptions underlying the present value of the scheme's liabilities	252		(105)	-	(46)	-
Total actuarial losses/(gains)	304		(147)	-	97	6.8
Liability						
Actives	0		0		0	
Deferreds	0		0		1 148	
Pensioners and dependent pensioners	1 434		1 140		269	
Total present value of the scheme liabilities	1 434		1 140		1 417	

a Amounts are expressed as a percentage of the present value of the scheme liabilities as at the Statement of Financial Position date. The current service and interest cost elements were charged to HSE's operating costs.

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

	31 March 2010	31 March 2009	1 April 2008
	£'000	£'000	£'000
Contracted commitments at 31 March not otherwise included in these financial statements			
Property, plant & equipment	504	1 516	259
Intangible assets	39	0	0
	543	1 516	259

14 Losses and special payments

	2009/10 No. of cases	2008/09 No. of cases	2009/10 £'000	2008/09 £'000
Administration losses				
Cash losses	18	27	20	22
Claims abandoned	160	175	541	173
Administrative losses	0	0	0	0
Fruitless payments	24	25	6	7
Stores	2	1	257	22
Total administration losses	204	228	824	224
Special payments	14	18	40	225
Total losses and special payments	218	246	864	449

Special payments made by HSE to staff and members of the public totalled 14 cases in 2009/10 to the value of £40 177 (2008/09: 18 cases totalling £225 325).

Claims abandoned in 2009/10 included a loss of £264 000 in respect of a bad debt written off due to the company going into liquidation. This debt related to prosecution costs awarded to HSE by the courts.

15 Commitments under non-PFI operating leases

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which the lease expires:

	31 March 2010			31 March 2009 (restated)			1 April 2008 (restated)		
	Land	Buildings	Other	Land	Buildings	Other	Land	Buildings	Other
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Leases expiring within									
Not later than 1 year	87	1 231	-	83	224	2	-	134	6
Later than 1 year and not later than 5 years	-	1 067	1	-	2 311	3	185	1 546	7
Later than 5 years	-	3 815	-	-	8 473	-	-	8 913	-
	87	6 113	1	83	11 008	5	185	10 593	13

16 Commitments under non-PFI finance leases

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

17 Commitments under PFI contracts

HSE has entered into the following three contracts let under the Private Finance Initiative that have been assessed under IFRIC 4; IFRIC 12; IAS 16 and IAS 17 as being brought onto HSE's Statement of Financial Position under adoption of IFRS. The intention of the contracts is that the majority of the risks are transferred to the party best able to manage them and in these cases this is the private sector supplier.

Merseyside Headquarters (Redgrave Court)

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

IT services

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

In addition HSE has the following PFI contract on its Statement of Financial Position.

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. The transactions arising out of this contract have been accounted for in accordance with the FReM.

Charge to the Operating Cost Statement and future commitments

The total amount charged in the Operating Cost Statement in respect of the service element of on-Statement of Financial Position PFI transactions in 2009/10 and the payments to which HSE is committed during 2010/11, analysed by the period during which the commitment expires, are as follows:

	Redgrave Court £'000	IT services £'000	HSL accommodation £'000	Total £'000
Amount charged to Operating Cost Statement in 2009/10	2 641	14 176	4 137	20 954
Committed during 2010/11				
Not later than one year	-	-	-	-
Later than one year and not later than 5 years	-	14 326	-	14 326
Later than 5 years	3 016	-	4 517	7 533
Total committed	3 016	14 326	4 517	21 859

	Redgrave Court £'000	IT services £'000	HSL accommodation £'000	Total £'000
Amount charged to Operating Cost Statement in 2008/09 (restated)	1 392	13 204	4 082	18 678
Committed during 2009/10				
Not later than one year	-	-	-	-
Later than one year and not later than 5 years	-	15 526	-	15 526
Later than 5 years	2 650	-	4 138	6 788
Total committed	2 650	15 526	4 138	22 314

Total finance lease obligations under on-statement of financial position PFI contract

At 31 March 2010	Redgrave Court	HSL accommodation	Total
Total obligations for the following periods comprise:	£'000	£'000	£'000
Not later than one year	5 620	4 565	10 185
Later than one year and not later than 5 years	22 480	18 331	40 811
Later than 5 years	121 279	93 104	214 383
Total committed	149 379	116 000	265 379
Less interest element	(91 521)	(64 772)	(156 293)
	57 858	51 228	109 086

At 31 March 2009 (restated)	Redgrave Court	HSL accommodation	Total
Total obligations for the following periods comprise:	£'000	£'000	£'000
Not later than one year	5 620	4 495	10 115
Later than one year and not later than 5 years	22 480	18 261	40 741
Later than 5 years	126 899	97 739	224 638
Total committed	154 999	120 495	275 494
Less interest element	(96 574)	(68 778)	(165 352)
	58 425	51 717	110 142

At 1 April 2008 (restated)	Redgrave Court	HSL accommodation	Total
Total obligations for the following periods comprise:	£'000	£'000	£'000
Not later than one year	5 620	4 424	10 044
Later than one year and not later than 5 years	22 480	18 189	40 669
Later than 5 years	132 519	102 306	234 825
Total committed	160 619	124 919	285 538
Less interest element	(101 673)	(72 816)	(174 489)
	58 946	52 103	111 049

18 Related party transactions

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

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

In addition, HSE had a number of material transactions with other government departments and other central government bodies. The significant transactions have been with the Crown Prosecution Service, Department for Environment, Food and Rural Affairs, Health Protection Agency, Home Office, Ministry of Defence, Ministry of Justice, National School of Government, Office for National Statistics, Office of the Rail Regulator, Treasury Solicitor, Department of Energy and Climate Change, Nuclear Decommissioning Authority, Department of Enterprise Trade and Investment – Northern Ireland, Department for Children, Schools and Families, UK Atomic Energy Authority (UKAEA) and Welsh Assembly Government. Transactions mainly relate to premises, research, training, computer, legal services and administrative expenditure together with relevant income from the provision of health and safety advice and services.

None of the Executive members, the Chief Executive or senior managers, or any person connected with these, had any interest in any material transactions with HSE or received benefits from HSE suppliers during the year.

19 Contingent liabilities

HSE had no contingent liabilities at 31 March 2010.

20 Financial instruments

It is, and has been, HSE's policy not to include financial instruments in procurement contracts or any other trading. The short-term liquidity and interest rate risks are therefore slight.

(a) Financial instruments by category

Financial assets	31 March 2010			31 March 2009 (restated)			1 April 2008 (restated)		
	Fair value assets	Loans and receivables	Total	Fair value assets	Loans and receivables	Total	Fair value assets	Loans and receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash		264	264		193	193		233	233
Trade receivables		12 104	12 104		8 150	8 150		8 368	8 368
Other receivables		930	930		598	598		1 209	1 209
Accrued income		18 912	18 912		14 834	14 834		13 546	13 546
Imprest and advances	81		81	98		98	114		114

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

Financial liabilities	31 March 2010	31 March 2009 (restated)	1 April 2008 (restated)
	£'000	£'000	£'000
Trade payables	2 213	1 034	1 373
Accruals and deferred income	22 951	21 367	16 437
Other payables	3 863	2 491	3 250
Balance with Office of Paymaster General	3 802	5 923	-
Provisions reclassified as payables	35	3 849	2 255

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

(b) Fair value of financial instruments

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair value. The book values of HSE financial assets and liabilities at 31 March 2010 are not materially different from their fair values. They have accordingly not been shown separately.

(c) Exposure to risk

Due to the largely non-trading nature of its activities and the fact that the cash requirements of HSE are met through the Estimates process, HSE is not exposed to the degree of financial risk faced by commercial business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

Credit risk

Credit risks arise from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Minimal deposits are held with commercial banks.

HSE exposure to credit risk is limited due to the majority of administrative related receivables being with other government departments.

Liquidity risk

The net resource requirements of HSE are financed by resources voted annually by Parliament. It is not, therefore, exposed to significant liquidity risk.

Market risk

Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks to HSE in achieving its objectives.

Interest rate risk

HSE has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of market interest rates. The interest profile of HSE's financial assets and liabilities has therefore not been disclosed.

Foreign currency risk

HSE's exposure to foreign currency risk is not significant. The foreign exchange loss for 2009/10 was £706 (2008/09 – £524).

21 Segmental analysis

	2009/10				2008/09 (restated)			
	Health & Safety Executive £'000	Health & Safety Laboratory £'000	Less intercompany transactions £'000	Total as per Operating Cost Statement £'000	Health & Safety Executive £'000	Health & Safety Laboratory £'000	Less intercompany transactions £'000	Total as per Operating Cost Statement £'000
Admin expenditure	257 637	35 254	(1 250)	291 641	244 653	32 173	(6)	276 820
Programme expenditure	72 189	4 307	(32 431)	44 065	61 529	5 245	(30 664)	36 110
Total expenditure	329 826	39 561	(33 681)	335 706	306 182	37 418	(30 670)	312 930
Operating income	(94 686)	(39 331)	33 681	(100 336)	(77 837)	(37 183)	30 670	(84 350)
EU income	(305)	(230)	-	(535)	(679)	(235)	-	(914)
Programme income	(4 904)	-	-	(4 904)	(6 847)	-	-	(6 847)
Total income	(99 895)	(39 561)	33 681	105 775	(85 363)	(37 418)	30 670	(92 111)
Reportable segment net resources	229 931	0	0	229 931	220 819	0	0	220 819

22 Going concern

HSE's closing Statement of Financial Position shows a negative general reserve largely due to the impairment in the value of HSE's PFI assets. The Board has considered this position and in the light of on-going commitment from DWP is content that HSE should continue to prepare the annual account on a going concern basis.

23 Events after the Reporting Period

Following the election on May 6th, the Government has announced a Whitehall-wide review of health and safety law and practice to be undertaken by Lord Young of Graffham. He will also examine the compensation culture and report to the Prime Minister in the summer. HSE will offer any help to the review that is required.

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

The authorised date for issue is 2 July 2010.



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