

Moving forward



Health and Safety Commission **Annual Report**

Health and Safety Commission/Executive **Accounts 2007/08**

Health and Safety Commission

Annual Report

Health and Safety Commission/Executive

Accounts 2007/08

Presented to Parliament by the Secretary of State in pursuance of section 10(6) and paragraph 15 of Schedule 2 to the Health and Safety at Work etc Act 1974 and by the Comptroller and Auditor General in pursuance of section 10(6) and paragraphs 14 and 20 of Schedule 2 of the Health and Safety at Work etc Act 1974.

Ordered by the House of Commons to be printed 26 June 2008.

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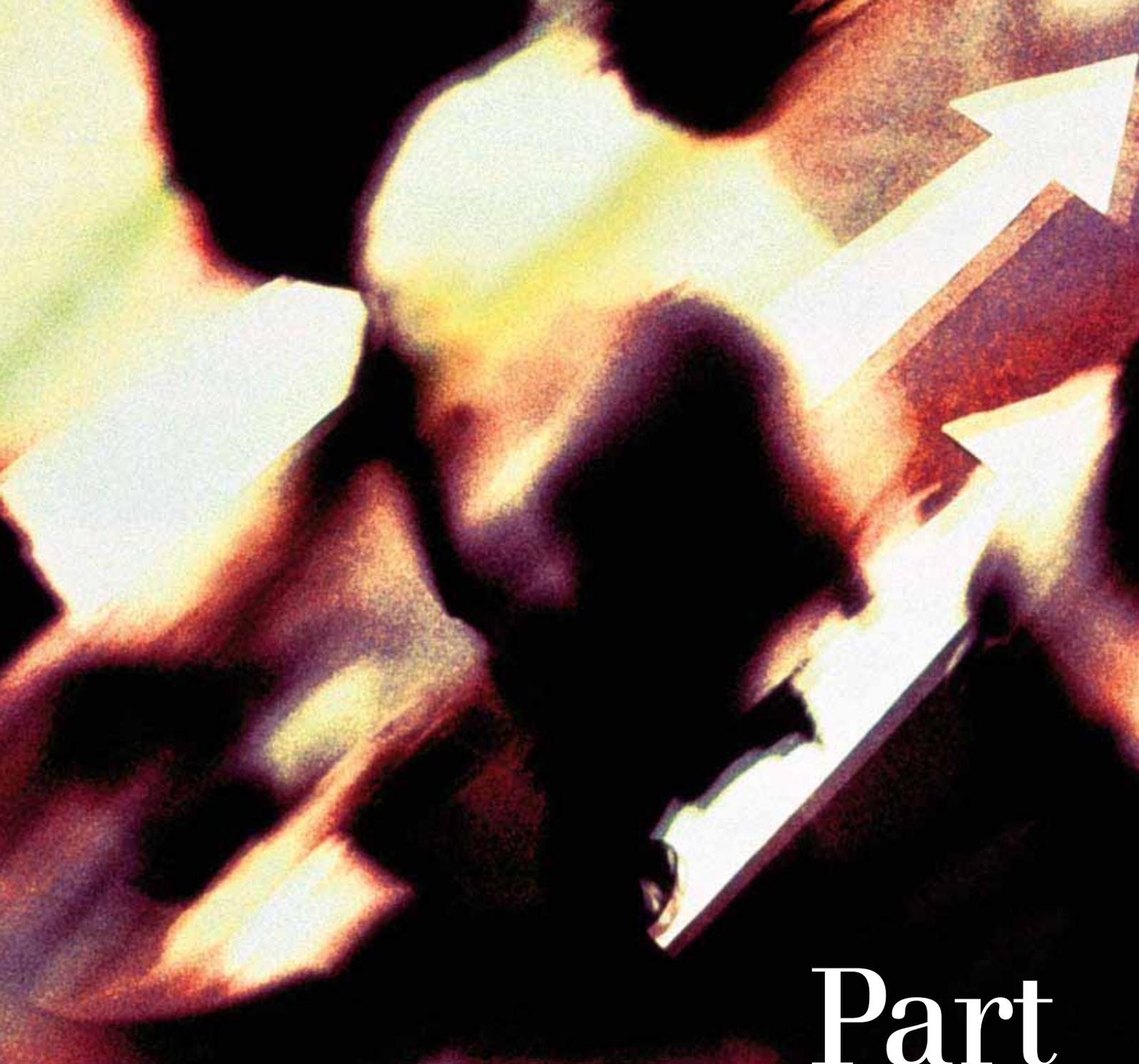
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Part one

HSC Chair's foreword

This is the last annual report of the Health and Safety Commission (HSC). On 1 April 2008, the Commission and Executive merged to become the Health and Safety Executive (HSE). For me, this report provides timely reminders of the volume and complexity of the work of HSC/E, of the consistent quality of delivery on such a complex agenda and of the challenges we continue to face looking forward.

HSE's purpose is to stop people being injured or made ill by work activities. We have an annual budget of approximately £230 million and just over 3000 staff, who, along with my colleagues on the HSE Board (formerly HSC), bring high levels of commitment, expertise, and professionalism to the job. The results of this are clear to see – it's one of the reasons that I decided to return to HSC as Chair last October, having served as a Commissioner between 2002 and 2005. Therefore, I would like to take this opportunity to congratulate everyone for their efforts throughout the year. I would also like to pay tribute to my predecessor, Sir Bill Callaghan, for eight years of service and personal commitment to work-related health and safety.

HSC/E could not have achieved many of the successes reported here without our partners. This report is full of examples of how we have worked with our local authority colleagues, trade unions, other parts of government, and a whole host of other public and private sector stakeholders too numerous to mention here. Clear understanding of who is best placed to deliver results is vital to improving health and safety in the workplace, not only at national or local level, but also (and perhaps most

importantly) in individual workplaces.

I cannot emphasise enough the importance of employers taking responsibility for and leading the management of health and safety risks affecting their staff. Leaving aside the legal duty on employers to protect their employees, organisations with effective systems for managing workplace risks are proven to perform better in health, in safety, and in business terms. These are the messages that we have been communicating through our work with the Institute of Directors on guidance for directors. But it is clearly for employers to take these messages on board and demonstrate real leadership on health and safety.

At the same time, we need workers to accept responsibility for their own health and safety – to take sensible precautions in the course of their work, to act on hazards when they see them, and to work with their managers to introduce effective systems for managing risk. HSC/E, local authorities and health and safety professionals can support and encourage management of risks in the workplace but, ultimately, the responsibility lies with workers and their employers. This principle applies across businesses of every size, in all industry sectors.

Taking health and safety seriously does not mean additional burden and bureaucracy. HSC launched its second simplification plan this year to deliver 'better regulation' by showing how to reduce paperwork but not levels of protection. We are committed to dispelling the myths around health and safety and promoting a common-sense approach to risk management. We are interested in protecting people from real

our role is to help in managing risk, not eliminating it – we enable work, we don't stop it

harm and suffering at work. Our role is to help in managing risk, not eliminating it – we enable work, we don't stop it.

Great Britain has one of the best health and safety records in Europe, and we can all be proud of that. Proud but not complacent. In 2006/07, 241 people were killed at work, more than 28 000 major injuries were reported, and over 2 million people were suffering from an illness that they believed was caused or made worse by their work. That is too many.

Redefining and modernising our role is vital if we are to rise to the challenges of the ever-changing world of work. The first step in moving forward is the merger of HSC and HSE into a single organisation. In 2008/09, the new HSE Board will revisit HSC's Strategy to decide on our direction for the next five years or so. That will mean looking at how we can build on the work covered in this report. I look forward to reporting another long and varied list of achievements to you next year, as Chair of the new Health and Safety Executive.



Judith Hackitt
Chair

Health and Safety Commission
(now Chair, Health and
Safety Executive)

HSE Chief Executive's foreword

This report summarises the invaluable work of HSE and local authorities, following the direction set by HSC, to improve health and safety in Great Britain. I would like to thank all the commissioners for their encouragement and support. A very warm welcome in particular goes to our new Chair, Judith Hackitt.

I think HSC/E can take great satisfaction in the achievements of the past year; for example, the Construction (Design and Management) Regulations (CDM) were the result of a successful partnership between HSE and the construction industry. The Regulations are based on sensible risk principles, were well received by industry and have been widely implemented.

We continue to raise awareness on key health and safety issues, such as asbestos, musculoskeletal disorders and vehicle safety, building on all we have learned from previous communications campaigns. Slips, trips and falls are a major contributor to workplace accident statistics, causing 10 790 major injuries in 2006/07. Our 'Shattered Lives' campaign aims to raise awareness in this area and prevent these incidents – the initial response has been very encouraging.

When people fail to comply with the law and put the lives of workers at risk, we take it very seriously. In 2006/07, HSE issued 20% more enforcement notices than the year before and negligent organisations were fined £13 million for flouting health and safety law.

2007/08 has also seen HSE take on responsibility for a number of other areas of regulation – as the Adventure

Activities Licensing Authority, the Office for Civil Nuclear Security, the UK Safeguards Office, and as Competent Authority for REACH (Registration, Evaluation and Authorisation of Chemicals). On 1 April 2008, we welcomed the Pesticides Safety Directorate (an executive agency of the Department for Environment, Food and Rural Affairs (Defra)) to HSE. These changes help to strengthen HSE's position and expertise, promote better regulation and reduce the burdens on business.

The government invited us to lead the investigation into the outbreak of foot and mouth disease at the Pirbright laboratory in Surrey, given our experience of biosecurity at human pathogen laboratories and our investigatory expertise. We took prompt action to identify the cause of the leak, submitting our report within a month of the initial incident. We will be taking over responsibility for regulating work with animal pathogens from Defra in the coming year.

Internally, the 'How and Where We Work' (HWWW) initiative has taken some significant steps to rationalise HSE's estate. HWWW will help us to make savings, but more importantly, it will improve the effectiveness of HSE staff by bringing them together in a single headquarters on Merseyside. HSC/E's funding settlement from the Comprehensive Spending Review (CSR07) was confirmed shortly before the end of the year. We appreciate the level of settlement, given the overall reduction required by the Department for Work and Pensions (DWP).

Although we can point to significant achievements this year, there are



challenges ahead. The health and safety statistics for 2006/07 were not as good as we would have hoped. The number of major injuries had reduced, but fatalities, cases of ill health and the number of working days lost were up. We hope that the work highlighted in this report will go some way towards improving the 2007/08 statistics and put us back on the downward track.

Finally, my sincere thanks to the staff of HSE for all their hard work during the year.

Geoffrey Podger
Chief Executive

Health and Safety Executive

About us

On 1 April 2008, HSC and HSE merged to form a single national regulatory body responsible for promoting the cause of better health and safety at work – the Health and Safety Executive. This report refers to HSC and HSE as they were during the year April 2007–March 2008.

Before the merger, HSC was responsible for regulating health and safety in Great Britain. HSE (as was) and local authorities (LAs) are the enforcing authorities who worked in support of the Commission.

LAs are responsible for regulation in offices, shops and other parts of the services sector. HSE regulates health and safety in nuclear installations, mines, factories, farms, hospitals, schools, offshore gas and oil installations, onshore chemical plants and the gas grid. Both regulators are responsible for many other aspects of the protection both of workers and the public.

The Department for Work and Pensions (DWP) sponsors HSE (and, pre-merger, HSC). In January 2008, the Rt Hon James Purnell was appointed as Secretary of State for Work and Pensions. He succeeded Peter Hain, who was appointed in July 2007. The post was previously held by the Rt Hon John Hutton. Lord McKenzie of Luton is DWP's Parliamentary Under-Secretary (Lords) with responsibility for work-related health and safety.

For further information about us, please refer to the Management Commentary (pages 34–39) or visit our website at www.hse.gov.uk.

The Health and Safety Commission

(On 1 April 2008, the commissioners became members of the new HSE Board.)



Judith Hackitt CBE (Chair)



Sandy Blair CBE



Danny Carrigan OBE



Robin Dahlberg



Judith Donovan CBE



Prof Sayeed Khan



Hugh Robertson



Elizabeth Snape MBE



John Spanswick CBE



New HSE Board member
David Gartside (appointed to the
new HSE Board 1 April 2008)

Past commissioners

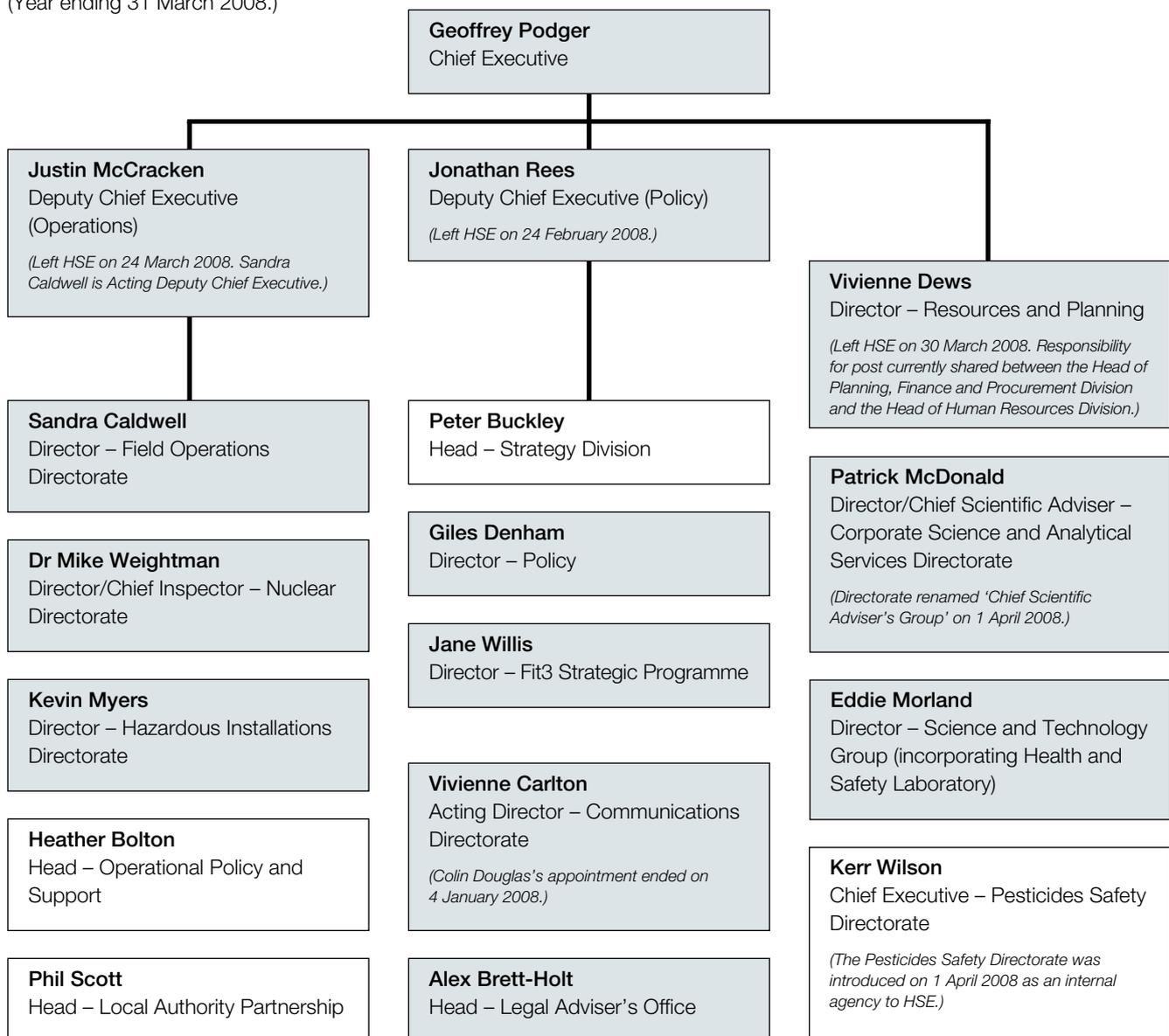
Sir Bill Callaghan (Chair) (appointment ended 30 September 2007)

John Longworth (appointment ended 31 March 2008)

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

HSE's structure

(Year ending 31 March 2008.)



Member of the HSE Board up to 31 March 2008 (from 1 April 2008, the Senior Management Team).

You can get a copy of the register of interests relating to the Chief Executive and members of the former Health and Safety Commission by contacting HSE Infoline at hse.infoline@natbrit.com, or by phoning 0845 345 0055, Monday–Friday, 8:30–17:00.

The strategic framework

Our vision is to gain recognition of health and safety as a cornerstone of a civilised society and, with that, to achieve a record of workplace health and safety that leads the world.

Our mission is, working with local authorities, to protect people's health and safety by ensuring that risks in the changing workplace are properly controlled.

HSC's *Strategy for workplace health and safety to 2010 and beyond* (www.hse.gov.uk/aboutus/strategiesandplans/strategy.htm) sets out the strategic direction for delivering health and safety improvements in Great Britain. The Strategy's four key themes are:

- › developing closer partnerships;
- › helping people to benefit from effective health and safety management and a sensible health and safety culture;
- › focusing on our core business and the right interventions where we are best placed to reduce workplace injury and ill health; and
- › communicating the vision.

It is important to make sure that we fulfil each of the roles set out in the Health and Safety at Work etc Act 1974 and that we can fully account for use of both our statutory powers and the public funds we receive. We have identified four key business areas, which cover the full scope of our work and provide a useful framework for planning:

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

Each business area contributes towards our vision, mission and targets. Our corporate support functions, which include communications, science and research, and financial management, underpin and enable work within the business areas.

The *HSC Business Plan 2007/08* set out our objectives and the key pieces of work within

each of the business areas (www.hse.gov.uk/aboutus/strategiesandplans/bplan0708.pdf). This report summarises our performance against the Business Plan. This year, we have also included short 'Looking forward' sections, explaining how we plan to take our performance to the next level in 2008/09 – further detail can be found in the *HSE Business Plan 2008/09* (www.hse.gov.uk/aboutus/strategiesandplans/bplan0809.pdf).

The chart on page 6 illustrates how HSE is organised to deliver the objectives in these business areas together with our corporate support functions.

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Table 1 **Revitalising Health and Safety targets**

Indicator	Baselines	Results (2006/07) ²	Targets (2009/10)	Assessment ⁵
The incidence rate of fatal and major injury per 100 000 workers	117.3 (1999/2000)	107.7	105.6 (10% reduction)	On course
The incidence rate of work-related ill health per 100 000 workers ¹	2190 (2001/02)	2090 ³	1750 (20% reduction)	Not on course
The number of working days lost from work-related injury and ill health per worker	1.76 (2000–02)	1.55 ⁴	1.23 (30% reduction)	Not on course

1 Based on self-reporting surveys. Assessment of progress will also use other sources.

2 HSE will publish the 2007/08 results for these indicators in Health and safety statistics in November 2008.

3 The range of possibilities (95% confidence interval) for this result is from 1970 to 2220.

4 The range of possibilities (95% confidence interval) for this result is from 1.42 to 1.68.

5 For more details please see www.hse.gov.uk/statistics/targets.htm.

Targets for work related health and safety

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

This included three national targets to improve occupational health and safety outcomes by 2010.

For commentary on the latest occupational health and safety statistics, see 'Delivering health and safety outcomes' on page 10.

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

We measure our progress towards the PSA against six targets, grouped under the two main areas of HSC/E's work: occupational health and safety and major hazards. The occupational health and safety PSA targets are based on the same indicators as the RHS targets, but work from a different baseline year. They represent a three-year slice of the full ten-year targets.

The major hazards PSA targets measure precursor incidents – events in the major hazard industries with the potential to develop into a catastrophic accident.

Full details on the targets are available in the PSA Technical Note (www.hse.gov.uk/aboutus/strategiesandplans/sr2004.htm). You can find commentary on the latest PSA results in the chapters on delivering occupational health and safety and major hazards outcomes (pages 10–19). DWP publishes performance data against all of its PSAs in its Departmental and Autumn Performance Reports (www.dwp.gov.uk/publications/dwp/2008/dr08 and www.dwp.gov.uk/publications/dwp/2007/autumnreport).

by 2008, improve health and safety outcomes in Great Britain through progressive improvement in the control of risks in the workplace

Table 2 **Occupational health and safety PSA targets**

Indicator	Baselines (2004/05)	Results (2006/07) ²	Target (2007/08)	Assessment
The incidence rate of fatal and major injury per 100 000 workers	118.6	107.7	115.0 (3% reduction)	On course
The incidence rate of work-related ill health per 100 000 workers ¹	1850	2090	1740 ³ (6% reduction)	Not on course
The number of working days lost from work-related injury and ill health per worker	1.53	1.55	1.39 ³ (9% reduction)	Not on course

1 Based on self-reporting surveys. Assessment of progress will also use other sources.

2 HSE will publish the 2007/08 results for these indicators in Health and safety statistics in November 2008.

3 Subject to a 95% confidence interval – see Table 1 for details.

Table 3 **Major hazards PSA targets**

Indicator	Baselines (2001/02)	Results (2007/08) (provisional)	Target (2007/08)	Assessment
The number of events reported by licence holders which HSE's Nuclear Installations Inspectorate judges as having the potential to challenge a nuclear safety system	143	108	132 (7.5% reduction)	Met
The number of major and significant hydrocarbon releases in the offshore oil and gas sector	113	75	62 (45% reduction)	Not met
The number of relevant RIDDOR ¹ -reportable dangerous occurrences in the onshore sector	179	109	152 (15% reduction)	Met

1 Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

Delivering health and safety outcomes

Objectives

...to protect people from work-related risks to secure improved health, safety and welfare outcomes for those in or affected by work

...to support delivery of improved health and safety outcomes by:

- › promoting involvement by workers and leadership by employers in managing work-related risks;
- › developing more effective partnerships with key stakeholders (including LAs); and
- › publicising the benefits of sensible health and safety management

- › stakeholders are engaged and playing a major role in reducing cases of dermatitis and respiratory disease, and making improvements that will reduce new cases of work-related cancer (including those related to asbestos); and
- › there have been considerable improvements in health and safety performance, particularly in reducing the incidence rates of major and over-3-day injuries. Although challenges remain in the construction and agriculture sectors (for example, recent increases in the number of fatalities, concerns over a possible upturn in major and over-3-day injuries, and engaging with migrant workers), we are using targeted interventions to deliver sustained improvements.

We continue to improve the way we deliver health and safety interventions and, by improving partnership working and using our resources more effectively and efficiently, we have ensured that they are more focused and streamlined. This is due, in no small part, to the help and support of our LA regulatory partners, whose contribution in terms of joint planning and delivery is critical.

Fit3 uses the occupational health and safety PSA targets as key indicators of its performance. Progress towards some of the PSA and RHS targets on occupational health and safety has not been as smooth as we might wish. The fatal and major injuries indicator is on course to meet the targets, having fallen for the third year running. The number of slipping and tripping major injuries (the main contributor to this indicator) has also fallen. However, the incidence rate of work-related ill health has shown a sudden rise in 2006/07 that reverses the previous downward trend. Other surveys had not suggested such a large rise in the ill health figures. HSE is now analysing the available data to try to find out more about the underlying trend in the incidence of work-related ill health. The number of working days lost per worker has also seen a statistically significant rise in 2006/07 (almost back to the

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

Fit3 brings together policy, operational, scientific and communications specialists from across HSE, along with LA colleagues and other key partners, into a single programme focused on making sustained improvements in the numbers of people injured or made ill by work activity. Fit3 delivers a range of targeted interventions – including inspection, communications, stakeholder engagement and enforcement – focused on key hazards and industry sectors.

During 2007/08, and over the previous two years, there have been significant improvements in workplaces:

- › measurable reductions in the incidence of injuries caused by falling from height and workplace transport, following on from our work to reduce the risks from these hazards;
- › increased awareness among employers and workers on how to recognise and deal with stress, musculoskeletal disorders, and slipping and tripping hazards;

the challenge is to maintain the good progress HSE and its partners have made ... and continue encouraging industry to take responsibility for their workers' health and safety

baseline level). This is strongly influenced by days lost as a result of work-related ill health – 36 million days lost in total, of which 30 million were caused by ill health.

However, other surveys suggest that HSE is doing the right things to improve occupational health and safety outcomes in the longer term. The challenge is to maintain the good progress HSE and its partners have made to ensure we target the right areas in the right ways, and continue encouraging industry to take responsibility for their workers' health and safety.

Key achievements

Our nationwide 'Ladder Exchange' scheme built on the success of previous initiatives targeting falls from height and demonstrated the benefits of effective partnership working.

Falls from height are the main cause of workplace injuries and fatalities. HSE and LAs worked closely with Speedyhire, ladder-store.com and HSS. The scheme removed 4194 faulty and defective ladders from Britain's workplaces and raised ladder safety awareness significantly.

We launched the revised Construction (Design and Management) Regulations in April 2007. The Regulations are the result of close dialogue with the construction industry. They seek to ensure buildings are safe to build,



Case study

The Falls from Vehicles campaign

Falls from vehicles are responsible for approximately 2000 injuries reported to HSE each year – taking into account levels of under-reporting, the real number is likely to be significantly higher. We estimate that the cost to the economy of reported falls-from-vehicle incidents in 2004/05 was nearly £37 million.

HSE and LAs ran a campaign from October to December 2007, focused on controlling the risks of falls from vehicles, to raise awareness of the issue. The campaign was based on two simple messages:

- falls from vehicles, even from a low height, can cause serious injuries;
- there are simple, cost-effective solutions to manage the risk of falling from vehicles.

The campaign included full-page advertisements in the trade press, which we believe reached more than half a million people. We also sent 37 500 customised personal mailings to vehicle buyers and transport managers. These groups were carefully selected because they can make the most difference in terms of managing risks of falls from vehicles.

We produced a suite of material to support and influence those who were targeted by the campaign, including:

- a campaign website with an interactive homepage (www.hse.gov.uk/fallsfromvehicles);
- a series of six information sheets and 12 case studies (provided by stakeholders) on practical ways to reduce the risk;
- a campaign CD-ROM, including the information sheets and posters, a 'toolbox talk' for managers to present to their staff, and a pocket card of tips on preventing accidents for workers.

During the campaign, the website received 165 829 hits and we distributed 50 000 copies of the CD-ROM. Support from our LA partners was important in helping the campaign achieve these successes.

We are now evaluating the campaign to ensure lessons are learned for future campaigns, (including how the target audience can be engaged and influenced effectively). To help sustain improvements in workplaces, we have produced a range of guidance, including a 'Route Map' that provides further support for employers and workers to help them manage the risk of falling from vehicles.

maintain and use – paving the way for safer and healthier construction sites and workplaces. Our stakeholders have welcomed the new CDM regime – HSE estimates it has saved businesses £3.6 million annually in administrative costs.

Over 4000 farmers attended our Safety and Health Awareness Days (SHADs). The events focused on key issues for the agriculture industry, such as transport, working at height and manual handling. We held similar events for managers of forestry and arboriculture operations to highlight health and safety issues and demonstrate good practice. Independent evaluation has been positive, with 95% of attendees affirming the SHADs' usefulness and 70% stating that they had made at least one positive change in their workplace as a result.

We continued to provide advice and support to small firms via the Workplace Health

Connect pathfinders service. This service has had an impact on nearly 12 500 workers and exceeded its targets by:

- handling around 20 000 calls to the Adviceline;
- providing over 5300 visits to small and medium enterprises.
- The pilot ended in February 2008. An independent evaluation is currently underway, which we expect to report early in 2009.

We made a number of communications, stakeholder engagement and inspection/enforcement interventions in industries that suffer from high rates of slipping and tripping incidents, including cleaning, education, catering, building, and plant maintenance. The 'Shattered Lives' publicity campaign, which started in February 2008, consolidated and built on these interventions. We plan to sustain the benefits of this work with a range of further interventions planned throughout 2008/09.

We helped to take forward the government's Health, Work and Well-being (HWWB) Strategy

through a range of interventions delivered by Fit3, such as Workplace Health Connect and workshops on managing stress. HWWB is a groundbreaking partnership between HSE, DWP, the Department of Health and the devolved administrations focused on improving the health and well-being of people of working age in Britain.

We delivered a number of successful initiatives designed to tackle dermatitis. These included 'Bad Hand Day', which successfully raised awareness of contact dermatitis risks among hairdressers. HSE worked closely with LAs and hairdressing industry groups to deliver the campaign.

Looking forward

Our plans for 2008/09 include:

- building on the momentum of the 2007/08 'Shattered Lives' campaign to tackle slips and trips (the most common cause of workplace injury);
- promoting compliance with our guidance on musculoskeletal disorders, with a view to reducing back pain and upper limb disorders;
- targeting high-risk industries (such as construction, agriculture, and waste and recycling) with programmes of inspection and other engagement.

successful involvement of all businesses (large or small) is fundamental to HSE's success

Case study

Guidance 'for directors, by directors' on leading health and safety at work

In October 2007 Lord McKenzie of Luton launched new guidance for directors and board members on their leadership role in health and safety. A steering group of stakeholders, led by the Institute of Directors (IoD), oversaw development of the guidance with support from HSE's Business Involvement Unit (BIU).

HSE acted as secretariat to the group. This meant liaising with a wide

range of people, ensuring they delivered the contributions they promised to timetable, analysing the results of the IoD public consultation and encouraging the steering group to agree the form and content of the guidance.

HSE's Business Involvement Unit has been closely involved in producing and promoting the guidance – tasks that have involved close partnerships with IoD staff. HSC Chair Judith Hackitt welcomed the collaboration: 'The work which has taken place with IoD over the last 18 months is an exemplar of the kind of work we want to do more of with

more organisations.' The output – user friendly and credible guidance written 'by directors, for directors'.

The launch of the guidance did not signal the end of HSE's involvement. BIU has since been contributing to an intensive campaign of publicity and communication, for example through relevant articles in stakeholder's journals.

By April 2008, 84 000 hard copies of the guidance had been issued and over 50 000 visits recorded to the website. Early feedback suggests the guidance has been very well-received – we will conduct a more detailed survey in mid-2008.



(l to r) Frank Wright (Professor of Law, University of Warwick), Michael Large (IoD), Lord McKenzie (Minister for Health and Safety) and HSC Chair Judith Hackitt at the guidance launch



Producing the guidance involved close collaboration between HSE and IoD: (l to r) Jenny Eastabrook (HSE), Geraint Day (IoD), Laurence Golob (HSE), Patricia Peter (IoD), Alan Morley (HSE)

Enabling delivery of health and safety outcomes

Business and worker involvement

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

Successful involvement of all businesses (large or small) is fundamental to HSE's success. We work with employers to reinforce the moral and economic cases for good health and safety. This year we have focused on improving our engagement with large organisations and providing them with better guidance. We have also reviewed how we engage with small businesses, with a view to offering simpler, more user-friendly information, advice and tools.

Involving workers in managing health and safety risks has always been a central part of

HSE's philosophy. We have made progress and built on opportunities to strengthen and embed worker involvement in important areas covered by the Fit3 programme. For example, we ran pilot schemes focusing on worker involvement as a vehicle to improving management of risks arising from noise and vibration in the workplace.

We have made significant progress during the year but delivery of the revised guidance on safety representatives, safety committees and employee consultation (the 'Brown Book') has been slower than anticipated and will continue into 2008/09.

Key achievements

We worked closely with LACORS (Local Authorities Co-ordinators of Regulatory Services) and participating organisations to take the Large Organisations Partnership Pilot (LOPP) forward. LOPP aims to improve HSE's and LAs' engagement with multi-site businesses, encourage better health and safety management

and provide a forum for participants to share best practice. The pilot is now drawing to a close, with the 'lessons learnt' evaluation due to report in autumn 2008.

We improved HSE's website to ensure small businesses can readily access practical information and advice. Our business webpages now provide additional resources (such as example risk assessments – see page 47) and a link to the improved Small and Medium Enterprise Performance Indicator, simplified in response to user feedback. We have also continued working with Business Link to make sure their site contains up-to-date content on health and safety.

Through a joint seminar with Acas and the TUC, HSE explored better ways of working together across the traditional boundaries between health and safety and employment issues. The seminar addressed cross-cutting issues, such as worker involvement and developing joined-up approaches to managing risks in the workplace.

In partnership with the Trades Union Congress (TUC), we delivered training to address musculoskeletal problems. We held seven courses for union safety representatives during 2007's European Week for Safety and Health at Work, which was based around the theme 'Lighten the Load'. HSE and Health and Safety Laboratory (HSL) ergonomists were present at each course to train the representatives on aspects of manual handling risk assessment. Further courses are planned for 2008/09.

We worked with the Department of Health to develop an Investors in People (IiP) healthy workplace standard. For businesses, attaining IiP status is all about staff management and staff development. We wanted to extend this to wider staff health and well-being issues by linking IiP to our management standards for preventing work-related stress. The new standard is to be launched in 2008/09.

Local authority partnerships

Our partnership with the LAs continues to grow stronger and is on track to meet the overall objective of becoming 'the way we do business'. The new governance arrangements for the partnership (including biannual meetings with the Local Government Panel) and a reconstituted Health and Safety/Local Authority Liaison Committee (HELA) are working well with high-level support from HSC/E and local government bodies, including LACORS.

A significant number of partnership activities – joint plans, projects, and trials – are taking place in the field with a view to delivering the occupational health and safety targets. The relationships that underpin this work, at the centre and in the field, have improved considerably, although challenges remain on both sides to ensure sustainability.

Partnership teams in HSE's field offices continue to provide a focus for joint planning and working – helping to make best use of HSE and LA resources. The partnership teams are continuing their work to negotiate Local Area Agreements with LAs and Local Strategic Partnerships, so that they give appropriate priority to health and safety regulation against their many other responsibilities and community priorities. The LA contribution is vital to improving health and safety outcomes and plays an important part in promoting healthier, safer and more economically sustainable communities.

Key achievements

In February HSC/E members joined senior representatives of all 14 LAs in Kent to back sensible risk, sending out the message that they are about practical steps to manage real risks to health and safety, not bureaucratic back covering. The event, hosted by Kent County Council, was the latest and largest sign up by LAs to the ongoing sensible risk campaign.

We continued to build the relationship with LAs at field-level through HSE/LA partnership teams in HSE's geographical regions.

In autumn 2007, HSE and LACORS ran a series of strategic planning events under the heading 'Shaping Local Priorities', aimed primarily at heads of service and councillors. The events attracted many LAs and addressed the changing landscape created by Local Area Agreements, Local Strategic Partnerships, community planning, and the Local Better Regulation Office.

We improved communications and partnership working between LAs and the Fit3 programme.

As well as focusing on locally devised priorities, LAs were proactive in supporting Fit3 priorities, such as tackling dermatitis in the hairdressing industry by inspecting hair salons. Additionally, 60 LAs undertook ladder inspections as part of the 'Ladder Exchange' campaign aimed at maintenance workers.

Through the flexible warrants trial, we continued to overcome barriers to joint working with LAs.

The trial has allowed HSE and LA inspectors to take action in each other's fields of responsibility, for example, on the duty to manage asbestos and on work at height safety issues. The use of flexible warrants will be expanded further in 2008/09.

We continued to develop the support mechanisms for LAs by:

- improving the 'extranet' information technology system – enabling better communication between LAs and HSE;
- making science and technology funding available to LAs to investigate a range of issues, such as manual handling in care homes and slips and trips in fast food restaurants (see page 28);
- producing a 'violence at work' toolkit and an asbestos safety DVD;
- providing training events for LAs on gas, electricity, asbestos, and slips and trips; and
- communicating through the LACORS health and safety specialist website.

Fine Tuning project

In 2007 we established a project to improve how HSE delivers health and safety outcomes, by 'fine-tuning' the implementation of HSC's Strategy. The Fine Tuning project's report included a set of recommendations to:

- improve targeting of HSE interventions;
- introduce more local manager discretion and accountability;
- recognise and value non-programme work;
- improve the evaluation of interventions; and
- increase sharing and learning in the major hazard sectors.

As a result of the recommendations, the HSE Board has agreed a new approach for the development and implementation of HSE's planned proactive work, based on the principles of audience segmentation. This aims to better co-ordinate the use of data and other intelligence to ensure interventions with dutyholders are targeted and designed to have maximum impact on health and safety performance.

Looking forward

Our plans for 2008/09 include:

- promoting the new IoD/HSC guidance on the importance of directors and board members leading health and safety at work;
- engaging with migrant workers and their employers to increase awareness of health and safety issues;
- working with Milton Keynes Council on the 'Healthy Workplaces' project to test whether a team of health and safety advisors from HSE and LAs can deliver a cost-effective advice service; and
- undertaking inspection and other targeted work with high-risk industries, including agriculture, construction and waste and recycling.

the local authority contribution is vital to improving health and safety outcomes

Delivering major hazard outcomes

Objective

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

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

We have continued to make good progress with our major hazards work during 2007/08. Resources have been focused on responding to significant incidents, tackling issues related to ageing plant, and ensuring the safety of 'resurgence' activity (such as nuclear new build and increased offshore exploration and development linked to higher oil prices). Our work has highlighted issues around asset integrity, maintenance backlogs and the availability of suitably skilled staff. These issues continue to present significant challenges to our major hazards work.

Catastrophic incidents, such as Buncefield, remain rare events and precursor incidents in the onshore, offshore and nuclear industries continue to show a downward trend since the base year (2001/02). HSE remains on track to deliver both the onshore and nuclear PSA targets. However, precursor incidents in the offshore sector have not quite fallen to the target level. Although good progress is being made, these targets in themselves only provide a crude indication of performance. We are currently working to

develop an improved suite of indicators.

Process safety leadership is a vital ingredient in avoiding catastrophic incidents across the major hazards sector. To improve performance in these industries, we prepared for a conference on process safety leadership, which was held in April 2008 for 250 chief executives and other industry, regulatory, trade union and government leaders.

Key achievements

We continued to improve the effectiveness of auditing and verification of offshore risk control. Following a three-year inspection programme focusing on offshore process and installation integrity involving nearly 100 installations, we published a major report on offshore asset integrity. It describes HSE's findings and sets out a clear agenda for improvement. We engaged with the offshore sector at its most senior level, gained acceptance of the challenge, and secured firm commitments to addressing it (a process that HSE will be monitoring).

We continued to resource and support the Major Incident Investigation Board (MIIB), which oversaw the investigation into the series of fires and explosions that occurred at the Buncefield fuel storage depot in December 2005. During 2007/08, the MIIB published three further reports concerning:

- the design and operation of fuel storage sites;
- emergency preparedness for, response to and recovery from major incidents; and
- the Buncefield explosion mechanism.

We communicated lessons from major accident investigations. HSE, together with its partners the Environment Agency and Scottish Environment Protection Agency (SEPA), is the Control of Major Accident Hazards (COMAH)



Case study

Responding to the foot and mouth disease outbreak

An outbreak of foot and mouth disease was confirmed at a farm in Surrey on Friday 3 August 2007. Preliminary investigations indicated that the virus might have originated from nearby laboratory or manufacturing facilities at Pirbright.

The Secretary of State for the Environment asked HSE to lead a multidisciplinary cross-government team to investigate any potential breaches of biosecurity at the Pirbright site. We were able to respond due to our experience in regulating containment facilities handling human pathogens and our expertise in carrying out complex investigations.

The investigation team included inspectors and specialists from across HSE. The team also included inspectors from the Department for Environment,

Food and Rural Affairs (Defra), the Veterinary Medicines Directorate, and the Environment Agency. The overall response to Pirbright also involved HSE solicitors, policy advisors and communications staff.

Speed was of the essence; the virus was continuing to spread in the environment, and the government wanted to ensure that the source had been identified and dealt with. HSE provided an interim investigation report within 48 hours and the final report within four weeks.

The investigation identified a number of breaches in biosecurity, primarily at the Institute for Animal Health. The most likely cause of the outbreak was attributed to a combination of circumstances including:

- › a waste treatment process reliant on a site drainage system containing virus that had not been fully inactivated;
- › leaking pipes and unsealed manhole covers allowing the virus to escape

into the surrounding soil;

- › unusually heavy rain, leading to surface flooding on site; and
- › uncontrolled movement of builders' vehicles and soil past the first outbreak farm.

Following the investigation, HSE and Defra issued a joint safety alert to other centres working with highly hazardous microorganisms, and a programme of joint inspections commenced in October 2007.

Defra accepted the findings and recommendations of HSE's report in full. In response to the report, the government asked Sir Bill Callaghan to carry out a review of the regulatory system. The Callaghan Review reported on 13 December 2007 and recommended that regulation of work with animal pathogens passes from Defra to HSE. We will be drafting new regulations to effect this change in 2008/09.

Case study

Improving the safety of new nuclear power stations

In June 2006, HSE responded to growing interest in new nuclear power stations by proposing, to the Department for Business, Enterprise and Regulatory Reform (previously the Department of Trade and Industry), a two-phase process for assessing and licensing new nuclear power stations in the UK. This aimed to separate the assessment of the reactor designs (Phase 1) from the site-specific decision on licensing (Phase 2), and proposed that the design assessment should be generic. This allows the safety, security and environmental implications of new power station designs to be assessed before an application is made to build that design at a particular site.

Phase 1 of the Generic Design Assessment (GDA) process is divided into four steps, with increasing resource and scrutiny applied at each step. HSE continues to work closely with other regulators, including the Environment Agency, to deliver the process.

In May 2007, the government invited interested vendors to submit reactor designs for assessment. Four designs were proposed by different reactor vendors and the government judged that each was suitable to undergo the GDA process.

During Step 1 of the GDA process, we engaged in extensive discussions with the vendors to ensure that the design safety, security and environmental documents were suitable and sufficient to allow assessments to begin. We completed this for all four reactors within one month. Step 2 is a fundamental safety overview to determine whether there are any fundamental design aspects or shortfalls that could prevent the proposed design from being licensed by HSE for construction in the UK. Our small, dedicated team of nuclear specialists began the Step 2 assessment work in August 2007 and finished one month ahead of target by publishing its findings on all four designs in March 2008.

Our assessment team was able to draw on consultancy advice from work undertaken, at HSE's request, by an international team organised



by the International Atomic Energy Agency. In addition, HSE's assessment was informed by the work to date by regulatory colleagues overseas.

HSE and the Environment Agency have set up a joint programme office to provide a 'one-stop shop' for regulation of the new nuclear power stations. We are each committed to making sure GDA is conducted in an open and transparent manner that allows the public to contribute to the process. Our work is publicised through websites, electronic e-bulletins and public reports, the vendors have placed safety documents

on the Internet, and the public are invited to submit comments for reply by the vendors. These comments and the vendors' responses are taken into account in HSE's assessments.

In January 2008, the government decided in favour of new nuclear power stations forming part of the UK's energy generation mix. HSE now plans to continue its work on GDA, with the aim of completing the process within about three years. After that, it will be for the industry to decide whether it wishes to propose any of the designs for licensing by HSE.

*process safety leadership
is a vital ingredient in
avoiding catastrophic
incidents across the sector*

Competent Authority. Since the incident at the Buncefield fuel storage site, HSE has worked with the Environment Agency, SEPA and the industry to drive forward far-reaching improvements in safety at fuel storage sites. An industry-led joint task group has published a set of agreed standards. We are closely monitoring progress against these, and will take action should a site operator fail to make any necessary improvements within reasonable timescales. Additionally, we developed a new policy on primary, secondary and tertiary containment.

We supported Sussex Police in a joint investigation into the explosion at Festival Fireworks, during which two firefighters died. Pending completion of the investigation, HSE has contributed to updated guidance to fire and rescue services on explosives incidents and liaised with the Fire Brigades' Union on firework hazards. The results of a joint HSE/LA exercise to assess standards at firework display operators' sites will help target a communications programme with the industry in 2008/09.

We worked with the Nuclear Decommissioning Authority and licensees to ensure that there is an ongoing commitment to the address the hazards related to nuclear waste and reduce the risks of the highest hazard nuclear plants. As a result, ministers have supported funding and continued work at nuclear sites to complete 'enabling projects', which are essential to allow radioactive waste to be retrieved and stored more safely or treated to reduce the risk of exposure to harm.

We continued to refine our intervention strategy to maintain assurance of continued safe operation at nuclear sites. The revised process is on target to be fully implemented in 2008/09. HSE aims to complete 90% of the interventions planned for 2008/09. However, emerging operational issues (particularly on operating reactors – for example, the boiler closure units at Heysham and Hartlepool) have required HSE to carry out more reactive work than originally planned.

Looking forward

Our plans for 2008/09 include:

- ensuring that offshore plants perform effectively, efficiently and safely throughout their lifecycles, by working with the offshore industry to deliver a joint installation integrity programme;
- remodelling the COMAH regulatory regime in the light of experience, including recommendations made by the Buncefield Major Incident Investigation Board;
- assessing the safety, security and environmental implications of designs for new nuclear power stations, before an application can be made to build at a particular site.

Enabling justice

Objective

...to promote a just, fair society and provide equitable conditions for all businesses to operate under

HSE and LA inspectors offer advice and guidance, inspect workplaces, investigate incidents and complaints, and enforce the law. These activities remain key priorities for HSE. We believe that direct contact with those who break the law has an important deterrent effect in the wider community. Our inspectors will take enforcement action to prevent people being injured or made ill where serious breaches are found.

Through the proportionate use of their enforcement powers, HSE and LA inspectors secure compliance with the law and ensure that those who fail in their duties are held to account. Working to HSC's Enforcement Policy Statement and HSC's Incident Selection Criteria, we have continued to:

- investigate incidents of injury, ill health and serious public concern;
- enquire into complaints; and
- take enforcement action for the right reasons, in the right circumstances.

It is through these activities that we provide equitable conditions for all businesses to operate under and ensure those who do comply with the law are motivated to continue doing so.

During 2007/08 we improved the consistency and efficiency of our investigation and enforcement activities through active operational performance management, supported by improvements in investigation methods and procedures. To see if further improvements can be made, we also began testing alternative models for delivering our front-line activities.

Enforcement action makes a crucial contribution to preventing injury and ill health, and underpins the actions we need to take to

implement HSC's Strategy. Enforcement is a key element of the Fit3 programme's work. Throughout 2007/08 our inspectors have used both notices and prosecution when their inspections of Fit3's priority areas have identified poor conditions or disregard for the law.

HSE's enforcement statistics for 2006/07 are available at www.hse.gov.uk/statistics/enforce. The statistics for 2007/08 will be published on our website in November 2008.

Key achievements

Our work is wide-ranging and includes some cases that have attracted high levels of public interest. During 2007/08, HSE inspectors investigated *Top Gear* presenter Richard Hammond's 288 mph jet car crash, the fire and explosion at Festival Fireworks, the Pirbright foot and mouth outbreak, collapsed tower cranes, the sinking of the Bourbon Dolphin anchor handler and the death of four firefighters in Warwickshire.

We worked in partnership with the police to target rogue employers in the scrap metal industry. The Norfolk Constabulary conceived 'Operation Coppersafe' in response to a high rise in scrap metal thefts. HSE inspectors visited sites with police, the Vehicle and Operator Services Agency, the Environment Agency and others. The operation highlighted areas of concern such as site maintenance, lifting operations and transport, which led to our inspectors serving a number of prohibition and improvement notices.

During a routine visit to a joinery company, an inspector found that, despite previous enforcement notices concerning the operation on a paint-spraying booth, the company had failed to meet health and safety requirements. HSE served enforcement notices prohibiting paint spraying until the company had provided correct respiratory protective equipment and reinstated

Case study

Highlighting the dangers of respirable crystalline silica

A large number of working days are lost each year to work-related illness. To help reduce the figures, HSE inspectors take a proactive approach to health and safety even where no specific incident has taken place or complaint has been received.

A routine unannounced inspection of a stonemasonry resulted in one such prosecution in October 2007. During the visit, our inspector discovered that one of the company's employees was off sick and seriously ill with a rare progressive form of silicosis, an irreversible lung disease. Repeated exposure to respirable crystalline silica (RCS) can cause silicosis which, in its most acute form, can result in premature death. RCS is a naturally occurring mineral present in sand, rocks, stones and clays.

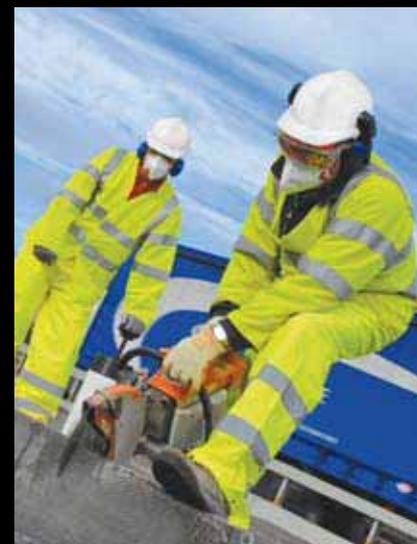
It is vital that employers monitor dust levels to assess the risk of exposure

to employees. In this case, the owner had failed to provide suitable control measures to reduce the exposure of his staff to stone dust containing RCS.

The inspector found that the employee had been diagnosed with silicosis earlier in the year, but had continued to work for as long as possible, before finally going on sick leave in October. It is an offence not to report a case of silicosis to the enforcing authority, which in this instance was HSE. Although the employee had been issued with a note from his doctor confirming the diagnosis, the employer had failed to report it.

Following the investigation, HSE prosecuted the employer for breaching several regulations, including failure to report the case of ill health. The employer pleaded guilty and was fined a total of £6000 and ordered to pay HSE's full costs of over £7000.

This prosecution highlights the need for employers to be vigilant in identifying substances in their workplace that can



affect workers' health, and has raised awareness of the issue in an industry where it was believed that silicosis was no longer a major problem. Lessons can be learned and the industry press has been consulting with HSE and running articles to highlight the dangers of working with RCS.

a programme of health surveillance. Due to the potential risks to health from the use of isocyanate-based paints and the failure to meet minimum standards regardless of previous enforcement action, we prosecuted the company, resulting in a fine of £9000 and just over £5000 in costs.

We collaborated with trading standards officers by sharing intelligence and undertaking joint investigations. Trading standards officers have communicated the details of prohibition notices, issued by HSE on roofers and gas fitters, across their network. Any breaches of these notices are notified to HSE. In some of these cases, we are now considering taking joint prosecutions.

During a two-month period, we found that nearly one in three of the construction refurbishment sites we inspected were putting the lives of their workers at risk. We identified these sites while carrying out over 1500 inspections as part of HSE's rolling inspection programme, and will now take over 400 enforcement actions as a result.

As part of our programme of continuous improvement we:

- reviewed and updated our enforcement management arrangements, to ensure that

- inspectors make effective enforcement decisions in accordance with HSC's Enforcement Policy Statement; and
- undertook a comprehensive training schedule to update inspectors so they are fully equipped to analyse information when investigating major incidents and fatalities.

Looking forward

Our plans for 2008/09 include:

- maintaining a consistent framework for health and safety enforcement activity that delivers HSE's priorities and is in line with the government's policies for regulators;
- testing the feasibility of centralising our complaint handling process and developing a more risk-based approach to selecting complaints for investigation; and
- investigating those incidents and complaints that meet HSE's selection criteria.

enforcement action makes a crucial contribution to preventing injury and ill health

Providing support to government

Objectives

...to provide evidence and advice to help the government make major policy decisions on health and safety issues affecting society and the economy
 ...to help shape the health and safety debate

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

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

- › helping to ensure that future developments in energy policy can take place safely and efficiently, and keeping advice on developments around existing major hazard sites based on up-to-date information;
- › successfully leading for the government on European health and safety business, ensuring that new plans will deliver better outcomes for workers and that EU law is interpreted proportionally;
- › contributing to the health and safety debate by launching a new set of sensible risk principles and providing practical advice to business through a series of example risk assessments for lower-risk sectors;
- › maintaining our position as an exemplary modern regulator by achieving a reduction of nearly 20% in a single year (against a 2010 target of 25%) in the administrative burden of health and safety regulation, as shown by our second Better Regulation Simplification Plan (see Annex).

Key achievements

The 'Registration, Evaluation, Authorisation and Restriction of Chemicals' (REACH) scheme came into force on 1 June 2007 and HSE was appointed as the UK's Competent Authority. REACH is an important new EU framework regulating the risks from chemicals to workers, consumers and the environment. We are working with other government departments and the devolved administrations to fulfil this key role.

HSE led for the government in robustly defending a European Commission (EC) case against the UK. The EC alleged that the UK was 'under-implementing' European law by applying the qualifier 'so far as is reasonably practicable' to the employers' duty to safeguard their workers. The case was dismissed by the European Court of Justice in June 2007.

Following the recommendations of HSE's Gas Safety Review, we launched a competition for prospective bidders to run a new gas installer registration scheme. Aimed at adding value to consumer gas safety and simplifying the arrangements for domestic gas installers, the new scheme will start in April 2009.

We are working with industry and other government departments to explore the implications of carbon capture and storage for human health and safety. This has included developing research, advising on operational standards and developing relevant legislation.

We responded to over 1000 enquiries from Members of Parliament, members of the public and questions asked by government on a wide variety of health and safety matters. HSE's Secretariat provides timely, accurate and succinct advice on health and safety matters.



Case study

Introducing the Globally Harmonised System

HSE is the government lead on classification and labelling of chemicals. This year we have been in the front line of developments to introduce the Globally Harmonised System (GHS) for identifying and communicating chemical hazards.

GHS is an important part of the globalisation agenda. At the World

Summit on Sustainable Development in Johannesburg in 2002, world leaders confirmed their commitment to introduce GHS by 2008. Work to develop GHS has been taken forward at United Nations (UN) level. The criteria for identifying chemical hazards, such as flammability, acute toxicity, sensitisation, carcinogenicity, and hazards to the aquatic environment, are now well developed. EU Member States have agreed to

adopt GHS. The European Commission published a proposal for an EC Regulation in summer 2007, which has been taken forward vigorously with the aim of achieving agreement in 2008. HSE has:

- engaged interested parties (including small firms) from an early stage through a website discussion forum, presentations and workshops targeting key industry sectors, and through the usual formal consultative process;
- been open about the costs and benefits of moving from the existing EU system to GHS. All suppliers and users of chemicals will have to adapt to the new system;
- made clear that, although there are many similarities with the present EU system, there are differences, and some sectors will be more affected than others;
- taken an active role in the negotiations on the proposed EC Regulation, with the aim of securing the benefits of GHS while keeping in check the costs of change;
- continued to lead for the UK in the further development of GHS at UN level.

The EC Regulation is expected to be adopted in June 2008 and will be a significant step forward towards the aim of GHS, which is 'one chemical – one label worldwide'.

We worked closely with colleagues in Defra and the devolved administrations to secure ministerial approval for the Pesticides Safety Directorate (PSD) joining HSE as an internal agency. PSD's regulatory responsibility for pesticides used in agriculture, horticulture and gardens has many links with our responsibility for non-agricultural pesticides and biocides, and our role as the UK's Competent Authority for REACH. The transfer took place on 1 April 2008.

Further examples of our work in this business area can be found in the Better Regulation annex, page 47.

Looking forward

Our plans for 2008/09 include:

- influencing the European Commission to ensure that it takes account of the UK's aims, particularly on better regulation, when implementing the EU Health and Safety Strategy;
- concluding EU negotiations on the implementation of the UN-sponsored Globally Harmonised System for the supply of chemicals;
- delivering HSC's Better Regulation Simplification Plan to reduce the administrative burdens on business by 25% by 2010.

Demonstrating public accountability

Objectives

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

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

HSE is accountable to both the public and to Parliament for its actions and use of resources and must demonstrate that it provides value for money as a public organisation. To this end, we report internally and externally on our performance.

HSE believes that public access to health and safety information improves understanding and strengthens confidence in the health and safety system. Details of HSC open meetings, together with agendas, papers, minutes and those of its advisory committees and subcommittees are published on HSE's website at www.hse.gov.uk/aboutus/howwework/openness.htm.

Key achievements

We continued to respond to Freedom of Information (FOI) requests in a timely manner.

From April 2007 to December 2007, HSE received 7498 FOI requests, 6710 (90%) were responded to within the 20-day target or by an alternatively agreed deadline. HSE is one of only two monitored bodies to have received more than 1000 requests during each quarter since the FOI act was implemented. We continue to meet Ministry of Justice standards for response timelines.

We published the outcomes of incident investigations.

HSE has released reports on major incidents and investigations while issues are still current. We made interim and final reports available regarding potential breaches of biosecurity at the Pirbright site (see page 17), outbreaks of *Clostridium difficile* at Stoke Mandeville Hospital and the explosion and fire at Buncefield oil depot (details on page 16).

We sought the public's views on policy changes, in response to the off-site effects of the Buncefield incident.

HSE has developed and consulted on an interim land use planning policy for proposed developments around sites storing petrol. This new policy has now been put in place, and will provide assurance that the number of people living or working near such sites will not increase significantly while we all work to learn the lessons from the explosion.

We merged HSC and HSE into a single health and safety authority.

On 1 April 2008, following ministerial consultation and completion of parliamentary processes, HSE became a single national regulatory body responsible for promoting the cause of better health and safety at work. We believe that the merger will modernise our corporate governance and provide a stronger voice for health and safety. The 'new' HSE retains its independent status, reflects the interests of employers, employees and LAs and continues to maintain a commitment to service delivery. There is no change in health and safety requirements,

the merger will modernise our corporate governance and provide a stronger voice for health and safety

how they are enforced or how stakeholders relate to us as the health and safety regulator. Individual enforcement decisions continue to be taken by operational staff and LAs.

We supported the Work and Pensions Select Committee's inquiry into the work and operations of HSC/E. The Committee announced the inquiry in December 2007 and set out a range of issues, on which HSC/E and stakeholders have submitted written evidence. The HSC Chair and HSE Chief Executive (along with representatives from a number of key stakeholder groups) have appeared to give evidence in person. The Committee published its report in spring 2008.

We used science to underpin the full spectrum of our policy and operational work, for example investigating explosion mechanisms to support the Buncefield inquiry, updating our estimates for occupational cancer, and examining the link between worker health and earnings. More detail of the outcomes of HSE's research, delivered through 72 separate projects, can be found in our research projects directory at www.hseresearchprojects.com/projectsearch.aspx.

We have taken our diversity schemes forward, which cover disability, gender and race. Examples include:

- publishing joint guidance with the Disability Rights Commission to promote effective management of health and safety risks for people with disabilities; and
- revamping our diversity intranet pages to help HSE staff when dealing with the public. Improvements include guidance on equality impact assessments, communicating with a diverse audience and reaching out to ethnic minority and migrant workers, illustrated by examples of successful field initiatives with a 'race' aspect.



We entered our suite of corporate publications into the Pricewaterhouse Coopers 'Building Public Trust' awards.

This included last year's Annual Report and Accounts, the *HSC Business Plan*, our *Performance Report* and the *Health and safety statistics* pocket book. We learned a lot from the winners of the competition and will be looking to improve our publications with a view to entering the awards again in 2008/09.

Looking forward

Our plans for 2008/09 include:

- producing and publishing research reports, outcomes from incident investigations, and consultations;
- delivering HSE's equality schemes on gender, race and disability for 2008–11;
- responding to FOI and other requests from the public and workforce in a timely and appropriate manner.

Communication and stakeholder engagement

Objective

...to promote sensible health and safety management and confidence in HSC/E internally and externally

HSE's Communications Programme provides the organisation's media relations, stakeholder management campaigns, events, online products and services, publications, and internal communications channels.

We made good progress this year in distancing HSE from stories that trivialise health and safety, but have more work to do to ensure that sensible health and safety is widely seen as a social good. We maintained a high media profile by promoting our core messages, engaging key media contacts and responding promptly to inaccurate reporting. We focused our corporate stakeholder engagement more closely on our work with LAs, business and trade unions. Commissioners' activities have included hosting fringe meetings at political party conferences and attending events, such as the Offshore Europe conference and the Better Backs Exchange National Conference. Our annual corporate reputation research confirmed that our key corporate stakeholders continue to have confidence in HSE and feel that our communications are improving.

We ran major campaigns – 'Shattered Lives' to highlight risks from falls and the 'Hidden Killer' asbestos campaign. Visits to the Shattered Lives website during launch week attracted

10 000 visits, while during the launch month of the asbestos campaign, the average number of calls to HSE Infoline doubled and visits to our asbestos web pages increased by 50%. Anecdotal feedback on both campaigns is positive, backed up by two commendations for Shattered Lives from the Newspaper Marketing Agency and a media and marketing magazine.

Key achievements

We generated significant media coverage through our enforcement activity and investigations into the Pirbright foot and mouth outbreak and patient deaths at Stoke Mandeville Hospital. Elsewhere, we used proactive communications to cover issues ranging from ladder safety to the integrity of offshore installations. The arrival of HSC's new Chair and the release of injury statistics generated opportunities to promote sensible health and safety through broadcast and print media interviews.

We held two major stakeholder events. The Commission's summer reception on the terrace at the House of Commons was attended by parliamentarians and a wide range of HSC/E stakeholders. They welcomed the opportunity to hear about HSC/E's work and future challenges, and to speak with commissioners, HSE staff and each other. In December 2007, stakeholders gathered for the screening of a new film highlighting the purpose of HSC – saving lives not stopping them.

Interest in HSE's website continues to grow. With around 16 million visits in 2007/08, it is the busiest occupational health and safety website in Europe. The site is updated daily and a free electronic e-bulletin service (with over 120 000 subscriptions) makes it easier to keep in touch

to ensure that sensible health and safety is widely seen as a social good

Case study

Asbestos – you're more at risk than you think!

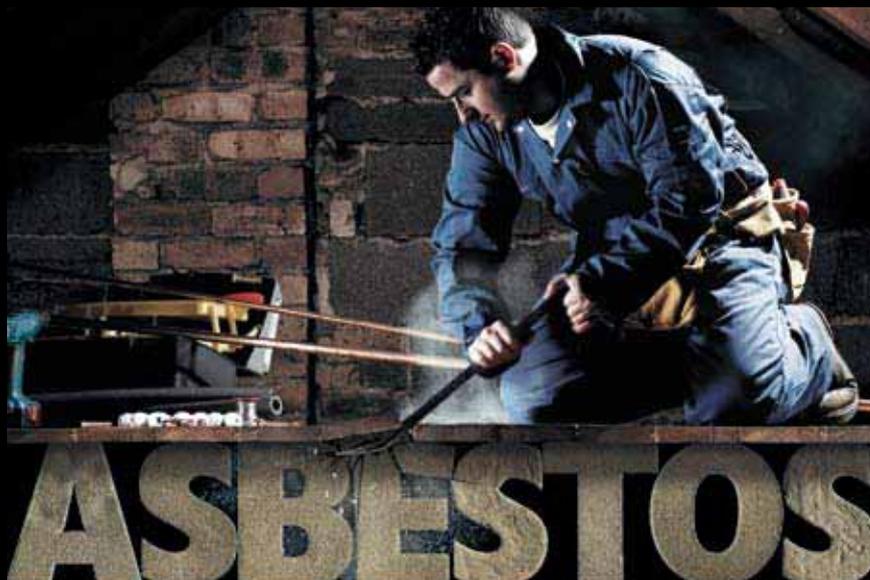
Every year around 4000 people die from asbestos-related disease.

Maintenance workers – electricians, plumbers, heating engineers, carpenters, plasterers, cable layers and many others – are particularly at risk. During 2007 HSE ran the 'Hidden Killer' campaign to raise public awareness of asbestos and emphasise that 'you're more at risk than you think!'

Workers recognise that asbestos is a killer, but many are unaware that they are personally at risk or of the scale of the problem (more people die from asbestos than in road accidents), or that it can be present in any building built or refurbished before the year 2000.

We tested three campaign options with the main target audiences for a pilot campaign in north-west England. The most successful route was a 'hidden killer' theme, which we developed into an advertising campaign with headlines that every week 20 tradesmen, six electricians and three plumbers die from asbestos-related disease.

The pilot campaign involved a six-week radio promotion, press advertising in leading regional papers, direct mailing of asbestos information



packs and a television advert shown on MTV, all supported by a public relations campaign. The advertising encourages workers to call a number for the free information pack and points to HSE's website for additional information.

To develop the campaign and drive national improvements, we worked with and were supported by trade unions, trade associations, victim support groups, suppliers and merchants. We sent out 400 000 asbestos information packs and secured articles in the trade press and advertising in specialist press for electricians and plumbers.

The pilot has delivered good figures both in hard responses and awareness/attitude evaluation. HSE Infoline queries more than doubled during the campaign, web visits rose by around 50% and there were over 20 000 additional visits to a campaign site. General awareness of asbestos promotion rose from 33% to 81% and there was 70% specific recognition of HSE's campaign. 43% of respondents remembered receiving or requesting literature, compared to just 4% before the campaign. Scaled to a national level we could expect over 100 000 responses on this basis.

with change. 100 popular 'micro-sites' are dedicated to specific industries and key health and safety topics. An enthusiastic response from 2000 respondees to a recent customer survey provided a clear direction for more improvements in 2008/09. We have also improved access to our website from a range of handheld devices and key browsers. These developments continue to help us achieve first place in government website accessibility assessments.

We gave top priority to communicating to staff about the relocation of HSE's headquarters. HSE Board members visited offices across the country to talk about HSE's How and Where We Work plans, the financial position, and business planning to provide staff with an opportunity to discuss and feed back on issues of concern.

We kept staff updated with weekly e-bulletins and with staff stories, news and views in our monthly in-house magazine, *express*.

Looking forward

Our plans for 2008/09 include:

- publicising the benefits of sensible health and safety management using a range of communication techniques (including campaigns and public relations exercises);
- taking a robust stance in defending HSE's reputation and the need for sensible health and safety management; and
- engaging strategic stakeholders to secure high levels of commitment to deliver health and safety improvements.

Science and analytical support

Objective

...to provide a sound evidence base to support delivery of HSC/E's vision, mission and targets by applying high-quality science

Scientists and engineers in HSE and 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.

To support the delivery of the PSA targets during 2007/08, HSE has continued to:

- › implement the HSC Science Strategy 2005–2008 (www.hse.gov.uk/research/content/strategy0508.pdf), applying high-quality science across the spectrum of HSE's work;
- › develop a more robust evidence base;
- › develop new science planning and governance arrangements, including establishing the HSE Board Science Sub-group.

Key achievements

We used 'horizon scanning' to influence HSE's forward planning and priorities. This involved identifying a list of emerging topics and cross-cutting issues, such as demographic change, recycling and human performance enhancement, then analysing these to decide which may be of future strategic importance in terms of work-related health and safety. We also published peer-reviewed scenarios (see www.hse.gov.uk/research/rrhtm/rr600.htm) setting out possible futures for the world of work in 2017, and held workshops for HSC/E and external organisations, which have helped

embed horizon-scanning findings into our forward planning processes.

We published the first estimates from our research into the current burden of occupational cancers in Great Britain.

We shared the results with stakeholders at a workshop in June 2007 and identified further work to fill gaps in HSE's current strategy for tackling workplace carcinogens (for example, the potential for exposure in the plastics processing and handling industries). We also started work to extend this research to a more comprehensive list of cancers and make estimates of the potential future burden, based on current working conditions.

We made £1 million of our science and technology (S&T) budget available for LAs to use HSL services.

LAs used the funding to commission reports, recommendations and other materials to help them deliver better health and safety outcomes and meet our joint priorities. LAs also used the funding to support investigations in the sectors they enforce. This helps LA inspectors to issue effective advice, take formal enforcement action and ensure appropriate remedial action is taken.

We improved the commissioning and application of S&T, streamlined its delivery and improved how HSE and HSL work in partnership.

The HSE/HSL Partnership Board reviewed HSL's performance and future plans, and we agreed how HSE and HSL will work together in a framework agreement. We also simplified the arrangements for commissioning science from HSL, to confirm the requirement and specification of work sooner, and spread demand more evenly throughout the year.

We implemented the Government Chief Scientific Adviser's Guidelines on Scientific Advice. We delivered workshops to give HSE



Case study

Getting the science right...

HSE implemented the Making Best Use of Science (MBUS) initiative, introducing changes to the way we use science and, in turn, how HSE delivers its business.

Over a quarter of HSE/HSL staff use science, engineering and technology qualifications, skills and experience in their work. Immediate issues that we have to react to quickly often overtake important medium to long-term priorities, which underpin future delivery of improved health and safety outcomes. Because of the scope and range of challenges that HSE faces, and the impact of unpredictable major incidents, our continued success meant changing the way science activity links into the business – if we are to get the best out of this precious resource.

Through MBUS we have:

- focused our science and technology capability on HSE's current and

future business priorities;

- increased flexibility to adapt to changing business needs; and
- improved management arrangements.

Our programme of change focused on three key areas:

Structure

We established a new sub-group of the former HSE Board (now the Senior Management Team) to help direct our science activities. High-profile external members, with relevant backgrounds and expertise, play an important part in this group by helping us to ensure that our work is focused on the important issues. The group first met in January 2008.

We have appointed senior science advisers in HSE and HSL to support the Chief Scientific Adviser in promoting consistency and quality of standards across HSE's scientific disciplines. We have also formed a new Science and Technology Group to ensure that our

corporate science is more accessible and visible to users.

Processes

We moved science planning on to a rolling three-year process, to make sure we can align capability with need and gear up to address emerging issues. We also held planning workshops in priority areas, such as Fit3 and Major Hazards, to help target our commissioned research to get greatest impact. This has helped to bring users and providers of science closer together.

Behaviour

We are taking a more corporate approach to S&T delivery by making roles clearer so that staff can do their jobs better. We have deployed scientific staff across the organisation to add greater flexibility, for example, to deal with discipline shortage.

We have created the structures to promote evolutionary organisational change and ensured that they are introduced with as little disruption as possible. HSE is now in much better shape and has the framework in place to 'get its science right'. Since we introduced these changes, there has been early evidence of HSE working better together and looking at issues in a wider scientific context, although it may be some time before full benefits of MBUS are realised.

policy-makers and scientists an understanding of the role that science plays in developing the evidence base for policy work. Workshop speakers from other government departments shared best practice. We also completed strategic reviews of the use of science in key operational and policy areas, including EU Directives and the use of software.

We strengthened the case for managing health and safety by assessing the economic impact of work-related illness. Research for HSE on the impact of health on economic performance found evidence that health has a significant effect on aggregate income, productivity and employment. As well as reducing an individual's probability of being employed, those whose health is 'poor' earn 6–14% less than those whose health is 'average'.

scientists and engineers play a pivotal role in supporting the work of our main business

Looking forward

Our plans for 2008/09 include:

- providing forensic and specialist support to front-line investigations and inspections;
- strengthening the business case for health and safety at work by conducting workplace studies to collect supporting evidence; and
- commissioning and publishing research on factors that influence health and safety outcomes.

Managing our business

Objective

...to maintain delivery and levels of activity, despite resource pressures, by ensuring that the organisation functions efficiently and effectively

The Resources and Planning Directorate (RPD) provides corporate support for managing HSE's staff, estates and financial resources.

During the year, RPD continued to deliver a wide range of essential corporate support functions while reducing its costs. It streamlined HSE's procedures and improved information technology (IT) systems. These changes make it quicker and easier for staff to access our corporate services, allowing a greater proportion of HSE's resource to be targeted on front-line delivery. RPD also monitors performance and business risks.

The former HSE Board (now SMT) and the Commission (now the HSE Board) review performance against HSE's Balanced Scorecard and Corporate Risk Management Plan on a quarterly basis, and financial performance monthly. The minister responsible for health and safety also receives a quarterly report on performance and risk, which he discusses with HSE's senior managers. Further details on our performance management arrangements are in the Statement on Internal Control (pages 52–55).

streamlined HSE's procedures ... allowing a greater proportion of HSE's resource to be targeted on front-line delivery

Key achievements

The former HSE Board set an efficiency target of £50 million for the Spending Review 2004 period. By March 2008 (the end of the target period), we had delivered total savings of £59 million. The Efficiency, Economy and Productivity (EEP) programme streamlined and improved corporate service delivery by investing in IT packages, such as the Electronic Documents and Records Management system (see case study on page 31). EEP also reduced HSE's estate costs by approximately £15 million through new and improved arrangements including flexible working and the new Merseyside headquarters.

In line with HSE's workforce strategy, we developed a planning framework to help HSE managers produce 12-month work plans to reconsider the skills needed for delivery and staff development. In addition, we provided the HSE Board (now SMT) with monthly information about the business impact of reducing staffing numbers to affordable levels. This enabled the Board to respond quickly to potential staffing shortages by, for example, approving requests to recruit specific types of specialists.

We continued to transform and streamline the delivery of our human resource (HR) services. We rolled out our computerised e-HR system, enabling managers and staff to process HR transactions through 'self service', making it quicker and easier to notify HR of changes, apply for leave and arrange internal career progression.

We improved the range of support available for managers and staff in the area of sickness absence by providing:

- › extra training for line managers in dealing with attendance issues; and
- › practical advice to staff on how to improve their own well-being.

Case study

Improving management of our information

In February 2008, HSE completed the successful implementation of an Electronic Documents and Records Management (EDRM) system and a change to a new e-mail package. This enabled better management and exploitation of the information and knowledge in e-mail and documents. The introduction of EDRM has met government requirements and has improved how staff work together.

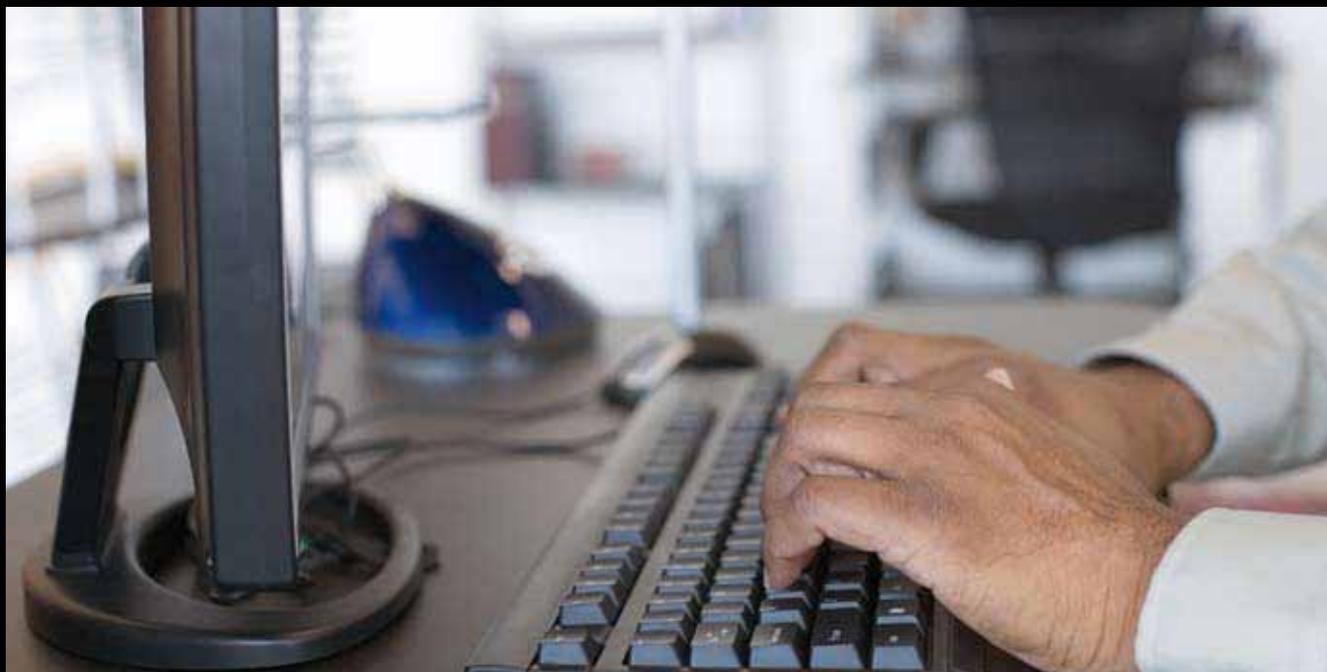
These projects were primarily about business change and improvement. We kept staff informed from a very early stage, via various business user groups and workshops.

Key to the success of the projects was:

- research and preparation, including the use of pilots to test and learn about the likely business impact of both systems;
- a phased rollout minimising business disruption. Implementation was divided into 53 tranches with each tranche taking 13 weeks to complete; and

- addressing lessons learned from HSE's other business improvement programmes.

Introducing these systems took around 18 months and involved training some 3300 staff across England, Wales and Scotland. As well as formal training, we laid on awareness sessions for staff and made sure experts were on hand to deal with questions and queries immediately after implementation. Both systems are now operational and working well. We completed the project on time and within budget.



We supported the merger of the Office for Civil Nuclear Security (OCNS) with HSE's Nuclear Directorate. OCNS has responsibility for monitoring security arrangements for nuclear installations in the United Kingdom. To ensure a smooth transition, HSE carried out complex work on pay and allowances, the transfer of payroll and personal records into HSE systems, and inducting OCNS staff into HSE's day-to-day working culture. RPD carried out this work in addition to its normal service delivery, while the HR Service Centre progressed other significant projects, such as HSE's pay award.

Further examples of our work in this business area can be found in the Management commentary, page 34.

Looking forward

Our plans for 2008/09 include:

- moving to a single headquarters on Merseyside, to improve communication and collaboration between our staff and reduce costs;
- using IT to improve our efficiency and effectiveness, such as widening the user base for Smartphone technology; and
- improving the accessibility of our guidance and advice for dutyholders and the public through the Easier Access to Services (EASE) programme.

Health and safety in HSE

HSE has put in place effective management arrangements that maximise the well-being of our staff and minimise the losses resulting from ill health and injury. In line with advice to other organisations, the former HSE Board (now SMT) leads on improving health and safety and monitors progress regularly. It engaged with and consulted staff through a network of safety representatives from HSE's trade unions.

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

Overall, HSE remains on track to achieve its targets. The number of incidents reportable under RIDDOR remained at a low level and at rates markedly better than those in comparable organisations. In 2007/08, for the second year running, there was a fall in incidents leading to injury. The decrease was particularly marked for slips and trips. Previous progress on reducing the number of cases of ill health was consolidated, though there was a small increase in the number

of cases of display screen equipment (DSE)-related ill health. Partly in response to this, we set up a joint management/trade union group to look at HSE's DSE assessment process from start to finish. The group developed a series of proposals to improve the process, which we will implement in 2008/09.

During 2007/08 further initiatives to improve HSE's health and safety performance have included:

- › launching new policies and procedures, such as a new framework for carrying out risk assessments, complete procedures on ionising radiation safety, and a new general fire safety policy. The fire safety policy was accompanied by training for staff with related duties;
- › introducing building manuals across HSE's estate – designed to improve monitoring of building-related safety issues;
- › producing new guidance on the role of trade union safety representatives; and
- › forming a new Managing Attendance Support Team, designed to draw together and disseminate best practice. The team arranged a series of targeted support visits within HSE and its work was supported by an internal audit study into compliance with HR policies on attendance management.

In April 2007 HSE entered into a new occupational health contract for the provision of health surveillance and ill health referrals for staff. We are carefully monitoring the standard of service provision so that it provides appropriate support for managers and staff.

HSE remains on track to achieve its targets

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

	Apr-Mar 2008	Apr-Mar 2007	Apr-Mar 2006	Apr-Mar 2005
Fatal injuries	0	0	0	0
Major injuries	(1)	(1)	2 (1)	1
Dangerous occurrences	1	1	0	0
Over-3-day injuries	3	8 (1)	7 (2)	15 (5)
Ill health	4	1	0	4
Other*	0	0	1*	0
	8 (1)	10 (2)	10 (3)	20 (5)
Other over-3-day injuries, eg road traffic accidents	2	0	5	1
Ill health other	93	92	105	123
Minor injuries	61 (1)	82 (15)	109 (19)	133 (20)
Reported near misses, including verbal abuse and possible accidental asbestos exposure	117	258 (6)	268 (6)	126 (4)
Total	281 (2)	442 (23)	497 (28)	403 (29)

* 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.

Management Commentary

The Health and Safety Commission and Executive

The Health and Safety at Work etc Act 1974 established the Health and Safety Commission and the Health and Safety Executive and provided for the continuation of the Employment Medical Advisory Service (EMAS). HSC came into being on 1 October 1974 and appointed HSE on 1 January 1975. Prior to the merger on 1 April 2008, HSC and HSE were (and HSE continues to be) statutory non-departmental public bodies, performing their functions on behalf of the Crown. Responsibility for HSC and HSE transferred to the Department for Work and Pensions in July 2002.

The primary function of HSC, supported by HSE, was to protect the health, safety and welfare of employees and safeguard others who may be exposed to risks from work activities. This included proposing new laws and standards, conducting and sponsoring research, promoting training and providing information and advice. HSC provided strategic direction for Great Britain's health and safety system, including HSE and LAs. HSC reported to the Secretary of State for Work and Pensions, and to other Secretaries of State.

HSC also had 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 HSC or HSE functions on HSC/E's behalf;

- make agreements with any minister, government department, or public authority for HSC to perform functions on their behalf;
- give mandatory guidance to LAs on enforcement; and
- direct HSE or authorise any other person to investigate and report on accidents or other matters and, subject to regulations made by the relevant minister, direct inquiries to be held.

HSC adopted a code of practice, which the Chair and commissioners followed. This conformed to Cabinet Office guidance. It set out the responsibilities of the Chair and the corporate and individual responsibilities of the commissioners.

HSE advised and assisted HSC in its functions. Together with LAs, HSE continues to have day-to-day responsibility for enforcing health and safety law and investigating accidents. HSE also licenses and approves standards in particularly hazardous areas and commissioning research. The powers and functions of HSC have been adopted by the 'new' HSE.

Public interest and other

Corporate governance

The relationship with our sponsoring department, DWP, and the framework within which corporate governance operated before the HSC/E merger is set out in the Management Statement (which replaced HSC/E's Framework of Accountabilities in December 2006) and a Financial Memorandum (updated in 2004). You can find the Financial Memorandum at www.hse.gov.uk/aboutus/howwework/framework/f01-a5.pdf, and the Management Statement at www.hse.gov.uk/aboutus/howwework/management/proposedstatement.pdf.

The Chair and members of HSC (commissioners) were appointed by the Secretary of State and were drawn from a wide

to protect the health, safety and welfare of employees and safeguard others who may be exposed to risks from work activities

range of backgrounds. HSC met monthly. Its responsibilities included setting the strategic direction for HSC/E, within the policy and resources framework agreed with the responsible minister, and then challenging performance against strategic priorities.

HSE, as the principal operating arm of HSC, ensured that HSC's regulatory responsibilities, strategic activities and decisions were carried out. HSE also regularly updated HSC on performance matters, including use of resources and the management of risks. HSE was led by its Board (now SMT), which comprised the Chief Executive, Deputy Chief Executives and the directors of its operational, policy, research and corporate functions. The HSE Board met formally once a month, supplemented by weekly video-conferences. It decided on a range of issues including strategy, personnel and resource issues, and monitored progress against targets.

The HSC (now HSE) Audit Committee supported the HSC Chair and HSE's Chief Executive in their roles as Accounting Officers. It advised them on issues of governance, risk, control and associated assurance by providing an independent view on appropriateness, adequacy and overall value for money. Its membership comprises two commissioners (one of whom is chair and the other vice-chair) and two independent non-executive members. The Committee meets at least three times a year.

HSE's Chief Executive made delegations on use of resources in writing to HSE's main budget holders: the Deputy Chief Executives, the Director of Resources and Planning, and the Chief Scientist. The main budget holders issued any further delegations in writing.

Following the HSC/E merger (see page 24), the Chair of HSC became the Chair of the new HSE Board and the commissioners were appointed as Board members. The new Board has responsibility for determining strategy, financial and performance management and for prioritising resources.

The Chief Executive of the former HSE became the Chief Executive of the new HSE and the previous HSE Board members became the Senior Management Team (SMT). The SMT provides advice to the new Board on all key issues.

Sustainability

The following activities have helped to make HSE more environmentally friendly:

- HSE staff participating in the UK's national Bike Week campaign cycled a total of 982 miles, saving approximately 281 kg of CO₂.
- Video conferencing in HSE increased in the calendar year 2007 by 30.65%. The number of participants using the system also increased by 31.91%.
- We continued our accreditation to the British Standards Institution's Environmental Management System standard. Reliance (HSE's site facility provider) is currently working towards gaining the same accreditation. This will mean that both of HSE's facility companies (Carillion and Reliance) have their environmental credentials in place.

Workforce matters

We recognise that it is through our staff that we deliver our business goals. Staffing numbers decreased during the year from 3582 to 3399 (excluding the new staff from the Pesticides Safety Directorate). However, against a background of uncertainty in future funding, we sought to maintain staffing levels in priority areas with targeted recruitment and staff development.

Recruitment

During 2007/08 we:

- recruited 58 staff externally – 25 to HSE and 33 to HSL. We also ran internal exercises designed to redirect existing staff resources into front-line activity and also to prepare for the planned relocation of work from

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

	1 April 2003	1 April 2004	1 April 2005	Recon- structed staff in post ⁴ (includes staff transferred to ORR)	Staff in post (excludes staff transferred to ORR)	1 April 2007	1 April 2008⁶	
Occupational group	Staff in post	Staff in post	Staff in post	Staff in post ⁵ (restated)	Staff in post ⁵ (restated)	Staff in post ⁵ (restated)	Staff in post (excludes PSD)	Staff in post (includes PSD)
Front-line staff ¹ (of which are front-line/ operational inspectors)	1 508 (1 508)	1 551 (1 483)	1 517 (1 404)	1 543 (1 421)	1 442 (1 328)	1 405 (1 312)	1 325 (1 238)⁷	1 325 (1 238)⁷
Inspectors working in functions other than front-line/operational	143	122	126	122	116	128	128	128
Other professional or specialist staff ²	1 481	1 359	1 371	1 470	1 429	1 350	1 263	1 403
Other staff (of which are agency staff)	1 030 (94)	987 (115)	889 (100)	856 (88)	824 (88)	699 (4)	683 (50)	717 (50)
Total staff³	4 162	4 019	3 903	3 991	3 811	3 582	3 399	3 573

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.

1 'Front-line staff' comprises operational health and safety inspectors and, from 01/04/2004, other visiting staff who support delivery of key health and safety messages.

2 From 01/04/2004 onwards, the figures for 'other professional/specialist staff' have been reduced by the totals for 'other visiting staff' (note 1) as follows: 68 for 01/04/2004, 113 for 01/04/2005, 114 for 01/04/2006, 93 for 01/04/2007, and 87 for 01/04/2008. These staff are already included in the figures for 'front-line staff'.

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

4 'Reconstructed staff in post' figures at 01/04/2006 include staff who transferred to the Office of Rail Regulation (ORR) on that date, when responsibility for rail regulation health and safety matters transferred from HSE to ORR. Inclusion will enable direct comparison with previous years' figures.

5 'Staff in post' figures at 01/04/2007 have been restated to include staff from the Office for Civil Nuclear Security (OCNS) (FTE 29) and the UK Safeguards Office (FTE 5) who transferred from the Department of Trade and Industry (DTI) to HSE on that date. Inspectors working in functions other than 'front-line/operational', 'other professional or specialist staff' and 'other staff' figures increased by 1, 24 and 9 respectively as a result of the restatement. The figures also include 4 FTE staff who transferred from DTI's Engineering Inspectorate on 02/10/2006 with the transfer of regulatory functions around public safety aspects of the electricity distribution network.

6 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.

7 This figure excludes the significant number of general and specialist inspectors that have been recruited to HSE since 1 April 2008.

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

our London to Merseyside headquarters. This resulted in ten new policy and delivery managers and six new trainee inspectors. We made one senior civil service appointment at HSL;

- › managed 25 UK and eight overseas secondments and loans into/out of HSE; and
- › appointed seven fixed-term staff.

Staff training and development

During the year we:

- › arranged training for 2754 staff over 339 events. These include contracted and technical training/tutorials, plus the 'Early Years' training programme for new inspectors. Centrally provided training received satisfaction rates of over 97%;
- › continued to pilot our 'bitesize' training (1–2 hour sessions focused on performance management, staff development and leadership). We will be integrating these courses into personal development and management training in 2008/09, following positive feedback from attendees;
- › successfully piloted a mentoring programme to develop 15 staff. The emerging long-term programme is open to all staff and we envisage that, eventually, everyone in HSE will have the opportunity to take part. This will benefit both individuals and the organisation;
- › further developed the work-based postgraduate diploma, which was delivered in April 2008. The diploma's purpose is to provide trainee HSE inspectors with the skills to become all-round regulators.

Diversity

We have equality schemes in place for disability, gender and race, which 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/aboutus/diversity), set priorities for the next two years and are supported by a more detailed

diversity action plan. To help take forward diversity in 2007/08 we:

- › carried out an extensive study into issues affecting the recruitment and career progression of black and minority ethnic staff, consulting closely with HSE's Minority Action Group Network (MAGNET). The study did not find any fundamental problems with our systems, but we will take a more regional approach to recruitment, and develop initiatives to help staff in all diversity groups to compete better for senior positions;
- › completed an equality impact assessment of proposals to move the London headquarters to Merseyside, which identified some potentially adverse impacts and put in place arrangements to support staff to move to the north west or find alternative employment in London;
- › provided training for staff in corporate roles about their responsibilities under the equality schemes, and for carrying out equality impact assessments;
- › established a special users' group to help take forward issues relating to IT accessibility for staff who use adapted equipment;
- › provided training for experienced interviewers to help them to carry out internal selection panels against revised guidance, to ensure the arrangements are operated fairly and consistently;
- › helped staff to set up a network for lesbian, gay, bisexual and transgender (LGBT) staff and supported events for all the staff networks (race, women, disability and LGBT).

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

It is HSE's policy to consult the trade unions representing its staff as widely as possible

to give them the opportunity to influence the development and application of proposals relating to major organisational and staffing changes. There is a formal consultation structure between HSE management and unions within the Whitley system at both national and local levels. The HSE Whitley Council is the central forum for discussion of all matters of concern to HSE as a whole. National Whitleys are held quarterly and are chaired by the Chief Executive.

HSE consults and negotiates with the trade unions about all issues affecting the terms and conditions of employment of staff.

We inform staff of emerging issues with weekly electronic news bulletins and through HSE's website, intranet and monthly magazine. This enables staff at all levels to contribute towards decisions affecting the day-to-day business of the organisation. The introduction of EDRM has allowed employees more access to information across HSE.

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. HSE's overall performance during 2007/08 was 98.9% (2006/07 – 98.8%) of invoices paid within the agreed credit period.

There were no interest charges payable during 2007/08 (2006/07 – nil) relating to the Late Payment of Commercial Debts (Interest) Act 1998 or the Late Payment of Commercial Debts Regulations 2002.

Introduction of the euro

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

Pension liabilities

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

External auditors

The financial statements of the Commission and the Executive have been audited under Schedule 2 paragraphs 14(2) and 20 of the Health and Safety at Work etc. Act 1974 by the Comptroller and Auditor General whose certificate and report appear on pages 56–57 and 62–63.

The cost of statutory audit work was £97 700, which related solely to audit services. The National Audit Office certified HSE costs relating to an EU grant claim. An audit fee of £1400 was charged to the head of the consortium making the claim, with no direct cost to HSE.

Financial position and results for the year

HSE's financial plan for 2007/08 was to maintain key planned outputs and apply the Commission's policy on investigation and enforcement while continuing close control of expenditure and external recruitment. HSE has been successful in delivering the planned efficiencies in its Economy, Efficiency and Productivity Programme which has helped the organisation live within the resources made

available through the Spending Review 2004 settlement. HSE adopted a prudent approach while discussion and deliberation about its Spending Review 2007 (SR07) took place. The SR07 settlement has now been received and provides HSE with a period of relative stability.

Financial position (balance sheet)

HSE's balance sheet shows debtors of £31.3 million (£12.2 million of which relates to income due to HSE for chargeable activities) and creditors of £80.9 million (£60.9 million of which relates to the long-term liability to pay finance lease charges on HSL's Buxton site).

Tangible fixed assets of £87.4 million are also a significant component of the balance sheet, of which £59.2 million relates to HSL's PFI contract at the Buxton site.

Results for the year (operating cost statements)

The operating cost statements show a net operating cost of £0.8 million (2006/07 – £0.9 million) for HSC and £213.8 million (2006/07 restated – £232.7 million) for HSE.

Cash flow statement

HSE's cash flow statement shows a net cash outflow from operating activities of £208.4 million, compared to £228.2 million in 2006/07. The main reason for this change is the decrease in net operating costs from £232.7 million in 2006/07 to £213.8 million in 2007/08.

Cash outflow of £5.0 million from investing activities (net of £0.4 million proceeds from disposal of fixed assets) consists of expenditure on fixed asset additions of £5.4 million (£1.9 million of which relates to leasehold improvements).

The difference in the cash balance at 31 March 2007 and 31 March 2008 is due to the way HSE receives its cash from DWP.

Funding

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

Prior year comparatives

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

- the transfer of the Office of Nuclear Security and UK Safeguards Office from the Department for Business, Enterprise and Regulatory Reform (BERR) on 1 April 2007;
- a FReM requirement to account for non-retainable income (Consolidated Fund Extra Receipts – CFERs) through the operating cost statement.

Further details can be found in Note 2 to HSE's accounts – Transfer of Functions and Restatements.

Director's statement

So far as the Accounting Officers are aware, there is no relevant audit information of which HSC/E's auditors are unaware.

The Accounting Officers have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that HSC/E's auditors are aware of that information.

Remuneration Report

Management

Appointment of the Commission and members of the Executive

The Chair was appointed for a period of five years in October 2007, working on a part-time basis. Commission members are appointed for a fixed term of three years, which may be renewed. If the Chair or a member leaves the Commission 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 members of the Executive are established members of the Senior Civil Service and subject to standard Cabinet Office terms and conditions. None of the members of the Executive receive any predetermined compensation on termination of office.

The Secretary of State appoints the Chair and commissioners. Members of the Executive are civil servants and appointments are made in accordance with the Civil Service Commissioner's Recruitment code.

Further work on the Civil Service Commissioners can be found at www.civilservicecommissioners.org.

Commission

- i) The Secretary of State determines remuneration for commissioners.
- ii) Performance management and reward for commissioners is managed in line with principles set out for Civil Servants by Cabinet Office and agreed by the Secretary of State.
- iii) The proportion of remuneration subject to performance conditions is broadly in line with the recommendation by the Senior Salaries Review Body and agreed by the Secretary of State.

Table 6 **Commissioners' service contracts** (this information is subject to audit)

Name	Date of contract	Unexpired term	Notice period
Sir Bill Callaghan	1 October 1999	Contract expired 30 September 2007	N/A
Judith Hackitt CBE	1 October 2007	4 years 6 months	N/A
Sandy Blair CBE	1 April 2006	1 year	N/A
Daniel Carrigan OBE	1 October 2007	2 years 6 months	N/A
Robin Dahlberg	1 April 2007	2 years	N/A
Judith Donovan CBE	1 October 2006	1 year 6 months	N/A
Prof Sayeed Khan	1 April 2005	Contract expired 31 March 2008*	N/A
John Longworth	1 April 2005	Contract expired 31 March 2008	N/A
Hugh Robertson	1 April 2007	2 years	N/A
Elizabeth Snape MBE	1 October 2006	1 year 6 months	N/A
John Spanswick CBE	1 May 2006	1 year 1 month	N/A

* Although Prof Sayeed Khan's contract expired on 31 March 2008, a further three-year contract commenced on 1 April 2008.

David Gartside was appointed to the new HSE Board on 1 April 2008.

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|---|---|
| <ul style="list-style-type: none"> iv) Terms and conditions are set out in the Health and Safety at Work etc. Act 1974. A person may at any time resign their office as a member or as a chairman or deputy chairman by giving the Secretary of State a notice in writing signed by that person and stating that he resigns that office. v) Details of the service contract for each commissioner who has served during the year are as shown in Table 6. vi) There were no non-cash elements of the remuneration package during the year. | <ul style="list-style-type: none"> iii) The proportion of remuneration subject to performance conditions is in line with the recommendation by the Senior Salaries Review Body. iv) The standard terms and conditions defined by Cabinet Office for members of the Senior Civil Service apply in HSE. v) Details of the service contract for each senior manager who has served during the year are as shown in Table 7. vi) There were no non-cash elements of the remuneration package during the year. |
|---|---|

Executive

- | | |
|--|---|
| <ul style="list-style-type: none"> i) The remuneration of senior managers is in line with the recommendations for members of the Senior Civil Service by Cabinet Office and the Senior Salaries Review Body. A remuneration committee exists to agree the remuneration of the Executive. This committee consists of the Permanent Secretary, the Chair of HSC, an HSC commissioner and an independent member. ii) Performance management and reward is managed in HSE in line with the principles set out by Cabinet Office. | <p>The Health and Safety Commission and the Health and Safety Executive merged into one single national regulatory body on 1 April 2008. Jonathan Rees and Justin McCracken were not formally replaced on the Executive during this brief transitional period until the new governance arrangements came into effect. The new structure consists of a board of non-executive directors and a senior management team.</p> <p>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.</p> |
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Table 7 **Senior managers' service contracts** (this information is subject to audit)

Name	Date of contract	Unexpired term	Notice period
Geoffrey Podger CB	26 November 2005	2 years 8 months	13 weeks
Justin McCracken*	1 April 2002	Contract expired on 24 March 2008	N/A
Jonathan Rees†	13 September 2004	Contract expired on 24 February 2008	N/A

* Justin McCracken ceased to be a member of the Executive and left HSE on 24 March 2008.

† Jonathan Rees ceased to be a member of the Executive on 31 December 2007 and left HSE on 24 February 2008.

Remuneration of Commissioners and members of the Executive

Commissioners

The following held office during the year with responsibilities as shown:

Sir Bill Callaghan	Chair until 30 September 2007
Judith Hackitt CBE	Chair from 1 October 2007
Sandy Blair CBE	Commissioner
Daniel Carrigan OBE	Commissioner
Robin Dahlberg	Commissioner
Judith Donovan CBE	Commissioner
Prof Sayeed Khan	Commissioner
John Longworth	Commissioner
Hugh Robertson	Commissioner
Elizabeth Snape MBE	Commissioner
John Spanswick CBE	Commissioner

Executive

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

Geoffrey Podger CB	Chief Executive
Justin McCracken	Deputy Chief Executive (Operations) until 24 March 2008
Jonathan Rees	Deputy Chief Executive (Policy) until 31 December 2007

Company directorships

(this information is subject to audit)

Geoffrey Podger is a member of the Council/ Board of the Institute of Employment Studies. Justin McCracken was a trustee of the British Safety Council. Jonathan Rees was a Director of Banbury Baker's Dozen.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Commissioners and Executive.

Salary

'Salary' includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowances to the extent that they are subject to UK taxation. This presentation is based on payments made by the Health and Safety Executive.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. These benefits for Commission members include travel and subsistence payments associated with home to office travel, as appropriate. Any ensuing tax liability is met by HSC.

Compensation for loss of office

(this information is subject to audit)

No payments were made to any Commission members or members of the Executive for loss of office.

Table 8 **Remuneration – Commissioners** (this information is subject to audit)

Commissioners	2007/08			2006/07		
	Salary £'000	Full year equivalent £'000	Benefits in kind (to nearest £100)	Salary £'000	Full year equivalent £'000	Benefits in kind (to nearest £100)*
Sir Bill Callaghan	65–70	120–125	-	115–120	115–120	-
Judith Hackitt CBE	40–45	80–85	-	-	-	-
Sandy Blair CBE	15–20	15–20	1 900	15–20	15–20	1 700
Margaret Burns CBE	-	-	-	15–20	15–20	5 500
Daniel Carrigan OBE	15–20	15–20	5 400	15–20	15–20	5 000
Judith Donovan CBE	15–20	15–20	5 300	15–20	15–20	6 000
Robin Dahlberg	15–20	15–20	-	-	-	-
Prof Sayeed Khan	15–20	15–20	5 600	15–20	15–20	6 600
John Longworth	15–20	15–20	2 800	15–20	15–20	1 400
Hugh Robertson	15–20	15–20	-	15–20	15–20	-
Elizabeth Snape MBE	15–20	15–20	100	15–20	15–20	-
John Spanswick CBE	-	-	-	-	-	-

* 2006/07 figures have been restated to show claims relating to the financial year rather than claims made. 2007/08 figures are shown on a similar basis.

Table 9 **Remuneration – Executive** (this information is subject to audit)

Executive	2007/08			2006/07		
	Salary £'000	Full year equivalent £'000	Benefits in kind (to nearest £100)	Salary £'000	Full year equivalent £'000	Benefits in kind (to nearest £100)
Geoffrey Podger CB	170–175	170–175	-	155–160	155–160	-
Justin McCracken	145–150	145–150	-	135–140	135–140	-
Jonathan Rees	115–120	125–130	-	120–125	120–125	-

Pension benefits

Table 10 **Pension benefits – Commissioners** (this information is subject to audit)

Commissioners	Accrued pension at pension age as at 31 March 2008 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2008 £'000	Restated CETV at 31 March 2007 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Sir Bill Callaghan*	42.5–45.0 pension and 130.0–132.5 lump sum	5.0–7.5 pension and 15.0–17.5 lump sum	1 053	1 002	11	-
Judith Hackitt CBE	-	-	-	-	-	10 500

* The figures quoted are as at 30 September 2007.

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.

No Commission members, other than the Chair, have pensions. Further details can be found in Note 1(c) to HSC's accounts.

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

Executive	Accrued pension at pension age as at 31 March 2008 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2008 £'000	Restated CETV at 31 March 2007 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Geoffrey Podger CB	65–70 pension and 200–205 lump sum	7.5–10 pension and 22.5–25 lump sum	1 473	1 140	170	-
Justin McCracken	10–15 pension and 35–40 lump sum	0–2.5 pension and 2.5–5 lump sum	265	208	24	-
Jonathan Rees	55–60 pension	0–2.5 pension	997	851	33	-

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a 'final salary' scheme (classic, premium or classic plus) or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with 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 earnings 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 his 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 the accrued pension is uprated in line with 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 centrally-provided risk benefit cover (death in service and ill-health retirement).

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

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

Cash Equivalent Transfer Values

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 member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the 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 cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the

increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Non-executives

(this information is subject to audit)

Fees and expenses amounting to £6365 (2006/07 – nil) were paid to the non-executive members of the Audit Committee as shown in Table 12.

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

	2007/08 Total fees and expenses £'000	2006/07 Total fees and expenses £'000
Peter Conway	3	-
Paul Smith	3	-

2006/07 figures are provided for comparative purposes.



Judith Hackitt *CBE Chair*
Health and Safety Commission
Accounting Officer
11 June 2008



Geoffrey Podger *CB Chief Executive*
Health and Safety Executive
Accounting Officer
10 June 2008

Annex: Better Regulation

As a modern regulator, HSE is committed to improving the efficiency and effectiveness of its approach to regulation, both for those regulated and the regulators. Better regulation for HSE is about improving health and safety outcomes, while reducing paperwork, making it easier for business to know what is required, and how to comply. This also supports our risk-based, targeted approach to enforcement.

Simplifying and reducing administrative burdens

In November 2007, HSC/E published its second Simplification Plan (see www.hse.gov.uk/simplification). The plan includes new initiatives such as work with the Constructors Liaison Group to consider how best to join up the building control system. The plan also outlines the progress we have made in simplifying compliance with health and safety law over the past year. It reports specifically on HSE's progress towards achieving its 2010 target to reduce administrative burdens by 25%. The plan also describes HSE's achievements under the wider better regulation agenda, such as its response to the Hampton review on regulatory inspections and enforcement.

HSE has a strong track record and a good reputation with those it regulates, not only as an enforcer, but also an advisor. Since the report by the Hampton Review on regulatory inspections and enforcement in 2005, HSE has been closely involved in driving forward a programme to ensure comprehensive implementation of the Hampton recommendations to reduce administrative burdens and develop better regulation.

The key successes within the 2007 plan, aiming to maintain or improve health and safety outcomes while reducing costs to dutyholders, were:

- the Sensible Risk Management campaign: HSE worked with stakeholders to produce example risk assessments (www.hse.gov.uk/risk/casestudies) to help business see what a

'good enough' health and safety record in a particular sector might look like. This reinforces the message that risk assessment is about taking practical steps to protect people, not a bureaucratic experience. Early feedback from businesses working in these sectors has been positive, with around 50 000 example risk assessments viewed each month;

- 'myth of the month': This initiative is designed to tackle some of the common myths that can lead to confusion and over-compliance. We worked with LA partners and industry bodies to promote example risk assessments and show that they do not have to be long and complex to make a difference. The myths, which use humour to correct popular fallacies about 'health and safety requirements', are promoted by a number of trade publications and websites and have been referred to in the national media;
- the new Construction (Design and Management) Regulations (see page 11 for details);
- in Europe, HSE successfully influenced the Council resolution on the EU Occupational Health and Safety Strategy 2007–2012. This included a call on the European Commission to improve and simplify the administrative and regulatory framework, taking into account the European Council's target to reduce administrative burdens by 25% without lowering the level of protection;
- we simplified the process for reporting accidents and incidents as required by the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). We are now promoting the new reporting process through a customer-friendly telephone and web service;
- during 2007 the Better Regulation Executive and the National Audit Office carried out a review of regulators' compliance with the Hampton recommendations. The review focused on the assessment of regulatory performance against the Hampton principles

and Macrory characteristics of effective inspection and enforcement. The draft report commented favourably on HSE's approach as a regulator. The final report was issued in March 2008.

Improving policy development

HSE and LAs are responsible for the regulation of almost all the risks to health and safety arising from work activity in Great Britain. As part of this commitment to protecting people's health and safety in the workplace, we are constantly reviewing what can be achieved. Wide promotion of health and safety using non-legislative routes to improvement, especially in lower risk areas, has a vital role.

We delivered the following non-legislative initiatives during the last 12 months:

- We held better policy-making awareness raising sessions to update HSE staff on new policy guidance from central government and to provide advice on what should be considered in developing policies. The sessions focused on use of the new format for assessing the impact of new government policies.
- We launched a new initiative ('Think Small First') designed to ensure that all HSE guidance is written with small businesses in mind.
- We used our experience of different regulatory approaches to support the Better Regulation Executive in developing the new

statutory 'Regulators Compliance Code'.

We examined our high-level policies and are confident they meet the requirements of the new code. HSE issued a public statement to that effect in April 2008.

- HSE continued to build closer working relationships with LAs to ensure a consistent, proportionate and targeted approach to enforcement (see page 14 for further details).
- The Large Organisations Partnership Pilot (LOPP), which began in October 2005 (see page 13 for details).
- We launched webpages (www.hse.gov.uk/legislation/enforced.htm) listing HSC/E's stock of primary and secondary legislation, with links to the statutory instruments, guidance and forthcoming regulatory changes. This provides businesses with a quick and simple route to locating health and safety regulations and requirements relevant to their business.

Impact assessment

Following public consultation, new arrangements for impact assessments (previously regulatory impact assessments) were introduced in May 2007. HSE has applied the new arrangements to all new policy initiatives, regulatory and non-regulatory, that are likely to have an impact on business (imposing or reducing costs) from November 2007.



Part two

Health and Safety Commission **Accounts** and
Health and Safety Executive **Accounts** 2007/08

Statement of the Commission's, the Executive's, the Chair's and the Chief Executive's responsibilities

Under paragraphs 14(1) and 20(1) of Schedule 2 of the Health and Safety at Work etc. Act 1974 the Health and Safety Commission and the Health and Safety Executive are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Commission's and the Executive's state of affairs at the year-end and of their net operating cost, recognised gains and losses and cash flows for the financial year.

In preparing their accounts, the Commission and Executive are 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 Commission and the Executive will continue in operation.

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

Statement on Internal Control

1 Scope of responsibility

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

As Accounting Officers (for the Health and Safety Commission, the Chair, and for the Health and Safety Executive, the Chief Executive), we had responsibility for maintaining a sound system of internal control that supported the achievement of the Health and Safety Commission's and the Health and Safety Executive's policies, aims and objectives, agreed with the Department's ministers. We were also responsible for safeguarding the public funds and assets for which we were personally responsible, in accordance with the responsibilities assigned to us in *Managing Public Money*.

During 2007/08, HSC and HSE were Non-Departmental Public Bodies 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 responsibility for health and safety issues in government. HSC/E also reported 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.

HSC/E's vision is to gain recognition of health and safety as a cornerstone of a civilised society and, with that, to achieve a record of workplace health and safety that leads the world. HSC, now the new Board of HSE, sets the strategy for securing health and safety in relation to work activities with input and support from HSE.

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 HSC/E's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in HSC/E for the year ended 31 March 2008 and, in the new combined organisation, up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

3 Capacity to handle risk

HSC/E's mission is to protect people's health and safety by ensuring that risks in the changing workplace are properly controlled. Effective management of risk (including reducing risk to members of the public) so far as is reasonably practicable is a core part of that mission. We consult formally on all

regulatory changes, in line with criteria set out in the Cabinet Office's Code of Practice on Consultation.

HSC's annual business plan for 2007/08 set out how HSC/E intended to take forward HSC's Strategy, deliver its key business objectives (including the work-related health and safety Public Service Agreement (PSA) targets) and meet HSC's statutory obligations. HSE's business plan for 2008/09 sets out the new Board's plans for this year.

Arrangements for managing business risk are in place and continue to be improved by HSE's directorates, divisions, programmes and projects. An internal audit review during 2007/08 of HSE's business risk management arrangements offered substantial assurance to the Accounting Officers that the business risk management system provides an adequate basis for effective control and is properly operated in practice.

HSE has continued to take action throughout 2007/08 to embed and raise awareness of business risk across the organisation. HSE participates in Treasury's Risk Improvement Managers Network, seeking to adopt good practice and learn from other parts of government. A sub-group of the new Board has been established to review its risk register. HSE's strategic planning team maintains regular contact with key personnel who directly manage particular risk issues and provides support and advice as required. A series of business risk workshops took place during the year to help staff (at all levels) review their existing risk management arrangements, develop plans for improvement, improve consistency and share experiences.

HSE conducts regular internal audits of the business risk system. The Audit Committee reviews the organisation's progress, in terms of embedding and improving business risk management, at each meeting. In January 2008, the Audit Committee discussed in depth risk management processes, corporate-level risks and the new guidance. The Corporate Risk Management Plan (CRMP) is a standing agenda item at each Audit Committee meeting.

4 The risk and control framework

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

HSC comprised a Chair and nine members (Commissioners). It was the principal body in relation to the regulation of health and safety at work in Great Britain. It was supported in this by HSE and the local authorities, and provided them with strategic direction. HSC took policy decisions and advised ministers, including those from other government departments. As part of its role to scrutinise and challenge performance, HSC received and discussed performance reports quarterly from HSE. This involved reviewing HSE's balanced scorecard which translated HSC/E's mission and strategy into a balanced set of performance measures covering the key aspects of the organisation's performance.

The previous HSE Board (now the SMT) comprised senior managers in operations, policy and corporate support, together with the Chief Scientist, the Legal Adviser, and the Chief Executive of HSL. Its role was to manage HSE's performance and any risks that threatened achievement of HSE's objectives. This included taking co-ordinated decisions to ensure HSE remained in a sound financial position, directing improved business efficiency and implementing programmes of work to help achieve the PSA targets. The Board met formally monthly to make decisions about health and safety issues, policy, strategic finance and personnel matters. It received the performance and risk report quarterly,

which combined the balanced scorecard and the CRMP to draw the links between HSE's corporate-level risks and their current (and potential) impact on performance. The Minister responsible for work-related health and safety (DWP's Parliamentary Under-Secretary in the Lords) received and considered a summary of the performance and risk report. The HSC Chair and HSE's Chief Executive met the Minister monthly to discuss a range of key issues, including performance and risk. From 1 April 2008, the HSE Board Chair and Chief Executive continue to meet the Minister on the same basis.

The CRMP sets out HSE's strategic risks and is the focus for business risk management at corporate level. The CRMP was reviewed and revised in 2007, shortly after the publication of the HSC business plan for 2007/08, to maintain focus on HSC/E's key business objectives. Board-level risk owners were responsible for ensuring adequate measures were in place to manage each risk, and for monitoring the adequacy of these measures. If needed, further control measures were added. Each quarter, the HSE Board formally reviewed its corporate risks and directed further action as appropriate. Board members have supplied the HSC and HSE Accounting Officers with letters of assurance that include an assessment of internal controls within their commands.

The performance and risk report was complemented by a monthly finance and staffing paper, which was a standing item at HSE Board meetings. It provided 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 and regularity, propriety and authorisation of expenditure. Guidance on related arrangements is set out in codes and other instructions.

A programme of work was undertaken to encrypt all HSE portable PCs that are taken out of the office by 31 March 2008. This was to ensure that HSE was compliant with the directive issued by Sir Gus O'Donnell, Cabinet Secretary, on 21 January 2008 following the HMRC and other high-profile sensitive personal data losses. All of HSE's portable computers that are taken out of the office have now been encrypted and the small number that have yet to be encrypted are held securely and not removed from the office. As a result of a recent Internal Audit recommendation, an Information Assurance Forum is also to be set up and Information Security policies and procedures are to be reviewed, refreshed and communicated to staff by October 2008.

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

The following functions were transferred into HSE:

- from 1 April 2007, HSE took over responsibility for the Adventure Activities Licensing Authority (AALA) under the Activity Centres (Young Persons' Safety) Act 1995;
- on 1 April 2007, the Office for Civil Nuclear Security transferred from the Department for Business, Enterprise and Regulatory Reform (BERR) together with the UK Safeguards Office; and
- on 1 April 2008, the Pesticides Safety Directorate transferred from the Department for Environment, Food and Rural Affairs (Defra).

5 Review of effectiveness

As Accounting Officers, we have responsibility for reviewing the effectiveness of the system of internal control. Our 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. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Board, the Audit Committee and the risk owners; a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Audit Committee, chaired by a commissioner, met four times in 2007/08. The terms of reference for the Committee were updated during 2007/08 to ensure that the Committee operates in accordance with the HM Treasury *Audit Committee Handbook* issued in March 2007. Two independent non-executive members have been appointed to the Audit Committee.

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

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

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

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

In light of the audits undertaken in 2007/08, the overall opinion of the Head of Internal Audit is that HSC/E has a satisfactory system of control, governance and risk management in place which provide reasonable assurance regarding the effective and efficient achievements of its objectives.

6 Significant internal control problems

There were no significant internal control problems.



Judith Hackitt *CBE Chair*
Health and Safety Commission
Accounting Officer
11 June 2008



Geoffrey Podger *CB Chief Executive*
Health and Safety Executive
Accounting Officer
10 June 2008

Health and Safety Commission

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 Commission for the year ended 31 March 2008 under the Health and Safety at Work etc. Act 1974. These comprise the Operating Cost Statement 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 Commission, Chair, and Auditor

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

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Health and Safety at Work etc. Act 1974 and the Department for Work and Pensions' directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Management Commentary, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In addition, I report to you if the Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

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

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

Basis of audit opinion

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

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

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

Opinions

Audit opinion

In my opinion:

- › the financial statements give a true and fair view, in accordance with the Health and Safety at Work etc. Act 1974 and directions made thereunder by the Department for Work and Pensions, of the state of the Commission's affairs as at 31 March 2008 and of its net operating cost for the year then ended;
- › the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Health and Safety at Work etc. Act 1974 and the Department for Work and Pensions' directions made thereunder; and
- › information, which comprises the Management Commentary, and other relevant financial performance information included within other sections of the Annual Report, is consistent with the financial statements.

Audit opinion on regularity

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

Report

I have no observations to make on these financial statements.

TJ Burr *Comptroller and Auditor General*
 National Audit Office
 151 Buckingham Palace Road
 Victoria, London SW1W 9SS
 19 June 2008

Health and Safety Commission

Operating Cost Statement for the year ended 31 March 2008

	Notes	2007/08 £'000	2006/07 £'000
Administration costs			
Staff costs	3	473	507
Other administration costs	4	365	383
Gross administration costs		838	890
Operating income		-	-
Net operating cost		838	890

All income and expenditure is derived from continuing operations.

The Notes on pages 59 to 61 form part of these accounts.



Judith Hackitt *CBE Chair*
Health and Safety Commission
Accounting Officer
11 June 2008

Health and Safety Commission

Notes to the Accounts

1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2007/08 Government Financial Reporting Manual (FReM) (www.financial-reporting.gov.uk) issued by HM Treasury. The particular accounting policies adopted by HSC are described below. They have been applied consistently in dealing with the items considered material in relation to the accounts.

(a) Accounts Directions

In accordance with Accounts Directions issued by the Secretary of State with the approval of the Treasury, the Health and Safety Commission and Health and Safety Executive have prepared a joint Statement of Responsibilities and Statement on Internal Control and separate Operating Cost Statements. HSC has not produced a Balance Sheet as any assets and liabilities of HSC are included in the HSE Balance Sheet and are not material in value in the context of HSE balances (see Note 2 Request for Resources). HSC has no bank account and all direct and indirect expenditure is paid for by HSE, so the production of a Cash Flow Statement is deemed inappropriate. HSC has no need to produce Parliamentary Control Schedules and the relevant information is contained in those schedules within DWP's accounts (refer to Note 2 with regard to Request for Resources).

(b) Accounting convention

Consolidated accounts have not been prepared, with the agreement of HM Treasury and National Audit Office, on the basis that there is a statutory requirement to produce separate accounts for HSC and HSE and it would be administratively burdensome and provide no additional information for the reader of the accounts.

(c) Pensions

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

Previous chairs were not members of the PCSPS but arrangements existed whereby the Health and Safety Executive made pension payments analogous to those that would have been made if they had been members of the PCSPS and were paid out of the current year's funds that were made available. A notional pension cost of 25.5%, (2006/07 – 25.5%), was added to the previous Chair's emoluments up to the end of his contract on 30 September 2007.

The provision is included in the HSE accounts.

The appointment of Commission members is non-pensionable.

The employees of the Health and Safety Commission, other than the Chair and Commission members, are civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. For details of the schemes please refer to HSE accounts, accounting policy Note 1(l).

2 Request for Resources

Pursuant to section 43 of the Health and Safety at Work etc. Act 1974, the Commission is financed by a Request for Resources from the Department for Work and Pensions (Request for Resources 2).

The total Request for Resources received by the Health and Safety Commission from DWP for the financial year 2007/08 was £217 338 000 and after deducting £473 099 for staff costs and £365 068 for other operating charges, the sum of £216 499 833 was allocated to the Health and Safety Executive. These transactions pass through Reserves in the Balance Sheet but produce a nil value in HSC's accounts.

	£'000
Opening general fund 1 April 2007	NIL
Net parliamentary cash funding	217 338
Net operating cost	838
Cash transfer to HSE (refer to HSE Cash Flow Statement)	216 500
Closing general fund 31 March 2008	NIL

Expenditure of the Health and Safety Commission

3 Staff numbers and costs

(a) Staff costs of the Health and Safety Commission

			2007/08	2006/07
	Staff with a permanent UK contract £'000	Other staff engaged on the objectives of HSE £'000	Total £'000	£'000
Wages and salaries	390	-	390	425
Social security costs	42	-	42	43
Pension costs	41	-	41	39
Subtotal	473	-	473	507
Less recoveries in respect of outward secondments	-	-	-	-
Total net costs	473	-	473	507

(b) The average number of whole-time equivalent employees during the year of the accounts, other than the Chair and Commission members, is shown in the table below:

	Permanently employed staff	Others	2007/08 Total Number	2006/07 Total Number
Non-specialist staff	5	-	5	5.5

For further details on pension arrangements for non-specialist staff, please refer to HSE accounts (accounting policy Note 1(l) and Note 3).

4 Non-staff administration costs of the Health and Safety Commission

	2007/08 £'000	2006/07 £'000
General administrative expenses	238	228
Travel, subsistence and hospitality for Chair, Commission members and support staff	70	85
Rent, rates, maintenance and other premises costs	57	70
	365	383

Travel, subsistence and hospitality expenses for the Chair and Commission members was £63 693 (2006/07 – £71 748), while the total for the support staff was £6336 (2006/07 – £13 476).

5 Related party transactions

The Health and Safety Commission was an Executive Non-Departmental Public Body with Crown status and was sponsored by the Department for Work and Pensions (DWP).

DWP is regarded as a related party. During the year, HSC did not have any material transactions with DWP or other entities for which DWP is regarded as the parent Department.

None of the Commission members or any persons connected with them have any interest in any material transactions with HSC/HSE or received benefits from their suppliers during the year.

Health and Safety Executive

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 2008 under the Health and Safety at Work etc. Act 1974. These comprise the Operating Cost Statement, the Balance Sheet, the Cashflow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Executive, Chief Executive and Auditor

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

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

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

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

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

Basis of audit opinion

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

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

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

Opinions

Audit opinion

In my opinion:

- › the financial statements give a true and fair view, in accordance with the Health and Safety at Work etc. Act 1974 and directions made thereunder by the Department for Work and Pensions, of the state of the Executive's affairs as at 31 March 2008 and of its net operating cost for the year then ended;
- › the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Health and Safety at Work etc. Act 1974 and the Department for Work and Pensions directions made thereunder; and
- › information, which comprises the Management Commentary, and other relevant financial performance information included within other sections of the Annual Report, is consistent with the financial statements.

Audit opinion on regularity

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

Report

I have no observations to make on these financial statements.

TJ Burr *Comptroller and Auditor General*
National Audit Office
151 Buckingham Palace Road
Victoria, London SW1W 9SS
19 June 2008

Health and Safety Executive

Operating Cost Statement for the year ended 31 March 2008

	Notes	2007/08 £'000	Restated 2006/07 £'000
Administration costs			
Staff costs	3	153 889	157 971
Other administration costs	4	92 446	99 871
Gross administration costs			
Operating income	6	(55 031)	(53 502)
EU income	6	(256)	(308)
Net administration costs			
<i>Programme costs</i>			
Expenditure	5	33 078	37 915
Less income	5 and 6	(10 243)	(9 215)
Net programme costs			
Net operating cost			
		213 883	232 732

All income and expenditure is derived from continuing operations.

Statement of Recognised Gains and Losses for the year ended 31 March 2008

	Notes	2007/08 £'000	2006/07 £'000
Net gain/(loss) on revaluation of tangible fixed assets	14	3 990	1 437
Actuarial loss on pensions by analogy		(97)	(157)
Total recognised gains and losses for the financial year			
		3 893	1 280

The Notes on pages 67 to 93 form part of these accounts.

Health and Safety Executive

Balance Sheet as at 31 March 2008

	Notes	31 March 2008		Restated 31 March 2007	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7a		87 405		84 777
Intangible assets	7b		109		79
Debtors: falling due after more than one year	9		4 041		4 212
Current assets					
Stocks	8	1 346		1 525	
Debtors	9	27 284		26 463	
Cash at bank and in hand	10	233		101	
		28 863		28 089	
Creditors (amounts falling due within one year)	11	(17 055)		(19 559)	
Net current assets			11 808		8 530
Total assets less current liabilities					
			103 363		97 598
Creditors (amounts falling due after more than one year)	11		(63 844)		(63 428)
Provisions for liabilities and charges	12		(4 606)		(5 936)
			34 913		28 234
Taxpayers' equity					
General fund	13		22 067		19 111
Revaluation reserve	14		12 846		9 123
			34 913		28 234

The Notes on pages 67 to 93 form part of these accounts.



Geoffrey Podger CB *Chief Executive*
Health and Safety Executive
Accounting Officer
10 June 2008

Health and Safety Executive

Cash Flow Statement for the year ended 31 March 2008

	2007/08 £'000	Restated 2006/07 £'000
Net cash outflow from operating activities	(208 436)	(228 201)
Capital expenditure and financial investment	(5 044)	(7 273)
Payments of amounts due to the consolidated fund	(304)	(2)
Financing	216 500	232 451
Increase/(decrease) in cash in the period	2 716	(3 025)

(See Note 15 for notes to the Cash Flow Statement.)

The Notes on pages 67 to 93 form part of these accounts.

Health and Safety Executive

Notes to the Accounts

1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2007/08 Government Financial Reporting Manual (FReM) (www.financial-reporting.gov.uk) issued by HM Treasury. The particular accounting policies adopted by HSE are described below. They have been applied consistently in dealing with the items considered material in relation to the accounts. The financial statements consolidate the figures for the Health and Safety Laboratory (HSL).

The accounting policies contained in the FReM follow generally accepted accounting practice for companies (UK GAAP) to the extent that is meaningful and appropriate to the public sector.

(a) Accounts Direction

In accordance with Accounts Directions issued by the Secretary of State with the approval of the Treasury, the Health and Safety Commission and Health and Safety Executive have prepared a joint 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 (refer HSC Accounts Note 2 with regard to Request for Resources).

(b) Accounting convention

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

(c) Government grants

Grants receivable

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

The Commission paid to the Executive such sums as the Commission considered appropriate for the purpose of enabling the Executive to perform its functions. The Request for Resources is credited to the General Fund in the year in which it is received.

Grants payable

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

(d) Tangible fixed assets

All assets were held by the Health and Safety Executive on behalf of the Health and Safety Commission. Items of equipment costing less than £2000 are charged to expenditure in the year of purchase, except for computer equipment costing over £500 but less than £2000 and items of furniture costing less than £2000 which are grouped for capitalisation by year of acquisition.

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

Fixed assets are capitalised at cost of acquisition and installation.

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

Expenditure in respect of major capital refurbishment and improvement of properties occupied but not owned by HSE is capitalised because the expenditure provides a long-term continuing benefit to the organisation. All land and building assets are assessed each year for the likelihood of a material change in value as at 31 March. Where the directors consider that it is likely that there has been a material change in value, assets are revalued using a professional valuation or appropriate indices. All other assets are revalued by reference to appropriate HM Treasury approved indices. Professional valuations, where appropriate, are undertaken at least every five years, in accordance with the FrEM and Financial Reporting Standard (FRS 15).

Jones Lang LaSalle professionally revalued all land and building assets on the Buxton site as at 31 March 2005. Additionally, the freehold property at Carlisle was independently valued at 31 March 2006 by Donaldsons, Chartered Surveyors. In each case, the valuations were in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (RICS).

(e) Depreciation

Freehold land is not depreciated.

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

Depreciation is calculated to write off the replacement cost or valuation of an asset evenly over its expected useful life, except for vehicles, where 60% of the original cost is depreciated over the asset life. Assets in the course of construction and residual interests in off-balance sheet Private Finance Initiative (PFI) contract assets are not depreciated until the asset is brought into use or reverts to HSE respectively.

Tangible fixed assets are depreciated at the following rates:

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

(f) Intangible assets

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

(g) Revaluation reserve

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

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

(h) Stocks and work in progress

Stocks and work in progress are valued as follows:

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

(i) Foreign currency

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

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

(j) Research

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

(k) Capital charge

A charge, reflecting the cost of capital utilised by HSE, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%, 2006/07 – 3.5%) on the average carrying amounts of all assets less liabilities, except for:

- intra-departmental balances;
- cash balances with the Office of HM Paymaster General, where the charge is nil.

(l) Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Scheme (PCSPS), details of which are described in Note 3. The defined benefit elements of the schemes are

unfunded and are non-contributory except in respect of dependents' 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 element of the schemes, HSE recognises the contributions payable for the year.

(m) Leases

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

(n) Administration and programme expenditure

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

(o) Private Finance Initiative (PFI) transactions

PFI transactions (refer to Note 21) have been accounted for in accordance with Treasury Technical Note No. 1 (Revised), entitled *How to Account for PFI transactions as required by the Financial Reporting Manual*. Where the balance of risk and rewards of ownership of the PFI asset are borne by the PFI operator, the PFI payments are recorded as an operating cost. Where HSE has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract. Where at the end of the PFI contract an asset reverts to HSE, the difference between the expected fair value of the residual assets on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year.

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

(p) Provisions

HSE provides for legal or constructive obligations which are of uncertain timing or amount at the Balance Sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury discount rate of 2.2% (2006/07 – 2.2%) in real terms.

(q) Contingent liabilities

Disclosure conforms to FRS 12, including discounting where the time value of money is material.

(r) Value Added Tax

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

(s) Operating income

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

2 Transfer of functions and restatements

Restatement of Balance Sheet and Operating Cost Statement at 31 March 2007.

	Published accounts at 31 March 2007 £'000	Functions transferred from BERR £'000	CFER adjustment £'000	Restated at 31 March 2007 £'000
Balance Sheet				
Fixed assets	84 777	-	-	84 777
Intangible fixed assets	79	-	-	79
Debtors falling due after more than one year	4 212	-	-	4 212
Current assets				
Stocks	1 525	-	-	1 525
Debtors	25 825	638	-	26 463
Cash in bank and in hand	101	-	-	101
Creditors (amounts falling due within one year)	(19 559)	-	-	(19 559)
Creditors (amounts falling due after more than one year)	(63 428)	-	-	(63 428)
Provisions for liabilities and charges	(5 936)	-	-	(5 936)
Net assets	27 596	638	-	28 234
Taxpayers equity				
General Fund	18 473	638	-	19 111
Revaluation Reserve	9 123	-	-	9 123
	27 596	638	-	28 234
Operating Cost Statement				
Staff costs	155 913	2 058	-	157 971
Other administration costs	99 071	800	-	99 871
Gross administration costs	254 984	2 858	-	257 842
Operating income	(50 545)	(2 653)	(304)	(53 502)
EU Income	(308)	-	-	(308)
Net administration costs	204 131	205	(304)	204 032
Programme costs				
Expenditure	37 930	(15)	-	37 915
Income	(9 215)	-	-	(9 215)
Net programme costs	28 715	(15)	-	28 700
Net operating cost	232 846	190	(304)	232 732

Reported figures at 31 March 2007 have been restated as a result of the following:

- › responsibility for the Office for Civil Nuclear Security and the UK Safeguards Office was transferred to HSE from the Department for Business, Enterprise and Regulatory Reform (formerly the Department for Trade and Industry) on 1 April 2007; and
- › a change in treatment of non-retainable income (Consolidated Fund Extra Receipts – CFERs). From April 2007 the FReM requires this type of income to be recorded in the Operating Cost Statement.

3 Staff numbers and costs of the Health and Safety Executive

(a) Staff costs

			2007/08	Restated 2006/07
	Staff with a permanent UK contract £'000	Other staff engaged on the objectives of HSE £'000	Total £'000	Total £'000
Wages and salaries	118 333	2 263	120 596	123 630
Social security costs	9 655	53	9 708	10 071
Other pension costs	24 436	115	24 551	25 094
Total	152 424	2 431	154 855	158 795
Less recoveries in respect of outward secondments	(966)	-	(966)	(824)
Total net costs	151 458	2 431	153 889	157 971

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

For 2007/08 employer's contributions of £24.4 million were payable to the PCSPS (2006/07 – £24.7 million) at one of the four rates in the range 17.1–25.5% of pensionable pay (2006/07 – 17.1–25.5%), based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. From 2008/09, the salary bands will be revised but the rates will stay the same. (The rates will be changing with effect from April 2009). The contribution rates are set to meet the costs of the benefits accruing during 2007/08 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 £42 356 (2006/07 – £26 746) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3–12.5% of pensionable pay. Employers also match employee contributions

up to 3% of pensionable pay. In addition, employer contributions of £2719, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum payments on death in service and ill-health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £3198.

Three people retired early on ill-health grounds (2006/07 – six people); the total additional accrued pension liabilities in the year amounted to £16 470 (2006/07 – £10 255). These liabilities are not the responsibility of HSE but are to be paid by the Civil Superannuation Vote.

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

		2007/08	Restated 2006/07
	Other staff engaged on the objectives of HSE	Total	Total
Permanently employed staff	45	3 486	3 709
3 441			

4 Other administration costs

	2007/08 £'000	Restated 2006/07 £'000
Rentals under operating leases:		
Hire of plant and machinery	11	24
Operating leases	7 782	8 715
PFI service charges:		
Off-balance sheet contracts	22 720	21 210
On-balance sheet PFI contracts	3 303	3 170
Interest charges – On-balance sheet PFI contracts	5 686	5 588
Auditor's remuneration	98	94
Non-cash items:		
PFI on-balance sheet contracts – amortisation of prepayment	153	153
Depreciation and amortisation of fixed assets	6 223	6 293
Cost of capital charge	1 130	1 007
Impairment of fixed assets	99	159
(Profit)/loss on disposal of fixed assets	18	241
Provisions: provided in year	593	2 576
Unwinding of discount on provisions	31	30
Other non-cash items	549	5
Other expenditure	44 050	50 606
	92 446	99 871

Travel, subsistence and hospitality expenses for the Executive members were £38 261 (2006/07 – £36 529), while the total for all other staff was £10 188 954 (2006/07 restated – £11 286 429).

In 2007/08, the National Audit Office certified HSE costs relating to an EU grant claim. An audit fee of £1400 was charged to the head of the consortium making the claim, with no direct cost to HSE. There were no costs of this nature relating to 2006/07.

Analysis of other expenditure

	2007/08 £'000	Restated 2006/07 £'000
Accommodation	12 553	14 066
Travel and subsistence	10 228	11 323
Other	21 269	25 217
	44 050	50 606

5 Net programme costs

	2007/08 £'000	Restated 2006/07 £'000
Research	11 921	15 522
Publicity, marketing and distribution	11 696	12 621
Current grants and other current expenditure	9 461	9 772
Subtotal	33 078	37 915
Less programme income	(10 243)	(9 215)
Net total	22 835	28 700

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, apart from the licensing of nuclear installations where the notional charge is not an expense that can be recovered under the Nuclear Installations Act 1965.

	Cost £'000	Income £'000	2007/08 Surplus/ (deficit) £'000	Restated 2006/07 Surplus/ (deficit) £'000
(i) HSE fees and charges				
Licensing of nuclear installations	24 774	24 774	-	-
Safety-related research in the nuclear industry	533	533	-	-
Civil nuclear security	3 146	3 146	-	96
Generic Design Assessment	2 110	2 110	-	-
Genetically modified organisms	115	152	37	43
First-aid approvals	280	225	(55)	(111)
Asbestos licensing	358	348	(10)	9
FEPA fees and levy	477	477	-	-
Authorisation of biocides and pesticides	718	772	54	237
Notification of new substances	296	337	41	124
Control of major accident hazards	5 414	5 164	(250)	12
Enforcement of offshore safety legislation	8 594	8 501	(93)	(479)
Enforcement of Gas Safety (Management) Regulations	525	483	(42)	(13)
Total HSE fees and charges	47 340	47 022	(318)	(82)
Health and Safety Laboratory external customers	6 908	6 908		
Health and Safety Laboratory EU income	190	190		
Other fees and agency charges	-	129		
Total HSL income	7 098	7 227		
Total fees and charges at 31 March 2008	54 438	54 249		
Total fees and charges at 31 March 2007 (restated)	51 142	51 484		
(ii) HSE sales and other income				
Sale of publications	2 682	3 756	1 074	1 392
Other sales/income	-	7 459		
EU income	66	66		
Total sales and other income at 31 March 2008	2 748	11 281		
Total sales and other income at 31 March 2007 (restated)	2 564	11 541		

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

Analysis of income per the Operating Cost Statement

	HSE fees and charges	HSL income	HSE sales and other income	Total per Operating Cost Statement
Operating income	47 022	128	7 881	55 031
EU income	-	190	66	256
Programme income	-	6 909	3 334	10 243
Total per note 6	47 022	7 227	11 281	65 530

7 Assets

(a) Tangible fixed assets

	Land and Buildings £'000	Leasehold Improve- ments £'000	Information Technology £'000	Motor Vehicles £'000	Plant and Machinery £'000	Furniture and Fittings £'000	Payments on Account and Assets under Construction £'000	Total £'000
Cost or valuation at 1 April 2007 (restated)	64 522	18 325	3 575	3 312	13 707	11 668	2 611	117 720
Reclassifications (cost)	-	1 524	-	-	372	-	(1 896)	-
Additions in year	26	1 920	468	957	934	387	666	5 358
Revaluations in year	3 869	-	(68)	(28)	226	314	-	4 313
Disposals during year	-	-	(17)	(907)	(489)	(173)	-	(1 586)
Balance at 31 March 2008	68 417	21 769	3 958	3 334	14 750	12 196	1 381	125 805
Depreciation at 1 April 2007 (restated)	2 686	12 257	2 881	1 212	9 655	4 252	-	32 943
Charge in year	1 150	2 270	397	563	874	945	-	6 199
Revaluations in year	239	-	(35)	(9)	103	124	-	422
Disposals during year	-	-	(16)	(516)	(477)	(155)	-	(1 164)
Accumulated depreciation at 31 March 2008	4 075	14 527	3 227	1 250	10 155	5 166	-	38 400
Net book value at 31 March 2008	64 342	7 242	731	2 084	4 595	7 030	1 381	87 405
Net book value at 31 March 2007 (restated)	61 836	6 068	694	2 100	4 052	7 416	2 611	84 777
Asset financing								
Owned	5 062	7 242	731	2 084	4 595	4 502	666	24 882
Finance leased	-	-	-	-	-	-	-	-
On-balance sheet PFI contracts	59 280	-	-	-	-	2 528	-	61 808
PFI residual interests	-	-	-	-	-	-	715	715
Net book value at 31 March 2008	64 342	7 242	731	2 084	4 595	7 030	1 381	87 405

Depreciation charged in the year on assets under the PFI contract was £1.078 million (2006/07 – £1.055 million).

Land and buildings comprise the following:

	Freeholds £'000	Short Leaseholds £'000	Total £'000
Cost or valuation at 1 April 2007	5 369	59 153	64 522
Reclassifications	-	-	-
Additions in year	26	-	26
Revaluations in year	172	3 697	3 869
Disposals during year	-	-	-
Balance at 31 March 2008	5 567	62 850	68 417
Depreciation at 1 April 2007	312	2 374	2 686
Charge in year	164	986	1 150
Revaluations in year	29	210	239
Disposals during year	-	-	-
Accumulated depreciation at 31 March 2008	505	3 570	4 075
Net book value at 31 March 2008	5 062	59 280	64 342
Net book value at 31 March 2007	5 057	56 779	61 836

(b) Intangible assets

	2007/08 £'000
Cost or valuation at 1 April 2007	85
Additions in year	54
Revaluations in year	-
Disposals during year	-
Balance at 31 March 2008	139
Amortisation at 1 April 2007	6
Charge in year	24
Revaluations in year	-
Disposals during year	-
Accumulated amortisation at 31 March 2008	30
Net book value at 31 March 2008	109
Net book value at 31 March 2007	79

8 Stocks and work in progress

	2007/08 £'000	2006/07 £'000
Work-in-progress	595	721
Finished stock for sale	751	804
	1 346	1 525

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

	2007/08 £'000	Restated 2006/07 £'000
Amounts falling due within one year:		
Trade debtors	7 683	6 504
Imprest/advances	429	494
Prepayments	3 287	3 087
Current part of PFI prepayment	153	153
VAT	2 838	2 116
Other debtors	639	42
Accrued income	12 255	14 067
	27 284	26 463
Amounts falling due after more than one year:		
PFI prepayment	3 923	4 076
Other prepayments	4	2
Imprests/advances	114	134
	4 041	4 212
Total	31 325	30 675

The imprests/advances total of £542 344 (2006/07 – £627 122) includes £156 202 (2006/07 – £185 897) advances of salary for house purchase, £127 204 (2006/07 – £157 112) advances of salary for season ticket purchase, £126 685 (2006/07 – £134 257) imprests and £132 253 (2006/07 – £149 856) other advances.

There were 27 officers who had £2500 or more outstanding at 31 March 2008 which totalled £182 691 (2006/07 restated – £225 057, relating to 36 officers).

(b) Intra-government balances

	2007/08	Restated 2006/07	2007/08	2006/07
	Amounts falling due within one year	Amounts falling due within one year	Amounts falling due after one year	Amounts falling due after one year
	£'000	£'000	£'000	£'000
Balances with other central government bodies	5 217	3 517	-	-
Balances with local authorities	258	380	-	-
Balances with NHS Trusts	62	17	-	-
Balances with public corporations and trading funds	4 767	4 616	-	-
Subtotal: intra-government balances	10 304	8 530	-	-
Balances with bodies external to government	16 980	17 933	4 041	4 212
Total debtors at 31 March	27 284	26 463	4 041	4 212

10 Cash at bank and in hand

	2007/08	2006/07
	£'000	£'000
Balance at 1 April	(2 483)	542
Net change in cash balances	2 716	(441)
Balance at 31 March	233	101
Less Office of HM Paymaster General balance in creditors	-	(2 584)
	233	(2 483)
The following balances at 31 March are held at:		
Office of HM Paymaster General	161	(2 584)
Commercial banks and cash in hand	72	101
	233	(2 483)

11 Creditors

(a) Analysis by type

	2007/08 £'000	2006/07 £'000
Amounts falling due within one year:		
Other taxation and social security	3 226	3 281
Superannuation	2 330	2 335
Trade creditors: non capital	899	632
Trade creditors: capital	195	231
Other creditors	276	107
Accruals and deferred income	10 129	10 086
Balance with Office of HM Paymaster General	-	2 584
Receipts payable to DWP	-	303
	17 055	19 559
Amounts falling due after more than one year:		
Imputed finance lease element of on-balance sheet PFI contracts	60 870	60 055
Other creditors	2 974	3 373
	63 844	63 428
Total	80 899	82 987

HSE accounted for high performance awards on an accruals basis for the first time in 2007/08.

(b) Intra-government balances

	2007/08 £'000	2006/07 £'000	2007/08 £'000	2006/07 £'000
			Amounts falling due within one year	Amounts falling due after one year
Balances with other central government bodies	5 864	5 626	-	-
Balances with local authorities	11	33	-	-
Balances with NHS Trusts	32	28	-	-
Balances with public corporations and trading funds	1 298	152	-	-
Subtotal: intra-government balances	7 205	5 839	-	-
Balances with bodies external to government	9 850	13 720	63 844	63 428
Total creditors at 31 March	17 055	19 559	63 844	63 428

12 Provisions for liabilities and charges

	Early departure costs £'000	Dilapidations £'000	Chair's Pension by analogy £'000	Other £'000	Total £'000
Balance at 1 April 2007	2 737	1 669	1 270	260	5 936
Increase in provision	1 052	-	173	70	1 295
Provisions not required written back	-	(529)	-	-	(529)
Amounts utilised	(1 565)	(485)	(26)	(51)	(2 127)
Unwinding of discount	31	-	-	-	31
Balance at 31 March 2008	2 255	655	1 417	279	4 606

Early departure costs

HSE meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to PCSPS over the period between early departure and normal retirement date. HSE provides for this in full when the early retirement programme becomes binding on HSE by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2% in real terms. In past years HSE paid some of its liability for early retirement in advance and the balance remaining is treated as a prepayment.

Legal claims

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

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

Provision for retired Chairs of HSC

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

The provision reflects the valuation made by the Government Actuaries Department (GAD) at 31 March 2008. The results of the actuarial assessment are shown below:

	31 March 2008		31 March 2007	
	£'000	%	£'000	%
Financial assumptions				
The inflation rate assumptions		2.75		2.75
The rate of increase in salaries		4.30		4.30
The rate of increase for pensions in payment and deferred pensions		2.75		2.75
The rate used to discount scheme liabilities		5.30		4.60
The effect of accrual during year				
The current service cost (net of employee contributions)	17			
Any past service costs	0			
Gains and losses on any settlements and curtailments	0			
The interest cost	58			
Actuarial gains and losses during year				
				*
Experience losses (gains)	143	10.1		
Effect of changes in discount rate	(116)	-8.2		
Effect of changes in mortality assumption	70	4.9		
Effect of changes in other demographic and financial assumptions	0	0.0		
Total actuarial losses (gains)	97	6.8		
Liability				
Actives	0		998	
Deferreds	1 148		0	
Pensioners	224		225	
Dependant pensioners	45		47	
Total present value of the scheme liabilities	1 417		1 270	

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

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

13 General Fund

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

	2007/08 £'000	Restated 2006/07 £'000
Balance at 1 April	18 473	18 381
Prior period adjustment	638	
Adjusted opening balance	19 111	
Net parliamentary funding	216 500	232 451
Net transfer from operating activities		
Net operating cost	(213 883)	(232 732)
CFERS repayable to consolidated fund	(1)	(304)
Non-cash charges		
Cost of capital	1 130	1 007
Transfer from revaluation reserve	267	336
Actuarial gain (loss) on pension	(97)	(158)
Other	(960)	130
Balance at 31 March	22 067	19 111

14 Reserves

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

	2007/08 £'000	2006/07 £'000
Revaluation reserve		
Balance at 1 April	9 123	8 023
Arising on revaluation during the year (net)	3 990	1 437
Transfer to general fund of realised element of revaluation reserve	(267)	(337)
Balance at 31 March	12 846	9 123

15 Notes to the Cash Flow Statement

	Notes	2007/08 £'000	Restated 2006/07 £'000
(a) Reconciliation of operating cost to operating cash flows			
Net operating cost		(213 883)	(232 732)
Adjust for non-cash transactions		8 872	10 533
(Increase)/decrease in stock	8	179	(276)
(Increase)/decrease in debtors	9	(649)	(2 991)
Less movements in debtors not through Operating Cost Statement		(703)	(14)
Increase/(decrease) in creditors		(319)	(2 634)
Less movements in creditors not through Operating Cost Statement		(621)	302
Interest element of finance lease payment		815	924
Use of provisions	12	(2 127)	(1 313)
Net cash outflow from operating activities		(208 436)	(228 201)
(b) Analysis of capital expenditure and financial investment			
Tangible fixed asset additions		(5 394)	(7 501)
Intangible fixed asset additions		(54)	(85)
Proceeds of disposal of fixed assets		404	313
Net cash outflow from investing activities		(5 044)	(7 273)
(c) Analysis of financing and reconciliation to the net cash requirement			
From DWP		216 500	232 451
Decrease/(increase) in cash		(2 716)	3 025
Adjustment for payments and receipts not related to supply Amounts due to DWP		-	-
– received in a prior year and paid over		(303)	(1)
– received and not paid over		-	303
Net cash requirement		213 481	235 778

16 Capital commitments

	2007/08	2006/07
	£'000	£'000
Contracted commitments for which no provision has been made	259	533

17 Losses and special payments

	2007/08	2006/07	2007/08	2006/07
	No. of cases	No. of cases	£'000	£'000
Cash	5	4	5	2
Claims abandoned	161	240	92	354
Administrative losses	-	-	-	-
Fruitless payments	27	25	9	14
Stores	1	1	76	102
Special payments	18	36	62	24
	212	306	244	496

Special payments made by HSE to staff and members of the public totalled 18 cases in 2007/08 to the value of £62 340.

18 Commitments under non-PFI operating leases

At 31 March 2008 HSE was committed to making the following payments during the next year, analysed according to the period in which the lease expires:

	2007/08		2006/07	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases expiring within:				
One year	134	2	82	-
After one year but not more than five years	1 324	7	1 681	2
More than five years	8 913	-	9 571	-
	10 371	9	11 334	2

19 Commitments under non-PFI finance leases

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

20 Related party transactions

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

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

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

21 Commitments under PFI contracts

Off-balance sheet

HSE has entered into two contracts let under the Private Finance Initiative (PFI) that have been assessed under FRS 5 as being off HSE's balance sheet. The intention of the contracts is that the majority of the risks are transferred to the party best able to manage them and in these cases this is the private sector supplier.

Merseyside Headquarters (Redgrave Court)

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

IT services

HSE has streamlined the management of its IT service by placing all of its IT services with a single strategic partner who will have responsibility for delivery and end-to-end service. In June 2001, HSE signed a 10-year contract with a partner (LogicaCMG, with Computacenter as the key subcontractor) for the provision of information and communications technology (ICT) and information strategy (IS) service across all HSE sites and to all HSE users. The estimated capital value of the contract is £26.5 million.

Charge to the Operating Cost Statement and future commitments

The total amount charged in the Operating Cost Statement in respect of off-balance sheet PFI transactions was £22 719 666 (2006/07 restated – £21 210 161). These figures include a prepayment release of £71 454 in each year relating to the IT services contract. The payments to which HSE is committed during 2008/09, analysed by the period during which the commitment expires, are as follows:

	2008/09 £'000	2007/08 £'000
Expiry within 1 year	-	-
Expiry within 2 to 5 years	15 802	16 018
Expiry within 6 to 10 years	-	-
Expiry within 11 to 15 years	-	-
Expiry within 16 to 20 years	-	-
Expiry within 21 to 25 years	-	-
Expiry within 26 to 30 years	8 399	7 925

On-balance sheet

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

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

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

The Accounts are prepared on the basis that the economic effect of granting a lease at Buxton to ICB Ltd is not material because the difference between the existing use value of the freehold land at Buxton as at 31 March 2008 and the value of the reversionary interest in the freehold land as at October 2034 is not significant, given the location of, and potential uses for, the Buxton site.

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

	2008/09 £'000	2007/08 £'000
Rentals due within 1 year	5 069	4 871
Rentals due after 1 but within 2 years	5 085	4 884
Rentals due after 2 years but within 5 years	16 283	15 806
Rentals due after 5 years but within 10 years	30 627	29 702
Rentals due after 10 years but within 15 years	35 169	34 228
Rentals due after 15 years but within 20 years	40 045	39 044
Rentals due after 20 years but within 25 years	45 547	44 411
Rentals due after 25 years but within 30 years	15 517	25 081
Subtotal	193 342	198 027
Less interest element	(132 472)	(137 973)
Total	60 870	60 054

Charge to the Operating Cost Statement and future commitments

The total amount charged to HSL's Income and Expenditure account in respect of the service element of on-balance sheet PFI transactions was £3 455 847 (2006/07 – £3 323 252), both figures adjusted to include release of prepayment of £153 400, and, subject to ICB Ltd achieving contracted levels of service and availability, the value of the payments to which HSL is committed in respect of the following financial year is:

	2007/08 £'000	2006/07 £'000
Expiry within 26 to 30 years	3 592	3 304

22 Contingent liabilities

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

Meanwhile, the 'sister' case of *Wilson*, which had been stayed before the Employment Appeal Tribunal pending the outcome of the *Cadman* case in the ECJ, was remitted to the Employment Tribunal sitting at Shrewsbury. The Employment Tribunal applying the ECJ decision in the *Cadman* case found in HSE's favour. *Wilson* has appealed to the Employment Appeal Tribunal, although no hearing date has yet been set.

Towards the end of the 2005/06 financial year, both HSL and a main contractor engaged by HSL received claims alleging that injuries had been incurred by an employee of a subcontractor engaged by the main contractor to work on HSL's site at Buxton. The risk of liability in respect of a personal injury claim against HSL is considered to be low.

HSE has decided to run a voluntary early release scheme on flexible early retirement/severance terms for eligible staff based in our London HQ and in scope of the project to relocate posts to our Merseyside HQ. Details of the scheme were announced in May 2008 and decisions will be made late in 2008/09.

23 Financial instruments

FRS 13 (*Derivatives and Other Financial Instruments*) requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of our activities and the way in which government bodies are financed, HSE is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in their ability to create or change risk than would be typical of the listed companies to which FRS 13 mainly applies. HSE has no powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing HSE in undertaking its activities.

Financial assets

These are non-interest-bearing imprests and advances to staff falling due after more than one year, as detailed in Note 9. As at 31 March 2008, the weighted average period to maturity was 4.4 years (2006/07 – 4.4 years).

Foreign currency risk

HSE's exposure to foreign currency risk is not significant. The foreign exchange loss for 2007/08 was £588 (£1589 for 2006/07). Disclosure of debtors and creditors due and payable after one year is made in the respective Notes to the Accounts.

Fair values

The fair values of HSE's financial assets have been calculated as £106 676 at 31 March 2008 (£126 202 at 31 March 2007). The basis of fair valuation has been to discount cash flows by the real rate set by HM Treasury (currently 2.2%).

Liquidity risk

HSE's net revenue resource requirements are financed by resources voted annually by Parliament. HSE is not therefore exposed to significant liquidity risk.

Interest rate risk and profile

All of HSE's financial assets and liabilities carry nil rates of interest and hence are not exposed to significant interest rate risk.

24 Post balance sheet events

FRS 21 requires HSE to disclose the date when the financial statements are authorised, which is the date of the Certificate and Report of the Comptroller and Auditor General.

The authorised date is 19 June 2008.

On 1 April 2008 HSC and HSE merged to become one single national regulatory body, the Health and Safety Executive.

On 1 April 2008 the Pesticides Safety Directorate transferred from the Department for Environment, Food and Rural Affairs (Defra).



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ISBN 978-0-10-295334-3



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