

# **DWP / HSE FRAMEWORK DOCUMENT**

This framework document has been drawn up by the Department for Work and Pensions (DWP) in consultation with the Health and Safety Executive (HSE). It sets out the broad framework within which HSE, as one of DWP's Non Departmental Public Bodies (NDPBs), will operate. The document does not convey any legal powers or responsibilities. Copies of the document have been placed (and any subsequent amendments will be placed) in the Libraries of both Houses of Parliament and made available to members of the public on the HSE website.

## **Purpose of the HSE**

1.1 Under the Health and Safety at Work etc. Act 1974 (as amended) (HSWA) HSE has been set up in order to support the Government's strategic aims and current targets for health and safety at work. Its main aim is to secure the health, safety and welfare of people at work and protect others from risks to health and safety from work activity.

1.2 Its main statutory duties are to:

- propose and set necessary standards for health and safety performance;
- secure compliance with those standards;
- carry out research and publish the results and provide an information and advisory service;
- provide a Minister of the Crown on request with information and expert advice.

1.3 HSE's mission is:

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

## **Governance and accountability**

### **2 Legal origins of HSE's powers and duties**

2.1 HSE's powers and duties stem from a range of statutes and statutory instruments.

These include<sup>1</sup>:

- Sections 11, 13, 14, 16, 18, 19, 26,27, 50, 55 56, 57, and 59 of and Schedule 2 to HSWA (and subordinate legislation made under that Act) ;
- Sections 1 – 6, and 24A of the Nuclear Installations Act 1965;
- The Mines and Quarries Act 1954;
- The Activity Centres (Young Persons' Safety) Act 1995 (and subordinate legislation made under that Act);
- The Notification of New Substances Regulations 1993;
- The Control of Major Accident Hazards Regulations 1999;

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<sup>1</sup> This is an illustrative and not definitive list of the legislation setting out HSE's powers and duties.

- The Genetically Modified Organisms (Contained Use) Regulations 2000.

HSE also exercises, by virtue of agreements entered into under section 13 of HSWA, certain statutory powers and duties conferred on the Secretary of State. These include powers under:

- Sections 1, 2, 4 and 7 of the Nuclear Safeguards Act 2000;
- Sections 4, 5, 11 and 13 of the Atomic Energy Act 2000;
- Section 2 (8) of the Nuclear Safeguards and Electricity (Finance) Act 1978;
- Regulations 5, 6, 8 – 11, 13 – 15, 16, 17 and 19 – 22 of the Nuclear Industries Security Regulations 2003 (SI 2003/403);
- Section 18 of the Food and Environmental Protection Act 1985 (and subordinate legislation made under it);
- The Specified Animal Pathogens Order 2008.

### **3 Overall aims**

3.1 HSE is the primary delivery agent for DWP's strategic objective of improving health and safety outcomes. The Secretary of State for Work and Pensions (henceforth the Secretary of State) has agreed that, subject to paragraph 1.3 of this document, HSE's aims should be to:

- i) continue to deliver its mission of preventing death, injury and ill health to those at work and those affected by work activities; and
- ii) deliver any targets agreed for work-related health and safety.

3.2 HSE will:

- i. protect the health and safety of workers and minimise risks from work to members of the public; and
- ii. ensure that the major hazard industries (such as nuclear, petrochemicals and offshore oil and gas) manage and control the risks around their work to a high standard which enhances assurance and allows these industries to operate with a high degree of public acceptance.

3.3 It will seek to:

- i. influence people and organisations – duty holders and stakeholders – to embrace high standards of health and safety;
- ii. promote the benefits of employers and workers working together to manage health and safety sensibly;
- iii. investigate incidents, enquire into citizens' complaints and enforce the law.

### **4 Ministerial responsibility**

4.1 The Secretary of State has the principal responsibility for HSE. The DWP Minister with responsibility for health and safety will account for HSE's business in Parliament.

4.2 HSE's functions extend beyond the responsibilities of the Secretary of State for

Work and Pensions. A number of other Secretaries of State are answerable in Parliament for aspects of HSE's activity. Allocation of responsibility is determined by administrative arrangement. The responsibilities of other Secretaries of State, in relation to the work of HSE, are described at <http://www.hse.gov.uk/aboutus/howwework/management/responsibilitiessos.pdf> This work is often the subject of agreement under S. 13 (4) of HSWA (as amended) between HSE and the Secretary of State with responsibility for that activity. A list of these Agency Agreements is at <http://www.hse.gov.uk/aboutus/howwework/framework/f-2001-3.htm>

4.3. A Secretary of State may:

- alter HSE's proposals for regulations before making them and laying them before Parliament, although only after consulting HSE;
- give or withhold consent to Approved Codes of Practice which HSE proposes to approve and issue;
- direct HSE with respect to its functions (only those with relevant functions are likely to do so and, in practice, the Secretary of State has the principal responsibility for HSE and would normally exercise this function on behalf of other Secretaries of State); and
- make regulations under the 1974 Act of their own volition, providing that they first consult HSE and other relevant bodies.

## **5 The Principal Accounting Officer's specific accountabilities and responsibilities**

5.1 The Permanent Secretary as Principal Accounting Officer has designated the Chief Executive of the HSE as HSE's Accounting Officer.

5.2 The Principal Accounting Officer is accountable to Parliament for the issue of any grant-in-aid to HSE. The Principal Accounting Officer is also responsible for advising the Secretary of State:

- on an appropriate framework of objectives and targets for HSE in the light of the Department's wider strategic aims and current Departmental Strategic Objective (DSO);
- on an appropriate budget for HSE in the light of DWP's overall public expenditure priorities; and
- how well HSE is achieving its strategic objectives and whether it is delivering value for money.

5.3 The Principal Accounting Officer is also responsible for ensuring arrangements are in place to:

- monitor HSE's activities on a continuous basis;
- address significant problems in HSE, making such interventions as are judged necessary;
- regularly carry out an assessment of the risks both to the Department's and HSE's objectives and activities;
- inform HSE of relevant government policy in a timely manner; and

- bring concerns about the activities of HSE to the full HSE Board, requiring explanations and assurances that appropriate action has been taken.

5.4 DWP's Health and Safety Sponsorship Team is the primary contact for HSE. It is the main source of advice to the responsible minister on the discharge of his or her responsibilities in respect of HSE. It also supports the Principal Accounting Officer on his or her responsibilities toward HSE.

## **6 The HSE Board**

6.1 The HSE Board should ensure that effective arrangements are in place to provide assurance on governance, risk management and internal control. The Board must set up an Audit Committee chaired by a non-executive member to provide independent advice. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

6.2 The HSE Board is specifically responsible for:

- establishing and delivering HSE's strategic aims and objectives consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
- ensuring that the responsible minister is kept informed of any changes which are likely to impact on HSE's strategic direction or on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the HSE Board operates within the limits of its statutory authority and any delegated authority agreed with DWP, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the HSE Board takes into account guidance issued by DWP;
- ensuring that it regularly reviews financial information concerning the management of HSE; is informed in a timely manner about any concerns about the activities of HSE; and provides positive assurance to DWP that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Board address key financial and other risks;
- appointing, with the consent of the Secretary of State, a Chief Executive and, setting performance objectives for the Chief Executive which give due weight to the proper management and use and utilization of public resources. The Secretary of State shall determine the terms and conditions of the Chief Executive; remuneration terms should be linked to achieving the performance objectives of the Chief Executive.

### *The Chair's personal responsibilities*

6.3 The Chair is responsible to the Secretary of State. Communications between the HSE Board and the responsible minister should normally be through the Chair. The Chair is responsible for ensuring that policies and actions support the responsible minister's and other ministers' (on whose behalf HSE is acting or who are advised by HSE) wider

strategic policies and that the HSE Board's affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout HSE.

6.4 In addition, the Chair has the following leadership responsibilities:

- formulating the HSE Board's strategy;
- ensuring that the HSE Board, in reaching decisions, takes proper account of guidance provided by the responsible minister or the Department;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety; and
- representing the views of the HSE Board to the general public.

6.5 The Chair also has an obligation to ensure that:

- the work of the HSE Board and its members are reviewed and are working effectively;
- the HSE Board has a balance of skills appropriate to directing HSE's business, as set out in the Government Code of Good Practice on Corporate Governance;
- HSE Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- she or he, together with the other HSE Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- the responsible Minister is advised of HSE's needs when Board vacancies arise;
- she or he assesses the performance of individual HSE Board members when being considered for re-appointment;
- there is a code of practice for HSE Board members in place consistent with the Cabinet Office Model Code<sup>2</sup>.

#### *Individual Board members' responsibilities*

6.6 Individual Board members should:

- act in good faith and in the best interests of HSE and its aims;
- comply at all times with the Board Members' Code of Practice and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the HSE Board's rules on the acceptance of gifts and hospitality, and of business appointments.

## **7 Responsibilities of the Chief Executive as HSE's Accounting Officer**

### *General*

7.1 HSE's Chief Executive as Accounting Officer is personally responsible for:

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<sup>2</sup> The HSE Board Members' Code of Practice is at <http://www.hse.gov.uk/aboutus/howwework/management/codeofpractice.pdf>

- safeguarding the public funds for which he or she has charge;
- ensuring propriety and regularity in the handling of those public funds; and
- the day-to-day operations and management of HSE.

In addition, the Chief Executive should ensure that HSE operates on the basis of the governance standards, and decision-making and financial management, set out in Box 3.1 to Managing Public Money<sup>3</sup> (see Appendix 1).

#### *Responsibilities for accounting to Parliament*

7.2 The Chief Executive is accountable for:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- signing a statement explaining the Accounting Officer's responsibility for the financial statements in the accounts;
- signing a Statement on Internal Control regarding the system of internal control, for inclusion in the annual report and accounts;
- signing a Remuneration report, for inclusion in the annual report and accounts; and
- ensuring that effective procedures for handling complaints about HSE are established and made widely known within HSE;
- acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by DWP, the Treasury and the Cabinet Office; and
- giving evidence, normally with the Principal Accounting Officer, when summoned before the Public Accounts Committee on HSE's stewardship of public funds.

#### *Responsibilities to DWP*

7.3 The Chief Executive's particular responsibilities to DWP include:

- informing the Department of HSE's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives; and
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if over- or under-spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by HSE's internal audit or by other means, are notified to the Department in a timely fashion.

#### *Responsibilities to the HSE Board*

7.4 The Chief Executive is responsible for:

- preparing HSE's corporate and business plans in the light of the Department's wider strategic aims and current targets for the Board's and the Secretary of State's agreement;

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<sup>3</sup> [http://www.hm-treasury.gov.uk/psr\\_mpm\\_index.htm](http://www.hm-treasury.gov.uk/psr_mpm_index.htm)

- advising the HSE Board on the discharge of HSE’s responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time;
- advising the HSE Board on HSE’s performance compared with its aims, objectives and plans;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
- taking action as set out in paragraphs 3.7.5 of “Managing Public Money” if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, questionable feasibility, or is unethical;
- ensuring the safe-handling of personal, customer and other sensitive information. HSE shall meet any relevant government standards in the handling, processing, storing and transferring of personal / sensitive information (regardless of the media used);
- developing robust and tested Business Continuity and Disaster Recovery Plans to ensure that disruption to the delivery of services and operations are minimised. Regular reports shall be delivered to senior management / audit committees or similar within the governance structure.

## **8 Annual report and accounts**

8.1 HSE must publish an annual report of its activities together with its audited accounts after the end of each financial year. HSE shall provide the Department its finalised (audited) accounts by 30 June each year.

8.2 The annual report must:

- cover any corporate, subsidiary or joint ventures under its control;
- comply with the Treasury’s Financial Reporting Manual (iFReM); and
- outline main activities and performance during the previous financial year and set out in summary form forward plans.

8.3 The report and accounts shall be laid in Parliament and made available on HSE’s website. A draft of the report should be submitted to the Department two weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Department as well as the Treasury’s Financial Reporting Manual (iFReM) and its successors.

## **9 Internal audit**

### 9.1 HSE shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards (GIAS);
- ensure DWP is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with GIAS 5.2;
- set up an audit committee of its Board in accordance with the Cabinet Office's Guidance on Code of Practice for Public Bodies and the Audit Committee Handbook;
- forward the audit strategy, periodic audit plans and annual audit report, including HSE's Head of Internal Audit opinion on risk management, control and governance as soon as possible to DWP; and
- keep records of, and prepare and forward to the Department an annual report on fraud and theft suffered by HSE and notify DWP of any unusual or major incidents as soon as possible.

9.2 DWP's internal audit service has a right of access to all documents prepared by HSE's internal auditor, including where the service is contracted out.

## **10 External audit**

10.1 The Comptroller & Auditor General (C&AG) audits HSE's annual accounts and lays them before Parliament, together with his or her report.

In the event that HSE has set up and controls subsidiary companies, HSE will, in the light of the provisions in the Companies Act 2006, ensure that the C&AG is appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. HSE shall discuss with DWP the procedures for appointing the C&AG as auditor of the companies.

### 10.2 The C&AG:

- will consult DWP and HSE on whom – the National Audit Office (NAO) or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- has a statutory right of access to relevant documents, including, by virtue of section 25(8) of the Government Resources and Accounts Act 2000, those held by another party in receipt of payments or grants from HSE;

- will share with DWP information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within HSE;
- will, where asked, provide departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

10.3 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which HSE has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, HSE shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

*Right of access*

10.4 DWP has the right of access to all HSE records and personnel for any purpose including, for example, sponsorship audits.

## **Management and financial responsibilities**

### **11 Managing Public Money and other government-wide corporate guidance and instructions**

11.1 Unless agreed by DWP and, as necessary, HM Treasury, HSE shall follow the principles, rules, guidance and advice in Managing Public Money, referring any difficulties or potential bids for exceptions to the Health and Safety Sponsorship team in DWP in the first instance. A list of guidance and instructions with which HSE should comply is at Appendix 2.

11.2 HSE will set multi-year plans and rolling three year budgets in line with the Spending Review periods. These plans will be subject to regular review by the Department as part of its continuous planning regime. Once funding has been approved by DWP and, subject to any restrictions imposed by statute, the responsible minister's instructions and this document, HSE shall have authority to incur expenditure without further reference to DWP on the following conditions:

- HSE shall comply with the delegations set out in Appendix 3. These delegations shall not be altered without the prior agreement of DWP;

- HSE shall comply with *Managing Public Money*, and with DWP's *Investment Governance for Non-Departmental Public Bodies*, regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal Departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed.

11.3 HSE shall provide DWP with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

11.4 HSE will set fees, charges and levies in accordance with *Managing Public Money*. Unless otherwise agreed, all HSE income from the sale of goods and services and recovery of its costs will be treated as negative public expenditure and thus offset against its Resource DEL. Proceeds from the sale of assets will reduce Capital DEL.

## **12 Corporate governance**

### *Board appointments - the Chair and Board members*

12.1 The HSE Chair is appointed for a period of up to five years and Board members for a period of three years by the Secretary of State. Such appointments will comply with the Code of Practice of the Office of the Commissioner on Public Appointments. 12.2. The Chief Executive is appointed by the HSE Board with the consent of the Secretary of State.

### *Composition of the Board*

12.2 In line with the Government's Code of Practice on Corporate Governance, the Board will consist of a chair, together with at least seven and not more than eleven non-executive members that have a balance of skills and experience appropriate to directing HSE's business.

## **13 Risk management**

13.1 HSE shall ensure that the risks it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts*. It should inform DWP of significant risks to the Department via the Health and Safety Sponsorship Team. It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guide: *Managing the Risk of Fraud*. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

## **14 Corporate and business plans**

14.1 By a date to be agreed with the Health and Safety Sponsorship Team, HSE shall submit to DWP a draft corporate plan covering an appropriate forward period. HSE shall agree with the Department the issues to be addressed in the plan. The plan shall reflect HSE's aims and statutory duties and, within them, the priorities set from time to time by the Secretary of State (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how HSE contributes to the achievement of DWP's targets.

14.2 The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include key targets for the year immediately ahead and shall include budgeting information so that resources allocated to achieve specific objectives can be readily identified by DWP. Subject to any commercial considerations, the corporate and business plans should be published by HSE on its website and separately be made available to staff.

14.3 The following key matters should be included in the plans:

- key objectives and associated key performance measures;
- key aspects of the risk management strategy (in accordance with paragraph 13.1 above); and
- other matters as agreed between DWP and HSE.

## **15 Budgeting procedures**

15.1 The Secretary of State will confirm HSE's financial settlement for the Spending Review (SR) period to the HSE Chair. The settlement letter will include HSE's contribution to the DSO and other key targets to be delivered in the period. HSE will profile the available funding across the SR period to best deliver the DSO and other targets. DWP will notify HSE of any policy changes affecting its business and any other possible issues that would impact on the available resource in the relevant SR period. Any adjustment to the resources made available to HSE through the SR Settlement will be communicated in a revised letter from the Secretary of State to the HSE Chair with the associated adjustment to targets / outcomes.

15.2 The approved annual business plan will take account both of approved funding provision and any forecast receipts, and will include a budget of estimated expenditure and income.

## **16 Grant-in-aid**

16.1 Any grant-in-aid provided by DWP for the year in question will be voted in the DWP's Supply Estimate and be subject to Parliamentary control.

16.2 Under the cash management arrangements agreed between the Office of HM Paymaster General (OPG), HM Treasury and DWP, HSE provides monthly forecasts of cash flow and supply requirement in an agreed format. The Department funds HSE's OPG account at the end of each month. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. HSE will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of HSE. Grant-in-aid not drawn down by the end of the financial year shall lapse.

16.3 In the event that the DWP provides HSE separate grants for specific (ring-fenced) purposes, it would issue the grant as and when HSE needed it on the basis of a written request. HSE would provide evidence that the grant was used for the purposes authorised by DWP. HSE shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

## **17 Reporting performance to DWP**

17.1 HSE shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans. HSE shall inform DWP of any significant changes that make achievement of objectives more or less difficult. It shall report monthly on financial performance and quarterly on non-financial performance, including performance in helping to deliver ministers' policies and the achievement of key objectives. HSE's performance shall be formally reviewed by DWP. The responsible minister will meet the Chair and Chief Executive with other Board members and officials as appropriate.

### *Providing monitoring information to the department*

17.2 As a minimum, HSE shall provide DWP with information monthly that will enable the Department satisfactorily to monitor:

- HSE's cash management;
- its draw-down of grant-in-aid;
- forecast outturn by resource headings;
- other data required for the Combined On-line Information System (COINS);
- any other reasonable requests that are made from time to time.

### *HSE/DWP working level liaison arrangements*

17.3 Officials of the Health and Safety Sponsorship Team and relevant finance officials in DWP will liaise regularly with HSE officials to review HSE's financial performance against plans, achievement against HSE targets and HSE expenditure against its Departmental Expenditure Limit (DEL) allocation (and against any Annually Managed Expenditure (AME) allocation that HSE may require in future). The Health and Safety Sponsorship Team will also take the opportunity to explain wider policy developments that might have an impact on HSE.

## **18 Delegated authorities**

18.1 HSE's delegated authorities are set out in Appendix 3. HSE shall obtain the Department's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in HSE's Annual Ambit of the Vote;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in *Managing Public Money* or in DWP's *Investment Governance for Non-Departmental Public Bodies*.

## **19 HSE staff**

### *Broad responsibilities for HSE staff*

19.1 Within the arrangements approved by the Secretary of State [and HM Treasury] HSE will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour,

ethnic or national origin, religion, disability, community background or age;

- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its staff at all levels is satisfactorily appraised and HSE's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve HSE's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place;
- a code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-Departmental Public Bodies.

#### *Staff costs*

19.2 Subject to its delegated authorities, HSE shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them. DWP will support HSE in workforce planning by providing confirmation of future funding and associated targets as early as possible in advance of the SR period.

#### *Pay and conditions of service*

19.3 HSE staff is subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by DWP and HM Treasury. HSE has no delegated power to amend these terms and conditions.

19.4 If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code except where prior approval has been given by the Department to vary such rates.

19.5 Staff terms and conditions should be set out in an Employee Handbook, which should be provided to DWP together with subsequent amendments.

19.6 HSE shall operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by DWP or the general pay structure approved by DWP and HM Treasury whichever is applicable.

19.7 The travel expenses of board members shall be tied to the rates allowed to HSE's senior staff. Reasonable actual costs shall be reimbursed.

19.8 HSE shall comply with the EU Directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

#### *Pensions, redundancy and compensation*

19.9 HSE staff shall normally be eligible for a pension provided by PCSPS. Staff may opt out of the occupational pension scheme provided by HSE, but HSE's contribution to any personal pension arrangement, including stakeholder pension shall normally be limited to the national insurance rebate level.

19.10 Any proposal by HSE to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of DWP. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

### **20 Review of HSE's status (and winding-up arrangements)**

20.1 HSE will be reviewed in accordance with Chapter 9 of the Cabinet Office guidance, *Public Bodies: A Guide for Departments*, or when the Secretary of State so requires.

### **21 Arrangements in the event that HSE is wound up**


21.1 DWP shall put in place arrangements to ensure the orderly winding up of HSE. In particular it should ensure that the assets and liabilities of HSE are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to DWP.) To this end, DWP shall:

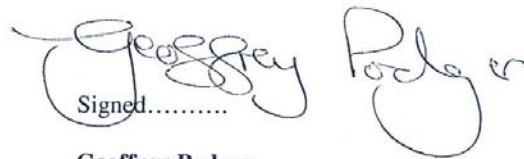
- ensure that procedures are in place in HSE to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of HSE's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that funds are in place to pay for such audits. It shall

be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts;

- arrange for the most appropriate person to sign the closing accounts. In the event that another NDPB takes on the role, responsibilities, assets and liabilities, the succeeding NDPB Accounting Officer should sign the closing accounts. In the event that the Department inherits the role, responsibilities, assets and liabilities, the Principal Accounting Officer should sign.

21.2 HSE shall provide DWP with full details of all agreements where HSE or its successors have a right to share in the financial gains of developers. It should also pass to DWP details of any other forms of claw-back due to HSE.

Signed.....   
**Leigh Lewis**  
Permanent Secretary, DWP  
Date..... 25 June 2009  
(On behalf of DWP)

Signed.....   
**Geoffrey Podger**  
HSE CEO  
Date..... 2/7/9  
(On behalf of HSE)

**LIST OF APPENDICES**

- Appendix 1 - Standards expected of HSE's Accounting Officer
- Appendix 2 - List of government-wide corporate guidance instructions
- Appendix 3 - List of delegated authorities

## APPENDIX 1

### Standards expected of HSE's Accounting Officer

Acting within the authority of the minister(s) and the Principal Accounting Officer to whom he or she is responsible, the Accounting Officer should ensure that the organisation, and any subsidiary to it or organisation sponsored by it, operates effectively and to a high standard of probity. The organisation should:

#### **governance**

- have a governance structure which transmits, delegates, implements and enforces decisions
- have trustworthy internal controls to safeguard, channel and record resources as intended
- operate with propriety and regularity in all its transactions
- treat its customers and business counterparties fairly and honestly
- offer redress for failure to meet agreed customer standards where appropriate
- give timely, transparent and realistic accounts of its business, underpinning public confidence;

#### **decision-making**

- support its ministers with clear, well reasoned, timely and impartial advice
- make all its decisions in line with the strategy, aims and objectives of the organisation set by ministers and/or in legislation
- meet the Treasury's requirements about limits on use of public resources
- manage its staff fairly, with inclusive policies designed to promote and integrate diversity
- communicate its decisions openly and transparently;

#### **financial management**

- use its resources efficiently, economically and effectively, avoiding waste and extravagance
- carry out procurement and project appraisal objectively and fairly, seeking good value for the public sector as a whole
- use management information systems to secure assurance about value for money and the quality of delivery and so make timely adjustments

- avoid overdefining detail and imposing undue compliance costs, either on its own staff or on its customers and stakeholders
- have practical documented arrangements for working in partnership with other organisations
- use internal and external audit to improve its internal controls and performance

## APPENDIX 2

### CORPORATE GUIDANCE AND INSTRUCTIONS

HSE shall comply with the following general guidance documents and instructions:

- this document;
- the HSE Board Members' Code of Practice  
<http://www.hse.gov.uk/aboutus/howwework/management/codeofpractice.pdf?>
- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice  
[http://www.hm-treasury.gov.uk/.../governance\\_risk/psr\\_governance\\_corporate.cfm](http://www.hm-treasury.gov.uk/.../governance_risk/psr_governance_corporate.cfm);
- Managing Public Money (MPM);
- Public Bodies: A Guide for Departments (issued by the Cabinet Office);
- Investment Governance for Non-Departmental Public Bodies (issued by DWP 17 September 2008);
- Government Internal Audit Standards, [http://www.hm-treasury.gov.uk/...gia\\_guidance.cfm](http://www.hm-treasury.gov.uk/...gia_guidance.cfm);
- Management of Risk: Principles and Concepts: ([www.hm-treasury.gov.uk/media/3/5/FE66035B-BCDC-D4B3-11057A7707D2521F.pdf](http://www.hm-treasury.gov.uk/media/3/5/FE66035B-BCDC-D4B3-11057A7707D2521F.pdf));
- Managing the Risk of Fraud, ([www.hm-treasury.gov.uk/media/C/3/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf](http://www.hm-treasury.gov.uk/media/C/3/managing_the_risk_fraud_guide_for_managers.pdf));
- Government Financial Reporting Manual (iFReM), [www.financial-reporting.gov.uk/](http://www.financial-reporting.gov.uk/);
- Departmental Banking: A Manual for Government Departments, annex 5.7 of MPM ;
- relevant Dear Accounting Officer letters;
- Regularity, Propriety and Value for Money, [www.hm-treasury.gov.uk/media/A/2/Reg\\_Prop\\_and\\_VfM-November04.pdf](http://www.hm-treasury.gov.uk/media/A/2/Reg_Prop_and_VfM-November04.pdf) ;

- The Parliamentary Ombudsman's Principles of Good Administration [www.ombudsman.org.uk/improving\\_services/good\\_administration/index.html](http://www.ombudsman.org.uk/improving_services/good_administration/index.html) ;
- Consolidation Officer Memorandum, and relevant DCO letters;
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- • Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office);
- • other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by the central Departments;
- specific instructions and guidance issued by the sponsor Department;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the NDPB.

Appendix 3

**SPECIFIC AUTHORITIES DELEGATED BY THE SECRETARY OF STATE  
FOR THE DEPARTMENT TO THE HEALTH AND SAFETY EXECUTIVE AS  
AGREED BY DWP**

<u>Description</u>	<u>Amount</u>
<b><u>PREMISES</u></b>	
<b>New Premises:</b>	
Capital expenditure (for purchase of site and/or on-going works costs)	£25m
<b>Projects</b>	
Any individual project	£25m
Any project with an ongoing annual cost above	£10m

<b>RESEARCH and TECHNICAL SUPPORT</b>	
Any individual project	£500,000 total cost

<b><u>EXTERNAL RESOURCES</u></b>	
Fees for consultancy	Up to £500,000 per contract
This authority is subject to:	
<p><input checked="" type="checkbox"/> contracts being put out to competitive tender</p> <p><input checked="" type="checkbox"/> EC rules</p> <p><input checked="" type="checkbox"/> an annual summary report on the total number of contracts, including those within IT projects, with brief details of all those over £100,000.</p>	
<b>LOSSES*</b>	<b>£40,000</b>
<b>SPECIAL PAYMENTS**</b>	<b>£40,000</b>
<p><b>Linked or associated transactions, for both losses and special payments, should be cumulatively assessed under the single £40,000 limit</b></p> <p>* as categorised in <i>Managing Public Money, Annex 4.10</i></p> <p>** as categorised in <i>Managing Public Money, Annex 4.13</i></p>	

