

## Part 2

# Health and Safety Commission Accounts and Health and Safety Executive Accounts 2004/05

# Foreword

## 1 Background information

The Health and Safety at Work etc. Act 1974 provided for the creation of a Health and Safety Commission (HSC) and Health and Safety Executive (HSE) and the continuation of the Employment Medical Advisory Service (EMAS). The Commission came into being on 1 October 1974 and appointed the Health and Safety Executive on 1 January 1975. The aims of the Commission and the Executive, whose existence and functions derive from the 1974 Act, are to protect the health, safety and welfare of employees and to safeguard others, principally the public, who may be exposed to risks from work activities. For further information refer to paragraphs 1 to 362 of the Annual Report.

The financial statements of the Commission and Executive have been prepared pursuant to paragraphs 14(1) and 20(1) of Schedule 2 of the Health and Safety at Work etc. Act 1974 in a form determined by the Secretary of State with the approval of the Treasury. They are accruals-based financial statements that show the full in-year costs of the Commission and Executive. The financial statements consolidate the figures for the Health and Safety Laboratory (HSL). HSL became an in-house agency of HSE on 1 April 1995 and operates on 'Next Steps Agency' principles under the direction of a Chief Executive, who is also their Accounting Officer. They are required to recover the full cost of their operations in accordance with HM Treasury's *Fees and Charges Guide* and are subject to the controls imposed on a net running costs regime.

## 2 Results and appropriations

Net operating cost for HSC was £694 006. The net operating cost for HSE was £214 849 652.

## 3 Review of activities

The Annual Report reviews the delivery of aims/objectives and plans published in the HSE Business Plan 2004/05.

## 4 Significant changes in the values of fixed assets

Land and buildings and furniture and fittings additions (refer Note 6) include amounts of £54 million and £2.4 million respectively relating to the completed construction of a new laboratory at Buxton to accommodate all of HSL and which has been funded under the Private Finance Initiative (refer Note 20).

## 5 Market value of land and buildings

The leasehold building at Stoneleigh, which has an existing use value of £225 000, has an open market value of nil due to the strict user clause and the bar on assignment and sub-letting. Other than this property, there is no significant difference between the book values and the market values of land and buildings included in these accounts.

## 6 Research and development

HSE's research and development and technical support are detailed in paragraphs 290 to 299 of the Annual Report.

## 7 Future development

The Secretary and Minister of State for Work and Pensions have recently approved the HSC *Business Plan 2005/06 to 2007/08* (<http://www.hse.gov.uk>). This document sets out how we intend to prioritise and focus our work, to use our recently confirmed resource settlement (from the 2004 Spending Review) to implement the HSC *Strategy for workplace health and safety in Great Britain to 2010 and beyond* and deliver the Public Service Agreement (PSA) target. The goal by 2008 is to improve health and safety outcomes in Great Britain through progressive improvement in the control of risks in the workplace.

As part of our accommodation strategy, and following a competitive exercise to provide new serviced offices for its Merseyside Centre, HSE chose Kajima Development as the preferred bidder in December 2002. The full business case was approved by the Department for Work and Pensions (DWP) in August 2003 and negotiations concluded in October 2003 when contracts were exchanged. Construction is well advanced and occupation is likely to take place over the summer 2005.

## 8 Health and Safety Commission members

Chairman: Bill Callaghan.

Other members: George Brumwell CBE, Margaret Burns CBE, Daniel Carrigan, Abdul Chowdry, Judith Donovan CBE, Joyce Edmond-Smith, Judith Hackitt, John Longworth, Elizabeth Snape and Hugh Robertson.

George Brumwell resigned with effect from 30 September 2004 and was succeeded on 1 October 2004 by Daniel Carrigan.

Abdul Chowdry resigned with effect from 31 March 2005 and was succeeded on 1 April 2005 by Sayeed Khan.

## 9 Health and Safety Executive members

Director General: Timothy Walker CB.

Other members: Kate Timms CB, Justin McCracken and Jonathan Rees.

Kate Timms retired in September 2004 and was succeeded by Jonathan Rees.

## 10 Corporate governance

The Health and Safety Commission and the Health and Safety Executive are committed to supporting the Combined Code on Corporate Governance and the Turnbull Report to the extent that the Code can be applied to the Public Sector.

HSC ('the Commission') comprises a Chairman and nine members who are all the equivalent of independent non-executive directors. They are appointed on a fixed term basis (see Note 3 in the HSC accounts and Note 2 in the HSE accounts) with no automatic right of reappointment. The appointments are made by the Secretary of State through standard public appointment procedures. Commission members are appointed after consultation with organisations representing employers, employees, local authorities and other relevant bodies.

HSE ('the Executive') comprises a Director General and two deputies who are all the equivalent of executive directors (see page ix of the Annual Report). All three members of the Executive are appointed by the Health and Safety Commission under Civil Service rules administered by the Civil Service Commissioners and with the approval of the Secretary of State. The remuneration of the Executive members is determined by a Commission Pay Committee, within the framework for Senior Civil Service pay.

The general functions of the Commission and the Executive are specified in the Health and Safety at Work etc. Act 1974, the Executive being primarily responsible for operational matters. Regular meetings are held both by the HSC and the HSE Board to discuss strategic direction and plans, formulate policy on key issues etc in order to maintain full and effective control over all significant policy, regulation and guidance, compliance, organisational and financial issues.

Throughout the year and in all material respects, the Executive complied with the terms of the financial memorandum issued by the Secretary of State. A separate statement is made on the system of internal control.

## 11 Equality and diversity

The Executive is an Equal Opportunities Employer with a determination to treat all people fairly, irrespective of gender, ethnic origin, marital status, religious belief, age,

sexual orientation or disability. Main achievements during 2004/05 are shown in paragraph 323 of the Annual Report.

## 12 Employee involvement

There are well-established consultation arrangements in HSE for recognised trade unions to contribute to all matters affecting the staff. Staff involvement is actively encouraged as part of day-to-day line management and efforts are being made to improve methods and channels of communication. In addition to formal consultations with HSE trade unions, staff are directly consulted and briefed about major proposals for organisational or personnel changes. Further details are shown in paragraphs 338 to 341 of the Annual Report.

## 13 Prompt payments

HSE is committed to the prompt payment of bills for goods and services received and conforms 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 2004/05 was 99.4% (2003/04 - 98.9%) of invoices paid within the agreed credit period.

## 14 Health and safety within HSE

The Executive aims to set and maintain exemplary standards of performance which are consistent with those recommended by us to others, so as to ensure the health and safety of its staff, as well as others who may work at or visit our premises. Further details are shown in paragraphs 345-362 of the Annual Report.

## 15 Environment

HSE has continued to pursue and promote best environmental practice and to implement initiatives set out in the model policy statement issued by the Department of the Environment, Food and Rural Affairs (DEFRA). Further details are shown in paragraph 330 of the Annual Report.

## 16 Introduction of the euro

While the UK stays outside the European Monetary Union (EMU), the euro is a foreign currency and HSE processes a relatively small number of foreign currency (European) transactions. HSE continues to manage preparations necessary for possible changeover to the single currency, in line with the Second National Changeover Plan.

DWP 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.

## 17 Pension liabilities

Details of pension costs etc are contained in HSC's Notes to the Accounts (statement of accounting policies, Note 1(c) and also Note 3) and HSE's statement of accounting policies (Note 1(k) and also Note 2).

## 18 Auditors

The financial statements of the Commission and Executive are 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 72 and 79.

In May 2004 the National Audit Office (NAO) published a report titled *Improving health and safety in the construction industry* which looked at the strategic approach taken by HSE in this area and the impact and success of HSE's work to improve health and safety performance in the industry. In addition HSE has provided information to a number of NAO studies including those into the Department of Trade and Industry's (DTI's) role in the restructuring of British Energy and into the Small Business Service.



*Timothy Walker CB*  
Director General  
Health and Safety Executive  
Accounting Officer  
20 June 2005



*Bill Callaghan*  
Chairman  
Health and Safety Commission  
Accounting Officer  
20 June 2005

# Statement of the Commission's, the Executive's, the Chairman's and the Director General'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:

- 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 have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements 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 Chairman of the Health and Safety Commission and the Director General 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 and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Government Accounting.

# Statement on internal control

## 1 Scope of responsibility

As Accounting Officers (for the Health and Safety Commission, the Chair, and for the Health and Safety Executive, the Director General), we have responsibility for maintaining a sound system of internal control that supports the achievement of the Health and Safety Commission's (HSC's) and the Health and Safety Executive's (HSE's) policies and strategic priorities, agreed with the Department's ministers, while safeguarding the public funds and assets for which we are personally responsible, in accordance with the responsibilities assigned to us in Government Accounting.

HSC and HSE are Non-Departmental Public Bodies 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 submits quarterly performance reports on progress towards Public Service Agreement (PSA) targets to the DWP minister responsible for workplace health and safety (the Minister for Work). The Chair of the Commission and senior HSE managers meet the Minister formally twice a year to discuss these reports, in addition to other meetings and contacts; HSC/E also report to other ministers on different aspects of health and safety.

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. Strategy for securing health and safety in relation to work activities is set by HSC with input and support from HSE.

In February 2004 HSC published its strategy for the health and safety system as a whole. The *Strategy for workplace health and safety in Great Britain to 2010 and beyond* sets out what HSC wants to achieve and how. It draws on previous publications *Securing Health Together* and *Revitalising Health and Safety*; both published in 2000. It focuses on delivering the targets agreed with ministers originally set out in *Revitalising Health and Safety*. A key theme is to concentrate on things that HSE and LAs are best placed to do and where they will have greatest impact.

## 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, objectives and strategic priorities. 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. It

has been in place and progressively developed in HSC/E over the year ended 31 March 2005 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

## 3 Capacity to handle risk

Reducing risk to members of the public so far as is reasonably practical is an integral part of HSC/E's mission. HSC consults formally on all regulatory changes. It is also using new means of consultation in order to ensure as wide a range of stakeholders as possible is reached.

During 2004, HSE developed the Business Plan 2005/06-2007/08 which sets out its delivery plans. This will be primarily through Strategic Delivery Programmes (SDPs) supported by four Strategic Enabling Programmes (SEPs). Risk registers are evolving for each SDP with lower level registers in place or developing for the component parts. Effective risk management has been built into training modules and guidance.

HSE's corporate planning system has been changed radically to meet these developments. HSC's Business Plan for 2004/05, the first to put the new Strategy into practice, and its successor for 2005/06-2007/08, set out how HSE would use its resources, alongside LA enforcement partners and other key stakeholders, to deliver the Government's health and safety PSA targets. They are aimed at protecting people by ensuring health and safety risks in the changing workplace are properly controlled.

HSE has moved to delivering a large proportion of its work through programmes and projects. A dedicated team has been established, an intranet site set up, a structured suite of workshops has been delivered, covering programme and project working and the concepts of business risk, to equip staff for this new way of working. Specific business risk workshops helped in building the risk register when three smaller programmes were merged to form the Fit for work, Fit for life, Fit for tomorrow (Fit3) Strategic Delivery Programme. Internally produced guidance *Business risk management in HSE: A short practical guide*, a product of HSE's Risk Management Improvement Plan (RMIP), is on the intranet site. It is a requirement that formal programme and project management techniques are used for the planning and delivery of all programme activity.

HSE's Risk Management Improvement Plan for 2004/05 was designed to embed risk management processes further across the organisation. Much of this has been delivered.

## 4 The risk and control framework

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

The Corporate Risk Register sets out HSE's strategic risks and is the focus for business risk management at corporate level. For each risk a Board-level risk owner has responsibility for ensuring adequate measures for managing their risk are in place and that their adequacy is regularly reviewed. Where appropriate, action is taken or in hand to add further controls if needed. Risk owners review the risks they own to test whether they should be in the corporate register and their mitigation is still appropriate. Risk owners have provided the Accounting Officers with signed 'stewardship statements' confirming that the risks they own have been properly managed.

The HSE Board considered the Corporate Risk Register four times in 2004/05 and change proposals were adopted. It meets formally monthly to action health and safety issues, broad personnel matters, and HSE's approach to policy and strategic matters. It also monitored and managed performance and delivery in key areas of HSE's business quarterly, using a Balanced Scorecard. During 2004/05 the Balanced Scorecard approach was further developed to meet HSE purposes and continues to be developed in 2005/06.

A Delivery Board was established to support HSE's main board in monitoring the delivery of the workplace health and safety targets. A Business Improvement and Efficiency Board ensured HSE's business improvement and efficiency programmes contributed to delivery of HSC/E's mission. Both were in place for most of 2004/05 until subsumed into the Resources and Delivery Group (RDG) in January 2005 in order to simplify and rationalise governance structures.

The Resources and Delivery Group consists of HSE's five principal budget holders. Its objective is to ensure that HSE remains in a sound financial position, uses resources effectively, improves business efficiency and progresses towards its PSA targets. All boards have a focus on managing any risks to the programmes and projects within their remit where these could not be effectively addressed at a lower level.

Use of resources is subject to clear delegation, specified and agreed in writing, from HSE's Accounting Officer to individual senior managers who are principal budget holders.

HSE's and HSL's\* budgets are monitored as a whole and monthly reports provided to main budget holders, the Finance Director and the Accounting Officer (and in turn to the Department and Treasury) based on the latest resource outturn information provided by directorates.

Established corporate policies continue to operate covering a wide range of issues. They provide an effective control across a range of risks including the health and safety of HSE's own staff and contractors, personnel matters, planning, finance, accounting, procurement, information technology and regularity, propriety and authorisation of expenditure. All are set out in codes and other instructions, communicated throughout the organisation, and available to all staff.

\* The Health and Safety Laboratory (HSL) was established as an in-house agency of HSE on 01/04/1995 and operates on 'Next Step Agency' principles. It provides health and safety science and research services. It has its own Accounting Officer and arrangements to manage risk.

## 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 the executive 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.

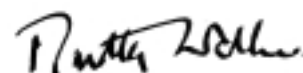
The Audit Committee, chaired by Judith Hackitt, a member of the Commission, met twice in 2004/05. In December it discussed progress on risk management in HSE. Members of the committee also considered by correspondence further aspects of risk management in March, including the *Risk Management Improvement Plan for 2005/06*. The committee will continue to receive regular progress reports in future. It is responsible for advising the Accounting Officers on corporate governance issues including risk and internal control.

HSE's Internal Audit Unit has direct access to the Accounting Officer and operates to Government Internal Audit Standards. HSL has an internal audit function supplied by a private sector auditor which also works to Government Internal Audit Standards. Their work plans are approved by the HSL Audit Committee to which they make regular reports. They include an opinion on the adequacy and effectiveness of the system of internal control, and make recommendations for improvement. 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.

The overall opinion of the Head of Internal Audit is that HSC/E has a generally sound framework of control which provides reasonable assurance regarding the effective and efficient achievements of its objectives. The organisation has implemented a comprehensive business risk management process during 2004/05 and is working to continuously improve this process during 2005/06.

## 6 Significant internal control problems

There were no significant internal control problems.



**Timothy Walker CB**  
Director General  
Health and Safety Executive Accounting Officer  
20 June 2005



**Bill Callaghan**  
Chairman  
Health and Safety Commission Accounting Officer  
20 June 2005

# 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 on pages 73-78 under the Health and Safety at Work etc. Act 1974. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 74.

### Respective responsibilities of the Commission, Chairman, and Auditor

As described on page 69, the Chairman of the Health and Safety Commission is responsible for the preparation of the financial statements in accordance with the Health and Safety at Work etc. Act 1974 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. The Chairman and the Director General of the Health and Safety Executive are jointly responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Health and Safety at Work etc. Act 1974 and directions made thereunder by the Secretary of State, and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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 certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the joint statement on pages 70-71 reflects the Commission's compliance with Treasury's guidance on the 'Statement on Internal Control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officers' Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Commission's corporate governance procedures or its risk and control procedures.

### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Chairman in the preparation of the financial statements, and of whether the accounting policies are 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 are free from material misstatement, whether caused by error, or by fraud or other irregularity 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.

### Opinion

In my opinion:

- the financial statements give a true and fair view of the net operating cost of the Health and Safety Commission for the year ended 31 March 2005 and of the amount transferred to the Health and Safety Executive and have been properly prepared in accordance with the Health and Safety at Work etc. Act 1974 and with the directions made thereunder by the Secretary of State; and
- 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.

I have no observations to make on these financial statements.



**Sir John Bourn**

Comptroller and Auditor General, National Audit Office,  
157-197 Buckingham Palace Road, London SW1W 9SP  
27 June 2005

## Schedule 2 Health and Safety Commission: Operating cost statement for the year ended 31 March 2005

	Notes	2004/05 £'000	2003/04 £'000
<b>Administration costs</b>			
Staff costs	3	417	331
Other administration costs	4	277	313
Gross administration costs		694	644
Operating income		-	-
Net operating cost		694	644

*All income and expenditure is derived from continuing operations.*

*The Notes on pages 74-78 form part of these accounts.*



**Bill Callaghan**  
Chairman  
Health and Safety Commission  
Accounting Officer  
20 June 2005

# Health and Safety Commission

## Annual Report and Accounts 2004/05

### Notes to the Accounts

#### 1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2004/05 Resource Accounting Manual (RAM) (<http://www.resource-accounting.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 Foreword, Statement of Responsibilities and Statement on Internal Control and separate Operating Cost Statement (Schedule 2). HSC has not produced a Balance Sheet as any assets and liabilities of HSC are included in the HSE Balance Sheet (Schedule 3) 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 (Schedule 4) is deemed inappropriate. HSC has no need to produce Parliamentary Control Schedules (Schedules 1 and 5) and the relevant information is contained in those schedules within DWP's accounts (refer Note 2 with regard to Request for Resources).

##### (b) Accounting convention

Consolidated accounts have not been prepared, with the agreement of HM Treasury and NAO, 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) Pension costs

The current Chairman is not a member of the Principal Civil Service Pension Scheme (PCSPS) but arrangements exist whereby the Health and Safety Executive make pension payments analogous to those that would have been made if he had been a member of the PCSPS and are payable out of the current year's funds that are made available. A notional pension cost of 18.5% is added to the Chairman's emoluments.

In line with FRS 17, a pension provision has been set up on a 'by analogy to the PCSPS' basis to account for the value of an equivalent fund for the Chairman. An actuarial valuation of the fund was carried out as at 31 March 2004. It has been undertaken on the following assumptions:

- an investment return in excess of price increases of 3.5% pa;
- the earnings cap increases in line with price inflation;
- the gross rate of return is assumed to be 6% pa although this assumption has a minor impact on the calculation of the liability;
- in nominal terms these assumptions are then equivalent to an allowance for increases in pensionable salaries of 2.4% pa and an allowance for price inflation of 2.4% pa; and
- Mr Callaghan is not reappointed at the end of his term, and his pension will be preserved until age 60 when it will come into payment.

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 Chairman 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(k).

#### 2 Request for Resources

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

The total Request for Resources received by the Health and Safety Commission from DWP for the financial year 2004/05 was £209 719 000 and after deducting £416 757 for staff costs and £277 249 for other operating charges, the sum of £209 024 994 was allocated to the Health and Safety Executive. These transactions pass through Reserves in the Balance Sheet but produce a nil value in HSC.

	£'000
Opening general fund 1 April 2004	NIL
Net parliamentary cash funding	209 719
Net operating cost	694
Cash transfer to HSE (refer HSE Schedule 4)	209 025
Closing general fund 31 March 2005	NIL

### 3 Expenditure of the Health and Safety Commission

#### Staff numbers and costs

##### (a) Staff costs of the Health and Safety Commission

	£'000		2004/05	2003/04
	Directly employed staff	Others	£'000	£'000
			Total	
Wages and salaries	361	4	365	267
Social security costs	33	-	33	23
Other pension costs	19	-	19	41
<b>Sub total</b>	<b>413</b>	<b>4</b>	<b>417</b>	<b>331</b>
Less recoveries in respect of outward secondments	-	-	-	-
<b>Total net costs</b>	<b>413</b>	<b>4</b>	<b>417</b>	<b>331</b>

##### (b) The average number of employees during the year of the accounts, other than the Chairman and Commission members

	Numbers		2004/05	2003/04
	Directly employed staff	Others	Numbers	Numbers
			Total	Total
Non-specialist staff	5.5	-	5.5	4.5

#### Note:

For further details on pension arrangements for non-specialist staff please refer to HSE accounts (accounting policy Note 1(k) and Note 2).

*(c) Emoluments of the Chairman*

							2004/05
	Salary	Other taxable benefits (to nearest £100)	Real increase in pension at 60	Total accrued pension at 60 at 31 March 2005	CETV at 31 March 2005	CETV at 31 March 2004	Real increase in CETV
	£'000	£	£'000	£'000	£'000	£'000	£'000
Bill Callaghan	100-105	0	0-2.5 plus 2.5-5 increase in lump sum	30-35 plus 95-100 lump sum	520	482	20

							2003/04
	Salary	Other taxable benefits (to nearest £100)	Real increase in pension at 60	Total accrued pension at 60 at 31 March 2004	CETV at 31 March 2004		Real increase in CETV
	£'000	£	£'000	£'000	£'000		£'000
Bill Callaghan	95-100	0	0-2.5 plus 2.5-5 increase in lump sum	35-40 plus 110-115 lump sum	482		20

*Notes:*

*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 allowance to the extent that it is subject to UK taxation.

*Pensions* No Commission members, other than the Chairman, have pensions (see Note 1(c)). There are no outstanding contributions payable to the Civil Service Superannuation Vote at 31 March 2005. There were no employer contributions to partnership pension accounts during the year.

CETV (Cash Equivalent Transfer Value) is the actuarially assessed value of the Chairman's pension scheme benefits accrued by him (for further details refer to HSE Note 2(d)).

*(d) Emoluments of the Commission members*

	2004/05			
	Salary	Fees	Other taxable benefits	Total
	£	£	£	£
George Brumwell CBE (1)	7 500	-	-	7 500
Margaret Burns CBE	15 000	-	6 734	21 734
Abdul Chowdry	15 000	-	5 576	20 576
Daniel Carrigan (2)	7 500	-	3 796	11 296
Judith Donovan CBE	15 000	-	3 551	18 551
Joyce Edmond-Smith	15 000	-	732	15 732
Judith Hackitt	15 000	-	-	15 000
John Longworth	15 000	-	969	15 969
Hugh Robertson (3)	15 000	-	78	15 078
Elizabeth Snape	15 000	-	-	15 000
	<b>135 000</b>	<b>-</b>	<b>21 436</b>	<b>156 436</b>

	2003/04			
	Salary	Fees	Other taxable benefits (to nearest £100)	Total
	£	£	£	£
George Brumwell CBE	1 475	1 836	-	3 311
Margaret Burns CBE	1 475	7 421	7 900	16 796
Abdul Chowdry	1 475	3 519	6 100	11 094
Judith Donovan CBE	1 475	4 590	3 100	9 165
Joyce Edmond-Smith	1 475	5 714	700	7 889
Judith Hackitt	1 475	2 142	-	3 617
John Longworth	1 475	2 924	300	4 699
Maureen Rooney CBE (4)	123	-	-	123
Elizabeth Snape (5)	615	918	-	1 533
Owen Tudor (6)	1 475	2 778	-	4 253
	<b>12 538</b>	<b>31 842</b>	<b>18 100</b>	<b>62 480</b>

*Notes:*

- (1) Resigned 30 September 2004.
- (2) Appointment commenced 1 October 2004.
- (3) Appointment commenced 1 April 2004.
- (4) Died May 2003.
- (5) Appointment commenced 1 November 2003.
- (6) Resigned 31 March 2004.

*The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. Other taxable benefits for Commission members include mileage and an accommodation allowance, as appropriate. Any ensuing tax liability is met by HSC.*

Notes (continued):

*The Chairman and Commission members are appointed for a fixed term of up to three years. The Chairman is part-time, working four days a week. If the Chairman 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.*

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

	2004/05	2003/04
	£'000	£'000
General administrative expenses	147	212
Travel, subsistence and hospitality for:		
Chairman, Commission members and support staff (see note below)	66	60
Rent, rates, maintenance and other premises costs	64	41
	<b>277</b>	<b>313</b>

Note:

*Travel, subsistence and hospitality expenses for the Chairman and Commission members was £53 943 (2003/04 - £51 726), while the total for the support staff was £11 815 (2003/04 - £8 718).*

#### 5 Related party transactions

The Health and Safety Commission 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, 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 on pages 80-103 under the Health and Safety at Work etc. Act 1974. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 84-86.

### Respective responsibilities of the Executive, Director General and Auditor

As described on page 69 the Director General of the Health and Safety Executive is responsible for the preparation of the financial statements under the Health and Safety at Work etc. Act 1974 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. The Director General and the Chairman of the Health and Safety Commission are jointly responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Health and Safety at Work etc. Act 1974 and directions made thereunder by the Secretary of State, and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Executive has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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 certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the joint statement on pages 70-71 reflects the Executive's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officers' Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Executive's corporate governance procedures or its risk and control procedures.

### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Director General in the preparation of the financial statements, and of whether the accounting policies are 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 are free from material misstatement, whether caused by error, or by fraud or other irregularity 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.

### Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Health and Safety Executive at 31 March 2005 and of the net operating cost, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Health and Safety at Work etc. Act 1974 and the directions made thereunder by the Secretary of State; and
- 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.

I have no observations to make on these financial statements.



*Sir John Bourn*

Comptroller and Auditor General, National Audit Office,  
157-197 Buckingham Palace Road, London SW1W 9SP  
27 June 2005

## Schedule 2 Health and Safety Executive: Operating cost statement for the year ended 31 March 2005

	Notes	2004/05 £'000	2003/04 £'000
<b>Administration costs</b>			
Staff costs	2	147 773	146 363
Other administration costs	3	94 653	81 569
<b>Gross administration costs</b>		<b>242 426</b>	<b>227 932</b>
Operating income	5	(49 313)	(51 304)
EU income	5	(701)	(601)
<b>Net administration costs</b>		<b>192 412</b>	<b>176 027</b>
<b>Programme costs</b>			
Expenditure	4	29 850	29 603
Less income	4 & 5	(7 412)	(8 365)
<b>Net programme costs</b>		<b>22 438</b>	<b>21 238</b>
<b>Net operating cost</b>		<b>214 850</b>	<b>197 265</b>

*All income and expenditure is derived from continuing operations.*

### Statement of Recognised Gains and Losses for the year ended 31 March 2005

	2004/05 £'000	2003/04 £'000
Net gain on revaluation of tangible fixed assets (refer Note 13)	6 224	31
Increase to provision arising on actuarial valuation of pensions by analogy	-	(83)
<b>Total recognised gains and losses for the financial year</b>	<b>6 224</b>	<b>(52)</b>

*The Notes on pages 84-103 form part of these accounts.*

# Schedule 3 Health and Safety Executive: Balance Sheet as at 31 March 2005

	Notes	£'000	31 March 2005 £'000	31 March 2004 £'000
<b>Fixed assets</b>				
Tangible assets	6		83 429	27 176
<b>Debtors: falling due after more than one year</b>	9		4 778	406
<b>Current assets</b>				
Stocks	8	1 620		2 255
Debtors	9	22 314		21 973
Cash at bank and in hand	10	224		137
			<u>24 158</u>	<u>24 365</u>
Creditors (amounts falling due within one year)	11	(12 193)		(11 312)
<b>Net current assets</b>			<u>11 965</u>	<u>13 053</u>
<b>Total assets less current liabilities</b>			<u>100 172</u>	<u>40 635</u>
Creditors (amounts falling due after more than one year)	11		(57 607)	-
Provisions for liabilities and charges	12		(3 744)	(3 435)
			<b>38 821</b>	<b>37 200</b>
<b>Taxpayers' equity</b>				
General fund	18		31 496	34 332
Revaluation reserve	13		7 325	2 868
			<b>38 821</b>	<b>37 200</b>

The Notes on pages 84-103 form part of these accounts.

Timothy Walker CB  
Director General  
Health and Safety Executive  
Accounting Officer  
20 June 2005



# Schedule 4 Health and Safety Executive: Cash flow statement for the year ended 31 March 2005

	Note	2004/05 £'000	2003/04 £'000
Net cash outflow from operating activities		(204 282)	(187 063)
Capital expenditure and financial investment		(3 985)	(5 887)
Receipts due to DWP which are outside the scope of HSE's activities		1	1
Payments of amounts due to DWP		(787)	(2 286)
Financing		209 025	196 422
(Decrease)/increase in cash in the period	Refer over	(28)	1 187
<b>NOTES</b>			
<b>Reconciliation of operating cost to operating cash flows</b>			
Net operating cost		214 850	197 265
Adjust for non-cash transactions		(8 998)	(9 156)
Adjust for movements in working capital other than cash	7	(1 596)	(2 227)
Adjust for movements in creditors over one year	11	-	10
Use of provisions	12	853	1 171
Interest element of finance lease payment		(827)	-
Net cash outflow from operating activities		204 282	187 063
<b>Analysis of capital expenditure and financial investment</b>			
Purchase of fixed assets		5 165	6 295
Proceeds of disposal of fixed assets		(1 180)	(408)
Net cash outflow from investing activities		3 985	5 887
<b>Analysis of financing and reconciliation to the net cash requirement</b>			
From DWP		209 025	196 422
Decrease/(increase) in cash		28	(1 187)
<b>Adjustment for payments and receipts not related to supply</b>			
Amounts due to DWP			
- received in a prior year and paid over		(787)	(2 286)
- received and not paid over		1	1
- Excess Appropriations in Aid included in income		-	786
Net cash requirement		208 267	193 736

**Reconciliation of net cash outflow as per Note 10 to movement in cash as per Schedule 4 above**

	2004/05 £'000	2003/04 £'000
Net cash inflow (as per Note 10)	87	46
Movement in uncleared payments (included within creditors)	(115)	1 141
(Decrease)/increase in cash in the period (as per Schedule 4)	(28)	1 187

*The Notes on pages 84-103 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 2004/05 Resource Accounting Manual (RAM) (<http://www.resource-accounting.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 HSL.

The accounting policies contained in the RAM 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 Foreword, Statement of Responsibilities and Statement on Internal Control. 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. HSE has no need to produce Parliamentary control Schedules (Schedules 1 and 5) 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) Analysis of activities

All the activities of the Executive are designed to use the measures in the Health and Safety at Work etc. Act 1974 to further the reduction of occupational accidents and disease.

### (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 the DWP.

The Commission pays to the Executive such sums as the Commission considers 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) Assets

All assets are 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 (refer also Notes 6 and 20) costing over £500, and items of furniture 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.

Non-property assets are revalued to open market value. Price index numbers for current cost accounting (MM17) published by the Office for National Statistics are used to estimate value where market value is not obtainable. For 2004/05 tangible fixed assets were revalued at the Balance Sheet date.

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.

In accordance with the Resource Accounting Manual and FRS 15, professional revaluations of land and buildings will be undertaken at least every five years. The respective values of all freehold properties and only those leasehold properties that qualify as finance leases (refer accounting policy Note 1) are included in the Balance Sheet. Land and buildings at Buxton were independently valued at 31 March 2005 by Jones, Lang, La Salle. The property at Carlisle was independently valued during 2000/01 by Donaldsons, Chartered Surveyors. In each case the valuations were in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. In the periods between formal valuations properties have been revalued in accordance with appropriate indices.

**(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 acquired for the car leasing scheme where 60% of the original cost is depreciated over the three-year life of the contract. Assets in the course of construction and residual interests in off-balance sheet 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 to write them down to estimated residual value on a straight-line basis over their estimated useful lives.

Buildings	Freehold	over 50 years or remaining life assessed by the valuers
	Leasehold	over period of lease or to next rent review
Specialist plant		over remaining life up to 15 years
Furniture		up to 15 years
Office machinery, publicity and major scientific equipment		up to 10 years
IT equipment		up to 5 years
Printing/typesetting and telecommunications equipment		up to 7 years
Vehicles		up to 7 years
Motor vehicles leased to staff		up to 3 years

**(f) 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.

**(g) 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.

**(h) Foreign currency**

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

Translation differences are dealt with through the Operating Cost Statement.

**(i) Research**

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

**(j) Capital charge**

A charge, reflecting the cost of capital utilised by HSE, is included in operating costs. The charge is calculated at the Government's standard rate of 3.5% in real terms on the average of all assets less liabilities, except for donated assets and cash balances with Office of HM Paymaster General, where the charge is nil.

**(k) Pension costs**

Past and present employees are covered by the provisions of the Civil Service Pension Schemes which are described in Note 2. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits. HSE recognises the expected costs of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (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.

**(l) 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.

**(m) 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 outturn 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.

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

PFI transactions (refer Note 20) have been accounted for in accordance with Treasury Technical Note No. 1 (Revised), entitled *How to Account for PFI Transactions* as required by the Resource Accounting 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 a property 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.

**(o) 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 3.5% in real terms.

**(p) Contingent liabilities**

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

**(q) Value Added Tax**

Most of the activities of HSE 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.

**(r) 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 Staff numbers and costs of the Health and Safety Executive****(a) Staff costs**

			2004/05	2003/04
	£'000 Directly employed staff	£'000 Others	£'000 Total	£'000 Total
Wages and salaries	117 894	3 389	121 283	120 209
Social security costs	9 572	28	9 600	9 345
Other pension costs	17 243	46	17 289	16 986
<b>Total</b>	<b>144 709</b>	<b>3 463</b>	<b>148 172</b>	<b>146 540</b>
Less recoveries in respect of outward secondments	(399)	-	(399)	(177)
<b>Total net costs</b>	<b>144 310</b>	<b>3 463</b>	<b>147 773</b>	<b>146 363</b>

## Note:

The Principal Civil Service Schemes (PCSPS) to which most of HSE's employees are members are unfunded multi-employer defined benefit schemes but HSE is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservice-pensions.gov.uk>).

For 2004/05 employer contributions of £17 078 346 were payable to the PCSPS (2003/04 - £16 958 873) at one of the four rates in the range 12-18.5% of pensionable pay, based on salary bands. Employer contributions are to be reviewed in 2005/06 following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to join a partnership pension account - a stakeholder pension with an employer contribution. For 2004/05 employer contributions of £16 706.01 (2003/04 - £16 603.37) were paid to three appointed stakeholder pension providers (refer also Note 2c).

Ten people retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £15 039 (2003/04 - information is not available).

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

	Directly employed staff	Others	2004/05 Total	2003/04 Total
<b>Total</b>	3 839	122	3 961	4 090

*(c) Salary and pension entitlements of the Director General*

	Salary £'000	Benefits in kind to nearest £100 £	Real increase in pension at 60 £'000	Total accrued pension at 60 at 31 March £'000	CETV at 31 March 2005 £'000	CETV at 31 March 2004 £'000	Real increase in CETV £'000
Timothy Walker CB							
2004/05	145-150	-	0-2.5 plus 5-7.5 lump sum	55-60 plus 170-175 lump sum	1 042	957	40
2003/04	145-150	-	2.5-5 plus 10-12.5 lump sum	50-55 plus 155-160 lump sum	n/a	957	92

*(d) Salary and pension entitlements of the Executive members*

							2004/05
	Salary	Benefits in kind to nearest £100	Real increase in pension at 60	Total accrued pension at 60 at 31 March	CETV at 31 March 2005	CETV at 31 March 2004	Real increase in CETV
	£'000	£	£'000	£'000	£'000	£'000	£'000
Kate Timms CB (1)	75-80	-	0-2.5 plus 2.5-5 lump sum	65-70 plus 195-200 lump sum	1 214	1 181	18
Justin McCracken	120-125	-	0-2.5 plus 2.5-5 lump sum	5-10 plus 20-25 lump sum	112	87	18
Jonathan Rees (2)	55-60	-	2.5-5	40-45	504	418	57

							2003/04
	Salary	Benefits in kind to nearest £100	Real increase in pension at 60	Total accrued pension at 60 at 31 March	CETV at 31 March 2004	Real increase in CETV	
	£'000	£	£'000	£'000	£'000	£'000	
Kate Timms CB (1)	130-135	-	5-7.5 plus 17.5-20 lump sum	60-65 plus 190-195 lump sum	1 181	122	
Justin McCracken	115-120	-	0-2.5 plus 2.5-5 lump sum	5-10 plus 15-20 lump sum	87	36	

*Notes:*

- (1) Retired 7 October 2004.  
(2) Appointment commenced 13 September 2004.

*Details of HSL's senior management emoluments can be found in their own published accounts.*

*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 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 CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the*

CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

**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 allowance to the extent that it is subject to UK taxation.

None of the Executive members received Benefits in Kind.

The Director General is appointed for a fixed term of up to five years. The other Executive members are appointed for a fixed term of up to three years. None of the members receive any predetermined compensation payment on termination of office.

There were no employer contributions to partnership pension accounts during the year.

**Pension** The Executive are all members of the PCSPS.

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium and classic plus). New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account).

(a) Classic scheme

Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at the rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

(b) Premium scheme

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, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5% of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at the rate of 3/8ths of the member's pension (before any commutation). On death in service, the scheme pays a lump sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

(c) Classic plus scheme

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as classic.

Pensions payable under classic, premium and classic plus are increased in line with the Retail Prices Index.

(d) Partnership pension account

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum.

### 3 Non-staff administration costs to the Health and Safety Executive

	2004/05	2003/04
	£'000	£'000
<b>Rentals under operating leases:</b>		
Hire of plant and machines	144	169
Other operating leases	9 998	8 977
<b>PFI service charges:</b>		
Off-balance sheet contracts	23 987	17 680
On-balance sheet PFI contracts	2 750	5
<b>Auditor's remuneration</b>	<b>83</b>	<b>84</b>
<b>Non-cash items:</b>		
Depreciation and amortisation of fixed assets	5 997	6 321
Cost of capital charge	1 329	1 384
Loss on revaluation of fixed assets	67	151
Profit/loss on sale of fixed assets	(61)	212
Provisions: provided in year	1 117	887
Other non-cash items	93	90
<b>Other expenditure</b>	<b>49 149</b>	<b>45 609</b>
	<b>94 653</b>	<b>81 569</b>

#### Notes:

Travel, subsistence and hospitality expenses for the Executive members were £37 226 (2003/04 - £39 152), while the total for all other staff was £11 003 298 (2003/04 - £11 392 420).

There were no payments made to the NAO for non-audit work carried out in the year.

#### Analysis of other expenditure

	2004/05	2003/04
	£'000	£'000
Accommodation	15 400	13 797
Travel and subsistence	11 041	11 432
Other	22 708	20 380
	<b>49 149</b>	<b>45 609</b>

#### 4 Net programme costs

	2004/05	2003/04
	£'000	£'000
Research	16 566	16 248
Publicity, marketing and distribution	8 980	10 956
Other	4 304	2 399
Sub total	29 850	29 603
Less programme income	(7 412)	(8 365)
Net total	22 438	21 238

## 5 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	Income	Surplus/ (Deficit)	Surplus/ (Deficit)
	£'000	£'000	2004/05 £'000	2003/04 £'000
<i>(i) HSE fees and charges</i>				
Licensing of nuclear installations	21 692	21 692	-	-
Safety-related research in the nuclear industry	1 208	1 208	-	-
Genetically modified organisms	130	102	(28)	(57)
First-aid approvals	233	146	(87)	(102)
Asbestos Licensing Unit	284	280	(4)	(45)
FEPA fees and levy	1 068	1 068	-	-
Authorisation of biocides and pesticides	279	24	(255)	-
Notification of new substances	267	302	35	66
Control of major accident hazards	3 432	3 392	(40)	79
Enforcement of railway safety legislation	6 761	6 708	(53)	196
Enforcement of offshore safety legislation	7 756	8 030	274	338
Enforcement of Gas Safety Management Regulations	225	213	(12)	(14)
	<b>43 335</b>	<b>43 165</b>	<b>(170)</b>	<b>461</b>
Health and Safety Laboratory external customers	3 263	3 263	-	-
Health and Safety Laboratory EU income	444	444	-	-
Other fees and agency charges	-	173	-	-
<b>Total fees and charges at 31 March 2005</b>	<b>47 042</b>	<b>47 045</b>		
Total fees and charges at 31 March 2004	48 339	48 997		
<i>(ii) HSE sales and other income</i>				
Sale of publications	3 418	4 383	965	1 372
Other sales/income	-	5 741		
EU income	257	257		
<b>Total sales and other income at 31 March 2005</b>	<b>3 675</b>	<b>10 381</b>		
Total sales and other income at 31 March 2004	4 843	11 273		

*This analysis conforms to the HM Treasury's Fees and Charges Guide and is not intended to comply with SSAP 25 Segmental Reporting.*

*Rents receivable are as follows*

	2004/05	2003/04
	£'000	£'000
Rents from other government departments	31	31
Rents from external tenants	28	-
<b>Total</b>	<b>59</b>	<b>31</b>

## 6 Tangible fixed assets

	Land & Buildings	Information Technology	Motor Vehicles	Plant & Machinery	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2004	20 659	3 589	3 465	13 973	10 986	924	53 596
Reclassifications (Cost)	111	36	-	62	-	(209)	-
Additions in year	55 851	415	931	1 109	3 402	42	61 750
Revaluations in year	5 772	(73)	41	(83)	485	-	6 142
Disposals during year	(6 320)	(555)	(1 103)	(1 453)	(3 060)	-	(12 491)
Balance at 31 March 2005	<b>76 073</b>	<b>3 412</b>	<b>3 334</b>	<b>13 608</b>	<b>11 813</b>	<b>757</b>	<b>108 997</b>
Depreciation at 1 April 2004	7 289	2 963	1 350	9 381	5 437	-	26 420
Charge in year	2 909	311	560	1 096	1 121	-	5 997
Revaluations in year	(111)	(32)	14	(45)	159	-	(15)
Disposals during year	(1 576)	(509)	(665)	(1 312)	(2 772)	-	(6 834)
Accumulated depreciation at 31 March 2005	<b>8 511</b>	<b>2 733</b>	<b>1 259</b>	<b>9 120</b>	<b>3 945</b>	<b>0</b>	<b>25 568</b>
Net book value at 31 March 2005	67 562	679	2 075	4 488	7 868	757	83 429
Net book value at 31 March 2004	13 370	626	2 115	4 592	5 549	924	27 176
<b>Asset financing</b>							
Owned	10 295	679	2 075	4 488	5 415	42	22 994
Finance leased							
On-balance sheet PFI contracts	57 267	-	-	-	2 453	-	59 720
PFI residual interests	-	-	-	-	-	715	715
Net book value at 31 March 2005	<b>67 562</b>	<b>679</b>	<b>2 075</b>	<b>4 488</b>	<b>7 868</b>	<b>757</b>	<b>83 429</b>

*Analysis of land and buildings between freehold, long and short leasehold*

The net book value of land and buildings at 31 March 2005 comprises:

	2004/05	2003/04
	£'000	£'000
Freehold	4 819	5 727
Long leasehold	-	-
Short leasehold	62 743	7 643
	<b>67 562</b>	<b>13 370</b>

**7 Movements in working capital other than cash**

	2004/05	2003/04
	£'000	£'000
Decrease/(increase) in stocks/work-in-progress	635	(372)
Increase in debtors	(175)	(1 399)
Increase in creditors falling due within one year	561	2 594
Net (increase)/decrease in working capital other than cash	<b>1 021</b>	<b>823</b>
Less decrease in amounts payable to DWP	785	1 499
Less (increase) in capital creditor	(210)	(95)
	<b>1 596</b>	<b>2 227</b>

**8 Stocks and work-in-progress**

	2004/05	2003/04
	£'000	£'000
Consumables	59	68
Work-in-progress	677	681
Finished stock for sale	884	1 506
	<b>1 620</b>	<b>2 255</b>

## 9 Debtors

	2004/05	2003/04
	£'000	£'000
Debits falling due within one year:		
Trade debtors	5 598	7 169
Imprest/advances	546	598
Prepayments	2 175	2 156
Taxation: VAT debtor	3 953	2 728
Other debtors	6	10
Accrued income	10 036	9 312
<b>Sub total</b>	<b>22 314</b>	<b>21 973</b>
Debits falling due after more than one year:		
PFI prepayment	4 383	-
Other prepayments	137	84
Imprests/advances	258	322
<b>Sub total</b>	<b>4 778</b>	<b>406</b>
<b>Total</b>	<b>27 092</b>	<b>22 379</b>

### Note:

The imprests/advances total of £803 994 (2003/04 - £920 667) includes £341 939 (2003/04 - £427 302) advances of salary for house purchase, £197 804 (2003/04 - £231 485) advances of salary for season ticket purchase, £146 387 (2003/04 - £153 028) imprests and £117 864 (2003/04 - £108 852) other advances. There were 53 officers who had £2500 or more outstanding at 31 March 2005 which totalled £323 557 (2003/04 - £382 039 - relating to 57 officers).

## 10 Cash at bank and in hand

	2004/05	2003/04
	£'000	£'000
Balance at 1 April	137	91
Net cash inflow	87	46
<b>Balance at 31 March</b>	<b>224</b>	<b>137</b>
The following balances at 31 March are held at:		
Office of HM Paymaster General	-	-
Commercial banks and cash in hand	224	137
	<b>224</b>	<b>137</b>

## 11 Creditors

	2004/05	2003/04
	£'000	£'000
Amounts falling due within one year:		
Trade creditors - non capital	495	895
Trade creditors - capital	332	121
Other creditors	29	77
Accruals and deferred income	11 336	9 432
Receipts payable to DWP	1	787
	<b>12 193</b>	<b>11 312</b>
Amounts falling due after more than one year:		
Imputed finance lease element of on-balance sheet PFI contracts	57 607	-
<b>Total</b>	<b>69 800</b>	<b>11 312</b>

## 12 Provisions for liabilities and charges

	Early departure costs	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2004	1 487	712	1 236	3 435
Movement between provisions	173	-	(173)	-
Increase in provision	334	525	354	1 213
Provisions not required written back	(35)	-	(41)	(76)
Amounts utilised	(636)	-	(217)	(853)
Unwinding of discount	25	-	-	25
<b>Balance at 31 March 2005</b>	<b>1 348</b>	<b>1 237</b>	<b>1 159</b>	<b>3 744</b>

### Early departure costs

HSE meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early. HSE provides for this in full when the early retirement programme becomes binding on HSE by establishing a discounted provision. In past years HSE paid in advance some of its liability for early retirement 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 21.

### 13 Reserves

	2004/05	2003/04
	£'000	£'000
Balance at 1 April	2 868	3 227
Arising on revaluation during the year (net)	6 224	31
Transfer to general fund of realised element of revaluation reserve	(1 767)	(390)
<b>Balance at 31 March</b>	<b>7 325</b>	<b>2 868</b>

### 14 Capital commitments

	2004/05	2003/04
	£'000	£'000
Contracted commitments for which no provision has been made	326	495

### 15 Losses and special payments

	2004/05	2003/04	2004/05	2003/04
	No. of cases	No. of cases	£'000	£'000
Cash	24	8	6	2
Claims abandoned	176	144	130	198
Administrative losses	1	-	-	-
Fruitless payments	25	43	6	24
Stores	-	-	507	317
Special payments	33	52	252	28
	<b>259</b>	<b>247</b>	<b>901</b>	<b>569</b>

Special payments made by HSE to staff and members of the public totalled 33 cases in 2004/05 to the value of £251 701. Included in this figure is a payment of £230 000 plus £13 125 recoverable benefits that was paid to a former employee who was exposed to asbestos during her employment with HSE, and developed mesothelioma.

## 16 Commitments under operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in

the table below, analysed according to the period in which the lease expires:

	2004/05		2003/04	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000

Leases expiring within:

One year	685	44	755	33
After one year but not more than five years	768	4	696	128
More than five years	4 425	-	8 761	-
	<b>5 878</b>	<b>48</b>	<b>10 212</b>	<b>161</b>

## 17 Finance leases

HSE's obligations under finance leases are as follows:

	2004/05 £'000	2003/04 £'000
Rentals due within one year	-	12
Rentals due after one year but within five years	-	-
Rentals due thereafter	-	-
	<b>-</b>	<b>12</b>
Less interest element	-	2
	<b>-</b>	<b>10</b>

## 18 Reconciliation of net operating cost to changes in general fund

	2004/05	2003/04
	£'000	£'000
Net operating cost for the year (Schedule 2)	(214 850)	(197 265)
Net parliamentary funding	209 025	196 422
Excess appropriations in aid to be surrendered to DWP	-	(786)
Transferred to general fund in respect of realised element of revaluation reserve (Note 13)	1 767	390
Release from general fund (Chairman's pension)	-	(83)
Release from general fund (other)	-	(3)
Non-cash charges (DWP services)	(107)	90
Cost of capital	1 329	1 384
<b>Net (decrease)/increase in general fund</b>	<b>(2 836)</b>	<b>149</b>
General fund at 1 April	34 332	34 183
<b>General fund at 31 March (Schedule 3)</b>	<b>31 496</b>	<b>34 332</b>

## 19 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 totalling £721 000 (2003/04 - £590 000) 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 Central Office of Information (expenditure of £2 188 404, 2003/04 - £288 000), Civil Service College (£290 000, 2003/04 - £302 000), Government News Network (£593 000, 2003/04 - £541 000), Treasury Solicitor (£587 000, 2003/04 - £339 000), Office for National Statistics (£355 000, 2003/04 - £242 000), DEFRA (£443 000, 2003/04 - £320 000) and UKAEA-Fusion (income of £2 333 000, 2003/04 - £1 224 000) 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 Director General 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.

## 20 Commitments under PFI contracts

HSE has entered into the following PFI contract.

### *Off-balance sheet*

#### *IT services*

In June 2001, HSE signed a 10-year contract with a partner (Logica CMG with Computacenter as the key sub-contractor) for the provision of information and communications technology and Information Strategy (IS) service across all HSE sites and to all HSE users.

The Agreement is based on a model agreement for PFI contracts. Typically in PFI deals, the contractor provides services and risk is transferred to the party best able to manage it. The partner has taken over ownership of HSE's IT hardware and some software assets and is responsible for providing all future assets needed to deliver the IT service.

If Logica CMG were to meet the performance standards in the contract and the transaction levels and business developments fall within the agreed parameters, the payments under the contract at constant price levels would be:

	2004/05	2003/04
	£'000	£'000
Amounts falling due within one year	13 589	12 997
Net present value of amounts falling due within two to five years	52 734	50 439
Net present value of amounts falling due within six to ten years	19 975	35 699

A discount rate of 3.5% has been used to derive the net present cost of the non-discretionary payment streams in years two to ten.

The estimated capital value of the contract is £23 million.

### *On-balance sheet*

With effect from 28 October 2004, HSL took occupation of serviced accommodation for laboratory and support functions provided under a 32 years and 29 weeks term 'design, build, finance and operate' contract with ICB Ltd. The balance of the risks and rewards of ownership of the property, situated at Harpur Hill, Buxton, is borne by HSL and hence the buildings and furniture provided 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.

### *Imputed finance lease obligations under on-balance sheet PFI contracts*

	£'000
Rentals due within one year 2005/06	3 910
Rentals due within two to five years	19 381
Rentals due thereafter - 24 years and 7 months	183 187
Sub total	206 478
Less interest element	(148 871)
Total	57 607

The total amount charged to HSL's Income and expenditure account in respect of the service element of on-balance sheet PFI transactions was £1 260 174 and the value of the payments to which HSL is committed during 2005/06, subject to ICB achieving contracted levels of service and availability, is £3 062 199, this commitment expiring within 30 years.

## **21 Contingent liabilities**

Thames Trains has discontinued action against HSE and we are in the process of reclaiming our costs, an estimate of

which has been included in other income.

HSE is currently defending two equal-pay cases. In October 2003, HSE successfully appealed at an Employment Appeal Tribunal against an Employment Tribunal decision 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. Depending upon the outcome of that reference the case could be decided in HSE's favour or remitted to an Employment Tribunal to be heard again. The legal process could, therefore, continue for a considerable period of time.

HSE won another equal-pay case in December 2003 as a result of the Employment Appeal Tribunal decision but that case is subject to a cross appeal from the other side, which has been stayed pending the outcome of the first case. If we were to lose these cases, the financial consequences would depend on the nature of the final judgement in relation to the two employees who brought the cases, and the degree to which the judgements would apply more widely in HSE.

An increased provision for the staff-related costs of relocation to Buxton is included in these accounts, and this is based on information available at the time of preparation. Qualifying staff had to decide within the six month period after the date of their November 2004 transfer, whether to relocate. Following the expiry of this period, there is no longer considered to be a significant contingent liability.

## 22 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 2005, the weighted average period to maturity was 5.0 years (2003/04 - 5.0 years).

### *Foreign currency risk*

HSE's exposure to foreign currency risk is not significant. 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 has been calculated as £231 875 at 31 March 2005. (£290 000 at 31 March 2004). The basis of fair valuation has been to discount cash flows by the real rate set by HM Treasury (currently 3.5%).

### *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.

### 23 Intra-government balances

2004/05	Debtors amounts falling due within one year  £'000	Debtors amounts falling due in more than one year  £'000	Creditors amounts falling due within one year  £'000	Creditors amounts falling due in more than one year  £'000
Balances with other central government bodies	4 779	-	221	-
Balances with local authorities	250	-	247	-
Balances with NHS trusts	30	-	33	-
Balances with public corporations and trading funds	479	-	-	-
Balances with bodies external to government	16 776	4 778	11 692	57 607
<b>At 31 March 2005</b>	<b>22 314</b>	<b>4 778</b>	<b>12 193</b>	<b>57 607</b>

2003/04	Debtors amounts falling due within one year  £'000	Debtors amounts falling due in more than one year  £'000	Creditors amounts falling due within one year  £'000	Creditors amounts falling due in more than one year  £'000
Balances with other central government bodies	2 950	-	-	-
Balances with local authorities	119	-	-	-
Balances with NHS trusts	5	-	1	-
Balances with public corporations and trading funds	12	-	-	-
Balances with bodies external to government	18 887	406	11 311	-
<b>At 31 March 2004</b>	<b>21 973</b>	<b>406</b>	<b>11 312</b>	<b>-</b>

A full analysis of total debtors and creditors between public sector balances has been undertaken in 2004/05. A comparative analysis for 2003/04 was limited to trade debtors, trade creditors and VAT only. The other elements (refer Notes 9 and 11) have been assumed to be balances external to Government.

# Glossary of abbreviations

## A

ACAS	Advisory, Conciliation and Arbitration Service
ACDP	Advisory Committee on Dangerous Pathogens
ACDS	Advisory Committee on Dangerous Substances
ACGM	Advisory Committee on Genetic Modification
ACOP	Approved Code of Practice
ACTS	Advisory Committee on Toxic Substances
ADC	Association of District Councils
AFAG	Arboriculture and Forestry Advisory Group
AIAC	Agriculture Industry Advisory Committee
AO	Accounting Officer
ASAG	Agriculture Safety Advisory Group
ATP	Adaptation to Technical Progress

## B

BNFL	British Nuclear Fuels plc
BOHRF	British Occupational Health Research Foundation
BP	British Petroleum
BREEAM	Building Research Establishment's Environmental Appraisal Method
BTP	British Transport Police

## C

CBI	Confederation of British Industry
CCTV	Closed Circuit Television
CD	Consultation Document
CDM	Construction (Design and Management) Regulations 1994
CETV	Cash Equivalent Transfer Value
CFD	Computational Fluid Dynamics
CHaSPI	Corporate Health and Safety Performance Index
CHSC	Corporate Health and Safety Committee
CIA	Chemical Industries Association
CIEH	Chartered Institute of Environmental Health
CITB	Construction Industry Training Board
COMAH	Control of Major Accident Hazards Regulations
CONIAC	Construction Industry Advisory Committee
COSAS	Corporate Science and Analytical Services Directorate
COSHH	Control of Substances Hazardous to Health Regulations
CSCS	Construction Skills Certification Scheme
CTG	Corporate Topic Group
CTSA	Channel Tunnel Safety Authority

## D

DD	Discussion Document
DDG	Deputy Director General
DEFRA	Department for Environment, Food and Rural Affairs
DfT	Department for Transport
DG	Director General
DoH	Department of Health
DSE	Display screen equipment
DSEAR	Dangerous Substances and Explosive Atmospheres Regulations
DTI	Department of Trade and Industry
DWP	Department for Work and Pensions

## E

EA	Environment Agency
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EFF	The organisation for manufacturing, engineering and technology-based business
EMAS	Employment Medical Advisory Service
EMM	Enforcement Management Model
EMU	European Monetary Union
EPS	Enforcement Policy Statement
ERA	European Railway Agency
ERTMS	European Rail Traffic Management Systems
ESR	Existing Substances Regulations
EU	European Union

## F

FAAMS	First Aid Approvals and Monitoring Section
FASTCO	Forestry and Arboriculture Safety Training Council
FaTaLs	Falls, Transport and Lifting key safety issues
FAQ	Frequently Asked Question
Fit3	Fit for work, Fit for life, Fit for tomorrow Strategic Delivery Programme
FOD	Field Operations Directorate
FOI	Freedom of Information
FOM	Faculty of Occupational Medicine
FRS	Financial Reporting Standard

## G

GB	Great Britain
GDP	Gross Domestic Product
GLA	Greater London Authority
GMO	Genetically Modified Organism
GP	General Practitioner
GPS	Global Positioning System

**H**

HAV	Hand Arm Vibration
HELA	Health and Safety Executive/Local Authorities Enforcement Liaison Committee
HIAG	Health in Agriculture Group
HID	Hazardous Installations Directorate
HIFEAC	Higher and Further Education Advisory Committee
HM	Her Majesty's
HMRI	Her Majesty's Railway Inspectorate
HPA	Health Protection Agency
HR	Human Resources
HRST	Human Resource Service Transformation
HSAO	Health and Safety Awareness Officer
HSC	Health and Safety Commission
HSE	Health and Safety Executive
HSL	Health and Safety Laboratory
HSW Act	Health and Safety at Work etc Act 1974

**I**

IAC	Industry Advisory Committee
IAEA	International Atomic Energy Agency
ICI	Imperial Chemical Industries
IFRLUP	Implementation of the Fundamental Review of Land Use Planning Project
ILGRI	International Liaison Group of Government Railway Inspectors
IOM	Institute of Occupational Medicine
IT	Information Technology
ISO	International Standards Organisation

**L**

LA	Local Authority
LACoRS	Local Authorities Coordinators of Regulatory Service
LAN	Local Area Network
LDA	London Development Agency
LUL	London Underground Limited

**M**

MAC	Manual Handling Assessment Chart
MIC	Mining Industry Committee
MORI	Market and Opinion Research International
MSD	Musculoskeletal Disorder

**N**

NDA	Nuclear Decommissioning Authority
NAO	National Audit Office
NDA	Nuclear Decommissioning Authority
NHS	National Health Service
NII	Nuclear Installations Inspectorate
NLCSG	National Level Crossing Safety Group
NONS	Notification of New Substances Regulations
NSD	Nuclear Safety Directorate
NuSAC	Nuclear Safety Advisory Committee

**O**

OEL	Occupational Exposure Limit
Ofgem	Office of Gas and Electricity Markets
OGC	Office of Government Commerce
OHA	Occupational Health Advisor
OHAC	Occupational Health Advisory Committee
OHSR	Occupational Health, Safety and Return to Work

OIAC	Offshore Industry Advisory Committee
OPM	Output Performance Measures
OPSP	Operational Policy and Support Division
ORR	Office of the Rail Regulator
OSD	Offshore Safety Division

**P**

PABIAC	Paper and Board Industry Advisory Committee
PADHI	Planning Advice for Developments near Hazardous Installations
PCSPS	Principal Civil Service Pension Scheme
PFI	Private Finance Initiative
PIAC	Printing Industry Advisory Committee
PPP	Public Private Partnership
PSA	Public Service Agreement

**Q**

QCA	Qualifications Curriculum Authority
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**R**

RAG	Red, Amber or Green
RAIB	Rail Accident Investigation Branch
RAM	Resource Accounting Manual
RDG	Resource Delivery Group
RDP	Rail Delivery Programme
REACH	European Commission's Strategy for a Future Chemicals Policy
REFIT	Business Consultancy & ICT Services Partner (Retendering for IT)
REHIS	Royal Environmental Health Institute of Scotland
RIA	Regulatory Impact Assessment
RIAC	Railway Industry Advisory Committee
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
RIMINI	Risk Minimisation (Network Rail's company standard)
RIMP	Risk Management Improvement Plan
ROGS	Railways and Other Guided Transport Systems (Safety) Regulations
ROSPA	Royal Society for the Prevention of Accidents
RPD	Resources and Planning Directorate
RRAP	Regulatory Reform Action Plan
RRO	Regulatory Reform Orders
RSSB	Rail Safety and Standards Board
RTA	Road Traffic Accident
RUBIAC	Rubber Industry Advisory Committee

**S**

SACGM(CU)	Scientific Advisory Committee on Genetic Modification (Contained Use)
SAD	Safety Awareness Day
SAMNET	Safety Management and interoperability thematic Network for railway systems
SAPs	Safety Assessment Principles
SAT	Slips Assessment Tool
SCS	Senior Civil Service
SDP	Strategic Delivery Programme
SEAC	Schools Education Advisory Committee
SERTUC	Southern and Eastern Region Trades Unions Congress
SHAD	Safety and Health Awareness Day

SID	Strategy and Intelligence Division
SME	Small and Medium-sized Enterprise
SPAD	Signal Passed at Danger
SPg	Strategic Programme
SR2004	Spending Review 2004
SRA	Strategic Rail Authority
SRO	Science and Research Outlook
STEP	Strategic Enabling Programme

## T

TASC	Training Approval Services Consortium
TEXIAC	Textiles Industry Advisory Committee
TPWS	Train Protection Warning System
TU	Trade Union
TUC	Trades Union Congress

## U

UCATT	Union of Construction, Allied Trades and Technicians
UCE	University of Central England
UK	United Kingdom
UKAEA	United Kingdom Atomic Energy Authority
UK GAAP	United Kingdom Generally Accepted Accounting Practice
UKOOA	United Kingdom Offshore Operators Association
UKPIA	United Kingdom Petroleum Industry Association

## V

VAT	Value Added Tax
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## W

WSA	Workers' Safety Advisor
WWT	Working Well Together



