



The Health and Safety Executive Annual Report and Accounts 2010/11

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The Health and Safety Executive Annual Report and Accounts 2010/11

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Foreword by HSE's Chair and Chief Executive

It is almost two years since the HSE Board's strategy for health and safety in Great Britain, set out in *Be part of the solution*, was published, and notwithstanding the significant changes in the environment described below, the strategy continues to provide the overall strategic framework for maintaining and improving workplace health and safety performance.

It is encouraging that progress continued to be made, with the latest available statistics for 2009/10¹ indicating the lowest rate of fatalities ever for Great Britain, and we remained the best performing country in the EU on this measure. All those in the health and safety system who played their respective roles should take encouragement from these figures.

However, we must not lose sight that in 2009/10¹ 152 workers were killed at work, over 26 000 reports were made to HSE of serious injury, and more than 28 million working days were lost through work-related injury and ill health. We must never become complacent as changing business profiles and economic activities continue to present real health and safety risks to that performance which we all must remain alert to and address.

During the year, the Prime Minister commissioned a review of health and safety and the compensation culture, which culminated in the publication of the report *Common Sense, Common Safety* in October 2010. All recommendations were accepted by the Coalition Government and relevant departments are now engaged in implementing them. We welcomed the report and saw it as an important opportunity to address some of the unnecessary risk aversion and trivialisation of important issues that have detracted from our work, that of our partners in local authorities and that of others in the health and safety system.

HSE will continue with the implementation of those recommendations for which we are responsible. To date we have already introduced the Occupational Safety and Health Consultants Register, intended to increase employers' confidence in accessing competent and independent advice. We have also launched a number of easy-to-use, accessible risk assessment toolkits to support lower risk businesses to comply with health and safety legislation in a proportionate and cost-effective manner, and we have created and launched new easily accessible guidance aimed specifically at small and medium-sized enterprises (SMEs) entitled *Health and safety made simple*.

But implementing the recommendations of *Common Sense, Common Safety* is only one of a number of changes taking place that will impact on the way the health and safety system in Great Britain operates in the future. The recommendations were an important first step in the reform of Britain's health and safety framework. More recently, the Government has announced a new start for health and safety regulation in Britain with the launch of *Good Health and Safety, Good for Everyone: The next steps in the Government's plans for reform of the health and safety system in Britain*. HSE will carry through the Government's policy of reducing burdens on compliant businesses while concentrating on higher risk areas and on dealing with those who operate outside health and safety legislation.

During the past year, HSE has also continued to support dutyholders who wish to properly protect their workforce, while taking firm enforcement action against those considered to be at fault. An example of the former has been HSE's involvement in the Oil Spill Prevention and Response Advisory Group and participation in EU offshore regulators' meetings to

¹ At the time of production of this report, the latest available published data (provisional) relates to 2009/10.

review lessons learned following the Deepwater Horizon drilling incident in the Gulf of Mexico in April 2010. Examples of the latter included the first conviction of corporate manslaughter under the Corporate Manslaughter and Homicide Act and, in relation to the Buncefield Oil Storage Depot fire and explosion in 2005, five companies were ordered to pay £9.5 million in fines and costs for their part in the incident.

Preventing catastrophic incidents in major hazard industries will remain a high priority for HSE and, in the months to come, we will all look to learn whatever lessons may arise from recent tragic events in Japan.

Like other public bodies, HSE will face reductions in its government funding for the period to 2015 and will approach this challenge in three main ways, namely:

- becoming even more efficient, reducing our costs, and focusing our attention on those areas where we can have most impact;
- recovering more of our costs, by recognising the value of the experience and material HSE has, and charging for it where there is legitimate scope to do so; and
- seeking to level the playing field by ensuring that those businesses which create risks by operating outside of the law, or where a continuing high level of engagement is required, meet more of the regulator's costs that are generated as a result.

Our 2011/12 Delivery Plan sets out further details for the year ahead (www.hse.gov.uk/aboutus/strategiesandplans/delivery-plans/plan1112.pdf).

Finally, we wish to thank the members of HSE's Board and all of our staff who have once again demonstrated high levels of commitment to and support for our mission – *'the prevention of death, injury and ill health to those at work and those affected by work activities'*.



Judith Hackitt CBE
Chair
Health and Safety Executive



Geoffrey Podger CB
Chief Executive
Health and Safety Executive

About HSE

The Health and Safety Executive (HSE) is a non-departmental public body with Crown status, sponsored by the Department for Work and Pensions (DWP) and accountable to its ministers. We are responsible for regulating work-related health and safety in Britain in partnership with local authorities (LAs) in accordance with the Health and Safety at Work etc Act 1974. Our mission is the prevention of death, injury and ill health to those at work and those affected by work activities. We will deliver it within a new framework for health and safety set by the Government in *Good Health and Safety, Good for Everyone*, which can be accessed at <http://www.dwp.gov.uk/docs/good-health-and-safety.pdf>

HSE regulates health and safety across a range of sectors and industries including major hazard sites such as nuclear installations, offshore gas and oil installations and onshore chemical plants through to the more conventional such as construction sites, farms, manufacturing, waste management and recycling sites.

Health and safety is a matter reserved to the UK Parliament and in Scotland and Wales effective working arrangements have been developed between HSE and the administrations to ensure that areas of common and close interest are managed appropriately. Where necessary, such areas are underpinned by 'concordats' which set out any arrangements for consultation, information giving and joint working. These can be accessed at www.hse.gov.uk/aboutus/howwework/framework/F-2001-3.htm.

The Health and Safety Laboratory (HSL) operates as an in-house agency of HSE, providing research and scientific and forensic services – including technical support to investigations. The financial statements consolidate the figures for HSL. Data relating to HSL has also been incorporated into the annual report for areas such as staffing and sickness absence. Details of HSL's performance and activities can be found in their Annual Report and Accounts 2010/11, available at www.hsl.gov.uk from July 2011. The Office for Nuclear Regulation (ONR) was established as a similar internal agency with effect from April 2011.

Strategy and objectives

HSE seeks to fulfil the functions set out for it in the Health and Safety at Work etc Act 1974 and to ensure that we can account for the use of both our statutory powers and the expenditure we incur.

Our strategy, *The health and safety of Great Britain\Be part of the solution*, defines the goals that we and all stakeholders in the health and safety system should strive to achieve (see www.hse.gov.uk/strategy).

The activities HSE aimed to take forward as its contribution to the delivery of the strategy in 2010/11, are detailed in our 2010/11 Business Plan at www.hse.gov.uk/aboutus/strategiesandplans/businessplans/plan1011.pdf. The plan set out our objectives under four key themes:

- **Improving the working environment** – stimulating the effective management of genuine risks in the workplace that cause injury, ill health and dangerous occurrences – particularly in high hazard industries; and, where appropriate, taking enforcement action against those who operate outside of the law.
- **Taking responsibility** – ensuring that those that create risks as a result of their business activity take responsibility for their proper control.

- **Transforming the approach** – achieving the right balance for business, workers and the public of health and safety legislation and our actions, and with other overlapping laws and the work of other regulators.
- **Enabling delivery** – ensuring efficient and effective use of our resources focused on delivery of our objectives.

In summary, HSE made good progress against most of its key objectives and met important milestones for the year, including for example:

- implementation of the HSE-led recommendations in the report *Common Sense, Common Safety* (which was commissioned by the Prime Minister after the General Election and after publication of our 2010/11 Plan);
- securing justice through appropriate and robust enforcement action;
- reducing the risk of catastrophe by undertaking planned interventions at high-hazard sites; and
- focusing on other areas that represent greater risks to workers and the public, such as our inspection programmes for asbestos licensing, the safety of Liquid Petroleum Gas (LPG) pipes, construction sites, waste and recycling plants and higher risk manufacturing.

Some actions planned for 2010/11 had to be re-prioritised, deferred or alternative delivery methods developed to:

- take account of the Government's spending controls to reduce the national deficit; and
- enable implementation of the recommendations for which HSE is responsible arising from the *Common Sense, Common Safety* report.

Performance during 2010/11

This section summarises some of the key activities and outcomes that HSE delivered against its 2010/11 Plan and other in-year priorities which emerged. They are grouped under the four themes described above. Information relating to the performance of Britain's health and safety system, of which HSE is a part, can be found at www.hse.gov.uk/statistics/index.htm.

Responding to the HSE-led recommendations in the report Common Sense, Common Safety, a review of health and safety legislation and the growth of the compensation culture

HSE continues to take forward those recommendations for which it has responsibility arising from the report *Common Sense, Common Safety*, published in October 2010 (see www.number10.gov.uk/uploads/402906_Common_Sense_acc.pdf).

A number of these recommendations are included within the DWP Departmental Business Plan and Structural Reform Plan (SRP), which was published on 8 November 2010 and which can be accessed via <http://www.number10.gov.uk/news/latest-news/2010/11/business-plans-published-2-5688>.

A refreshed version of the Departmental Plan was published in May 2011 and can be accessed via <http://www.number10.gov.uk/news/topstorynews/2011/05/department-business-plans-updated-63798>.

Table 1 Progress against the Structural Reform Plan: as at 31 March 2011

Recommendation	Milestone	Delivered on time
1 Eradicate unnecessary health and safety bureaucracy		
a) Introduce simplified risk assessment forms for low-hazard workplaces. HSE created four risk assessment tools. The office tool was issued in October 2010. Further tools for classrooms (November 2010) and shops and charity shops (both December 2010) were launched for consultation.	Dec 2010	✓
b) Launch periodic checklists for use by low-risk voluntary organisations. Interactive risk assessment tool for charity shops launched for consultation in December 2010. Simple advice for voluntary organisations and a checklist for village halls was published on 31 March 2011.	Mar 2011	✓
c) Produce clear guidance for small and medium-sized businesses engaged in lower risk activities. <i>Health and safety made simple</i> was published in March 2011. This guidance will act as an entry point for those businesses seeking help with undertaking their health and safety duties (see www.hse.gov.uk/simple-health-safety/index.htm).	Jun 2011	✓
2 Establish a web-based directory of accredited health and safety consultants		
The Occupational Safety and Health Consultants Register was launched on 31 January 2011. There has been an overwhelmingly positive response, with almost 2000 applications received by March 2011.		
3 Consult on proposals on consolidation of health and safety legislation and on the operation of current regulations – including consultation on:		
a) the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). The consultation on amending RIDDOR to extend the period of reporting injuries that lead to a worker being incapacitated for work from over three days to over seven days was launched on time on 31 January 2011 and is on track to close, as planned, at the end of April 2011.	Jan 2011	✓
b) a draft voluntary Code of Practice to replace the current Adventure Activities Licensing Authority regime. The consultation on a proposed replacement Code is scheduled for late spring 2011.	May 2011	On track
c) consolidation of the current raft of health and safety legislation into a single set of accessible regulations. On 21 March 2011, the Minister for Employment launched <i>Good Health and Safety, Good for Everyone: The next steps in the Government's plans for reform of the health and safety system in Britain</i> . As part of this, the Government has set up an immediate independent review of health and safety regulation. Consolidation will be incorporated into this wider review, the recommendations of which will be made by autumn 2011.	Mar 2011	On track

Improving the working environment

Avoiding catastrophe

To assure the safe management of key major hazard industries, and reduce the likelihood of low-frequency, high-impact catastrophic incidents which could cause great harm to workers, the environment and the public, HSE:

- maintained effective regulation of dutyholders through successful delivery of ongoing intervention plans, which include assessments of safety reports, inspections and audits at major hazard sites, including top-tier Control of Major Accident Hazards (COMAH) regulatory sites, offshore installations, nuclear and other high-hazard establishments;

and by extending the use of intervention plans to major non-COMAH sites in the mines, explosives, gas and pipelines, and biological agents sectors. During 2010/11, HSE visited 235 out of 292 (80%) top-tier COMAH sites, including all of the highest hazard sites;

- commenced the offshore oil and gas sector three-year duration ageing and life extension inspection programme (KP4) designed to control the significant risk to asset integrity presented by ageing processes;
- alongside our co-regulators the Environment Agency (EA) and Scottish Environment Protection Agency (SEPA) – collectively known as the COMAH Competent Authority (CA) – implemented important changes to the management and delivery of the COMAH regulatory regime. These included a new streamlined assessment procedure for five-year review of safety reports coupled with an increased emphasis on site inspection, an agreed set of national strategic priorities for inspection, and a system for rating sites for safety and environmental hazards. This has improved our prioritisation of interventions and ensured that we are deploying our resources even more efficiently;
- worked together with EA and SEPA as the COMAH CA, and with industry during 2010/11 to implement a range of new measures to improve safety at large-scale fuel storage sites, against new standards introduced by the Process Safety Leadership Group in 2009/10. At 31 March 2011, 96% of sites had submitted or resubmitted assessments against the new standards. To date, 23 assessments have been accepted and the COMAH CA is working with the remaining 24 sites to address the standards. This work is part of a longer-term programme of improvements aimed at preventing a repeat of the incident that occurred at the Buncefield Oil Storage Depot in 2005;
- progressed the programme for Generic Design Assessment (GDA) by providing robust, transparent and independent assessments of new-build nuclear power stations. Quarterly progress reports on the GDA process are available at www.hse.gov.uk/newreactors/quarterly-updates.htm;
- has been fully involved in the offshore Oil Spill Prevention and Response Advisory Group and has participated in EU offshore regulators' meetings to review lessons learned following the Deepwater Horizon drilling incident in the Gulf of Mexico in April 2010. We also continued to progress the adoption of a common approach to the inspection of well control issues with the International Regulators Forum; and
- delivered an extensive programme of inspections, with our local authority co-regulators, to support the major industry programme to replace underground metallic pipework carrying Liquefied Petroleum Gas (LPG), implemented in 2009 in response to Lord Gill's inquiry into the explosion at ICL Plastics in 2004. Since commencement of the programme in October 2009 to the end of March 2011, HSE has undertaken 2965 of a planned 3000 visits, (2732 of which were delivered in 2010/11). These inspections have resulted in over 1500 notices being served to secure satisfactory control of risk. Over 650 additional sites have been addressed through central management interventions with larger dutyholders. Working in liaison with LPG suppliers and the industry trade body, the remedial action secured through inspection and enforcement has clearly played a role in supporting the replacement programme and improving general safety standards at bulk LPG installations.

Investigations and securing justice

Investigating incidents and complaints is an important lever for improving workplace health and safety standards. It enables HSE to determine causes, learn and share lessons, and

ensure that the necessary measures are in place to prevent recurrence. Enforcement Notices are issued as a preventative measure to secure improvements where standards are poor and to stop activities which present serious risks. Where there is evidence of dutyholders operating outside health and safety legislation, HSE or the relevant local authority will hold them to account in the courts through prosecution. During 2010/11 HSE:

- investigated over 3800 incidents which met HSE's published Incident Selection Criteria;
- followed up in excess of 11 500 health and safety complaints received from workers/ members of the public which met HSE's published criteria;
- issued over 11 000 Enforcement Notices compared to 9734(provisional) in 2009/10; and

in 2009/10:

- prosecuted,¹ as per the latest provisional statistics available, 1026(provisional)² offences, resulting in 735 convictions and fines totalling £11.6 million.

Examples of successful prosecutions heard in 2010/11 included:

- five companies ordered to pay £9.5 million in fines and costs for their part in the Buncefield Oil Storage Depot fire and explosion in 2005;
- a landlord who neglected his responsibilities for ensuring gas safety and fire precautions was jailed for 21 months;
- a waste management and recycling company ordered to pay £248 000 in fines and costs following the death of a driver at a landfill site;
- a pub chain fined £300 000 after a landlord died from carbon monoxide poisoning and tenants at a further 474 pubs were put at risk;
- a construction firm fined £160 000 after a worker fell to his death and another construction firm fined £266 000 following the death of a worker driving a telehandler; and for the first time,
- a conviction of the new offence of corporate manslaughter under the Corporate Manslaughter and Homicide Act resulting in the company concerned being fined £385 000.

Targeting industries and workplaces with the greatest risk of accidents or ill health

This section provides an insight into the work that HSE, either directly or in partnership, has undertaken in 2010/11 to tackle the causes of fatal and major injuries and address key health issues. It highlights examples of our proactive interventions targeted on businesses (outside the major hazard industries – see 'Avoiding catastrophe') that, by the nature of their operations and/or poor health and safety record, represent a higher risk.

Construction

Approximately 2.2 million people work in Britain's construction industry and, while its health and safety record compares well with other countries, its fatal incident rate remains over

Notes:

1 Whereas in England and Wales prosecutions are brought by HSE, in Scotland the Procurator Fiscal prosecutes on the basis of HSE reports. He may decide not to prosecute all charges and this affects the number of convictions in Scotland.

2 The statistics exclude enforcement action taken by local authority partners in premises where they have enforcement responsibility, eg shops, offices etc.

four times the average for Britain's industry as a whole and it remains the largest contributor to worker fatalities of any sector. During 2010/11, HSE's targeted interventions included:

- working with the Olympics Delivery Authority (ODA) on the Olympic Park new-build project where, to date, no fatalities have occurred, despite it being the largest single development in Europe. Early interventions with the ODA, principal contractors and design teams ensured that effective leadership and robust management systems were in place. The high standards which followed during the main construction phase, and the strong client leadership of ODA, have enabled HSE to follow its published proportionate and targeted intervention strategy;
- undertaking a major programme of visits to smaller sites in the refurbishment sector, which resulted in 2128 sites visits and 487 Prohibition Notices and 248 Improvement Notices served to secure satisfactory control of risk;
- customising and adapting electronic guidance to help small sites comply with health and safety obligations, eg the 'Busy builder' information sheets that accounted for over 35 000 downloads on HSE's website and 20 000 hard copy versions being distributed by the Working Well Together initiative;
- delivering, through the Working Well Together partnership, a programme of 74 information and guidance events to raise awareness and share good health and safety practice throughout the micro SME sector construction industry, engaging with over 7000 delegates;
- working with the industry to improve standards of competence of those working with tower cranes, including delivery of a notification register in April 2010. The register is proving effective in providing information about the registration and inspection status of tower cranes. By the end of March 2011, 1940 notifications had been received;
- redesigning the HSE construction website, which went live in May 2010 and included tailoring guidance to individual audiences' needs and providing more straightforward advice to SMEs. During 2010/11, the site received over two million page requests; and
- developing the Leadership and Worker Involvement toolkit, intended to improve health and safety culture and behaviours among small and medium-sized companies. The toolkit includes five occupational disease case studies to increase the profile of health risks associated with exposures to asbestos, excessive vibration, noise, silica and manual handling. Following its launch the toolkit will be further promoted to small sub-contractors during 2011/12.

Waste management and recycling

The waste management and recycling industry reports around 4300 accidents each year and collection activities account for the largest proportion. HSE's activities to target this area during 2010/11 included:

- the launch of new guidance on procuring and managing waste services at eight regional events in January and February 2010. HSE commenced an inspection phase from October 2010 to assess uptake of the guidance. Eleven inspections of local authority waste management facilities were completed with nine more inspections underway. The guidance was also reinforced through eight associated presentations delivered throughout the year and through HSE's presence at the Recycling and Waste Management exhibition at Birmingham NEC in September 2010;
- visits to 72 'hotspot' skip hire premises resulting in 62 Enforcement Notices issued at 23 sites to secure satisfactory control of risk;
- development and implementation of intervention plans by national lead inspectors for eight large, multi-site companies;
- the launch of an eBulletin service in January 2011 to raise awareness of waste management and recycling health and safety issues, which has attracted 2184 subscribers at 31 March; and

- ongoing engagement with key industry stakeholders, in particular with Waste Industry Safety and Health (WISH) forum partners, to stimulate improvement activity by organisations individually and via WISH working groups, eg by promoting a greater industry contribution to ongoing HSL research on collection of sickness absence data. Twenty-four organisations signed up for the pilot phase of this initiative.

Agriculture

Working in agriculture remains one of the most dangerous occupations, accounting for around one in five work-related deaths every year and with a provisional 2009/10 fatal injury rate of eight deaths per 100 000 workers compared to the equivalent all-industry rate of 0.5 per 100 000 workers. During 2010/11, targeted interventions were delivered in the context of HSE's ongoing Agriculture Revisited programme and the award-winning Make the Promise initiative designed to improve engagement with the sector and better communicate important health and safety messages. Our work included:

- delivering 25 farming Safety and Health Awareness Days, including practical demonstrations focused on workplace transport, roof work, handling livestock, manual handling and safe use of machinery;
- promoting uptake of training in farming by engaging colleges and training providers. Between January and December 2010 there were 1064 registrations for Health and Safety Vocational Qualifications, an increase on the 780 registrations in 2009;
- working with supply chains to improve machinery safety, including the publication by industry stakeholders of a Buyers' Guide for farmers purchasing tractor/trailer combinations, which was promoted jointly at LAMMA 2011 (an agricultural machinery equipment and farm services show) in January 2011;
- commissioning work to evaluate changes in behaviour in the sector as a result of the Agriculture Revisited initiative. The results are being used to inform activity for 2011/12 and concluded that, although it was too early to report behavioural change, the initiative pointed to a number of positive signs and had made an impact in terms of raising farmers' awareness and motivation to take action to reduce risks; and
- developing and implementing a stakeholder plan to encourage the industry to take greater ownership and leadership in improving the health and safety record in farming. This builds on the activity of industry working groups set up following the National Farmers' Union (England) Farming Safety Summit in September 2010 and the National Farmers' Union (Cymru) event in January 2011.

Asbestos

Past exposure to asbestos is responsible for an estimated 4000 deaths a year. The duty to manage asbestos is directed at those who manage non-domestic premises: the people with responsibility for protecting others who work in such premises – or use them in other ways – from the risks to ill health that exposure to high levels of asbestos causes. During 2010/11 HSE work to target this issue included:

- completing 1860 asbestos licensing visits to dutyholders in 2010/11 to ensure compliance with the Control of Asbestos Regulations 2006, resulting in 87 Enforcement Notices. There has been a 66% increase in the number of licensing visits compared to 2009/10;
- continuing work to raise awareness of the Control of Asbestos Regulations 2006 among school dutyholders. The results of a programme of surveys and interventions with the 152 local authorities in England were published to ensure lessons were learnt. Interventions this year targeted a sample of 162 schools outside local authority control across Britain. The results are currently being evaluated and will inform future activity;
- working with others to raise awareness of asbestos issues, a national chain of builders'

merchants featured asbestos-related personal protective equipment as part of its October health and safety day and distributed 25 000 HSE leaflets – *Asbestos: The hidden killer* – through its stores; and

- developing, in conjunction with vocational training stakeholders, an interactive learning package – *An introduction to asbestos* – for delivery by college lecturers and other training providers. The package is free to download from HSE’s website and is aimed at young apprentices. Between its launch in October 2010 and 31 March 2011, over 4000 packages have been downloaded and over 19 200 pocket cards requested.

Undertaking research to improve the design, prioritisation and evaluation of how and where HSE intervenes to achieve greatest impact

Research, technical support and science develop HSE’s extensive knowledge base and provide essential underpinning for HSE’s role as an evidence-based regulator.

During 2010/11, we commissioned 255 new research and technical support projects in accordance with our science plan. Significant reports published in the last year include:

- *The burden of occupational cancer in Great Britain;*
- *Learning lessons for the London 2012 Olympic and Paralympic games;*
- *Preventing catastrophic events in construction;*
- *Ageing and work-related musculoskeletal disorders;*
- *UK impact assessment of the proposed biocides regulation;*
- *Tower crane incidents worldwide;* and
- *Health surveillance in silica exposed workers.*

All research reports can be found on HSE’s website www.hse.gov.uk/research/rrhtm/index.htm.

Taking responsibility

Promoting effective worker involvement

HSE research strongly suggests that workplaces where workers take an active part in health and safety have lower accident rates. Encouraging effective worker involvement is therefore a key strand of the strategy for health and safety in Britain. During 2010/11 HSE:

- delivered a Safe and Sound at Work – Do Your Bit website, which offers practical advice to SMEs on how to consult and involve workers in the management of health and safety. The site received 68 000 visits up to March 2011;
- supported 236 introductory worker involvement training courses for 2410 health and safety representatives, 98% of whom achieved Institution of Occupational Safety and Health (IOSH) certification; and 206 workshops for safety representatives and their managers to promote a more collaborative approach to worker involvement; and
- completed an inspection programme against the offshore S.I.971 Workforce Regulations, which successfully raised the profile of workforce involvement. The final report will be issued by summer 2011.

Focusing attention on the remit of health and safety

Alongside the publication of *Common Sense*, *Common Safety* our work to draw the distinction between real health and safety risks, which threaten serious harm to people in the workplace, and other types of risk-averse behaviour, often used as a convenient excuse to ban activities, included:

- focusing on areas of health and safety management that had been systematically misrepresented in various forms of media by publishing material to put the record straight through our Myth of the Month initiative;

- taking action to publicly challenge incorrect and sometimes frivolous reports misrepresenting what real health and safety is about, eg the erroneous claim about a Christmas cracker ban; and
- publication of an online report entitled *One year on: Being part of the solution*. This provided an update on the first year's operation of the health and safety strategy and focused largely on the contribution of others in Britain's health and safety system to deliver improved standards in health and safety (see www.hse.gov.uk/strategy/one-year-on.pdf).

Transforming the approach

Ensuring the safe use of biocides, industrial chemicals, pesticides and detergents

HSE operates regulatory schemes for identifying and managing chemical risks and reducing those risks to levels that are acceptable to society. To assist in the delivery of this role HSE:

- concluded a major consultation on the implementation of new European regulations regarding the placement of plant protection products on the UK market and the actions to achieve sustainable use of pesticides in the future;
- completed over 11 815 pesticides and biocides evaluations within agreed processing times; and
- processed 573 Prior Informed Consent export notifications for certain hazardous chemicals and pesticides within required timescales.

Supporting small and medium-sized enterprises (SMEs)

HSE's aim is to help SMEs understand health and safety law and meet its requirements as simply as possible. Activities in 2010/11 included:

- delivery of the Estates Excellence project, during which co-ordinated, multi-agency visits were made to approximately 900 industrial estate-based SMEs as part of a pilot aimed at reducing risks, accidents and work-related ill health in south-east England. The initiative included free workshops, training and advice on issues such as risk assessment, fire safety and health and was delivered through the South East Stakeholder Forum and in partnership with local councils, Fire and Rescue Services, local large employers, the Federation of Small Businesses and others;
- review of all new and existing guidance and published material to ensure they are accessible and easy for business to understand and apply. For example, the publication of *Health and safety made simple* in March 2011, developed in consultation with the Small Business Trade Association Forum; and
- delivery of the latest Ladder Exchange programme, which resulted in 1204 unsafe ladders being exchanged for new ones during the three months ending November 2010. This outcome was achieved through media activity delivered primarily by others such as local authorities and retail partners, supported by HSE online messaging and eBulletins. Since the programme's launch, in 2007, approximately 8000 unsafe ladders have been removed from use.

Support to government and working with the European Union

Our activities to support the UK Government, the devolved administrations and work within the EU, including a commitment to a balanced, proportionate approach to health and safety legislation and consideration of alternative ways of delivering policy objectives, included:

- contributing to the review of the health and safety culture in Britain and supporting implementation of the recommendations of the resultant report, *Common Sense, Common Safety* (see pages 8–9);
- participating in the Government's 'one in, one out' approach to new regulations and

the 'sun-setting' of regulations, whereby any cost to business of a new regulation is matched by an equivalent reduction to the cost of existing regulation;

- representing successfully the UK Government's health and safety policies in Europe and international forums. For example, ensuring good progress was made on the proposed European Biocidal Products Regulation, with political agreement secured at a recent Environment Council of Ministers meeting;
- working with the European Commission, European social partners and other states to draft a revised proposal for a directive on electromagnetic fields that is proportionate to the risks. The proposal is expected to be published during summer 2011, with negotiations commencing shortly after;
- establishing the Office for Nuclear Regulation (ONR), on 1 April 2011, as an agency of HSE. The ONR brings together HSE'S Nuclear Directorate, and the functions of the Department for Transport's Radioactive Materials Transport Team, in a single public body, consolidating civil nuclear and radioactive transport safety and security regulation; and
- supporting the National Audit Office's (NAO) memorandum, commissioned by the House of Commons Scottish Affairs Committee, on HSE's work in Scotland. The Committee subsequently announced an inquiry is to be held later in 2011 to consider a range of issues relating to the effectiveness of health and safety regulation and the health and safety system in Scotland. The Committee published the NAO memorandum on its website and invited views. It can be accessed at <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmsscota/writev/health/health.pdf>.

In addition:

- HSE's work to reduce unnecessary administrative burdens from health and safety regulation since 2005 has delivered an overall estimated administrative burden reduction of £559.2 million. In 2010/11 it was shown that our example risk assessments have helped increase compliance and demonstrate what a 'good enough' risk assessment looks like, reducing cost to business. New combined guidance has clarified employer requirements on worker involvement and, in conjunction with the improved website, ensures employers and workers can now access free information and advice.
- HSE's proposals to rationalise and simplify health and safety regulations under the UK Parliament's Review of Regulations in the Pipeline were cleared to proceed by its Reducing Regulation Committee in October 2010.

Enabling delivery: Delivering value for money and making efficient use of our resources

HSE has continued to provide improved value for money by introducing a range of cost-saving measures and examining how to deliver its functions more efficiently, including:

- renegotiating major contracts with suppliers, including the provision of IT services and science and research contracts;
- severely cutting expenditure on consultancy services;
- freezing non-frontline recruitment;
- substantially reducing expenditure on marketing and advertising contracts;
- introducing new rules on business travel;
- continuing to take forward our Estate Management strategy to improve cost efficiency and achieve better use of space. In 2010/11, HSE undertook a number of property reviews, which concluded in the decision to close offices in Preston, Manchester and Harwell and relocate functions to HSE headquarters in Merseyside in 2011/12. Savings to the public purse will be achieved at all the reviews through buying less space and moving from leasehold premises to space available on the civil service estate. The

reviews are expected to deliver savings to HSE of approximately £24.2 million over a ten-year period from 2010/11. The latest Back Office Benchmarking exercise, covering 2009/10 data (see Table 2), shows HSE's improved performance with cost per FTE reduced by 19% and a reduction in the cost per square metre of 15%; and

- running a voluntary exit scheme under the new Civil Service Compensation Scheme terms, to help position ourselves for the financial challenges arising from the 2010 Spending Review. The scheme was targeted to reduce administrative/support roles and functions in other non-chargeable areas, while retaining capability in regulating high-hazard industries, investigating incidents and carrying out enforcement. A total of 200 staff (175 full-time equivalents) left HSE under the scheme.

HSE participated in the second annual Back Office Benchmarking survey, covering the financial year 2009/10. Some of HSE's key results, where comparisons with the previous year are available, are shown in Table 2. The full Cabinet Office report which contains the benchmarking data and analysis for all participating Government Departments, Agencies and NDPBs, including HSE can be accessed at: <http://www.cabinetoffice.gov.uk/resource-library/back-office-benchmark-information-200910>.

Table 2 Back Office Benchmarking survey results

	2009/10	2008/09
Finance		
Cost of finance function as a % of organisational running costs	1.8%	1.8%
Human Resources		
Cost of HR function as a % of organisational running costs	2.4%	3.5%
Ratio of employees (FTE) to HR staff	63:1	45:1
IT		
% cost of IT function as a % of organisational running costs	6.4%	7.1%
Procurement		
% cost of procurement function as a % of organisational running costs	0.5%	0.79%
Estates		
Estates cost per FTE	£5362	£6615
Area per office-based FTE (m ² /FTE)	17.4	18.2
Cost per m ²	£308	£363

Demonstrating accountability

Our governance framework

HSE Board

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

During 2010/11, HSE's Board comprised the following members:

Judith Hackitt CBE	Chair of the Board
Sandy Blair CBE	Non-Executive Board Member
Robin Dahlberg	Non-Executive Board Member
David Gartside	Non-Executive Board Member
Professor Sayeed Khan	Non-Executive Board Member
Hugh Robertson	Non-Executive Board Member
Elizabeth Snape MBE	Non-Executive Board Member
John Spanswick CBE	Non-Executive Board Member
Paul Kenny (appointment commenced 1 October 2010)	Non-Executive Board Member
Frances Outram (appointment commenced 1 October 2010)	Non-Executive Board Member
Judith Donovan CBE (appointment ended 30 September 2010)	Non-Executive Board Member
Danny Carrigan OBE (appointment ended 31 October 2010)	Non-Executive Board Member

From 1 April 2011, Professor Richard Taylor was appointed to the HSE Board, succeeding Professor Sayeed Khan. On the same date, Nick Baldwin was also appointed to the HSE Board and as the interim Chair of the Office for Nuclear Regulation.

Biographies for each of the Board members and their register of interests are available on our website at www.hse.gov.uk/aboutus/hseboard/biographies/board.htm.

Senior Management Team (SMT)

HSE's SMT provides advice to the Board on all key issues and is responsible for implementing the Board's strategy and policies. The SMT meets formally once a month, supplemented by regular videoconferences. The chart on page 19 shows how HSE's senior management team was structured as at 31 March 2011. Further details on HSE's structure, including directorate and divisional organograms, can be found on the HSE website at www.hse.gov.uk/aboutus/furtherinfo/hse-organogram.pdf.

DWP

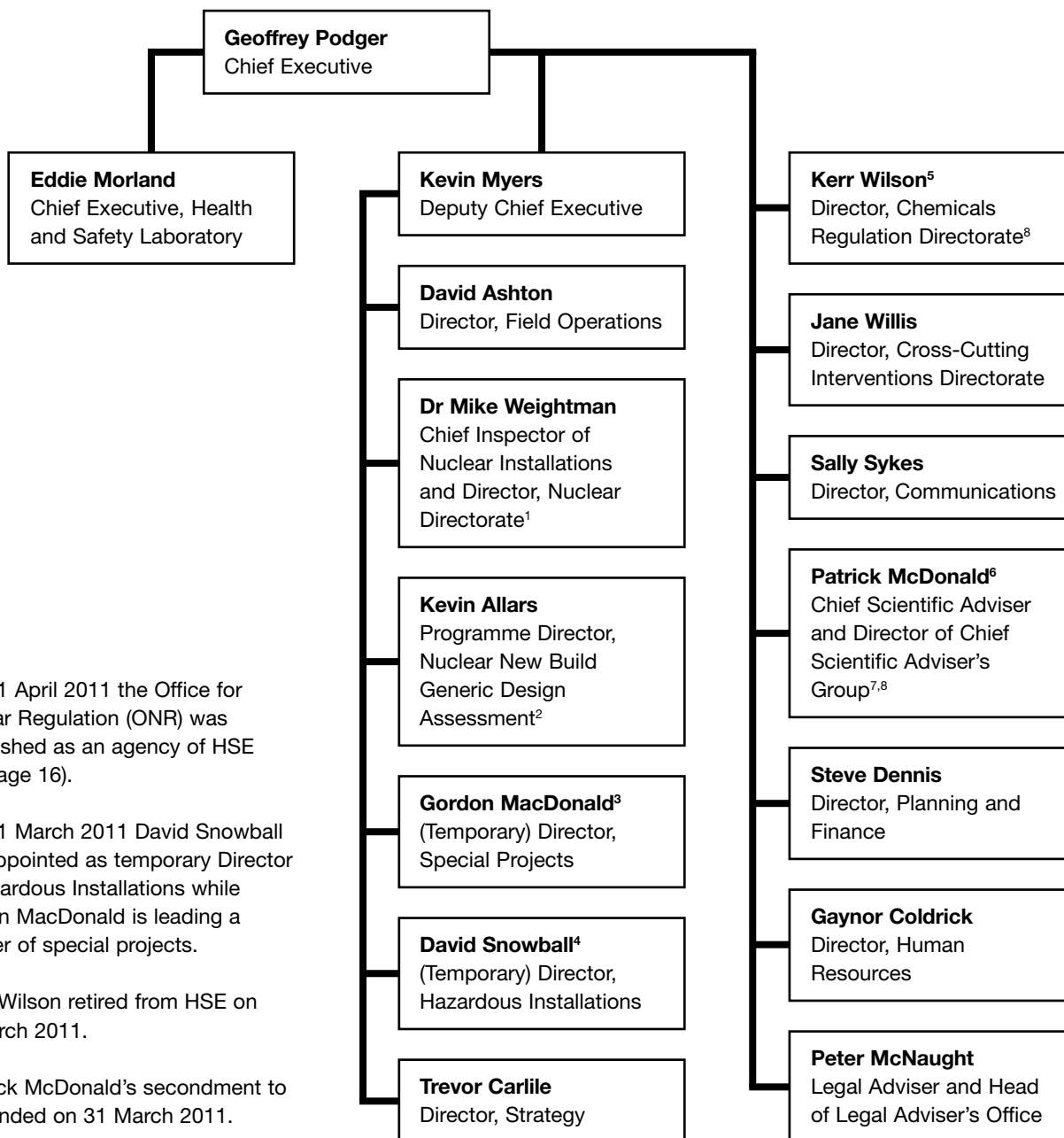
The relationship with our sponsoring department, DWP, and the framework within which corporate governance operates is set out in the Framework Document, which you can find at www.hse.gov.uk/aboutus/howwework/management/dwphse.pdf.

DWP formally exercises its sponsorship role of HSE through quarterly meetings of a Sponsorship Board at which officials from DWP and HSE review current performance and emerging issues; and through regular meetings between the Minister with responsibility for health and safety and the Chair and Chief Executive of HSE.

Audit Committee

HSE's Audit Committee supports the HSE Board and the Chief Executive, in his role as Accounting Officer, in discharging their responsibilities. In particular, the Audit Committee provides independent advice on the appropriateness and adequacy of HSE's risk management, internal control and governance arrangements; it also advises on overall

Senior Management Team (SMT)



^{1,2} On 1 April 2011 the Office for Nuclear Regulation (ONR) was established as an agency of HSE (see page 16).

^{3,4} On 1 March 2011 David Snowball was appointed as temporary Director of Hazardous Installations while Gordon MacDonald is leading a number of special projects.

⁵ Kerr Wilson retired from HSE on 31 March 2011.

⁶ Patrick McDonald's secondment to HSE ended on 31 March 2011.

⁷ On 1 April 2011 the Chief Scientific Adviser's Group was renamed the Corporate Science, Engineering and Analysis Directorate (CSEAD).

⁸ On 1 April Dave Bench took up post as Director of Science, Engineering, Analysis and Chemical Regulation with responsibility for both CSEAD and Chemicals Regulations Directorate (CRD).

value-for-money issues. In line with the HM Treasury Audit Committee Handbook, it has a wholly non-executive membership, comprising two non-executive directors of the HSE Board and two independent external members. This strengthens HSE's governance arrangements by increasing the Committee's capacity to challenge current practice.

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

Remuneration and Pay Committees

Consistent with current practice across government departments, HSE's pay strategy for its senior civil servants (SCS) follows Cabinet Office guidance. Its implementation, operation and evaluation is overseen by HSE's Remuneration Committee for the higher SCS bands comprising the HSE Chair, an HSE Board member, the Permanent Secretary, Department for Work and Pensions and an independent member. For the remaining SCS bands HSE's Pay Committee exists, which comprises HSE's Chief Executive, Deputy Chief Executive, Director of Human Resources and an independent member.

Delegated authorities

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

Where necessary, HSE sets up additional internal boards/committees to further strengthen operational oversight. Examples of such boards operating in 2010 include the Corporate Efficiency Board, set up to ensure compliance with the Government's spending controls and the Property Asset Management Board to make recommendations on HSE's estate.

Principal risks and uncertainties

HSE's management of risk is considered as part of the Statement on Internal Control. The management of HSE's exposure to financial risk is included within Note 19 to the Accounts.

Financial position and results for the year

HSE adopted a prudent financial approach in 2010/11 to avoid long-term financial commitments and to position itself for the Spending Review 2010 period. HSE's SR10 settlement requires grant-in-aid savings of at least 35% in real terms over the period (2011/12 to 2014/15).

The financial strategy included the completion of a voluntary exit scheme to reduce mainly administrative/support roles and functions while retaining capability in regulating high-hazard industries, investigating incidents and carrying out enforcement action. This reduced staffing by 200 staff (175 full-time equivalents) in February 2011.

HSE continues to deliver efficiencies and economies in its administrative functions while prioritising its programme activity and delivering more in partnership, wherever possible.

Statement of Financial Position

HSE's Statement of Financial Position shows a small balance (£403 000) in assets less liabilities and taxpayers equity. The increase in assets from £138.215 million in 2009/10 to £145.475 million in 2010/11 relates mainly to the timing of invoicing for the pesticides and biocides levies (£4.017 million) which has been invoiced later than usual and forms part of the Trade and Other Receivables increase.

Results for the year (operating cost statement)

The Statement of Comprehensive Net Expenditure shows net operating cost of £201.049 m which represents a 12.6% reduction on the restated 2009/10 outturn of £230.014 m. This is consistent with the financial strategy for the year.

The increase in operating income from £100.336 m in 2009/10 to £120.354 m in 2010/11 relates mainly to nuclear activity (nuclear licensing and generic design assessment) and other major hazard income regimes (offshore and COMAH).

Cash flow statement

HSE's cash flow shows a net cash outflow from operating activities of £203.051 m compared to £225.233 m in 2009/10 which reflects reduced net expenditure.

The Property Asset Management Board is responsible for developing and implementing HSE's estate strategy. HSE has taken decisions to close three of its offices (Preston, Manchester and Harwell) and downsize where possible at lease breaks. The reduction in investment activities from £10.949 m to £6.419 m reflects the reduced capital refurbishment of existing leasehold properties while considering alternative civil estate options.

Funding

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

Prior year comparatives

Comparative figures have been restated (where appropriate) as a result of the removal of cost of capital charges as part of HM Treasury's Clear Line of Sight project.

Payments to suppliers

HSE is committed to the prompt payment of bills for goods and services received and is a signatory to the principles of the Better Payment Practice Code, issued by the Better Payment Practice Group. Payments are normally made as specified in the contract. If there is no contractual provision or other understanding, payment is due to be made within 30 days of the receipt of goods or services or presentation of a valid invoice or similar demand, whichever is later. In October 2008, government organisations committed to pay suppliers within ten working days, wherever possible, although the standard terms in most contracts and the legislative periods within the Late Payment of Commercial Debts (Interest) Act 1998 remains at 30 days. HSE's overall performance during 2010/11 against the ten-day target was 95.93% (94.54% in 2009/10) and 99.4% against the 30-day target (99.02% in 2009/10).

There were interest charges of £54.84 payable during 2010/11 (nil in 2009/10) relating to the Late Payment of Commercial Debts (Interest) Act 1998 or the Late Payment of Commercial Debts Regulations 2002.

Pension liabilities

Details of pension costs etc are contained in Note 1(25) and Note 2 to HSE's accounts and in the Remuneration Report.

Director's statement

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

External auditors

HSE's financial statements have been audited under Schedule 2 paragraphs 14(2) and 20 of the Health and Safety at Work etc Act 1974 by the Comptroller and Auditor General whose certificate and report appear on pages 42–43.

The cost of audit work was £131 000, which related solely to audit services.

Working with our stakeholders

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

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

HSE continued to give high priority to engaging and building productive relationships with key stakeholders, both at corporate level and across the business. Our corporate stakeholders with interests and influence across HSE's activities were reviewed and updated, and a strategic-level engagement action plan developed for each.

We sought and maximised opportunities to work in partnership with stakeholders, and earn access to their communications channels, in order to support delivery and amplify dissemination of HSE's strategic objectives. This brought the dual benefit of securing closer relationships with the organisations involved and complementing HSE's move away from paid-for communications to low-cost or no-cost alternatives.

Successful application of this approach was demonstrated by the co-ordinated communications drive for the launch of the Occupational Safety and Health Consultants Register (OSHCR), led by HSE with input from all the professional bodies involved in the scheme. HSE worked with Local Government Regulation to ensure that OSHCR is promoted by our local authority co-regulators.

HSE also seeks to work effectively in partnership with businesses, trades unions and third sector organisations in industries and occupations where there is a higher risk of accidents or ill health. Working with these partners we seek to raise awareness, create behavioural change and influence others to find their own solutions and take ownership for driving forward improvements in health and safety standards. Examples of work in this area are described or set out at pages 8–17 of the section on HSE's performance during 2010/11.

Public accountability*Transparency of our expenditure data*

We publish on our website the business-related travel and expenses costs of our Chair, HSE Board members, Chief Executive, Deputy Chief Executive and Senior Management Team members. Details, which are updated quarterly, are at www.hse.gov.uk/aboutus/reports/expenses/index.htm.

Details of HSE expenditure that exceeded £25 000, during the period May to September 2010, were published on the Government's online transparency database at <http://transparency.number10.gov.uk/money.php>.

Personal data-related incidents

In 2010/11, and in the previous three financial years, there were no reportable incidents of lost personal data that we formally reported to the Information Commissioner's Office. There were also no other incidents where there was a loss of protected personal data during 2010/11 or the previous three financial years. We will continue to monitor and assess our information risks to identify and address any weaknesses and improve our systems, where necessary. Further information in relation to information risk is contained in the Statement on Internal Control (see pages 38–41).

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

From April 2010 to March 2011, HSE received 6475 FOI requests – of which 5833 (90%) were responded to within the 20-day target. HSE is now the only monitored body to have received more than 1000 requests during each quarter since the Act was implemented. HSE accounts for almost 15% of all requests received by all 43 monitored bodies and we continue to meet Ministry of Justice standards for responding to requests.

Social and community issues

HSE continued to work closely with its LA partners, as co-regulators under the Health and Safety at Work etc Act 1974 – including an ongoing dialogue on the impact of our policies and intervention techniques on community groups and to improve our awareness of potentially sensitive social issues. Action included:

- attendance at conferences where we gained feedback on how our working arrangements could be further strengthened in order to improve health and safety outcomes for black and minority ethnic (BME) communities;
- delivery of HSE Enterprise Days for construction and engineering students in the Midlands community in preparation for their work experience placements;
- joint meetings conducted in partnership with LAs' environmental health officers, with minority ethnic welfare associations resulting in the inclusion of articles about HSE/LAs' health and safety remits in community newsletters and on website links;
- meeting with cadet organisations to clarify responsibilities and inform the ongoing development of HSE's website and operational guidance for dealing with the health and safety of young people involved in the military; and
- developing an interactive vocational education and training presentation on asbestos targeted at trades apprentices for delivery by lecturers in further education colleges.

Sustainable development

HSE is committed to the Coalition Government's sustainable development agenda and is striving continually to reduce the impact of its operations on the environment. HSE's 2011/12 Annual Report will report the key areas against which the current Government wishes to measure public bodies' environmental performance. The tables below show our progress in 2010/11 towards sustainability measures set by the previous administration which relate to reductions in carbon emissions and water consumption and improved waste management.

HSE is committed to buying more sustainable products and services and engaging with suppliers to understand and reduce the impact on the environment of their supply chains. Environmental requirements are embedded in HSE's General Terms and Conditions for Goods and Services and a sustainability contract schedule has been developed for higher value contracts. At the start of 2011, we identified 81 high sustainability impact suppliers who provide goods/services to us. Of those, 60 have published sustainable development

policies supported by appropriate management systems, including environmental and corporate social responsibility targets. We are working with the remaining 21 suppliers with the aim of developing similar arrangements in 2011/12.

Table 3 Provisional Performance Results against the 'Sustainable Operations on Government Estates' (SOGE) measures to 2010/11 (introduced by the previous administration)

Greenhouse Gas Emissions and Energy Consumption	
<i>Measure</i>	<i>Outcome</i>
Reduce CO ₂ emissions by 12.5% from offices by 2010/11 relative to a 1999/2000 baseline of 6418 CO ₂ t (tonnes).	✓ 2010/11 emissions are 4,458 CO ₂ t (not weather corrected); a 31% reduction.
Increase energy efficiency per m ² by 15% by 2010 relative to 1999/2000 baseline of 215 kwh per m ² .	✗ 2010/11 outturn is 208 kwh: a reduction of 3%. The shortfall is due mainly to the increased density of staff since the introduction of open plan and hot-desking (ie more people per 100 m ²).
Reduce CO ₂ emissions from road vehicles used for government administrative operations by 15% by 2010/11, relative to 2005/06 baseline of 2988 CO ₂ t.	✓ 2010/11 outturn is 2474 CO ₂ t: a 17% reduction.
<i>Impacts Commentary</i>	
<ul style="list-style-type: none"> ● We have installed Smart meters in HSE buildings where we pay direct for our energy consumption. This will assist with HSE's energy management. ● Where we are able, we have produced and put up Display Energy Certificates (DECs) in offices to encourage interest and raise awareness. ● We have installed energy efficient lighting, improvements to heating and additional control features during office refurbishments. ● We have held green awareness-raising initiatives, such as 'Bike Week' which sought to encourage staff to cycle to work as an alternative to using the car. ● We have fixed 'Think on – Switch off' stickers to the majority of PC monitors to reduce energy waste. ● We have promoted energy and environment friendly topics, news and tips through a monthly column in HSE's in-house on-line magazine for staff. The column seeks to raise awareness of the benefits of conserving energy etc. ● HSE has continued with its accreditation to BSI ISO 14001 at its HQ, for the procurement of stationery, stores, research, travel and estate management and was last audited in January 2011. ● HSE has registered under the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This is central to the UK's strategy for improving energy efficiency and reducing CO₂ emissions. 	

Waste	
<i>Measure</i>	<i>Outcome</i>
Reduce waste by 5% by 2010, relative to 2007/08 baseline of 708 tonnes.	✓ 2010/11 outturn is 438 tonnes: a 38% reduction.
Increase recycling figures to 40% of waste by 2010.	✓ During 2010/11 286 tonnes of waste was recycled which equates to 65% of all waste arising.
<i>Impact Commentary</i>	
<ul style="list-style-type: none"> ● We have expanded recycling arrangements for glass, cans, plastic, and batteries across HSE's entire estate. ● To reduce the amount of waste entering the landfill system, we continue to recycle office furniture, whenever possible, through an accredited organisation that redistributes furniture to charities and small start-up businesses. ● During office refurbishments, we try, where possible, to recycle all construction waste materials. 	
Water	
<i>Measure</i>	<i>Outcome</i>
Reduce water consumption by 25% on the office and non-office estate by 2020, relative to 2004/05 baseline of 28,913 m ³ .	✓ 2010/11 water consumption was 17 309 m ³ : a 40% reduction.
<i>Impact Commentary</i>	
<ul style="list-style-type: none"> ● All office refurbishments or relocations include the installation of water-saving devices, eg sensory taps, where appropriate. 	
<i>Notes</i>	
1 Data are for buildings where HSE pay direct for the utility used, ie energy/water/waste.	
2 In buildings where the utility is paid via a service charge/rent, the usage is unknown and is therefore not included in the figures given.	

Our workforce

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

Recruitment

Recruitment into HSE is conducted in line with the Civil Service Commissioners' Recruitment Code. We operate systems and procedures that meet the code and ensure that recruitment is carried out on the basis of fair and open competition and selection on merit. The systems and procedures are subject to periodic internal and external audits. The code requires departments to publish summary information about their recruitment and the use of permitted exceptions to the principles of fair and open competition and selection on merit.

Since 24 May 2010, HSE has observed the recruitment freeze announced for the Civil Service, except for a small number of permitted exceptions with Ministerial approval. HSE has recruited 68 specialist inspectors for nuclear and offshore regulatory work and 22 trainee health and safety regulatory inspectors.

During 2010/11, HSE's staffing reduced by 302 FTEs (including HSL and agency staff) of which 175 left under a Voluntary Exit scheme.

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

	1 April 2011 ¹	1 April 2010	1 April 2009		1 April 2008 ²	1 April 2007
Occupational group				Staff in post (excludes PSD)	Staff in post (includes PSD)	
Front-line staff (of which are front-line inspectors) ³	1 422 (1 316)	1 464 (1 342)	1 415 (1 323)	1 325 (1 238)	1 325 (1 238)	1 405 (1 312)
Inspectors working in functions other than front-line	134	153	146	128	128	128
Other professional or specialist staff	1 315	1 425	1 386	1 263	1 403	1 350
Other staff (of which are agency staff)	529 (32)	660 (118)	644 (52)	683 (50)	717 (50)	699 (4)
Total staff⁴	3 400	3 702	3 591	3 399	3 573	3 582

Notes

1 200 staff (FTE 175) left HSE through the Voluntary Exit Scheme.

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

3 'Front-line staff' comprises operational and other health and safety inspectors fulfilling front-line roles, inspectors of construction (for 2010 and 2011 only as fixed-term appointments) and visiting officers who support inspectors in the delivery of key health and safety messages.

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

Learning and development

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

- maintained our commitment to developing leadership and management capability with the introduction of a full suite of Pathways Management programmes and the provision of several cross-government leadership programmes;
- continued to support the professional development of inspectors either through the Postgraduate Diploma in Regulatory Occupational Health and Safety for new regulatory inspectors or the provision of technical and legal courses for new and existing regulatory and specialist inspectors; and

- continued to help improve the capability of HSE staff by providing a suite of personal development courses, including the delivery of four mentoring programmes and the organisation of bespoke training events, including performance management.

Diversity

HSE's policies for recruitment, management and progression of staff aim to create an inclusive culture in which diversity is fully valued. Our Single Equality Scheme is monitored by senior management and our trades unions on HSE's Diversity Steering Group. The scheme, available on HSE's website (www.hse.gov.uk/diversity/single-equality-scheme.pdf), is supported by a more detailed diversity action plan covering all protected characteristics.

Staff with disabilities, as defined within the Equality Act 2010, are employed across all grades and HSE offices. Diversity awareness is incorporated into all management training models and, through our staff networks, we aim to improve knowledge and understanding of disability in the workplace. Ensuring we provide the targeted support that staff with disabilities need to do their job effectively is integral to promoting equality of opportunity and focusing on what people can do rather than what they cannot.

HSE's diversity survey statistics for staff in post by gender/race/disability are published on our website at www.hse.gov.uk/aboutus/reports/diversity.htm. In taking forward diversity in 2010/11 HSE:

- revised and developed policies to better encourage and reflect the Equality Act 2010 specifically around dignity at work and guidance for managers and staff;
- clarified guidance and the advice available on Workplace Adjustments to support managers and disabled staff;
- launched a new in-house development programme for staff from a black or minority ethnic (BME) background; and
- continued to monitor the success of diversity-related initiatives such as introducing the option for staff to declare sexual orientation and religion or belief. We promoted the importance of gathering diversity information to improve our policies around recruitment, management and progression of staff.

Employee involvement

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

- a comprehensive structure of joint consultative forums, including a National Whitley Committee, a network of Local Whitley Committees in each region and sub-committees addressing specific issues such as health and safety and estates management;
- staff network groups, which have been key partners in taking forward equality and diversity within HSE;
- 'The Exchange' – an online facility for staff to contribute to an open exchange of ideas for the effective use of all resources, particularly financial, within the organisation;
- a regular programme of senior management visits to all HSE offices to hold open meetings on topical issues and to invite feedback from staff. Issues covered during 2010/11 include the Spending Review and the publication of the *Common Sense*, *Common Safety* review of health and safety;
- HSE participation in the Civil Service-wide 2010 staff engagement survey, the outcome of which is communicated to all staff and trades unions. A series of presentations and a Manager's Toolkit have been provided to line managers to help action planning on

issues identified in the survey. The HSE Staff Engagement Index increased by 1% to 58% in the 2010 survey; and

- a Q & A session, held on 28 March 2011, with Sir Gus O'Donnell, Head of the Home Civil Service, on a range of current issues including the challenges presented by HSE's 2010 Spending Review settlement and changes across the civil service.

Sickness absence

At the beginning of 2010/11, we aligned our methodology for calculating sickness absence to follow Cabinet Office guidance. This change, as expected, resulted in a slight increase to the number of working days lost per employee in comparison to report year 2009/10, ie from 5.7 days to 6.83(provisional).

Employee health and safety

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

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

The number of incidents reportable under RIDDOR remains at a low level and at a rate markedly better than those in comparable organisations. Overall, non-RIDDOR reportable statistics for 2010/11 remain relatively static in comparison with previous years. We have seen an increase in the number of near-miss reports, which we welcome as a sign of increased awareness among staff leading to a richer source of information about safety failures.

Table 5 Accident and ill-health statistics

	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
Incidents reportable under RIDDOR:					
Fatal injuries	0	0	0	0	0
Major injuries	0	0	1	(1)	(1)
Dangerous occurrences	0	2	0	1	1
Over-3-day injuries	4	6	4	3	8(1)
Ill health	5	1	1	4	1
Other	0	0	0	0	0
	9	9	6	8(1)	10(2)
Non-RIDDOR reportable incidents:					
Other over-3-day injuries, eg road traffic accidents	5	1	3	2	0
Ill health, other	55	53	72(1)	93	92
Minor injuries	60(3)	72(3)	58(12)	61(1)	82(15)
Near-misses, including verbal abuse, property damage and dangerous exposure	111(4)	76(1)	116(5)	87	258(6)
Total	236 (7)	211(4)	255(18)	251(2)	442(23)

Note: Figures in brackets are non-HSE staff, eg contractors, agency staff etc.

Looking forward to 2011/12

The HSE Delivery Plan 2011/12 explains how we intend to take forward our objectives during 2011/12 (see www.hse.gov.uk/aboutus/strategiesandplans/delivery-plans/plan1112.pdf).

On 21 March 2011, the Government announced its policy on the future regulation of health and safety. This, together with the adjustments we will be making as a consequence of the reductions in government funding for the period to 2015, will be a key factor influencing HSE's delivery.

Key activities

Continuing to transform our approach to how and where HSE works to realise the best achievable impact on the health and safety system and deliver our functions more efficiently and within a reducing budget

In 2011/12 HSE will:

- continue to maintain a fit-for-purpose and robust evidence base on workplace injuries and ill health and undertake research projects to improve the basis for HSE interventions;
- e-enable and improve key business processes to remove unnecessary steps, drive down cost and improve efficiency; and
- seek to derive more of our income from non-government sources.

Providing public assurance that health and safety risks within those high-hazard industries which are strategically important to the country's economy, and which have the potential to cause catastrophic harm to their workers and the public at large, are effectively managed and controlled

In 2011/12 HSE will:

- deliver an effective and proportionate intervention programme to regular major hazard operators and dutyholders;
- deliver the GDA and the licensing and permissioning of new civil nuclear reactor sites in the light of the learning that becomes available from events at Fukushima;
- apply a fit-for-purpose regulatory framework for higher-hazard emerging energy technologies; and
- review and, where necessary, revise the future offshore oil and gas regulatory strategy and regime in light of the investigatory outcomes of the Deepwater Horizon incident in the Gulf of Mexico.

Clarifying ownership of risk and simplifying compliance – to motivate others in the health and safety system to address their responsibilities in a common-sense and proportionate manner and contribute to improving health and safety performance

In 2011/12 HSE's actions will:

- simplify health and safety regulations to remove duplication and, in so doing, reduce the health and safety burden on business;
- negotiate and secure the best possible outcome for British industry within Europe, to maximise savings and minimise the burdens on business while maintaining or improving the protection of people at work and the environment;
- rationalise and improve access to web-based guidance;
- provide business with access to independent, competent, professional and up-to-date health and safety advice;
- focus proactive inspection activity on the highest risk sectors, poor performers and where there is poor control of risk, and only where it is an effective intervention;
- work more effectively in partnership with key stakeholders to raise awareness, create behavioural change and influence others to find their own solutions and take ownership for driving forward improvements in health and safety standards; and
- maintain attention on the true role and remit of health and safety and HSE.

Securing justice by investigating work-related incidents and ill health and taking enforcement action to prevent harm and to secure justice when appropriate

In 2011/12 HSE will:

- investigate incidents or complaints which have caused or have the potential to cause harm;
- take enforcement action in accordance with the HSE Enforcement Management Model to prevent harm and secure justice when appropriate; and
- widely publicise prosecutions to deter businesses from non-compliance with health and safety legislation.

Remuneration Report

Management

Appointments

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

The Chief Executive was appointed for a term of five years in 2005. This contract has been extended for a further three years from 25 November 2010. All senior officials are established members of the Senior Civil Service and subject to standard Cabinet Office terms and conditions. None receives any predetermined compensation on termination of office.

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

Remuneration policy

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

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

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

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

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

Service contracts

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

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

Further information about the work of the Civil Service Commissioners can be found at <http://civilservicecommission.independent.gov.uk/>

Details of the service contract for Board members who have served during the year, and the Chief Executive are as shown in Table 6.

Table 6 Service contracts (this information is subject to audit)

<i>Name</i>	<i>Date of contract</i>	<i>Unexpired term as at 31 March 2011</i>	<i>Notice period</i>
Board members			
Judith Hackitt CBE	1 October 2007	1 year 6 months	N/A
Sandy Blair CBE	1 April 2009	1 year	N/A
Daniel Carrigan OBE	1 April 2008	Retired	N/A
Robin Dahlberg	1 April 2010	2 years	N/A
Judith Donovan CBE	1 October 2009	Retired	N/A
David Gartside	1 April 2011	3 years	N/A
Paul Kenny	1 October 2010	2 years 6 months	
Frances Outram	1 October 2010	2 years 6 months	
Professor Sayeed Khan	1 April 2008	Retired	N/A
Hugh Robertson	1 April 2010	2 years	N/A
Elizabeth Snape MBE	1 October 2009	1 year 6 months	N/A
John Spanswick CBE	1 May 2009	1 year 1 month	N/A
Chief Executive			
Geoffrey Podger CB	25 November 2010	2 years 8 months	13 weeks

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

HSE Board

The composition of the Board during the year is referred to under the governance framework section on pages 17–18.

Salary and pension entitlements

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

Table 7 Remuneration (this information is subject to audit)

	Salary	Bonus	Allowances and taxable expenses to nearest £100	Benefits in kind to nearest £100	2010/11 Salary full year equivalent (FYE) £'000	Salary £'000	Allowances and taxable expenses to nearest £100	Benefits in kind to nearest £100	2009/10 Salary full year equivalent (FYE) £'000
Chief Executive and Deputy Chief Executive									
Geoffrey Podger CB	170–175	5–10	36 400		170–175	185–190	16 000	-	185–190
Kevin Myers	120–125	5–10	21 600	800	120–125	135–140	18 100	1 800	135–140
Board members									
Judith Hackitt CBE	115–120	5–10	500	-	115–120	125–130	1 300	-	125–130
Sandy Blair CBE	15–20	-	900	-	15–20	15–20	800	-	15–20
Daniel Carrigan OBE	5–10	-	1 000	-	15–20	15–20	2 200	-	15–20
Robin Dahlberg	15–20	-	1 600	-	15–20	15–20	3 300	-	15–20
Judith Donovan CBE	5–10	-	400	-	15–20	15–20	300	-	15–20
David Gartside	15–20	-	1 400	-	15–20	15–20	3 000	-	15–20
Professor Sayeed Khan	15–20	-	1 400	-	15–20	15–20	3 000	-	15–20
Hugh Robertson	15–20	-	200	-	15–20	15–20	1 900	-	15–20
Elizabeth Snape MBE	15–20	-	800	-	15–20	15–20	1 100	-	15–20
John Spanswick CBE	15–20	-	1 200	-	15–20	15–20	700	-	15–20
Frances Outram	5–10	-	900	-	15–20	-	-	-	-
Paul Kenny	5–10	-	900	-	15–20	-	-	-	-

Salary

'Salary' includes gross salary; performance pay; overtime; reserved rights to London weighting or London allowances; and recruitment and retention allowances. A performance-related bonus is paid to qualifying members of the Senior Civil Service and is reported separately from salary for the first time. The comparatives are not restated and show salary inclusive of bonus where applicable. The value of the bonus is dependent on a number of factors and is subject to the total amount of available funds. For the reporting period the

total value of the funds available for SCS bonuses was 5% of the total SCS pay bill. This presentation is based on payments made in year by the Health and Safety Executive to those in Table 7.

Mr Kenny's reimbursement of salary and expenses is paid direct to his employer (GMB Trade Union), who have responsibility for reporting any tax liability. The total paid to GMB for the year ended 31 March 2011 was £6992.

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

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. These benefits for Board members include travel and subsistence payments associated with home to office travel, as appropriate. Any ensuing tax liability is met by HSE. The benefit in kind in respect of the Deputy Chief Executive reflects his use of HSE's private vehicle user scheme. The decrease in costs compared to last year is as a result of a change of vehicle. The increase in allowances and taxable expenses reported on behalf of the Chief Executive and Deputy Chief Executive relates to the inclusion of travel expenses which were not previously identifiable through travel contractor management information.

No significant awards were made to past senior managers.

No compensation was payable to former senior managers.

Pension benefits

Table 8 Pension benefits – Chief Executive and Deputy (this information is subject to audit)

	Accrued pension and lump sum at age 60	Real increase in pension and related lump sum at age 60	CETV¹ at 31/03/11	CETV at 31/03/10	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Geoffrey Podger CB	75–80 pension and 235–240 lump sum	0.–2.5 pension and 0.–2.5 lump sum	1 741	1 728	No increase
Kevin Myers	50–55 pension and 160–165 lump sum	0.–2.5 pension and 0.–2.5 lump sum	1 121	1 112	No increase

¹ Cash Equivalent Transfer Value

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

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

Civil Service Pensions (CSP)

Pension benefits are provided through the CSP arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a 'final salary' scheme (classic, premium, and classic plus) or a 'whole career' scheme (nuvos). The statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament

each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the consumer price index (CPI). Members joining from 1 October 2002 may opt for either the appropriate defined benefit arrangement or a good-quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

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

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

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

Further details about the Civil Service pension arrangements can be found at <https://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx>.

The Cash Equivalent Transfer Value (CETV)

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

potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The real increase in the value of the CETV

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

Non-executives (this information is subject to audit)

Fees and expenses amounting to £7937 (2009/10 – £6924) were paid to the non-executive members of the Audit Committee as shown in Table 9.

Table 9 Fees and expenses paid to non-executive members of the Audit Committee

	2010/11	2009/10
	Total fees and expenses	Total fees and expenses
	£'000	£'000
Peter Conway	4	4
Paul Smith	–	3
Kash Pandya	4	–

2009/10 figures are provided for comparative purposes.



Geoffrey Podger CB
 Chief Executive
 Health and Safety Executive
 Accounting Officer
 8 June 2011

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

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

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

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

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

1 Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Health and Safety Executive's policies, aims and objectives, agreed with the Department's ministers. During 2010/11 I was also responsible for safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

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

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

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of HSE's policies, aims and objectives. It evaluates the likelihood of those risks being realised and the impact should they be realised, and aims to manage them efficiently, effectively and economically. The system of internal control has been in place in HSE for the year ended 31 March 2011 and, up to the date of approval of the Annual Report and Accounts, accords with HM Treasury guidance.

3 Capacity to handle risk

Leadership

The HSE Senior Management Team considers the strategic risks to delivering its business objectives and reports these in the HSE corporate risk register. As Directors they also have a clear accountability framework to ensure that systems are in place to effectively manage risk within their Directorates and are required to provide assurance as to the effectiveness of their business risk management arrangements through the Letter of Assurance (LoA) process.

Staff training

The Planning and Performance Unit (PPU) within HSE provides specialist advice and support to Directorates and Divisions, programmes and projects to improve capability to manage business risk. This has included holding risk identification workshops, advising on the articulation of risks to delivery and providing a constructive challenge on the validity of controls and assurance within risk registers. Relevant information and guidance has been circulated to key risk practitioners throughout the year, including a refreshed version of HSE's *Guide to business risk management* which sets out the approach to identifying, assessing and managing business risks.

Learning from best practice

HSE recognises the importance of business risk management principles and PPU is the specialist function which acts as the focal point in supporting the business in managing risks and promoting good practice through the provision of advice. HSE also seeks to learn from best practice and participates in HM Treasury's Risk Improvement Group, and attends the DWP Risk Forum to adopt good practice and learn from other parts of government.

4 The risk and control framework

Risk identification, evaluation and control

Identification of risks

HSE's approach to business risk management is primarily objective driven and aligns with the way we manage our activities, allocate resources, measure and review our performance. HSE's annual business plan for 2010/11 outlines our corporate objectives and is supported by individual directorate and divisional plans.

Risk registers are used to record identified risks to the delivery of objectives at a corporate level, within Directorates and Divisions and at individual programme/project level and these are regularly evaluated and monitored.

Evaluation and control of risks

All identified risks in HSE risk registers have a risk owner who is responsible for evaluating the likelihood and potential impact of the risk and ensuring steps are taken to mitigate and manage the risks as appropriate. Risks are evaluated using a risk assessment matrix of likelihood and impact, which provides a 'traffic light' rating of the severity of each risk. This allows risks to be prioritised so that management focus remains on the most significant risks facing the organisation.

HSE's corporate risk register is considered by its Senior Management Team and Board on a quarterly basis in conjunction with a quarterly performance report to make clear the links between HSE's corporate-level risks and their current (and potential) impact on performance. The SMT includes senior managers in operations, policy, communications and corporate support, the Director of the Chemicals Regulation Directorate, and until recently the Chief Scientist (these two roles have now been combined), the Legal Adviser, and the Chief Executive of HSL. Its role is to manage HSE's performance and any risks that threaten achievement of HSE's objectives. These risks are set out in the corporate risk register and SMT risk owners are responsible for ensuring adequate measures are in place to manage each risk, and for monitoring and obtaining assurance on the adequacy of these measures. The HSE Board meets formally monthly to make decisions about health and safety issues,

cross-cutting interventions, strategic finance and personnel matters and consider any significant changes in business risk.

In addition, the HSE Audit Committee reviews the organisation's progress, in terms of embedding and improving business risk management, at each meeting. The corporate risk register is a standing agenda item at each Audit Committee meeting.

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

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

The use of resources is delegated and agreed in writing from me to those individual senior managers who are the main budget holders (MBHs). HSE's and HSL's budgets are monitored as a whole and monthly reports provided to MBHs, the Finance Director, the Accounting Officer and the Board (and in turn to the Department and HM Treasury) based on the latest resource out-turn and forecast information. At the end of the financial year main budget holders have supplied me with letters of assurance which include an assessment of the risks within their commands and how they have been controlled.

During the year, HSE's Internal Audit function undertook an audit of Business Risk Management within HSE. This provided "Substantial Assurance" that risks were being effectively managed both corporately and within directorates and divisions. Despite no major issues being identified HSE aims to continuously improve its business risk management.

Information risk

HSE has taken a number of steps during 2010/11 to improve the management of its information assets. During the year all staff (excluding those on long-term sick leave, career break or maternity leave) completed the National School of Government e-learning package 'Protecting Information' covering key aspects of information assurance. In addition, the HSE *Information and Information Systems (I & IS) Strategy 2010–2015* was launched, providing a strategic direction for HSE's management of information including an identification of the key information risks. This was supported by the setting up of the I & IS Governance Board, which is responsible for overseeing the implementation of the I & IS Strategy. Oversight of information security is also maintained through its inclusion in the corporate risk register, which is considered quarterly by the SMT, Board and HSE Audit Committee. In addition the HSE Audit Committee receives quarterly updates on Information Assurance.

5 Review of effectiveness

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

the system of internal control by the SMT, the Audit Committee and the risk owners.

HSE's Audit Committee, which comprises two Board members and two independent external members, met five times during 2010/11. During the year the Committee considered a number of important topics including Internet security and penetration testing, the new Tower Cranes Register, Management of Outside Interests, Generic Design Assessment Technical Support contracts, Payroll and Universal Work Recording.

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

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

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

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

In light of the audits undertaken in 2010/11, and reliance upon the work of HSL's internal auditors, the overall opinion of the Head of Internal Audit is that HSE has a satisfactory system of control, governance and risk management in place which provides reasonable assurance regarding the effective and efficient achievements of its objectives.

6 Significant internal control problems

There were no significant problems of internal control.



Geoffrey Podger CB
Chief Executive
Health and Safety Executive
Accounting Officer
8 June 2011

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

I certify that I have audited the financial statements of the Health and Safety Executive for the year ended 31 March 2011 under the Health and Safety at Work etc Act 1974. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Executive, Chief Executive and auditor

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

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Health and Safety Executive's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Health and Safety Executive; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the foreword, the management commentary, the unaudited part of the Remuneration Report, the statement of the executive's and the chief executive's responsibilities and the statement on internal control to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Health and Safety Executive's affairs as at 31 March 2011 and of its net operating cost for the year then ended; and

- the financial statements have been properly prepared in accordance with the Health and Safety at Work etc Act 1974 and Department for Work and Pensions directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for Work and Pensions directions issued under the Health and Safety at Work etc Act 1974; and
- the information given in the management commentary for the financial year for which the financial statements are prepared, is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria, London SW1W 9SP
21 June 2011

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

	Notes	2010/11 £'000	2009/10 (Restated) £'000
Administration costs			
Staff costs	2	191 823	178 294
Other administration costs	3 and 21	97 025	113 430
Gross administration costs		288 848	291 724
Operating income	5	(120 354)	(100 336)
EU income	5	(977)	(535)
Net administration costs		167 517	190 853
Programme costs			
Expenditure	4	35 986	44 065
Less income	4 and 5	(2 454)	(4 904)
Net programme costs		33 532	39 161
Net operating cost for the year ended 31 March 2011		201 049	230 014
Other comprehensive expenditure:			
Net (gain)/loss on revaluation of property, plant and equipment.		(2 000)	6 187
Actuarial (gain)/loss on pension	11	(53)	304
Total Comprehensive Expenditure for the year ended 31 March 2011		198 996	236 505

All income and expenditure is derived from continuing operations.

The Notes on pages 48–80 form part of these accounts.

Statement of Financial Position as at 31 March 2011

		31 March 2011	31 March 2010	1 April 2009 (Restated)
	Notes	£'000	£'000	£'000
Non-current assets				
Property, plant and equipment	6(a)	96 394	96 274	101 055
Intangible assets	6(b)	1 132	1 420	1 489
Trade and other receivables due after more than one year	8	174	126	172
Total non-current assets		97 700	97 820	102 716
Current assets				
Inventories	7	980	1 113	1 456
Trade and other receivables	8	46 793	39 017	30 569
Cash and cash equivalents	9	2	265	193
Total current assets		47 775	40 395	32 218
Total assets		145 475	138 215	134 934
Current liabilities				
Trade and other payables	10	(34 046)	(37 924)	(36 744)
Total current liabilities		(34 046)	(37 924)	(36 744)
Non-current assets plus/less net current assets/liabilities		111 429	100 291	98 190
Non-current liabilities				
Provisions	11	(1 643)	(1 366)	(598)
Other payables	10	(108 148)	(110 234)	(113 728)
Pension liabilities	11	(1 235)	(1 434)	(1 140)
Total non-current liabilities		(111 026)	(113 034)	(115 466)
Assets less liabilities		403	(12 743)	(17 276)
Taxpayers' equity				
General fund		(7 015)	(17 959)	(27 384)
Revaluation reserve		7 418	5 216	10 108
Total taxpayers' equity		403	(12 743)	(17 276)

The Notes on pages 48–80 form part of these accounts



Geoffrey Podger CB
Chief Executive
Health and Safety Executive
Accounting Officer
8 June 2011

Statement of Cash Flows for the year ended 31 March 2011

	2010/11	2009/10 (Restated)
Note	£'000	£'000
Cash flows from operating activities		
Net operating cost	(201 049)	(230 014)
Adjustments for non-cash transactions	3 9 120	13 252
Interest element of finance lease payments	8 (7 824)	(8 402)
(Increase)/decrease in trade and other receivables		(8 402)
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	(304)	(361)
(Increase)/decrease in inventories	7 133	343
Increase/(decrease) in trade payables	(4 797)	(194)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	1 791	362
Use of provisions	11 (121)	(160)
Payments of Consolidated Fund Extra Receipts (CFERs)	0	(24)
Provisions reclassified as payables	11 -	(35)
Net cash outflow from operating activities	(203 051)	(225 233)
Cash flows from investing activities		
Purchase of property, plant and equipment	6a (6 388)	(11 047)
Purchase of intangible assets	6b (416)	(248)
Proceeds of disposal of property, plant and equipment	385	346
Net cash outflow from investing activities	(6 419)	(10 949)
Cash flows from financing activities		
Funding from DWP	211 592	239 430
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(1 218)	(1 055)
Net financing	210 374	238 375
Net increase/(decrease) in cash and cash equivalents in the period	9 904	2 193
Cash and cash equivalents at the beginning of the period	9 (3 537)	(5 730)
Cash and cash equivalents at the end of the period	9 (2 633)	(3 537)
Add bank overdraft reported in trade and other payables	9 2 635	3 802
Cash at bank and in hand at the end of the period	9 2	265

The Notes on pages 48–80 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

	(a) General Fund (Restated) £'000	(b) Revaluation Reserve £'000	Total Reserves £'000
Note			
Balance at 31 March 2009	(27 384)	10 108	(17 276)
Restatements	-	-	-
(Restated) balance at 1 April 2009	(27 384)	10 108	(17 276)
Funding from DWP	239 430		239 430
CFERS payable to Consolidated Fund	(24)		(24)
Comprehensive expenditure for the year	(236 506)		(236 506)
Movements in reserves:			
Additions – Actuarial gain/(loss) on pension	(304)		(304)
– Net gain/loss on revaluation		(6 187)	(6 187)
Recognised in Statement of Comprehensive Net Expenditure	6 491	1 633	8 124
Transfer between reserves	338	(338)	0
Balance at 31 March 2010	(17 959)	5 216	(12 743)
Restatements	0	0	
Balance at 1 April 2010	(17 959)	5 216	(12 743)
Funding from DWP	211 592		211 592
CFERS payable to Consolidated Fund	0		0
Comprehensive Expenditure for the year	(198 996)		(198 996)
Movements in reserves			
Additions – Actuarial gain/(loss) on pension	53		53
– Net gain/(loss) on revaluation		2000	2000
Recognised in Statement of Comprehensive Net Expenditure	(2 053)	506	(1 547)
Decrease in pension liabilities due to change in discount rate	44		44
Transfer between reserves	304	(304)	0
Balance at 31 March 2011	(7 015)	7 418	403

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

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

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

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

The Notes on pages 48–80 form part of these accounts.

Notes to the Accounts

1 Statement of accounting policies

1.1 Basis of preparation and statement of compliance

These financial statements have been prepared on a going concern basis and in accordance with the 2010/11 Government Financial Reporting Manual (FReM) (www.financial-reporting.gov.uk) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

All amounts included in the financial statements have been rounded to the nearest thousand pounds unless stated otherwise.

1.2 Accounts Direction

In accordance with the Accounts Direction issued by the Secretary of State with the approval of HM Treasury, the Health and Safety Executive has prepared a Statement of Responsibilities and Statement on Internal Control. HSE has no need to produce Parliamentary Control Schedules and the relevant information is contained in those schedules within DWP's accounts (see Note 1.7) with regard to Request for Resources.

1.3 Accounting standards, interpretations and amendments

Adopted in these financial statements

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2011, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the FReM.

IFRS 5 Non-current assets held for sale and discontinued operations (effective for periods beginning on or after 1 January 2010) – required disclosures for non-current assets classified as held for sale or discontinued operations are now specified within IFRS 5. The disclosure requirements of other IFRSs only apply to such items if they require specific disclosures or relate to items not within the measurement scope of IFRS 5.

IAS 7 Statement of Cash Flows (effective for periods beginning on or after 1 January 2010) – this requires that only expenditure which results in a recognised asset in the Statement of Financial Position can be classified within investing activities. HSE is compliant with IAS 7 in that the only recognised investing activities are the purchase of property, plant and equipment and intangible assets within the Statement of Financial Position.

IAS 17 Leases (effective for periods beginning on or after 1 January 2010) – prior to this amendment, land leases were generally classified as operating leases. The amendment requires that land leases are classified as either finance leases or operating leases in accordance with the principles of IAS 17. This is significant where property is held under

long-term leases which are, in effect, little different to property purchase. HSE does not currently have any land leases

The HM Treasury Clear Line of Sight Project aims to align budgets, estimates and accounts. As a result of amendments to the budgetary regime, costs of capital charges has been removed from financial statements with effect from 1 April 2010 in line with corresponding changes to budgets and estimates.

An additional amendment to the *FReM*, effective from 1 April 2010, has been made in respect of IAS 36 *Impairment of Assets*. This requires impairments of property, plant and equipment that arise from a clear consumption of economic benefits to be taken direct to the Statement of Comprehensive Net Expenditure.

Effective for future financial years

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

IFRS 7 *Financial Instruments: Disclosures* (effective for periods beginning on or after 1 January 2011) – the amendment clarifies requirements in respect of quantitative disclosures and exposure to credit risk. HSE will undertake an assessment in respect of the amendments in order to provide any additional disclosures required for the 2011–12 financial statements.

IFRS 7 *Financial Instruments: Disclosures* (effective for periods beginning on or after 1 July 2011) – detailed disclosures are required for financial assets transferred to another entity but not derecognised in their entirety and financial assets derecognised in their entirety but in which the reporting entity has an involvement. HSE does not expect there to be any transactions requiring disclosure but will assess further as appropriate for the 2012–13 financial statements.

IFRS 9 *Financial Instruments: Classification and Measurement* (effective for periods beginning on or after 1 January 2013) – IFRS 9 is a replacement for IAS 39 and introduces new requirements for the classification and measurement of financial assets, together with the elimination of two categories. Further proposals were introduced in October 2010 in respect of the derecognition of financial assets and liabilities. IFRS 9 is due to be expanded further in June 2011 with regard to the impairment of financial assets measured at amortised cost. HSE will undertake an assessment of the impact of IFRS 9 once the full requirements are known.

IAS 24 *Related Party Transactions* (effective for periods beginning on or after 1 January 2011) – the amendment provides exemption for full disclosure of transactions with state-controlled entities and does not impact the current exemption allowed within the *FReM*. IAS 24 also clarifies the definition of a related party.

IFRIC 14 (IAS 19) *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for periods beginning on or after 1 January 2011) – this amendment aims to correct an unintended flaw in IFRIC 14, whereby entities in some circumstances are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. HSE makes payments analogous to contributions to the PCSPS into an external pension fund for the Chair and has some employees with stakeholder pensions. No prepayments have been made into either of these types of pension funds during the reporting period.

1.4 Accounting convention

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

1.5 Transfer of functions

Machinery of Government changes, which involve transfer of functions or responsibilities from one part of the public sector to another, are accounted for using merger accounting. This requires the restatement of the opening Statement of Financial Position and prior year's Statement of Comprehensive Net Expenditure, Statement of Cash Flows and associated notes to the accounts. There were no Machinery of Government changes in 2010/11.

1.6 Areas of judgement

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

1.7 Government grants

Grants receivable

Pursuant to section 43 of the Health and Safety at Work etc Act 1974, the Executive has been financed by grant-in-aid from a Request for Resources from the Department for Work and Pensions (Request for Resources 2).

The total grant-in-aid received by the Health and Safety Executive from DWP for the financial year 2010/11 was £211 592 000 (2009/10 – £ 239 430 000).

The grant-in-aid is credited to the General Fund in the year in which it is received.

1.8 Administration and programme expenditure

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

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

1.9 Employee Benefits

Short-term employee benefits, such as salaries and paid absences, are accounted for on an accruals basis over the period for which employees have provided services in the year. General staff bonuses are recognised to the extent that HSE has a present obligation to pay

this amount as a result of past service and the obligation can be measured reliably. Bonuses in relation to SCS employees are accrued to the extent that the total value of the bonuses can be measured reliably. The policy in relation to employee pensions is disclosed at Note 2.

IAS 19 requires HSE to determine true short-term employee benefit liability for employee leave. HSE calculates annual leave balances directly from the employee information system supplemented with a statistically valid sample extrapolated across the population to provide additional flexible working hours and time off in lieu liability at year end.

1.10 Research and development expenditure

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

1.11 Value added tax

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

1.12 Insurance

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

1.13 Operating income

Operating income is income which relates directly to the operating activities of HSE. It principally comprises fees and charges for services provided on a full-cost basis to external customers (Note 5). Operating income is stated net of VAT.

1.14 Revenue recognition

HSE complies with IAS 18 for all material income streams and recognises revenue when earned. Earned income is assessed using time recording information and reliable estimates of recoverable costs. HSE takes a proportionate approach to revenue recognition and accounts for low value income in the period of receipt where immaterial to the accounts and consistent in value across financial years

1.15 Property, plant and equipment

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

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the capitalisation threshold. Computer hardware has a capitalisation threshold of £1000. A capitalisation threshold of £100 000 is applied to leasehold improvements. For all other tangible assets the prescribed capitalisation level is £5000. Where an item costs less than the capitalisation limit, but forms an integral part of a package whose total value is greater than the capitalisation level, the item is treated as a capital asset.

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

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

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

All expenditure on repairs and maintenance is charged to the Statement of Comprehensive Net Expenditure during the financial period in which it is incurred.

1.16 Land and buildings

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

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

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

DTZ professionally valued Redgrave Court as at 31 March 2008 and 31 March 2009. They also conducted a desktop valuation of the building as at 31 March 2011. Jones Lang LaSalle professionally revalued all land and building assets on the HSL Buxton site as at 31 March 2010. Additionally, the freehold property at Carlisle was independently valued at 31 March 2009 by Donaldsons, Chartered Surveyors. In each case, the valuations were in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (RICS).

1.17 Intangible assets

Whether acquired externally or generated internally, intangible assets are initially measured at cost, with subsequent measurement at valuation. Where an active market exists for the asset, it is carried at a revalued amount based on fair value at the end of the reporting period. Where no active market exists, assets are revalued using appropriate indices to indicate depreciated replacement cost as a proxy for fair value.

Purchased software

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

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

Internally developed software

Internally developed software is capitalised if it meets the criteria specified in IAS 38 Intangible Assets. Costs are categorised as research or development costs and accounted for accordingly (see Note (1.10)). Internally developed software that has a finite useful life is amortised on a straight line basis over the shorter of five years or the life of the software. Expenditure that does not meet the criteria for capitalisation is recognised as an expense in the year in which it is incurred. Costs associated with the maintenance of software are also expensed when incurred.

Website development costs

Website development costs are capitalised in line with the requirements of SIC 32 Web Site Costs and the specific criteria as determined by IAS 38 Intangible Assets. Costs are categorised as research or development costs and accounted for accordingly (see Note (1.10)).

1.18 Depreciation

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

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

Estimated useful asset lives are normally in the following ranges:

Freehold buildings	50 years or remaining life as assessed by the valuers
Leasehold buildings	Period remaining on lease or to next rent review
HSL PFI leasehold buildings	60 years designated life
Leasehold improvements	Up to 20 years (over the period remaining on lease)
Information technology	3 to 7 years
Software development	5 years
Plant and machinery	5 to 10 years
Furniture and fittings	2 to 15 years (except HSL PFI contract which is 30 years)
Motor vehicles	4 to 9 years

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

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

1.19 Amortisation

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

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

Estimated useful asset lives are normally in the following ranges:

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

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

1.20 Revaluation and impairment of non-current assets

Increases in value are credited to the Revaluation Reserve, unless a reversal of a previous impairment, which is credited to the Statement of Comprehensive Expenditure to the extent of the previous impairment and then to the Revaluation Reserve, in accordance with IAS 36. Impairments of revalued assets, that do not result from a clear consumption of economic benefits, are debited to the Revaluation Reserve up to the level of depreciated historical cost. Any excess devaluation is charged to the Statement of Comprehensive Net Expenditure. Each year, the realised element of the reserve (ie an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the General Fund.

Impairment losses that result from a clear consumption of economic benefit are taken directly to the Statement of Comprehensive Net Expenditure. Where the impairment relates to a revalued asset, the balance on the revaluation reserve to which the impairment would have been charged is transferred to the General Fund to ensure consistency with IAS 36.

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

All non-current assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. In addition, intangible assets with an indefinite useful life are not subject to amortisation and are instead tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.21 Financial assets and liabilities

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

Fair value

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

Loans and receivables.

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

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

Financial liabilities measured at amortised cost

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

Impairment of financial assets

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

The amount of the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows and is recognised in

the Statement of Comprehensive Net Expenditure. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the asset and historical loss experience for assets with credit risk characteristics similar to those in the group.

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

Interest determined and translation differences on monetary items are also recognised in the Statement of Comprehensive Net Expenditure.

1.22 Inventories

Inventories and work in progress are valued as follows:

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

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

1.23 Provisions

Provisions are recognised when HSE has a present legal or constructive obligation arising as a consequence of past events and where it is probable that a transfer of economic benefit will be necessary to settle the obligation. These obligations, which are of uncertain timing or amount at the Statement of Financial Position date, are included on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 2.2% (2009/10 – 2.2%)). The increase in the provision due to unwinding of the discount is recognised as an interest expense in the Statement of Comprehensive Net Expenditure

1.24 Early departure costs

For past early departure schemes, HSE meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits, in respect of employees who retire early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. HSE provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments, discounted by the Treasury discount rate of 2.9% (2009/10 – 1.8%) in real terms.

From 22 December 2010, new Civil Service compensation terms have been introduced for early departure schemes. All exit costs falling to be paid by HSE under the new terms consist of lump sum payments only, which are recognised in the financial statements.

1.25 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), details of which are described in Note 2. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. HSE recognises the expected cost of these elements, on a systematic and rational basis over the period during which it benefits from employees' services, by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, HSE recognises the contributions payable for the year. There is a separate scheme statement for the PCSPS as a whole. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk).

Previous Chairs of the Health and Safety Executive were not members of the PCSPS but arrangements exist whereby HSE makes pension payments analogous to those that would have been made had they been members of the PCSPS and which are payable out of current year's funds that are made available. The appointment of Board members (other than the Chair) is non-pensionable. The current Chair is not a member of the PCSPS but a contribution of 25% of her salary is made to a stakeholder pension provider. The pension liability is valued each year by the Government Actuary's Department and the full amount calculated is treated as a provision in the Statement of Financial Position. Changes to the provision resulting from actuarial losses or gains are charged to the General Fund, with in-year service charges and interest charges included in the Statement of Comprehensive Net Expenditure.

1.26 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys the right to use the asset.

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

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

1.27 Private Finance Initiative (PFI) transactions

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

Where HSE has control over the PFI assets, or where HSE does not have control but the balance of risks and rewards of ownership are borne by HSE, the asset is recognised as

a non-current asset and the liability to pay for it is accounted for as a finance obligation. Contract payments are apportioned between a reduction in capital obligation, an imputed finance lease charge and a service charge.

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

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

1.28 Foreign currency translation

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

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

1.29 Contingent liabilities

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

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

These comprise:

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

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

1.30 Operating segments

IFRS 8 applies in full to HSE. Operating segments are reported in a manner consistent with the internal reports provided to the chief operating decision maker, and are used to

make strategic decisions. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments, has been identified as the HSE's Management Board.

2 Staff numbers and costs of the Health and Safety Executive

(a) Staff costs

Staff costs comprise:

			2010/11	2009/10
	Permanently employed staff	Others	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	139 145	5 482	144 627	140 656
Employers' National Insurance	11 518	57	11 575	11 122
Other pension costs	27 248	107	27 355	27 072
Lump sum exit cost	8 706	-	8 706	- ^a
Total	186 617	5 646	192 263	178 850
Less recoveries in respect of outward secondments	(440)	-	(440)	(556)
Total net costs	186 177	5 646	191 823	178 294

a Lump sum exit costs paid as part of the old exit scheme in 2009/10 are included in the prior year comparatives within other admin costs (Note 3).

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but HSE is unable to identify its share of the underlying assets and liabilities.

For 2010/11 employer's contributions of £27.2 million were payable to the PCSPS (2009/10 – £26.5 million) at one of the four rates in the range 16.7 to 24.3% of pensionable pay (2009/10 – 16.7 to 24.3%), based on salary bands.

Outstanding contributions amounting to £2.6 million (2009/10 – £2.5 million) were payable to the Civil Superannuation Vote at 31 March 2011 and are included in payables (Note 10).

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £137 683 (2009/10 – £138 718) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1102, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum payments on death in service and ill-health retirement of these employees. Contributions due to the partnership pension providers at the Statement of Financial Position date were £10 188. Contributions prepaid at that date were £0.

In 2010/11 five people retired early on ill-health grounds (2009/10 – one person); the total additional accrued pension liabilities in the year amounted to £7717 (2009/10 – £279). These liabilities are not the responsibility of HSE but are to be paid by the PCSPS.

(b) Average number of persons employed

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

		2010/11	2009/10
Permanent staff	Other	Total	Total
3 461	90	3 551	3 647

2.1 Exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
< £10,000	0	0	9	0	9	0
£10 000 – £25 000	0	0	48	1	48	1
£25 000 – £50 000	0	0	79	2	79	2
£50 000 – £100 000	0	0	62	10	62	10
£100 000 – £150 000	0	0	2	5	2	5
£150 000 – £200 000	0	0	0	3	0	3
£200 000 – £250 000	0	0	0	3	0	3
£250 000 – £300 000	0	0	0	1	0	1
£300 000 – £350 000	0	0	0	2	0	2
Total number of exit packages by type	0	0	200	27	200	27
Total resource cost £	0	0	£8 706 054	£3 853 338	£8 706 054	£3 853 338

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where HSE has agreed early retirements, the additional costs are met by HSE and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

3 Other administration costs

	2010/11	2009/10 (Restated)
	£'000	£'000
Rentals under operating leases	5 411	4 215
PFI service charges		
On-Statement of Financial Position PFI contracts	21 601	20 954
Interest charges – On-Statement of Financial Position PFI contracts	8 967	9 060
Auditor's remuneration		
Statutory Audit	127	134
EU Audit	4	3
Non-cash items		
Depreciation and amortisation of non-current assets	7 938	8 011
Impairment of non-current assets	506	1 633
(Profit)/loss on disposal of non-current assets	120	2 293
Provisions: provided in year	252	954
Other non-cash items	304	361
Early departure liability – movement in year	228	3 819
Accommodation	12 675	16 780
Travel and subsistence	11 860	12 949
IT expenditure	8 554	8 843
Legal costs	7 785	8 646
Staff development and training	3 468	4 252
Consultants' fees	376	1 964
Other expenditure	6 849	8 559
	97 025	113 430

4 Net programme costs

	2010/11	2009/10
	£'000	£'000
Research and development	8 223	11 390
Nuclear safety studies	13 471	7 539
Publicity, marketing and distribution	6 175	18 103
Other current expenditure	8 117	7 033
Gross programme costs	35 986	44 065
Less programme income	(2 454)	(4 904)
Net programme cost	33 532	39 161

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.

Analysis of income per the Statement of Comprehensive Net Expenditure.

	HSE fees and charges	HSL income	HSE sales and other income	Total per Statement of Comprehensive Net Expenditure
Operating income	102 630	7 656	10 068	120 354
EU income	-	237	740	977
Programme income	-	-	2 454	2 454
Total per analysis below	102 630	7 893	13 262	123 785

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

	Cost £'000	Income £'000	2010/11 Surplus/ (deficit) £'000	2009/10 Surplus/ (deficit) £'000
(i) HSE fees and charges				
Licensing of nuclear installations	33 058	33 058	-	(1 633)
Safety-related research in the nuclear industry	383	383	-	-
Civil nuclear security	3 553	3 553	-	(19)
Generic Design Assessment	22 255	22 255	-	(536)
Genetically modified organisms	95	112	17	4
First-aid approvals	274	259	(15)	(51)
Asbestos licensing	597	563	(34)	(99)
Biocides and plant protection	14 047	13 935	(112)	(581)
Control of major accident hazards	11 060	11 564	504	(931)
Enforcement of offshore safety legislation	15 430	16 150	720	(365)
Enforcement of Gas Safety (Management) Regulations	510	468	(42)	32
Explosives	343	293	(50)	-
Central Index of Dose Information (CIDI) ^a	94	37	(57)	-
Total HSE fees and charges for the year ended 31 March 2011	101 699	102 630	931	(4 179)
Health and Safety Laboratory external customers	7 438	7 438	-	-
Health and Safety Laboratory EU income	237	237	-	-
Other miscellaneous income	-	218	-	-
Total HSL income	7 675	7 893		

	Cost £'000	Income £'000	2010/11 Surplus/ (deficit) £'000	2009/10 Surplus/ (deficit) £'000
Total fees and charges for the year ended 31 March 2011	109 374	110 523		-
Total fees and charges for the year ended 31 March 2010	95 404	91 351		-
(ii) HSE sales and other income				-
Prosecutions	6 957	6 957	-	
Sale of publications	2 796	2 287	(509)	185
Other sales/income	-	3 278	-	-
EU income	740	740	-	-
Total sales and other income for the year ended 31 March 2011	10 493	13 262		-
Total sales and other income for the year ended 31 March 2010	4 184	14 424		-

a CIDI charging was introduced in 2009/10 and the accrued income exceeded actual income by £41 000, which is reflected in the 2010/11 income outturn and contributes to the deficit.

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

	2010/11		
	Income £ 000	Full cost £ 000	Surplus/(deficit) £ 000
Fees and charges to external customers	101 513	100 364	1 149
Fees and charges to other Government departments	9 010	9 010	-
	110 523	109 374	1 149
	2009/10		
	Income £000	Full Cost £000	Surplus £000
Fees and charges to external Customers	72 397	76 450	(4 053)
Fees and charges to other Government Departments	18 954	18 954	-
	91 351	95 404	(4 053)

HSE has complied with the cost allocation and charging requirements set out in HM Treasury Guidance.

6 Property, plant and equipment

(a) Property, plant and equipment by category – 2010/11

2010/11	Land	Buildings	Leasehold improve- ments	Information technology	Motor vehicles	Plant and machinery	Furniture and fittings	Assets under construction	Total
	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2010	2 115	66 775	22 513	8 685	3 318	16 062	11 529	673	131 670
Reclassifications (cost)	-	598	-	-	-	74	-	(672)	0
Additions in year	-	546	960	1 000	931	820	508	1 245	6 010
Revaluations in year	500	1 589	-	-	(63)	(106)	-	-	1 920
Restatements	-	-	-	-	-	-	-	-	0
Disposals during year	-	-	-	(2 597)	(886)	(417)	(2 022)	-	(5 922)
Balance at 31 March 2011	2 615	69 508	23 473	7 088	3 300	16 433	10 015	1 246	133 678
Depreciation at 1 April 2010	1 143	11 275	5 041	1 426	11 375	5 136	-	35 396	
Reclassifications	-	-	-	-	-	-	-	-	0
Charge in year	-	1 362	2 012	1 714	547	896	854	-	7 385
Revaluations in year	-	(81)	-	-	-	-	-	-	(81)
Restatements	-	-	-	-	-	-	-	-	0
Disposals during year	-	-	-	(2 596)	(564)	(407)	(1 849)	-	(5 416)
Accumulated depreciation at 31 March 2011	0	2 424	13 287	4 159	1 409	11 864	4 141	-	37 284
Net book value at 31 March 2011	2 615	67 084	10 186	2 929	1 891	4 569	5 874	1 246	96 394
Asset financing									
Owned	2 615	4 150	10 186	614	1 891	4 569	3 432	481	27 938
On-Statement of Financial Position PFI contracts	-	62 934	-	2 315	-	-	2 442	765	68 456
Net book value at 31 March 2011	2 615	67 084	10 186	2 929	1 891	4 569	5 874	1 246	96 394

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

Land and buildings comprise the following:

	Freeholds	Leaseholds	Total
	£'000	£'000	£'000
Cost or valuation at 1 April 2010	6 230	62 660	68 890
Reclassifications	-	598	598
Additions in year	67	479	546
Revaluations in year	721	1 368	2 089
Disposals during year	-	-	0
Balance at 31 March 2011	7 018	65 105	72 123
Depreciation at 1 April 2010	3	1 140	1 143
Charge in year	236	1 126	1 362
Revaluations in year	13	(94)	(81)
Disposals during year	-	-	0
Accumulated depreciation at 31 March 2011	252	2 172	2 424
Net book value at 31 March 2011	6 766	62 933	69 699

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

(b) Redgrave Court was procured following an open, competitive tendering exercise seeking new or existing office accommodation in North West England. As a consequence, Bootle Accommodation Partnerships Ltd (BAPL) constructed and provides HSE with serviced accommodation under the Private Finance Initiative at Redgrave Court, which is owned by BAPL.

The open market value of Redgrave Court of £11 million (£12.5 million as at 31 March 2010) is significantly lower than the outstanding repayment liability to the contractor (£57.2 million) for the remainder of the 30 year PFI agreement. The construction cost to the contractor was approximately £60 million. The building is situated in an area of considerable social deprivation which reduces its open market value.

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

DTZ professionally valued Redgrave Court as at 31 March 2009 with a desktop valuation completed at 31 March 2011. Jones Lang LaSalle professionally revalued all land and building assets on the Buxton site as at 31 March 2010. Additionally, the freehold property at Carlisle was independently valued at 31 March 2009 by Donaldsons, Chartered Surveyors. In each case, the valuations were in accordance with the Appraisal and Valuation Standards of the Royal Institute of Chartered Surveyors (RICS).

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

(d) Depreciation charged in the year on assets under PFI contracts was £2.472 million. (2009/10 – 2.809 million).

(e) Cash Flow Reconciliation

	Note	2010/11 £000	2009/10 £000
Capital payables and accruals at 1 April	10	784	369
Capital prepayments at 1 April		-	-
Movement on long-term payables		-	-
Capital additions	6a	6010	11 462
Capital prepayments at 31 March		-	-
Capital payables and accruals at 31 March	10	(406)	(784)
Purchases of property, plant and equipment as per Statement of Cash Flows		6 388	11 047

(b) Intangible assets

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

	Websites	Purchased software licences	2010/11 Internally developed software	Payments on account and assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2010	112	4 146	32	0	4 290
Reclassification	-	-	-	-	0
Additions in year	24	189	-	52	265
Disposals	-	(374)	-	-	(374)
Impairments	-	-	-	-	0
Revaluations	-	-	-	-	0
Balance at 31 March 2011	136	3 961	32	52	4 181
Amortisation at 1 April 2010	31	2 837	2	0	2 870
Charge in year	45	497	11	-	553
Disposals	-	(374)	-	-	(374)
Impairments	-	-	-	-	0
Reclassifications	-	-	-	-	0
Revaluations	-	-	-	-	0
Accumulated amortisation at 31 March 2011	76	2 960	13	0	3 049
Net book value at 31 March 2011	60	1 001	19	52	1 132

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

(a) Cash Flow Reconciliation

	Note	2010/11 £'000	2009/10 £'000
Capital payables and accruals at 1 April		278	-
Capital additions		265	526
Capital prepayments at 31 March			-
Capital payables and accruals at 31 March		(127)	(278)
Purchases of intangible assets		416	248

7 Inventories

	31 March 2011 £'000	31 March 2010 £'000	1 April 2009
Work in progress	704	555	664
Finished stock for sale	276	558	792
	980	1 113	1 456

8 Trade and other Receivables

(a) Analysis by type

Administration receivables

	31 March 2011	31 March 2010	1 April 2009 (Restated)
	£'000	£'000	£'000
Amounts falling due within one year			
Trade receivables	14 681	12 104	8 150
Imprest/advances (see table below)	247	307	334
Prepayments	3 147	3 196	4 124
VAT	3 192	3 875	2 863
Other receivables	0	623	264
Accrued income	25 526	18 912	14 834
	46 793	39 017	30 569
Amounts falling due after more than one year			
Other prepayments	96	39	75
Imprests/advances (see table below)	78	87	97
	174	126	172
Total	46 967	39 143	30 741

The imprests/advances total of **£325 837** (2009/10 – £394 029) includes:

	2010/11	2009/10
	£	£
Advances of salary for house purchases	99 556	113 652
Advances of salary for season ticket purchases	75 293	70 637
Imprests	116 183	133 261
Other advances	34 805	76 479

There were 11 officers who had £2500 or more outstanding at 31 March 2011 which totalled £89 097 (2009/10 – £139 989, relating to 20 officers).

(b) Intra-government balances

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

	31 March 2011 Amounts falling due within one year £'000	31 March 2011 Amounts falling due later than one year £'000	31 March 2010 Amounts falling due within one year £'000	31 March 2010 Amounts falling due later than one year £'000	1 April 2009 (Restated) Amounts falling due within one year £'000	1 April 2009 (Restated) Amounts falling due later than one year £'000
Balances with other central government bodies	4 077	-	4 713	-	3 862	-
Balances with local authorities	213	-	112	-	241	-
Balances with NHS trusts	6	-	18	-	34	-
Balances with public corporations and trading funds	78	-	2 553	-	5 420	-
Subtotal: intra-government balances	4 374	0	7 396	-	9 557	0
Balances with bodies external to government	42 419	174	31 621	126	21 012	-
Total receivables at 31 March/1 April	46 793	174	39 017	126	30 569	0

9 Cash and cash equivalents

	31 March 2011 £'000	31 March 2010 £'000	1 April 2009
Balance at 1 April	(3 537)	(5 730)	233
Net change in cash and cash equivalent balances	904	2 193	(5 963)
Balance at 31 March	(2 633)	(3 537)	(5 730)
Less bank overdraft reported in trade and other payables	2 635	3 802	5 923
Balance per Statement of Financial Position	2	265	193
The following balances at 31 March are held at			
Government banking services	(2 635)	(3 802)	(5 923)
Commercial banks and cash in hand	2	265	193
	(2 633)	(3 537)	(5 730)

The credit balance (£2 633 000) relates to transactions posted at Government banking services after the defunding of HSE's account on 31 March 2011 in accordance with DWP's cash management arrangements agreed with HM Treasury.

10 Trade and other payables

(a) Analysis by type

	31 March 2011	31 March 2010	1 April 2009 (Restated)
	£'000	£'000	£'000
Amounts falling due within one year			
Other taxation and social security	3 714	3 646	3 286
Superannuation	2 566	2 562	2 381
Trade payables: non capital	874	1 892	665
Trade payables: capital	533	1 061	369
Other payables	2 053	305	178
Accruals and deferred income	18 680	22 211	21 367
On-Statement of Financial Position PFI contracts	1 319	1 218	1 055
Balance with Office of HM Paymaster General	2 635	3 802	5 923
Early departure liability	1 672	1 213	-
Provision reclassified as creditors	-	14	1 520
	34 046	37 924	36 744
Amounts falling due after more than one year			
Imputed finance lease element of On-Statement of Financial Position PFI contracts	106 549	107 868	109 086
Other payables	11	-	2 313
Early departure liability	1 588	2 345	-
Provision reclassified as creditors	-	21	2 329
	108 148	110 234	113 728
Total	142 194	148 158	150 472

(b) Intra-government balances

	31 March 2011	31 March 2011	31 March 2010	31 March 2010	1 April 2009	1 April 2009
	Amounts falling due within one year	Amounts falling due later than one year	Amounts falling due within one year	Amounts falling due later than one year	Amounts falling due within one year	Amounts falling due later than one year
	£'000	£'000	£'000	£'000	£'000	£'000
Balances with other central government bodies	8 862	-	7 097	-	6 720	-
Balances with local authorities	16	-	10	-	32	-
Balances with NHS trusts	77	-	26	-	24	-
Balances with public corporations and trading funds	168	-	2 687	-	684	-
Subtotal: intra-government balances	9 123	0	9 820	0	7 460	0
Balances with bodies external to government	24 923	108 148	28 104	110 234	29 284	113 728
Total trade and other payables at 31 March/1 April	34 046	108 148	37 924	110 234	36 744	113 728

11 Provisions for liabilities and charges*Administration provisions*

	Dilapidations	Chair's pension by analogy	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2010	1 314	1 434	52	2 800
Provided in year	250	59	71	380
Provisions not required written back	-	(181)	-	(181)
Utilised in year	(11)	(77)	(33)	(121)
Balance at 31 March 2011	1 553	1 235	90	2 878
	Dilapidations	Chair's pension by analogy	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2009	414	1 140	184	1 738
Provided in year	900	371	20	1 291
Provisions not required written back	-	-	(34)	(34)
Utilised in year	-	(77)	(83)	(160)
Amounts reclassified as financial liabilities	-	-	(35)	(35)
Balance at 31 March 2010	1 314	1 434	52	2 800

Analysis of expected timings of discounted flows

	Dilapidations	Other	Total
Not later than one year	1389	90	1 479
Later than one year and not later than five years	164	-	164
Later than five years	-	-	-
Balance at 31 March 2011	1 553	90	1 643

(a) Legal claims

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

Legal claims which may succeed but are less likely to do so or cannot be reliably estimated are disclosed as contingent liabilities in Note 18.

(b) Dilapidations

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

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

Provision has been made for retired Chairs' pensions in HSE's accounts as if they were members of the PCSPS. In 2008/09 the Health and Safety Commission and the Health and Safety Executive merged to form a single regulatory body, the Health and Safety Executive. The current Chair receives a contribution towards a private pension and is not included in this provision.

The provision reflects the valuation made by the Government Actuaries Department (GAD) at 31 March 2011. During the year the rate used for calculating values was changed from Retail Price Index (RPI) to Consumer Price Index (CPI) in line with Government policy. The results of the actuarial assessment are shown below:

	31 March 2011		31 March 2010		1 April 2009	
	£'000	%	£'000	%	£'000	%
Financial assumptions						
The RPI inflation rate assumptions				2.75		2.75
The CPI inflation rate assumptions	2.65					
The rate of increase in salaries	4.90		4.29		4.29	
The rate of increase for pensions in payment and deferred pensions	2.65		2.75		2.75	
The rate used to discount scheme liabilities	5.60		4.60		6.04	

	31 March 2011		31 March 2010		1 April 2009	
	£'000	%	£'000	%	£'000	%
Amounts charged to operating costs						
The current service cost (net of employee contributions)	-		-		-	
Any past service costs	(128)		-		-	
Gains and losses on any settlements and curtailments	-		-		-	
The interest cost	59		67		70	
Actuarial gains and losses during year^a						
Experience losses/(gains)	18		52		(42)	(3.7)
Effect of changes in assumptions underlying the present value of the scheme's liabilities	(71)		252		(105)	-
Total actuarial losses/(gains)	(53)		304		(147)	-
Liability						
Actives	0		0		0	
Deferreds	0		0		0	
Pensioners and dependent pensioners	1 235		1 434		1 140	
Total present value of the scheme liabilities	1 235		1 434		1 140	

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

Actuarial gains and losses since 1 April 2005 have been as follows:

	(Gain)/loss £'000
Year to 31 March 2006	504
Year to 31 March 2007	157
Year to 31 March 2008	97
Year to 31 March 2009	(147)
Year to 31 March 2010	304
Year to 31 March 2011	(53)
Total actuarial loss	862

HSE complies with IAS 19 and used longevity assumptions based on appropriate life expectancies advised by GAD.

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

	31 March 2011	31 March 2010	1 April 2009
Contracted commitments at 31 March not otherwise included in these financial statements	£'000	£'000	£'000
Property, plant and equipment	958	504	1 516
Intangible assets	4	39	0
	962	543	1 516

13 Losses and special payments

	2010/11 No of cases	2009/10 No of cases	2010/11 £'000	2009/10 £'000
Administration losses				
Cash losses	48	18	50	20
Claims abandoned	211	160	198	541
Administrative losses	0	0	0	0
Fruitless payments	32	24	180	6
Stocks, stores and obsolete publications	7	2	390	257
Total administration losses	298	204	818	824
Special payments	2	14	0	40
Total losses and special payments	300	218	818	864

Special payments made by HSE to staff and members of the public totalled two cases in 2010/11 to the value of £122 (2009/10 – 14 cases totalling £40 177).

14 Commitments under non-PFI operating leases

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

	31 March 2011			31 March 2010		
	Land £'000	Buildings £'000	Other £'000	Land £'000	Buildings £'000	Other £'000
Leases expiring within:						
Not later than 1 year	69	288	8	87	1 231	-
Later than 1 year and not later than 5 years	-	567	-	-	1 067	1
Later than 5 years	-	4 047	-	-	3 815	-
	69	4 902	8	87	6 113	1

	1 April 2009		
	Land £'000	Buildings £'000	Other £'000
Leases expiring within			
Not later than 1 year	83	224	2
Later than 1 year and not later than 5 years	-	2 311	3
Later than 5 years	-	8 473	-
	83	11 008	5

15 Commitments under non-PFI finance leases

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

16 Commitments under PFI contracts

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

Merseyside Headquarters (Redgrave Court)

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

IT services

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

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

HSL Accommodation

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

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

Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-Statement of Financial Position PFI transactions was £21.6m (2009/10 £20.9 m) and the payments to which HSE is committed during 2010/11, analysed by the period in which the commitment expires, are as follows:

	31 March 2011 £'000	31 March 2010 £'000	1 April 2009 £'000
Not later than one year		-	-
Later than one year and not later than 5 years	12 360	14 326	15 526
Later than 5 years	8 547	7 533	6 788
Total committed	20 907	21 859	22 314

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

Total obligations for the following periods comprise:

	31 March 2011 £'000	31 March 2010 £'000	(Restated) 1 April 2009 £'000
Gross liabilities			
Not later than one year	10 185	10 185	10 115
Later than one year and not later than 5 years	40 952	40 811	40 741
Later than 5 years	204 056	214 383	224 638
Total committed	255 193	265 379	275 494
Less interest element	(147 325)	(156 293)	(165 352)
Present value of obligations	107 868	109 086	110 142

	31 March 2011 £'000	31 March 2010 £'000	(Restated) 1 April 2009 £'000
Present value of obligations			
Not later than one year	1 319	1 218	1 055
Later than one year and not later than 5 years	6 701	6 050	5 517
Later than 5 years	99 848	101 818	103 570
Total present value of obligations	107 868	109 086	110 142

17 Related party transactions

The Health and Safety Executive is an Executive Non-Departmental Public Body with Crown status and is sponsored by DWP. DWP is regarded as a related party. During the year, HSE had several transactions on an arms length basis with DWP that mainly related to the provision of pension services, small firms grants, receipts from staff loans and premises costs. HSE did not have material transactions with other entities for which the DWP is regarded as the parent department.

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

Civil Nuclear Constabulary, Crown Prosecution Service, Department for Business, Innovation and Skills, Department for Children, Schools and Families, Department for Communities and Local Government, Department for Energy and Climate Change, Department for Environment, Food and Rural Affairs, Department of Agriculture and Rural Development NI, Health Protection Agency, Home Office, Ministry of Defence, National School of Government, Natural England, Nuclear Decommissioning Authority, Office for National Statistics, Office of Rail Regulation, Olympic Delivery Authority, Scottish Environmental Protection Agency, Scottish Government, Treasury Solicitors, Welsh Assembly Government.

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

18 Contingent liabilities

HSE is currently defending a claim for personal injury concerning a past HSE employee who claims to have contracted mesothelioma as a result of his employment with HSE.

19 Financial instruments

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

(b) Fair value of financial instruments

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair value. The book values of HSE financial assets and liabilities at 31 March 2011 are not materially different from their fair values. They have accordingly not been shown separately.

(c) Exposure to risk

Due to the largely non-trading nature of its activities and the fact that the cash requirements of HSE are met through the Estimates process, HSE is not exposed to the degree of financial risk faced by commercial business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would apply to a non-public sector body of a similar size.

Credit risk

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

Liquidity risk

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

Market risk

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

Interest rate risk

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

Foreign currency risk

HSE's exposure to foreign currency risk is not significant. The foreign exchange loss for 2010/11 was £37 414 (2009/10 – £706).

20 Segmental analysis

	2010/11				2009/10 (Restated)			
	Health and Safety Executive £'000	Health and Safety Laboratory £'000	Less Intercompany Transactions £'000	Total as per Statement of Comprehensive Net Expenditure £'000	Health and Safety Executive £'000	Health and Safety Laboratory £'000	Less Intercompany Transactions £'000	Total as per Statement of Comprehensive Net Expenditure £'000
Admin expenditure	256 545	33 599	(1 296)	288 848	258 275	34 699	(1 250)	291 724
Programme expenditure	61 692	3 755	(29 461)	35 986	71 634	4 307	(31 876)	44 065
Total expenditure	318 237	37 354	(30 757)	324 834	329 909	39 006	(33 126)	335 789
Operating income	(113 994)	(37 117)	30 757	(120 354)	(94 686)	(38 776)	33 126	(100 336)
EU income	(740)	(237)	-	(977)	(305)	(230)	-	(535)
Programme income	(2 454)	-	-	(2 454)	(4 904)	-	-	(4 904)
Total income	(117 188)	(37 354)	30 757	(123 785)	(99 895)	(39 006)	33 126	(105 775)
Reportable segment net resources	201 049	0	0	201 049	230 014	0	0	230 014

21 Restatements

As a result of amendments to the budgetary regime, costs of capital charges have been removed from financial statements with effect from 1 April 2010 in line with corresponding changes to budgets and estimates.

Restatement of Statement of Comprehensive Net Expenditure at 31 March 2010

	Published accounts 2009/10	Restatement to exclude cost of capital	Restated 2009/10
	£'000	£'000	£'000
Administration costs			
Staff costs	178 294	-	178 294
Other administration costs	113 347	83	113 430
Gross administration costs	291 641	83	291 724
Operating income	(100 871)	-	(100 871)
Net administration costs	190 770	83	190 853
Programme costs			
Expenditure	44 065	-	44 065
Income	(4 904)	-	(4 904)
Net programme costs	39 161	-	39 161
Net operating cost	229 931	83	230 014

No restatement to the Statement of Financial Position was necessary.

22 Going concern

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

23 Events after the Reporting Period

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

The authorised date for issue is 21 June 2011.



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