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## HEALTH AND SAFETY COMMISSION

### Spending Review SR 2004 and 2005/6 - 2007/8 planning process

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on 01 July 2004

#### Issue

1. The planning process to implement the Commission's Strategy over the years 2005/6 – 2007/8 following the SR 2004 settlement.

#### Timing

2. Immediate

#### Recommendation

3. The Commission notes the way forward following the Chancellor's announcement of the Spending Review 2004 Settlement. Particularly:
  - The likely level of HSC's SR 2004 settlement;
  - The proposed Strategic Direction Statement

#### Background

4. HSC paper HSC/04/054 "Financial Outlook 2004-2008" updated the Commission on the likely financial position for the Spending Review period - 2005/6 to 2007/8.
5. HSE has been overhauling its corporate planning process to improve our capacity to allocate resources to priorities and make it fit better with the changes in the organisation and its culture, in particular the transition to programme working.

#### Argument

6. HSC paper HSC/04/054 advised that:
  - A "flat cash" settlement for SR 2004 would mean in effect around a 3.0% cut year-on-year (assuming general inflation of 2.5% and payroll inflation of 3.5%). This will come on top of a tight SR2002 settlement. (£2m less in 2005/6 and we will not have the additional £4m for Cullen provided for 2003/4 and 2004/5 only);
  - This would require us to downsize but staffing reductions ought to be achievable by natural wastage over the three years of SR 2004;

- HSE needs to achieve efficiencies to free up resource for delivery (NB DWP is likely to have a Public Service Agreement (PSA) target for efficiency and productivity); and
  - HSC/E is faced with hard decisions on priorities.
7. The Chancellor will announce the outcome of the 2004 Spending review on 12 July. We expect DWP to advise HSC of its settlement around the end of July. We are aware that since the Budget announcement DWP has come under more pressure to increase efficiency and reduce overall resource requirements.
  8. We have been negotiating a target for health and safety based on the assumption we will receive a “flat cash” settlement. The PSA target and Technical Note will be attached to a Commission paper for the 03 August meeting.
  9. The planning process for 2004/5 proved difficult. The problems arose because the strategy development timetable sat awkwardly in the planning cycle and the Strategic Programmes created substantial complexity. We need to do better for 2005/6. Our preliminary proposals include a stronger strategic steer at an earlier stage. This is likely to take the form of a Strategic Direction Statement (SDS).
  10. A three-year SDS would be developed from the strategy and informed by:
    - Evidence of where we can be successful/where we need to be successful;
    - The SR 2004 settlement and targets
    - The long-term Strategic Programme plans; and
    - The present business disposition:
      - Resource allocation, long term commitments and income position
      - The staffing position, age/skill/geographical profile and wastage/turnover rates.
  11. The SDS would set out:
    - where we are now as a business;
    - where we have to be by 2008 to deliver HSC’s Strategy and the PSA targets;
    - how we will reshape the business to get there;
    - our priorities and those areas to be wound down; and
    - the steps along the way, in particular how the business disposition will change. The SDS must be both feasible and affordable, setting out high level indicative resource allocations and income assessments for each year to 2007/08.
  12. The SDS would provide the high-level steer to Functional Directors (FDs) and Strategic Programme Directors (SPDs) in developing and preparing the “core” and Strategic Programme plans. We would communicate a summary of the SDS more widely, to all HSE staff and further afield.
  13. We will present the draft SDS for consideration and approval at the 7 September 2004 Commission meeting. We will present a draft business plan for 2005/6 to 2007/8 to the Commission in February 2005.

14. It is obviously important that the Minister for Work supports the direction of the SDS. We propose to develop briefings for the Chair to use in the monthly Ministerial meetings.

**Consultation**

15. Not relevant at this stage

**Presentation**

16. Not relevant at this stage

**Costs and Benefits**

17. Not relevant at this stage

**Financial/Resource Implications for HSE**

18. Not relevant at this stage

**Environmental Implications**

19. Not relevant at this stage

**Other Implications**

20. Not relevant at this stage

**Action**

21. We will produce further papers for substantive discussion at future Commission meetings on Spending Review related issues, they are:

- |                 |   |  |
|-----------------|---|--|
| HSC 3 August    | - | Paper "Implications of SR2004 and New Planning Process<br>(to include Public Service Agreement target and Technical Note as annex and risk log with countermeasures etc) |
| HSC 7 September | - | Paper "Hampton Review – Latest Position"<br>Paper "Draft Strategic Direction Statement"  |