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HEALTH AND SAFETY COMMISSION

Spending Review 2004: HSC's settlement and the Business Plan for 2005/06 to 2007/08

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Issue

- In the last week of March 2005:
 - The Minister for Work confirmed the Health and Safety Commission's Spending Review 2004 (SR2004) settlement; and
 - The Secretary of State approved the HSC Business Plan 2005/06 – 2007/08.

Timing

- Routine.

Recommendation

- That Commissioners note:
 - HSC's SR2004 settlement; and
 - The content of the agreed version of the Business Plan (see Annex A).

Background

- Spending Reviews are the basic system for planning and controlling all public expenditure. They take place every two years and set expenditure limits for a three-year period. SR2004 covers the period 2005/06 – 2007/08.
- DWP received its settlement in July 2004. Effectively, they got 'flat cash' for the SR2004 period, reduced by some further adjustments (£8.3bn for 2005/06, falling to £8.1bn by 2007/08).
- There have been substantial delays in DWP agreeing HSC's final settlement, although they have provided various indicative allocations since last autumn. In the meantime, HSE has conducted the corporate planning process on the assumption of a 'flat cash' settlement¹.

¹ HSE's 'flat cash' planning assumption (£707m) = £677m net resources + £18m Admin EYF + £12m Prog EYF.
Our settlement (£715m) = £697 net resources (inc £37m Admin Other) + £18m Admin EYF

7. HSC received and commented on a draft of the HSC Business Plan on 8th March 2005. Following that meeting, Strategic Planning Unit redrafted the Business Plan to reflect the Commission's comments. The HSC Chair submitted the document to the Minister for Work on 10th March 2005.

Argument

8. The settlement for HSE (excl HSL) for the SR2004 period 2005/06 to 2007/08 is:
9. DWP has also agreed that we can carry £18m of our already accumulated

£m	2004/05 Forecast Outturn**	SR2004 settlement		
		2005/06	2006/07	2007/08
Admin (gross)	220	227*	226*	226*
Programme (gross)	51	60	60	60
Total Expenditure	271	287	286	286
Income	(55)	(54)	(54)	(54)
Net Resources	216	233	232	232
Capital	4	9	9	9

* Includes Admin Other (£9m/£8m/£8m respectively) currently held centrally by DWP.

** HSE based its flat cash planning assumption upon the 2004/05 baseline, rather than the forecast outturn (as presented above).

Administrative End-Year Flexibility (EYF) resource into 2005/06. We are likely to generate more EYF from 2004/05.

10. The key points to note are that:
- This is a **good** result, from a difficult process. The Chancellor's Spending Review Report (published in July last year) set challenging budgets and efficiency targets for a number of central government departments (including DWP).
 - The settlement is linked to the new Public Service Agreement (PSA), demonstrating the Government's commitment to occupational health and safety and HSC's Strategy. The PSA targets are effectively DWP's contract with the Treasury on workplace health and safety. DWP has given us money to fund delivery of the required outcomes.
 - The settlement reflects a positive view of HSC/E, but we must continue to be as effective, efficient and productive as possible. We will need to ensure that the Efficiency Programme secures the planned savings of £50m to augment delivery, especially in the later years of the settlement
11. The HSC Business Plan for 2005/06 – 2007/08 explains how HSC/E will use the settlement to implement the Strategy and deliver the PSA. At the recent keep-in-touch meeting between the Minister for Work and HSC/E, Jane Kennedy said that she was "pleased" to agree the Business Plan.
12. With the Minister for Work's agreement and a confirmed resource settlement, we are now in a position to publish the Business Plan. The final version is at Annex A.
13. We are also near to finalising allocations to HSE's Main Budget Holders for 2005/06. The Resource and Delivery Group has decided that we will aim to spend

proportionately more in 2005-06 (employing some of the carried-forward End Year Flexibility funding), to ensure rapid progress on key work streams and in recognition that the Efficiency Programme's benefit realisation will probably be end-loaded (i.e. invest early to reap benefits later).

Consultation

14. n/a

Presentation

15. We issued a global e-mail message to HSE staff on 1st April:

- Providing very high-level detail on the settlement;
- Emphasising that this is a good outcome, which demonstrates Government commitment to occupational health and safety;
- Highlighting the importance of delivering the PSA and efficiency target;
- Indicating that we would publish the Business Plan shortly.

16. We have published the Business Plan electronically on HSE's Intranet and on the website². HSE Books will produce a limited number of hard copies of the document for distribution to staff and key stakeholders.

Action

17. Planning Efficiency and Finance Division will:

- Finalise allocation of the budgets for 2005/06 across HSE.
- Issue material to communicate HSC's settlement (internally and externally)
- Publish the HSC Business Plan.

² See H<http://www.hse.gov.uk/aboutus/plans/hscplans/0506/index.htm>