

Meeting Date:	Fully Open	Open Gov. Status:	Fully Open
Type of Paper:	Above the line	Paper File Ref:	HS/16/1060/2000
Exemptions:	Post meeting		

HEALTH AND SAFETY EXECUTIVE

The HSE Board

HSC/E MONTHLY FINANCE, STAFFING AND OUTPUT REPORT

May 2002 Outturn/Forecast at 24 June 2002

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MANAGEMENT SUMMARY

Key points

- The latest position shows a total pressure on the administration costs limit of £6.2m and on the resource budget in the order of £11m.
- The position is against the HSE DEL Resource settlement figure which does not include the additional £3.8m for Cullen implementation.
- When this is taken into account the pressure is reduced by some £2.1m ie adjusted by the level of Cullen funding already in the forecasts (namely DRP forecast). Thus the pressure is reduced to £4.1m and £8.9m respectively.

Recommendations

The Board is invited to:

- note the increased risk on HSE's resource budget arising from existing and new pressures;
- consider authorising further recruitment in line with the agreed levels set out in this paper in order to deliver the Cullen agenda in light of the funding made available by DfT;
- agree that PEFD should continue the review of D/Ds staffing/payroll plans in light of the initial findings and report back to the Board at the next meeting.

CURRENT POSITION

Argument

1. This finance report is set against the background of earlier discussions at which the Board recognised the need to revisit allocations in June to review whether the risks carried on the current over allocation against HSE's resource budget (currently standing at £11.4m) could be sustained.

2. Last month Board paper B/02/002 set out the foreseeable pressures and financial risks on the budget at that time. The following pressures have now been included in the latest forecast:

- new projects eg change management (£25k - consultancy cost)
- SCS pay award (£460k)
- running costs pressures of £460k for the Incident Call Centre
- Trawsfyndd Nuclear Power Station Inquiry estimated at £160k
- the proposed voucher scheme for non-pay recognition (£300k)

3. Unfunded pressures still outside the forecast :

- The Potters Bar Inquiry (n/k)
- Pressures to deliver IT projects not covered by BEU's current allocation (£1m)
- Business critical change requests for the Incident Call Centre, estimated at £200k
- Staff substitutes - submission of late invoices from HSE's former contract with Manpower. Budget Unit were notified of the problem and are investigating the likely impact and will provide the Board with an oral update.

4. As reported last month the costs of funding Cullen implementation in 02/03 remains the most significant pressure. The Department has agreed to provide £3.8m for 2002/3 (written confirmation is expected at any time). In light of the outcome, which is some £2m less than the latest estimated requirement, the Budget Unit have approached relevant D/Ds to review their position/needs to reflect what can be delivered with the funding available.

5. However the Budget Unit would suggest caution over creating too much future commitment, especially in light of the uncertainties about HSE's SR2002 settlement. Early indications are that the settlement could fall some way short of the HSE bid. We hope to be able to provide the Board with an oral update.

In year control

6. As agreed at the July Board meeting, PEFD sought additional information from D/Ds with a view to recouping the overallocation of pay budgets prior to the mid-year stage. This was required because we have not received the downward variation in spending plans which were expected. To provide the Board with the necessary assurance that agreed payroll controls are being exercised and excess funds returned to the centre to prevent breaching the budget, we sought information from D/D's on:

- current staff costs (£'s) from RASP by band
- anticipated additions and losses by band by month (internal and external)

- anticipated vacancies by band by month
- agreed hot running posts by band by month
- posts doing unplanned work by band by month
- supporting narrative information

Unfortunately many D/D's were late in returning the required information, or initially provided insufficient information. Therefore, only a brief scrutiny of the information has been possible thus far. A more detailed scrutiny will be conducted in the coming weeks.

7. The initial results show that:

- The projected cost of the May staff costs (ie. Assuming no staff additions or losses from the May staffing) is £5.7m below the allocated payroll budget;
- The figures provided by D/D's, based on May staff costs projected plus anticipated additions and anticipated losses, is only £1.0m below the allocated payroll budget;
- D/D's that are anticipating to materially overspend budget (excluding Cullen Implementation) are DIAS £293k, SPD £74k, DRP £136k and HID £100k;
- The projected cost of Hot Running is around £3.5m;
- The projected cost of Unplanned Work is £0.6m;
- D/D's anticipate recruiting staff from within HSE to the value of £2.4m this year, while the corresponding figure for anticipated loss of staff within HSE is only £1.6m. This suggests a double count of £0.8m;
- D/D's also report that they expect to recruit staff from outside HSE to the value of £5.7m in 2002/03 between June and March. If the level of recruitment were to be achieved it would result in a breach of the Payroll Control limit.

8. Delivering income commitments remains critical and PEFD is also continuing work to develop internal control measures, based on productivity. We will agree these with D/Ds and report back to the Board.

Detailed Position

9. The summary tables below on HSE/ HSL's current financial position show some movements on the position reported at the allocation stage and illustrate the current position on HSE/HSL's financial requirement. Where appropriate forecasts have been updated post 24/6/02:

- Table 1 reflects latest forecast for HSE Main (excl HSL) against the DEL resource /capital settlement. (For ease of presentation, budgets for provisions have been excluded.) As reported last month we still expect rectification of a recording error in the next Estimates to provide cover for forecast bad debts. The HSE DEL Resource settlement figure does not include the additional £3.8m for Cullen implementation.
- Until both these potential impacts have been confirmed by the Department the forecast overspend stands at £11.4m resource and £1.9m capital.

- Table 2 reflects the forecast movement in month.

TABLE 1: GLOBAL POSITION- HSE MAIN			
LATEST FORECAST AGAINST BUDGETARY CONTROLS	HSE DEL Resource/ Capital Budget settlement	HSE budget Forecast (excl HSL)	Variance
Pay	138,642	135,289	(3,353)
GAE	59,492	69,085	9,593
Invest to Save	620	570	(50)
Modernising Government	505	505	0
Gross Admin costs	199,259	205,450	6,191
Programme costs	53,743	52,184	(1,559)
Bad debts	132	621	489
Total gross costs	253,134	258,255	5,121
Income	(58,343)	(52,095)	6,248
Net Resource budget	194,791	206,160	11,369
Capital budget	6,365	8,274	1,909

TABLE 2: INTERNAL BUDGET MANAGEMENT	HSE Budget (excl HSL)	Latest Forecast (excl HSL)	Variance on HSE Budget	Forecast change in month
Pay	135,393	135,289	(104)	114
GAE	67,428	69,085	1,658	998
Invest to Save	620	570	(50)	320
Modernising Government	505	505	0	505
Gross Admin costs	203,946	205,450	1,504	1,938
Programme costs	52,988	52,184	(803)	(819)
Bad debts	621	621	0	0
Total gross costs	257,554	258,255	701	1,119
Income	(53,006)	(52,095)	911	900
Net Resource budget	204,548	206,160	1,611	2,019
Capital budget	8,274	8,274	0	0

10. Detailed financial and staffing information is set out in the tables and graphs in Appendices A, D and E. Appendices B and C reflect the outturn position against profiled budgets. Main points to note on the current position are:

a) Administration costs

- Payroll forecast has reduced this month by £104k. FOD has transferred payroll of £84k to staff substitutes; NSD has reduced payroll by £160k (which has produce a corresponding decrease in income forecast). HD have reduced payroll by £128k (of which £28k has been vired to staff substitutes). This has been offset by an adjustment at the centre to take account of the SCS pay award (information didn't become available until after the forecast date). Most D/D's have vired from payroll to staff substitutes. GAE has increased by £496k primarily due to the ICC costs (£460k); Trawsfyndd Power Station Inquiry (£160k) being offset by the reduction in Other (central) charges (£207k). The variance being the virement of small amounts by D/Ds into staff substitutes.

b) Income from Charging Activity

Table 4 below sets out the chargeable hours reported by the main charging regimes (COMAH, Offshore and Railways). The table reflects D/Ds latest assessment of forecast hours and changes against the start of year income forecast.

TABLE 4: CHARGEABLE ACTIVITY	MTA hours	Budgeted Hours	Forecast hours 01/02	Forecast income @22/5 £000	Original forecast income £000	Variation on original forecast £000
COMAH	39,000	32,900	32,900	3,619	3,619	0
Offshore	50,000	50,000	49,786	6,473	6,500	(27)
Railways	Not set	45,666	45,435	5,907	5,937	(30)
Total		128,566	128,121	15,999	16,056	(57)

d) Capital

- Capital forecasts remains constant but real pressures are emerging due to increased cost of work at Rose Court. BSD are in the process of reviewing capital commitments for this year in order to assess the possibility of contain the spend from existing resource.

Outputs and Performance

11. The output and performance information will be circulated separately.

ACTION

12. The Board is invited to note HSE's current financial and staffing position and agree the recommendations on Page 1.

Appendix A

	HSE Main				HSL			
	Actual Outturn to date	Latest Forecast Outturn	Treasury Budget Settlement	Variance on Budget Settlement	Actual Outturn to date	Latest Forecast Outturn	Treasury Budget Settlement	Variance on Budget Settlement
Payroll Costs	21,115	135,289	138,642	-3,353	1,658	11,384	10,581	803
General Admin Costs	10,926	69,805	58,872	10,933	875	5,519	5,031	488
GROSS ADMIN COSTS	32,041	205,094	197,514	7,580	2,533	16,903	15,612	1,291
Programme Costs	8,276	52,184	53,743	-1,559	531	4,527	5,583	-1,056
Provisions draw down	2	621	132	489	0	0	2	-2
TOTAL GROSS COSTS	40,319	257,899	251,389	6,510	3,064	21,430	21,197	233
Less Income	(8,486)	(52,095)	(58,343)	(-6,248)	(4,203)	(25,977)	(23,954)	(2,023)
DEL RESOURCE BUDGET	31,833	205,804	193,046	12,758	-1,139	-4,547	-2,757	-1,790
CAPITAL BUDGET	1,566	8,274	6,365	1,909	80	1,700	4,200	-2,500
AME RESOURCE BUDGET	916	10,152	7,820	2,332	352	4,040	2,992	1,048

Notes:

Transitional arrangement effects on the DEL Resource Budget figure will be detailed here when such effects arise. These will include Early Retirement Provision, Dilapidations Provision etc.
 Rate of consumption (excl HSL) - analysis of actual resource outturn to date against forecast outturn and Treasury Resource Budget Settlement

	Forecast Outturn	Resource Budget Settlement
Payroll	15.61%	15.23%
GAE	15.65%	18.56%
Programme costs	15.86%	15.40%
Income	16.29%	14.55%
DEL Resource Outturn	15.47%	16.49%
Capital	18.93%	24.60%

	Current Month	Cumulative	Forecast
RESOURCE BUDGET (DEL)	15,403	30,694	201,257
RESOURCE BUDGET (AME)	673	1,268	14,192
TOTAL RESOURCE BUDGET (incl HSL)	16,076	31,962	215,449
Capital			
Purchase of Fixed Assets	1,230	1,646	9,974
Accrual Adjustments			
Changes in Working Capital	949	122	-19,643
Changes in Provisions	-108	108	4,293
Non-cash Items	-770	-1,465	-14,192
Other	0	0	0
NET CASH REQUIREMENT (inc HSL)	17,377	32,373	195,881

TABLE 3: BALANCE SHEET AS AT 30/04/2002

Prior Year 31/03/02	Last Month 31/03/02		£'000	£'000	Forecast 31/03/2003
27,196	27,398	FIXED ASSETS		28,403	
		CURRENT ASSETS			
2,020	2,100	Stock	2,077		
23,286	26,848	Debtors	24,903		
4,500	7,193	Cash/Bank	2,890		
29,806	36,141		29,870		0
		CURRENT LIABILITIES			
(5,663)	(10,132)	Creditors	(7,215)		
(4,293)	(4,293)	Provisions	(4,401)		
19,850	21,716	NET WORKING CAPITAL		18,254	0
47,046	49,114	TOTAL NET ASSETS		46,657	0

FINANCIAL ANALYSIS: ASSET MANAGEMENT

Reconciliation of resources (£'000s):

	Change in month	Change in Year
Changes in Working Capital - made up of:	949	-19,643
Changes in stock	-23	-2,020
Changes in debtors	-1,945	-23,286
Changes in creditors	2,917	5,663
Changes in provisions	-108	4,293

Notes:

The following significant adjustments have been made during the month:-

No adjustments during April

TABLE 4: CASH MANAGEMENT FOR JANUARY 2002

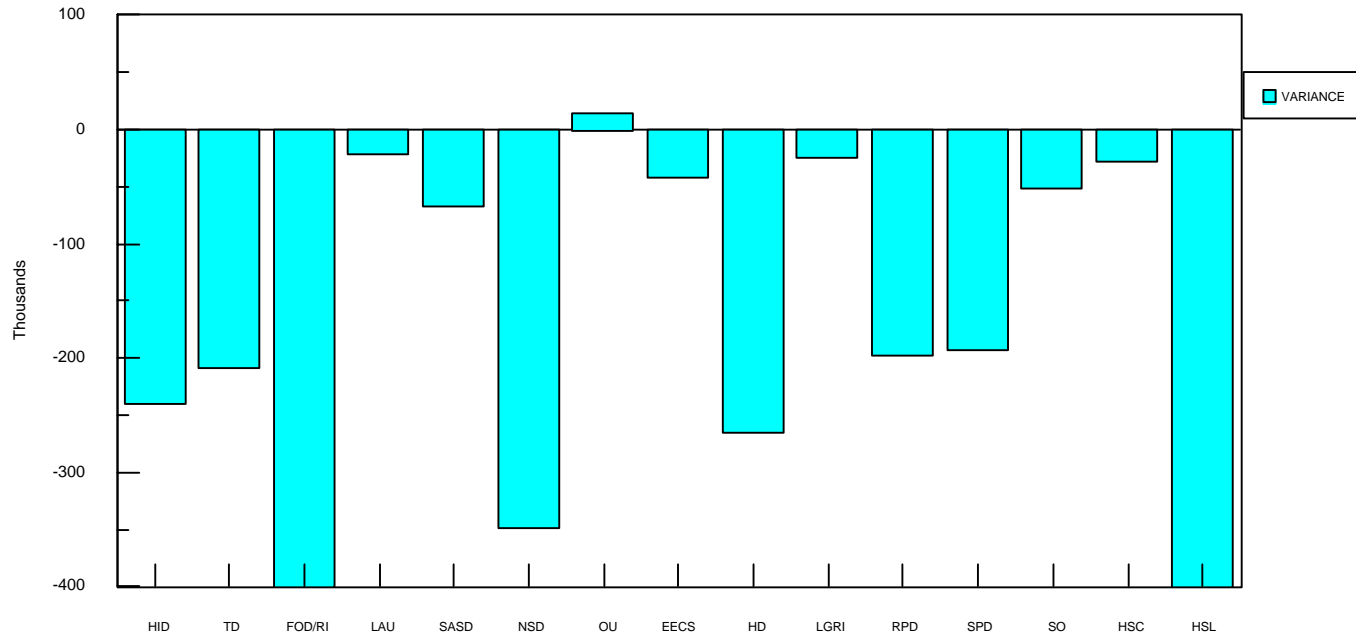
Opening balance	7,193,589
Cash draw n (Grant-in-Aid)	13,200,000
Receipts	7,972,536
Transfer to OPG A/c	4,411,000
Less Cash payments	(29,887,264)
Closing bank balance	2,889,861

Notes:

Cash/Bank balance tends to be higher at year end due to year end cash surges (largely uncleared payment orders).
Only balances in commercial bank accounts attract cost of capital charges - the balance on the OPG Account is exempt

RESOURCE/PROFILE BY DIRECTORATE - ADMIN COSTS
YEAR TO MAY 2002

APPENDIX C



Resource (£000's)	-238	-208	-1441	-20	-66	-347	14	-41	-264	-24	-197	-191	-51	-26	-722
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Performance %	99	95	97	96	98	97	104	96	96	0	99	96	95	93	94
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APPENDIX D RECRUITMENT PLANS

APPENDIX E

TABLE 1: HSE MAIN STAFF IN POST 1 JUNE 2002

DIRECTORATE/DIVISION		STAFF IN POST	STAFFING PLAN	+ OR -		
		1.6.02	1.4.03			
<u>HEALTH & SAFETY COMMISSION</u>		2.8	6.0	-3.2		
STRATEGY & ANALYTICAL SUPPORT DIRECTORATE		112.0	125.9	-13.9		
SOLICITOR'S OFFICE		36.6	34.8	1.8		
<u>RESOURCES & PLANNING DIRECTORATE</u>		495.2	521.4	-26.3		
HEALTH DIRECTORATE		241.9	271.0	-29.1		
SAFETY POLICY DIRECTORATE		109.6	113.5	-3.9		
OPERATIONS UNIT		12.8	13.5	-0.7		
LOCAL AUTHORITY UNIT		13.0	17.0	-4.0		
DIR RAILWAY POLICY		38.6	60.4	-21.8		
FIELD OPERATIONS	Field Insp		777.4	765.6	11.8	
DIRECTORATE	Information		1.0	0.0	1.0	
	Mines Insp		1.0	0.0	1.0	
	Spec Insp		86.9	85.0	1.9	
	Quarry Insp		11.0	12.0	-1.0	
	Nuclear Insp		1.0	0.0	1.0	
	Offshore/Pipeline Insp*		1.0	0.0	1.0	
	Medical Insp	1524.9	17.4	1537.1	17.0	0.4
	Prof/Tech		1.0	0.0	1.0	
	Occ. Health Insp		30.7	32.0	-1.3	
	Scientists		13.6	3.0	10.6	
Admin/Other		582.9	622.5	-39.6		
RAILWAY INSPECTORATE	Field Insp		41.5	0.0	41.5	
	Spec Insp		3.0	0.0	3.0	
	Quarry Insp		0.9	0.0	0.9	
	Nuclear Insp	170.3	2.0	197.0	0.0	2.0
	Railway Insp		52.5	122.0	-69.5	
	Offshore/Pipeline Insp*		1.0	0.0	1.0	
	Scientists		3.5	0.0	3.5	
Admin/Other		65.9	75.0	-9.1		
HAZARDOUS INSTALLATIONS DIRECTORATE	Field Insp		113.1	153.0	-39.9	
	Offshore/Pipeline Insp*		127.6	145.0	-17.4	
	Spec Insp	553.8	74.5	605.4	67.0	7.5
	Scientists		6.0	2.0	4.0	
	Professionals		6.0	3.0	3.0	
Admin/Other		211.6	221.4	-9.8		
Mines Insp		15.0	14.0	1.0		
NUCLEAR SAFETY DIVISION	Nuclear Insp		146.4	178.0	-31.6	
	Spec Insp		8.0	0.0	8.0	
	Field Insp	259.0	5.0	279.0	1.0	4.0
	Offshore Insp		2.0	0.0	2.0	
	Professionals		3.2	3.0	0.2	
	Scientists		2.0	1.0	1.0	
	Admin/Other		92.4	96.0	-3.6	
TECHNOLOGY DIVISION	Spec Insp		78.6	84.0	-5.4	
	Nuclear Insp	125.5	1.0	131.7	0.0	1.0
	Scientists		6.3	5.3	1.0	
	Admin/Other		39.5	42.4	-2.9	
ELECTRICAL EQUIPMENT	Scientists		3.0	0.0	3.0	
	Professionals	34.7	20.0	0.0	0.0	20.0
CERT. SERVICE	Admin/Other		11.7	0.0	11.7	
TOTAL HSE MAIN		3730.6	3913.7	-183.1		
CHANGE ON MONTH	1.5.02	1.6.02	variance			
PERMANENT STAFF	3724.2	3728.3	4.1			
CASUAL STAFF	2.3	2.3	0.0			
TOTAL	3726.5	3730.6	4.1			

* HID Pipeline Inspectors are recruited as Offshore Inspectors

HSL STAFF IN POST 1 JUNE 2002

DIRECTORATE/DIVISION		STAFF IN POST		STAFFING PLAN		+ OR -
		1.6.02		1.4.03		
HEALTH & SAFETY LABORATORY	Scientists	337.7	228.7	367.0	244.5	-15.8
	Professionals		14.0		23.5	-9.5
	Medical		0.2		0.0	0.2
	Spec Insp		1.0		2.0	-1.0
	Industrials		8.0		7.5	0.5
	Field Insp		1.0		0.0	1.0
	Admin/Other		84.8		89.5	-4.7
CHANGE ON MONTH		1.5.02	1.6.02	variance		
PERMANENT STAFF		336.3	334.3			-2.0
CASUAL STAFF		3.4	3.4			0.0
TOTAL		339.7	337.7			-2.0

TOTAL HSE STAFF ON 1 JUNE 2002

TOTAL HSE STAFF	STAFFING PLAN	+ OR -
1.6.02	1.4.03	
4068.3	4280.7	-212.4

TABLE 2: NUMBER OF INSPECTORS** IN POST ACROSS HSE ON 1 JUNE 2002

INSPECTORS	STAFF IN POST		STAFFING PLAN	+ OR -
	1.6.02		1.4.03	
NUCLEAR	154.4		178.0	-23.6
FIELD	989.9		969.4	20.5
MINES	16.0		14.0	2.0
QUARRIES	11.9		13.0	-1.1
SPECIALISTS	261.7		241.0	20.7
RAILWAY	52.5		122.0	-69.5
OFFSHORE SAFETY	131.6		145.0	-13.4
TOTAL	1618.0		1682.4	-64.4
CHANGE ON MONTH		1.5.02	1.6.02	variance
NUMBER OF INSPECTORS IN POST		1624.0	1618.00	-6.0

** excludes FOD Medical and Occupational Health Inspectors

TABLE 3: NUMBER OF HSE STAFF IN POST (EXCLUDING INSPECTORS) ACROSS HSE ON 1 JUNE 2002

OCCUPATIONAL GROUP	STAFF IN POST		STAFFING PLAN	+ OR -
	1.6.02		1.4.02	
MEDICAL (includes FOD Medical Inspectors)	22.0		24.4	-2.4
NURSING (includes FOD Occupational Health Inspectors)	31.4		32.0	-0.6
SCIENTISTS	363.0		363.8	-0.8
PROFESSIONALS	146.0		145.0	1.0
ADMIN/OTHER	1879.7		2026.6	-146.9
INDUSTRIAL	8.0		7.5	0.5
TOTAL	2450.2		2599.3	-149.1
CHANGE ON MONTH		1.5.02	1.6.02	variance
NUMBER OF HSE STAFF IN POST (EXCLUDING INSPECTORS)		2442.2	2450.20	8.0

NOTES:

- (1) All figures quoted are full-time equivalent counts.
- (2) Staff in-post spot date figures are drawn from HSE's computerised Personnel system (PARIS) and exclude staff on maternity leave, unpaid leave, loan and secondment where HSE do not pay an individual's salary, and career break in line with Cabinet Office rules.

RESOURCES & PLANNING	STAFF IN POST	STAFFING PLAN	+ OR -
DIRECTORATE	1.6.02	1.4.03	
HOD	3.0	3.0	0.0
PLANNING	66.4	72.3	-5.9
IA	10.7	13.0	-2.3
DIAS	147.6	146.5	1.1
BSD	153.2	164.5	-11.3
PERSONNEL	114.3	118.9	-4.6
TOTAL	495.2	518.2	-23.1