

B/02/037

DETAILED RESOURCE POSITION

1. Tables below on HSE/HSL's current financial position show some movements since the allocation stage and illustrate the current position on financial requirement.

- Table 1 reflects latest forecast for HSE Main (excl HSL) against the DEL resource/capital settlement. As reported last month we still expect rectification of a recording error in the next Estimates to provide cover for forecast bad debts. HSE DEL Resource settlement figure does not include the additional £3.8m for Cullen implementation.
- The forecast overspend stands at £12.8m resource and £1.8m capital (cover available from HSL budget).
- 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	134,962	(3,680)
GAE	59,492	70,951	11,459
Invest to Save	620	570	(50)
Modernising Government	505	505	0
Gross Admin costs	199,259	206,988	7,729
Programme costs	53,743	51,596	(2,147)
Bad debts	132	583	451
Total gross costs	253,134	259,167	6,033
Income	(58,343)	(51,623)	6,720
Net Resource budget	194,791	207,544	12,753
Capital budget	6,365	8,204	1,839

TABLE 2: INTERNAL BUDGET MANAGEMENT	HSE Budget (excl HSL)	Latest Forecast (excl HSL)	Variance on HSE Budget	Forecast change in month
Pay	135,393	134,962	(431)	(307)
GAE	67,428	70,951	3,523	774
Invest to Save	620	570	(50)	0
Modernising Government	505	505	0	0
Gross Admin costs	203,946	206,988	3,042	467
Programme costs	52,988	51,596	(1,392)	(25)
Bad debts	621	583	(38)	(38)
Total gross costs	257,554	259,167	1,612	404
Income	(53,006)	(51,623)	1,383	586
Net Resource budget	204,548	207,544	2,995	990
Capital budget	8,274	8,204	(70)	(400)

2. 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

- The £774k increase in non-payroll GAE forecast comprises £1m for IT services and £148k pressure in DRP.
- D/Ds who have agreed or are considering surrendering payroll budget are: HD (£100k), RI (£115k), NSD (£73k), FOD (£30k)
- In aggregate HSE Main has not achieved any savings in staffing costs due to continued virements of budget under payroll to staff sub and DRP's demand for extra resources.

b) Income

- NSD has cut the forecast income from nuclear work by £587k due to reduced expenditure (£210k) and some staff being deployed in non-chargeable work for SPD (£165k irrecoverable), and recoverable work for HID (£90k), and RI (£63k) - this latter income should be factored into HID and RI charges.
- Table 3 shows the estimated chargeable hours and income for COMAH, Offshore and Railways, and the changes against the original forecast.

TABLE 3: CHARGEABLE ACTIVITY	MTA hours	Budgeted Hours	Forecast hours 02/03 (July)	Forecast income £000		
				Current (July)	Original	Variance
COMAH	39,000	32,900	32,822	3,610	3,619	(9)
Offshore	50,000	50,000	49,470	6,431	6,500	(69)
Railways	45,435	45,666	45,667	5,937	5,937	0
Total	134,435	128,566	127,959	15,978	16,056	(78)

- PEFD presented an analysis on the charging regimes on B/02/036, which remains relevant. PEFD has challenged D/Ds' forecasting approach and is closely monitoring whether income forecast has been under-estimated.
- RI has not finished the analysis on income volatility. For instance, income from safety case approvals in July was 48% (£238k) below budget; and a large increase in income in May remains unaccounted for. PEFD is closely monitoring this issue and pursuing other options to manage the forecast volatility.
- COMAH income in July was 29% less than budget as more inspectors claimed leave than anticipated. HID indicated that this was a consequence of profiling weaknesses, rather than a risk on the delivery of current forecast, and is confident in achieving the budget. PEFD has requested more detail by mid-September.
- PEFD has taken the opportunity of MYR to request D/Ds to surrender commensurate resources for under-achieving income budget if not justified.

c) Prosecution Income

FOD warned PEFD of the potential of under-achieving 'prosecution income' budget as there have been fewer cases being initiated than budgeted - outturn up to July was 28% below budget.

d) Capital

BSD reviewed their capital commitments and managed to cut the total forecast by £330k despite the new requirement for £963k to cover maintenance needs for Rose Court.

OUTPUT AND PERFORMANCE

3. The summary position is shown in the Table 4 below. The main points to note are:

a) Regulatory Contacts

The number of regulatory contacts is 977 below profile. In FOD the figures are strong for regulatory contacts at 98% of profile and inspection contacts at 100%.

b) Investigations

The investigation rate for RIDDOR incidents is low largely due to an apparent change in the types of incident being reported to FOD, with fewer than anticipated meeting HSE's investigation criteria. In addition, the overall number of incidents being reported is much lower than anticipated.

c) Safety Cases

The persistent low level of safety report processing continues; a high number of Land Division's continued to be returned to operators. In order to address this LD has started to contact operators responsible in order to discuss the completion of reports and provide advice. Those reports returned to operators are unlikely to be available for re-assessment until the second half of 2002/03 at the earliest.

Table 4 KEY OUTPUTS AND PERFORMANCE to July 2002	Profile	Outturn	Variance	Index (Base 100)
Regulatory contacts	58,199	57,222	(977)	0.98
- FOD	49,282	48,488	(794)	0.98
Preventive Inspections	22,890	22,379	(511)	0.98
- FOD	19,453	19,442	(11)	0.99
No. investigations (incidents/complaints)	12,934	9,626	(3,308)	0.74
% incidents investigated	8.7%	7.5%	(1.2%)	0.86
% complaints investigated	87.2%	76.3%	(10.9%)	0.88
No. safety cases processed	329	204	(125)	0.62

Appendix A

TABLE 1: FORECAST AND ACTUAL RESOURCE OUTTURN SUMMARY

	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	42,592	134,962	138,642	-3,680	3,337	11,384	10,581	803
General Admin Costs	21,906	71,351	58,872	12,479	2,088	6,383	5,031	1,352
GROSS ADMIN COSTS	64,498	206,312	197,514	8,798	5,425	17,766	15,612	2,154
Programme Costs	16,683	51,596	53,743	-2,147	1,160	4,527	5,583	-1,056
Provisions draw down	255	621	132	489	0	0	2	-2
TOTAL GROSS COSTS	81,436	258,529	251,389	7,140	6,585	22,293	21,197	1,096
Less Income	(16,623)	(51,623)	(58,343)	(-6,720)	(8,292)	(25,900)	(23,954)	(1,946)
DEL RESOURCE BUDGET	64,813	206,906	193,046	13,860	-1,707	-3,606	-2,757	-849
CAPITAL BUDGET	4,219	8,204	6,365	1,839	272	1,700	4,200	-2,500
AME RESOURCE BUDGET	1,952	10,152	7,820	2,332	705	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	31.56%	30.72%
GAE	30.70%	37.21%
Programme costs	32.33%	31.04%
Income	32.20%	28.49%
DEL Resource Outturn	31.32%	33.57%
Capital	51.42%	66.28%

TABLE 2: RECONCILIATION OF RESOURCES TO NET CASH REQUIREMENT

	Current Month	Cumulative	Forecast
RESOURCE BUDGET (DEL)	16,524	63,106	203,300
RESOURCE BUDGET (AME)	769	2,657	14,192
TOTAL RESOURCE BUDGET (incl HSL)	17,293	65,763	217,492
Capital			
Purchase of Fixed Assets	1,168	4,491	9,904
Accrual Adjustments			
Changes in Working Capital	-2,985	-1,936	-1,558
Changes in Provisions	152	288	256
Non-cash Items	-620	-1,859	-14,192
Other	0	0	0
NET CASH REQUIREMENT (inc HSL)	15,008	66,747	211,902

TABLE 3: BALANCE SHEET AS AT 31/07/2002

Prior Year 31/03/02	Last Month 31/06/02		£'000	£'000	Forecast 31/03/03
27,196	27,944	FIXED ASSETS		28,643	31,742
		CURRENT ASSETS			
2,020	2,113	Stock	2,130		2,402
23,286	29,751	Debtors	26,223		26,163
4,500	-40	Cash/Bank	1,910		200
29,806	31,824		30,263		28,765
		CURRENT LIABILITIES			
(5,663)	(11,172)	Creditors	(10,646)		(7,015)
(4,293)	(4,733)	Provisions	(4,581)		(3,116)
19,850	15,919	NET WORKING CAPITAL		15,036	18,635
47,046	43,863	TOTAL NET ASSETS		43,679	50,377

FINANCIAL ANALYSIS:ASSET MANAGEMENT	Change in month	Change in Year
Reconciliation of resources (£'000s):		
Changes in Working Capital - made up of:	-2,985	-1,558
Changes in stock	17	111
Changes in debtors	-3,528	1,655
Changes in creditors	526	-3,324
Changes in provisions	152	256
Notes:		
The following significant adjustments have been made during the month:-		
No adjustments during June		

TABLE 4: CASH MANAGEMENT FOR JULY 2002

Opening balance	(37,569)
Cash draw n (Grant-in-Aid)	16,600,000
Receipts	9,338,513
Transfer to OPG A/c	3,818,000
Less Cash payments	(27,807,798)
Closing bank balance	1,911,146

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

APPENDIX E

TABLE 1: HSE MAIN STAFF IN POST 1 AUGUST 2002

DIRECTORATE/DIVISION		STAFF IN POST 1.8.02	STAFFING PLAN 1.4.03	+ OR -		
HEALTH & SAFETY COMMISSION		2.8	6.0	-3.2		
STRATEGY & ANALYTICAL SUPPORT DIRECTORATE		122.0	125.9	-3.9		
SOLICITOR'S OFFICE		37.6	34.8	2.8		
RESOURCES & PLANNING DIRECTORATE		497.8	521.4	-23.6		
HEALTH DIRECTORATE		244.9	271.0	-26.1		
SAFETY POLICY DIRECTORATE		113.4	113.5	-0.1		
OPERATIONS PLANNING DIVISION		32.9	30.5	2.4		
DIR RAILWAY POLICY		38.6	60.4	-21.8		
FIELD OPERATION DIRECTORATE	Field Insps		769.0	765.6	3.4	
	Information		1.0	0.0	1.0	
	Mines Insps		1.0	0.0	1.0	
	Spec Insps		88.9	85.0	3.9	
	Quarry Insps		11.0	12.0	-1.0	
	Nuclear Insp		1.0	0.0	1.0	
	Offshore/Pipeline Insps*		1.0	0.0	1.0	
	Medical Insps	1525.1	16.6	1537.1	17.0	-0.4
	Prof/Tech		1.0	0.0	1.0	
	Occ. Health Insps		31.7	32.0	-0.3	
	Scientists		13.6	3.0	10.6	
	Admin/Other		589.3	622.5	-33.2	
RAILWAY INSPECTORATE	Field Insps		44.2	0.0	44.2	
	Spec Insps		4.0	0.0	4.0	
	Quarry Insps		0.9	0.0	0.9	
	Nuclear Insp	173.1	2.0	197.0	0.0	2.0
	Railway Insps		53.5	122.0	-68.5	
	Offshore/Pipeline Insps*		1.0	0.0	1.0	
	Scientists		3.5	0.0	3.5	
	Admin/Other		64.0	75.0	-11.0	
HAZARDOUS INSTALLATIONS DIRECTORATE	Field Insps		115.5	153.0	-37.5	
	Offshore/Pipeline Insps*		125.6	145.0	-19.4	
	Spec Insps	558.8	74.5	605.4	67.0	7.5
	Scientists		6.0	2.0	4.0	
	Professionals		6.0	3.0	3.0	
	Admin/Other		216.2	221.4	-5.2	
NUCLEAR SAFETY DIVISION	Mines Insps		15.0	14.0	1.0	
	Nuclear Insps		148.4	178.0	-29.6	
	Spec Insps		8.0	0.0	8.0	
	Field Insps	264.3	5.0	279.0	1.0	4.0
	Offshore Insps		2.0	0.0	2.0	
	Professionals		3.2	3.0	0.2	
	Scientists		2.0	1.0	1.0	
TECHNOLOGY DIVISION	Admin/Other		95.7	96.0	-0.3	
	Spec Insps		75.6	84.0	-8.4	
	Nuclear Insps	119.1	1.0	131.7	0.0	1.0
	Scientists		6.3	5.3	1.0	
ELECTRICAL EQUIPMENT	Admin/Other		36.2	42.4	-6.2	
	Scientists		3.0	0.0	3.0	
	Professionals	30.9	17.0	0.0	0.0	17.0
CERT. SERVICE		10.9	0.0	0.0	10.9	
TOTAL HSE MAIN		3761.3	3913.7	-152.4		

CHANGE ON MONTH	1.7.02	1.8.02	variance
PERMANENT STAFF	3743.8	3746.8	3.0
CASUAL STAFF	7.3	14.5	7.2
TOTAL	3751.1	3761.3	10.2

* HID Pipeline Inspectors are recruited as Offshore Inspectors

HSL STAFF IN POST 1 AUGUST 2002

DIRECTORATE/DIVISION		STAFF IN POST 1.8.02		STAFFING PLAN 1.4.03		+ OR -
HEALTH & SAFETY LABORATORY	Scientists	351.7	241.3	367.0	244.5	-3.2
	Professionals		14.0		23.5	-9.5
	Medical		0.2		0.0	0.2
	Spec Insps		1.0		2.0	-1.0
	Industrials		8.0		7.5	0.5
	Field Insps		1.0		0.0	1.0
	Admin/Other		86.3		89.5	-3.2

CHANGE ON MONTH	1.7.02	1.8.02	variance
PERMANENT STAFF	335.8	342.7	6.9
CASUAL STAFF	6.0	9.0	3.0
TOTAL	341.8	351.7	9.9

TOTAL HSE STAFF ON 1 AUGUST 2002

TOTAL HSE STAFF 1.8.02	STAFFING PLAN 1.4.03	+ OR -
4113.0	4280.7	-167.7

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

INSPECTORS	STAFF IN POST 1.8.02	STAFFING PLAN 1.4.03	+ OR -
NUCLEAR	156.4	178.0	-21.6
FIELD	989.7	969.4	20.3
MINES	16.0	14.0	2.0
QUARRIES	11.9	13.0	-1.1
SPECIALISTS	262.7	241.0	21.7
RAILWAY	53.5	122.0	-68.5
OFFSHORE SAFETY	129.6	145.0	-15.4
TOTAL	1619.8	1682.4	-62.6

CHANGE ON MONTH	1.7.02	1.8.02	variance
NUMBER OF INSPECTORS IN POST	1620.40	1619.80	-0.6

** excludes FOD Medical and Occupational Health Inspectors

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

OCCUPATIONAL GROUP	STAFF IN POST 1.8.02	STAFFING PLAN 1.4.02	+ OR -
MEDICAL (includes FOD Medical Inspectors)	21.2	24.4	-3.2
NURSING (includes FOD Occupational Health Inspectors)	32.4	32.0	0.4
SCIENTISTS	377.0	363.8	13.2
PROFESSIONALS	144.0	145.0	-1.0
ADMIN/OTHER	1910.6	2026.6	-116.0
INDUSTRIAL	8.0	7.5	0.5
TOTAL	2493.3	2599.3	-106.0

CHANGE ON MONTH	1.7.02	1.8.02	variance
NUMBER OF HSE STAFF IN POST (EXCLUDING INSPECTORS)	2472.50	2493.30	20.8

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 individuals salary, and career break in line with Cabinet Office rules.

RESOURCES & PLANNING	STAFF IN POST	STAFFING PLAN	+ OR -
DIRECTORATE	1.8.02	1.4.03	
HOD	3.0	3.0	0.0
PLANNING	67.6	72.3	-4.7
IA	11.7	13.0	-1.3
DIAS	144.8	146.5	-1.7
BSD	151.6	164.5	-12.9
PERSONNEL	119.2	118.9	0.3
TOTAL	497.8	518.2	-20.4