

Health and Safety Executive Board Paper

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HEALTH AND SAFETY EXECUTIVE

The HSE Board

REVIEW OF EFFICIENCY AND EFFECTIVENESS OF HSE'S CORPORATE SUPPORT: BIG PICTURE SAVINGS

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Issue

1. HSE spends a substantial amount of money on its corporate estate, procured goods and services, IT systems, travel and subsistence and management training. Changes in these areas have the potential for big savings.

Timing

2. For discussion on 2 April. In some areas, urgent work is needed to provide sufficient information to inform the board's decisions needed to realise savings.

Recommendation

3. **For the Board to:**
- i) **agree to further work being put in hand as described in paragraphs 11, 15, 18, 20, 24, 28.**

Background

4. **Diagram 1** shows in summary where the money goes. In summary, HSE spends:
- £19.1million per year on the corporate estate;
 - £6.5 million per year on associated accommodation services;
 - £19.5 million per year on IT/IS business support services (incl. £1.1m on the ICC);
 - £82.4 million on other procured goods and services (including GAE, programme and capital expenditure), of which £34m is technical support.

5. The related Board papers show how savings by efficiencies and organisational changes are being or could be made. However, if the Board wants to make some step

changes in this area, current policies in a number of areas need to be revisited. Some of these issues were flagged in the previous Corporate Services Review (CSR) but the Board at that time were not able to take a corporate view on them.

Argument

HSE Estate

Bootle

6. The Board will be well aware that decisions are currently in play as to the future of the Bootle HQ estate and this paper does not consider these issues specifically any further.

Rose Court – London HQ

7. Rose Court is expensive and a substantial saving could be made if the need for central London, prime location office accommodation was substantially reduced.

8. In January 2001 it was decided that Rose Court office should be restructured to provide open plan accommodation for both existing staff and the substantial body of operational staff then housed in Southwark. The issue of relocation was considered again in October 2002 and it was felt that relocation would present an unacceptable risk in the current climate. **Annex A** summarises the key facts, costs and decision points.

9. There are of course substantial human resource implications for any major change of policy with regard to Rose Court and it may be that in the final analysis these would override any substantial change of policy. Against this there must be a strong presumption that the need for central London accommodation be reduced.

10. Looking ahead, the key medium term issue is how we best position ourselves in relation to the lease break in 2008. BSD propose that the first stage is for the Board to commission a fundamental review of its needs for posts in central London.

11. **The Board is therefore invited to:**

- ii) **note that big savings may be possible if radical solutions are followed;**
- iii) **support proposal for an early strategic review of London accommodation needs.**

Field Estate

12. The Board recently endorsed a vision for our future IT strategy: a highly mobile, productive well equipped operational field force able to spend the substantial majority of its time interacting with duty holders (HSE Board Paper 03/014). **Annex B** to this paper outlines the current position with regard to the outstation offices and the process for considering renewing the leases etc.

13. As with the Rose Court estate, the policy against which the outstation estate was being considered was set under very different conditions (though it is not clear that the Board corporately ever considered the basis of the current policy of providing a desk for each member of field staff).

14. The potential for saving money appears attractive, but there is a wide range of key issues to consider. Accordingly, BSD propose that consideration be given to a substantial pilot of a combination of home working/hot desking as an option for determining need at future lease breaks.

15. **The Board is invited to:**

- iv) agree that urgent work should be put in hand to bring a paper to the Board with proposals for a fully worked up pilot;**

HSE's Procured Goods and Services

16. Currently HSE spends about £128m on procured goods and services (see **Annex C** for details). In current costs, the largest element is technical (or operational) support and research at some £34m although part of this is internal spend with HSL. After this the largest elements are IS/IT and communications (telephone and post), and the estate which account for about £20m each. Travel, subsistence, official cars account for £11m; publicity, information and publications nearly £9m gross; staff substitutes and consultants nearly £6m and training £5m.

17. HSE has a relatively strong record on procurement. However, recognising the amount of money spent in this area, BSD commissioned a procurement review which is expected to report shortly. The emerging conclusions are that:

- there should be more authoritative strategic control of purchasing and central signing of contracts to better control the risks;
- the existing mixed mode procurement regimes involving purchasing professionals and D/Ds should continue;
- there are regular thorough reviews of each area of external spend to ensure there is a clear business strategy and supporting contract management plan;
- the opportunities which exist to reduce transaction costs and improve supply chain management are grasped.

18. **The Board is invited to:**

- (v) note and endorse the direction of these emerging findings;**

HSE's Expenses system

19. RPD are in the middle of a strategy to review the expense system. **Annex D** summarises the background and current position. As ever, what emerges is that a balance has to be struck between the savings to be realised by making changes and the effort and human resource implications. We also need to distinguish clearly between efficiencies which may be made in the process (e.g. by urgently pursuing a policy of computer submission of expense claims) and policy decisions which affect the level of remuneration provided. But a prima facie review shows potentially savings may be possible.

20. **Accordingly, the Board is invited to:**

- vi) endorse that work should be put in hand to look in more detail at the processes and controls governing the expenses and allowances system with a view to moving to IT based processes and risk based**

controls;

- vii) **note that whilst the levels of costs and benefits which might result are unclear at present, invite further work to be put in hand to consider the full implications of moving from an allowance based system to one of capped actuals.**

IT support systems

21. The Board has already considered and endorsed a substantial paper outlining the vision for HSE's future IT systems (HSE/03/014). An almost inevitable/unavoidable consequence of the existing systems is considerable duplication of the planning, finance and personnel management systems used throughout HSE.

22. To a certain extent, HSE can only improve in these areas at a speed which matches our ability to develop the necessary cross-cutting systems (COIN, updated RASP etc) and to the extent that we can afford new resources (management time and financial) to drive the work forward. However, within the overall IT strategy there seems to be common agreement that our Personnel system – PARIS – should be a priority. Recent work in PEFD has shown just how unsatisfactory our employee and payroll data systems are.¹ A summary of PARIS's shortcomings; currently used fields and applications and the potential is at **Annex E**.

23. At present, we seem to have the worst of all possible worlds: a system which for some purposes it is essential to update (currently by manual entry – PER3) and yet which for the other key purposes is unsatisfactory leading to repeated duplication of records etc. However, as in other areas the changes which are needed are not limited simply to exploring the software issues: it will take an HSE corporate project, involving resources from each directorate to enable us to move towards a common, fully effective system with the advantages as laid out in **Annex E**.

24. **The Board is invited to:**

- viii) **endorse work to develop an HSE wide project to realise this vision.**

Management layers in HSE

25. Although perhaps not strictly within the terms of this CSR, discussions across HSE (and most recently at the Human Resource Conference in January) have confirmed a growing concern that HSE simply has too many managers and that we cannot afford the training cost (in direct costs and opportunity time) to ensure that the cadre of managers is properly trained. Currently it is estimated that we have around 1200 managers in HSE with management spans ranging from 1:1 through to 1:10 or more.

26. **Table 1** shows the training courses required of each manager; the cost of training managers during the period 1/9/00 to 31/8/02; the number of managers in HSE, and the approximate cost per year of getting a manager trained, Standard management spans range from 1:4 to 1:8. The position in HSE varies greatly across the divisions and directorates. Based on staff in post figures for 30 September 2002, 1200 managers gives a ratio of about 1:3 overall. A move to say 1:6 would therefore halve the number of managers and could halve the training costs. Preliminary estimates suggest that such a

¹ FINU Report: Managing Employee and Payroll Data

move could save around £84K per year.

27. The matter is not simply one of saving money: there is also considerable concern that we need to get managers better trained which of course is substantially easier with fewer in number. A number of pilots on the matter are in prospect.

28. **The Board is invited to:**

ix) endorse the broad direction of travel on this matter;

x) confirm that they would like the policy on this matter to be worked up on the basis of the information from the trial exercises and in discussion with the HSE trade unions and brought back for final endorsement.

Consultation

29. A wide range of consultation has underpinned the corporate support review: see paper B/03/028 for details.

Presentation

30. Some of the initiatives, if taken forward will need careful presentation to staff in the context of HSE's Change Programme.

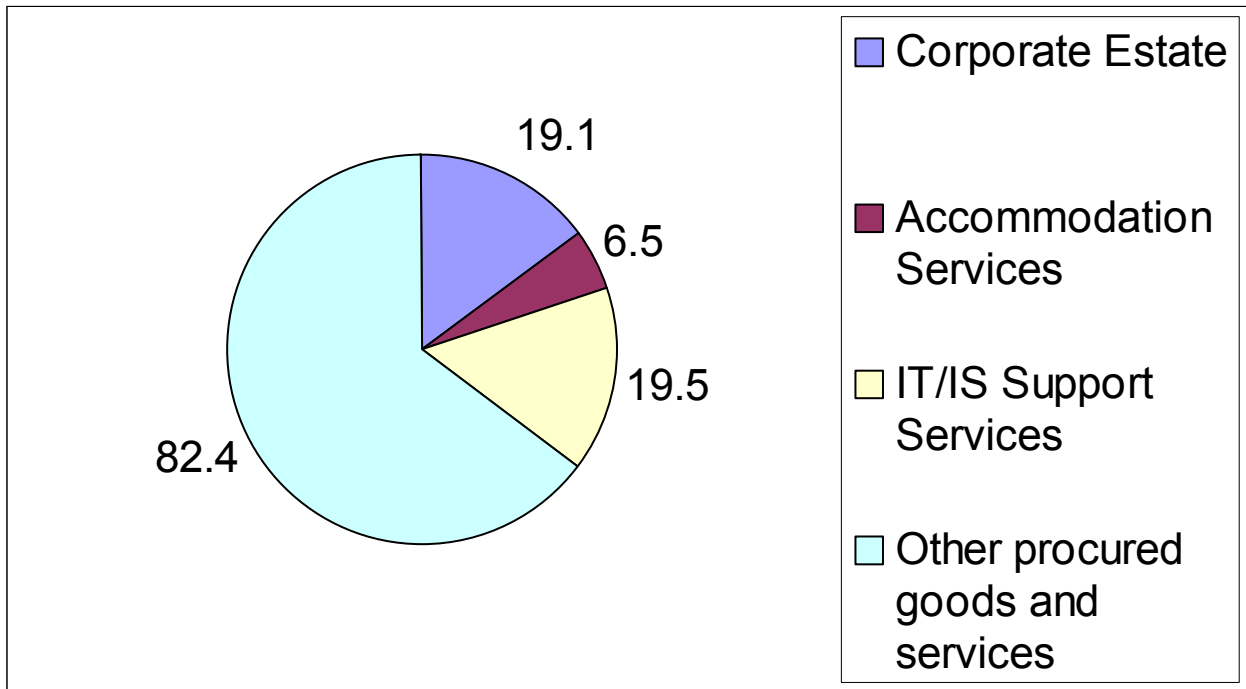
Costs and Benefits

31. As detailed in the paper and annexes.

Environmental and other Implications

32. Changes to patterns of working will have environmental implications which need considering.

Diagram 1



* This diagram includes the HSE technical support and research budget managed on behalf of HSE by COSAS of which some £22m is HSL's income stream: this is the subject of separate work and only considered further as part of general comments arising from the procurement.

OPTIONS FOR ROSE COURT

Background

1. HSE originally obtained Rose Court in 1993 on a 25 year lease to accommodate all of the staff who were then housed in Baynards House, W2. Negotiations took place during a sharp property slump and a rent of £10 sq ft, fixed for 10 years, was achieved. Rose Court is about 157,000 sq ft. There are rent reviews in 2003, 2008 and 2013 and HSE can exercise lease breaks in 2008 and 2013 but not 2003. We can assign the lease or sub-let all or parts of the building. Although the terms of the original transaction has meant a significant saving against market rents for perhaps the last eight years, it will make the adjustment to today's market rent all the sharper.

2. Two years ago, BSD looked ahead to the 2003 rent review in Rose Court and a similar review at St Dunstan's House in Borough High Street which FOD's London Division then occupied. A full range of options was considered and the Director-General decided that we should make better use of Rose Court by turning it into open plan space (consistent with our accommodation policy), move FOD's London Division into Rose Court and (crucially) find a new tenant to take over the lease and our financial liabilities at St Dunstan's House. Implementation of this decision was concluded successfully in summer 2002.

3. Although the size of the London estate, and our future financial liabilities, have been reduced by vacating St Dunstan's House, the rent review on Rose Court which will take effect from September will mean an increase from £1.6m to about £5.5m, assuming a market rent of about £35 sq ft. (Although the commercial property market in central London has, and continues to soften, the only comparable letting in Bankside is reported to be our neighbours at Riverside House where Ofcom is reported to have taken a lease at a rent of £37sq ft.).

Issues

4. Given the lead times on property events, we reviewed the short-term options with our professional property advisers (Drivers Jonas in London) in October 2002. One option was and is to move somewhere less expensive but this is predicated on being able to find suitable offices elsewhere, which are less expensive than Rose Court is likely to become after September 2003, and being able to find a tenant for Rose Court who is willing to pay the post-2003 market rent. We would also incur fit out/adaptation costs for any new offices, removals, loss of productivity and excess fares. Any new tenant for Rose Court would expect a rent-free period which we, HSE would need to find and may need the additional inducement of a sub-market rent. We would need to find the difference.

5. Drivers Jonas carried out a search in September 2002 for suitable offices to which we might move in the South-East. Their first conclusion is that there are relatively few buildings of the size HSE needs on the market, albeit there is a large and growing amount of smaller scale space (e.g. in the 50,000 sq ft category) as the commercial market continues to soften.

6. Buildings of the right size close to central London and with a lower rental than the current Southwark market price (£35 sq ft for Rose Court standard) are former warehouses (eg The Jam Factory, Southwark, £25 sq ft; The Wool House, E1, £30 sq ft; Brick Lane Brewery, E1 £20 sq ft) which provide a lower standard of accommodation and potentially high fit out costs, upwards of £5m (plus capital charges), which are not in our forward budgets.

7. Further out, there are possibilities at Hanger Lane, Talgarth Road and North Woolwich at £20 to £30 sq ft and in surrounding towns (eg Reading, Ashford) at £15 to £25 sq ft, again plus fit out costs. Staff losses would become an additional factor with these options.

8. The other main short-term option was and is to stay put and seek to minimise the increase in rent and offset its impact tactically. The tactics in this option will be to catalogue the defects of Rose Court for negotiation purposes; consider in principle whether we wish to surrender the lease breaks on the building and, if so, at what reasonable value; and to incrementally move posts out of London if it is not essential that they are in the capital and seek to sub-let the space released, preferably to an OGD.

9. Relocation would mean a likely reduction in accommodation standards, significant capital costs and disruption, and would be dependent on finding another tenant for Rose Court at the right rental - which is very uncertain in the current economic climate. After consulting the Director of RPD and the Director-General, BSD is implementing the "stay put" and mitigation option and preparations for negotiating the rent review are in hand.

10. The key medium term issue is how we best position ourselves in relation to the lease break in 2008. This must be driven by HSE's business need for the posts that the organisation requires to be located in central London rather than by the commercial terms of the lease on Rose Court. The scenarios range from retaining only a small, high-level corporate office through to incrementally moving only those posts which are still in central London for reasons of history. Decision-making will partly be driven by the powers HSE has, as an employer, to transfer people on a compulsory terms, and the outcome of deliberations about which types of work, and hence posts and teams, are suitable for home working, remote working and hot desking. The degree to which work done by individuals and teams, typically in an HQ policy, corporate support or assessment environment, is considered suitable for homeworking was considered in the Outline Business Case and it was thought then that inspection and investigation work was a more likely candidate.

Next Steps

11. BSD propose that the first stage is for the Board to commission a fundamental review of its needs for posts in central London. This might be led by a member of the SCS, appointed by the Board and supported by BEU.

Field Estate Arrangements

Background

1. In 1996 the Board endorsed a collaborative approach between client D/Ds and an enhanced BSD Estate Management Unit (EMU). The Board called for a reconstituted Estate Policy Development and Implementation Group (EPDIG) comprising of Head of BSD, Head of FOD HQ division, Head of FINU PEFD, FOD Finance Manager, Head of EMU and the Head of BEU. Additionally a more senior group, the Estates Strategy Group (ESG) had been formed which would set out the top level strategic aims for the estate, defining the longer term aims and objectives. Membership consists of the Directors of RPD, FOD, HID and NSD plus the heads of BSD and PEFD.

Issues

Strategic Framework

2. ESG determines the overall estates strategy, which EPDIG and EMU promulgate and implement. At the implementation level there is regular and ongoing dialogue between all of the key players to establish the impact and implications of the strategy on real property events. The forum for this dialogue are Divisional Property Planning Groups (DPPGs) consisting of FOD DDs, EMU FOD HQ and other directorate representation as appropriate. The DPPG makes recommendations on property decisions to EPDIG. The purpose and composition of the DPPG is outlined in PGN 2/1999.

3. The outputs from the DPPG should be:

- A common understanding of HSE's long, medium and short term property strategy;
- Agreed Divisional Property Plans which meet as far as possible both the Directorates' present and anticipated business needs and are congruent with the property strategy's aims and objectives.
- Clarity about the respective roles, responsibilities, and authorities of EMU and Directorates.

Divisional Property Plan (DPP)

4. The DPP is produced by the DPPG and should normally cover a timescale of between 0 – 10 years dependent on the particular circumstances. The purpose of the DPP is to:

- Establish the Division's business needs in terms of staff numbers and client base, and the optimum property requirement to service these needs;
- assess the gap between the required estate and the actual portfolio held;
- agree the individual property objectives over a given timeframe and the stages required to achieve them.

5. Factors which need to be considered in the plan can be viewed as supply side factors, i.e. the availability of space, and demand side factors, i.e. influences on our need for space:

Supply side

- Lease ends of current properties
- Lease breaks of current properties
- Expected movement in the property market

Demand side

- Industrial and working practices
- The location of industry and clients in the region
- Working practices in HSE
- Policy on inspection and enforcement
- Predicted staffing figures
- HSE space standards
- Value for money and affordability

6. The output from the plan will usually be a series of agreed Lease Actions (Major Property Events (MPEs)) e.g. expansions, acquisitions, disposals, renewals and downsizing which will provide a property portfolio which meets HSE's requirements. The plan, when agreed by the DFO, and other Directorate Heads when appropriate, requires endorsement by EPDIG.

Arrangements For Lease Actions

7. Under the arrangements for MPEs a formal mechanism for property decisions is in place. This means that for all Lease Actions there is a consistent application of a business case regime, which ensures that all property decisions are based on operational efficiency, value for money, and flexibility to meet future needs and within the context of any agreed DPP. A lease action could affect a property in isolation or there may be a number of lease actions affecting a number of properties at about the same time. Regardless, each action should be in the DPP.

8. Business case proposals are developed by EMU in consultation with the DPPG and reflect all Client Directorate interests. The business case is scrutinised by EPDIG whose advice the Head of BSD seeks in exercising his delegated authority on behalf of HSE for property transactions.

The Business Case Procedure

9. The process for handling DPPs and lease actions and developing any necessary business case involves EMU, FOD and other affected Directorates/Divisions, (the Client Directorate(s)), and consists of four key stages:

Stage 1 Establishing the business need

Stage 2 Options Appraisal in line with HMT's Green Book

Stage 3 Recommendations

Stage 4 Decision

Acquisition of New Buildings

10. Following approval of a business case to acquire new premises or undertake a major refurbishment, EMU appoint a Project Sponsor, usually the Head of Estate Management Unit, who takes forward all necessary actions.

Disposal of Existing Buildings or Surplus Space

11. Where buildings or parts of buildings become surplus to HSE's business need, it is essential that options to eliminate or reduce HSE's liability are considered and appropriate action taken. Space surplus to business need is defined as "space in any holding in excess of HSE's standard space planning figure of 17 sq metres per full time staff equivalent". Where a building, or exploitable space within a building, is deemed to be surplus EMU makes a recommendation to EPDIG in consultation with DPPG.

Implementation of the Current Strategy

12. The current estate strategy says that HSE will provide good quality open plan space allowing 17sq metres (Net Internal Area) per person. In the field this has broadly meant replacing or converting the estate of cellular office space leased in the late 1970s with modern, open plan offices on much more flexible leases. So far, offices at Sheffield, Leeds, Preston, Manchester, Birmingham, Wrexham and Cardiff together with Rose Court and part of the Bootle estate have been renewed or converted to open plan. Offices at the Triad (Merseyside), Horsforth (Leeds outskirts), Doncaster, Hull and St Dunstons (Borough High St) have all been vacated/closed.

Next Steps

13. A schedule of lease expiries/breaks/accommodation costs/occupation levels is attached as Annex C1. There are forthcoming lease expiries at Worcester (9/03), Newcastle –Under-Lyme (9/04), Wrexham (9/04) & Luton (12/04). It can be seen that accommodation space at Worcester, N-U-L and Luton is grossly under utilised. Moves of offices are already in train in Chelmsford (03/03) and East Grinstead (9/03) and a move within the existing building is being arranged at Ashford (05/03).

Health & Safety Executive - Estate Management

SCHEDULE OF LEASE BREAKS/EXPIRIES/ACCOMODATION COSTS/OCCUPATION LEVELS AS AT

31/03/2003

Division	Location	Break Option	Lease Exp Date	Net internal area (m ²)	Staff-in-Post	Notes	Accommodati on Costs	m ² per staff member	Costs per m ²	Costs per staff member
Scotland	Glasgow	07/09/2003 ¹	7-Sep-13	1597.20	82	-	£331,767.75	19.48	£207.72	£4,045.95
		07/09/2008 ²								
	Inverness	-	31/03/2006 (MOTO)	86.00	5	-	£18,110.00	17.20	£210.58	£3,622.00
	Edinburgh	-	28-Nov-17	2457.00	129	-	£739,029.08	19.05	£300.79	£5,728.91
	Aberdeen	-	31-Jan-21	3155.00	117	-	£924,929.50	26.97	£293.16	£7,905.38
Totals	-	-	-	7295.20	333	-	£2,013,836.33	21.91	£276.05	£6,047.56
Y&NE	Sheffield	25-Mar-11	25-Mar-21	1941.26	104	-	£407,871.38	18.67	£210.11	£3,921.84
	Leeds	19-Feb-06	18-Feb-11	2249.79	113	-	£671,333.61	19.91	£298.40	£5,941.01
	Newcastle	-	24-Dec-10	1716.00	86	1	£389,849.83	19.95	£227.19	£4,533.14
Totals	-	-	-	5907.05	303	-	£1,469,054.82	19.50	£248.70	£4,848.37
North West	Carlisle	-	FREEHOLD	401.00	11	-	£17,442.79	36.45	£43.50	£1,585.71
	Preston	28/08/2006 & 2011	28-Aug-16	1152.00	59	-	£206,150.09	19.53	£178.95	£3,494.07
	Manchester	08/07/2007 & 2012	8-Jul-17	3358.00	152	-	£635,299.43	22.09	£189.19	£4,179.60
Totals	-	-	-	4911.00	222	-	£858,892.31	22.12	£174.89	£3,868.88
Midlands	Northampton	-	4-Jan-08	1373.42	63	-	£175,380.05	21.80	£127.70	£2,783.81
	Birmingham	24-Jun-12	24-Jun-17	2789.47	121	-	£668,149.69	23.05	£239.53	£5,521.90
	Nottingham	-	11/10/2015 (MOTO)	1704.50	89	-	£522,710.85	19.15	£306.67	£5,873.16
	Worcester	-	29-Sep-03	630.00	21	-	£109,339.73	30.00	£173.56	£5,206.65
	Newcastle under Lyme	-	29-Sep-04	2273.00	50	-	£303,800.15	45.46	£133.66	£6,076.00
	Stoneleigh	31-Dec-04	31-Dec-21	560.25	9	2	£38,645.32	62.25	£68.98	£4,293.92
Totals	-	-	-	9330.64	353	-	£1,818,025.79	26.43	£194.84	£5,150.21

Wales & West	Camarthen	31-Dec-04	31-Dec-09	252.00	13	-	£39,783.71	19.38	£157.87	£3,060.29
	Cardiff	-	31/03/2006 (MOTO)	1588.80	95	-	£155,181.20	16.72	£97.67	£1,633.49
	Bristol	29/09/2004 & 2006	24-Mar-11	1463.00	72	-	£288,984.86	20.32	£197.53	£4,013.68
	Wrexham	-	28-Sep-04	361.60	24	-	£40,169.18	15.07	£111.09	£1,673.72
	Plymouth	14-Mar-07	24-Mar-11	495.00	18	-	£116,080.70	27.50	£234.51	£6,448.93
Totals	-	-	-	4160.40	222	-	£640,199.65	18.74	£153.88	£2,883.78
London & SE	St Dunstans (VACATED)	25-Dec-06	24-Dec-13	3019.00		-	£255,393.77		£84.60	-
Totals	-	-	-	3019.00	0	-	£255,393.77	0.00	£84.60	£0.00
East & SE	Kiln House, Norwich	21-Aug-07	22-Aug-12	743.00	27	-	£184,228.49	27.52	£247.95	£6,823.28
	Chelmsford	24-Mar-2013	24-Mar-18	1167.00	59	-	£271,986.13	19.78	£233.06	£4,609.93
	Luton	-	24-Dec-04	2601.00	86	-	£333,101.05	30.24	£128.07	£3,873.27
	Thorpe Road, Norwich	-	29/09/2006 (MOTO)	755.00	29	-	£225,114.03	26.03	£298.16	£7,762.55
	Ashford	-	28-Sep-02	650.00	23	3	£132,065.32	28.26	£203.18	£5,741.97
	East Grinstead	-	24-Dec-02	1703.00	75	4	£528,620.17	22.71	£310.41	£7,048.27
	Poole	-	19-Mar-17	203.00	6	-	£56,066.73	33.83	£276.19	£9,344.46
	Basingstoke	-	5-Jun-65	1977.00	76	-	£306,128.69	26.01	£154.85	£4,028.01
Totals	-	-	-	9799.00	381	-	£2,037,310.61	25.72	£207.91	£5,347.27
Merseyside HQ	St Peter's House	-	31-Dec-14	5406.00	277	-	£669,418.62	19.52	£123.83	£2,416.67
	Magdalen House	25-Sep-05	23-Jun-07	7709.00	326	-	£896,778.69	23.65	£116.33	£2,750.85
	St Anne's House	-	23-Jun-04	2617.00	115	-	£405,758.85	22.76	£155.05	£3,528.34
	St Hugh's House	-	23-Jun-06	4675.00	325	5	£446,279.43	14.38	£95.46	£1,373.17
	Cherry Lane Warehouse	-	10-Dec-08	1391.00	3	6	£190,605.26	-	£137.03	-
	Merton House	31-Aug-03	31-Aug-13	2296.00	94	-	£329,260.17	24.43	£143.41	£3,502.77
	Daniel House	16-Oct-09	15-Oct-14	7314.00	358	-	£1,175,269.02	20.43	£160.69	£3,282.87
Totals	-	-	-	31408.00	1498	-	£4,113,370.04	20.97	£130.97	£2,745.91

London HQ	Rose Court	28-Sep-08	28-Sep-18	14608.00	789	7	£3,542,105.40	18.51	£242.48	£4,489.36
Totals	-	-	-	14608.00	789	-	£3,542,105.40	18.51	£242.48	£4,489.36
Grand Totals	-	-	-	90438.29	4101	-	£16,748,188.72	22.05	£185.19	£4,083.93

Accommodation Costs Includes - rent, rates, service charge, utilities and Core TFM

Excludes - Non-core TFM and projects

Notes

1) Includes 53 m² on MOTO arrangements with BA

2) Includes space for showground exhibits

3) New lease under negotiation

4) Holding over, different building identified

5) Includes 153 contract staff (30 TFM & 123 REFIT)

6) All contract staff (TFM)

7) Includes 29 contract staff (25 TFM & 4 REFIT)

All staffing figures exclude Agency staff and consultants.

HSE SPEND ON GOODS AND SERVICES 2002/03

Travel & Subsistence	9,977,976
Official Vehicle Running Costs	1,018,571
Permanent Transfer Expenses	1,006,029
Training & Conferences	5,035,947
Other Staff Costs	927,201
Rents	10,133,648
Rates	3,141,933
Other Accommodation Costs	2,297,447
Total Facilities Services	4,211,663
Communications	1,821,075
Consumables	2,204,179
Computer Current Non Vat	745,000
IT Spec Goods & Services	18,757,240
Consultants	1,850,227
Staff substitutes	4,024,954
Other Charges	450,323
Legal	2,359,035
GAE	69,962,448
Non Cap Equip & Consumables	430,280
Research & Support - External Services	14,476,718
Research & Support - Through HSL	22,534,355
Testing	2,073,471
Printing & Publications	4,422,579
Paperboard Contract	27,837
Information & Publicity	4,358,777
Agency Agreements	777,468
Secondments Outwards	775,682
Small Firms Grants	401,152
PROGRAMME EXPENDITURE	50,278,319
Building	3,790,855
Furniture	2,008,254
Motor Vehicles	1,387,000
Office Machinery	42,766
Printing and Publications	34,200
Scientific Equipment	50,471
Computers & Telecomms	30,000
CAPITAL EXPENDITURE	7,343,546
TOTAL ¹	127,584,313

¹ data source D/D forecasts February 2003

HSE'S EXPENSES SYSTEM

Background

1. Below are the details of the cost to HSE of travel and subsistence and the cost of running the system. The staff listed below are involved in more activities than processing T&S claims including for example dealing with PT cases, season ticket issues and recoveries, imprest issues and recoveries, impress statements, reconciliations etc.

2. In summary:

- HSE's T&S budget for 2003/04 is £10,495,557.
- Band 4 x 1; Band 5 x 2; Band 6 x 11 staff are engaged on the system at a total cost of £253,211.

3. Currently PEFD process and authorise the following in a year:

- UK Travel and subsistence claims	-	27,000
- Overseas claims	-	1,350
- Permanent transfer cases	-	50
- Travel time claims	-	450
- Other claims*	-	3,500
- P11D submissions to Inland Revenue	-	400
- Tax charges on PT expenses	-	40

*committee expenses, hospitality, taxable expenses (excess daily fares etc), imprests and advances etc.

4. In 2000/2001, PD embarked on a strategic review of expenses which produced action plans for work in 2001/02 and 2002/03. Details of the action plan and progress available on request.

5. A range of changes have been made or are in prospect. These changes are underpinned by guiding policies of:

- simplifying the system as far as possible;
- that the policy itself and payments should not create tax liabilities for HSE;
- that where possible, the policy should be easy for staff to use and simple to administer.

Issues

6. Within the range of work to be done, three big issues stand out: the possibility of electronic submission of expenses claims and the processing advantages; accountability of claimant and line manager or audit; changing HSE's policy to move to paying "capped actual" expenses.

7. On the first, even if the level of checking was to remain the same, the bureaucratic burden of claims submission and processing would be substantially reduced, although separate administrative arrangements may be needed to link receipts. The main barriers to this change seem to be the IT:

- effort needed to facilitate the proposal

8. Nonetheless, given the opportunity staff costs likely to be involved, this appears to be a goal worth pursuing and work put in hand to see how these problems have been resolved elsewhere. Initial estimates suggest we might realise savings of at least four Band 6 staff in RPD.

9. On the second, much has been done to improve our policy and guidance. A move to new systems and processes would provide the opportunity for further development and address such issues as the resource required to respond to continuing appeals by staff and managers against the application of HSE's policies.

10. With regard to the possible increase in the number of payments made as "capped actuals", and the level of the associated caps, the position on costs/benefits is less clear. Work so far to look at this system, which is favoured by the private sector and used by 4 of the 27 government departments surveyed in 2002/03 has shown the main advantages to be:

- only actual expenditure on production of receipts is reimbursed;
- there is flexibility to pay amounts above the cap without occurring tax liabilities;
- the cap can be reviewed at any time, unlike flat rates where a survey of average expenditure has to be undertaken;

The main disadvantages are:

- staff would be required to obtain and produce receipts;
- claim processing time would increase;
- disputes between staff and PEFD regarding non production of receipts would increase;
- costs could increase;
- there would be no obvious incentives not to spend up to the limit.

11. More work is needed to fully test the validity of these arguments and to see why other departments favoured this approach and their subsequent experience.

Next Steps

12. Perhaps one of the key "change management" benefits of reviewing the system in this way is to demonstrate an important message to staff: that HSE wants to move forward and modernise. HSE's expenses system still closely resembles the system that was in place when HM Treasury delegated responsibility for expenses to departments in 1992. It may be time to look at some radical options.

PARIS

Background

1. PARIS, HSE's corporate personnel database is used for:
 - staff records with regard to:
 - personal details
 - absence (sickness, career break, maternity, special leave)
 - temporary promotion
 - staff moves within HSE/staff leaving HSE
 - external recruitment
 - secondments/loans
 - managed moves
 - organisation structure/cost centre changes
 - post creation system
 - qualifications/professional members
 - training
 - accidents at work/medical referrals
 - management information
2. Existing problems with PARIS include:
 - inaccurate data
 - poor accessibility
 - lack of useful functionality
 - bureaucratic entry and record keeping systems
3. In short, PARIS is poor record keeping system, and not a genuine aid to managing the business. Around 30,000 forms and pieces of paper are produced each year in the course of updating the system and PARIS produces another 15,000 or so in outputs
4. Work within PEFD to look at the interrelationship between the systems has confirmed a number of the shortcomings with regard to functional links and data quality. Many D/Ds have invented their own systems because of perceived shortcomings and inevitably, PARIS data quality has become eroded. In accurate data then serves to justify the use of a D/D system.

Issues

5. Whilst the work done in RPD does not argue for a "one size fits all" approach in each aspect, the vision for a system might be of one which is the primary source of information about the staff we employ; a key source of management information about workforce related issues; support the strategic aim of a more integrated approach to corporate functions (HR, finance, planning etc); and a driver for reducing bureaucracy and improved ways of working. More specifically, a system able to:
 - administer/process "cradle to grave" HR functions from recruitment campaigns and appointments to exits from HSE;
 - provide for single data entry – information in once and shared with whoever needs it and is authorised to see it;

- allow individual employees to update their basic personal details and to check that the information held about them is accurate;
- distribute pay slips, letters etc, to staff electronically
- provide facilities for basic personnel transactions (e.g. leave, overtime) between staff and their line managers to be done electronically without the need to maintain manual records;
- allow transactions (such as pay) which require the intervention of specialist staff in PD to be received and dealt with electronically;
- update the directory;
- provide a secure and comprehensive data base for emergency/duty officer call out.

Next steps

6. For the vision to be realised, this will require a corporate project involving resource across HSE. The scale, timescales and nature of the project needs to be specified and brought back to the Board for agreement.

Table 1

**ESSENTIAL TRAINING FOR MANAGERS: MODULES, PLACES FILLED AND SPEND:
1/9/00 – 31/08/02**

MODULE	DURATION	COST (£s)	PLACES FILLED	TOTAL SPEND
1. Expectation of HSE's managers	1	150	290	44250
2. Legal and Policy Framework	1	150	181	26400
3. Appraisal 4. Development and Learning	3	450	453	101925
5. Getting the best from your staff	1	150	133	21550
6. Management communications Pt1 7. Management communications Pt2	3	450	247	49950
8. Level Moves	1	150	50	7800
10. Managing Resources			66	11400
11. Developing your management style	1	350	39	12825
12. The Appraisal managers role	2	300	41	13700
TOTAL	13	2150	1500	289800
Approx no. of managers				1200
Average cost per year for each manager assuming attendance at half the programme				£1,100 approx

Notes:

1. Modules 3 & 4 and 6 & 7 have recently been merged
2. Module 10 was removed from the Programme in the autumn on the advice of PEFD
3. Column 3 represents the number of places filled and not the number of people trained, as some people will have attended more than one course.
4. From the ETM spend in the first 5 months of 2002/03, HSE spent £69,175 on management training. Halving that by halving the number of managers would reduce the cost to HSE to around £7,000 per month – an equivalent annual saving of £84 K.