

Health and Safety Executive Board Paper

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HEALTH AND SAFETY EXECUTIVE

The HSE Board

HSC/E MONTHLY FINANCE, STAFFING AND OUTPUT REPORT

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Management Summary

- This paper provides the Board with a summary of the latest financial position.
- DWP have agreed to a drawdown of £3.2m Admin EYF in the Spring Supplementary to cover the shortfall in Income. The remaining cover comes from underspends in Programme Expenditure and HSL surpluses.
- The draw down is predicated on the delivery of the current forecasts for both income and expenditure.

Recommendation

The Board is invited to:

- Note the changes on the financial position (Annex 1);
- Note the position regarding the draw down of Admin EYF (para 3 -5);
- Note the importance of ensuring that D/Ds deliver their current forecast for expenditure and income.

1. This paper reports on the December forecast based on November Outturn. The paper also includes material changes that have been factored into the use of Admin EYF. The position is shown in Table 1 of Annex 1.
2. The key changes to forecast are detailed below:

RPD Group

- GAE has been reduced by £499k this month. This is mainly due to a reduction in Accommodation Costs.
- Programme forecast has increased this month by £850k. This is due to an increase in research costs of £1m, which has been offset by a reduction of £150k in expenditure on Infoline.
- Income has fallen by £150k in line with a reduction in respect to Infoline.

Policy Group

- GAE forecast has been increased by £300k to reflect the Board's decision to fund part of the Change Management Programme (namely the consultancy) by utilising the Civil Service Modernisation Fund.
- Programme expenditure has been reduced by £1.138m due to the lower than anticipated take up of the Small Firms Grant Scheme.
- Income has been reduced by £90k this month, due to the reduced number of scientist to carry out the chargeable work (payroll had been surrendered earlier in the year).

Operations Group

- Payroll has increased this month by £321k following a reassessment of the impact of the pay award.
- GAE has reduced this month by £298k, mainly staff substitutes.
- Income has reduced this month by £178k. This has been driven by the reduction in the forecast from prosecutions. A further review is being undertaken regarding the cases that are likely to be heard between now and the end of the financial year.
- Also included in forecast is £18k, following agreement of a business case, are 2 requests for change agreed necessary for the Incident Contact Centre.

EYF Position

3. The forecast position reported in Table 1 and 2 of Annex 1 to the Board reflects the information provided by D/Ds. However, in preparing the EYF draw down which had to be made at the start of January a judgement had to be made regarding the overall HSE position. Whilst the forecast on the Gross Admin Costs suggested that there would be an underspend of £426k, it was decided that it would be prudent to leave the Settlement as it stood at £202.906m. This provides protection against any possible breach of the Admin Costs Limit at the end of the financial year.
4. It was also considered prudent given the material changes to the Programme forecast, reported difficulty in managing down the overspend on the research budget, to provide headroom of £256k.
5. The EYF position was discussed with HSL and it was agreed that we maintain headroom within their Programme of £273k.

Achievement of Forecast

6. The EYF position is predicated on the delivery of the current forecasts for both income and expenditure. The November outturn position is shown at Appendix A. It shows underspend in Pay and GAE which is compounded by an under recovery of Income. The position reported is reduced due to the overspend in Programme.
7. All December forecasts have been probed and D/Ds have been asked for realism about the delivery of them. Budget Unit remains concerned that having taken account of the responses in the EYF draw down there appears to be some concern over the deliverability. For example the outturn in Admin Costs needs to be increased by £2m per month in order to deliver the present forecast.

Output and Performance

8. Regulatory contacts are above profile. There continues to be a shortfall in complaints follow-up, which appears to be due to a data backlog in Divisions. Divisions have been asked to correct this and there should be an improvement in follow-up rate as this happens.
9. The number of incidents investigated remains below profile. As explained in the Mid-Year Report this may be due to a different pattern of incidents being reported, with fewer of these meeting the HSC incident selection criteria. The lower number of incidents to be investigated would free up inspector time for preventative work, which in part explains the above profile outturn on regulatory contacts.
10. The percentage of safety cases processed and the numbers processed to time are both below profile. For RI and HID this is because it has been necessary to return many cases to duty holders for further action. For NSD the profile was not met because the available resource was applied to other priority work. With safety cases being returned HID and RI especially have been able to divert more resource to regulatory contacts; this has also contributed to the higher outturn on contacts.

Key Outputs and Performance to November 2002	Profile	Outturn	Variance
Regulatory Contacts	77,753	84,770	7,017
- FOD	65,937	69,729	3,792
Preventative Inspections	49,687	51,844	2,157
- FOD	43,915	45,049	1,134
Number of Investigations (incidents/complaints)	27,504	20,859	(6,645)
% incidents investigated	8.2%	7.4%	(0.8%)
% complaints investigated	87.0%	77.2%	(9.8%)
Number of safety cases processed	527	337	(190)

11. We are proposing to change the way in which we will be providing the Board with this performance report over the coming months. As the Board is aware PEFD are developing a Balanced Scorecard, which will provide better performance reporting, and we are aiming to phase this in from the start of the 2003/4 financial year.

STAFFING INFORMATION

12. Appendix B shows the number of staff in post at the 1 January 2003 stands at 3776, of which 1682.4 were inspectors.

HSE RESOURCE POSITION

1. Table 1 and 2 below reflect HSE's current financial position.
 - Table 1 reflects the latest forecast for HSE Main against the Departmental Expenditure Limit (DEL) Resource and Capital settlement. The settlement now includes the additional £3.8m for the Cullen implementation.
 - Table 2 reflects the forecast movement in month.

TABLE 1: GLOBAL POSITION						
LATEST FORECAST AGAINST BUDGETARY CONTROLS	DEL Resource/ Capital Budget Settlement	HSE Budget Forecast	Variance	HSL Budget Forecast	Variance	Global Variance
Pay	153,306	131,922	(10,520)	10,864	0	(10,520)
GAE	66,522	68,877	9,033	6,678	0	9,033
Invest to Save	620	775	155	0	0	155
Modernising Government	0	906	906	0	0	906
Gross Admin Costs	220,448	202,480	(426)	17,542	0	(426)
Programme Costs	59,331	50,214	(3,534)	4,527	(1,056)	(4,589)
Bad Debts	134	30	(102)	0	(2)	(104)
Total Gross Costs	279,913	252,724	(4,062)	22,070	(1,058)	(5,119)
Income	(83,705)	(50,398)	7,945	(25,977)	(615)	7,330
Net Resource Budget	196,208	202,326	3,883	3,907	(1,672)	2,211
Capital Budget	11,000	8,066	1,664	2,100	(2,498)	(834)

Table 2: INTERNAL BUDGET MANAGEMENT	HSE Budget (excl HSL)	Latest Forecast (excl HSL)	Variance on HSE Budget	Forecast change in month
Pay	133,167	131,922	(1,246)	534
GAE	69,241	68,877	(365)	217
Invest to Save	775	775	0	0
Modernising Government	606	906	300	300
Gross Admin Costs	203,790	202,480	(1,610)	1051
Programme Costs	50,631	50,214	(417)	(808)
Bad Debts	50	30	(20)	(20)
Total Gross Costs	254,471	252,724	(1,747)	223
Income	(51,213)	(50,777)	815	379
Net Resource Budget	203,258	202,326	(932)	602
Capital Budget	8599	8,066	(533)	37