

H. Bowles

28th

22nd January, 1964.

NI/GP/64/1

NATIONAL INSTITUTE FOR RESEARCH IN NUCLEAR SCIENCE

GENERAL PURPOSES COMMITTEE

General Financial Statement

Submitted by Finance Officer

1. Explanatory Statement

2. Financial Statement 1963/64 - Schedule I

The latest forecast of expenditure for 1963/64 compared with the Treasury Grant.

3. New Commitments - Schedule II

A statement of commitments entered into since the last statement.

4. Schemes costing over £100,000 - Schedule III

A summary of the present position on each major scheme.

5. Financial Statement 1964/65 - Schedule IV

A forecast of expenditure for 1964/65 compared with the expected Treasury Grant.

EXPLANATORY NOTE

Financial Forecast 1963/64 (Schedule I)

1. After the Chief Secretary to the Treasury agreed last summer to an overspend of £600,000 by the Institute during 1963/64, it became apparent that, for technical reasons, the A.E.A. would require a supplementary estimate. N.I.R.N.S. expenditure during the year was accordingly reassessed and the necessary financial provision totalling £553,000 was sought through the N.I.R.N.S. subhead in the A.E.A.'s supplementary estimate.
2. The revised provision was based on the outturn forecast in NI/GP/63/23 with the addition of £150,000 capital at R.H.E.L., and minor additions for Atlas. The Treasury have, in the last few days, accepted the supplementary estimate for presentation to Parliament.
3. The latest forecast of outturn for the year falls short of the anticipated revised grant by £338,000, the main causes of the shortfall being:-
 - (a) Some shortfall in receipt and payment of invoices for plant at R.H.E.L. (£81,000)
 - (b) More accurate estimating of R.H.E.L. salaries and wages etc. (£25,000)
 - (c) Expected stage payments on some D.N.P.L. plant contracts have proved to be unnecessary and other payments have slipped into 1964/65. These reductions have been offset by earlier payments of fees to the A.E.A. Works and Buildings organisation.
 - (d) The expectation that, as a result of the purchase of an Atlas by A.W.R.E., there will be full remission of the Atlas development charge payable this year, partly offset by minor increases (£36,000)
 - (e) Slippage of payment for magnetic tape into 1964/65 (£25,000)

Financial Forecast 1964/65 (Schedule IV)

4. The Estimates for the Nuclear Physics Laboratories presented to the Governing Board in NI/63/18 last October totalled £8.66M less a shadow cut of £.46M to bring the figure down to £8.2M, as earlier agreed with the Office of the Minister for Science. Despite strong pressure, the Treasury, under specific instructions from the Chief Secretary, are providing for only £8.0M in the Estimates to be presented to Parliament, in the expectation that progress at D.N.P.L. will be slower than predicted by the Institute. The Office of the Minister for Science accepted this decision on the understanding that the Institute would plan to spend £8.2M on the Nuclear Physics Laboratories and that the Treasury would take a reasonable view if this led to expenditure above £8.0M up to £8.2M. (See NI/GP/64/9)
5. The grant to the Institute for the Nuclear Physics Laboratories has accordingly been shown as £8.0M in Schedule IV but plans for the year have been drawn up on the basis of an expenditure of £8.2M, which is reflected in this first forecast of the outturn.
6. The Directors of the R.H.E.L. and D.N.P.L. agreed that, for planning purposes, the shadow cut of £.46M implicit in the £8.2M proposal should be split £.25M R.H.E.L. and £.21M D.N.P.L. Dr. Pickavance recognised that the very small amount of new capital expenditure at R.H.E.L. in 1964/65 provided no scope for a conventional shadow cut and the R.H.E.L. cut has consequently been applied to the planning total. Professor Merrison accepted the D.N.P.L. cut of £.21M as a conventional shadow cut in a capital programme of £1.77M.

7. There has been no opportunity to co-ordinate with the two Directors the formal disposition within the Grant, of the additional shadow cut of £.2M. I recommend that it should be treated as an increase in the D.N.P.L. shadow cut (making £.41M in all) because:-

- (a) it is clear that the Treasury, the Ministry for Science and the A.E.A. look upon it in this way;
- (b) it is improbable that expenditure above £8.0M arising from R.H.E.L. rather than D.N.P.L. would be approved, and this restorable cut is therefore linked directly with D.N.P.L.
- (c) a separate Nuclear Physics Laboratories' cut in addition to the two Laboratory cuts would be confusing and tend to weaken financial control: it is important that the expenditure figure at D.N.P.L., beyond which further financial approval will be needed, should be brought out clearly in all financial statements.

If it ever appears likely that the cut would not be restored, the allocation of the £8.0M grant would, of course, have to be reviewed.

8. The Chairman of the Atlas Computer Committee approved proposals for an increase in the Atlas estimates given in NI/63/18, and the revised figures are shown in Schedule IV. The reasons for the increases are:-

- (a) good progress by Ferranti Ltd. on the machine, showing that take-over is likely to be made in 1964/65 and not 1965/66 as previously expected. £310,000 has been transferred from 1965/66 to 1964/65 to meet this.
- (b) An increase of 11 in the number of staff in post at the 31st March, 1965 costing £15,000 in 1964/65.

9. The main differences between the latest forecast of 1964/65 outturn and the allocation of the grant are:-

- (a) Increased expenditure on existing building contracts at R.H.E.L. (£66,000)
- (b) An increase in the General Rate at R.H.E.L. (£50,000 at least, unless a case for exemption can be sustained).
- (c) A reduction of £193,000 under the Group Budget heading. (For the time being, allocated budgets will remain as planned, but the money available in the Directors' reserve for deployment during the year will be reduced by £193,000, unless later forecasts show savings elsewhere which can be diverted to the reserve.)
- (d) D.N.P.L. capital expenditure planned remains very much as in NI/63/18 and the highest shadow cut that seems reasonable at this stage is £200,000 leaving net overspend predicted of £204,000, as stated in paragraph 5 above.

10. The Committee are invited to take note of the General Financial Statement and to approve the formal allocation of the expected Treasury grant in accordance with Schedule IV and paras 5-7 above.

FINANCIAL FORECAST, 1963/64

	Allocation of Original Treasury Grant £000	Forecast in paper NI/GP/63/23 £000	Allocation of Revised Grant £000	Latest Forecast £000
<u>RUTHERFORD LABORATORY</u>				
<u>CAPITAL</u>				
Buildings	797	580	580	609
Plant	2,553	2,476	2,626	2,545
	<u>3,350</u>	<u>3,056</u>	<u>3,206</u>	<u>3,154</u>
<u>NON-CAPITAL</u>				
Salaries, Wages, etc.	1,213	1,264	1,264	1,239
E.M.R. and Administration Expenses	216	385	385	370
Reactor Support	110	110	110	95
Materials and Services	1,912	2,393	2,393	2,382
	<u>3,451</u>	<u>4,152</u>	<u>4,152</u>	<u>4,086</u>
Less overheads - ATLAS	63	69	69	60
	<u>3,388</u>	<u>4,083</u>	<u>4,083</u>	<u>4,026</u>
R.H.E.L. Total	<u>6,738</u>	<u>7,139</u>	<u>7,289</u>	<u>7,180</u>
<u>DARESBUURY LABORATORY</u>				
<u>CAPITAL</u>				
Buildings	524	140	140	250
Plant	192	320	320	66
	<u>716</u>	<u>460</u>	<u>460</u>	<u>316</u>
<u>NON-CAPITAL</u>				
Salaries, Wages, etc.	170	50	50	69
E.M.R. and Administration Expenses	51	25	25	22
Materials and Services	152	94	94	83
	<u>373</u>	<u>169</u>	<u>169</u>	<u>174</u>
D.N.P.L. Total	<u>1,089</u>	<u>629</u>	<u>629</u>	<u>490</u>
NUCLEAR PHYSICS LABORATORIES Total (Gross)	7,827	7,768	7,918	7,670
Less Shadow Cut	600			
NUCLEAR PHYSICS LABORATORIES Total (Net)	<u>7,227</u>	<u>7,768</u>	<u>7,918</u>	<u>7,670</u>
Capital (Net)	3,466	3,516	3,666	3,470
Non-capital	3,761	4,252	4,252	4,200
<u>ATLAS LABORATORY</u>				
<u>CAPITAL</u>				
Buildings	200	176	176	172
Plant	756	654	679	643
	<u>956</u>	<u>830</u>	<u>855</u>	<u>815</u>
<u>NON-CAPITAL</u>				
Salaries, Wages, etc.	40	46	46	40
E.M.R. and Administration Expenses	60	20	20	10
University Computer Support	40	40	40	40
Materials and Services	59	25	50	25
Overheads	63	69	69	60
	<u>262</u>	<u>200</u>	<u>225</u>	<u>175</u>
ATLAS Total	<u>1,218</u>	<u>1,030</u>	<u>1,080</u>	<u>990</u>
<u>N.I.R.N.S. Capital (Net)</u>				
	4,422	4,346	4,521	4,285
Non-capital	4,023	4,452	4,477	4,375
<u>N.I.R.N.S. Total</u>				
	8,445	8,798	8,998	8,660
Receipts	120	140	120	140
<u>N.I.R.N.S. Total (Net of Receipts)</u>				
	8,325	8,658	8,878	8,520

NEW COMMITMENTS VALUED £1,000 AND OVER, FOR THE PERIOD 9TH NOVEMBER, 1963 TO 17TH JANUARY, 1964

N. I. R. N. S.

CAPITAL - R. H. E. L.

CAPITAL BUILDING SCHEME

Minor Schemes

PLANT

[illegible]

N.I.R.N.S.

SCHEDULE II
Page 2

CAPITAL - R.H.E.L.

<u>Running Contracts</u>	<u>Detail</u>	<u>Value</u> <u>£</u>	<u>Firms etc.</u>	<u>Approved by</u>
"	Printing, Padding & Binding of Forms	3,500	Lampert Gilbert & Co.	Director R.H.E.L.
"	Supply of Liquid Nitrogen	20,150	Air Products Ltd.	"
"	Electronic Equipmt. & Design, Dev. & Supply	Increase		
"	Electronics Equipment	25,000	C. & N. Electrical Ltd.	"
"	Supply of Neon/Helium Mixture	Increase		
"		15,000	Calne Electronics Ltd.	"
"		14,000	British Oxygen Co.	"

CAPITAL - D.N.P.L.

PLANT

NINA Project	Magnet steel*	110,261	Armco Ltd.	Project Cmt. - 20.6.63
"	Magnet blocks*	106,227	Siemens-Schuckertwerke AG	" - 6.12.63
Minor Plant	Vacuum detector & accessories	1,180	20th Century Electronics	Chairman GPC - 5.12.63
"	Two Ford Cortina Cars & one Thames Van	1,744	Warrington Motor Co.	" - 12.12.63

*These prices make no provision for import duty for which, however, remission is confidently expected.

N.I.R.N.S.c.

SCHEMES COSTING OVER £100,000 FOR WHICH G.P.C. APPROVAL HAS BEEN GIVEN

SCHEDULE III

	Initial Request to Treasury £000	Latest Treasury Approval £000	Latest Estimate of cost £000	Estimated Expenditure to 4th Jan. 1964 £000
<u>RUTHERFORD LABORATORY</u>				
Nimrod Project	6,900	11,400	10,613	10,145
Phase II Buildings	380	412	412	406
Hydrogen Bubble Chamber Services	250	295	281	267
Heavy Liquid Bubble Chamber	420	459	459	211
Beam Handling Plant for Nimrod - Phase I	1,000	1,000	1,000	570
			(3 years)	
Orion Computer	400	400	361	285
P.L.A. Radiochemical Laboratory & Offices	230	273	273	264
Land and Houses at Didcot	120	120	120	116
Heavy Laboratories	140	127	127	114
Extension to Building R.2	243	221	223	131
Abingdon/Chilton Housing Scheme	220	220	108*	76
Restaurant	85	106	106	102
Beam Handling Plant for Nimrod - Phase II	400	-	400	107
Helium Bubble Chamber	400	471	471	64
Parasitic Area and Shielding	200	200	186	121
<u>DARESBURY LABORATORY</u>				
NINA Project	3,120	3,880	3,880	46
<u>ATLAS LABORATORY</u>				
Atlas Computer and Buildings	3,400	3,580	3,414	1,172

* Chilton scheme deferred and not included in the latest estimate of cost.

FINANCIAL FORECAST 1964/65

	Allocation of Treasury Grant	Forecast
	£000	£000
<u>RUTHERFORD LABORATORY</u>		
<u>CAPITAL</u>		
Buildings	360	426
Plant	1,323	1,333
	<u>1,683</u>	<u>1,759</u>
<u>NON-CAPITAL</u>		
<u>Standing Charges</u>		
Salaries and wages, etc.	1,350	1,378
Travel and subsistence	90	105
Houses, hostels and restaurant	43	62
Electricity, rates, telephones, etc.	523	579
U.K.A.E.A. charges:-		
Overheads, etc.	170	150
Site services	130	130
General services	185	195
<u>Group Budgets</u>	<u>2,165</u>	<u>1,972</u>
	4,656	4,571
Less overheads - Atlas	89	80
	<u>4,567</u>	<u>4,491</u>
<u>R.H.E.L. TOTAL</u>	<u>6,250</u>	<u>6,250</u>
<u>DARESBURY LABORATORY</u>		
<u>CAPITAL</u>		
Buildings	890	874
Plant	880	890
	<u>1,770</u>	<u>1,764</u>
Less shadow cut	410	200
	<u>1,360</u>	<u>1,564</u>
<u>NON-CAPITAL</u>		
Salaries, wages, etc.	140	153
Administrative expenses	20	21
Stores, materials and services	190	176
E.M.R.	40	40
	<u>390</u>	<u>390</u>
<u>D.N.P.L. TOTAL</u>	<u>1,750</u>	<u>1,954</u>
<u>NUCLEAR PHYSICS LABORATORIES TOTAL</u>	<u>8,000</u>	<u>8,204</u>
Capital (Net)	3,043	3,323
Non-capital	4,957	4,881

	<u>Allocation of Treasury Grant</u>	<u>Forecast</u>
	£000	£000
<u>ATLAS LABORATORY</u>		
<u>CAPITAL</u>		
Buildings	76	76
Plant	1,186	1,173
	<u>1,262</u>	<u>1,249</u>
<u>NON-CAPITAL</u>		
<u>Standing Charges</u>		
Salaries and wages	68	62
Travel and subsistence	6	6
Electricity, rates, cleaning, etc.	27	27
Computer maintenance	50	50
R.H.E.L. overheads	89	80
<u>Group Budgets</u>	<u>146</u>	<u>137</u>
	<u>386</u>	<u>362</u>
<u>ATLAS TOTAL</u>	<u>1,648</u>	<u>1,611</u>
N.I.R.N.S. Capital (Net)	4,305	4,572
Non-Capital	5,343	5,243
N.I.R.N.S. TOTAL	9,648	9,815
Receipts	181	181
N.I.R.N.S. TOTAL (Net of receipts)	9,467	9,634