

SPCB FINANCE REPORT Period 9 – December 2016

1. This report is to inform SPCB of general financial activity and expenditure trends in 2016-17.

Executive Summary

Performance against Budget (year to date variance)		
a) Total SPCB revenue and capital expenditure	2.1%	Para 2 & 5
b) Total SPS expenditure	1.4%	Para 6
c) Total project expenditure	0.1%	Para 7
Operation of Financial Controls		
d) Key reconciliations up to date	100%	Para 4
Other Key Indicators		
e) Payment performance	99.1%	Para 4

Key: RAG Status



Performance within target range



Performance outwith target range but acceptable



Performance outwith target range not acceptable

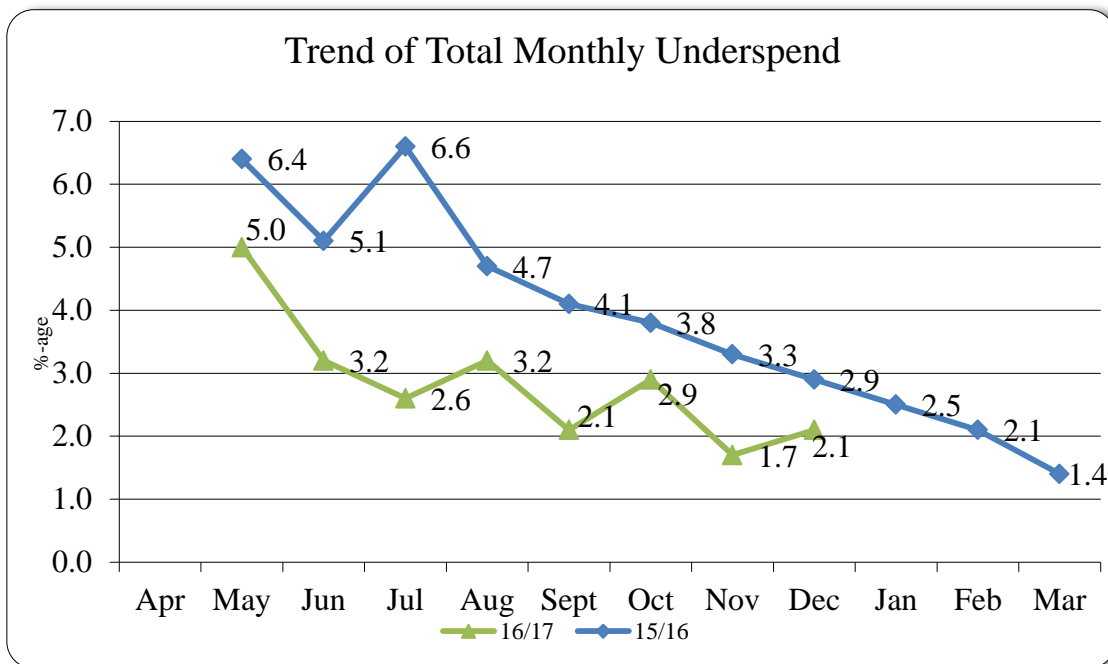
Financial Commentary

2. The Scottish Parliament's total revenue and capital expenditure for the first nine months of 2016-17 of £60.1m represents an underspend against budget of £1.3m (2.1%) which is within the SPCB's target range of 0% to 2.5% under budget at this stage of the financial year (as shown in green in the Executive Summary chart). The overall underspend is lower than the comparable position for 2015-16 of expenditure of £54.5m which represented an underspend against budget of £1.6m (2.9%).
3. The reforecasting exercise in November resulted in budget transfers totalling £1,182k, which has been allocated to fund approved projects in the current financial year. A further high level forecasting exercise will take place in January, focusing on projects and high value budget lines in offices.
4. All key reconciliations are up to date and payment performance within contract terms for the year to date exceeds the 99% target. The equivalent figure for payment within 10 days is 95.5% for the year to date.

Financial Results

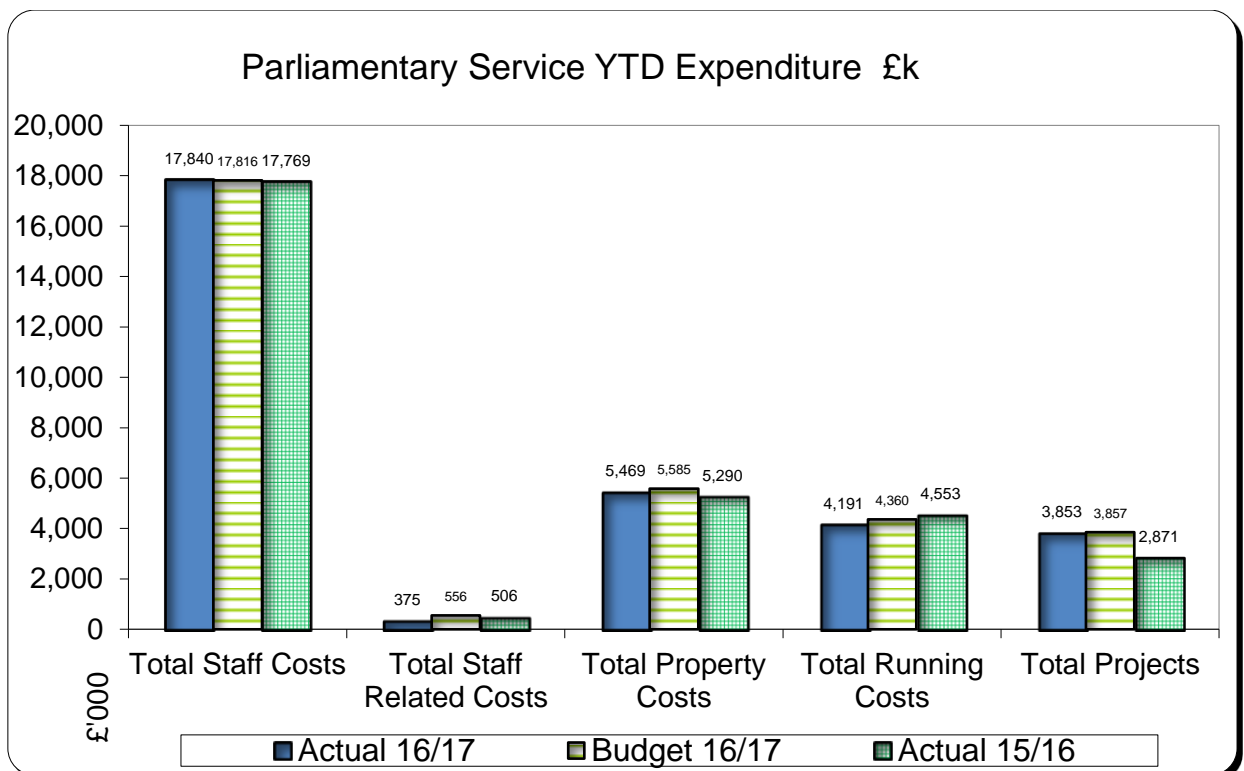
5. The SPCB's total revenue and capital expenditure per Schedule 1 for December 2016 is £60.1m, which is £1.3m (2.1%) under the approved budget

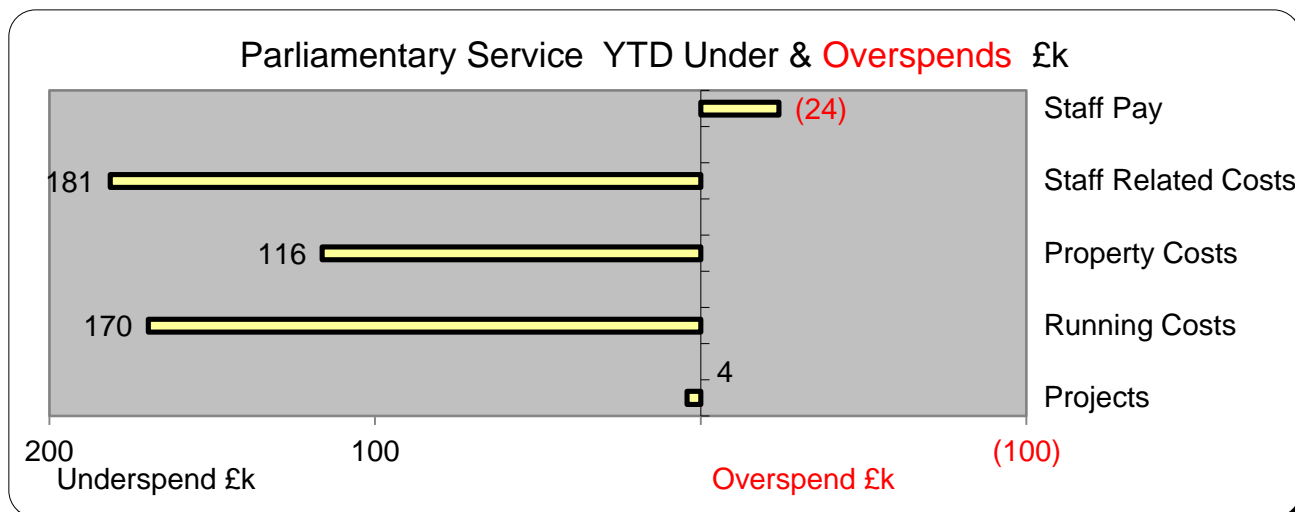
of £61.4m. This is lower than the underspend as at December 2015 of £1.6m / 2.9%.



Parliamentary Service Costs (Schedule 2)

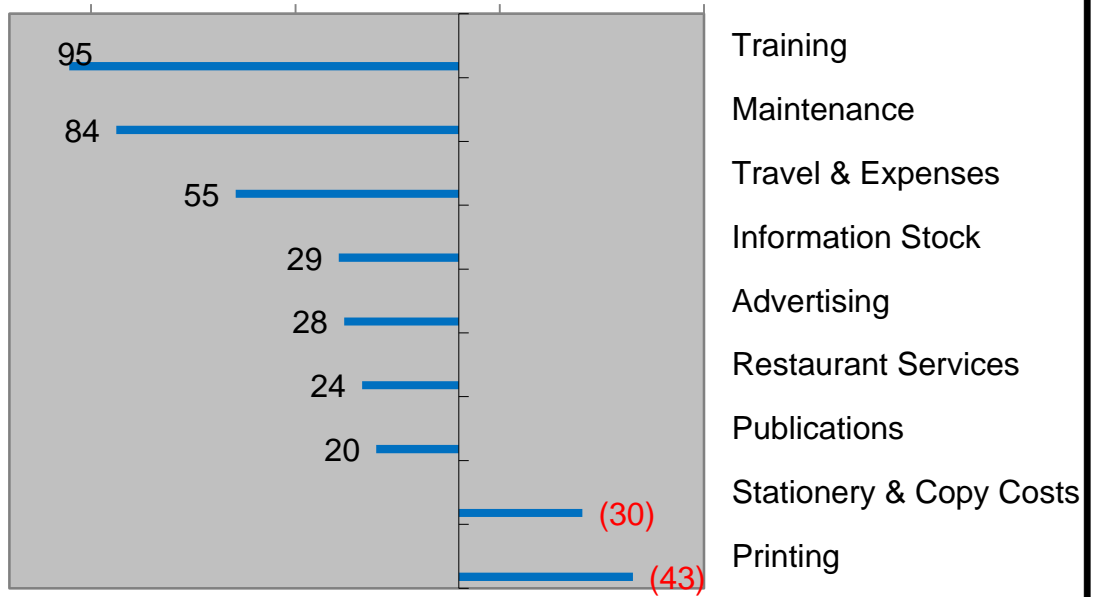
6. The year to date expenditure for the Parliamentary Service (SPS) of £31.7m is £0.4m (1.4%) under budget. Parliamentary Service Costs incorporate both capital and revenue projects. The previous year's expenditure of £31.0m at period 9 was £0.4m (1.3%) below budget. An analysis of the current financial year by main category of expenditure is shown in the two charts below.





- Staff Pay is reported as £24k (0.1%) over budget including Agency staff and contractors.
- Expenditure on staff pay to date is £17.8m, £71k (0.4%) higher than the equivalent 15-16 costs.
- Expenditure on Staff Related Costs is £375k. This is £181k (32.6%) below the budget to date of £556k. Actual spend on staff related costs is £131k (26%) less than that for the equivalent period in 2015-16. Training (£95k) and Travel & Expenses (£55k) make up the biggest element of the underspend and are unlikely to be fully spent by the year end.
- Property Costs of £5.5m are £116k (2.1%) below the Year to Date budget. This is principally attributable to Maintenance (£84k) & Utilities (£19k). The reported Maintenance underspend is due to timing (actual expenditure occurs later than budgeted) and is forecast to reverse by the year end. Similarly, the full year utilities costs are expected to return to budget over the final quarter.
- Running Costs of £4.2m are £170k (2.5%) under budget. Main running cost underspends are Information Centre Stock (£29k), Advertising (£28k) and Restaurant Services (£24k), all due to timing, offset by overspends in Stationery & Copy Costs (£30k) and Printing (£43k).

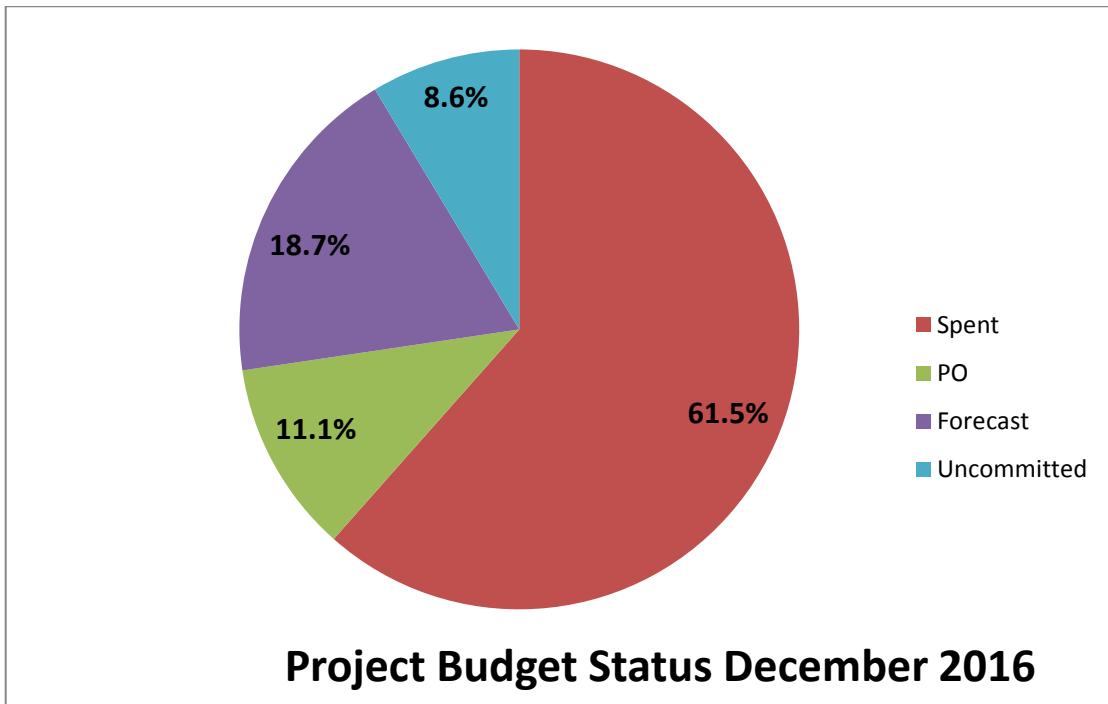
PS (Excluding Projects)
Key YTD Under / Overspends £k



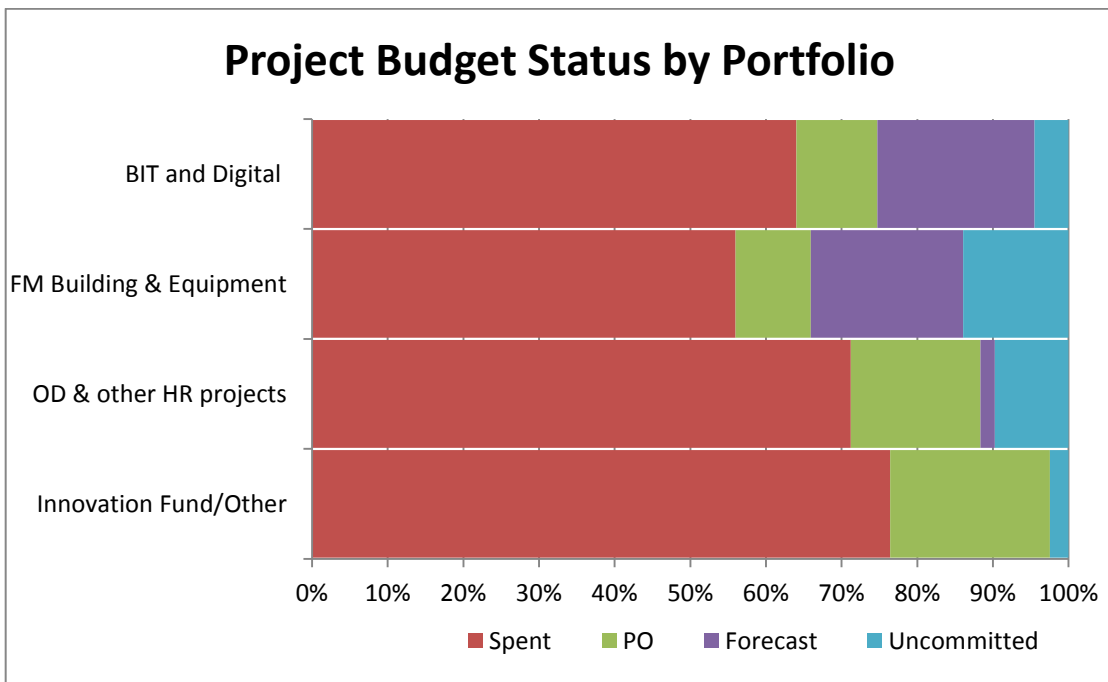
Project Reporting (Schedule 3):

7. Schedule 3 shows project spend by category of project.

- Total project expenditure to December is £3.9m, £4k (0.1%) under the year to date budget.
- Revenue Projects show a total spend of £2.9m, an underspend of £19k (0.7%) against budget.
- Capital Projects have spent £973k for the year to date against a budget of £958k, an overspend of £15k (1.5%).
- £1,182k of contingency budget was transferred during P9 to fund approved project expenditure, including £531k for Chamber Lighting, £320k for various Holyrood building related projects and £331k for IT / Digital Service and other projects.



This compares with 40% spent, 31% purchase order, 27% forecast and 2% uncommitted at the same period in 2015-16.



Members' Costs (Schedule 2)

8. Members' costs are analysed in Schedule 2, which shows £22.3m reported cost to December 2016, £739k (3.2%) below the phased year to date budget. (The corresponding figures for 2015-16 at period 9 were an underspend of £1.2m, 6.3%). There are still a number of local offices to be established, including costs of relocating from existing offices in some instances. Additional costs will also result from local office security improvements which are met from within the overall members' costs budget. Members' pay includes payment of resettlement grants to MSPs who stood down or were not returned for Session 5 and Members' expenses includes MSPs' staff redundancy payments incurred under winding up costs.

Commissioners & Ombudsman Costs (Schedule 2)

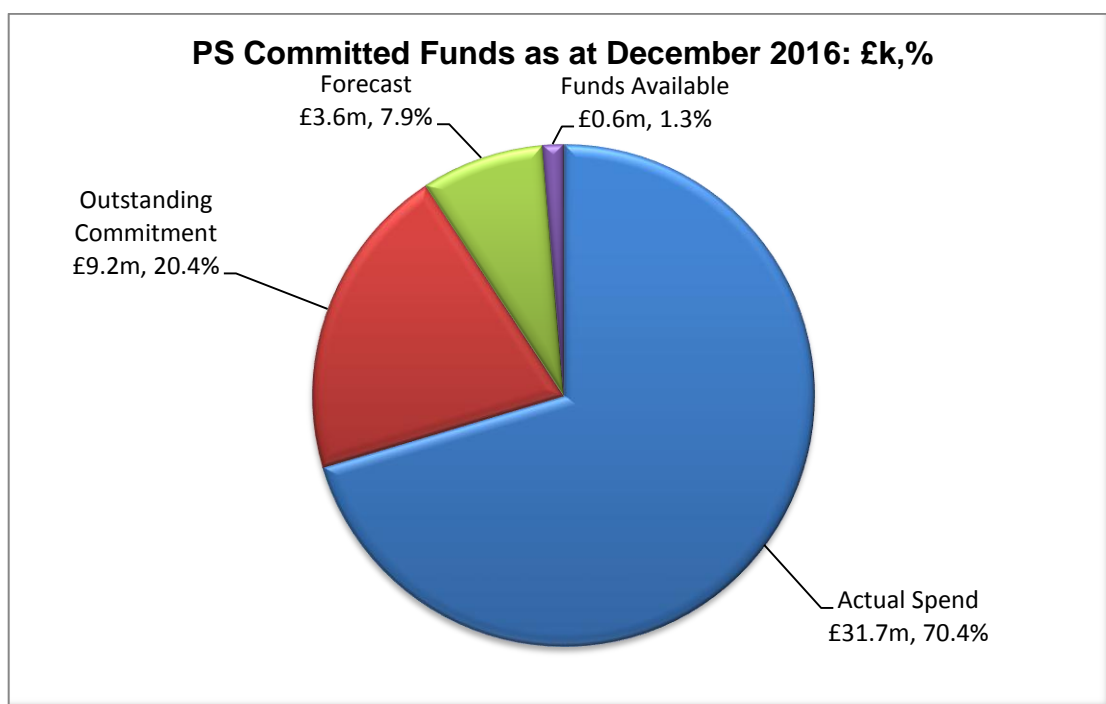
9. The SPCB's funding cost for Commissioners and Ombudsman (Officeholders) in the first nine months of 2016-17 amounts to £6.05m, which is £121k (2.0%) under the budget to December 2016 of £6.17m. The Officeholders contingency remains at £166k.

Central Contingency

10. As reported above, a net transfer of £1,182k was effected in November from the SPCB's central contingency to fund approved projects. The forecast exercise enabled us to release budgets set aside earlier in the year to provide for Members' staff winding up costs and other potential calls on contingency that we now anticipate covering within existing resources. This leaves the central contingency with a £100k balance to deal with any unplanned cost pressures in the final quarter of the financial year.

Commitment

11. SPS actual and planned expenditure is shown below.



Schedule 1

	Actual £'000	Year to Date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
Parliamentary Service Costs (Schedule 2)	31,728	32,175	447	1.4	45,075	43,280
Members' Costs (Schedule 2)	22,273	23,012	739	3.2	30,865	28,760
Commissioners & Ombudsman Costs (Schedule 2)	6,054	6,175	121	2.0	8,369	8,369
Sub Total	60,054	61,362	1,307	2.1	84,309	80,409
Reserves - SPCB Contingency				n/a	100	4,000
TOTAL SPCB EXPENDITURE	60,054	61,362	1,307	2.1	84,409	84,409

Schedule 2

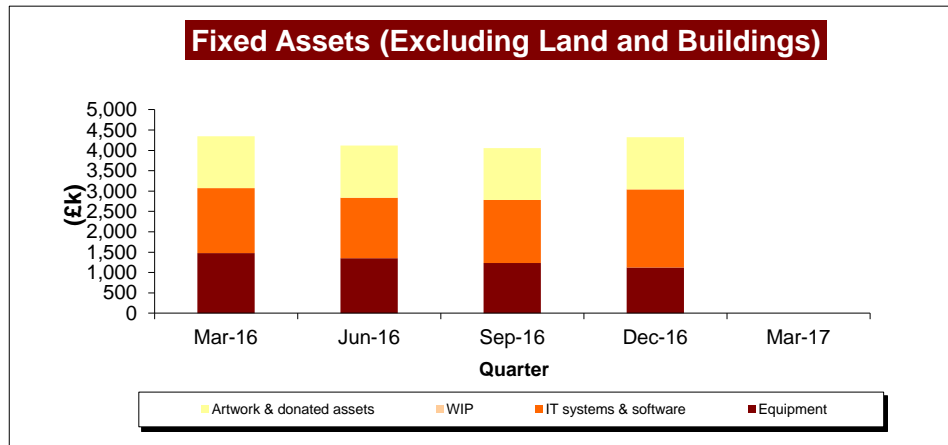
	Actual £'000	Year-to-date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
<u>Parliamentary Service Costs</u>						
Staff Pay	17,840	17,816	(24)	(0.1)	23,967	23,693
Staff Related Costs	375	556	181	32.6	796	864
Property Costs	5,469	5,585	116	2.1	7,587	7,596
Running Costs (Including Events & Income)	4,191	4,360	170	2.5	6,463	6,627
Parliamentary Service Costs excluding Projects	27,875	28,318	443	1.6	38,813	38,780
Projects (Schedule 3)	3,853	3,857	4	0.1	6,262	4,500
Total PS Expenditure	31,728	32,175	447	1.4	45,075	43,280
<u>Members' Costs</u>						
MSP & Officeholders' Pay	11,009	10,996	(12)	(0.1)	13,965	11,860
MSP Expenses	10,921	11,627	706	6.1	16,380	16,415
Party Assistance	343	389	45	11.7	520	485
Total	22,273	23,012	739	3.2	30,865	28,760
<u>Commissioners & Ombudsman</u>						
Ethical Standards Commission	626	587	(39)	(6.7)	837	812
Standards Commission	183	179	(5)	(2.6)	240	240
Human Rights Commission	759	752	(7)	(1.0)	958	958
Scottish Information Commissioner	1,107	1,136	29	2.5	1,516	1,492
Public Services Ombudsman	2,417	2,546	129	5.1	3,360	3,253
Commissioner for Children	961	974	14	1.4	1,293	1,264
Reserves - C&O Contingency	0		0	n/a	166	350
Total	6,054	6,175	121	2.0	8,369	8,369

Period 09
December 2016 Leadership Group Financial Schedules

Schedule 3

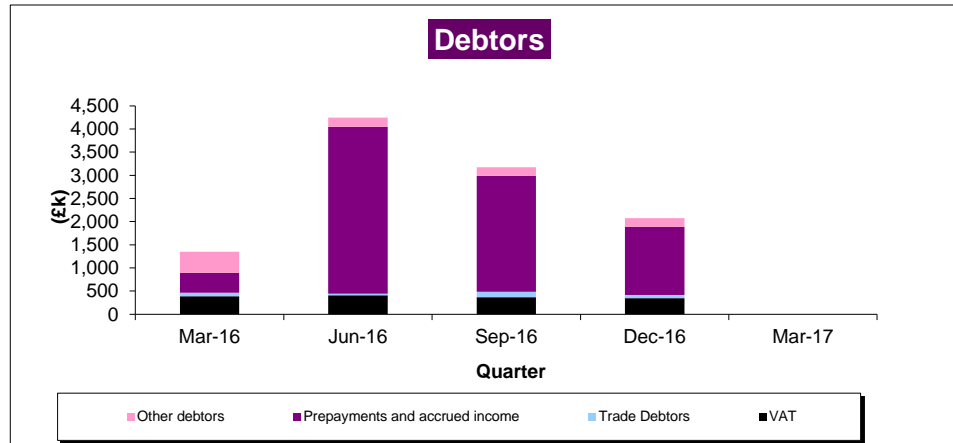
Project Summary : December 2016	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget
Revenue Projects							
Allocated	2,880	2,899	19	0.7	4,156	2,970	69.3%
Unallocated	0	0	0	n/a	0	30	n/a
Total Revenue Projects	2,880	2,899	19	0.7	4,156	3,000	69.3%
Capital Projects							
Allocated	973	958	(15)	(1.5)	2,106	1,500	46.2%
Unallocated	0	0	0	n/a	0	0	n/a
Total Capital Projects	973	958	(15)	(1.5)	2,106	1,500	46.2%
TOTAL	3,853	3,857	4	0.1	6,262	4,500	61.5%

By Portfolio:	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget
BIT and Digital	1,973	1,975	2	0.1	3,082	2,755	64.0%
FM Building & Equipment	1,460	1,473	12	0.8	2,609	1,420	56.0%
Innovation Fund/Other	188	177	(11)	(6.3)	246	135	76.4%
OD and HR projects	232	233	1	0	325	160	71.2%
Total Projects Allocated	3,853	3,857	4	0.1	6,262	4,470	61.5%
Unallocated Project Budget	0	0	0	n/a	0	30	0.0%
TOTAL	3,853	3,857	4	0.1	6,262	4,500	61.5%



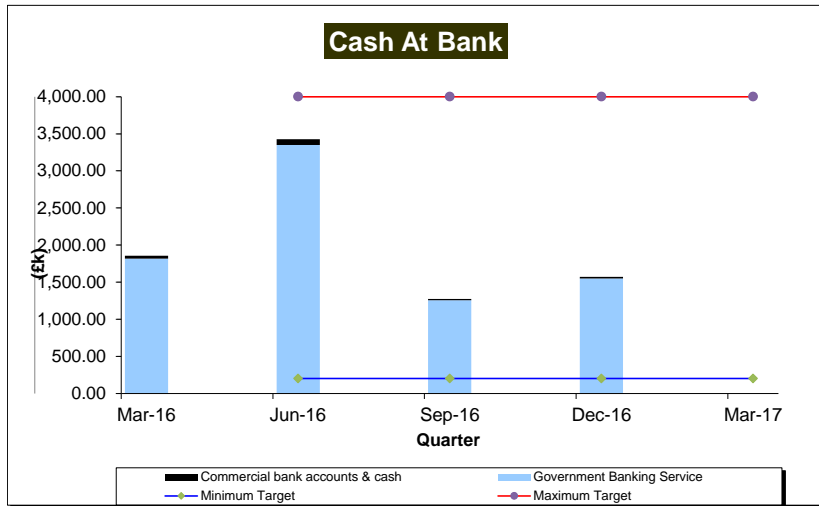
Note

Land, Buildings and Fixed Plant professionally valued at £304.0m at 31 March 2015.
IT Systems and Software, and Equipment, include depreciation.

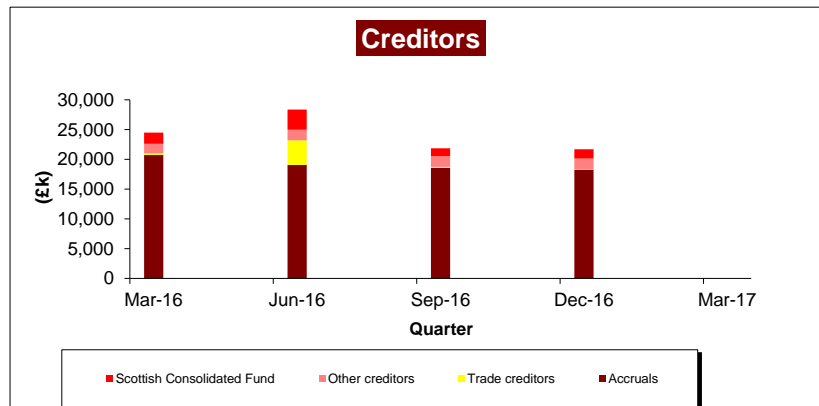


Note

Other debtors higher in March 2016 due to monies receivable from Members pension scheme
Movement in prepayments is due to accounting treatment of rates
Trade debtors higher in September due to sales invoices raised for Events
VAT balance represents only the most recent quarter



Note
Bank balances kept within target.



Note
Scottish Consolidated Fund creditor equal to bank balance
Trade creditors higher in June due to accounting treatment of rates (paid in September).
Accruals slightly higher at March 2016 to capture costs in correct financial year.

Schedule 6 Income from Catering Operation and from Parliament Shop

Analysis of Catering Costs and Subsidy

2016-17 YTD (9 months to December 2016)	Garden Level	Coffee Bar	Members' Restaurant	Members' Bar	QBH Lounge	Parliament Café	Commercial Events	Events	Internal Hospitality	Internal Meetings	YTD Actual Total	YTD Budget Total	YTD Variance	Current Annual Budget	Original Approved Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	284	65	14	3	41	124	16	167	55	49	817	900	- 83	1,200	1,200
Less:- Direct Outlet Costs	- 344	- 43	- 45	- 1	- 50	- 102	- 7	- 78	- 64	- 64	- 798	- 880	82	- 1,100	- 1,100
Net Contribution to Trading Profit/(Deficit) after direct outlet costs	- 60	22	- 32	2	- 9	22	9	89	- 9	15	19	20	- 1	100	100
Less:- Indirect Costs Generic Labour ¹ & Other Overheads ²											- 395	- 420	25	- 610	- 610
Net subsidy											- 376	- 400	24	- 510	- 510

Notes:

Note ¹ - Generic Labour includes: All management roles and some support roles

Note ² - Other Overheads includes: Non capital equipment purchases and maintenance; all administrative costs (inc. Management Fee) and all sundry costs.

All figures are exclusive of VAT

Shop Trading Account

2016-17 YTD (9 months to December 2016)	YTD Actual	YTD Budget	YTD Variance	Current Annual Budget	Original Approved Budget
	£'000	£'000	£'000	£'000	£'000
Sales (net of discount)	191	207	- 16	250	250
Less Cost of sales	118	122	- 3	144	144
Net Contribution	72	85	- 13	106	106
Direct Salaries	69	67	1	90	89
Other Direct Costs (2)	6	6	0	6	11
Total Direct Costs	74	73	2	96	100
Net Contribution/(Subsidy) after direct costs	- 2	13	- 15	10	6

Notes

(1) Cost of sales is the cost to the Parliament of items for sale in the shop

(2) Other direct costs are expenditure incurred directly in the operation of the shop such as stationery and credit card and cash uplift charges. (Some budget and costs for this sit in P12400)

As a result of the Visitor Services Office review, reduced staffing levels in the shop have been implemented during 2012-13 to reduce staffing costs.

This statement does not include general overhead costs, e.g. for a proportion of business rates, utility costs and other operational and support costs.