

Resource Allocation for 2022-23 and Future Years

2 December 2021

Reference: SPCB(2021)Paper 76

Executive Summary

1. The Corporate Body considered its high-level planning and budgeting assumptions at its Planning Meeting on 26 August 2021. Further to that discussion, this paper invites Corporate Body to discuss the proposed budget bids for 2022-23 and the indicative forecast for 2023-24. We are due to submit the bid to the Finance & Public Administration Committee by 14 December.
2. This is the first budget bid in the new Parliament for session 6. The bid for 21/22 focussed on setting up Members for session 6 [review Members' Expenses Scheme £6M]; new funding responsibilities [Electoral Commission and Officeholders £2.6M]; and the election [£3M contingency].
3. The drivers for the 22/23 bid at a top level are: a strategic review of SPCB staffing to achieve a more sustainable footing for effective delivery of parliamentary support services across session 6; anticipated requirements to further enhance Members' personal security in light of emerging security advice; and economic pressures forecast in inflation for Parliament's running costs.
4. In summary the bid proposes:
 - A total proposed budget for 2022-23 of £112.2m representing a net £1.6m, 1.4% increase on the current financial year's budget and a £4.1m, 3.8% increase on the indicative 2022-23 budget advised to the Finance and Constitution Committee.
 - An increase in the Officeholders' budget of £0.6M (3.7%) compared to the current year; this largely pertains to SPCB taking on funding for the Biometrics Commissioner and this was noted in the SPCB budget bid last

year. Offsetting this is a drop in the Electoral Commission funding requirement in 2022-23.

- Members' Expenses Scheme reflecting full year impact of the Scheme review and results of indexation.
- £1M contingency, as usual, to deal with unforeseen issues and additional in year pressures and a further £1 million contingency to address emergent personal security changes, once established, with a view to baselining a more accurate amount in the 23/24 budget.
- Members' pay award in 22/23, after a zero % increase in 20/21, applying the ASHE Mean rate of 3.4% as laid out in the scheme.
- Broadly similar levels of running costs, uprated to take account of anticipated increased inflationary pressures as advised by OBR and BoE.
- £116M indicative bid for 23/24, a £4M (3.8%) increase on the 22/23 bid.

SPCB is invited to agree the bid for 2022-23; the indicative for 2023-24; and affirm the results of the agreed indices to be used to calculate Members' pay, Staff Cost Provision and Office Cost Provision as per Scheme requirements.

Issues and Options

Staffing baseline

5. In its budget report on the 2021/22 Scottish budget, the Finance & Constitution Committee stated its view that the level of SPCB staffing resources should be reassessed in order to support scrutiny of the complex constitutional arrangements arising from Brexit. Other committees have also expressed specific additional expertise and capacity issues.
6. The Clerk/Chief Executive indicated to SPCB and the Finance & Constitution Committee earlier this year that officials would indeed need to reassess the SPCB staffing baseline from the start of session 6 to ensure we could address various capacity issues.
7. The proposed increase in the staffing baseline set out in this budget bid therefore reflects our more informed understanding of the challenges we face in the delivery of our strategic priorities to:
 - Enhance scrutiny, including supporting new committee structures and remits;
 - Scrutinise post BREXIT constitutional arrangements;
 - Embed sustainability and progress our roadmap to net zero;

- Enable enhanced public engagement and participation in committee work; and
 - Address organisational capacity, capability and staff wellbeing issues.
8. We have undertaken a comprehensive and robust resourcing review, with a 3 - stage challenge process to inform this final bid to SPCB. As part of this we have also captured further efficiency opportunities including digital investments and ways to address demands more flexibly within, and between, teams.
 9. As such, if SPCB agrees the staffing bid we would intend to steward our resources to live within this staffing baseline, taking forward the above projects to address ongoing capacity issues.
 10. The proposed budget of £34.9m for staff, shows a £3.3m (10.3%) increase compared to the current year's approved budget and a £2.5m (7.8%) increase compared to the indicative forecast for 2022-23. The most significant driver of the increase to the staff budget is the proposed change to the staffing baseline.
 11. For the 2022-23 Budget, the impact of the staff baseline changes is c£2.7m (gross) and +£1.9m on the indicative budget. This includes a provision for an increase in SPCB pay. The proposed new roles equate to an additional FTE of 46, offset by a reduction of 13 temporary posts which have been in place for 2 years supporting post BREXIT arrangements. (Net position is +33 FTE, + 5.6% on our permanent baseline).

Further detail on the overall staffing baseline increase is set out below:

Meeting Parliamentary Business Requirements

12. The Session 6 strategic plan, approved by SPCB, commits us to enhancing the scrutiny function of Parliament, including promoting citizen participation, to enable our legislature and its Members to perform their constitutional role. Central to this will be supporting committees to enable them to be more responsive, innovative and impactful and to deliver better public services and outcomes for our citizens. To do so we are developing and delivering a strategic Scrutiny Improvement Programme to support Members on the development of better legislation; policy and post-legislative scrutiny; public accountability and quality of debate. It also includes embedding deliberative democracy in the work of Parliament. These priorities are entirely aligned with both the challenges posed by several legacy reports from Session 5 and with the ambitious set of committees established from the outset of Session 6.
13. As result of return of powers from EU, the UK constitutional framework has diverged from our devolved structures through creation of a UK Internal Common Market (among other things). Dealing with post-Brexit legislation and development of common frameworks continues to be a major focus in certain policy areas and will continue to be a significant focus for committees. This

process is highly complex, often based on incomplete information and moves at pace. Whilst we have managed, as appropriate, with temporary resources over the latter part of Session 5 we now need to move towards a more stable and sustainable staffing structure to best support the now established demands

14. The big (and novel) policy challenges of Covid-19, climate and constitution bring a wide range of cross-cutting, complex policy issues that Parliament must embrace, placing significant demands on SPS to have the right level of expertise and capacity.

Organisational Capacity, Capability and Staff Wellbeing

15. We are committed to delivering excellent parliamentary services. Key to our success is the capacity and capability of parliamentary staff, complemented by effective use of technologies to work smarter, investment in training and development, with a focus on driving efficiency in all our operational areas of delivery.
16. Experience from Session 5, augmented by flexi data and staff survey results, confirm that we must invest to meet the demands of delivering excellent services and support changes in the way we operate. The status quo has become unsustainable. The end of Session 5 saw high levels of excess flexi hours and annual leave carried by key personnel across the SPS and staff survey feedback highlighted associated anxiety and compromised wellbeing.
17. A key commitment is that an increase in staffing baseline will allow us to create a more flexible workforce capable of responding to peaks in demand. This will be addressed in a number of ways including diversifying skills and experience to reduce reliance on key personnel or teams; and developing flexible workforce planning and deployment within and across teams. The changes we are making to ensure we can create headroom and capacity in our services across session 6 will be supported through our People and Culture Office.

Sustainability

18. There are significant expectations that Parliament takes a lead in embedding sustainability, delivering fair work practices and progressing towards net zero. In terms of scrutiny, this also means that to get to net zero will be a huge challenge across all policy areas. It will need coordinated scrutiny and engagement by the Parliament on the implications for Scotland as a whole.

Digital Developments

19. Like any modern organisation, one of the key ways we now deliver all Parliamentary services, and can continue to improve efficiency, is how we

utilise information and technology. There is an increasing demand for digital services that directly support Members, their staff and SPCB, and enables and supports the business of the Parliament, including engaging and informing the public of our work. The pace of change is faster than it has ever been and technology and information will play an essential role in achieving many of our aims. This in turn will lead us to place emphasis on investment in new digital products and services, which requires us to have sufficient skills and expertise.

SPCB Staff Salaries

20. In respect of SPCB staff salaries, for budgetary purposes we have made provision for a cost of living pay award for the next financial year. This is subject to negotiation with the TUS. There is a risk that inflation could be much higher by next spring and we will need to assess this as part of the discussions with SPCB to set a negotiating remit.
21. The staff pay budget also reflects the continued investment in the modern apprentices' programme, supporting young people aged 16-24 to work in the Parliament whilst earning a qualification.
22. We know from experience that staff turnover reduces the net cost of incremental pay progression. This is reflected in an assumed level of vacancies, which is applied to the staff pay budget as a credit. The vacancy factor is budgeted for 2022-23 at £813k or 2.5% of salaries and is equivalent to approximately 13 FTE (2021-22 - £792k, 2.5%).

Staff Related Costs

23. Staff related costs are budgeted at £791k, an increase of £76k (10.6%) from the current year's budget, reflecting a step change in our approach to corporate training. This reflects Session 6 strategy ambitions and continuing improvements in our approach to learning and to address feedback from the staff survey. This budget also includes a provision for the delivery of a centralised training programme to Members' staff, as agreed as part of the review of Staff Cost Provision. The staff related costs budget also includes provision for Committee travel and associated costs to support the Parliament to extend its work to communities across Scotland.

Property Costs

24. Property Costs of £7.8m show a net decrease of £8k (-0.1%) on the 2021-22 budget. The main budget areas are set out below.
25. Rates, at £3.6m, accounts for almost half of total property costs and is projected to be £46k (1.3%) lower than the 2021-22 budget bid. The 2021-22 budget was estimated in excess of the actual charge and the 2022-23 estimate

has been rebased on the actual 2021-22 charge with a small estimated inflationary uplift in line with the actual uplift from 2020-21 to 2021-22. The charge is based on a rate in the pound for non-domestic rates set by the Scottish Government which still has to be announced for 2022-23 and the assessed rateable value of the building.

26. Maintenance costs are projected to increase by 3.0% from £2,344k in 2021-22 to £2,415k in 2022-23. The nature of this work is that there will be peaks and troughs over the years in line with FM's 25 year maintenance plan, though we aim to smooth these as much as possible.

27. Utility budget costs in 2021-22 are projected to rise by £24k (2.3%), 60% of Gas prices are fixed due to advance purchasing, 40% are estimated and the market has since become very volatile. Electricity prices are estimates but more stable. Suppliers are unwilling to commit to prices this far in advance due to the market. All other property costs remain broadly at 2020-21 levels for next year.

Running Costs

28. Running costs of £7.3m mainly consist of the SPCB's outsourced contracts for the provision of goods and services and are a decrease of £145k (-2.0%) on the restated 2021-22 budget. The review of SCP in 2020 resulted in some ongoing support costs for the parliamentary service and that this was reflected as one overall budget line totalling £400k in 21/22 budget bid. Those costs have now been allocated to relevant budgetary areas and so you have restated the current budget and the 22/23 indicative submitted at the time to better reflect this. In addition some of the £400k budget was one off IT costs and so not required in 22/23 budget bid. Overall running costs are largely neutral for 2022-23 against the restated comparable indicative budget. Cost increases from general software licences and cloud hosting services support are offset by reductions in other areas such as information centre stock and software support and maintenance.

Income

29. The projected income of £264k relates principally to the Parliament shop, and no change (0.0%) is anticipated against the 2021-22 budget. This is based on a normal year of opening to the public and visitor numbers at previous levels pre-pandemic.

Project Expenditure

30. The total amount incorporated in the 2022-23 budget for revenue and capital projects is £5.0m, £1.4m (21.8% lower than the current year budget) which is in line with the indicative 2022-23 budget. The 2021-22 budget included a one-

off additional increase for the funding of the impact of security project requirements [principally the service yard changes]. Excluding this the project budget has risen by £99k (2.0%) between 2021-22 and 2022-23.

31. The project expenditure budget funds much of the developmental work outlined in our new session 6 strategy. It includes the planned replacement of existing infrastructure (e.g. IT systems and modernisation/improvement of our sound and voting systems to better enable hybrid and remote business) and investment to make improvements to the Parliament's services and facilities (e.g. better enabling our facilities for more flexible working, progress towards our net zero ambitions and improved and more efficient digital applications)
32. The project expenditure budget also contains provision to ensure that the Parliament's physical and on-line security is maintained to a high standard, to counter the constantly developing threats in this area. Schedule 3 provides further details of the planned expenditure for 2022-23.

Members' Costs

33. Since 2015-16 the MSP pay budget has been calculated on the basis that pay will be uprated on 1 April by the Annual Survey of Hours and Earnings (ASHE) index published annually in the previous autumn. This enables a high level of certainty around these salary costs. The SPCB's budget bid to the Finance & Constitution Committee last year reflected a 0% uplift on those salary rates for 2020-21.
34. ASHE was published on 27 October 2021 and the relevant index for uprating of 2022-23 salaries is 3.4%. The budget has been prepared on the basis of applying a 3.4% uplift to members pay from 1 April 2022. This would equate to a salary of £66,662.

SPCB is invited to affirm the ASHE indexation and note the figure to be applied to Members' pay.

35. At the SPCB meeting in March 2020, the SPCB agreed to index SCP annually using a mix of Average Weekly Earnings (AWE) and the ASHE index ([SPCB\(2020\)Paper 14](#)). Based on the recent ASHE publication this results in an increase for 2022-23 of 4.5%. This would mean a rate of £139,200 per Member. The budget submission includes this uplift. It should be noted that Members as employers, within the overall pay ranges, can determine the cost of living award to their staff so long as it is affordable.
36. The 2022-23 budget increase of £598k (2.4%) from the 2021-22 budget includes the annualised impact of the increase in SCP covering the period which was not included in 2021-22 due to the new Scheme rules applying from the date the Election in May 2021. The costs associated with winding up of

staff employment and offices for those members standing down and not returned aren't required or reflected in the 2022-23 budget.

SPCB is invited to affirm the agreed indexation and note the figure to be applied to for 2022-23 for SCP.

Commissioner's and Ombudsman's Costs

37. The Officeholders' draft 2022-23 budget submissions total £15.4m which is £0.6m (3.7%) higher than the current year and £0.2m (1.4%) higher than the indicative. The main changes in these budgets from 2021-22 reflect the drop in the funding requirement for 2022-23 of the Electoral Commission due to lower electoral activity in 2022-23 offset by the first full year of funding of the Biometric Commissioner. Funding is also increased for the Commissioner for Ethical Standards in Public Life in Scotland to reflect the recent SPCB agreement for additional staff for the Commissioner. The Scottish Commission for Human Rights has also submitted a business case for additional funding of £300k (£288k for staffing and £12k for recruitment, IT etc) which the SPCB is invited to consider. This is a considerable increase and the reasons are detailed in the business case. Given the scale of this increase, we would suggest that the SPCB might wish to consider that we work with the Commission to consider an independent assessment of the business case. It should be noted that the increase requested for 2022/23 only covers 6 months staffing costs for the four new delivery roles and not a full year and as such the increase for the following year for staffing would be £288k plus a further £97k amounting to £385k. If the SPCB agrees to an independent assessment, we recommend the figure of £300k is added to the Officeholder's contingency pending the outcome of the review.

38. An analysis of the officeholders' budget bids is provided in schedules 4a and 4b.

SPCB is invited to confirm they are content with the Officeholders budget bid for 2022-23.

Contingency

39. In line with indicative for 2022-23 the budget paper contains a general £1m contingency bid to cover:

- a prudent contingency for emergencies.
- potential operational cost pressures, which are not yet confirmed or certain.

40. Following the tragic death of Sir David Amess MP, the SPCB has been reviewing the personal security support provided to Members. The costs for enhanced support to Members is included in the SPCB's 2022-23 budget submission as an additional £1m security contingency requirement while the

nature of this support is determined. However, the estimate of all security enhancements, if eventually approved, is included as an ongoing baseline cost from 2023-24 onwards in our indicative forecast and set out as separate line in the SPCB's budget submission to ensure transparency.

41. The Election contingency in 2021-22 is not a recurring element of the SPCB's contingency submission except in Election years.

2023-24 Indicative Forecast

42. Schedule 1 provides an indicative forecast for 2023-24. The Corporate Body is invited to note that the total SPCB budget for 2023-24 is projected at £116.4m, representing a 3.7% increase to the proposed 2022-23 Budget.
43. This forecast for 2023-24 is heavily caveated. Indices applied are based on current CPI but future volatility in inflation is anticipated. There is likely to be substantial volatility in the medium term in the economy and the potential impact on public sector finances is unknown as we continue to deal with the COVID 19 pandemic and its subsequent stages. In addition, we will have a better assessment of any additional personal security requirements, as set out above. The SPCB is invited to note that the Scottish Government's projections for the overall Scottish Budget are not yet available and will be published on 9 December 2021. Our indicative budget may need to be revisited in light of that, and any other developments, reflecting the significant uncertainties we face in public sector budgeting for future years and in development of our own medium-term financial strategy.

Publication Scheme

44. This paper can be published after the SPCB has completed giving evidence on the 2022-23 budget to the Finance and Public Administration Committee.

Decision

45. The Corporate Body is invited to approve the budget bid for 2022-23 and the indicative proposal for 2023-24.

S Glass
Chief Financial Officer
December 2021