

SPCB FINANCE REPORT Period 3 – June 2013

1. This report is to inform SPCB of general financial activity and expenditure trends in 2013-14.

Executive Summary

Performance against Budget (year to date variance)		
a) Total SPCB revenue and capital expenditure	6.5%	Para 2 & 7
b) Total SPS expenditure	7.9%	Para 8
c) Total project expenditure	13.3%	Para 9
Operation of Financial Controls		
d) Key reconciliations up to date	45%	Para 4
Other Key Indicators		
e) Payment performance	99.5%	Para 6

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 financial year 2013-14 of £18.5m represents an under spend against budget of £1.3m (6.5%), which is outside the SPCB's target range of 0% to 5.0% under budget at this stage of the financial year. The overall underspend is higher, in percentage and absolute terms, than the comparable position for 2012-13 of £0.9m (5.3%).
3. We incorporated an early reallocation of the SPCB's approved 2013-14 budget within the period 2 figures to reflect known adjustments between the budget setting process in November 2012 and the start of the financial year. This freed up £90k to add to the SPCB's central contingency.
4. The SPCB's 2012-13 annual accounts have been prepared and passed to Audit Scotland in advance of the commencement of audit fieldwork in mid July. The period 3 reconciliations for the current financial year have been delayed by a technical problem with the BACS payment runs which prevented us from closing the period to timetable. This required manual processing of payments until the issue could be resolved by the bank (about 10 working days to fully resolve). The BACs payment issue has now been resolved and the

reconciliations will be back on track by the end of period 4. The payroll reconciliation has been prepared to period 2. We are in discussion with HR to move the lead responsibility for this reconciliation to Finance.

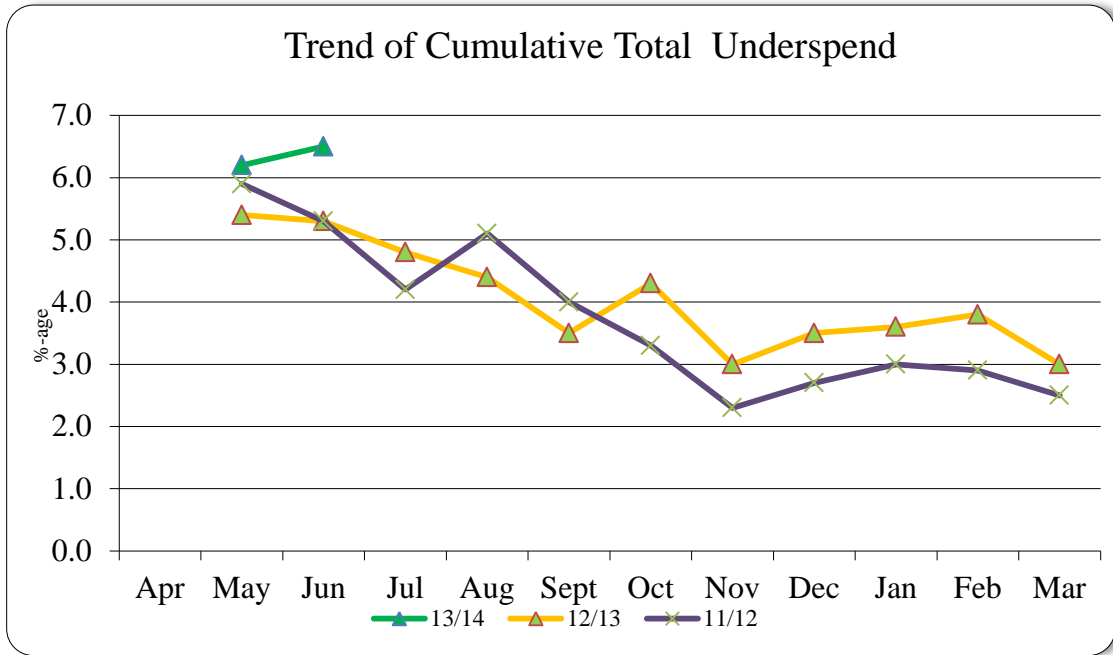
5. The Finance Office has been liaising closely with the Scottish Government (SG) since the upgrade of SEAS in April 2012. A log of issues has been maintained and good progress has been made recently in resolution of key items. Steps are in hand to address the remaining items. The critical item outstanding relates to VAT reporting. This issue is now believed to be resolved and will be formally closed once final user testing has been completed. Opportunities for further development will be investigated with the SG in 2013-14 and a separate log maintained of these to monitor progress once action has been agreed with the SG.

	Original upgrade
Original upgrade issues logged	75
Remaining issues at period 3	5
Prioritisation:	
High	1
Medium	4

6. Payment performance within contract terms exceeds the 99% target for the year to date and the equivalent figure for payment within 10 days is 90.4%.

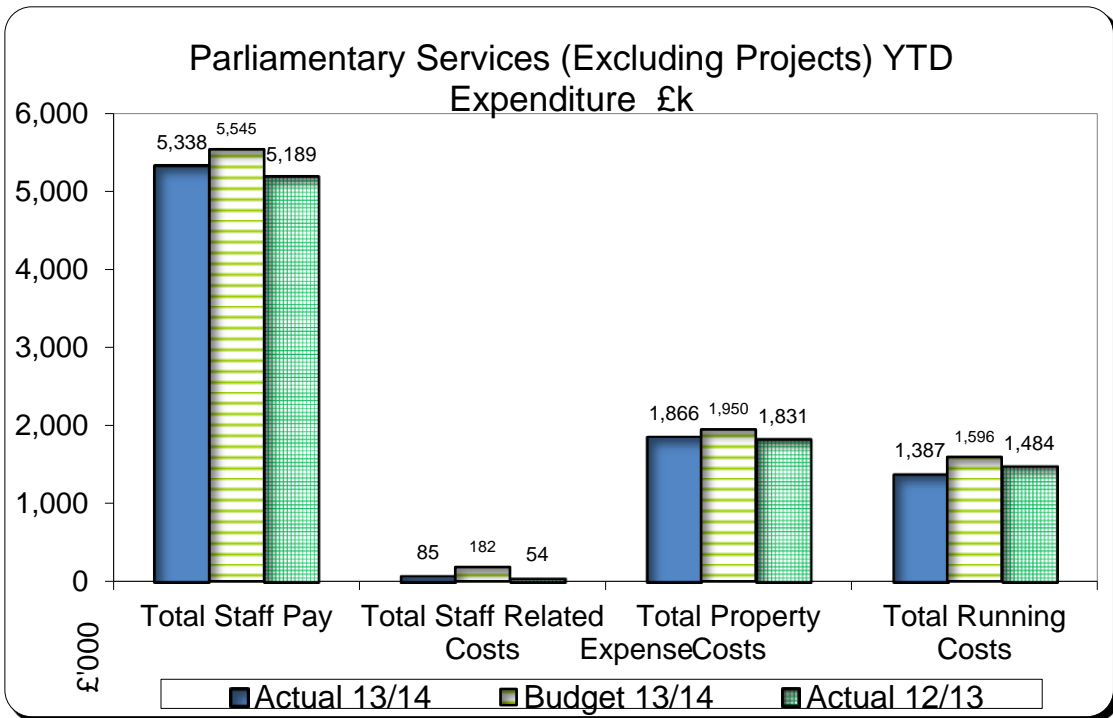
Financial Results

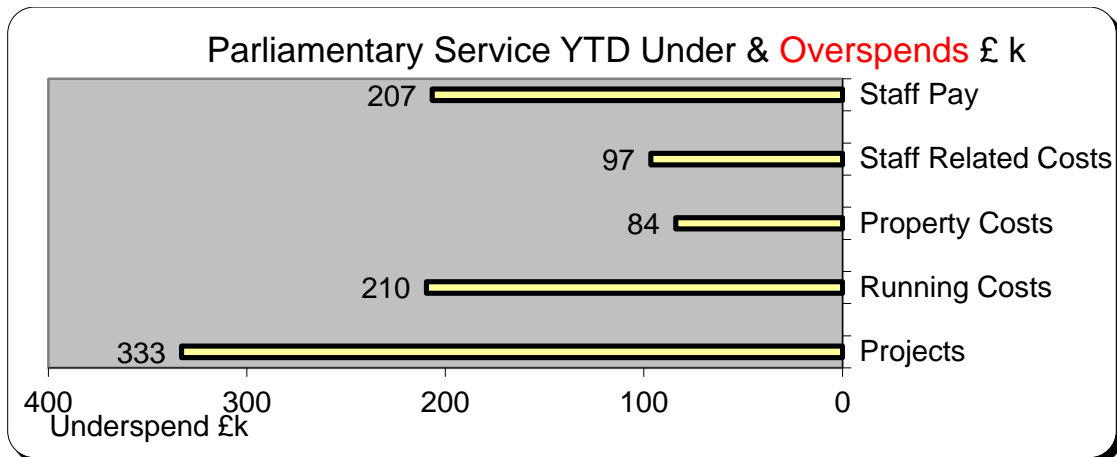
7. The SPCB's total revenue and capital expenditure per Schedule 1 for the two months ended June 2013 is £18.5m, which is £1.3m (6.5%) under the approved budget of £19.8m.



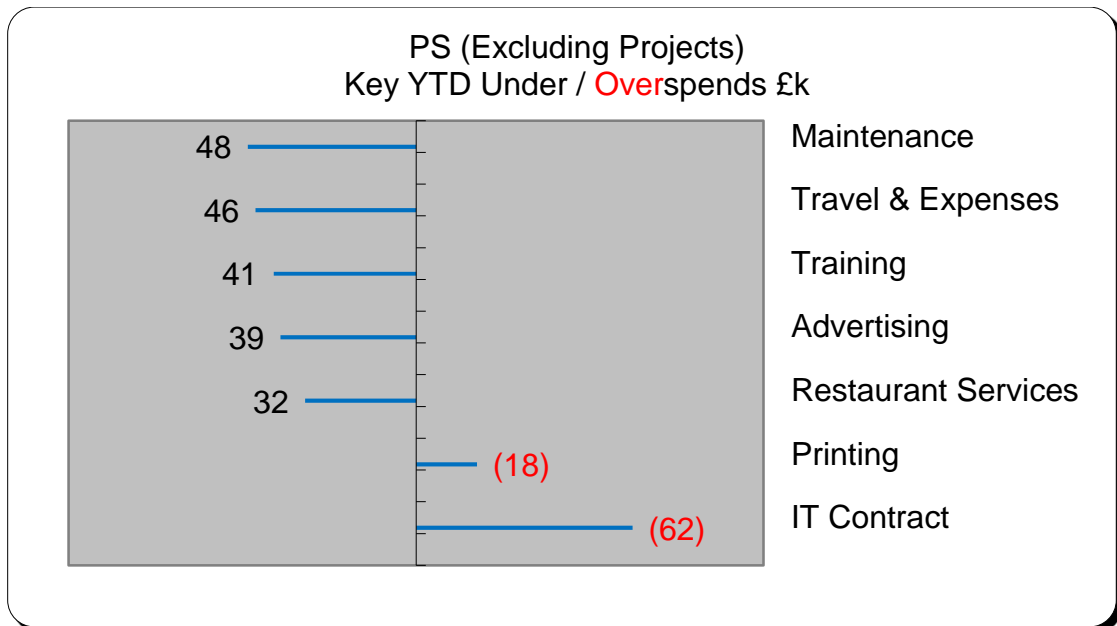
Parliamentary Service Costs (Schedule 2)

8. The cumulative expenditure for the Parliamentary Service (SPS), at £10.8m, is £929k (7.9%) under budget. This incorporates both capital and revenue projects. The previous year's expenditure of £8.7m at period 2 was £638k (6.9%) below budget. An analysis of the current financial year by main category of expenditure is shown in the two charts below.





- Staff pay is £207k (3.7%) under budget. The staff cost underspend is spread across all groups with Committee & Outreach and Communication & Research accounting for £45k and £48k respectively.
- Staff Related costs of £85k are reported as £97k (53.1%) below budget, with Travel & Expenses accounting for £46k and Training for £41k. The reported underspend is partly attributable to a delay in processing corporate credit card transactions, which will reduce during the year as we fully implement the more streamlined processing arrangements for the new corporate card. £40k was moved from Job Related Training budgets to contingency during period 2.
- Property costs of £1.9m are £84k (4.3%) under the Year To Date budget – principally (£70k) in maintenance costs.
- Running costs of £1.4m are £210k (13.1%) under budget. Main running cost underspends are against Restaurant Services (£32k) and Advertising (£39k).



Project Reporting (Schedule 3):

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

- Revenue Projects show a total spend of £40k against the year to date budget of £100k. The reported underspend of £60k (60%) was as a result of fewer revenue change requests taking place than budgeted, but we expect this to rectify itself during the summer recess.
- The capital expenditure programme for 2013-14 has seen expenditure to date of £2.1m against the year to date budget of £2.4m, an underspend of £273k or 11.4%. Expenditure of £2.1m in respect of the ESF construction in the first three months of 2013-14 takes the total ESF expenditure up to £4.9m. The project remains on track to be completed during summer 2013 within budget.
- Overall, 48.3% of the total allocated annual project budget has been spent by the end of June 2013.

Members' Costs (Schedule 2)

10. Members' costs are analysed in Schedule 2, which shows £5.8m reported cost to June 2013, £347k (5.7%) below the phased budget. (The corresponding underspend figures for 2012-13 at the end of period 3 were £223k, 3.8%). Of this underspend, £287k (9.0%) is on Members' Expenses. Party Assistance at £88k is reported as £26k under the phased budget.

Commissioners & Ombudsman Costs (Schedule 2)

11. The SPCB's funding cost for Commissioners and Ombudsman (Officeholders) for the year to date amounts to £1.9m, which is £2k (0.1%) below the phased

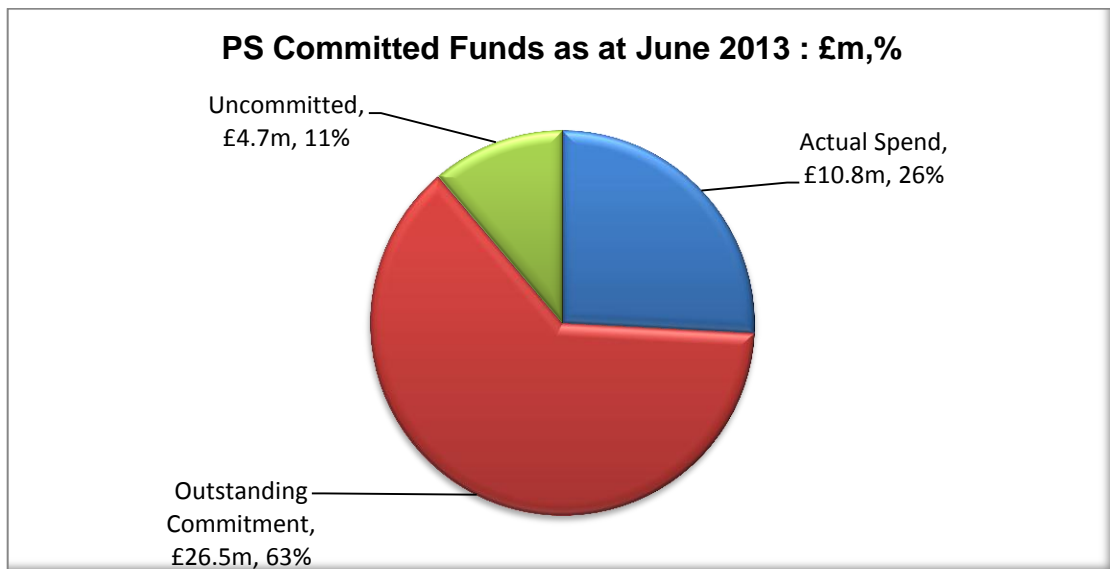
budget. (2012-13 figures as at June 2012 were an underspend of £37k or 1.8%), principally in respect of the Public Service Ombudsman (£18k) and the Scottish Information Commissioner (£16k).)

Central Contingency

12. The SPCB's central revenue contingency remains at £590k following the increases in period 2. This was as a result of reducing the rates budget by £60k (as the actual rates bill for 2013/14 was less than budgeted), the Job Related Training budget across 14 offices was reduced by £40k to help fund the Agility Framework and £10k was allocated to Committee Office to take forward the proposals for Members' CPD.

Commitment

13. The amount committed across the Parliamentary Service stood at £37.3m or 89% of total annual PS budget.



Period 3
June 2013 Leadership Group Financial Schedules

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)	10,848	11,777	929	7.9	41,988	42,078
Members' Costs (Schedule 2)	5,774	6,122	347	5.7	24,511	24,511
Commissioners & Ombudsman Costs (Schedule 2)	1,895	1,898	2	0.1	8,059	8,059
Sub Total	18,517	19,796	1,279	6.5	74,558	74,648
Reserves - SPCB Contingency	0	0	0	n/a	590	500
TOTAL EXPENDITURE	18,517	19,796	1,279	6.5	75,148	75,148

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	5,338	5,545	207	3.7	21,977	21,977
Staff Related Costs	85	182	97	53.1	778	808
Property Costs	1,866	1,950	84	4.3	7,935	7,995
Running Costs (Including Events & Income)	1,387	1,596	210	13.1	6,798	6,798
Parliamentary Service Costs excluding Projects	8,676	9,273	597	6.4	37,488	37,578
Projects (Schedule 3)	2,172	2,504	333	13.3	4,500	4,500
Total PS Expenditure	10,848	11,777	929	7.9	41,988	42,078
<u>Members' Costs</u>						
MSP & Officeholders' Pay	2,778	2,813	35	1.2	11,250	11,250
MSP Expenses	2,908	3,195	287	9.0	12,806	12,806
Party Assistance	88	114	26	22.7	455	455
Total	5,774	6,122	347	5.7	24,511	24,511
<u>Commissioners & Ombudsman</u>						
Ethical Standards Commission	165	146	(19)	(12.7)	797	797
Standards Commission	51	62	11	17.1	226	226
Human Rights Commission	220	228	8	3.6	909	909
Scottish Information Commissioner	357	359	2	0.6	1,394	1,394
Public Services Ombudsman	778	775	(3)	(0.4)	3,207	3,207
Commissioner for Children	324	327	3	1.0	1,226	1,226
Reserves - C&O Contingency	0	0	0	n/a	300	300
Total	1,895	1,898	2	0.1	8,059	8,059

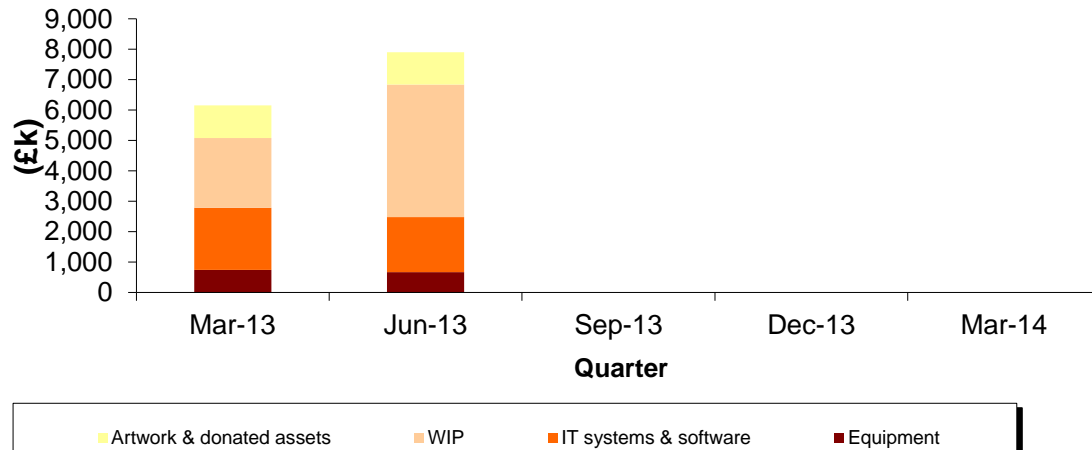
Period 3
June 2013 Leadership Group Financial Schedules

Schedule 3

Project Summary : June 2013	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget	Outstanding Commitment £k	Funds Available £k
Revenue Projects									
Allocated	40	100	60	59.6	600	600	6.7	207	352
Unallocated	0	0	0	0.0	900	900	0.0%	0	900
Total Revenue Projects	40	100	60	n/a	1,500	1,500	2.7	207	1,252
Capital Projects									
Allocated	2,131	2,404	273	11.4	3,000	3,000	71.0%	1,183	(314)
Unallocated	0	0	0	0.0	0	0	0.0%	0	0
Total Capital Projects	2,131	2,404	273	11.4	3,000	3,000	71.0%	1,183	(314)
TOTAL	2,172	2,504	333	13.3	4,500	4,500	48.3%	1,391	938

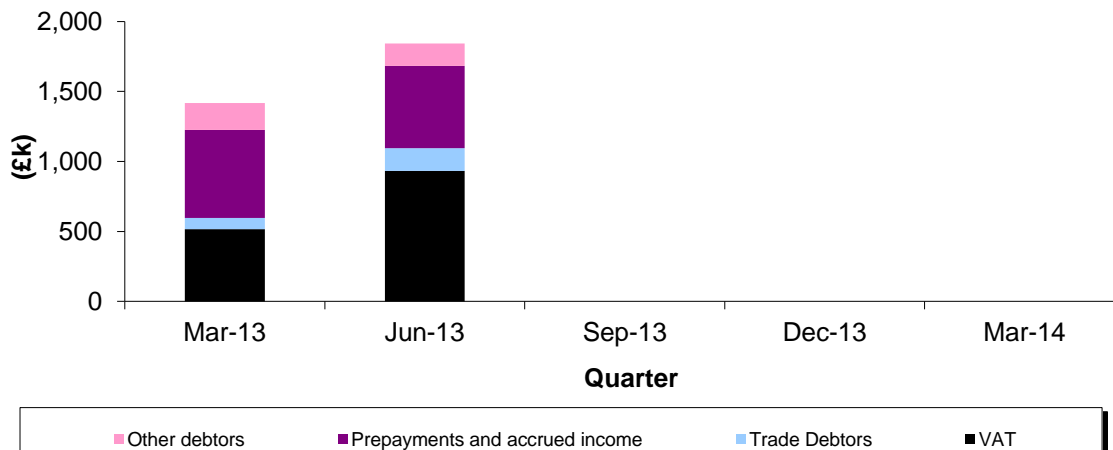
By Portfolio:	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget	Outstanding Commitment £k	Funds Available £k
IT	33	0	(33)	n/a	0	0	n/a	12	(45)
FM Building & Equipment	42	100	58	58.3	600	600	7.0	207	351
Engagement	-1	0	1	n/a	0	0	n/a	0	1
ESF Capital Construction	2,099	2,404	306	12.7	3,000	3,000	70.0%	1,171	(270)
Information Management	(1)	0	1	n/a	0	0	n/a	0	1
Artwork / Other	0	0.0	0	n/a	0.0	n/a	n/a	0	0
Total Projects Allocated	2,172	2,504	333	13.3	3,600	3,600	60.3%	1,391	38
Unallocated Project Budget	0	0	0	0.0	900	900	0.0%	0	900
TOTAL	2,172	2,504	333	13.3	4,500	4,500	48.3%	1,391	938

Fixed Assets (Excluding Land & Buildings)



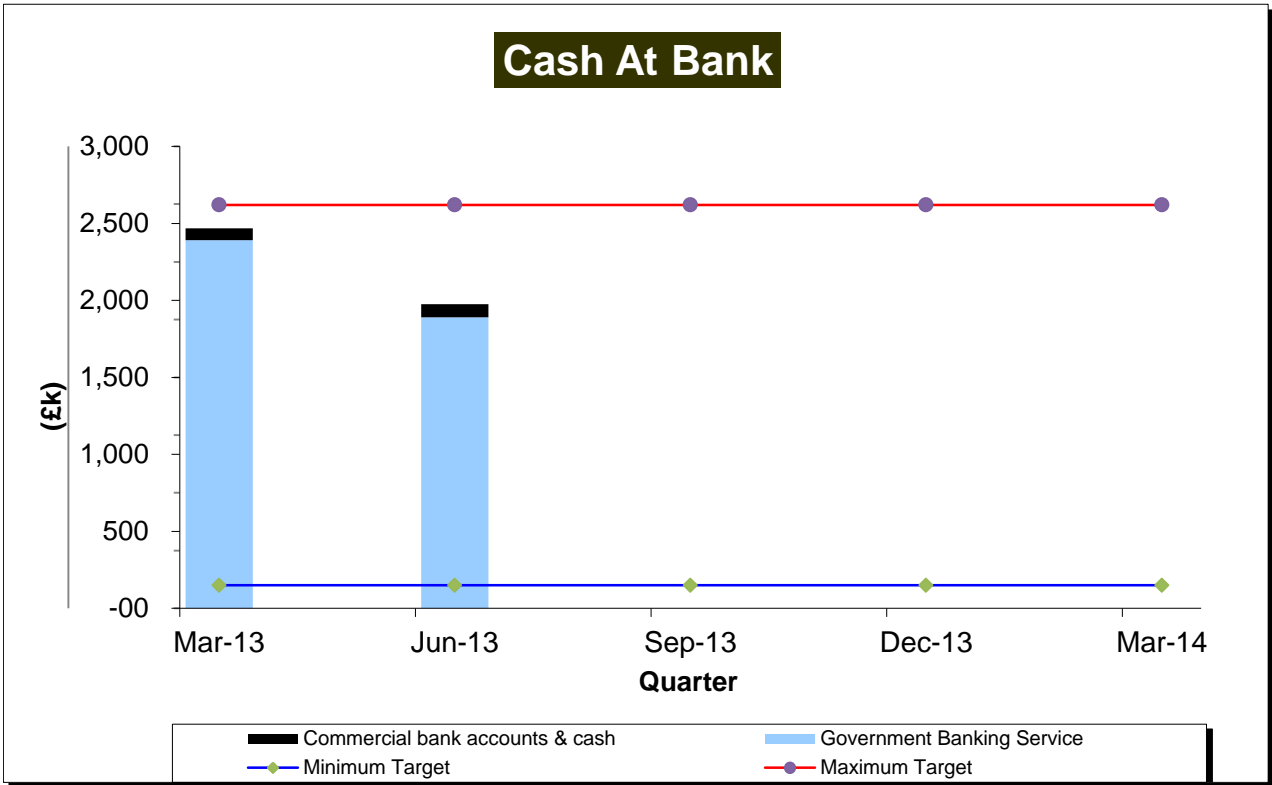
Land & Buildings professionally valued at £306.5m at 31 March 2010.
 No change in artwork. WIP represents spend on External Security Facility.
 IT Systems and Software, and Equipment, include additions which are more than offset by depreciation.

Debtors



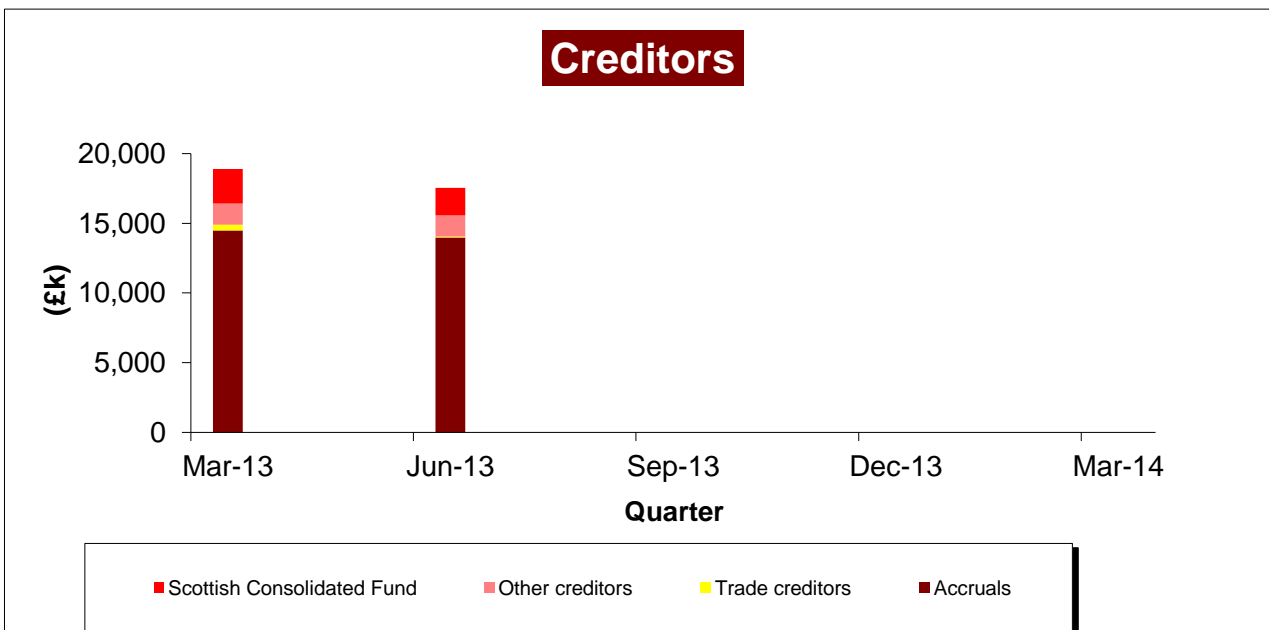
Note

VAT debtor at 31 March was received on 15 July



Note

Bank balances kept within target



Note

Scottish Consolidated Fund creditor equal to bank balance

Schedule 6 Income from Catering Operation and from Parliament Shop

Analysis of Catering Costs and Subsidy

2013-14 Quarter 1	Garden Level Restaurant	Coffee Bar	Members' Restaurant	Members' Bar	QBH Lounge	Parliament Café	Events	Internal Hospitality	Internal Meetings	Total	YTD Budget	YTD Variance	Annual Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	90	22	8	3	14	28	100	10	19	294	263	30	
Less:- cost of food	(60)	(7)	(4)	(1)	(5)	(8)	(21)	(4)	(10)	(119)	(117)	(2)	
Gross Profit	30	15	5	2	9	19	79	6	10	174	146	28	
Less:- Direct Labour Costs	(61)	(8)	(17)	(5)	(12)	(21)	(25)	(7)	(7)	(162)	(162)	(0)	
Net Contribution to Trading Profit/(Deficit) after direct costs	(32)	7	(12)	(3)	(3)	(1)	54	(1)	3	12	(16)	28	
Less:- Indirect Costs Generic Labour ¹ & Other Overheads ²										(113)	(116)	3	
Total Indirect Costs										(113)	(116)	3	
Net subsidy										(101)	(133)	31	(519)

Notes:

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

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

All figures are exclusive of VAT

Shop Trading Account

2013-14 Quarter 1	Total	YTD Budget	YTD Variance	Annual Budget
	£'000	£'000	£'000	£'000
Sales	43	55	(13)	224
Cost of Sales (1)	18	29	(11)	135
Net Contribution	25	27	(2)	89
Direct Salaries	21	32	(11)	91
Other Direct Costs (2)	3	1	2	4
Total Direct Costs	24	33	(9)	95
Net Contribution/(Subsidy) after direct costs	1	(6)	8	(6)

Notes

(1) Cost of sales is the cost 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.

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.