

SPCB FINANCE REPORT Period 6 – September 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	3.1%	Para 2 & 7
b) Total SPS expenditure	2.3%	Para 8
c) Total project expenditure	0.4%	Para 9
Operation of Financial Controls		
d) Key reconciliations up to date	90.0%	Para 4
Other Key Indicators		
e) Payment performance	99.7%	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 £36.3m represents an under spend against budget of £1.2m (3.1%), which is inside the SPCB's target range of 0% to 5.0% under budget at this stage of the financial year. The overall underspend is lower, in percentage terms, than the comparable position for 2012-13 of £1.2m (3.5%).
3. As previously indicated, we have completed an exercise to review the current year forecast outturn for Parliamentary Service costs, including all major projects, and have incorporated the results in the Period 6 Finance Report.
4. Key reconciliations for the current year are up to date apart from the main payroll control account which has been prepared up to period 5. We are in discussion with HR to move the lead responsibility for this reconciliation to Finance and anticipate Finance taking responsibility for this from the October reconciliation onwards. The SPCB's annual accounts have now completed the audit and review process and were published with an unqualified audit opinion from the Auditor General for Scotland on 8 October.

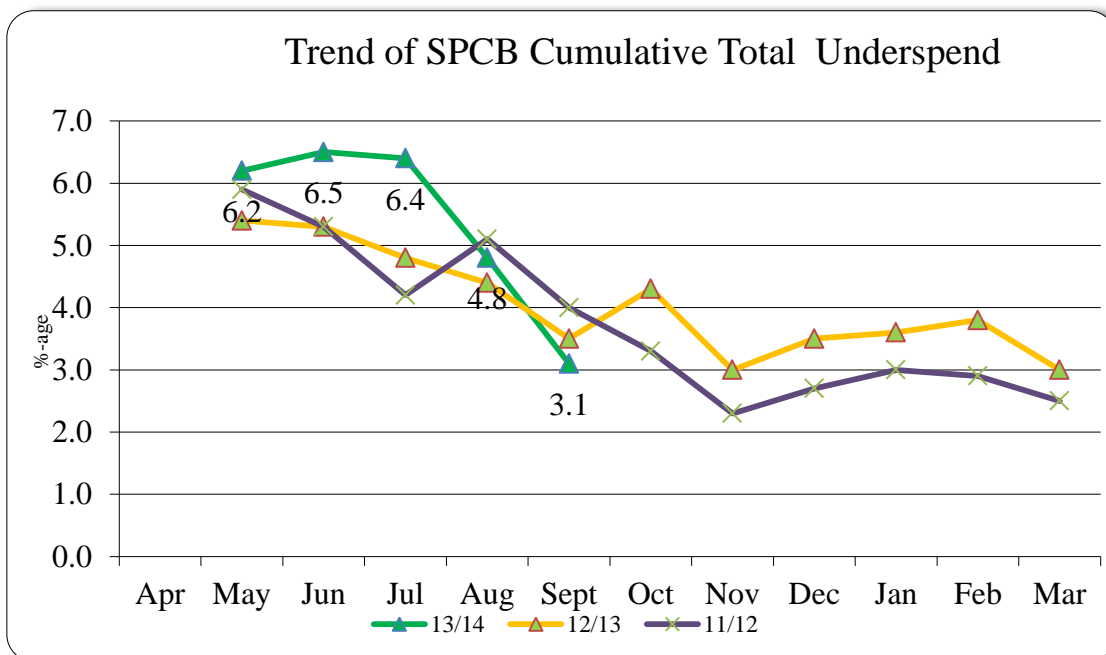
5. The Finance Office has been liaising closely with the Scottish Government (SG) since the upgrade of SEAS in April 2012. A log of issues has been maintained and good progress has been made recently in resolution of key items. Steps are in hand to address the remaining items with the SG in the process of allocating resource to address these now. Opportunities for further development will be investigated in 2013-14 with a SG project for a new reporting tool (Insight) provisionally planned for late Q4. We anticipate being part of the project team on this implementation. A separate log of 2013-14 issues is being maintained to monitor progress once action has been agreed with the SG.

	Original upgrade April 2012	New issues logged this year	Total
Issues logged	75	9	84
Remaining issues at period 5	5	4	9
Prioritisation:			
High	0	0	0
Medium	5	3	8
Low	0	1	1

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 88.6%.

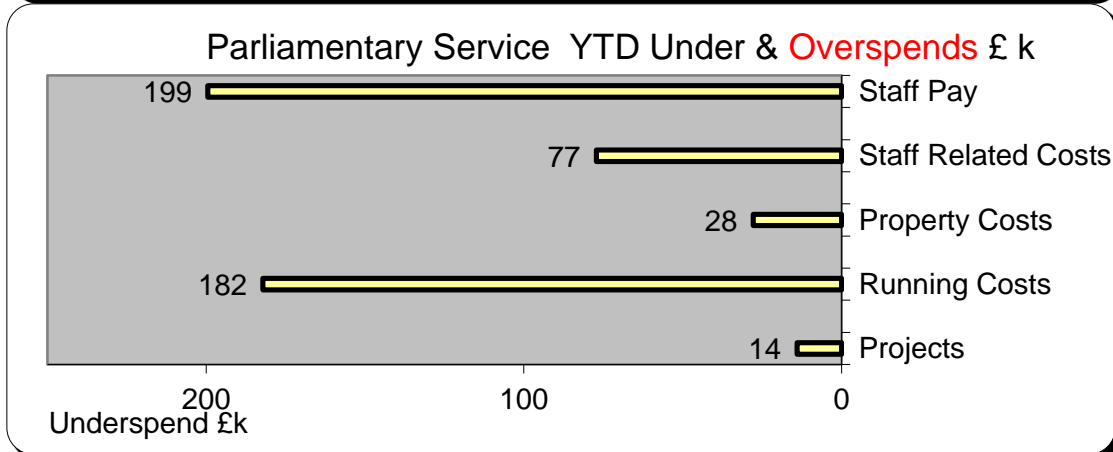
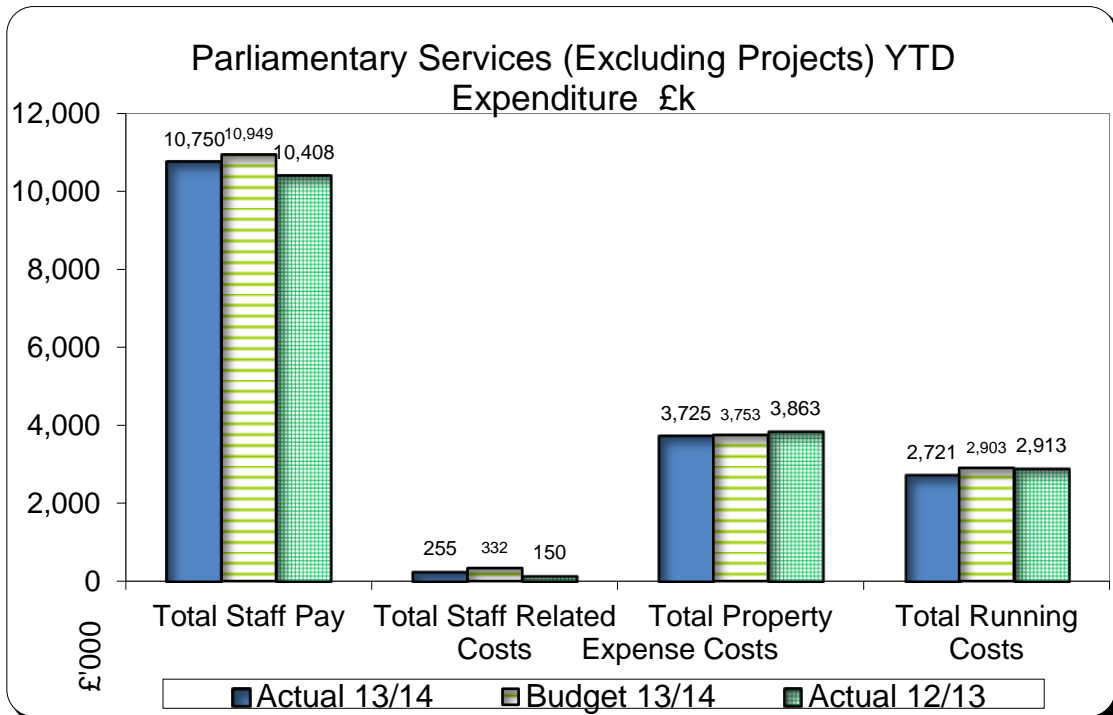
Financial Results

7. The SPCB's total revenue and capital expenditure per Schedule 1 for the six months ended September 2013 is £36.3m, which is £1.2m (3.1%) under the approved budget of £37.5m.



Parliamentary Service Costs (Schedule 2)

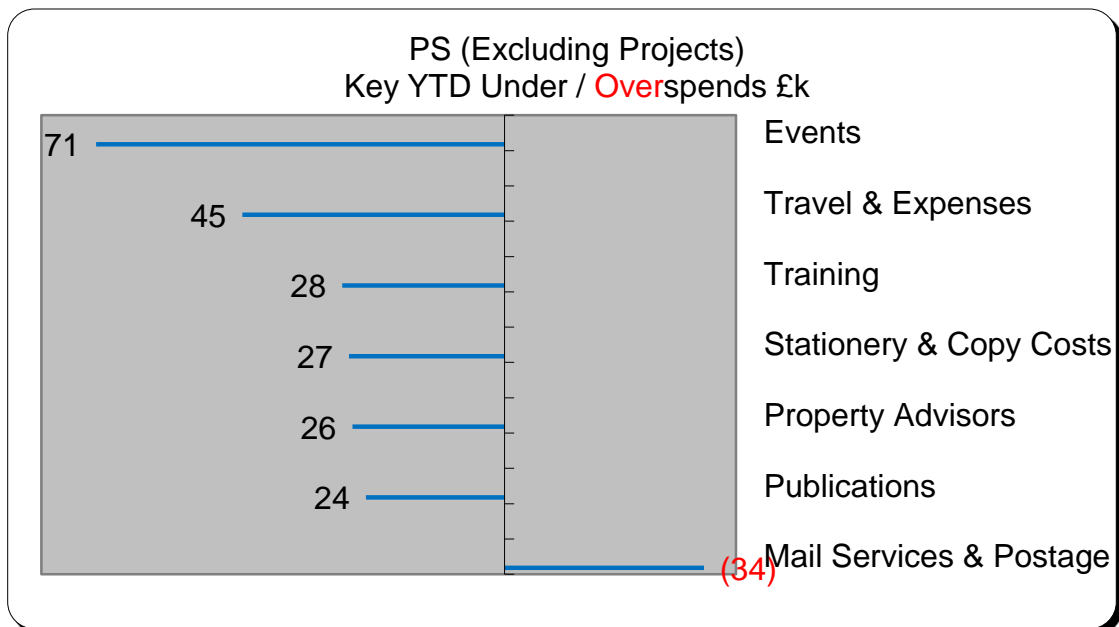
8. The cumulative expenditure for the Parliamentary Service (SPS), at £20.9m, is £0.5m (2.3%) under budget. This incorporates both capital and revenue projects. The previous year's expenditure of £17.9m at period 6 was £0.5m (3.0%) below budget. An analysis of the current financial year by main category of expenditure is shown in the two charts below.



- Staff pay is £199k (1.8%) under budget. The staff cost underspend is spread across a few groups with the largest staff underspends being in Communication & Research (£59k), Chamber & Reporting (£35k), and OSSP (£38k).
- Staff Related costs of £255k are reported as £77k (23.2%) below budget, with Travel & Expenses accounting for £45k and Training for £28k. 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. Total Staff Related Cost reported spend is over £100k higher than at the corresponding period in 2012/13.

- Property costs of £3.7m are £28k (0.7%) under the Year To Date budget – principally £28k in Property Advisors.
- Running costs of £2.7m are £182k (6.3%) under budget. Main running cost underspends are against Events (£71k) as a number of purchase orders had not been put on the system by month end as well as some genuine underspends in areas such as World Press Photo and The Travelling Exhibition; other underspends in Stationery & Copy Costs (£37k) and Publications (£24k). Mail Services and Postage costs are running ahead of budget for the first 6 months, but are expected to stay within the full year budget.



Project Reporting (Schedule 3):

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

- Revenue Projects show a total spend of £263k against the year to date budget of £273k, a reported underspend of £10k (3.5%). We have rephased the unallocated revenue project budget across some new projects including a number of FM projects in relation to the 25 year maintenance plan. £1.34m of the original approved £1.5m budget has now been allocated to specific revenue projects, with the remaining £160k released to the SPCB's general contingency as part of the forecast outturn exercise.

- The capital expenditure programme for 2013-14 has seen expenditure to date of £3.219m against the year to date budget of £3.223m, an underspend of £4k or 0.1%.
Expenditure of £3.1m in respect of the ESF construction in the first six months of 2013-14 takes the total ESF expenditure up to £5.9m. The project remains on track with the new entrance completed and operational during August 2013 and the new exit completed in mid-October 2013 - all within budget. The overall capital project budget has increased by £743k to £3.743m as a result of a transfer of funds from the SPCB's central contingency.
- Overall, 68.5% of the total allocated annual project budget has been spent and a further 13.4% committed by the end of September 2013.

Members' Costs (Schedule 2)

10. Members' costs are analysed in Schedule 2, which shows £11.6m reported cost to September 2013, £663k (5.4%) below the phased budget. (The corresponding underspend figures for 2012-13 at the end of period 6 were £432k, 3.7%). Of this underspend, £571k (9.0%) is on Members' Expenses. Party Assistance at £195k is reported as £31k 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 £3.8m, which is £12k (0.3%) below the phased budget, (2012-13 figures as at September 2012 were an underspend of £204k or 5.1%).

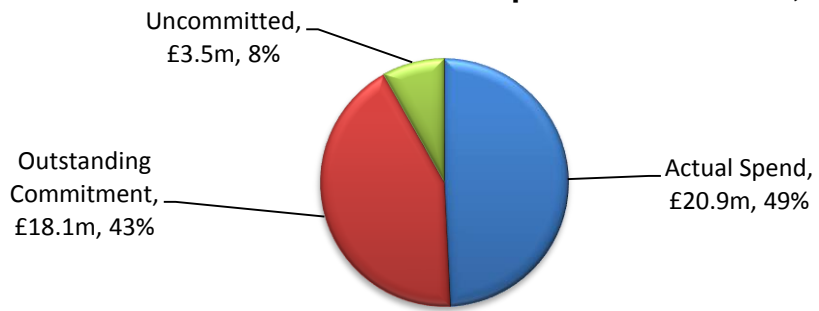
Central Contingency

12. The SPCB's central revenue contingency has been reduced to £50k from £590k following the forecasting exercise. This comprises a transfer of £583k to fund project budgets, offset by £43k released from office's line budgets.

Commitment

13. The amount committed across the Parliamentary Service (including projects) stood at £39.1m or 92% of total annual PS budget.

PS Committed Funds as at September 2013 : £m,%



Period 6
September 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)	20,933	21,434	501	2.3	42,528	42,078
Members' Costs (Schedule 2)	11,561	12,223	663	5.4	24,511	24,511
Commissioners & Ombudsman Costs (Schedule 2)	3,842	3,854	12	0.3	8,059	8,059
Sub Total	36,336	37,511	1,175	3.1	75,098	74,648
Reserves - SPCB Contingency	0	0	0	n/a	50	500
TOTAL EXPENDITURE	36,336	37,511	1,175	3.1	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	10,750	10,949	199	1.8	21,943	21,977
Staff Related Costs	255	332	77	23.2	830	808
Property Costs	3,725	3,753	28	0.7	7,905	7,995
Running Costs (Including Events & Income)	2,721	2,903	182	6.3	6,767	6,798
Parliamentary Service Costs excluding Projects	17,451	17,938	487	2.7	37,445	37,578
Projects (Schedule 3)	3,482	3,496	14	0.4	5,083	4,500
Total PS Expenditure	20,933	21,434	501	2.3	42,528	42,078
<u>Members' Costs</u>						
MSP & Officeholders' Pay	5,565	5,625	60	1.1	11,250	11,250
MSP Expenses	5,801	6,372	571	9.0	12,806	12,806
Party Assistance	195	227	31	13.8	455	455
Total	11,561	12,223	663	5.4	24,511	24,511
<u>Commissioners & Ombudsman</u>						
Ethical Standards Commission	366	347	(19)	(5.4)	797	797
Standards Commission	117	116	(1)	(0.5)	226	226
Human Rights Commission	464	472	8	1.7	909	909
Scottish Information Commissioner	736	708	(27)	(3.9)	1,394	1,394
Public Services Ombudsman	1,537	1,585	48	3.0	3,207	3,207
Commissioner for Children	622	625	4	0.6	1,226	1,226
Reserves - C&O Contingency	0	0	0	n/a	300	300
Total	3,842	3,854	12	0.3	8,059	8,059

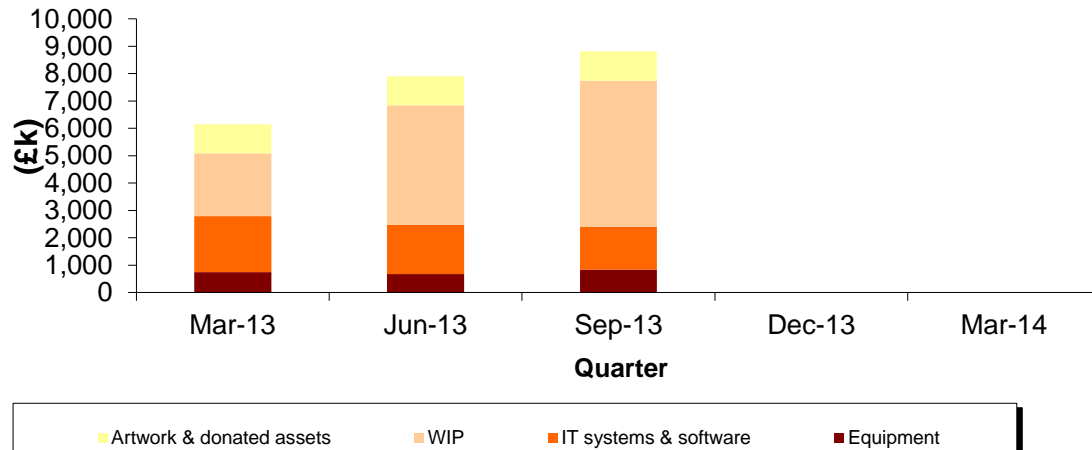
Period 6
September 2013 Leadership Group Financial Schedules

Schedule 3

Project Summary : September 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	263	273	10	3.5	1,340	600	19.7%	285	792
Unallocated	0	0	0	0.0	0	900	0.0%	0	0
Total Revenue Projects	263	273	10	3.5	1,340	1,500	19.7%	285	792
Capital Projects									
Allocated	3,219	3,223	4	0.1	3,743	3,000	86.0%	395	130
Unallocated	0	0	0	0.0	0	0	0.0%	0	0
Total Capital Projects	3,219	3,223	4	0.1	3,743	3,000	86.0%	395	130
TOTAL	3,482	3,496	14	0.4	5,083	4,500	68.5%	680	922

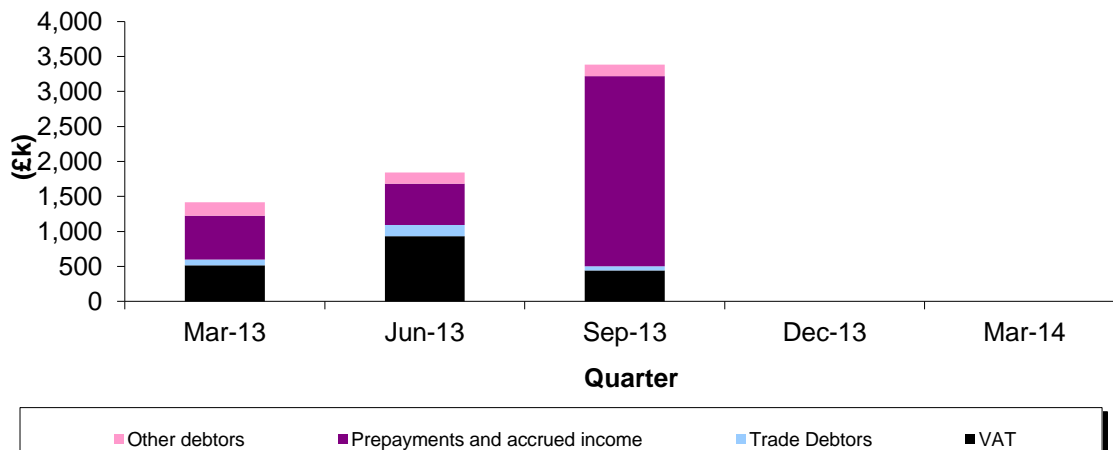
By Portfolio:	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget	Outstanding Commitment £k	Funds Available £k
IT	127	123	(4)	(3.5)	447	0	28.5%	8	312
FM Building & Equipment	226	239	12	5.2	1,091	600	20.7%	243	622
Engagement	(1)	0	1	n/a	0	0	n/a	0	1
ESF Capital Construction	3,084	3,084	0	0.0	3,366	3,000	91.6%	387	(104)
Information Management	45	50	5	9.8	179	0	25.4%	42	91
Artwork / Other	0	0	0	0.0	0	0	n/a	0	0
Total Projects Allocated	3,482	3,496	14	0.4	5,083	3,600	68.5%	680	922
Unallocated Project Budget	0	0	0	0.0	0	900	0.0%	0	0
TOTAL	3,482	3,496	14	0.4	5,083	4,500	68.5%	680	922

Fixed Assets (Excluding Land & Buildings)



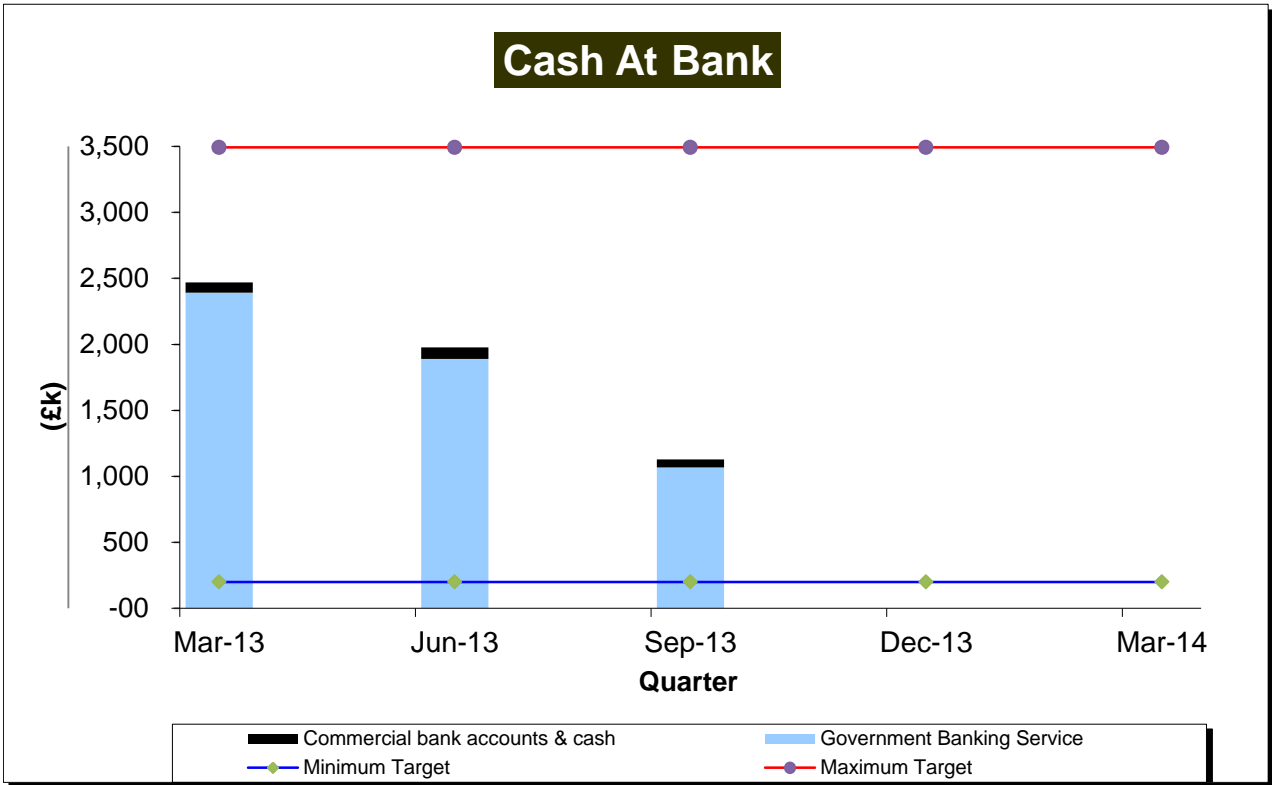
Land & Buildings professionally valued at £306.5m at 31 March 2010.
 No change in artwork. WIP represents spend on External Security Facility.
 IT Systems and Software, and Equipment, include additions which are more than offset by depreciation.

Debtors



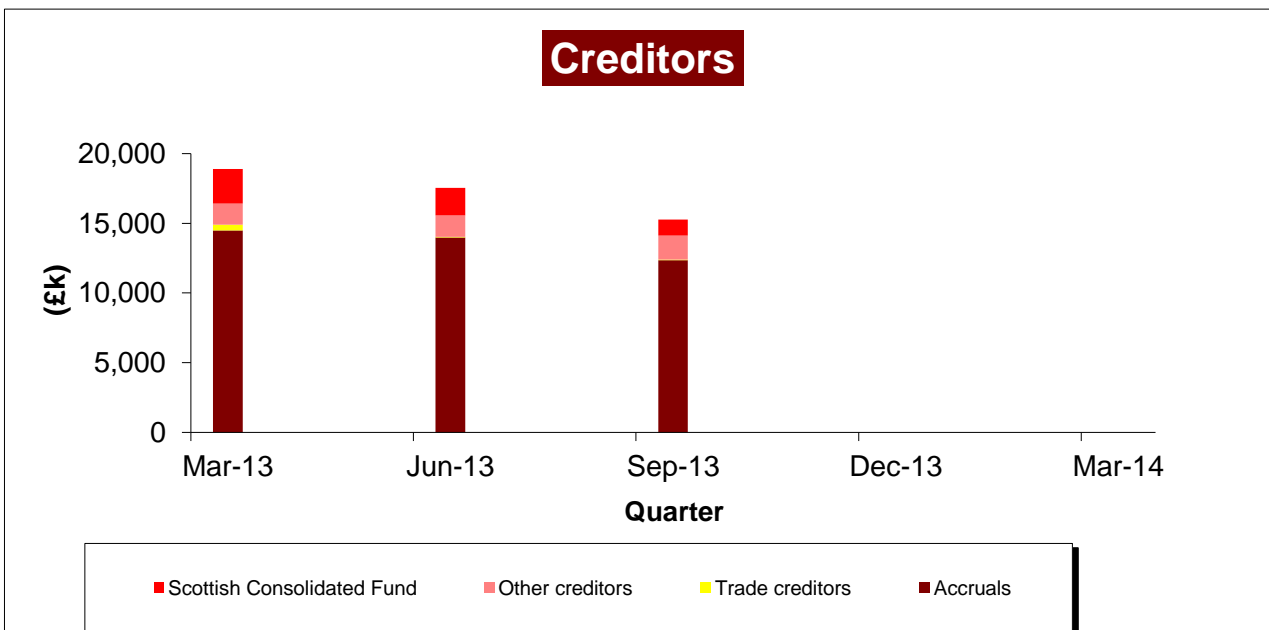
Note

VAT debtor for Q4 2012-13 was received on 15 July and for Q1 2013-14 on 11 September.



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 YTD (6 months to Sept 13)	Garden Level Restaurant £'000	Coffee Bar £'000	Members' Restaurant £'000	Members' Bar £'000	QBH Lounge £'000	Parliament Café £'000	Events £'000	Internal Hospitality £'000	Internal Meetings £'000	Total £'000	YTD Budget £'000	YTD Variance £'000	Current Annual Budget £'000	Original Approved Budget £'000
Income	159	38	11	3	23	79	144	22	31	511	504	7		
Less:- Direct Outlet Costs	(231)	(29)	(26)	(7)	(46)	(68)	(73)	(29)	(33)	(541)	(549)	8		
Net Contribution to Trading Profit/(Deficit) after direct outlet costs	(71)	9	(15)	(3)	(23)	11	71	(7)	(2)	(30)	(45)	15		
Less:- Indirect Costs Generic Labour ¹ & Other Overheads ²										(239)	(232)	(7)		
Net subsidy										(269)	(277)	8	(519)	(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 YTD (6 months to Sept 13)	Total £'000	YTD Budget £'000	YTD Variance £'000	Current Annual Budget £'000	Original Approved Budget £'000
Sales	156	160	(5)	264	224
Cost of Sales (1)	68	51	18	144	135
Net Contribution	88	110	(22)	120	89
Direct Salaries	41	63	(22)	91	91
Other Direct Costs (2)	2	2	0	12	4
Total Direct Costs	43	65	(23)	103	95
Net Contribution/(Subsidy) after direct costs	45	44	0	17	(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.

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.