

## SPCB FINANCE REPORT Period 9 – December 2013

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

### Executive Summary

<b>Performance against Budget (year to date variance)</b>		
a) Total SPCB revenue and capital expenditure	<b>3.1%</b>	Para 2 & 6
b) Total SPS expenditure	<b>2.5%</b>	Para 7
c) Total project expenditure	<b>4.9%</b>	Para 8
<b>Operation of Financial Controls</b>		
d) Key reconciliations up to date	<b>100%</b>	Para 3
<b>Other Key Indicators</b>		
e) Payment performance	<b>99.5%</b>	Para 5

**Key:** RAG Status

<b>G</b>	Performance within target range
<b>A</b>	Performance outwith target range but acceptable
<b>R</b>	Performance outwith target range not acceptable

### Financial Commentary

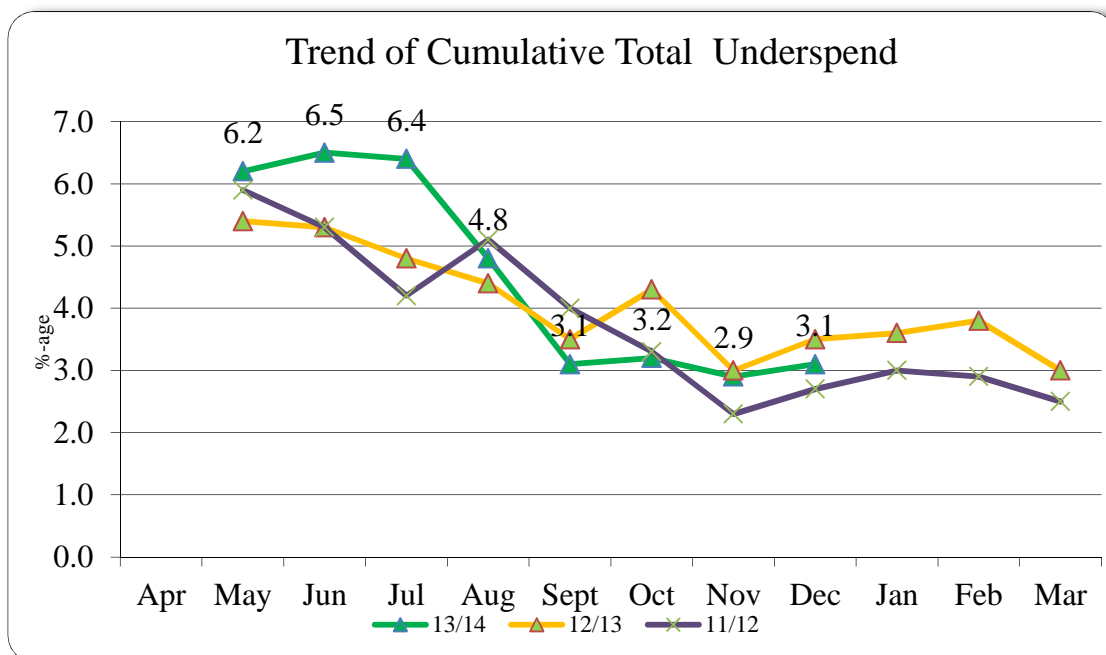
2. The Scottish Parliament's total revenue and capital expenditure for the financial year 2013-14 of £54.1m represents an under spend against budget of £1.7m (3.1%), which is outside the SPCB's target range of 0% to 2.5% under budget at this stage of the financial year. The overall underspend is lower, in percentage terms, than the comparable position for 2012-13 of £1.8m (3.5%).
3. Key reconciliations for the current year are up to date including the main payroll control account where responsibility for preparing this has now been transferred from HR to Finance.
4. 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 in resolution of key items. Opportunities for further development will be investigated with a SG project for a new reporting tool (Insight) now provisionally planned for early 2014-15. 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	15	90
Remaining issues at period 9	5	2	7
Prioritisation:			
High	0	0	0
Medium	5	1	6
Low	0	1	1

5. Payment performance within contract terms exceeds the 99% target for the year to date and the equivalent figure for payment within 10 days is 87.5%.

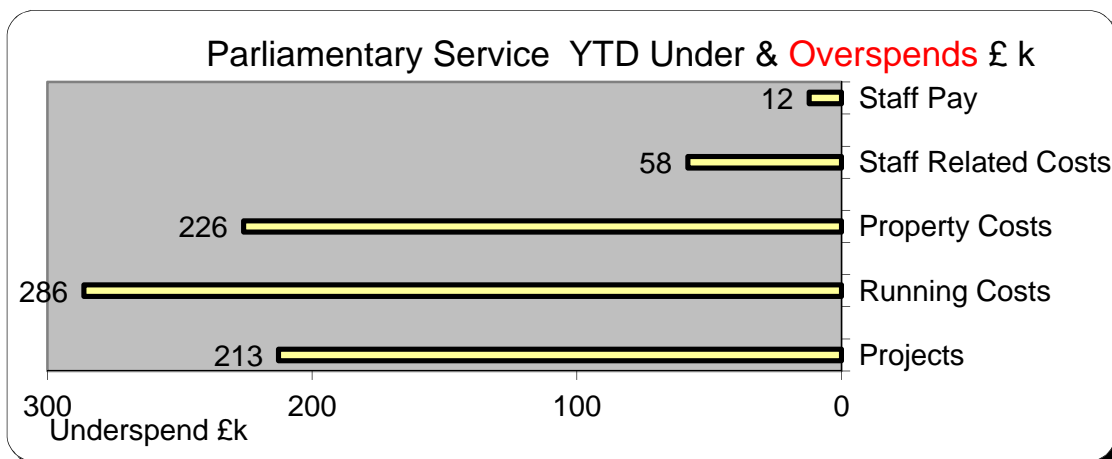
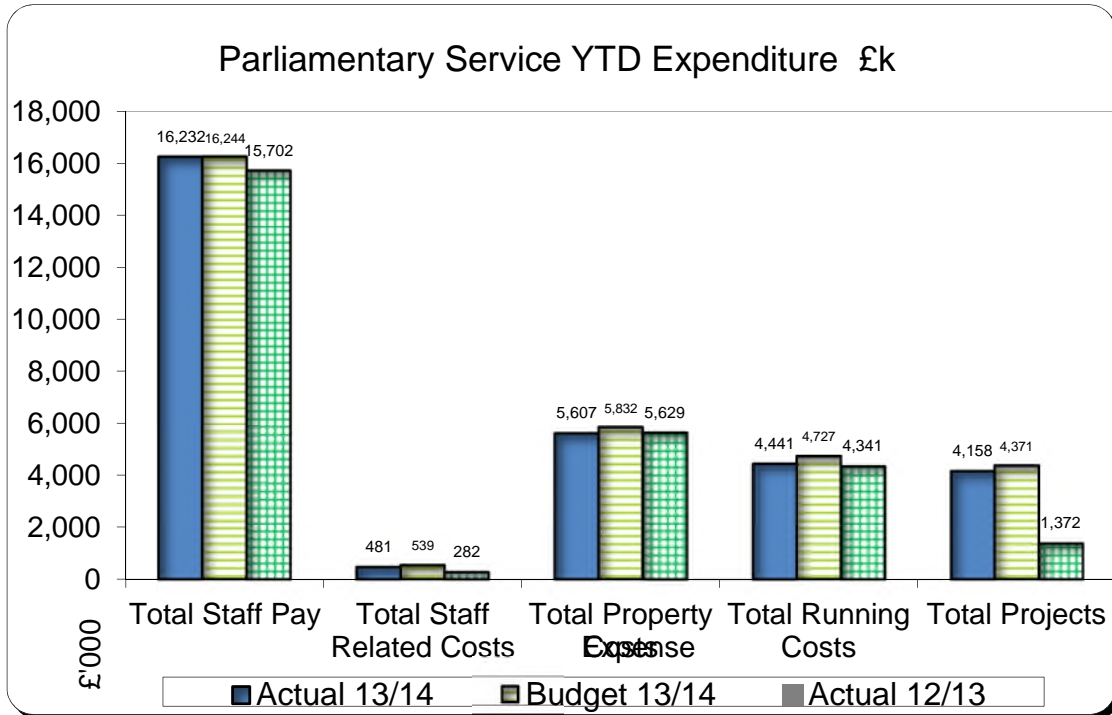
### Financial Results

6. The SPCB's total revenue and capital expenditure per Schedule 1 for the nine months ended December 2013 is £54.1m, which is £1.7m (3.1%) under the approved budget of £55.8m.



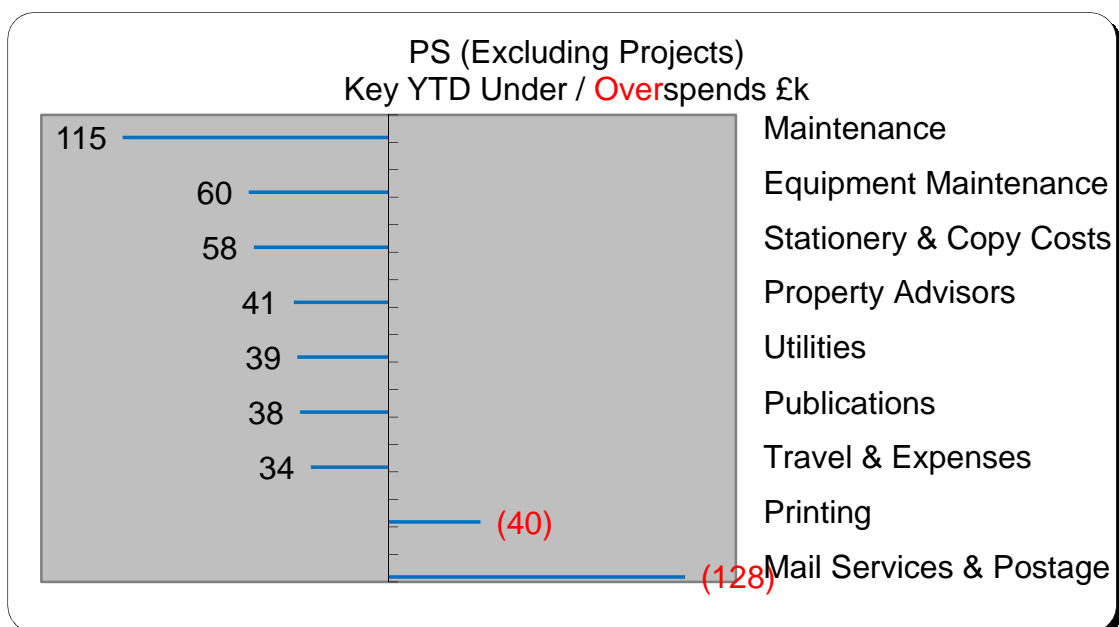
## Parliamentary Service Costs (Schedule 2)

7. The cumulative expenditure for the Parliamentary Service (SPS), at £30.9m, is £0.8m (2.5%) under budget. This incorporates both capital and revenue projects. The previous year's expenditure of £27.5m at period 9 was £0.7m (2.6%) below budget. An analysis of the current financial year by main category of expenditure is shown in the two charts below.



- Staff Pay is £12k (0.1%) under budget. Within this aggregate figure, there are variations between groups with Committee & Outreach showing a £38k overspend and BIT & Broadcasting showing a £33k underspend. The centrally managed pay costs (covering maternity pay and the modern apprentices) is showing a £42k underspend on the year to date position.

- Total staff costs are £530k (3.4%) higher than at the corresponding Period 9 position in 2012-13. The major components of this are Chamber & Reporting £135k (7.0%), Communication & Research £156k (6.8%) and HR & Security £123k (4.3%).
- Staff Related Costs of £481k are reported as £58k (10.8%) below budget, with Travel & Expenses accounting for £34k and Training for £28k. The reported underspend is partly attributable to a delay in processing corporate credit card transactions, which is now reducing as we fully implement the more streamlined processing arrangements for the new corporate card. Total Staff Related Cost reported spend is £199k higher than at the corresponding period in 2012-13 with Training the main contributor, showing an £119k year on year increase in expenditure from £112k to £231k.
- Property Costs of £5.6m are £226k (3.9%) under the Year To Date budget – principally £115k in Maintenance and £41k in Property Advisors. We have had assurances from FM that the maintenance budget will be fully committed for the end of the year. Following extended negotiations with the Lothian Assessor, we have secured a 19.6% reduction in the high rateable value initially placed on the Scottish Parliament by the 2010 Rating Revaluation. We have made arrangements to return the resulting rebate of £3.3m, covering the 4 years from 2010-11, to the Scottish Consolidated Fund via the 2014 Spring Budget revision. The revision to the rates cost will be reflected in subsequent Finance Reports at that time.
- Running Costs of £4.4m are £286k (6.1%) under budget. Main running cost underspends are Equipment Maintenance (£60k), Stationery & Copy Costs (£58k) and Publications (£38k). Mail Services and Postage costs are running ahead of budget, showing an overspend of £128k for the first 9 months, but are expected to stay within the full year budget.



### **Project Reporting (Schedule 3):**

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

- Overall, 81.6% of the total project budget for the year has been spent and a further 6.5% committed by the end of December 2013.
- Revenue Projects show a total spend of £605k against the year to date budget of £838k, a reported underspend of £233k (27.8%). Over 35% of the current annual budget, amounting to £525k, is yet to be spent or committed – with over £500k of this accounted for by FM projects.
- The capital expenditure programme for 2013-14 has seen expenditure to date of £3,553k against the year to date budget of £3,532k, an overspend of £20k or 0.6%. Excluding ESF Construction, £90k (22%) of the current annual budget of £415k is yet to be spent or committed.
- Expenditure of £3.3m in respect of the ESF construction in the first nine months of 2013-14 takes the total ESF expenditure up to £6.1m. After allowing for the release of retentions and the remaining project management costs, the project has been completed within budget with the new entrance operational during August 2013 and the new exit operational mid-October 2013.

### **Members' Costs (Schedule 2)**

9. Members' costs are analysed in Schedule 2, which shows £17.4m reported cost to December 2013, £901k (4.9%) below the phased budget. (The corresponding underspend figures for 2012-13 at the end of period 9 were £750k, 4.2%). Of this underspend, £763k (8.0%) is on Members' Expenses. Party Assistance at £296k is reported as £42k under the phased budget.

### **Commissioners & Ombudsman Costs (Schedule 2)**

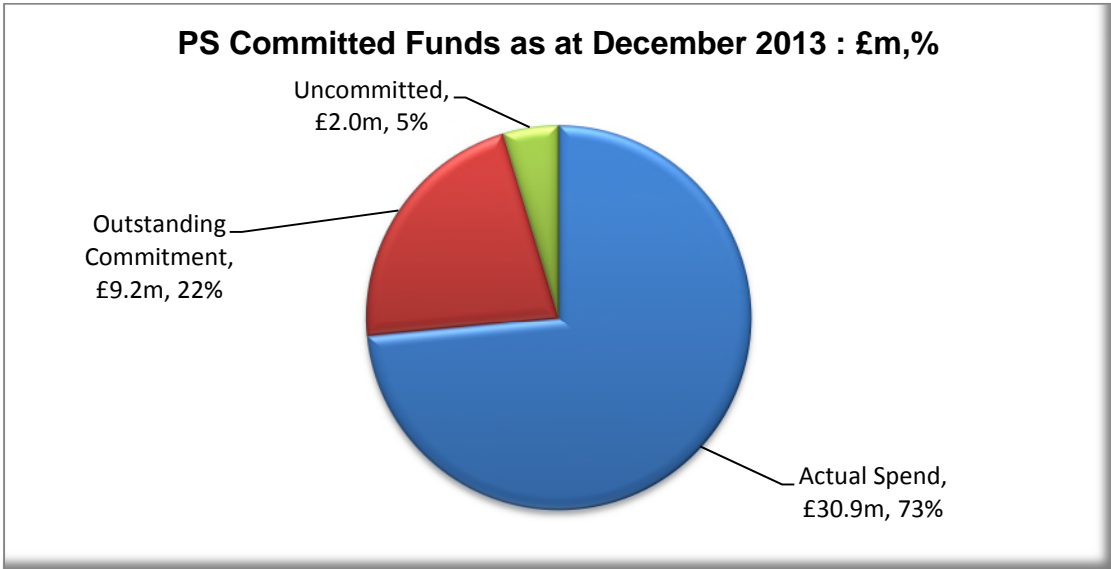
10. The SPCB's funding cost for Commissioners and Ombudsman (Officeholders) for the year to date amounts to £5.8m, which is £42k (0.7%) under the phased budget, the largest underspend being £60k for the Public Services Ombudsman. (The equivalent figures as at December 2012 showed an underspend of £344k or 5.7%).

### **Central Contingency**

11. The SPCB's central revenue contingency remains at £462k. The November forecasting exercise enabled us to bring forward two Broadcasting projects (£175k) from 2014-15 and we are working with BIT to identify similar opportunities to re-phase its capital expenditure programme.

**Commitment**

12. The amount committed across the Parliamentary Service (including projects) stood at £40.1m or 95% of total annual PS budget.



Period 9  
December 2013 Leadership Group Financial Schedules

**Schedule 1**

	Actual £'000	Year to Date		Variance %	Current Annual Budget £'000	Original Approved Budget £'000
		Budget £'000	Variance £'000			
<b>Parliamentary Service Costs (Schedule 2)</b>	30,919	31,714	795	2.5	42,116	42,078
<b>Members' Costs (Schedule 2)</b>	17,384	18,284	901	4.9	24,511	24,511
<b>Commissioners &amp; Ombudsman Costs (Schedule 2)</b>	5,755	5,798	42	0.7	8,059	8,059
<b>Sub Total</b>	<b>54,058</b>	<b>55,796</b>	<b>1,738</b>	<b>3.1</b>	<b>74,686</b>	<b>74,648</b>
<b>Reserves - SPCB Contingency</b>	0	0	0	n/a	462	500
<b>TOTAL EXPENDITURE</b>	<b>54,058</b>	<b>55,796</b>	<b>1,738</b>	<b>3.1</b>	<b>75,148</b>	<b>75,148</b>

**Schedule 2**

	Actual £'000	Year-to-date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
<b><u>Parliamentary Service Costs</u></b>						
Staff Pay	16,232	16,244	12	0.1	21,682	21,977
Staff Related Costs	481	539	58	10.8	782	808
Property Costs	5,607	5,832	226	3.9	7,891	7,995
Running Costs (Including Events & Income)	4,441	4,727	286	6.1	6,665	6,798
<b>Parliamentary Service Costs excluding Projects</b>	<b>26,761</b>	<b>27,343</b>	<b>582</b>	<b>2.1</b>	<b>37,020</b>	<b>37,578</b>
<b>Projects (Schedule 3)</b>	<b>4,158</b>	<b>4,371</b>	<b>213</b>	<b>4.9</b>	<b>5,096</b>	<b>4,500</b>
<b>Total PS Expenditure</b>	<b>30,919</b>	<b>31,714</b>	<b>795</b>	<b>2.5</b>	<b>42,116</b>	<b>42,078</b>
<b><u>Members' Costs</u></b>						
MSP & Officeholders' Pay	8,341	8,438	97	1.1	11,250	11,250
MSP Expenses	8,747	9,510	763	8.0	12,806	12,806
Party Assistance	296	337	42	12.3	455	455
<b>Total</b>	<b>17,384</b>	<b>18,284</b>	<b>901</b>	<b>4.9</b>	<b>24,511</b>	<b>24,511</b>
<b><u>Commissioners &amp; Ombudsman</u></b>						
Ethical Standards Commission	568	551	(17)	(3.1)	797	797
Standards Commission	172	170	(2)	(1.2)	226	226
Human Rights Commission	690	708	18	2.5	909	909
Scottish Information Commissioner	1,078	1,055	(22)	(2.1)	1,394	1,394
Public Services Ombudsman	2,334	2,394	60	2.5	3,207	3,207
Commissioner for Children	913	919	6	0.6	1,226	1,226
Reserves - C&O Contingency	0	0	0	n/a	300	300
<b>Total</b>	<b>5,755</b>	<b>5,798</b>	<b>42</b>	<b>0.7</b>	<b>8,059</b>	<b>8,059</b>



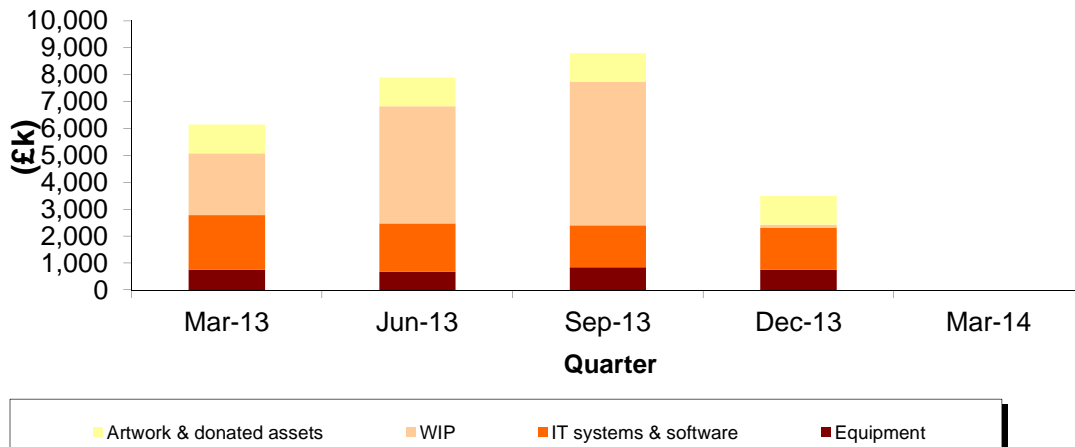
Period 9  
December 2013 Leadership Group Financial Schedules

**Schedule 3**

<b>Project Summary : December 2013</b>	<b>YTD Actual £k</b>	<b>YTD Budget £k</b>	<b>Variance £k</b>	<b>Variance %</b>	<b>Current Annual Budget £k</b>	<b>Original Approved Budget £k</b>	<b>% Spent of Total Budget</b>	<b>Outstanding Commitment £k</b>	<b>Funds Available £k</b>
Revenue Projects									
Allocated	605	838	233	27.8	1,392	600	43.5%	262	525
Unallocated	0	0	0	0.0	0	900	0.0%	0	0
<b>Total Revenue Projects</b>	<b>605</b>	<b>838</b>	<b>233</b>	<b>27.8</b>	<b>1,392</b>	<b>1,500</b>	<b>43.5%</b>	<b>262</b>	<b>525</b>
Capital Projects									
Allocated	3,553	3,532	(20)	(0.6)	3,703	3,000	95.9%	71	80
Unallocated	0	0	0	0.0	0	0	0.0%	0	0
<b>Total Capital Projects</b>	<b>3,553</b>	<b>3,532</b>	<b>(20)</b>	<b>(0.6)</b>	<b>3,703</b>	<b>3,000</b>	<b>95.9%</b>	<b>71</b>	<b>80</b>
<b>TOTAL</b>	<b>4,158</b>	<b>4,371</b>	<b>213</b>	<b>4.9</b>	<b>5,096</b>	<b>4,500</b>	<b>81.6%</b>	<b>333</b>	<b>605</b>

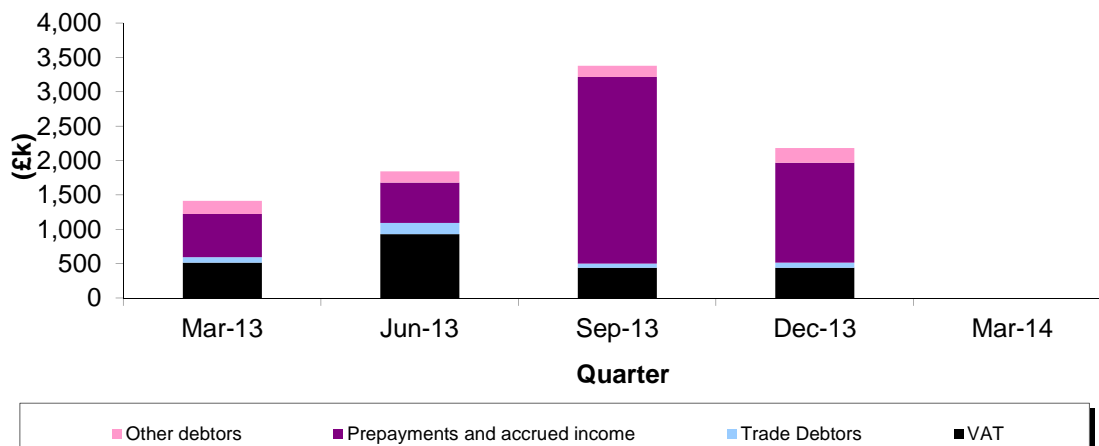
<b>By Portfolio:</b>	<b>YTD Actual £k</b>	<b>YTD Budget £k</b>	<b>Variance £k</b>	<b>Variance %</b>	<b>Current Annual Budget £k</b>	<b>Original Approved Budget £k</b>	<b>% Spent of Total Budget</b>	<b>Outstanding Commitment £k</b>	<b>Funds Available £k</b>
IT	304	308	4	1.3	499	0	60.9%	79	116
FM Building & Equipment	478	612	133	21.8	1,091	600	43.8%	143	470
Engagement	(1)	0	1	n/a	0	0	n/a	0	1
ESF Capital Construction	3,264	3,288	24	0.7	3,288	3,000	99.3%	34	(10)
Information Management	112	163	50	30.9	217	0	51.7%	76	29
Artwork / Other	0	0	0	0.0	0	0	n/a	0	0
<b>Total Projects Allocated</b>	<b>4,158</b>	<b>4,371</b>	<b>213</b>	<b>4.9</b>	<b>5,096</b>	<b>3,600</b>	<b>81.6%</b>	<b>333</b>	<b>605</b>
<b>Unallocated Project Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>900</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>4,158</b>	<b>4,371</b>	<b>213</b>	<b>4.9</b>	<b>5,096</b>	<b>4,500</b>	<b>81.6%</b>	<b>333</b>	<b>605</b>

## Fixed Assets (Excluding Land & Buildings)



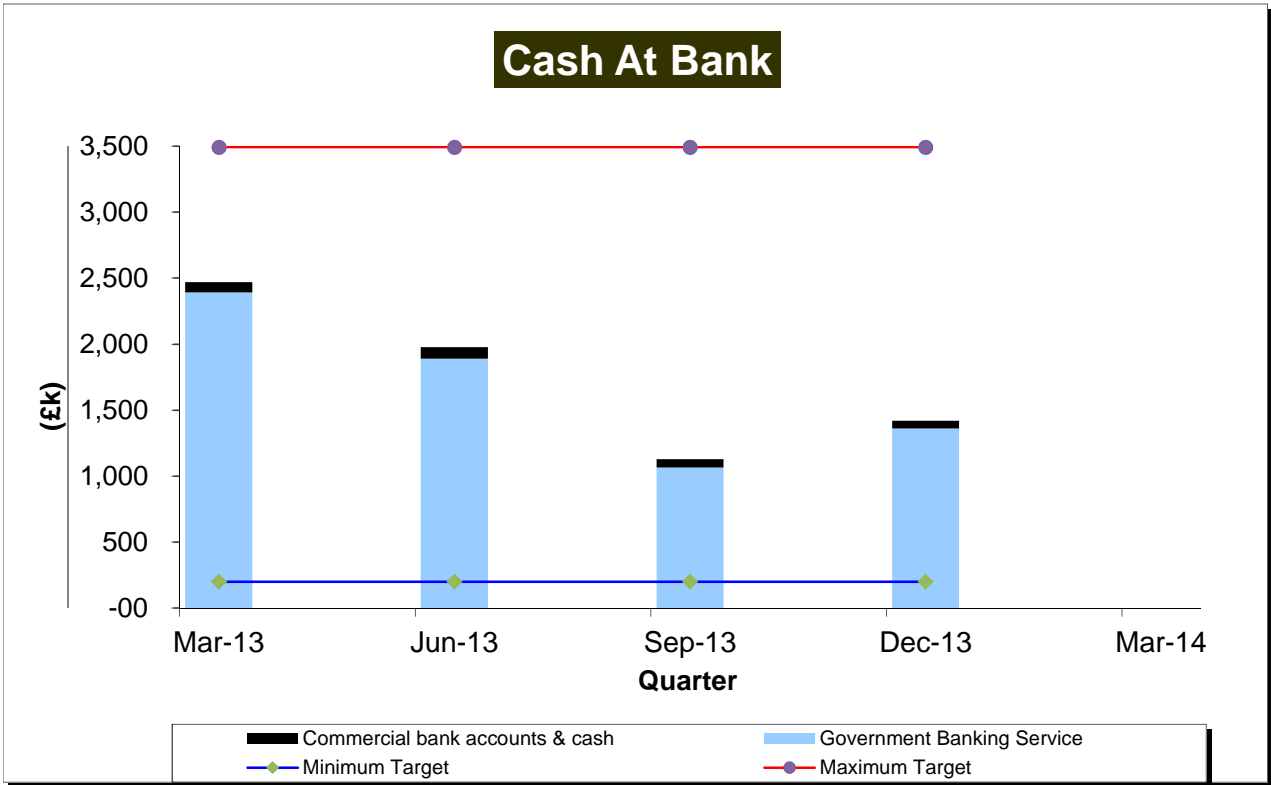
Land & Buildings professionally valued at £306.5m at 31 March 2010.  
 No change in artwork. WIP costs transferred to Land & Buildings in line with formal ESF project closure.  
 IT Systems and Software, and Equipment, include additions less depreciation.

## Debtors



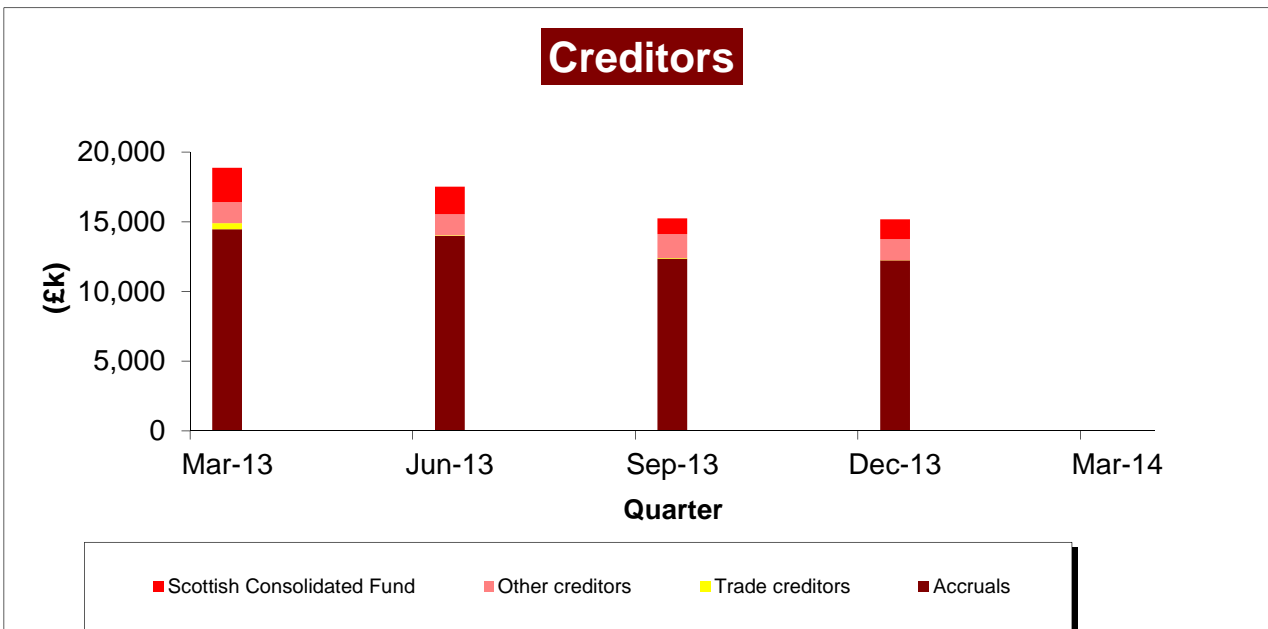
### Note

Decrease in prepayments is due to accounting treatment of rates



**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 (9 months to December 2013)	Garden Level	Coffee Bar	Members'	Members'	QBH	Parliament		Internal	Internal	Total £'000	YTD Budget £'000	YTD Variance £'000	Current Annual Budget £'000	Original Approved Budget £'000
	Restaurant £'000	£'000	Restaurant £'000	Members' Bar £'000	Lounge £'000	Café £'000	Events £'000	Hospitality £'000	Meetings £'000					
Income	248	60	19	6	36	116	239	68	49	841	834	7		
Less:- Direct Outlet Costs	- 352	- 44	- 46	- 12	- 56	- 104	- 114	- 64	- 49	- 841	- 844	3		
<b>Net Contribution to Trading Profit/(Deficit) after direct outlet costs</b>	<b>- 103</b>	<b>16</b>	<b>- 27</b>	<b>6</b>	<b>20</b>	<b>11</b>	<b>125</b>	<b>4</b>	<b>0</b>	<b>- 0</b>	<b>- 10</b>	<b>10</b>		
Less:- Indirect Costs Generic Labour <sup>1</sup> & Other Overheads <sup>2</sup>										- 376	- 370	6		
<b>Net subsidy</b>										<b>- 376</b>	<b>- 380</b>	<b>4</b>	<b>- 519</b>	<b>- 519</b>

Notes:

Note <sup>1</sup> - Generic Labour includes: All management roles and some support roles

Note <sup>2</sup> - 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 (9 months to December 2013)	Total	YTD Budget	YTD	Current Annual Budget £'000	Original Approved Budget £'000
	£'000	£'000	Variance £'000		
Sales (net of discount)	229	228	1	263	213
Cost of Sales (1)	136	131	5	152	124
<b>Net Contribution</b>	<b>93</b>	<b>96</b>	<b>- 4</b>	<b>112</b>	<b>89</b>
Direct Salaries	62	63	1	86	125
Other Direct Costs (2)	3	1	2	1	1
<b>Total Direct Costs</b>	<b>65</b>	<b>64</b>	<b>2</b>	<b>87</b>	<b>126</b>
<b>Net Contribution/(Subsidy) after direct costs</b>	<b>27</b>	<b>33</b>	<b>- 6</b>	<b>25</b>	<b>37</b>

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.