

SPCB FINANCE REPORT Period 3 – June 2014

1. This report is to inform SPCB of general financial activity and expenditure trends in 2014-15.

Executive Summary

Performance against Budget (year to date variance)		
a) Total SPCB revenue and capital expenditure	4.3%	Para 2 & 8
b) Total SPS expenditure	6.3%	Para 9
c) Total project expenditure	8.5%	Para 10
Operation of Financial Controls		
d) Key reconciliations up to date	100%	Para 5
Other Key Indicators		
e) Payment performance	99.6%	Para 6

Key: RAG Status



Performance within target range



Performance outwith target range but acceptable



Performance outwith target range not acceptable

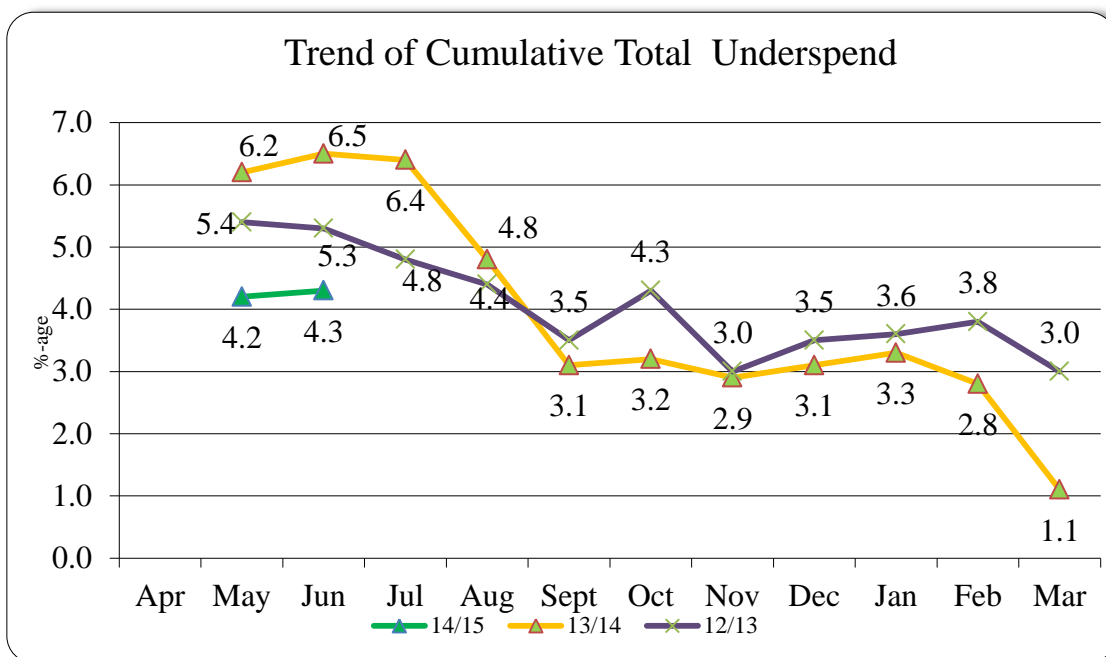
Financial Commentary

2. The Scottish Parliament's total revenue and capital expenditure for the first three months of 2014-15 of £17.1m represents an under spend against budget of £0.8m (4.3%), which is within the SPCB's target range of 0% to 5% under budget at this stage of the financial year. The overall underspend is lower than the comparable position for 2013-14 of £1.3m (6.5%).
3. We incorporated an early reallocation of the SPCB's approved 2014-15 budget within the period 2 figures to reflect known adjustments between the budget setting process in November 2013 and the start of the financial year. This freed up £228k to add to the SPCB's central contingency.
4. The SPCB's 2013-14 annual accounts were prepared and passed to Audit Scotland in mid-June for the year end audit, which is progressing well.
5. All key reconciliations for the current year are up to date.
6. Payment performance within contract terms for the year to date exceeds the 99% target and the equivalent figure for payment within 10 days is 87.5% for the year to date.

7. In conjunction with business areas, the Finance Office has developed a Financial Forecasting Tool (FFT) to improve the visibility of financial information across the Parliament's various offices and the accuracy of their financial forecasting. This has now been rolled out as planned to all offices and user training, including for managers and budget holders, is now complete. The FFT has been used over the financial year end as a tool for gathering and managing accruals.

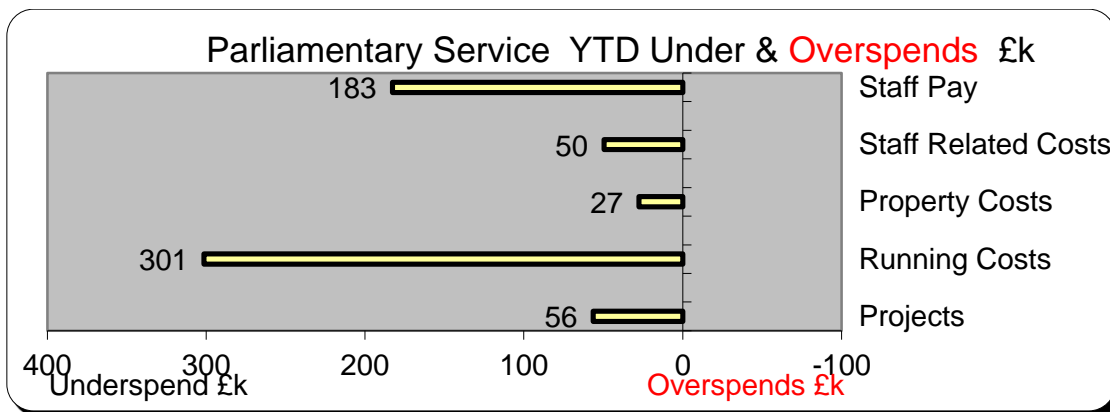
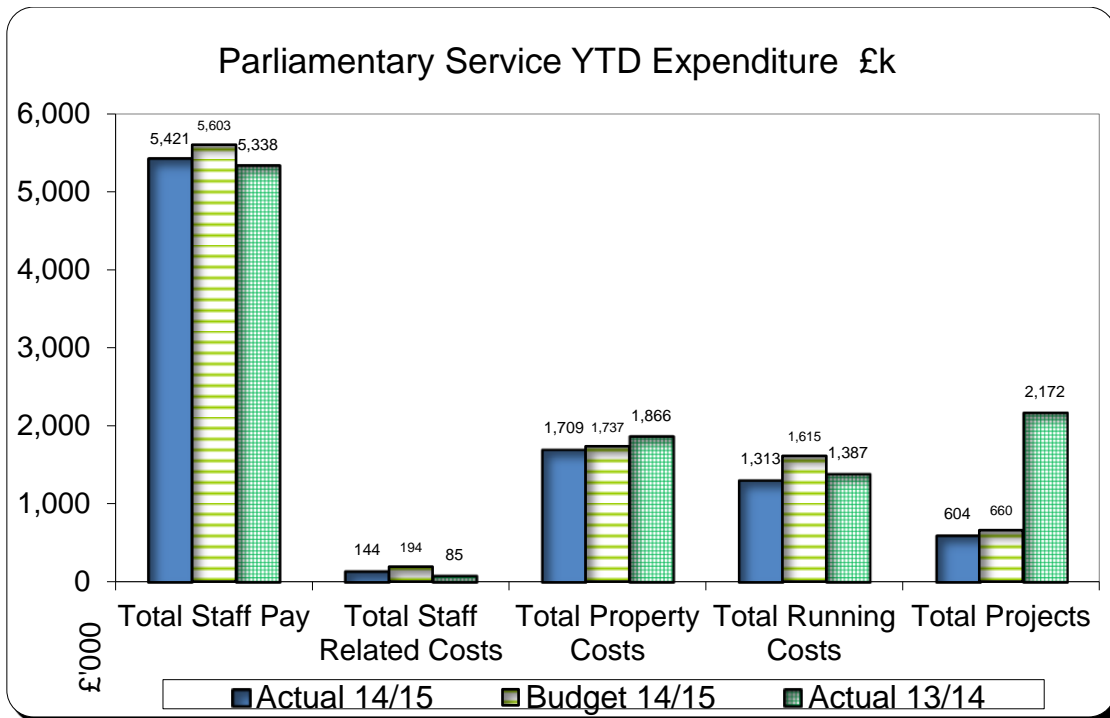
Financial Results

8. The SPCB's total revenue and capital expenditure per Schedule 1 for the three months ended June 2014 is £17.1m, which is £0.8m (4.3%) under the approved budget of £17.8m.



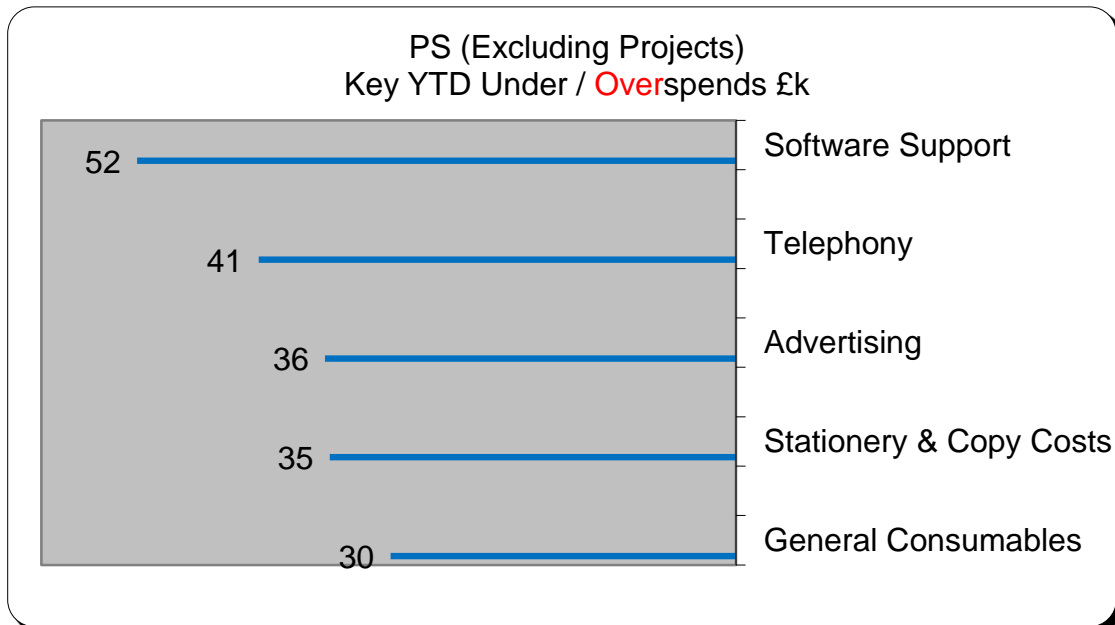
Parliamentary Service Costs (Schedule 2)

9. The year to date expenditure for the Parliamentary Service (SPS), at £9.2m, is £0.6m (6.3%) under budget. Parliamentary Service Costs incorporate both capital and revenue projects. The previous year's expenditure of £10.8m at period 3 was £0.9m (7.9%) below budget. An analysis of the current financial year by main category of expenditure is shown in the two charts below.



- Staff Pay is reported as £183k (3.3%) under budget. This is partly attributable to the time lag in accounting for agency costs which amounts to approximately £60k. Within the overall underspend figure, BIT/Broadcasting is £75k below budget and the centrally managed pay budget (covering maternity pay and the modern apprentices) is also showing a £42k underspend.
- Total staff costs for the year to date are £53k (1.6%) higher than for the equivalent period in 2013-14.
- Staff Related Costs of £144k are reported as £50k (25.6%) below budget, with Corporate Training accounting for an underspend of £22k. Total Staff Related Cost reported spend is £59k (69%) higher than for the equivalent period in 2013-14 with Travel, Expenses and Job Related Training noticeably up due to the fact that accruals are now being identified more effectively by the new FFT processes.

- Property Costs of £1.7m are £27k (1.6%) over the Year to Date budget.
- Running Costs of £1.3m are £301k (18.7%) under budget. Main running cost underspends are Software Support (£52k), Telephony (£41k), Advertising (£36k) and Stationery & Copy Costs (£35k).



Project Reporting (Schedule 3):

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

- Project expenditure is £604k, £56k (8.5%) below the Year to Date budget of £660k.
- Revenue Projects show a total spend of £554k against a budget of £585k, a reported underspend of £31k (5.3%).
- The capital expenditure programme for 2014-15 has seen expenditure of £50k for the year to date against a budget of £75k, an underspend of £25k or 33.9%.
- The Digital Parliament Programme has seen initial expenditure of £144k for the year to date against a £143k budget.
- Only 10.9% of the annual budget has been spent with a further 21.2% currently committed - so almost 70% of project budget has yet to be committed, including £445k yet to be allocated to specific projects.

Members' Costs (Schedule 2)

11. Members' costs are analysed in Schedule 2, which shows £5.9m reported cost to June 2014, £184k (3.0%) below the phased year to date budget. (The corresponding underspend figures for 2013-14 at the end of period 3 were £347k, 5.7%). Of this underspend, £141k (4.5%) is on Members' Expenses. Party Assistance, at £91k, is reported as £20k under the year to date budget.

Commissioners & Ombudsman Costs (Schedule 2)

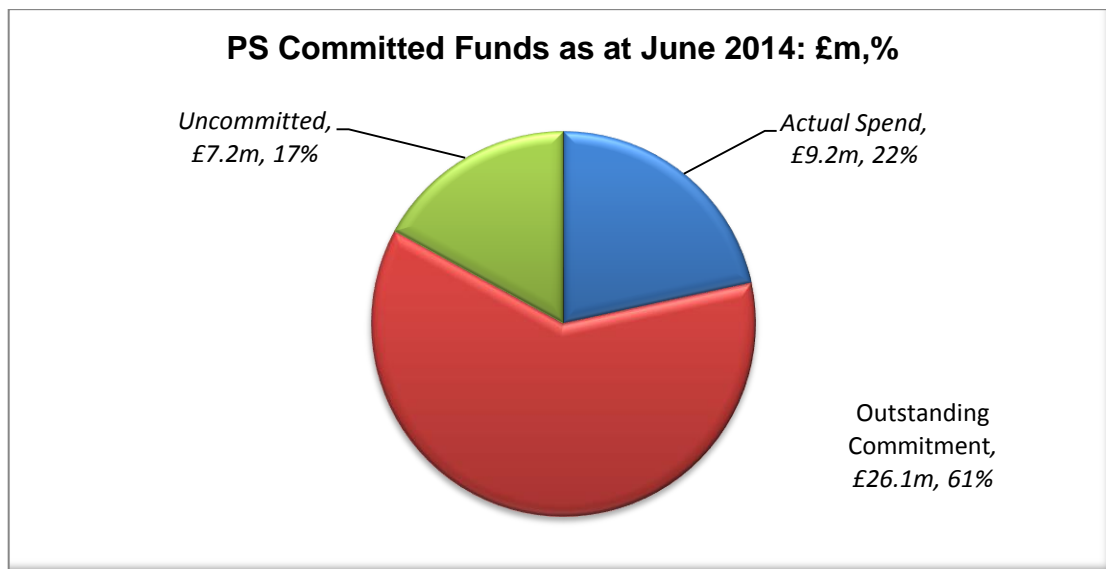
12. The SPCB's funding cost for Commissioners and Ombudsman (Officeholders) in the first three months of 2014-15 amounts to £2.0m, which is £33k (1.7%) ahead of the phased budget to June 2014.

Central Contingency

13. The SPCB's central revenue contingency remains at £1.2m

Commitment

14. Actual expenditure plus commitment sits at £35.3m or 83% of the total PS budget as at the end of June 2014. Just over 50% (£3.7m) of the uncommitted budget relates to revenue and capital projects. 14% (£1.0m) of the uncommitted funds relates to staff costs and 28% (£2.0m) relates to running costs.



Period 3
June 2014 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)	9,191	9,808	617	6.3	42,505	42,733
Members' Costs (Schedule 2)	5,901	6,086	184	3.0	24,918	24,918
Commissioners & Ombudsman Costs (Schedule 2)	1,961	1,928	(33)	(1.7)	8,160	8,160
Sub Total	17,053	17,822	769	4.3	75,583	75,811
Reserves - SPCB Contingency	0	0	0	n/a	1,228	1,000
TOTAL SPCB EXPENDITURE	17,053	17,822	769	4.3	76,811	76,811
Electoral Commission	0	0	0	0.0	2,060	2,060
TOTAL EXPENDITURE	17,053	17,822	769	4.3	78,871	78,871

Schedule 2

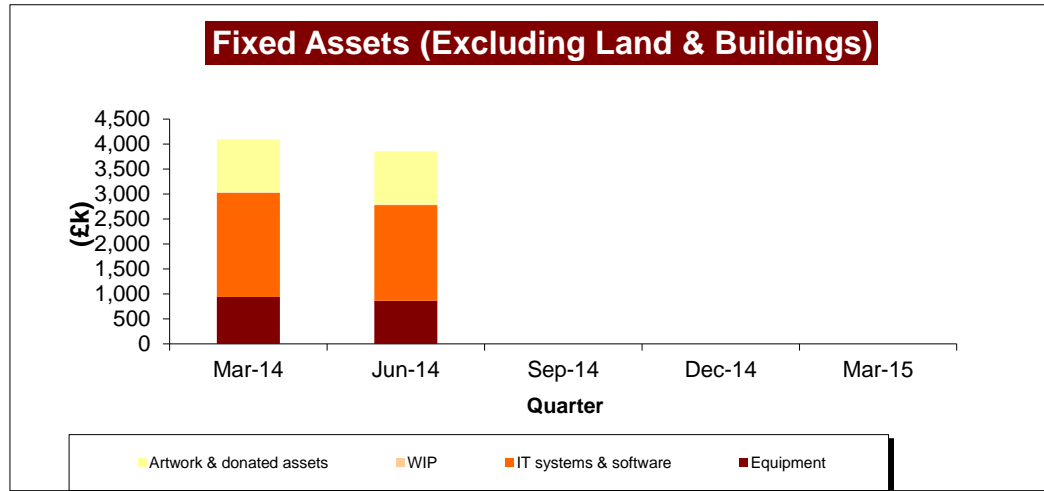
	Actual £'000	Year-to-date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
<u>Parliamentary Service Costs</u>						
Staff Pay	5,421	5,603	183	3.3	22,438	22,315
Staff Related Costs	144	194	50	25.6	799	794
Property Costs	1,709	1,737	27	1.6	7,159	8,408
Running Costs (Including Events & Income)	1,313	1,615	301	18.7	6,588	6,716
Parliamentary Service Costs excluding Projects	8,587	9,148	561	6.1	36,983	38,233
Projects (Schedule 3)	604	660	56	8.5	5,522	4,500
Total PS Expenditure	9,191	9,808	617	6.3	42,505	42,733
<u>Members' Costs</u>						
MSP & Officeholders' Pay	2,810	2,833	23	0.8	11,363	11,363
MSP Expenses	3,001	3,142	141	4.5	13,093	13,093
Party Assistance	91	111	20	18.2	462	462
Total	5,901	6,086	184	3.0	24,918	24,918
<u>Commissioners & Ombudsman</u>						
Ethical Standards Commission	144	147	3	1.8	785	785
Standards Commission	61	56	(4)	(7.9)	226	226
Human Rights Commission	258	253	(5)	(1.9)	933	933
Scottish Information Commissioner	346	336	(10)	(3.0)	1,446	1,446
Public Services Ombudsman	828	810	(18)	(2.2)	3,241	3,241
Commissioner for Children	323	325	2	0.6	1,235	1,235
Reserves - C&O Contingency	0	0	0	n/a	294	294
Total	1,961	1,928	(33)	(1.7)	8,160	8,160

Period 3
June 2014 Leadership Group Financial Schedules

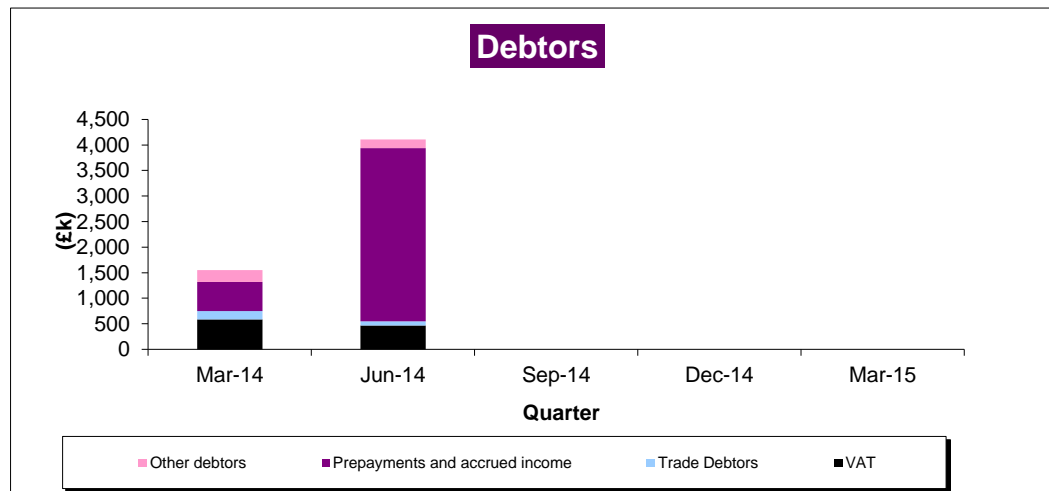
Schedule 3

Project Summary : June 2014	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	554	585	31	5.3	3,422	2,250	16.2%	581	2,286
Unallocated	n/a	n/a	n/a	n/a	0	150	n/a	n/a	0
Total Revenue Projects	554	585	31	5.3	3,422	2,400	16.2%	581	2,286
Capital Projects									
Allocated	50	75	25	33.9	1,655	1,415	3.0%	589	1,016
Unallocated	n/a	n/a	n/a	n/a	445	685	n/a	n/a	445
Total Capital Projects	50	75	25	33.9	2,100	2,100	2.4%	589	1,461
TOTAL	604	660	56	8.5	5,522	4,500	10.9%	1,170	3,748

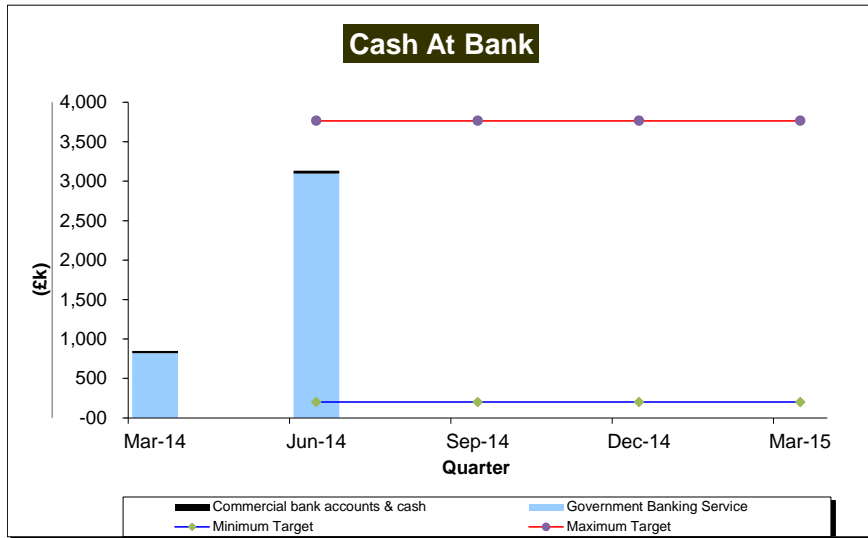
By Portfolio:	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget	Outstanding Commitment £k	Funds Available £k
FM Building & Equipment	323	402	79	19.6	2,050	1,250	15.8%	334	1,392
IT Capital & Broadcasting Equipment	44	75	31	41.7	1,555	1,315	2.8%	589	922
Digital Parliament	144	143	(1)	(0.6)	1,162	1,100	12.4%	180	839
Innovation Fund	10	10	0	n/a	250	0	4.0%	5	235
Information Systems / Other	83	30	(53)	(175.8)	60	0	137.9%	63	(85)
Total Projects Allocated	604	660	56	8.5	5,077	3,665	11.9%	1,170	3,303
Unallocated Project Budget	n/a	n/a	n/a	n/a	445	835	n/a	n/a	445
TOTAL	604	660	56	8.5	5,522	4,500	10.9%	1,170	3,748



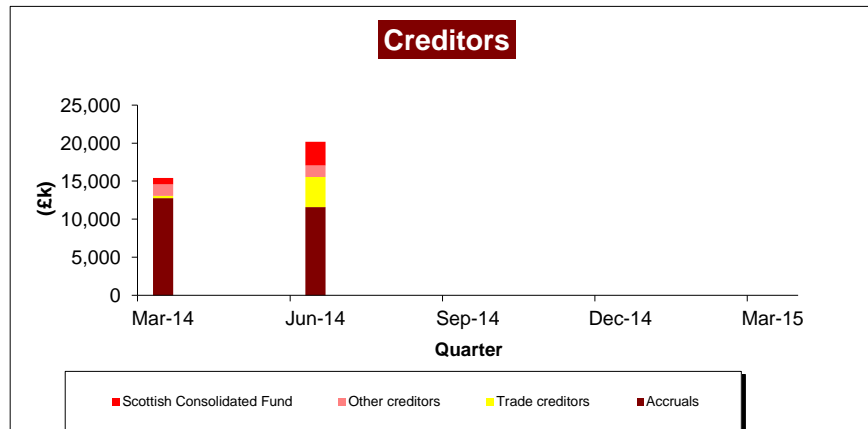
Land & Buildings professionally valued at £306.5m at 31 March 2010.
No change in artwork. IT Systems and Software, and Equipment, include additions less depreciation.



Note
Increase 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

2014-15 YTD (3 months to June 2014)	Garden Level	Coffee Bar	Members'	Members' Bar	QBH	Parliament	Events	Internal	Internal	YTD	YTD	YTD	Current	Original
	Restaurant		Restaurant		Lounge	Café		Hospitality	Meetings	Actual	Budget	Variance	Annual	Approved
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	89	23	7	2	15	36	115	3	17	306	266	40	1071	1071
Less:- Direct Outlet Costs	(116)	(16)	(19)	(2)	(20)	(32)	(61)	(8)	(16)	(291)	(274)	(17)	(1,099)	(1,099)
Net Contribution to Trading Profit/(Deficit) after direct outlet costs	(27)	6	(12)	0	(6)	4	54	(5)	1	15	(8)	23	(28)	(28)
Less:- Indirect Costs Generic Labour ¹ & Other Overheads ²										(128)	(112)	(16)	(472)	(472)
Net subsidy										(113)	(120)	7	(500)	(500)

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

2014-15 YTD (3 months to June 2014)	YTD	YTD	YTD	Current	Original
	Actual	Budget	Variance	Annual	Approved
	£'000	£'000	£'000	£'000	£'000
Sales (net of discount)	49	56	(7)	230	230
Cost of Sales (1)	25	25	(0)	124	124
Net Contribution	24	31	(7)	106	106
Direct Salaries	21	20	1	80	80
Other Direct Costs (2)	1	2	(1)	1	1
Total Direct Costs	22	22	(0)	81	81
Net Contribution/(Subsidy) after direct costs	2	9	(7)	25	25

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.