

SPCB FINANCE REPORT Period 6 – September 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	2.6%	Para 2 & 8
b) Total SPS expenditure	2.0%	Para 9
c) Total project expenditure	1.1%	Para 10
Operation of Financial Controls		
d) Key reconciliations up to date	100%	Para 5
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

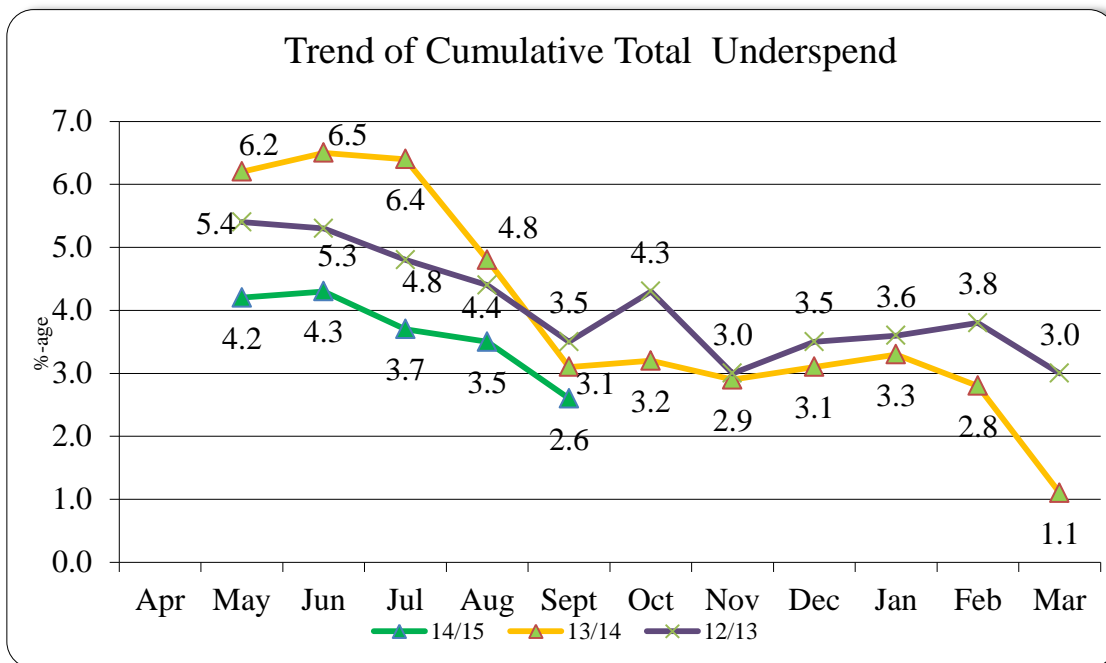
Financial Commentary

2. The Scottish Parliament's total revenue and capital expenditure for the first six months of 2014-15 of £35.1m represents an under spend against budget of £0.9m (2.6%), 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 £1.2m (3.1%).
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. The forecast exercise has resulted in a net transfer of £0.3m from the Parliamentary Service's office budgets and £1.2m from the SPCB's central contingency to fund £1.5m of planned revenue project expenditure.
4. The SPCB's annual accounts 2013-14 were formally published on 1 October 2014.
5. Payment performance within contract terms for the year to date exceeds the 99% target and the equivalent figure for payment within 10 days is 90.4% for the year to date.

6. 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 in use by all offices and we intend to use the FFT to underpin the next re-forecasting exercise.

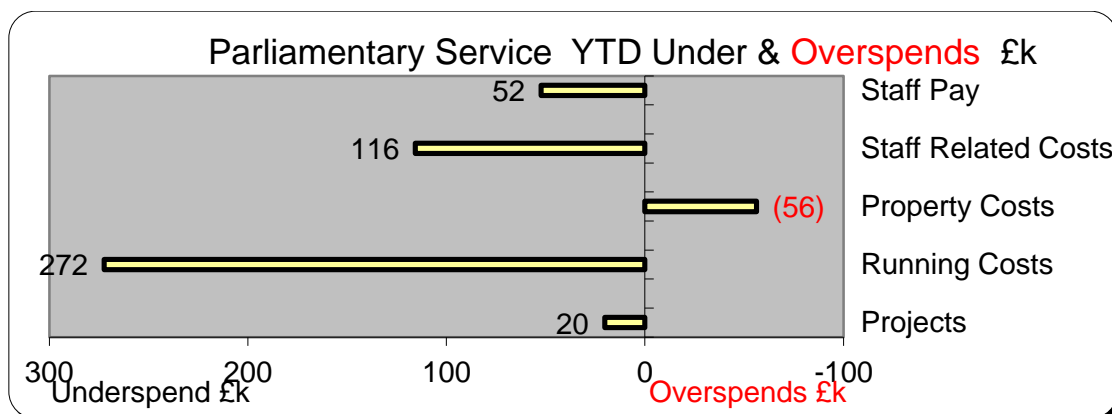
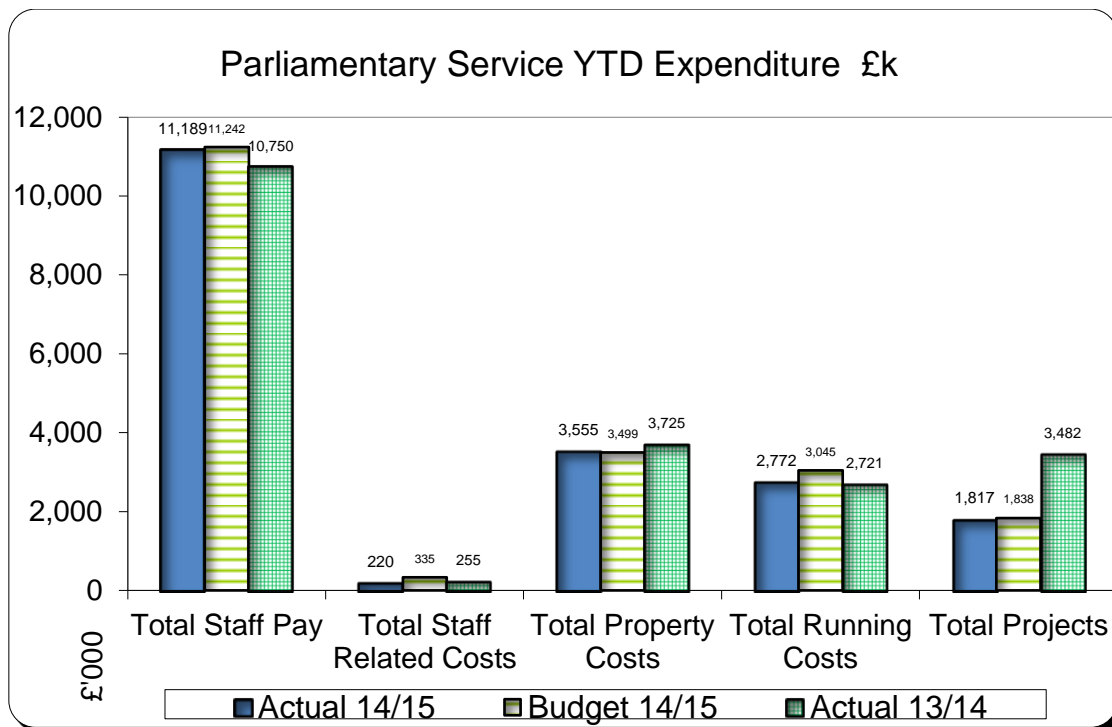
Financial Results

7. The SPCB's total revenue and capital expenditure per Schedule 1 for the six months ended September 2014 is £35.1m, which is £0.9m (2.6%) under the approved budget of £36.0m.



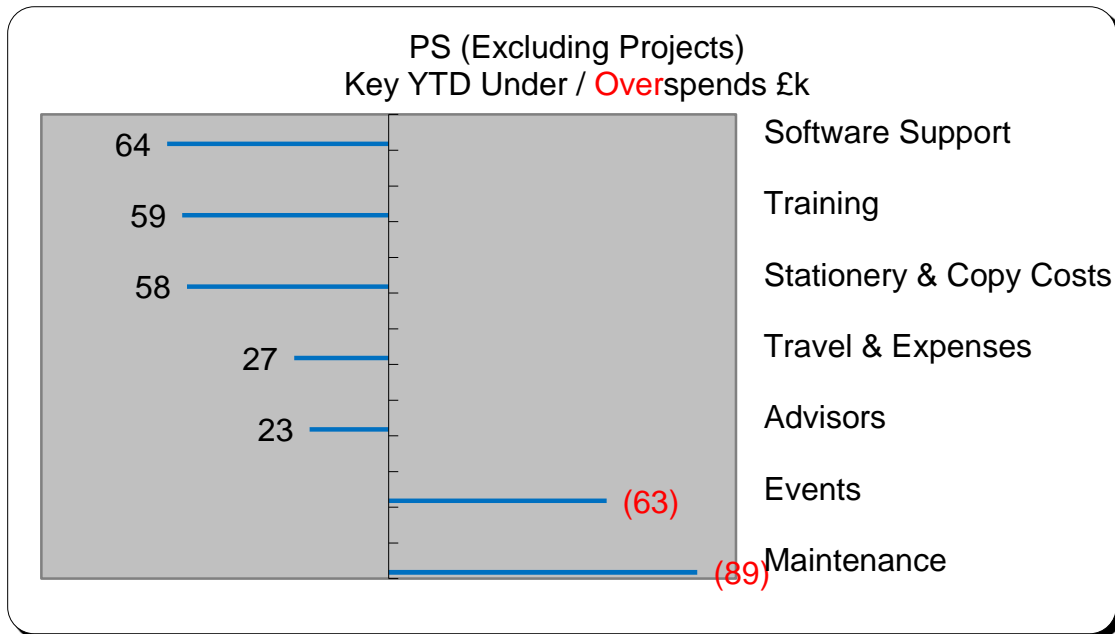
Parliamentary Service Costs (Schedule 2)

8. The year to date expenditure for the Parliamentary Service (SPS), at £19.6m, is £0.4m (2.0%) under budget. Parliamentary Service Costs incorporate both capital and revenue projects. The previous year's expenditure of £20.9m 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 for the first six months of the year is reported as £52k (0.5%) under budget and incorporates an adjustment to agency and contractor costs, following clarification of their VAT treatment. Within the overall underspend figure, BIT/Broadcasting is £56k below budget. As part of the September forecasting exercise, a net £73k was moved out of staff pay budgets and allocated to revenue projects.
- Staff Related Costs of £220k are reported as £116k (34.5%) below budget, with Training accounting for an underspend of £59k and Travel & Expenses accounting for a £27k underspend. Total Staff Related Cost reported spend is £35k (13.7%) below the equivalent period in 2013-14.
- Property Costs of £3.6m are £56k over the Year to Date budget. Within this, maintenance is showing a £89k overspend which is partly offset by a £18k underspend on utilities.

- As part of the September forecasting exercise, a net £229k was reallocated from running cost budgets to revenue projects. Running Costs of £2.8m are £272k (8.9%) under the remaining budget. Main running cost underspends are Stationery & Copy Costs (£58k), Software Support (£64k), and Advisors (£23k). The Events overspend will be rectified in November by a budget transfer to cover staff costs for the Commercial Events pilot.



Project Reporting (Schedule 3):

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

- Project expenditure is £1,817k, £20k (1.1%) under the Year to Date budget.
- Revenue Projects show a total spend of £1,368k against a budget of £1,383k, a reported underspend of £15k or 1.1%.
- The capital expenditure programme for 2014-15 has seen expenditure of £450k for the year to date against a budget of £455k, an overspend of £5k or 1.2%.
- The Digital Parliament Programme has seen initial expenditure of £320k for the year to date against a £313k YTD budget.
- The overall revenue projects budget has been increased by £1,540k to £4,962k following the September forecasting exercise. The increase has been allocated to provide the funding for projects within the Digital

Parliament Programme and the FM Building and Equipment programme of works.

- Only 26% of the annual budget has been spent to date with a further 16% currently committed - so over 55% of project budget has yet to be committed, including £450k yet to be allocated to specific capital projects.

Members' Costs (Schedule 2)

10. Members' costs are analysed in Schedule 2, which shows £11.6m reported cost to September 2014, £574k (4.7%) below the phased year to date budget. (The corresponding underspend figures for 2013-14 at the end of period 6 were £663k, 5.4%). Of this underspend, £483k (7.7%) is on Members' Expenses. Party Assistance, at £185k, is reported as £37k under the year to date budget.

Commissioners & Ombudsman Costs (Schedule 2)

11. The SPCB's funding cost for Commissioners and Ombudsman (Officeholders) in the first six months of 2014-15 amounts to £3.9m, which is £36k ahead of the phased budget to September 2014.

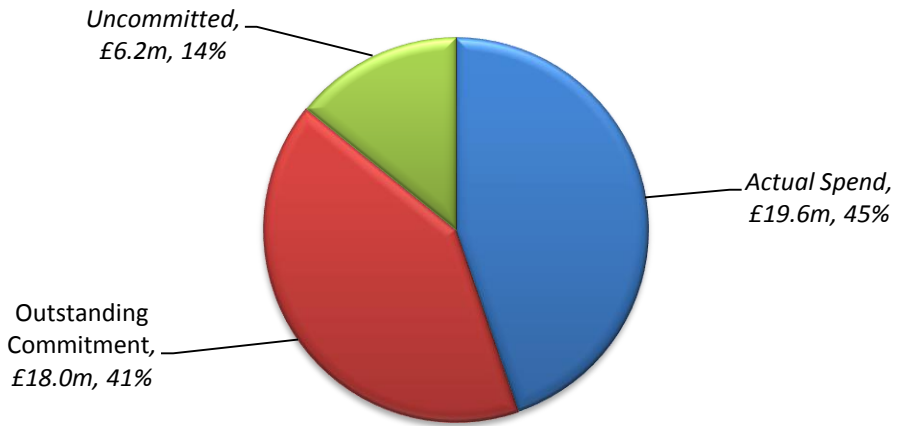
Central Contingency

12. The SPCB's central revenue contingency of £1.2m at the end of August 2014 was reduced to zero in September by allocating this to the revenue projects budget as noted above.

Commitment

13. Actual expenditure plus commitment sits at £37.6m or 86% of the total PS budget as at the end of September 2014. Almost two thirds (£4.1m) of the £6.2m uncommitted budget relates to revenue and capital projects. Over £2m of this relates to the grouping FM Building & Equipment and a further £800k to the Digital Parliament. This will be scrutinised over the next 6-8 weeks to ensure a large proportion of this is actually committed. 5% (£0.3m) of the uncommitted funds relates to staff costs, 8% (£0.5m) to staff related costs and 21% (£1.3m) relates to running costs. Property Costs currently show a small over commitment of £76k.

PS Committed Funds as at September 2014: £m,%



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)	19,553	19,958	404	2.0	43,733	42,733
Members' Costs (Schedule 2)	11,565	12,140	574	4.7	24,918	24,918
Commissioners & Ombudsman Costs (Schedule 2)	3,926	3,890	(36)	(0.9)	8,160	8,160
Sub Total	35,045	35,988	943	2.6	76,811	75,811
Reserves - SPCB Contingency	0	0	0	n/a	0	1,000
TOTAL SPCB EXPENDITURE	35,045	35,988	943	2.6	76,811	76,811
Electoral Commission	0	0	0	0.0	2,060	2,060
TOTAL EXPENDITURE	35,045	35,988	943	2.6	78,871	78,871

Schedule 2

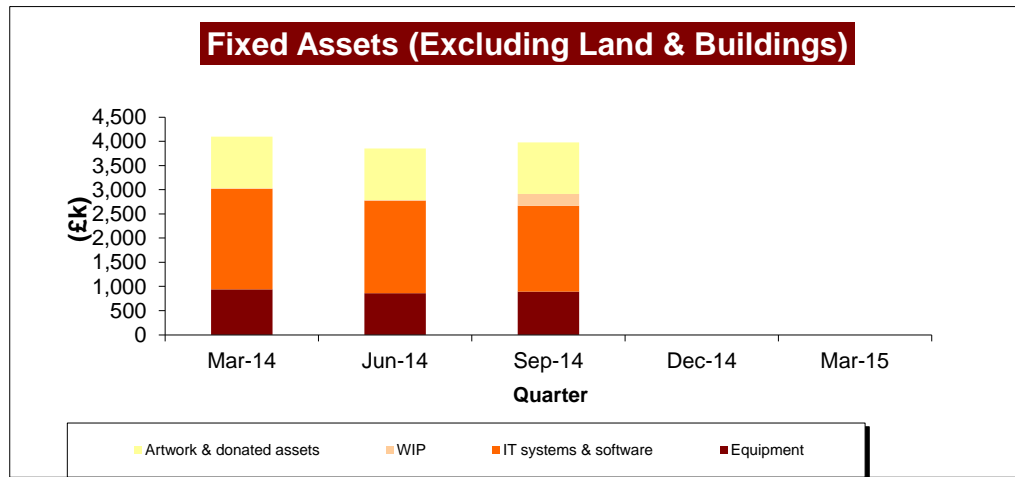
	Actual £'000	Year-to-date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
<u>Parliamentary Service Costs</u>						
Staff Pay	11,189	11,242	52	0.5	22,365	22,315
Staff Related Costs	220	335	116	34.5	802	794
Property Costs	3,555	3,499	(56)	(1.6)	7,144	8,408
Running Costs (Including Events & Income)	2,772	3,045	272	8.9	6,359	6,716
Parliamentary Service Costs excluding Projects	17,736	18,120	384	2.1	36,671	38,233
Projects (Schedule 3)	1,817	1,838	20	1.1	7,062	4,500
Total PS Expenditure	19,553	19,958	404	2.0	43,733	42,733
<u>Members' Costs</u>						
MSP & Officeholders' Pay	5,622	5,677	55	1.0	11,363	11,363
MSP Expenses	5,758	6,242	483	7.7	13,088	13,093
Party Assistance	185	222	37	16.5	467	462
Total	11,565	12,140	574	4.7	24,918	24,918
<u>Commissioners & Ombudsman</u>						
Ethical Standards Commission	367	341	(26)	(7.6)	785	785
Standards Commission	102	113	12	10.3	226	226
Human Rights Commission	476	478	2	0.4	933	933
Scottish Information Commissioner	698	710	12	1.7	1,446	1,446
Public Services Ombudsman	1,656	1,620	(36)	(2.2)	3,241	3,241
Commissioner for Children	626	627	1	0.2	1,235	1,235
Reserves - C&O Contingency	0	0	0	n/a	294	294
Total	3,926	3,890	(36)	(0.9)	8,160	8,160

Period 6
September 2014 Leadership Group Financial Schedules

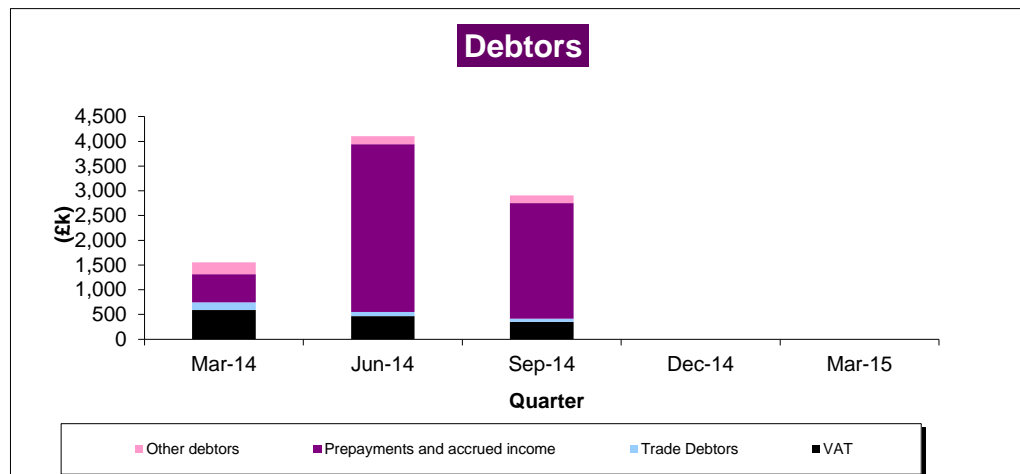
Schedule 3

Project Summary : September 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	1,368	1,383	15	1.1	4,962	2,250	27.6%	650	2,944
Unallocated	n/a	n/a	n/a	n/a	0	150	n/a	n/a	0
Total Revenue Projects	1,368	1,383	15	1.1	4,962	2,400	27.6%	650	2,944
Capital Projects									
Allocated	450	455	5	1.2	1,650	1,415	27.3%	469	731
Unallocated	n/a	n/a	n/a	n/a	450	685	n/a	n/a	450
Total Capital Projects	450	455	5	1.2	2,100	2,100	21.4%	469	1,181
TOTAL	1,817	1,838	20	1.1	7,062	4,500	25.7%	1,119	4,125

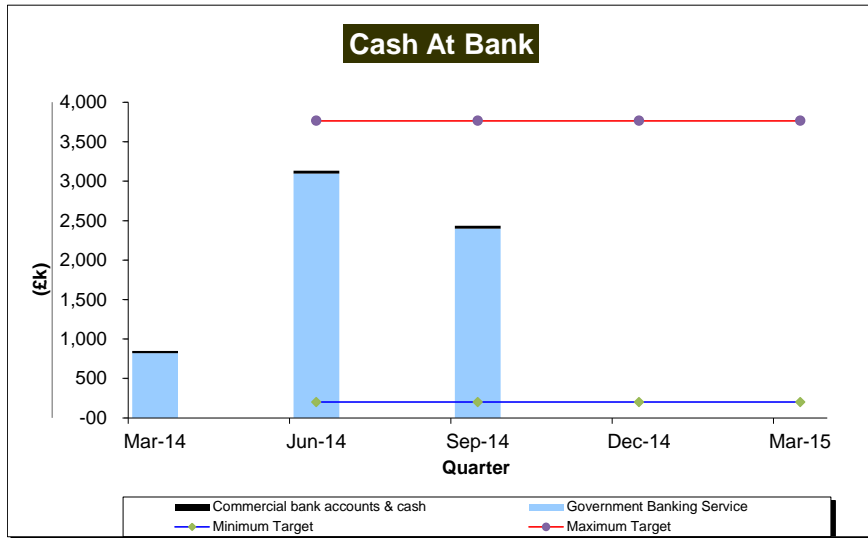
By Portfolio:	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget	Outstanding Commitment £k	Funds Available £k
FM Building & Equipment	834	892	58	6.5	3,215	1,250	25.9%	299	2,083
IT Capital & Broadcasting Equipment	453	448	(5)	(1.2)	1,488	1,315	30.5%	477	558
Digital Parliament	320	313	(6)	(2.0)	1,371	1,100	23.3%	228	824
Innovation Fund	15	15	0	0.0	250	0	6.2%	0	235
Information Systems / Other	196	169	(26)	(15.5)	287	0	68.1%	115	(24)
Total Projects Allocated	1,817	1,838	20	1.1	6,612	3,665	27.5%	1,119	3,675
Unallocated Project Budget	n/a	n/a	n/a	n/a	450	835	n/a	n/a	450
TOTAL	1,817	1,838	20	1.1	7,062	4,500	25.7%	1,119	4,125



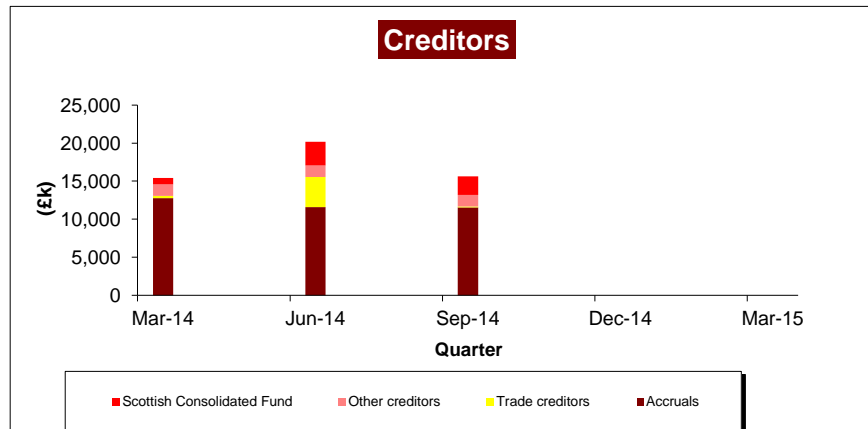
Land & Buildings professionally valued at £306.5m at 31 March 2010.
No change in artwork. WIP to be allocated to IT Systems and Software and Equipment.
IT Systems and Software, and Equipment, include depreciation.



Note
Movement 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 (6 months to September 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	159	40	10	3	26	106	132	25	30	531	499	32	1071	1071
Less:- Direct Outlet Costs	(222)	(30)	(29)	(2)	(43)	(85)	(79)	(26)	(30)	(548)	(537)	(11)	(1,099)	(1,099)
Net Contribution to Trading Profit/(Deficit) after direct outlet costs	(63)	10	(19)	0	(17)	21	53	(1)	(0)	(17)	(38)	21	(28)	(28)
Less:- Indirect Costs Generic Labour ¹ & Other Overheads ²										(249)	(246)	(3)	(482)	(472)
Net subsidy										(266)	(284)	18	(510)	(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 (6 months to September 2014)	YTD	YTD	YTD	Current	Original
	Actual	Budget	Variance	Annual	Approved
	£'000	£'000	£'000	Budget	Budget
				£'000	£'000
Sales (net of discount)	169	147	22	230	230
Cost of Sales (1)	94	66	28	124	124
Net Contribution	75	81	(6)	106	106
Direct Salaries	41	40	2	80	80
Other Direct Costs (2)	3	4	(1)	1	1
Total Direct Costs	45	44	1	81	81
Net Contribution/(Subsidy) after direct costs	30	37	(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.