

SPCB FINANCE REPORT Period 6 – September 2016

1. This report is to inform SPCB of general financial activity and expenditure trends in 2016-17.

Executive Summary

Performance against Budget (year to date variance)		
a) Total SPCB revenue and capital expenditure	2.1%	Para 2 & 6
b) Total SPS expenditure	1.0%	Para 7
c) Total project expenditure	0.5%	Para 8
Operation of Financial Controls		
d) Key reconciliations up to date	100%	Para 4
Other Key Indicators		
e) Payment performance	99.2%	Para 4

Key: RAG Status



Performance within target range



Performance outwith target range but acceptable



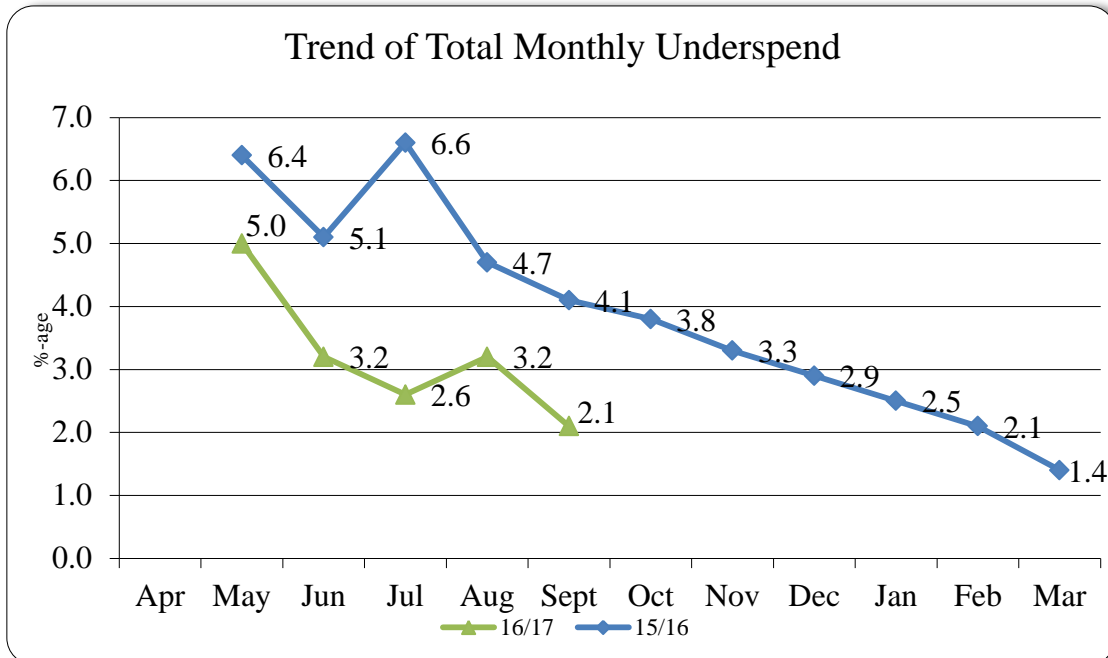
Performance outwith target range not acceptable

Financial Commentary

2. The Scottish Parliament's total revenue and capital expenditure for the first six months of 2016-17 of £40.7m represents an underspend against budget of £0.9m (2.1%) which is within the SPCB's target range of 0% to 5.0% under budget at this stage of the financial year (as shown in green in the Executive Summary chart). The expenditure for the year to date includes resettlement payments in May of £2.1m to MSPs who stood down or were not returned for Session 5. The overall underspend is lower than the comparable position for 2015-16 of expenditure of £35.5m which represented an underspend against budget of £1.5m (4.1%).
3. The September re-forecasting exercise is reflected in the figures in the period 6 report. As a result of this exercise there have been transfers out of £297k from contingency. The next re-forecasting exercise will be in November and be reflected in the Period 8 figures.
4. All key reconciliations are up to date and payment performance within contract terms for the year to date exceeds the 99% target. The equivalent figure for payment within 10 days is 95.5% for the year to date.
5. The 2015-16 year-end accounts process is now complete with the accounts published on the Scottish Parliament's website. Planning will commence with Audit Scotland shortly for the 2016-17 audit.

Financial Results

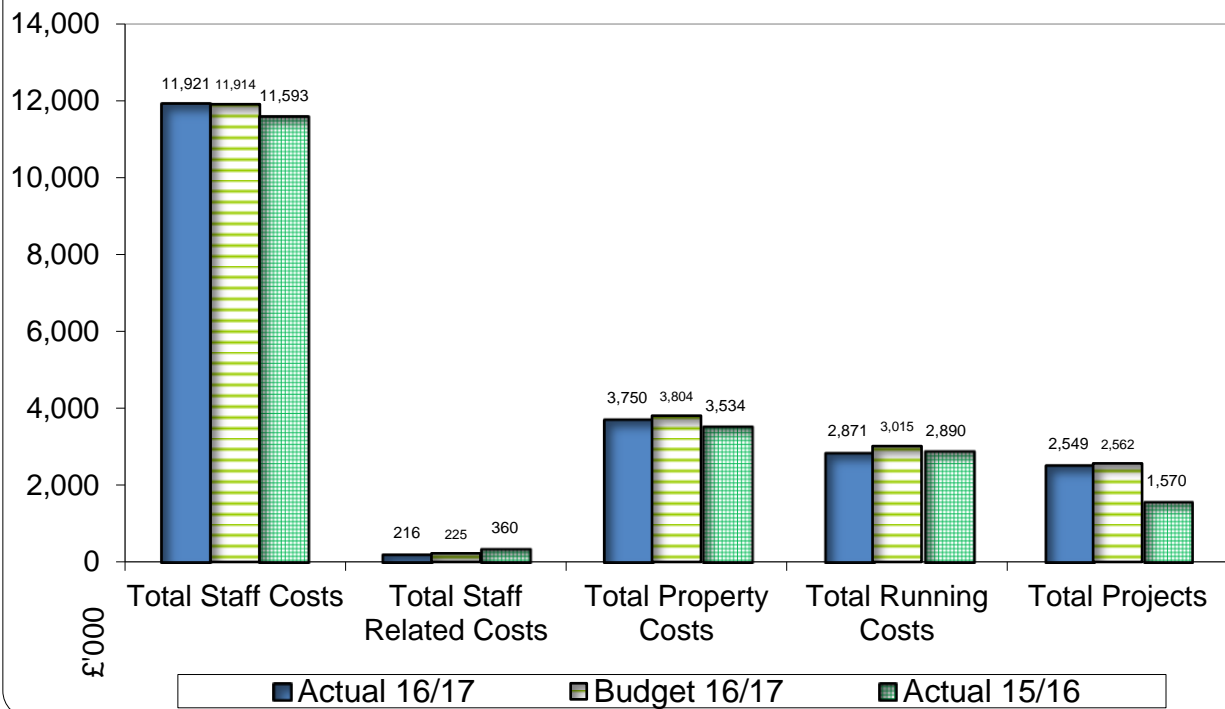
6. The SPCB's total revenue and capital expenditure per Schedule 1 for September 2016 is £40.7m, which is £0.9m (2.1%) under the approved budget of £41.5m. This is lower than the underspend as at September 2015 of £1.5m / 4.1%.



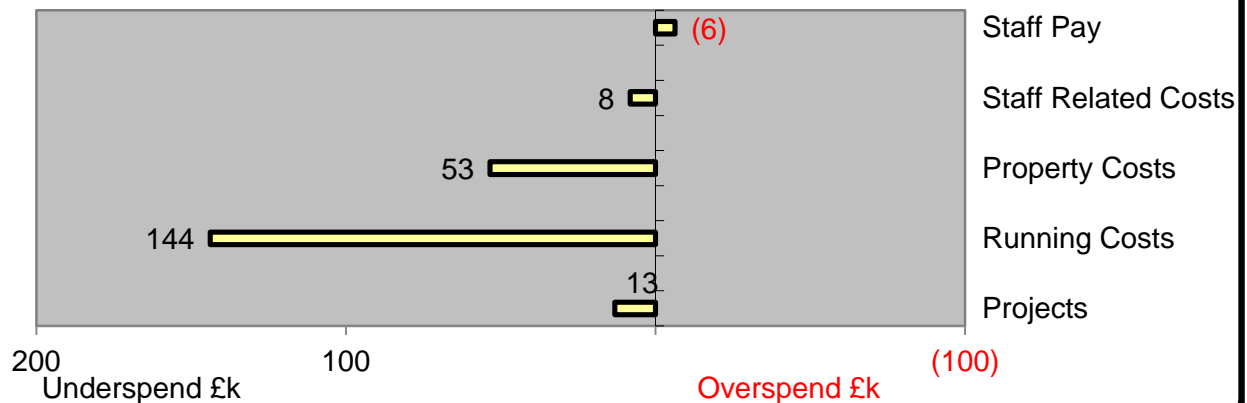
Parliamentary Service Costs (Schedule 2)

7. The year to date expenditure for the Parliamentary Service (SPS) of £21.3m is £0.2m (1.0%) under budget. Parliamentary Service Costs incorporate both capital and revenue projects. The previous year's expenditure of £19.9m at period 6 was £0.7m (3.5%) below budget. An analysis of the current financial year by main category of expenditure is shown in the two charts below.

Parliamentary Service YTD Expenditure £k



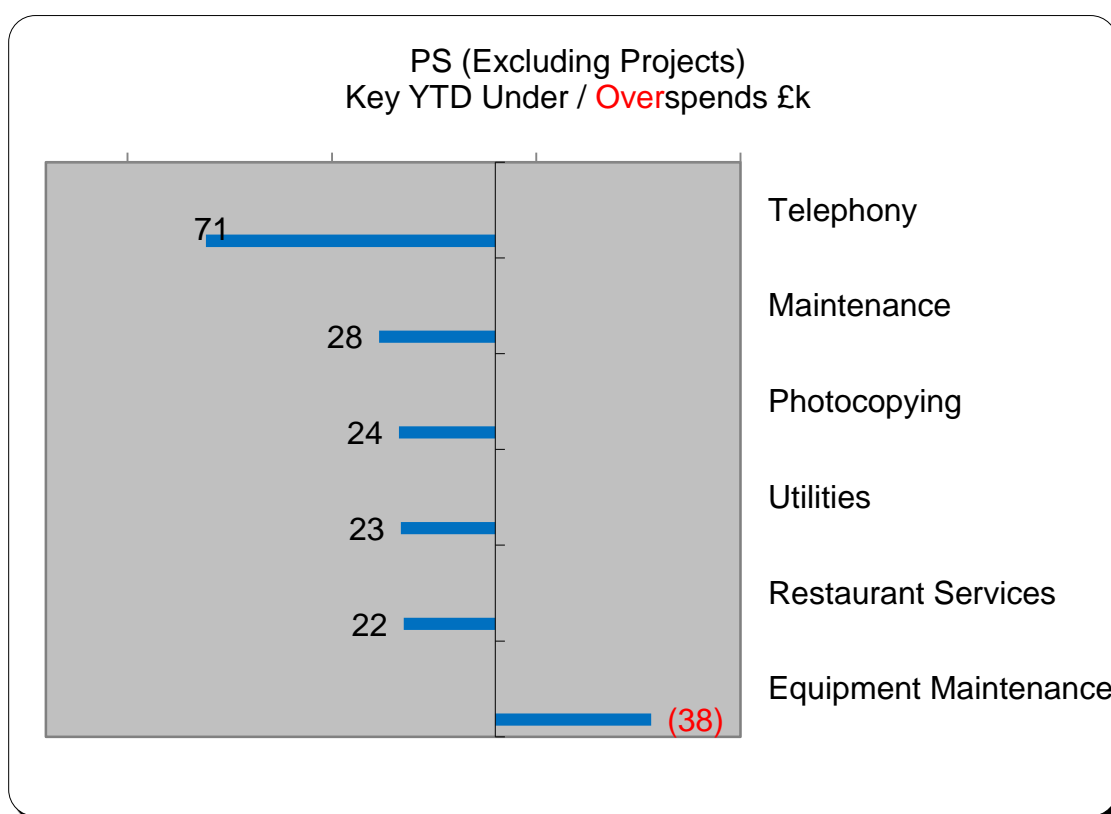
Parliamentary Service YTD Under & Overspends £k



- Staff Pay is reported as £6k (0.1%) over budget including Agency staff and contractors.
- Expenditure on staff pay to date is £11.92m, £328k (2.8%) higher than the equivalent 15-16 costs of £11.59m.
- Expenditure on Staff Related Costs is £216k. This is £8k (3.6%) below the budget to date of £225k. A number of budgets were reprofiled to future periods. Actual spend on staff related costs is £144k (40%) less than that for the equivalent period in 2015-16. Committee travel and expenses are expected to be higher than budgeted due to business

levels and will absorb some of the other SPS underspends over the remaining 6 months of the year.

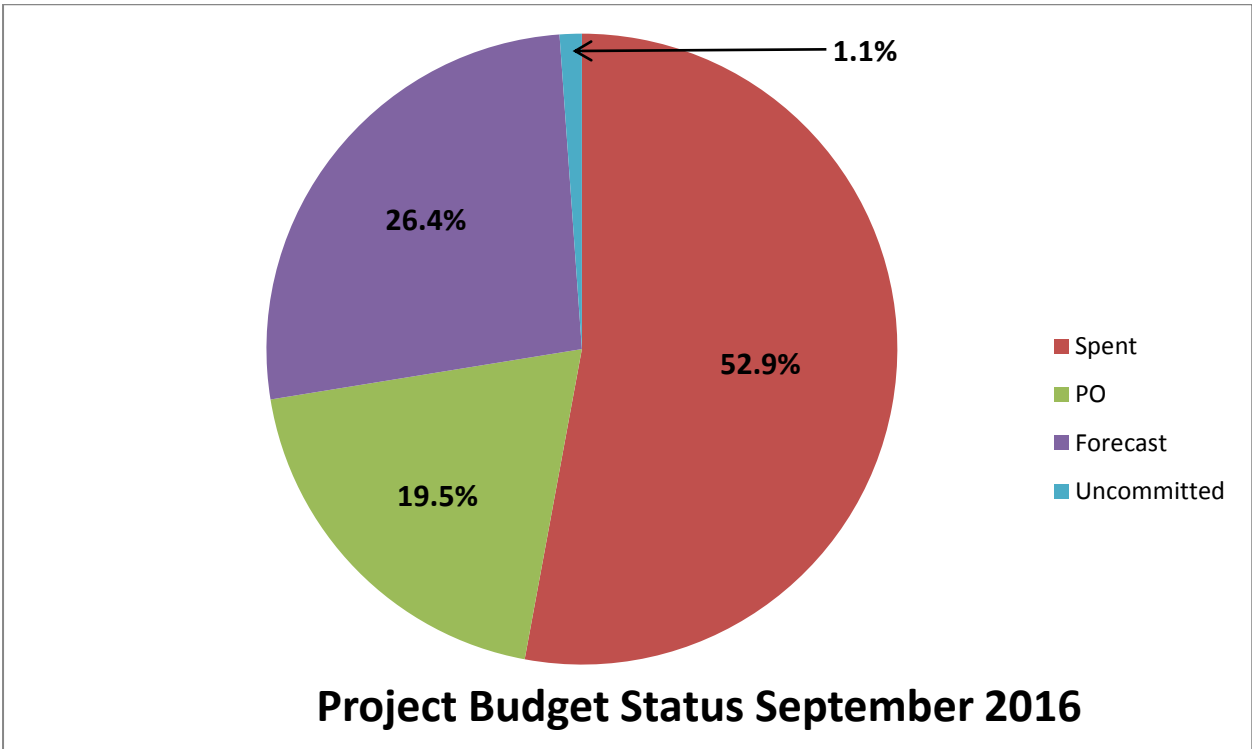
- Property Costs of £3.75m are £53k (1.4%) below the Year to Date budget. This is principally attributable to Maintenance (£28k) & utilities (£23k). The reported Maintenance underspend is due to timing (actual expenditure occurs later than budgeted) and is forecast to reverse by year end. Similarly, the full year utilities costs are expected to return to budget.
- Running Costs of £2.9m are £144k (4.8%) under budget. Main running cost underspends are Telephony (£71k) (due to invoicing issues), Photocopying (£24k) and Restaurant Services (£23k) all due to timing offset by overspends in Equipment Maintenance (£38k – due to unbudgeted digital storage maintenance).



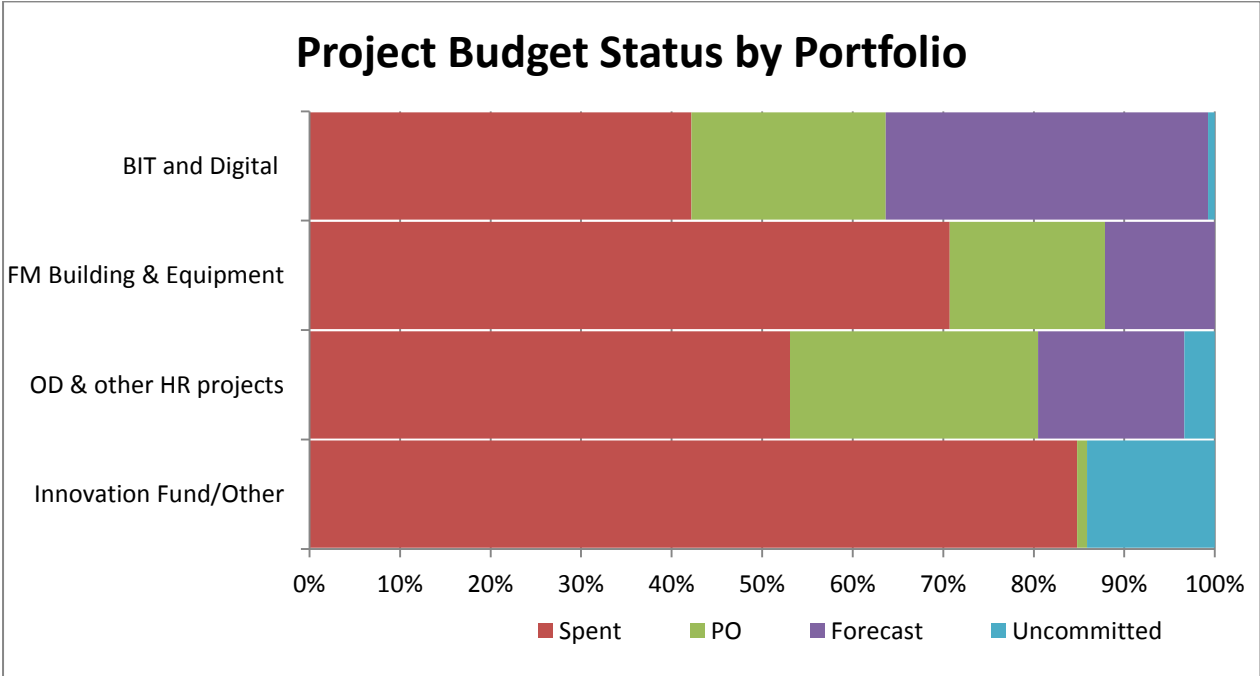
Project Reporting (Schedule 3):

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

- Total project expenditure to September is £2.55m, £13k (0.5%) under the budget to date of £2.56m. Some budgets have been re-phased to future periods.
- Revenue Projects show a total spend of £2.16m against a budget of £2.16m.
- Capital Projects have spent £391k for the year against a budget of £404k, an underspend of £13k (3.2%).



This compares with 28% spent, 22% purchase order, 45% forecast and 5% uncommitted at the same period in 2015-16.



Members' Costs (Schedule 2)

9. Members' costs are analysed in Schedule 2, which shows £15.4m reported cost to September 2016, £538k (3.4%) below the phased year to date budget. (The corresponding figures for 2015-16 at period 6 were an underspend of £776k, 6.3%). There are still a number of local offices to be established including costs of relocating from existing offices in some instances. Additional costs will result from local office security improvements which will be met from within the overall members' costs budget. Members' pay includes payment of resettlement grants and to MSPs who stood down or were not returned for Session 5 and members' expenses includes some members' staff redundancy payments incurred under winding up costs.

Commissioners & Ombudsman Costs (Schedule 2)

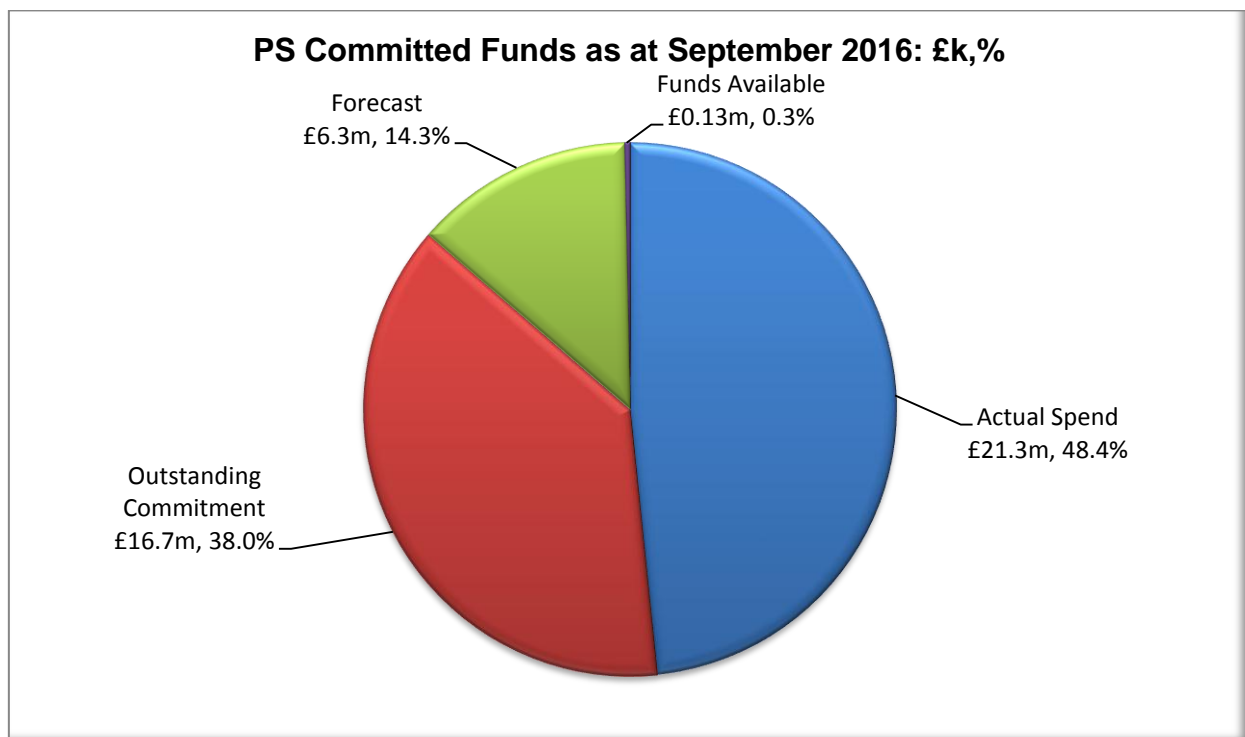
10. The SPCB's funding cost for Commissioners and Ombudsman (Officeholders) in the first six months of 2016-17 amounts to £3.94m, which is £132k (3.3%) under the budget to September 2016 of £4.07m. The Officeholders contingency remains at £166k.

Central Contingency

11. The current outturn re-forecast has reduced the SCPB's central contingency from £862k to £565k – a reduction of £297k. This has been utilised to provide the funding for approved project and staffing costs in the current financial year.

Commitment

12. SPS actual and planned expenditure is shown below.



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)	21,307	21,519	212	1.0	44,051	43,280
Members' Costs (Schedule 2)	15,407	15,945	538	3.4	31,424	28,760
Commissioners & Ombudsman Costs (Schedule 2)	3,940	4,073	132	3.3	8,369	8,369
Sub Total	40,655	41,537	882	2.1	83,844	80,409
Reserves - SPCB Contingency				n/a	565	4,000
TOTAL SPCB EXPENDITURE	40,655	41,537	882	2.1	84,409	84,409

Schedule 2

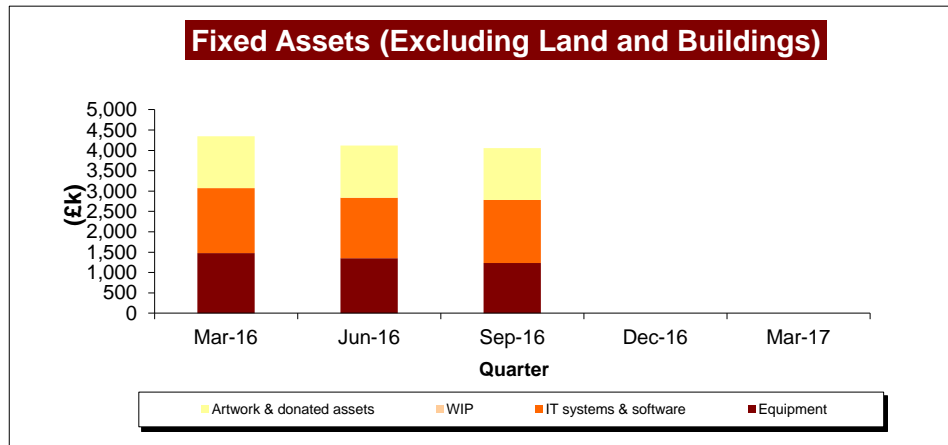
	Actual £'000	Year-to-date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
<u>Parliamentary Service Costs</u>						
Staff Pay	11,921	11,914	(6)	(0.1)	24,151	23,693
Staff Related Costs	216	225	8	3.6	813	864
Property Costs	3,750	3,804	53	1.4	7,635	7,596
Running Costs (Including Events & Income)	2,871	3,015	144	4.8	6,598	6,627
Parliamentary Service Costs excluding Projects	18,758	18,958	199	1.1	39,196	38,780
Projects (Schedule 3)	2,549	2,562	13	0.5	4,855	4,500
Total PS Expenditure	21,307	21,519	212	1.0	44,051	43,280
<u>Members' Costs</u>						
MSP & Officeholders' Pay	8,014	8,039	26	0.3	13,965	11,860
MSP Expenses	7,169	7,648	479	6.3	16,939	16,415
Party Assistance	225	258	33	12.8	520	485
Total	15,407	15,945	538	3.4	31,424	28,760
<u>Commissioners & Ombudsman</u>						
Ethical Standards Commission	392	352	(39)	(11.2)	837	812
Standards Commission	119	118	(1)	(1.1)	240	240
Human Rights Commission	445	497	51	10.3	958	958
Scottish Information Commissioner	735	745	11	1.4	1,516	1,492
Public Services Ombudsman	1,608	1,718	110	6.4	3,360	3,253
Commissioner for Children	642	643	2	0.3	1,293	1,264
Reserves - C&O Contingency	0		0	n/a	166	350
Total	3,940	4,073	132	3.3	8,369	8,369

Period 06
September 2016 Leadership Group Financial Schedules

Schedule 3

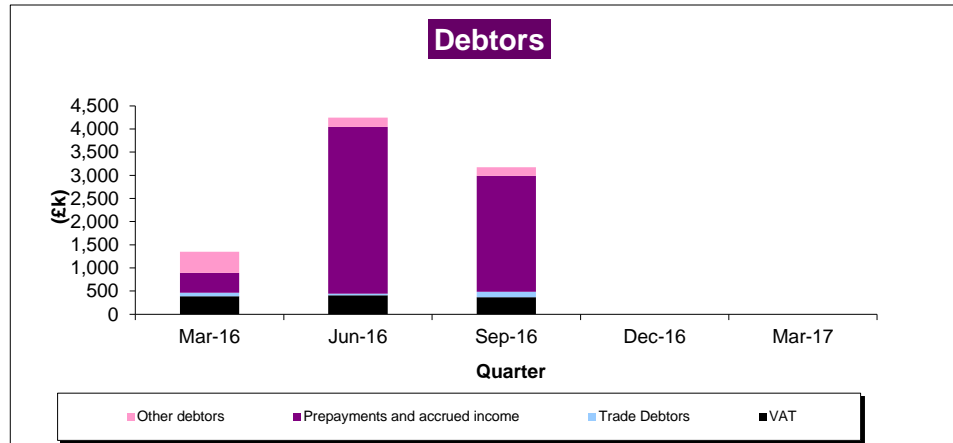
Project Summary : September 2016	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget
Revenue Projects							
Allocated	2,158	2,158	()	(0.0)	3,325	2,970	64.9%
Unallocated	0	0	0	n/a	30	30	n/a
Total Revenue Projects	2,158	2,158	()	(0.0)	3,355	3,000	64.3%
Capital Projects							
Allocated	391	404	13	3.2	1,500	1,500	26.1%
Unallocated	0	0	0	n/a	0	0	n/a
Total Capital Projects	391	404	13	3.2	1,500	1,500	26.1%
TOTAL	2,549	2,562	13	0.5	4,855	4,500	52.5%

By Portfolio:	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget
BIT and Digital	1,162,662	1,188	25	2.1	2,755	2,755	42.2%
FM Building & Equipment	1,073,746	1,062	(12)	(1.1)	1,610	1,420	66.7%
Innovation Fund/Other	139,924	135	(5)	()	165	165	84.8%
OD and HR projects	172,550	177	5	0	325	160	53.1%
Total Projects Allocated	2,549	2,562	13	0.5	4,855	4,500	52.5%
Unallocated Project Budget	0	0	0	n/a	0	0	0.0%
TOTAL	2,549	2,562	13	0.5	4,855	4,500	52.5%



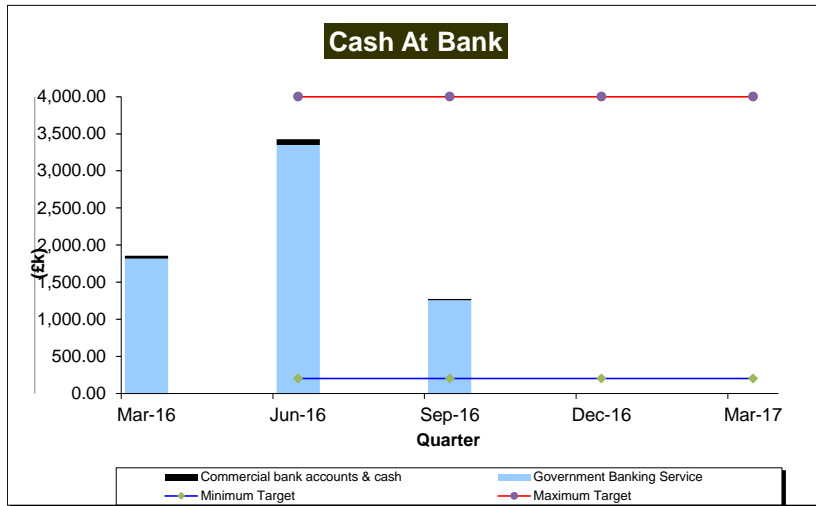
Note

Land, Buildings and Fixed Plant professionally valued at £304.0m at 31 March 2015.
IT Systems and Software, and Equipment, include depreciation.

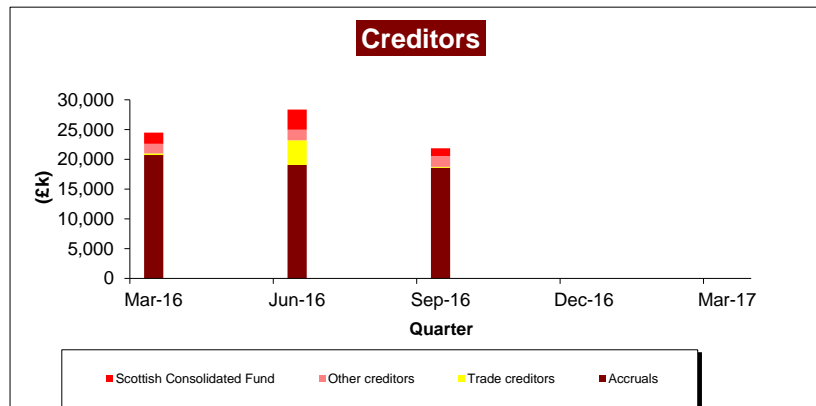


Note

Other debtors higher in March 2016 due to monies receivable from Members pension scheme
Movement in prepayments is due to accounting treatment of rates
Trade debtors higher in September due to sales invoices raised for Events
VAT balance represents only the most recent quarter



Note
Bank balances kept within target.



Note
Scottish Consolidated Fund creditor equal to bank balance
Trade creditors higher in June due to accounting treatment of rates (paid in September).
Accruals slightly higher at March 2016 to capture costs in correct financial year.

Schedule 6 Income from Catering Operation and from Parliament Shop

Analysis of Catering Costs and Subsidy

2016-17 YTD (6 months to September 2016)	Garden Level	Coffee Bar	Members'	Members'	QBH	Parliament	Commercia		Internal	Internal	YTD	YTD	YTD	Current	Original
	Restaurant		Restaurant	Members' Bar	Lounge	Café	I Events	Events	Hospitality	Meetings	Actual	Budget	Variance	Annual	Approved
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	178	41	6	1	22	86	11	64	52	29	492	520	- 28	1,200	1,200
Less:- Direct Outlet Costs	- 220	- 28	- 26	- 1	- 29	- 71	- 5	- 26	- 56	- 47	- 510	- 490	- 20	- 1,100	- 1,100
Net Contribution to Trading Profit/(Deficit) after direct outlet costs	- 42	13	- 20	1	- 7	16	6	38	- 4	18	- 17	30	- 47	100	100
Less:- Indirect Costs Generic Labour ¹ & Other Overheads ²											- 256	- 325	69	- 610	- 610
Net subsidy											- 273	- 295	22	- 510	- 510

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

2016-17 YTD (6 months to Sept. 2016)	YTD	YTD	YTD	Current	Original
	Actual	Budget	Variance	Annual	Approved
	£'000	£'000	£'000	£'000	£'000
Sales (net of discount)	122	138	- 16	250	250
Less Cost of sales	72	77	- 5	144	144
Net Contribution	50	61	- 11	106	106
Direct Salaries	45	45	1	90	89
Other Direct Costs (2)	3	1	2	2	2
Total Direct Costs	49	46	3	91	90
Net Contribution/(Subsidy) after direct costs	1	15	- 14	15	16

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.