

SPCB FINANCE REPORT Period 3 – June 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	3.2%	Para 2 & 7
b) Total SPS expenditure	4.0%	Para 8
c) Total project expenditure	8.4%	Para 9
Operation of Financial Controls		
d) Key reconciliations up to date	100%	Para 5
Other Key Indicators		
e) Payment performance	99.7%	Para 5

Key: RAG Status



Green

Performance within target range



Amber

Performance outwith target range but acceptable



Red

Performance outwith target range not acceptable

Financial Commentary

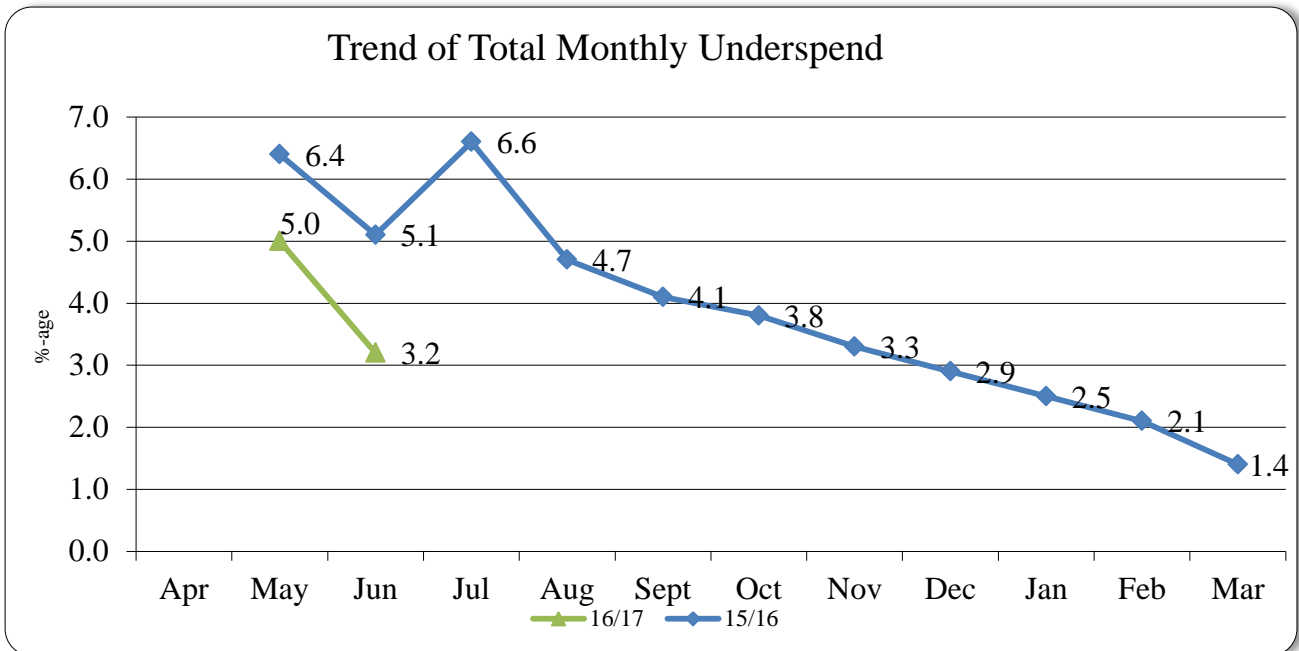
2. The Scottish Parliament's total revenue and capital expenditure for the first two months of 2016-17 of £20.9m represents an underspend against budget of £0.7m (3.2%) which is within the SPCB's target range of 0% to 5.0% under budget at this stage of the financial year (as shown in green in the Executive 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 £17.4m which represented an underspend against budget of £0.9m (5.1%).
3. Although the variance against year to date budget is within our target range for total SPCB expenditure, the variance for the project expenditure (SPS) of 8.4% is above target (as shown in amber in the Executive Summary chart). This is largely due to timing differences in project expenditure in the early part of the year so the YTD variance is not a concern at this stage of the year.
4. Following on from an early reallocation of the SPCB's 2016-17 budget within the period 2 figures to reflect known adjustments between the budget setting process in November 2015 and the start of the financial year, a re-forecasting exercise was held in June resulting in a further transfer from central contingency and re-allocation between Group, Office and Project approved

2016-17 budgets. The next re-forecasting exercise will be in September and be reflected in the Period 6 figures.

5. 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 95.8% for the year to date.
6. The 2015-16 year-end accounts process is proceeding to timetable and Audit Scotland has commenced its fieldwork in early July.

Financial Results

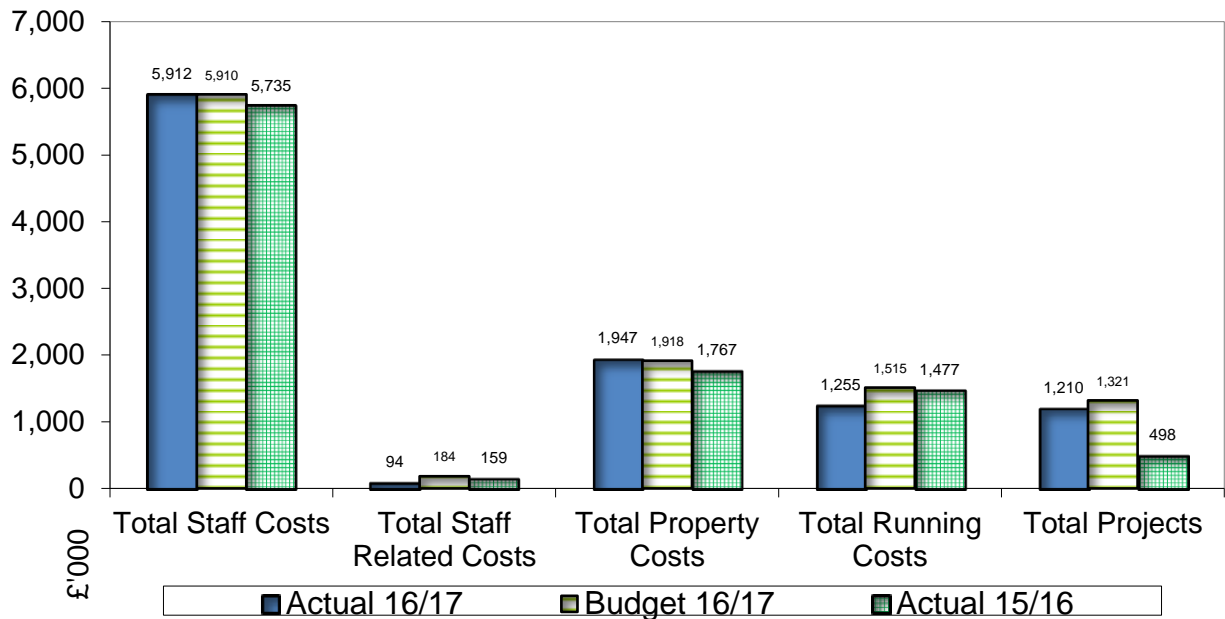
7. The SPCB's total revenue and capital expenditure per Schedule 1 for June 2016 is £20.9m, which is £697k (3.2%) under the approved budget of 21.6m. This is lower than the % underspend at June 2015 of 5.1%.



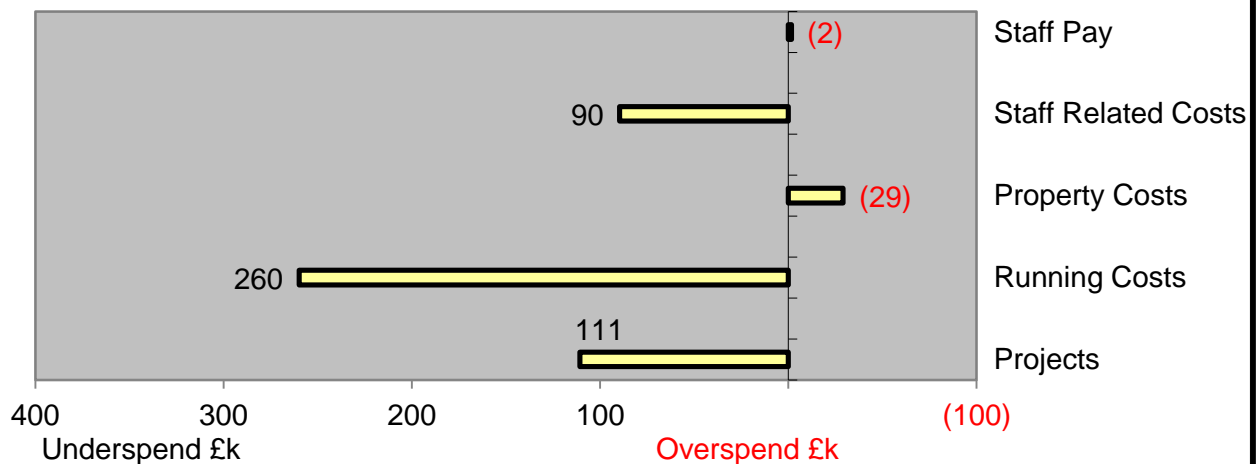
Parliamentary Service Costs (Schedule 2)

8. The year to date expenditure for the Parliamentary Service (SPS), at £10.9m, is £0.43m (4.0%) under budget. Parliamentary Service Costs incorporate both capital and revenue projects. The previous year's expenditure of £9.6m at period 3 was £0.6m (5.7%) 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

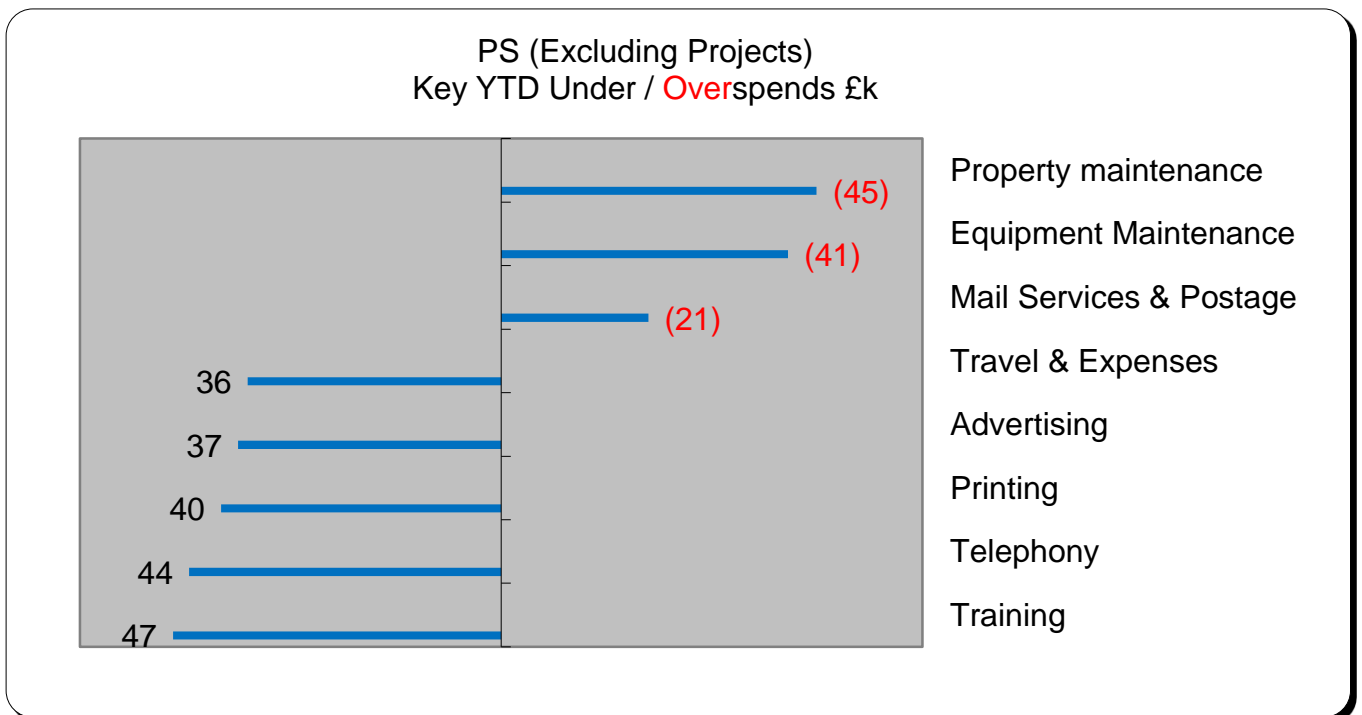


Parliamentary Service YTD Under & Overspends £k



- Staff Pay is reported as £2k (0%) over budget including Agency staff and contractors.
- Expenditure on staff pay to date is £5.9m, £200k higher than the equivalent 15-16 costs of £5.7m.
- Expenditure on Staff Related Costs is £94k which is £90k (48.8%) below the budget to date of £184k, due to underspends on Training of £47k and Travel & Expenses of £36k. The staff related costs are £65k (41%) lower compared to the equivalent period in 2015-16.
- Property Costs of £1.95m are £29k (1.5%) over the Year to Date budget. This is principally attributable to Maintenance (£45k) offset by small underspends from other areas.

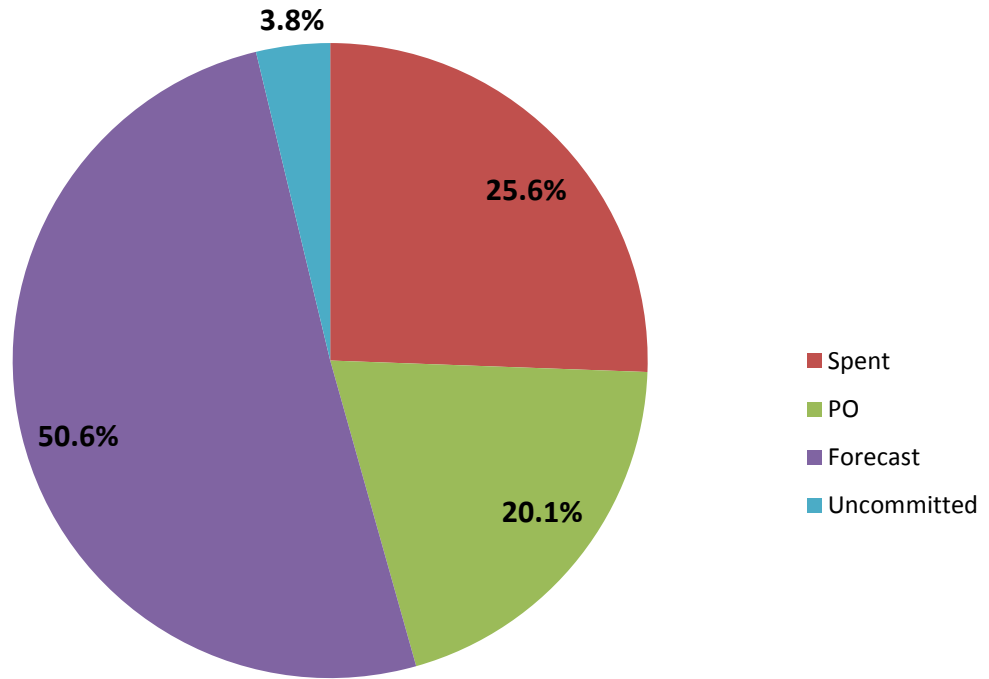
- Running Costs of £1.25m are £260k (17.2%) under budget. Main running cost underspends are Telephony (£44k), Printing (£40k), Advertising (£37k), Digital Business Information (£32k), Restaurant Services (£21k) along with a smaller underspends in Photocopying (£16k), Commissioned Research (£14k), the Shop (£13k) and Stationery (£12k). The £260k underspend also includes £49k of Corporate Card adjustments. Key overspends include Equipment Maintenance (£41k) and Mail Services (£21k).
- Project expenditure in the year to June 2016 is £1.2m, £111k (8.4%) below budget to date of £1.32m.



Project Reporting (Schedule 3):

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

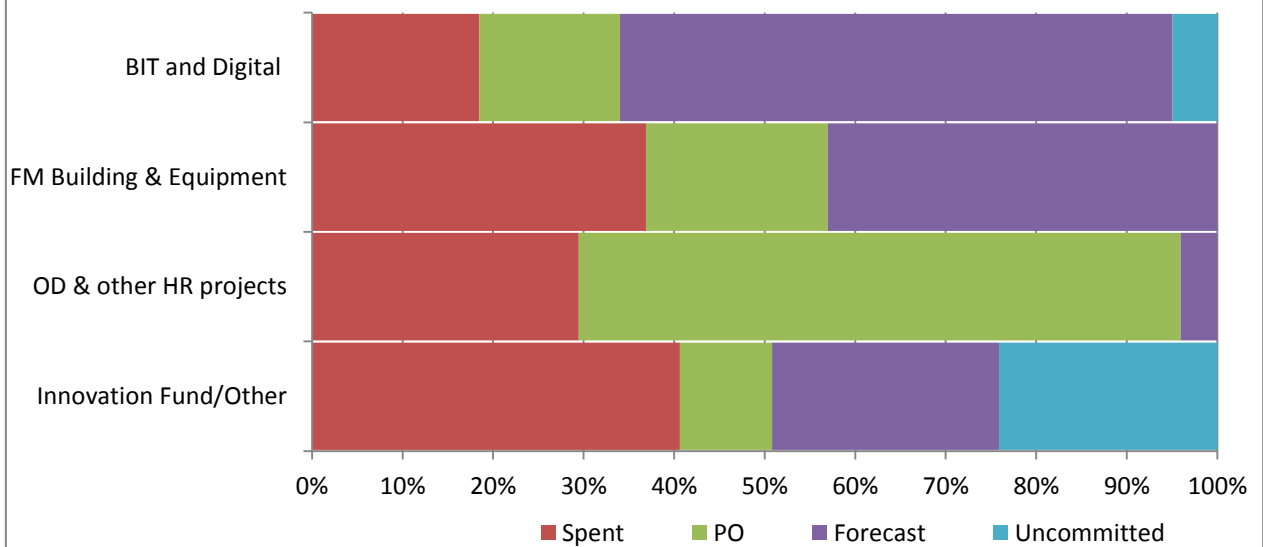
- Total project expenditure to June is £1.2m, £111k (8.4%) under the budget to date of £1.32m.
- Revenue Projects show a total spend of £1.09m against a budget of £1.15m, a reported underspend of £62k (5.4%). The primary underspend is in respect of FM's 25 year maintenance plan projects (£58k).
- Capital Projects have spent £120k for the year against a YTD budget of £168k, a reported underspend of £48k (28.8%). This is largely due to timing differences for expenditure on the HR Time & Attendance System project (£39k).



Project Budget Status June 2016

This compares with 8% spent, 25% on purchase order, 45% forecast and 22% uncommitted at the same period in 2015-16.

Project Budget Status by Portfolio



Members' Costs (Schedule 2)

10. Members' costs are analysed in Schedule 2, which shows £8.4m reported cost to June 2016, £280k (3.2%) below the phased year to date budget. (The corresponding figures for 2015-16 at period 3 were an underspend of £365k, 5.9%). Members' pay include payments of resettlement grants 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)

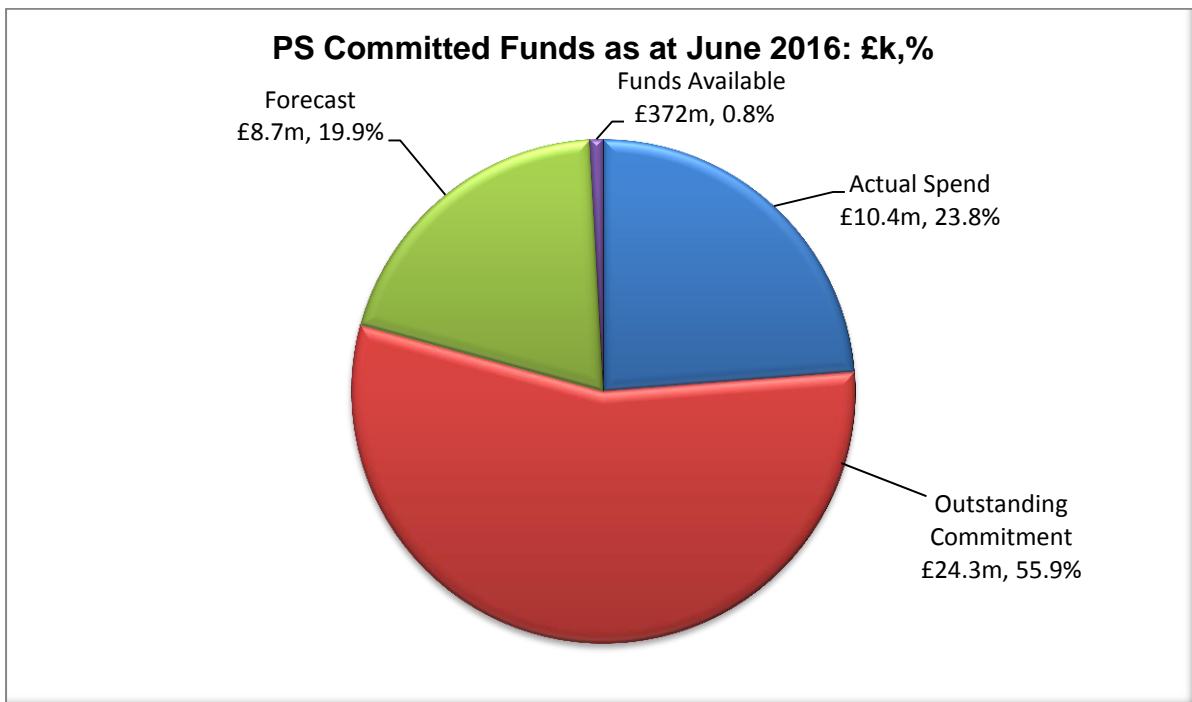
11. The SPCB's funding cost for Commissioners and Ombudsman (Officeholders) in the first three months of 2016-17 amounts to £2.06m, which is **£12k (0.6%)** over the budget to June 2016 of £2.048m. The Officeholders contingency remains at £166k.

Central Contingency

12. The SCPB's central contingency stands at £792k as at June 2016 down from £968k after net transfers out of £176k to fund an extension to the Commercial Events pilot and 2 temporary and 3 permanent posts (related to devolved matters).

Commitment

13. Actual expenditure plus commitment is



This compares with 22% actual spend, outstanding commitment 62% and 16% uncommitted as at June 2015-16.

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)	10,418	10,847	429	4.0	43,824	43,280
Members' Costs (Schedule 2)	8,414	8,693	280	3.2	31,424	28,760
Commissioners & Ombudsman Costs (Schedule 2)	2,061	2,048	(12)	(0.6)	8,369	8,369
Sub Total	20,892	21,589	697	3.2	83,617	80,409
Reserves - SPCB Contingency				n/a	792	4,000
TOTAL SPCB EXPENDITURE	20,892	21,589	697	3.2	84,409	84,409

Schedule 2

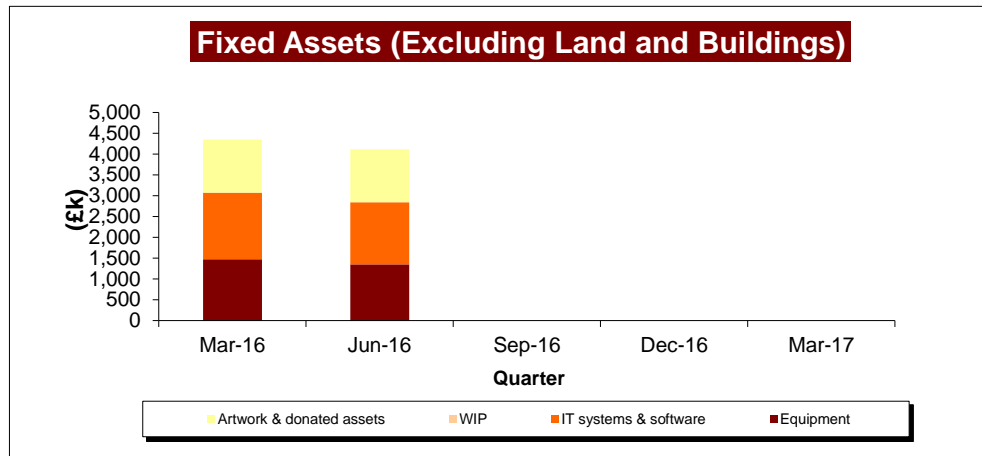
	Actual £'000	Year-to-date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
<u>Parliamentary Service Costs</u>						
Staff Pay	5,912	5,910	(2)	(0.0)	24,029	23,693
Staff Related Costs	94	184	90	48.8	784	864
Property Costs	1,947	1,918	(29)	(1.5)	7,635	7,596
Running Costs (Including Events & Income)	1,255	1,515	260	17.2	6,682	6,627
Parliamentary Service Costs excluding Projects	9,208	9,526	319	3.3	39,129	38,780
Projects (Schedule 3)	1,210	1,321	111	8.4	4,695	4,500
Total PS Expenditure	10,418	10,847	429	4.0	43,824	43,280
<u>Members' Costs</u>						
MSP & Officeholders' Pay	4,964	5,082	118	2.3	13,965	11,860
MSP Expenses	3,321	3,446	124	3.6	16,939	16,415
Party Assistance	128	166	38	22.8	520	485
Total	8,414	8,693	280	3.2	31,424	28,760
<u>Commissioners & Ombudsman</u>						
Ethical Standards Commission	150	142	(7)	(5.2)	837	812
Standards Commission	62	61	(1)	(2.0)	240	240
Human Rights Commission	243	247	4	1.7	958	958
Scottish Information Commissioner	378	372	(6)	(1.6)	1,516	1,492
Public Services Ombudsman	889	889	(0)	(0.0)	3,360	3,253
Commissioner for Children	339	338	(1)	(0.4)	1,293	1,264
Reserves - C&O Contingency	0		0	n/a	166	350
Total	2,061	2,048	(12)	(0.6)	8,369	8,369

Period 03
June 2016 Leadership Group Financial Schedules

Schedule 3

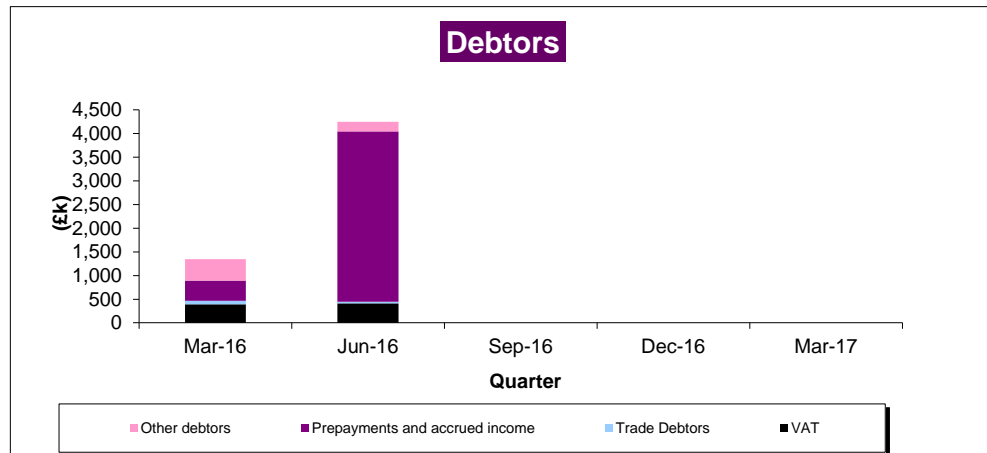
Project Summary : June 2016	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget
Revenue Projects							
Allocated	1,090	1,153	62	5.4	3,165	2,970	34.4%
Unallocated	0	0	0	n/a	30	30	0.0%
Total Revenue Projects	1,090	1,153	62	5.4	3,195	3,000	34.1%
Capital Projects							
Allocated	120	168	48	28.8	1,500	1,500	8.0%
Unallocated	0	0	0	0.0	0	0	0.0%
Total Capital Projects	120	168	48	28.8	1,500	1,500	8.0%
TOTAL	1,210	1,321	111	8.4	4,695	4,500	25.8%

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	510	556	46	0.0	2,755	2,755	18.5%
FM Building & Equipment	545	598	53	8.3	1,478	1,420	36.9%
Innovation Fund/Other	67	81	14	8.9	165	165	40.6%
OD and HR projects	87	85	(2)	17.3	297	160	29.5%
Total Projects Allocated	1,210	1,321	111	8.4	4,695	4,500	25.8%
Unallocated Project Budget	0.0	0.0	0.0	0.0	0	0	0.0%
TOTAL	1,210	1,321	111	8.4	4,695	4,500	25.8%



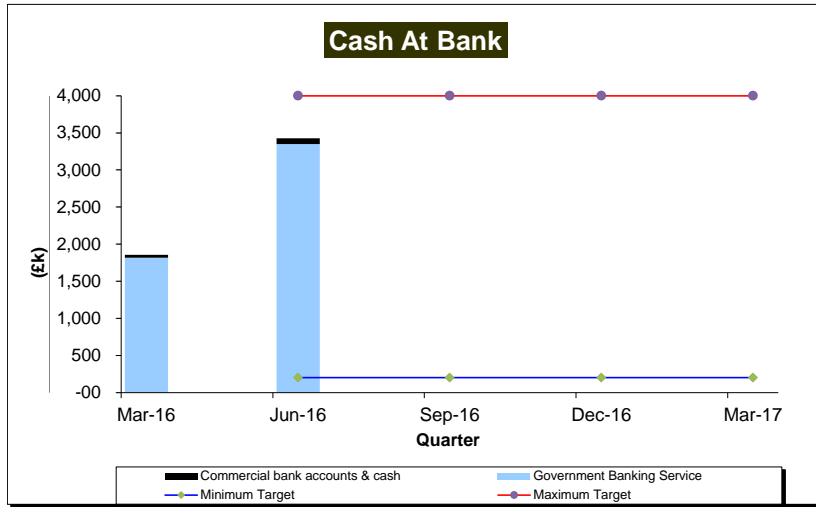
Note

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

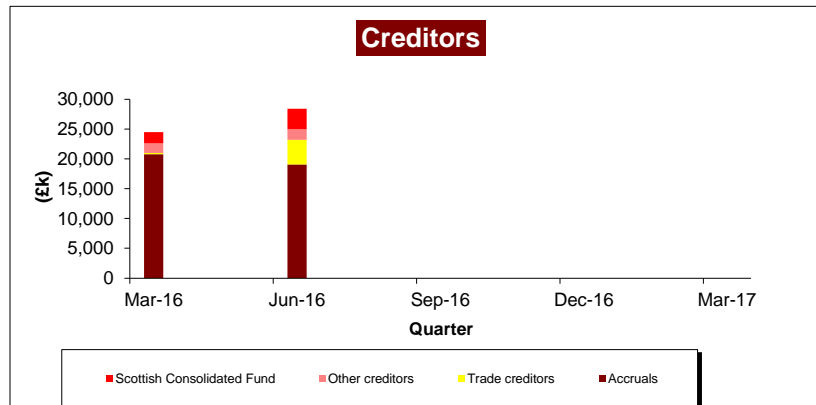


Note

Other debtors higher in March 2016 due to monies receivable from Members pension scheme
Movement in prepayments is due to accounting treatment of rates
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 (3 months to June 2016)	Garden Level Restaurant	Coffee Bar	Members' Restaurant	Members' Bar	QBH Lounge	Parliament Café	Commercial Events	Events	Internal Hospitality	Internal Meetings	YTD Actual Total	YTD Budget Total	YTD Variance	Current Annual Budget	Original Approved Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	89	21	3	1	9	33	9	14	19	13	211	310	(99)	1,200	1,200
Less:- Direct Outlet Costs	(105)	(14)	(12)	(0)	(12)	(31)	(4)	(5)	(24)	(23)	(231)	(280)	49	(1,100)	(1,100)
Net Contribution to Trading Profit/(Deficit) after direct outlet costs	(16)	7	(9)	0	(3)	2	5	9	(6)	(10)	(20)	30	(50)	100	100
Less:- Indirect Costs Generic Labour ¹ & Other Overheads ²											(102)	(173)	71	(610)	(610)
Net subsidy											(122)	(143)	21	(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 (3 months to June 2016)	YTD Actual	YTD Budget	YTD Variance	Current Annual Budget	Original Approved Budget
	£'000	£'000	£'000	£'000	£'000
Sales (net of discount)	50	62	(12)	250	250
Less Cost of sales	31	44	(13)	144	144
Net Contribution	19	18	1	106	106
Direct Salaries	22	22	(0)	90	89
Other Direct Costs (2)	1	1	0	2	2
Total Direct Costs	24	23	0	91	90
Net Contribution/(Subsidy) after direct costs	(5)	(5)	1	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.