

SPCB FINANCE REPORT Period 3 – June 2017

1. This report is to inform SPCB of general financial activity and expenditure trends in 2017-18.

Executive Summary

Performance against Budget (year to date variance)		
a) Total SPCB revenue and capital expenditure	3.5%	Para 2 & 7
b) Total SPS expenditure	4.8%	Para 9
c) Total project expenditure	15.0%	Para 10
Operation of Financial Controls		
d) Key reconciliations up to date	100%	Para 5
Other Key Indicators		
e) Payment performance	99.4%	Para 5

Key: RAG Status



Performance within target range



Performance outwith target range but acceptable



Performance outwith target range not acceptable

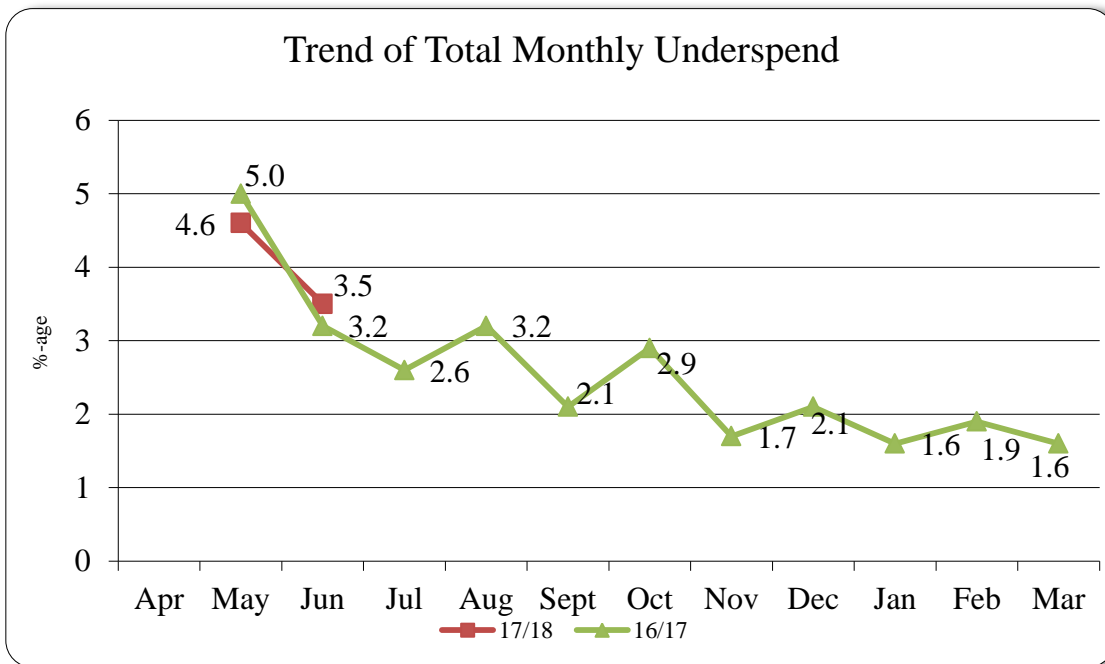
Financial Commentary

2. The Scottish Parliament's total revenue and capital expenditure for the 3 months of 2017-18 of £19.0m represents an underspend against budget of £0.7m (3.5%) which is within the SPCB's target range of 0% to 5.0% (as shown in green in the Executive Summary chart). The overall underspend is similar in absolute and percentage terms with the comparable position for 2016-17 of expenditure of £20.9m which represented an underspend against budget of £0.7m (3.2%).
3. Although the variance against year to date budget is within our target range for total SPCB expenditure, the variance for project expenditure (SPS) of 15.0% is above target (as shown in red in the Executive Summary chart). This is largely due to timing differences in project expenditure in the early part of the year so the year to date 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 December 2016 and the start of the financial year, a reforecasting exercise was held in June resulting in a further transfer to central contingency and re-allocation between Group, Office and Project approved 2017-18 budgets.

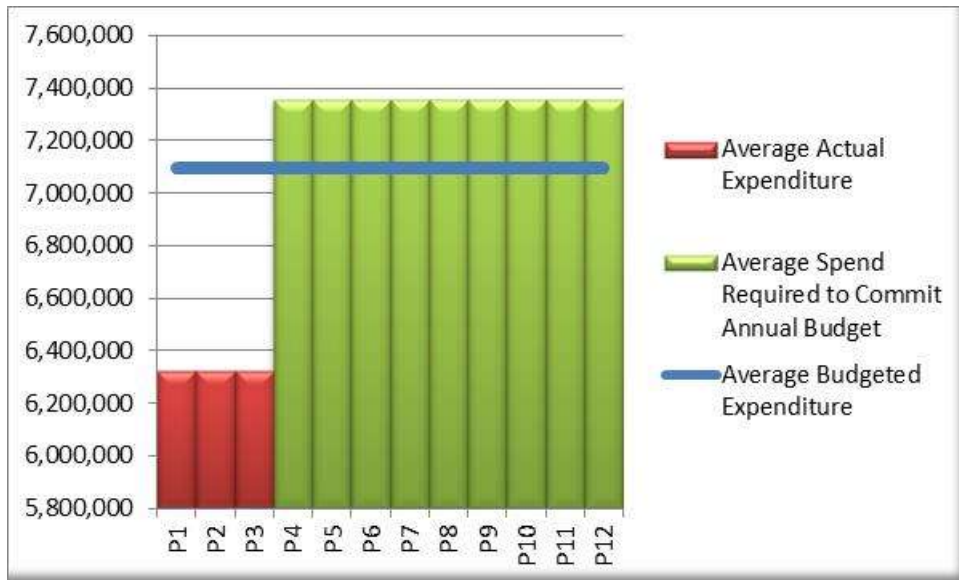
5. All key reconciliations are up to date. Payment performance within contract terms for the year to date exceeds the 99% target. The equivalent figure for payment within 10 days is 97.8% for the year to date.
6. The 2016-17 year end accounts process is proceeding to timetable and Audit Scotland has commenced its fieldwork in early July.

Financial Results

7. The SPCB's total revenue and capital expenditure per Schedule 1 for June 2017 is £19.0m, which is £0.7m (3.5%) under the approved year to date budget of £19.7m. This is similar in absolute and percentage terms with the underspend as at June 2016 of £0.7m / 3.2%.



8. The SPCB's total budget of £85.2m for the year equates to an average of £7.10m per month. The actual expenditure to date has averaged £6.33m for the first three months of the year and thus needs to average £7.36m in the remaining 9 periods of the year to spend the total budget. This is outlined in the graph below:

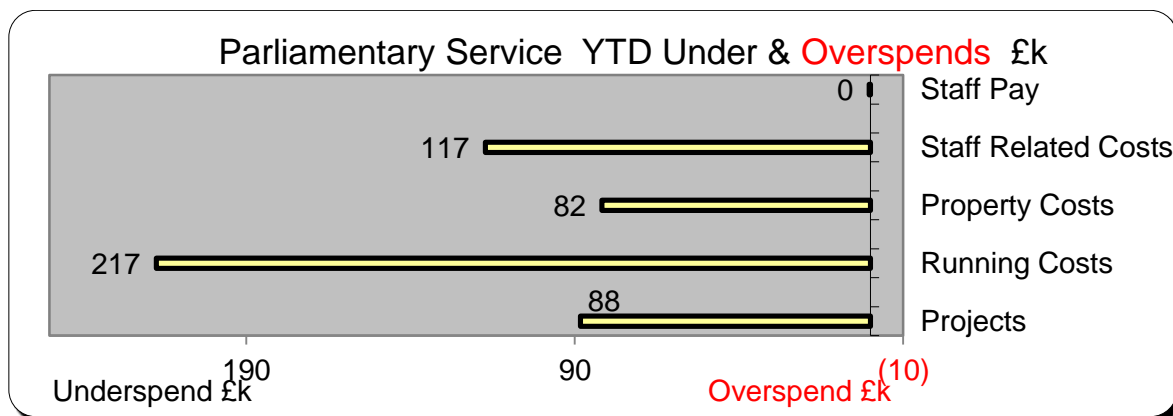
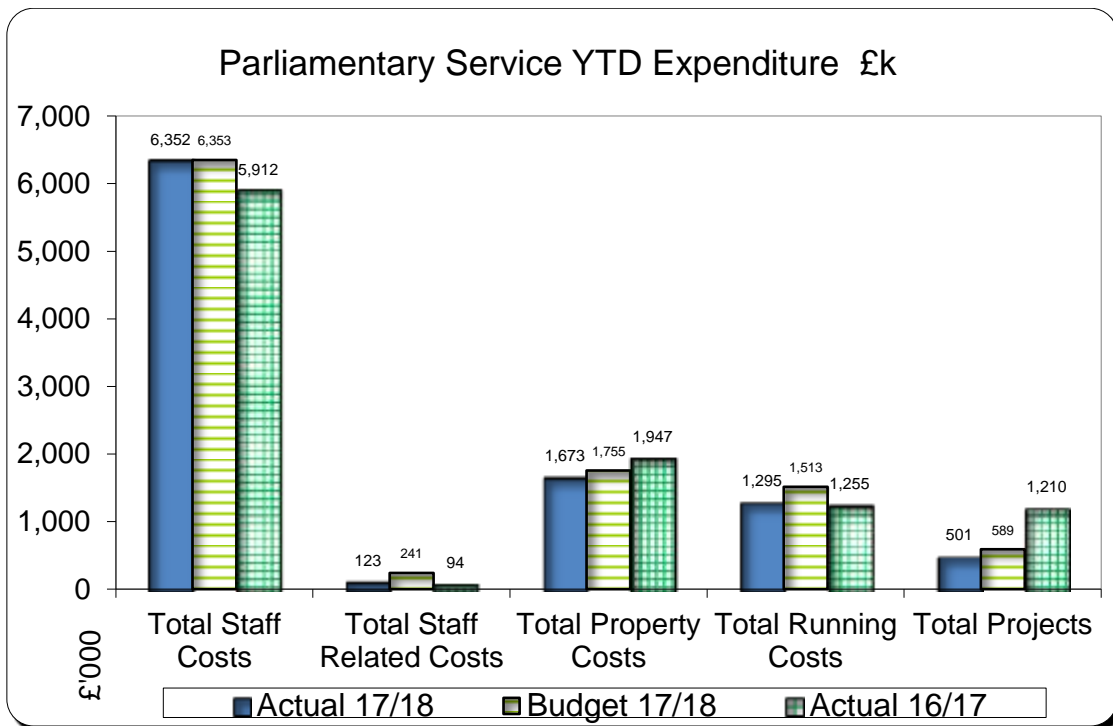


Higher than average expenditure is scheduled to occur in the remaining 9 months of the financial year:

- £1m in the Chamber Lighting project is planned over July-August
- Members' expenses are phased to reflect higher monthly expenditure in the latter part of the year
- Digital Services and FM project spend is due to peak over period July – November - c£2.5m of expenditure. This is in addition to the Chamber Lighting project expenditure.

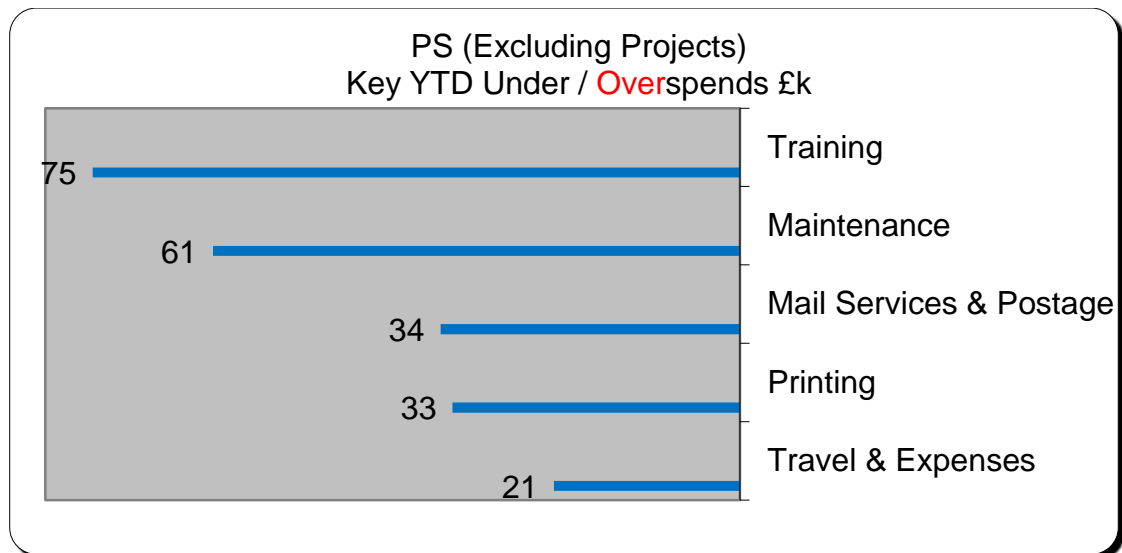
Parliamentary Service Costs (Schedule 2)

9. The year to date expenditure for the Parliamentary Service (SPS) of £9.4m is £0.5m (4.8%) under budget. Parliamentary Service Costs incorporate both capital and revenue projects. The previous year's expenditure of £10.9m at period 3 was £0.4m (4.0%) 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 on budget including Agency staff and contractors.
- Expenditure on staff pay to date is £6.4m, £440k (7.4%) higher than the equivalent 16-17 costs. The bulk (>80%) of this is higher monthly payroll costs. The largest group staff cost year on year increases were in; Digital Services (£105k / 19.7%), Chamber, Broadcasting & Reporting (£119k / 12.5%) and Finance & Security (£123k / 11.6%), with other groups showing a 1% to 9% increase.
- Expenditure on Staff Related Costs is £123k. This is £117k (48.7%) below the budget to date of £241k. Actual spend on staff related costs is £29k (31%) higher than that for the equivalent period in 2016-17. Training (£75k) and Travel & Expenses (£21k) make up the biggest element of the underspend.

- Property Costs of £1.7m are £82k (4.7%) below the Year to Date budget. This is principally attributable to an underspend of £61k in maintenance.
- Running Costs of £1.3m are £217k (13.3%) under budget. Main running cost underspends are in Mail Services & Postage (£34k), and Printing (£33k).

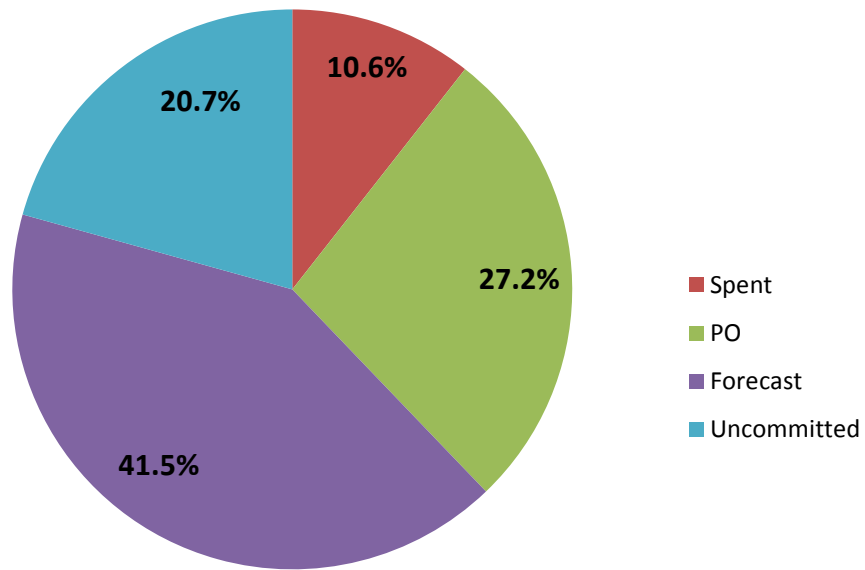


Project Reporting (Schedule 3):

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

Total project expenditure to June 2017 is £501k, £89k (15.0%) under the year to date budget.

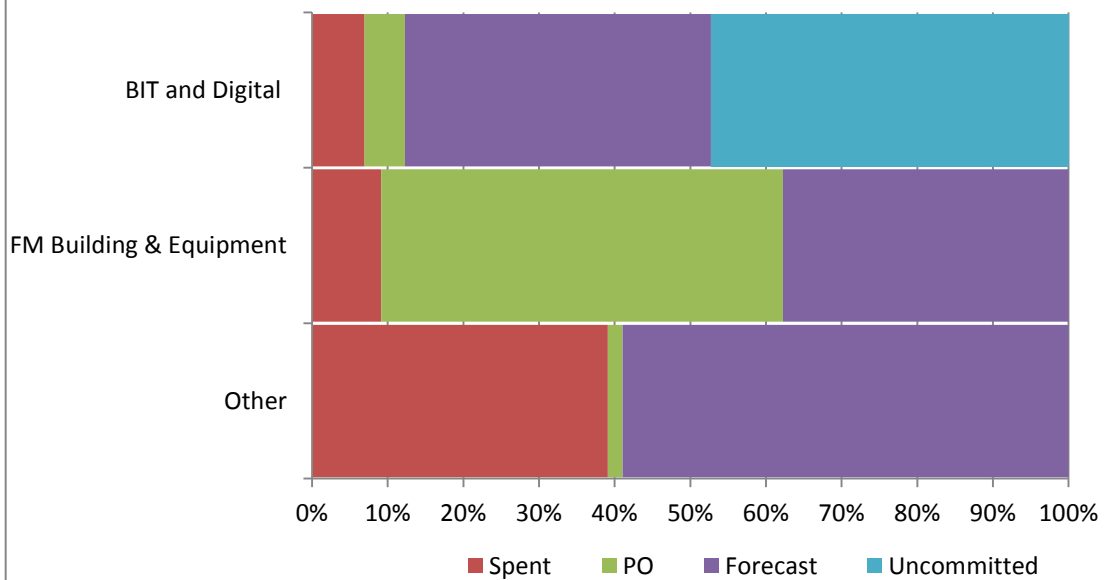
- Revenue Projects show a total spend of £421k, an overspend of £38k (10.0%) against budget.
- Capital Projects have spent £80k for the year against a budget of £206k, an underspend of £126k (61.4%). This is principally attributable to budget phasing for the Chamber Lighting – which will resolve by the end of the project.



Project Budget Status June 2017 - £4.7m

This compares with 25% spent, 20% on purchase orders, 51% forecast and 4% uncommitted at the same period in 2016-17. Digital Services currently has £1m uncommitted in 2017/18 –this is the major difference with 2016/17.

Project Budget Status by Portfolio



Members' Costs (Schedule 2)

11. Members' costs are analysed in Schedule 2, which shows £6.85m reported cost to June 2017, £51k (0.7%) underspend against the year to date budget. (The corresponding figures for 2016-17 at period 3 were an underspend of £280k, 3.2%, although these are not directly comparable due to the impact of election related costs in last year's figures).

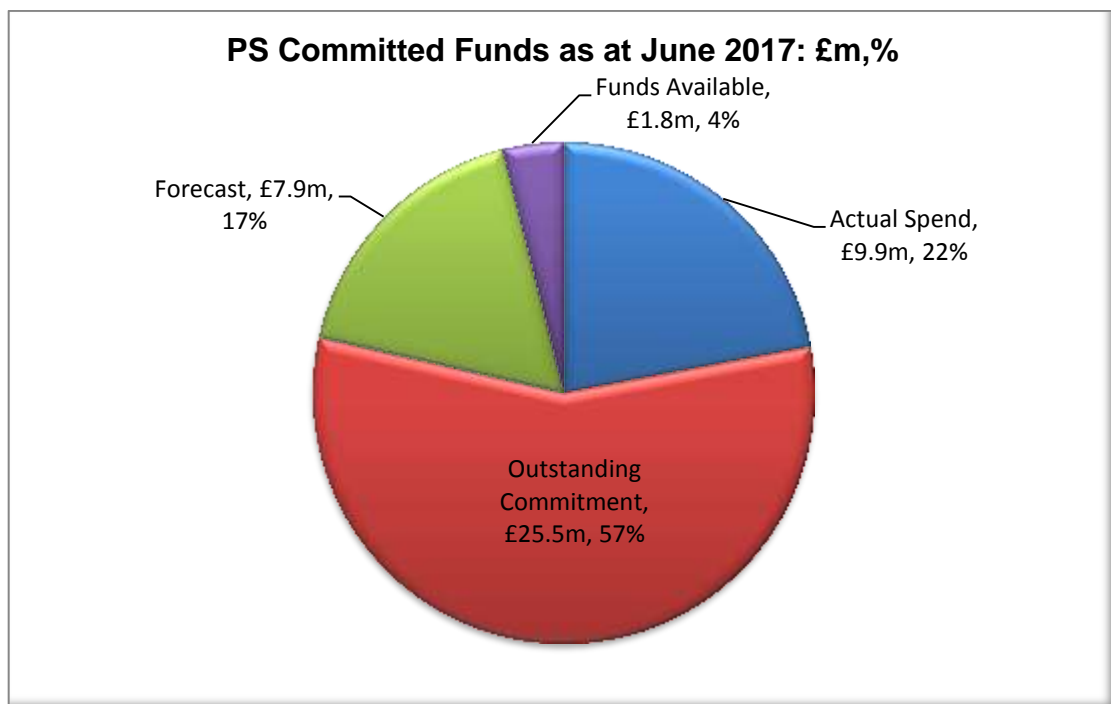
Commissioners & Ombudsman Costs (Schedule 2)

12. The SPCB's funding cost for Commissioners and Ombudsman (Officeholders) in the 3 months of 2017-18 amounts to £2.2m, which is £137k (5.9%) under the year to date budget. The unutilised balance in the Officeholders contingency is £325k.

Central Contingency

13. The central contingency has increased from £1.13m to £1.16m. This is due to a transfer of £27k from the Chamber Legislative Draft project and £19k from Chamber to contingency offset by £18k to fund the vacancy gap.

14. Commitment



This compares with 23% spend, outstanding commitment 56%, forecast 20% and funds available of 1% as at June 2016-17.

Period 3
June 2017 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)	9,945	10,450	505	4.8	45,119	45,279
Members' Costs (Schedule 2)	6,850	6,902	51	0.7	29,277	29,277
Commissioners & Ombudsman Costs (Schedule 2)	2,182	2,319	137	5.9	9,624	9,624
Sub Total	18,977	19,671	693	3.5	84,020	84,180
Reserves - SPCB Contingency				n/a	1,160	1,000
TOTAL SPCB EXPENDITURE	18,977	19,671	694	3.5	85,180	85,180

Schedule 2

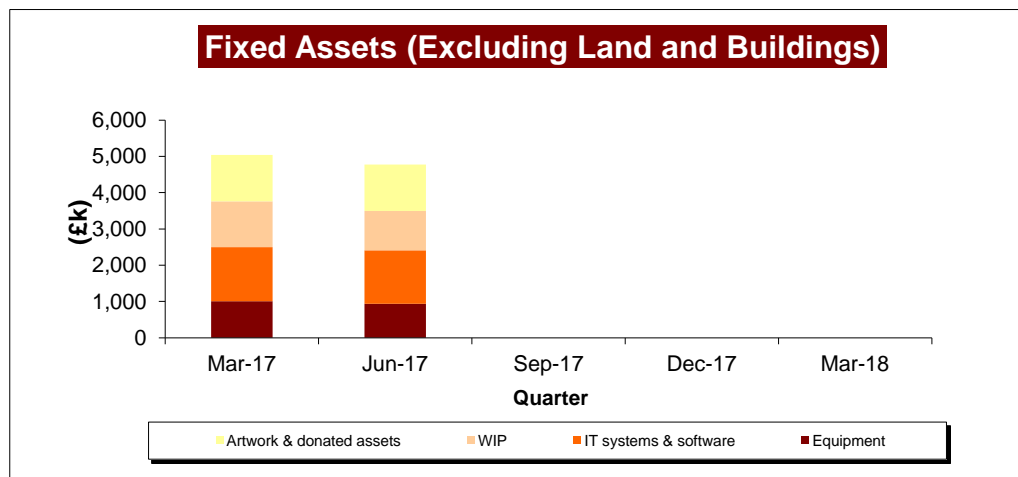
	Actual £'000	Year-to-date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
<u>Parliamentary Service Costs</u>						
Staff Pay	6,352	6,353	0	0.0	25,609	25,339
Staff Related Costs	123	241	117	48.7	969	946
Property Costs	1,673	1,755	82	4.7	7,157	7,742
Running Costs (Including Events & Income)	1,295	1,513	217	13.3	6,656	6,802
Parliamentary Service Costs excluding Projects	9,444	9,861	416	4.2	40,391	40,829
Projects (Schedule 3)	501	589	89	15.0	4,728	4,450
Total PS Expenditure	9,945	10,450	505	4.8	45,119	45,279
<u>Members' Costs</u>						
MSP & Officeholders' Pay	3,014	3,042	28	0.9	12,194	12,194
MSP Expenses	3,747	3,739	(8)	(0.2)	16,543	16,543
Party Assistance	89	121	31	25.9	540	540
Total	6,850	6,902	51	0.7	29,277	29,277
<u>Commissioners & Ombudsman</u>						
Ethical Standards Commission	147	181	33	18.5	838	838
Standards Commission	58	69	11	16.6	259	259
Human Rights Commission	248	244	(5)	(2.0)	991	991
Scottish Information Commissioner	377	393	16	4.0	1,573	1,573
Public Services Ombudsman	1,021	1,085	64	5.9	4,304	4,304
Commissioner for Children	331	348	17	5.0	1,334	1,334
Reserves - C&O Contingency	0		0	n/a	325	325
Total	2,182	2,319	137	5.9	9,624	9,624

Period 3
June 2017 Leadership Group Financial Schedules

Schedule 3

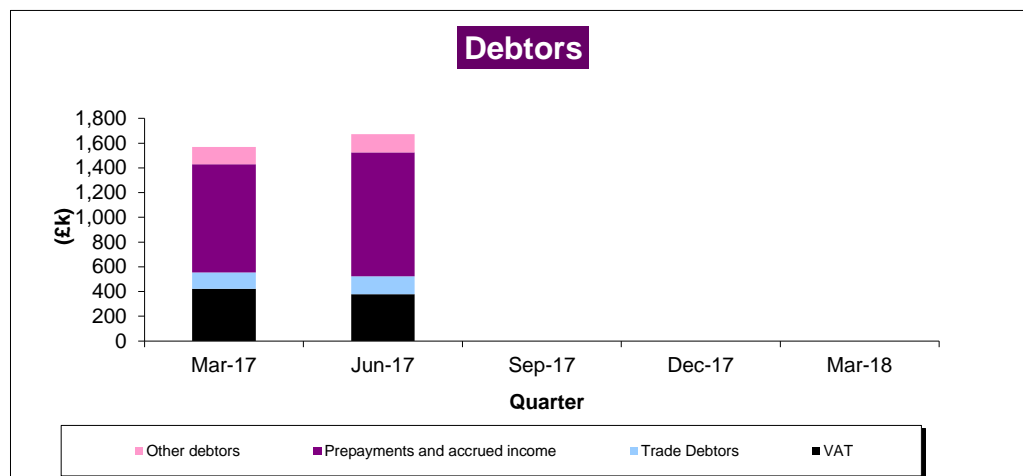
Project Summary : June 2017	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget	Outstanding Commitment £k	Forecast	Funds Available
Revenue Projects										
Allocated	421	383	(38)	(10.0)	2,389	2,304	17.6%	308	1,684	(25)
Unallocated	0	0	0	n/a	1,019	1,146	n/a	0	0	1,019
Total Revenue Projects	421	383	(38)	(10.0)	3,408	3,450	12.4%	308	1,684	994
Capital Projects										
Allocated	80	206	126	61.4	1,320	820	6.0%	980	277	(16)
Unallocated	0	0	0	n/a	0	180	n/a	0	0	0
Total Capital Projects	80	206	126	61.4	1,320	1,000	6.0%	980	277	(16)
TOTAL	501	589	89	15.0	4,728	4,450	10.6%	1,288	1,961	978

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	Forecast	Funds Available
BIT and Digital	158	162	4	2.4	1,254	1,059	12.6%	121	920	55
FM Building & Equipment	199	313	113	36.2	2,150	1,845	9.3%	1,160	824	(34)
Other	144	115	(29)	(24.9)	305	220	47.1%	7	217	(62)
Total Projects Allocated	501	589	89	15.0	3,709	3,124	13.5%	1,288	1,961	(41)
Unallocated Project Budget	0	0	0	n/a	1,019	1,326	0.0%	0	0	1,019
TOTAL	501	589	89	15.0	4,728	4,450	10.6%	1,288	1,961	978



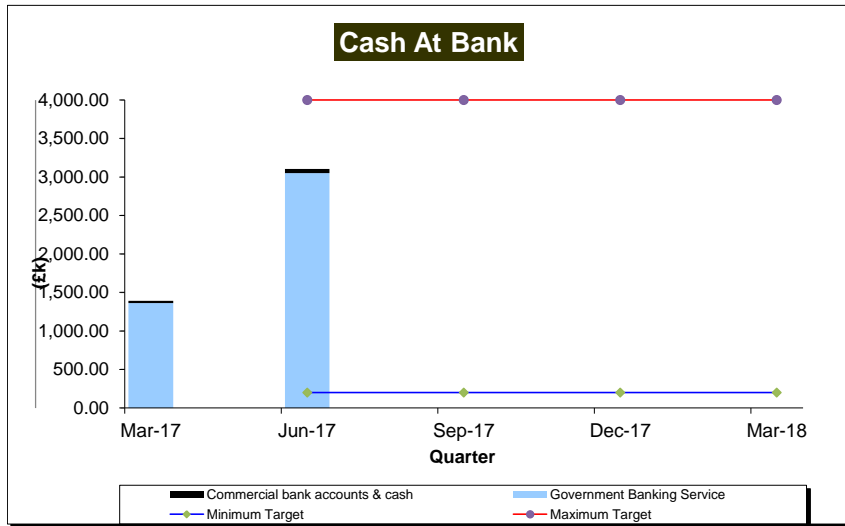
Note

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

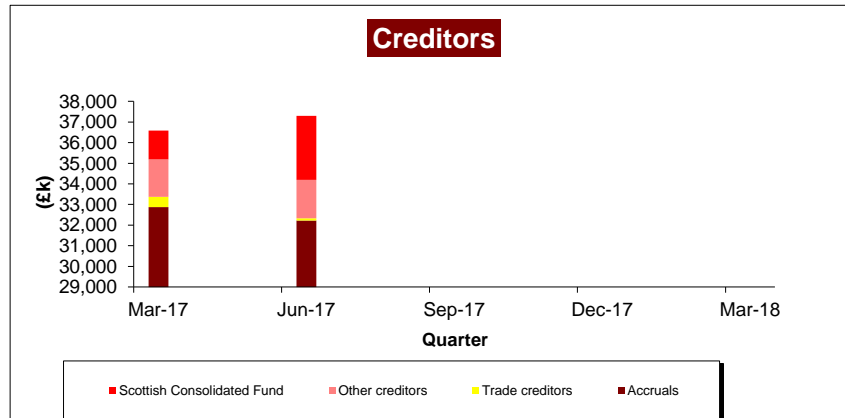


Note

Prepayments higher in June 2017 due to annual IT agreements paid in June 2017



Note
Bank balances kept within target.



Note
Scottish Consolidated Fund creditor equal to bank balance
Trade creditors and Accruals higher at March 2017 to capture spend in 2016-17.

Schedule 6 Income from Catering Operation and from Parliament Shop

Analysis of Catering Costs and Subsidy

2017-18 YTD (3 months to June 2017)	Garden Level	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	108	23	5	1	14	43	24	81	12	21	331	300	31	1,200	1,200
Less:- Direct Outlet Costs	- 132	- 15	- 19	- 1	- 16	- 35	- 15	- 50	- 12	- 17	- 312	- 275	- 37	- 1,100	- 1,100
Net Contribution to Trading Profit/(Deficit) after direct outlet costs	- 25	8	- 14	1	- 3	9	9	31	0	4	19	25	- 6	100	100
Less:- Indirect Costs Generic Labour ¹ & Other Overheads ²											- 151	- 155	3	- 620	- 620
Net subsidy											- 132	- 130	- 2	- 520	- 520

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

2017-18 YTD (3 months to June 2017)	YTD Actual	YTD Budget	YTD Variance	Current Annual Budget	Original Approved Budget
	£'000	£'000	£'000	£'000	£'000
Sales (net of discount)	64	63	1	244	244
Less Cost of sales	32	35	- 3	135	135
Net Contribution	33	28	5	108	108
Direct Salaries	22	23	- 1	91	91
Other Direct Costs (2)	1	0	1	2	2
Total Direct Costs	23	23	0	93	93
Net Contribution/(Subsidy) after direct costs	10	5	4	15	15

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. (Some budget and costs for this sit in P12400 - £1.5k)

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.