

SPCB FINANCE REPORT Period 6 – September 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	3.3%	Para 2 & 6
b) Total SPS expenditure	3.1%	Para 8
c) Total project expenditure	6.9%	Para 9
Operation of Financial Controls		
d) Key reconciliations up to date	100%	Para 4
Other Key Indicators		
e) Payment performance	99.4%	Para 4

Key: RAG Status



Performance within target range



Performance outwith target range but acceptable



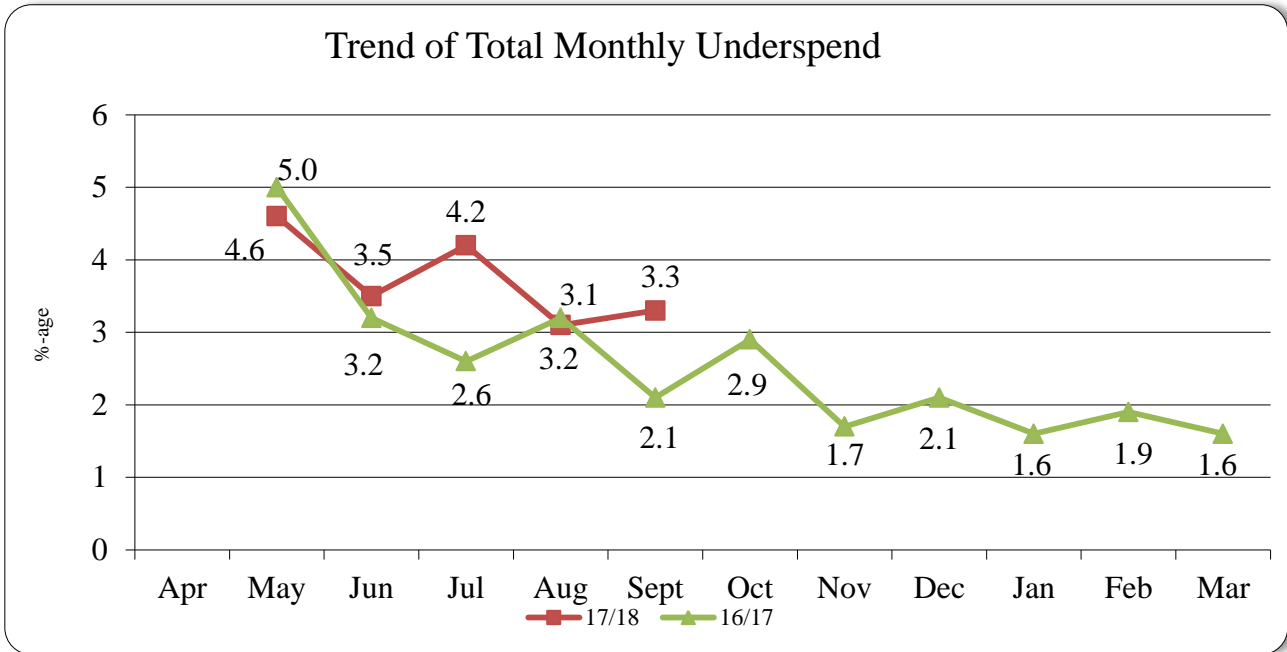
Performance outwith target range not acceptable

Financial Commentary

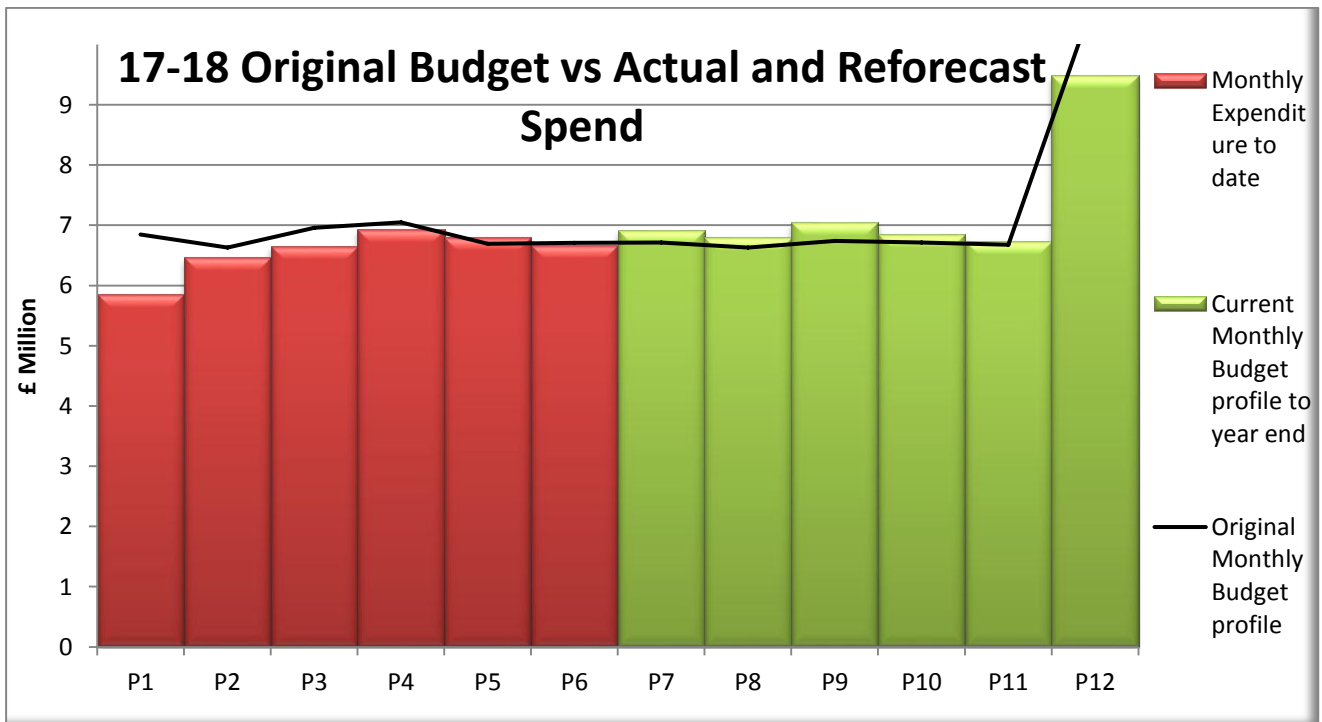
2. The Scottish Parliament's total revenue and capital expenditure for the 6 months of 2017-18 of £39.4m represents an underspend against budget of £1.3m (3.3%) which is within the SPCB's target range of 0% to 5.0% (as shown in green in the Executive Summary chart). The comparable position for the first 6 months of 2016-17 was expenditure of £40.7m which represented an underspend against budget of £0.9m (2.1%).
3. As part of the September reforecasting exercise, the Strategic Resources Board approved £403K transfers from contingency, reducing the balance to £381k. A further reforecasting exercise will take place during October and will be reflected in the Period 7 figures.
4. 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 97.6% for the year to date.
5. The SPCB 2016-17 Annual Report and Accounts were published on 5 October. Planning will commence shortly for the 2017-18 audit approach.

Financial Results

6. The SPCB's total revenue and capital expenditure per Schedule 1 for September 2017 is £39.4m, which is £1.3m (3.3%) under the approved year to date budget of £40.7m. This compares with the underspend for September 2016 of £0.9m (2.1%).



7. The table below shows actual monthly expenditure (red) up to the end of September and the current reforecast monthly expenditure (green) for the remaining 6 months of the year. The original monthly budget profile is shown by the black line.



Actual expenditure in the first six months of 2017 was £1.5m lower than originally planned at the start of the year.

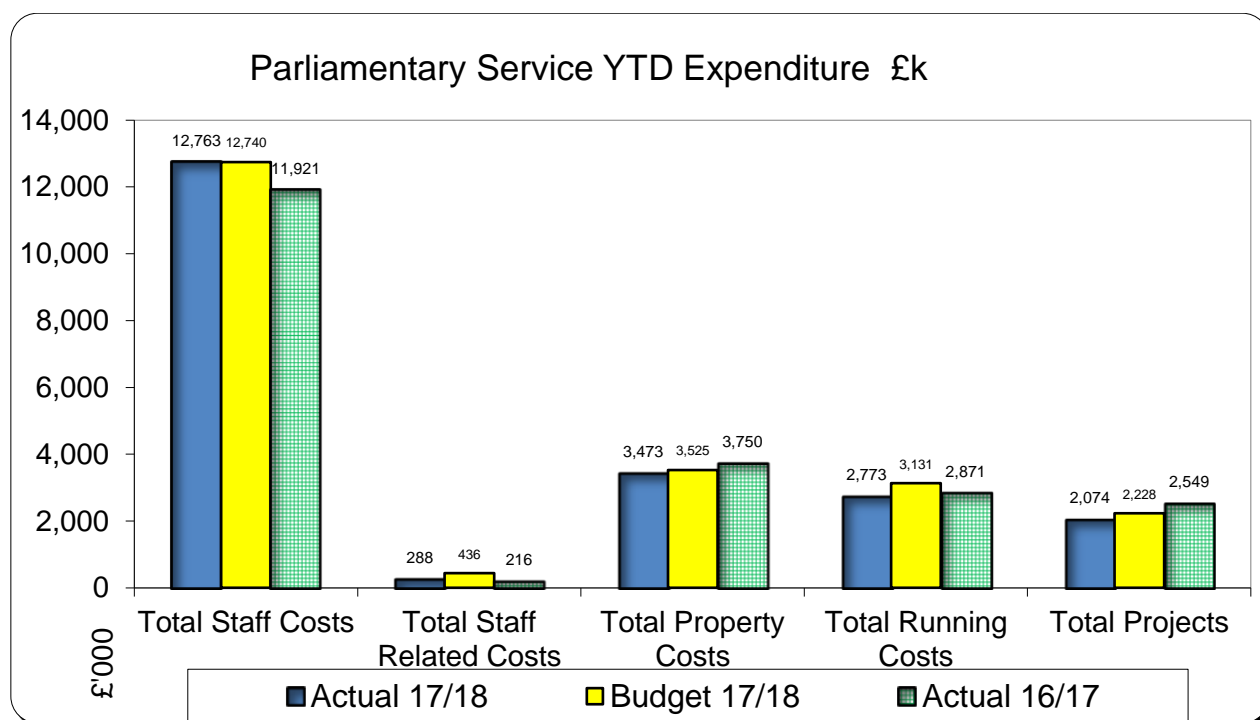
- £9.5m is planned or forecast to be spent in P12. Of this, £5.5m relates to the Parliamentary Service (SPS). The average planned monthly expenditure for SPS from October to February is £3.6m.
- Members' expenses are phased to reflect higher monthly expenditure in the final quarter of the year.

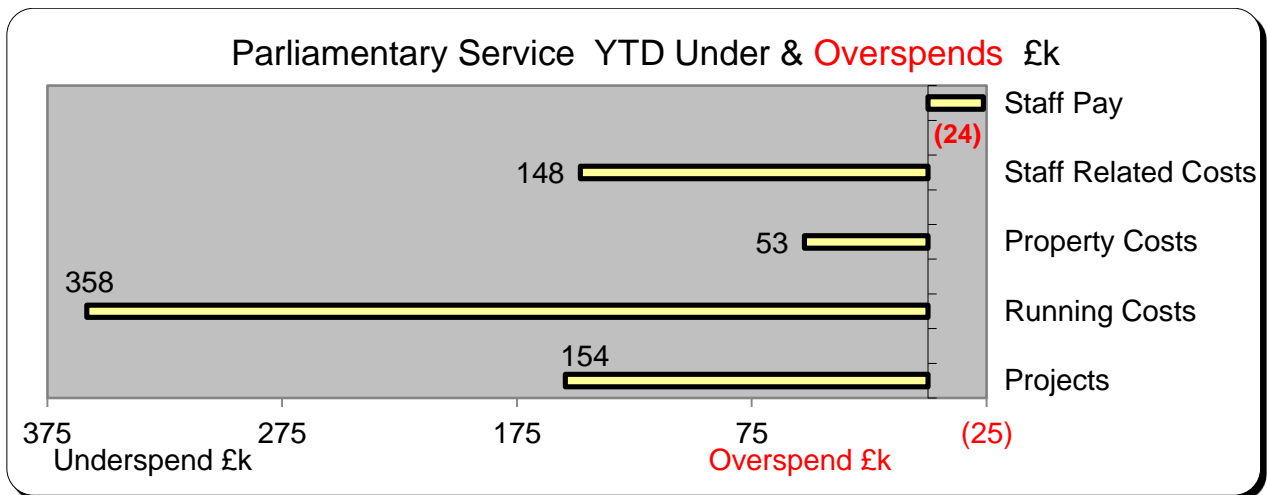
Parliamentary Service Costs (Schedule 2)

8. The year to date expenditure for the Parliamentary Service (SPS) of £21.4m is £0.7m (3.1%) under budget.

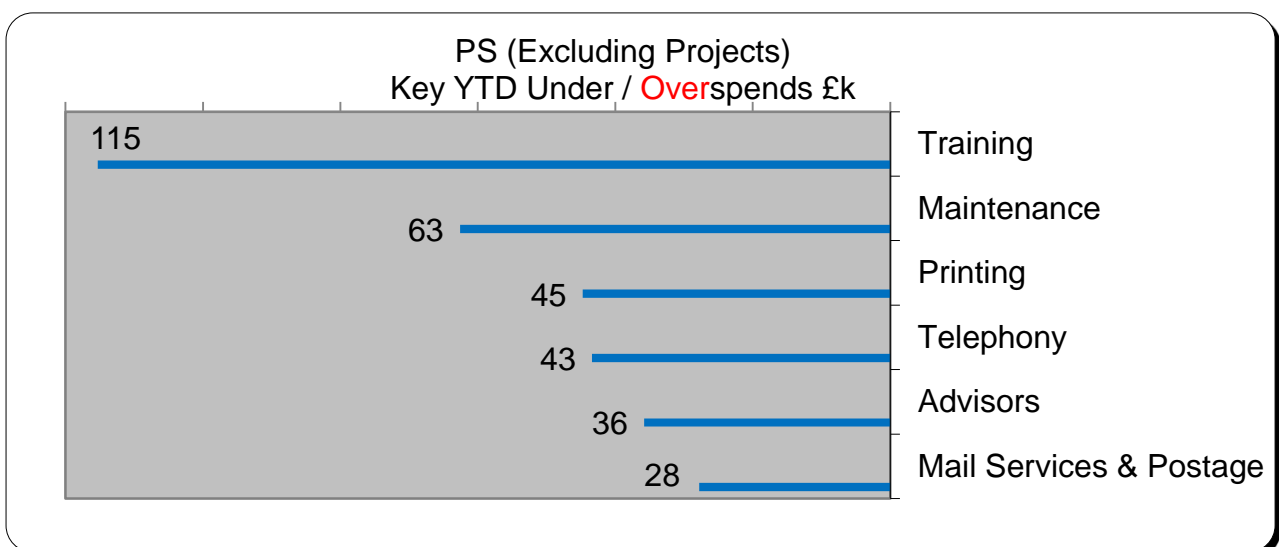
Parliamentary Service Costs incorporate both capital and revenue projects. The previous year's expenditure of £21.3m at period 6 was £0.2m (1.0%) below budget.

An analysis of the current financial year by main category of expenditure is shown in the two charts below. Property, running costs and projects are showing a lower expenditure to date compared to 16-17.





- Staff Pay (including Agency staff, overtime and contractors) is £24k (0.02%) higher than budget for the year to date.
- Expenditure on staff pay to date is £12.8m, £0.9m (7%) higher than the equivalent 16-17 costs of £11.9m. This increase is due to approved additional staff for BIT, staff for the Register of Lobbyists, and to resource Further Powers in Committee and Spice.
- Expenditure on Staff Related Costs is £288k. This is £148k (33.9%) below the budget to date of £436k. Actual spend on staff related costs is £72k (33%) higher than that for the equivalent period in 2016-17. Corporate and job related training are underspent by £115k. £123k (33%) of the combined training budget (£366k) is neither committed nor forecast.
- Property Costs of £3.5m are £53k (1.5%) below the Year to Date budget. This is due to an underspend of £63k in maintenance offset by an £11k overspend in property advisors.
- Running Costs of £2.77m are £358k (10.8%) under budget. Key underspends are Printing (£45k), Telephony (£43k), Advisors (£36k) and Mail Services & Postage (£28k).

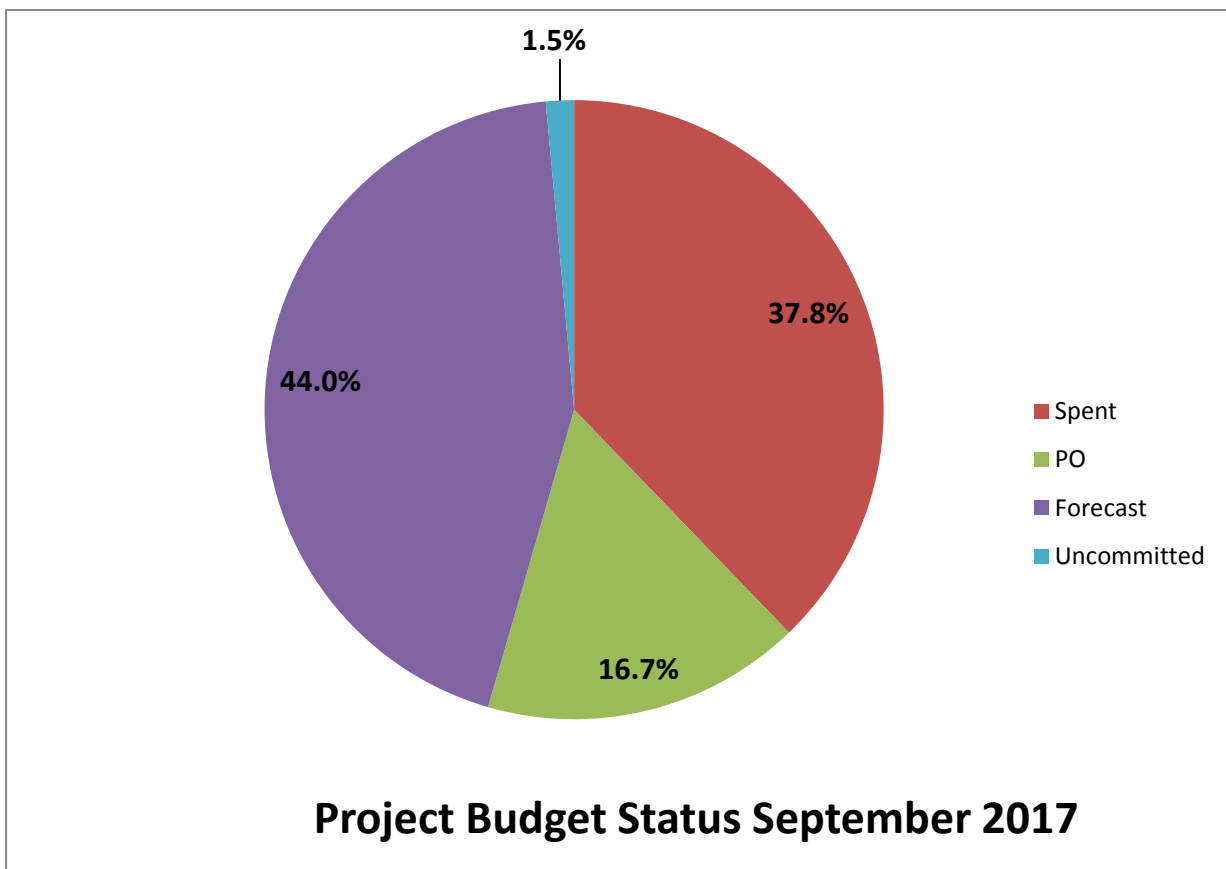


Project Reporting (Schedule 3):

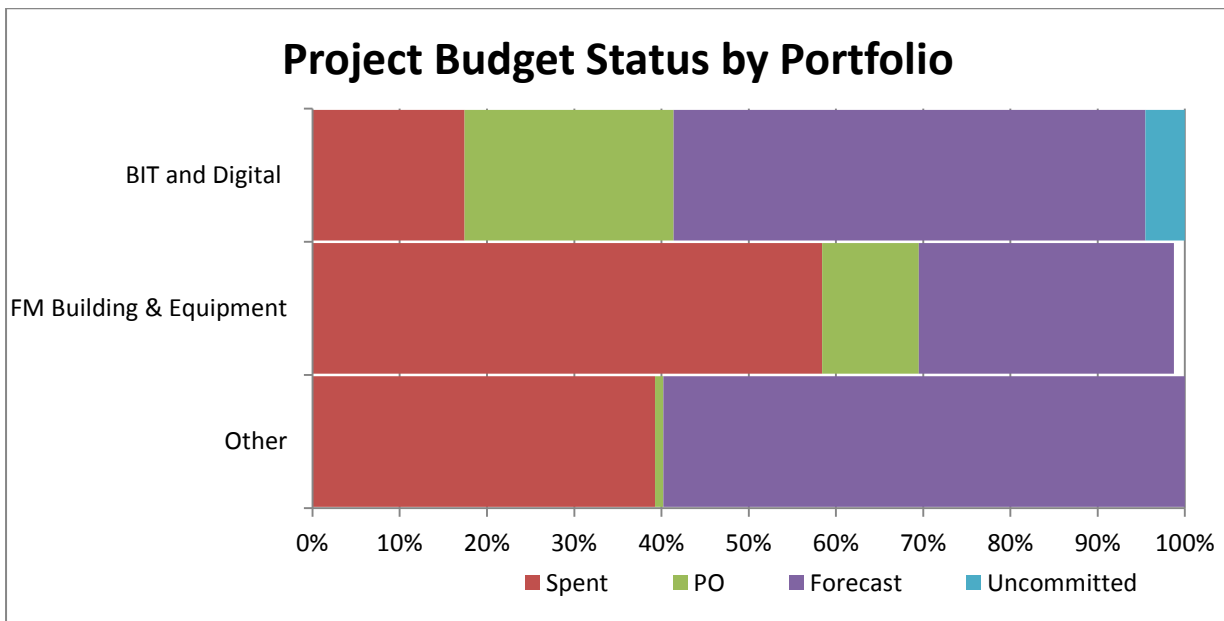
9. Schedule 3 shows project spend by category of project.

Total project expenditure to September 2017 is £2.07m, £154k (6.9%) under the year to date budget.

- Revenue Projects show a total spend of £1,059k, an underspend of £72k (6.4%). Only 25.4% of the annual revenue project budget has been spent to date with the remainder phased for later in the year.
- Capital Projects have spent £1,015k for the year against a budget of £1,097k, an underspend of £82k (7.5%). 77% of the annual capital project budget has been spent.



This compares with 53% spent, 20% on purchase orders, 26% forecast and 1% uncommitted at the same time in 2016-17. If the Chamber Lighting project spend and budget are removed, the remaining projects have spent only 23% of their annual budget. Digital Services has now committed 95% of its unallocated project budget, but to date has spent only £463k (17.4%) of the £2.66m full year budget.



Members' Costs (Schedule 2)

10. Members' costs are analysed in Schedule 2, which shows £13.7m expenditure to September 2017, £277k (2%) underspent against the year to date budget. (The corresponding figures for 2016-17 at period 6 were an underspend of £538k, 3.4%, although these are not directly comparable due to the impact of election related costs in last year's figures).

Commissioners & Ombudsman Costs (Schedule 2)

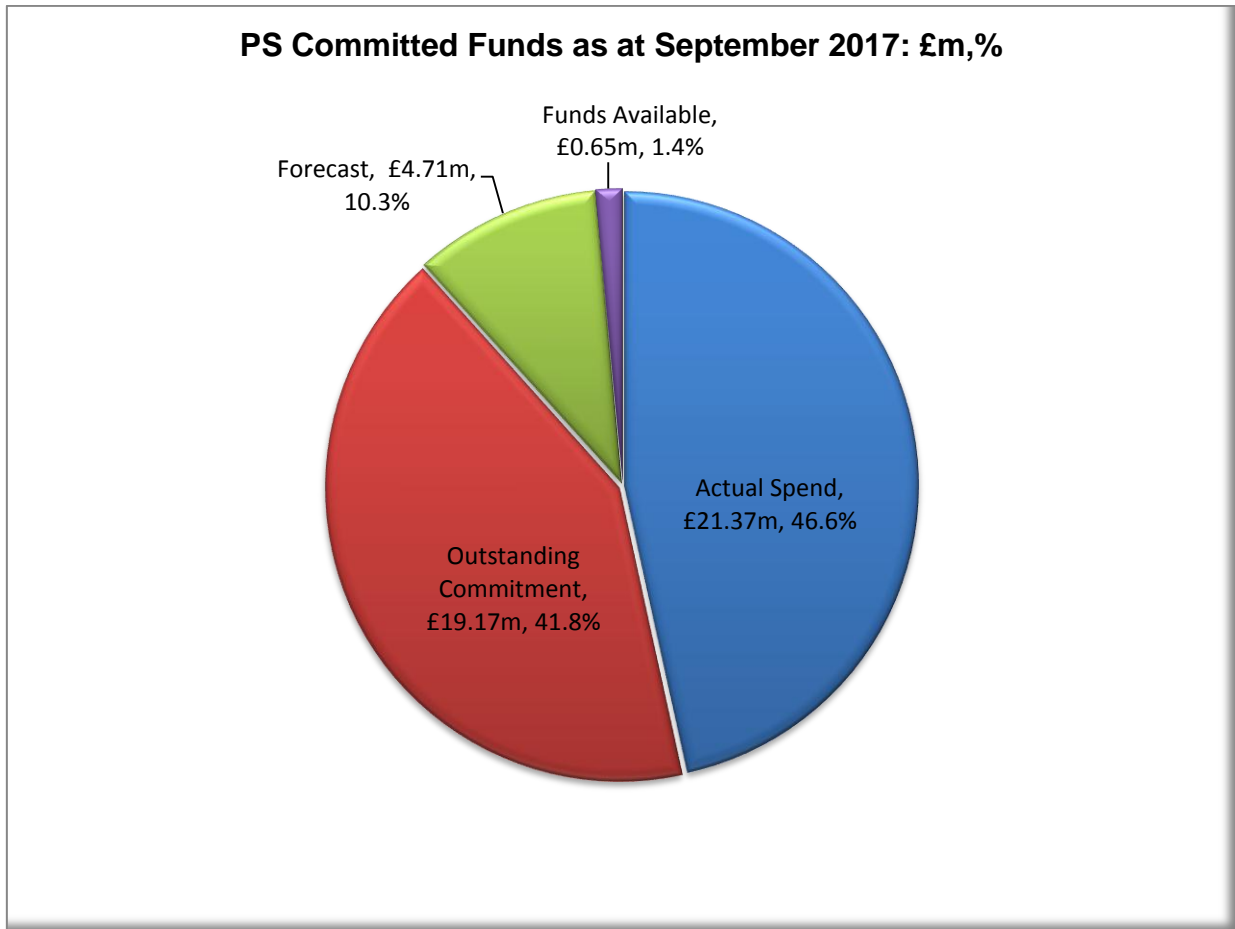
11. The SPCB's funding cost for Commissioners and Ombudsman (Officeholders) as at September 2017 is £4.3m, which is £360k (7.8%) under the year to date budget. Officeholders contingency remains unchanged at £325k.

Central Contingency

12. The SPCB's central contingency has been reduced by £403k, from £784k in August to £381k in September as part of the September reforecasting exercise. Budget transfers were approved to

- FM projects - £207k (of which £157k was for projects brought forward from 18-19, relieving pressure on next year's project expenditure budget)
- Legal and Committee Offices - £104k (for staffing and advisor costs to support increased workload due to Brexit)
- Finance systems strategy and development project - £29k
- Initiation of the Security Maturity programme - £63k

Commitment



13. The current year commitment position compares with 48.4% spend, outstanding commitment 38%, forecast 14.3% and funds available of 0.3% as at September 16-17.

Period 6
September 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)	21,371	22,060	689	3.1	45,898	45,279
Members' Costs (Schedule 2)	13,737	14,014	277	2.0	29,277	29,277
Commissioners & Ombudsman Costs (Schedule 2)	4,286	4,646	360	7.8	9,624	9,624
Sub Total	39,394	40,720	1,326	3.3	84,799	84,180
Reserves - SPCB Contingency				n/a	381	1,000
TOTAL SPCB EXPENDITURE	39,394	40,720	1,326	3.3	85,180	85,180

Schedule 2

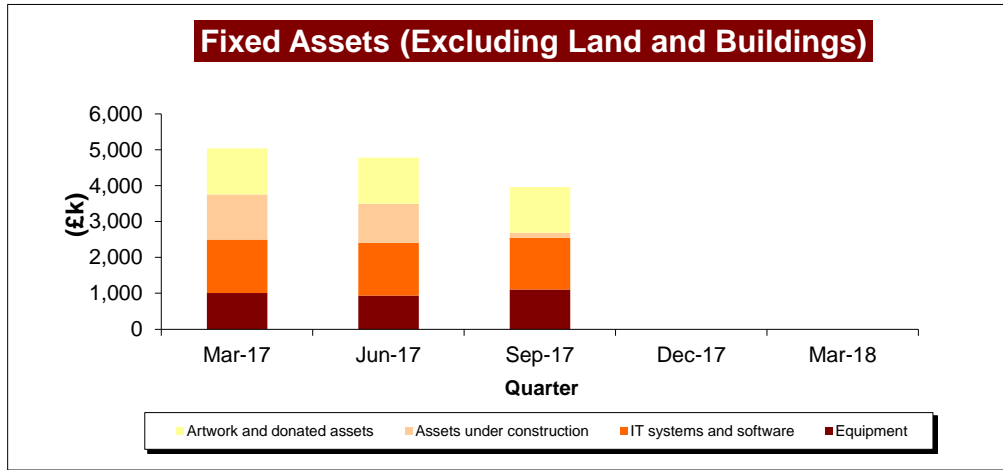
	Actual £'000	Year-to-date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
<u>Parliamentary Service Costs</u>						
Staff Pay	12,763	12,740	(24)	(0.2)	25,722	25,339
Staff Related Costs	288	436	148	33.9	944	946
Property Costs	3,473	3,525	53	1.5	7,157	7,742
Running Costs (Including Events & Income)	2,773	3,131	358	10.8	6,590	6,802
Parliamentary Service Costs excluding Projects	19,297	19,832	535	2.7	40,413	40,829
Projects (Schedule 3)	2,074	2,228	154	6.9	5,486	4,450
Total PS Expenditure	21,371	22,060	689	3.1	45,898	45,279
<u>Members' Costs</u>						
MSP & Officeholders' Pay	6,064	6,084	20	0.3	12,194	12,194
MSP Expenses	7,459	7,685	226	2.9	16,543	16,543
Party Assistance	214	245	31	12.6	540	540
Total	13,737	14,014	277	2.0	29,277	29,277
<u>Commissioners & Ombudsman</u>						
Ethical Standards Commission	344	383	38	10.0	838	838
Standards Commission	122	132	10	7.5	259	259
Human Rights Commission	480	477	(2)	(0.5)	991	991
Scottish Information Commissioner	702	786	84	10.7	1,573	1,573
Public Services Ombudsman	1,975	2,169	195	9.0	4,304	4,304
Commissioner for Children	662	698	35	5.1	1,334	1,334
Reserves - C&O Contingency	0		0	n/a	325	325
Total	4,286	4,646	360	7.8	9,624	9,624

Period 6
September 2017 Leadership Group Financial Schedules

Schedule 3

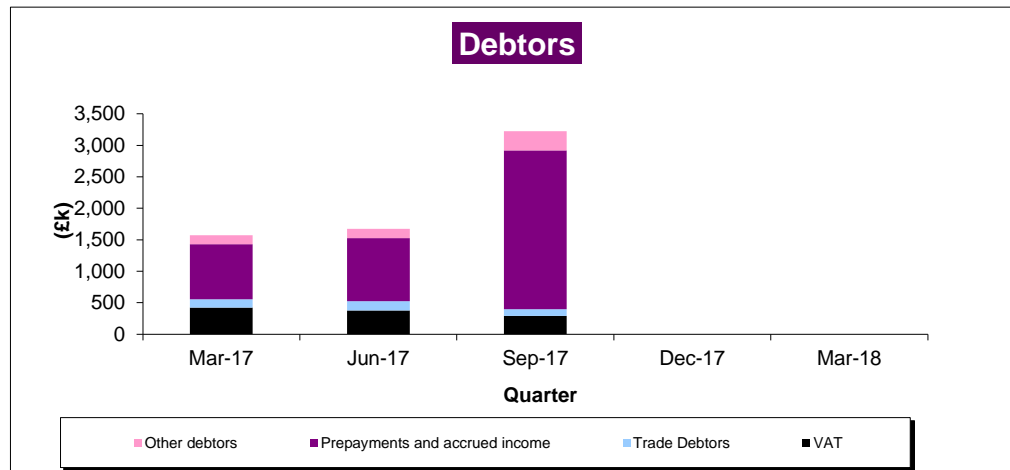
Project Summary : August 2017	YTD Actual £k	YTD Budget £k	Variance £k	Variance %	Current Annual Budget £k	Original Approved Budget £k	% Spent of Total Budget	Outstanding Commitment £k	Forecast	Funds Available
Revenue Projects										
Allocated	1,059	1,131	72	6.4	4,123	2,304	25.7%	852	2,201	10
Unallocated	0	0	0	n/a	43	1,146	n/a	0	0	43
Total Revenue Projects	1,059	1,131	72	6.4	4,166	3,450	25.4%	852	2,201	53
Capital Projects										
Allocated	1,015	1,097	82	7.5	1,320	820	76.9%	64	216	25
Unallocated	0	0	0	n/a	0	180	n/a	0	0	0
Total Capital Projects	1,015	1,097	82	7.5	1,320	1,000	76.9%	64	216	25
TOTAL	2,074	2,228	154	6.9	5,486	4,450	37.8%	916	2,417	79

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	463	521	57	11.0	2,614	1,059	17.7%	636	1,437	77
FM Building & Equipment	1,457	1,557	100	6.4	2,432	1,845	59.9%	276	730	(31)
Other	153	151	(3)	()	397	220	38.7%	4	251	(9)
Total Projects Allocated	2,074	2,228	154	6.9	5,443	3,124	38.1%	916	2,417	37
Unallocated Project Budget	0	0	0	n/a	43	1,326	0.0%	0	0	43
TOTAL	2,074	2,228	154	6.9	5,486	4,450	37.8%	916	2,417	80



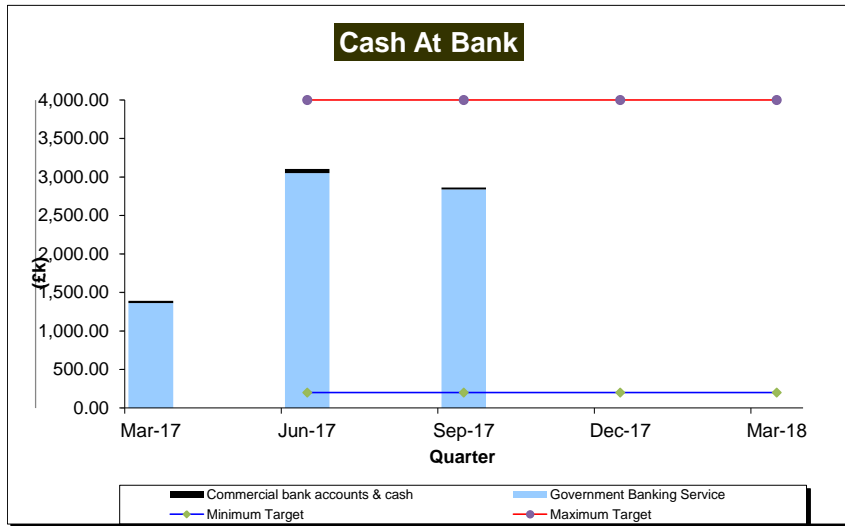
Note

Land, buildings and fixed plant professionally valued at £304m at 31 March 2015.
 The reduction in assets under construction relates to the Chamber Lighting project.
 IT systems and software, and equipment, include depreciation.

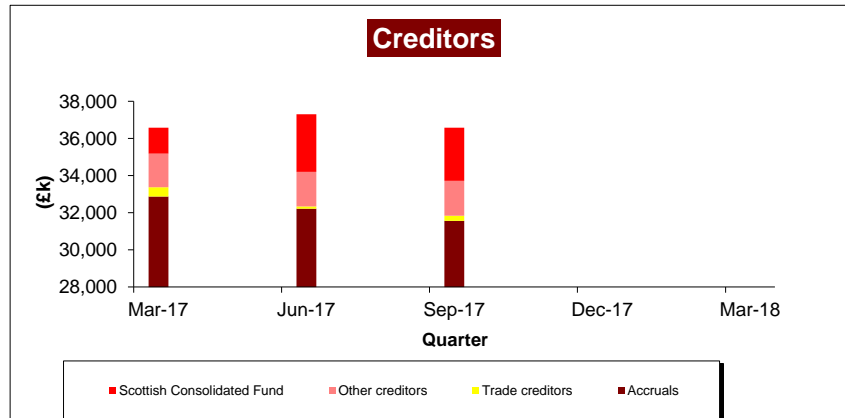


Note

Prepayments higher in September 2017 due to payment of annual rates bill.



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 (6 months to September 2017)	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	191	42	6	2	22	94	44	123	31	32	587	600	- 13	1,200	1,200
Less:- Direct Outlet Costs	- 253	- 31	- 29	- 1	- 34	- 76	- 25	- 69	- 29	- 29	- 577	- 550	- 27	- 1,100	- 1,100
Net Contribution to Trading Profit/(Deficit) after direct outlet costs	- 61	11	- 23	1	- 12	17	19	53	1	2	10	50	- 40	100	100
Less:- Indirect Costs Generic Labour ¹ & Other Overheads ²											- 282	- 310	28	- 620	- 620
Net subsidy											- 273	- 260	- 13	- 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 (6 months to Sept 2017)	YTD Actual	YTD Budget	YTD Variance	Current Annual Budget	Original Approved Budget
	£'000	£'000	£'000	£'000	£'000
Sales (net of discount)	136	132	5	244	244
Less Cost of sales	81	73	8	135	135
Net Contribution	55	59	- 4	108	108
Direct Salaries	44	43	1	87	91
Other Direct Costs (2)	2	1	1	2	2
Total Direct Costs	46	44	2	89	93
Net Contribution/(Subsidy) after direct costs	9	15	- 6	20	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.