



The Scottish Parliament
Pàrlamaid na h-Alba

Scottish Parliamentary Corporate Body

Annual Report and Accounts
2018-19

SG/2019/156
Web only

	Page
Foreword	3
Performance Report	
<i>Performance Overview</i>	5
<i>Performance Analysis</i>	13
Accountability Report	
<i>Corporate Governance Report</i>	
• Report of the Corporate Body	28
• Statement of the SPCB's and Principal Accountable Officer's Responsibilities	31
• Governance Statement	32
<i>Remuneration and Staff Report</i>	39
<i>Parliamentary Accountability and Audit Report</i>	
• Parliamentary Accountability Disclosures	53
• Independent Auditor's Report	54
Financial Statements	
• Statement of Comprehensive Net Expenditure	58
• Statement of Financial Position	59
• Statement of Cash Flows	60
• Statement of Changes in Taxpayers' Equity	61
• Notes to the Accounts	62
• Accounts Direction	79

Foreword by the Clerk to the Parliament and Chief Executive

I am pleased to present the combined Scottish Parliamentary Corporate Body (SPCB) Annual Report and Accounts for the period 1 April 2018 to 31 March 2019, providing an overview of the activities and performance of the Parliament over the past year.

As anticipated, constitutional issues continued to dominate as the Brexit process developed and added to an already busy legislative programme. Analysis of chamber and committee time showed a significant increase over the first 2 years of this session compared to previous sessions. Clearly, this has had an impact on Members and, as a consequence, the support required from parliamentary staff in areas such as legal, clerking, official report, broadcasting and SPICe but also from perhaps less obvious areas such as security, media relations, outreach, committee engagement team, visitor services and facilities. Additional resources were allocated and these will be kept under review.

The independent Commission on Parliamentary Reform, set up by the Presiding Officer in October 2016, delivered its Report in June 2017. The Presiding Officer chaired a small cross-party advisory group to oversee the consideration and implementation of recommendations and its report was published on 7 March 2019. The majority of recommendations have been or are in the process of being implemented. However, parliamentary reform is an ongoing process and the Presiding Officer and wider Parliament are continuing to look for ways to build on the principles and themes of the Commission's work to ensure that the Scottish Parliament can continue to

develop as a stronger, more agile, inclusive and effective legislature.



The Joint Working Group on Sexual Harassment, comprising Members, Members' staff and parliamentary staff, was established to take forward a programme of work which would influence cultural change within the Parliament and address issues highlighted by the survey on sexual harassment and sexist behaviour. One strand of this work has seen all those who work both in Holyrood and local offices invited to attend a 'Culture of Respect' workshop. This has been supplemented by an e-learning module and work is ongoing to develop further training targeted at those with staff management responsibilities.

The SPCB's latest Diversity Monitoring Report was published in March 2019. We have taken a number of steps to improve Black and Minority Ethnic, other ethnic group or mixed background representation in the Parliament including the relaunch of the Scottish Parliament's Black, Asian and Minority Ethnic (SP-BAME) Network. While the position has improved slightly, there is still a need for more to be done, across both the political and administrative sides of the Parliament, and we will look to continue progress in the coming year.

The Parliamentary Service continued to reflect society in general with an aging workforce. It was encouraging though

to note that we have seen a small increase in the number of employees under the age of 24, partly due to a very successful Apprenticeship Programme. Also, while the overall gender split remained the same, the percentage of women in senior management roles has increased.

Security and the safety of all those accessing and engaging with the Parliament remains a key priority. Following the terrorist attacks at Westminster we collaborated with Police Scotland on a review of our security at Holyrood and, as a result, we are implementing a further programme of security enhancements including the introduction of a new dual factor identification at our security entrances.

Technology continues to change and develop apace and we have made significant investment in our infrastructure. This year saw the launch of the first iteration of our new website which will bring significant improvements both internally and for members of the public engaging with us.

It has been another challenging year and I do not imagine it will be any less so in the coming months. As we look to mark this, the 20th year of the Scottish Parliament, we will continue to support Members in carrying out the full range of their parliamentary duties while ensuring the Parliament engages effectively with the people of Scotland and further afield.

If I may end on a personal note, after 20 years in the Parliament, I will be leaving at the end of September to take up a position at the Queen Margaret University in Edinburgh. It has been a privilege and a pleasure to have been involved with the Parliament since the beginning and to have had the opportunity to play a part in its development into a successful and well-respected institution. I wish my successor well and hope they find the role as rewarding, and enjoyable, as I have.



P E Grice

Date: 27 September 2019
Clerk to the Parliament and Chief
Executive

PERFORMANCE REPORT - PERFORMANCE OVERVIEW

About the Scottish Parliament

Our purpose is representing the people of Scotland by debating issues of national importance, passing legislation and holding the Scottish Government to account.

Our vision is making a positive difference to the lives of the people of Scotland.

Our three strategic goals are:

- Informing, involving and being accountable to the people of Scotland
- Creating good quality, effective and accessible legislation
- Undertaking rigorous scrutiny of the Scottish Government and accountable bodies

Our Values are:

Stewardship – Focusing on the longer term to ensure we are leaving things better than we found them and putting our shared interests ahead of any individual or team

Inclusiveness – Understanding the big picture and seeking out alternative perspectives. Every colleague feels they are able to make a valued contribution and deliver their best work

Excellence – Taking care to enhance our reputation in everything we do, and using our skills and resources to deliver high-quality sustainable results

Respect – Appreciating difference, building cohesive teams and fostering the values and experience of diversity

Each of our values is underpinned by a number of linked behaviours and these can be found in the Scottish Parliament's Values and Behaviours Framework which can be found on our website.

Scottish Parliamentary Corporate Body

The Scottish Parliamentary Corporate Body (SPCB) was established in May 1999 under Section 21 of The Scotland Act 1998 (the Act). The SPCB comprises the Presiding Officer and five other members of the Scottish Parliament elected by the Parliament. The SPCB has appointed a Clerk (who is also the Chief Executive) in accordance with Section 20 of the Act, and other staff of the Parliament. The SPCB is independent of the Scottish Government.

The SPCB considers and makes decisions on a wide range of issues to do with the running of the Parliament, allocation of budget, staffing, accommodation and the use and security of facilities at Holyrood.

Information on the membership of SPCB and Leadership Group (LG) is contained within the Report of the Corporate Body on pages 28-30.

What we do

The Parliament exists to represent the people of Scotland by debating issues of national importance, passing legislation and holding the Scottish Government to account.

The SPCB has a duty to provide the Parliament, or ensure the Parliament is provided, with the property, staff and services required for this purpose. The Parliament may also give general or specific directions for the purpose of, or in connection with, the SPCB's functions.

The SPCB provides the infrastructure (including the Holyrood Building), pays the salaries of Members and reimburses the expenses which enable them to undertake their duties both at the Parliament and in their local offices. It provides the facilities and staff (Scottish Parliamentary Service (SPS)) to allow the Parliament and its Committees to meet and to encourage public awareness of and engagement with the parliamentary process.

Our Strategy

Our Strategic Plan as well as including our purpose, vision and strategic goals sets out our four main aims of the Scottish Parliamentary Service:

- Providing members with high quality support and resources to allow them to excel in their roles as parliamentarians and representatives
- Improving parliamentary scrutiny to ensure: effective oversight of the Scottish Government and other accountable bodies; thorough examination of legislative and policy proposals; and the development of alternative policy ideas
- Promoting engagement and participation to support and strengthen the work of the Parliament and to enhance parliamentary democracy at home and abroad
- To continually improve and plan for the future by investing in our staff, delivering excellent resource management and corporate governance in line with our organisational values

As the Scottish Parliament continues to mature into an ever more progressive and responsive organisation ready to take on fresh challenges, in addition to the important day-to-day running of the business, our strategic priorities start to focus on the things we are actually doing to meet our aims. The seven priorities set out in the Strategic Plan (May 2018) are:

- Members excelling in their parliamentary and representative roles, delivering the highest standards of oversight and scrutiny
- Scottish Parliamentary Service staff with the capacity and skills to meet the challenges of delivering parliamentary services, in a changing environment
- The Parliament has the networks, resources, expertise and plans in place to scrutinise effectively proposals for parliamentary reform, Brexit and other constitutional change

- Deliver our public engagement strategy to improve the quality and visibility of the work of the Parliament
- Efficient and effective deployment of our staff, financial and physical resources
- Deliver our Digital Strategy to enable a modern Parliament, demonstrating a smart, confident use of technology and information to drive improvements in how we communicate and work
- Safe, secure and resilient working environments for Members, Members Staff, the Scottish Parliamentary Service and the Public

The Delivery Plan contains the key activities that allow us to translate the ambitions of the Strategic Plan into reality. It describes in more detail how we aim to meet our priorities and allows us to monitor progress towards them. During 2018-19, these were delivered through a combination of core service provision and a number of projects. A key component of strong governance arrangements for strategic planning is regular updating and refreshing of implementation plans. LG previously agreed the Delivery Plan be reviewed every six months to ensure it remains relevant, up-to-date and continues to set out initiatives that will support the Parliament in achieving its strategic aims. A Delivery Plan for 2018-19 was approved by the SPCB on 3 May 2018 and this was then updated and approved on 22 November 2018. There are a number of key activities which will continue into 2019-20.

Further information on the SPCB's Strategic and Delivery Plans can be found on our website.

The Performance Analysis section includes more detailed information on our key achievements during 2018-19 (pages 13-27).

Principal Activities of the Scottish Parliamentary Corporate Body in 2018-19

During the year, the SPCB discussed and took decisions on a wide range of matters relating to the continued support of Members and parliamentary business. Some of the key areas included:

- Security – the SPCB continued to keep security arrangements at Holyrood and local offices under review in light of world events and advice from Police Scotland.
- Consideration of complaints about the use of parliamentary resources.
- Officeholders – the SPCB facilitated the nomination to Parliament for the appointment of a new Commissioner for Ethical Standards in Public Life in Scotland and recruited a new member of the Standards Commission for Scotland. The SPCB successfully completed the project to co-locate the Scottish Public Services Ombudsman, the Scottish Human Rights Commission and the Scottish Commissioner for Children and Young People within one office with the aim of achieving best value and further efficiencies around shared services.
- Agreed a change to the composition of the Advisory Audit Board (AAB), increasing the number of independent members three to four. The current membership now reflects a gender balance.
- Consideration of the potential impact on the Parliament's functions resulting from the anticipated increased parliamentary activity and public sector financial constraint in the coming years. Subsequent agreement of the SPCB's Budget Bid for 2019-20.
- Agreed to commission an internal review of the Reimbursement of Members' Expenses Scheme; the review to take into account the substantial advances in technology and the changing ways in which MSPs and their staff work.
- Endorsed an updated written agreement between the SPCB and the Finance and Constitution Committee.

- Met with the Pension Fund Trustees to discuss its investment strategy.
- Approval and publication of its 2018 Gender Pay Gap Report.
- Approval and publication of its 2018 Diversity in Employment Monitoring Report and Action Plan.
- It was agreed in principle that the SPCB would be the funding body for the Electoral Commission. The mechanisms to be put in place to facilitate this were also agreed.
- Endorsed the report by the Joint Working Group on Sexual Harassment and the Parliament's Sexual Harassment Policy and Procedure.
- Approval of the provision of free sanitary products in the Scottish Parliament
- Implementation of the recommendations by the Commission on Parliamentary Reform where they fell within the remit of the SPCB (primarily relating to diversity and engagement).
- Agreed proposals to mark the 20th anniversary of the Scottish Parliament.
- Agreed that there was a role for the Scottish Parliament's Art collection and that it should continue to be developed within the context of pressures on resources.

Principal Risks and Uncertainties

The SPCB continues to identify and manage the principal risks to our strategic aims, goals and priorities, and the controls and actions that have been designed to mitigate these. During 2018-19 LG has considered the effectiveness of the arrangements in place to maintain a safe and secure working environment at the Parliament, manage cyber security risks, the risk of the parliamentary service lacking the capacity to keep pace with changes in the Parliament's powers, including Brexit, and any perceived loss of trust in officials' advice across key offices. The risk of failing to provide a working environment that promotes respect, fairness, equality and dignity was identified in 2018-19 and controls and actions aligned to annual delivery plans were developed. LG has also established a Resilience Board to oversee and report to it on the risks, controls and actions specific to business continuity incidents including the loss of the Holyrood building; insufficient numbers of members or staff available to enable parliamentary business to proceed; the loss of IT and connectivity; and the loss of a critical supplier.

More detail on our approach to managing strategic risk is included in the Performance Analysis section (pages 26-27) and the Governance Statement (page 32).

Bribery and Corruption

The SPCB has clear code of conduct principles and rules set out and available to all staff on our website. In addition, there is regular review of our internal control processes by Managers and Internal Audit to ensure they are fit for purpose. There were no incidents relating to bribery or corruption during the year.

The SPCB subscribes to the principles outlined in the National Fraud Initiative (NFI). We include data on our staff, Members and Members' staff as part of the NFI exercise.

Indication of Likely Future Developments

The SPCB's Strategic Plan, which is a plan for the Parliament as a whole, was updated in January 2019. This refresh was the opportunity to reconsider our aims and we introduced a new aim which recognises our work on promoting our values including diversity and inclusion and promoting a culture of respect. The 2019-20 Delivery Plan translates the ambitions of the Strategic Plan into

reality. It now reflects the ongoing work to “Run the Parliament” which accounts for the majority of our day-to-day activities, as well as initiatives to “Improve the Parliament”.

Constitutional change and parliamentary reform remain high on our agenda for the foreseeable future; we have already made a significant investment in our staffing and training and will continue to adopt a flexible approach to the changing parliamentary environment. Parliament must also respond to wider societal change and we will continue to invest in digital technologies, the development of support systems and the environment we work in.

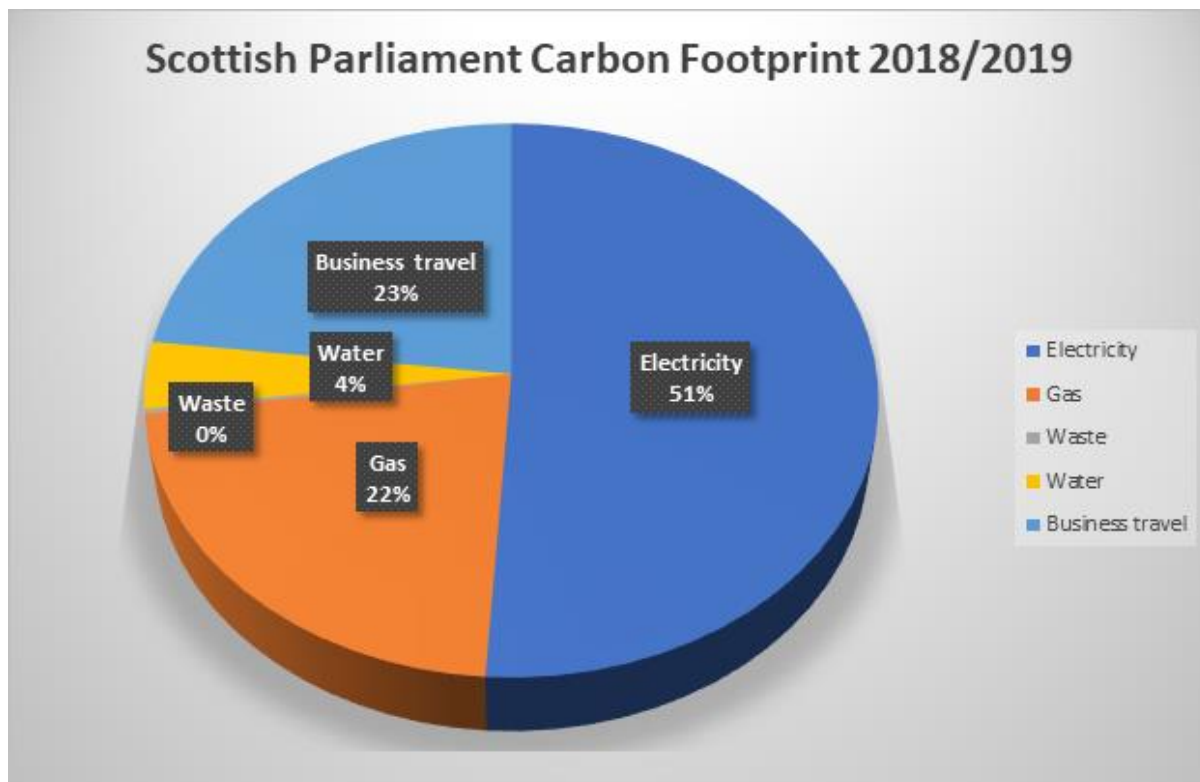
Our ‘Improve the Parliament’ objectives in the 2019-20 Delivery Plan are:

- Alignment of SPCB services to best meet Members’ evolving parliamentary and constituency needs through Reimbursement of Members’ Expenses Scheme and Members’ Services reviews
- Ensure robust plans and resources are in place to enable the Parliament to scrutinise and respond to the impact of the UK’s withdrawal from the EU and other constitutional change through the Constitutional Issues Board programme
- Embed agreed changes on parliamentary reform to have a stronger Parliament, engaging with the people of Scotland through a Witness Diversity action plan
- Celebrate our 20th anniversary in a way that promotes the Parliament’s vision through the Scottish Parliament’s 20th Anniversary programme
- Meet the challenges of the future and drive improvement by investing in the capacity, knowledge and skills of our staff through Workforce Plan development, Recruitment Process review and the Office of the Solicitor of the Scottish Parliament Staffing project
- Meet the challenge of becoming a diverse and inclusive organisation through our Diversity and Inclusion Delivery plan, our Values workstream and Culture of Respect project
- Enhance the accessibility and security of our facilities and services through the Security programme
- Invest in our facilities and systems to improve effectiveness, efficiency and flexibility by developing our workplace strategy to meet the changing needs of the Parliament, and by replacement of the sound and voting system
- A modern Parliament, demonstrating a smart, confident use of technology and information to drive improvements in how we communicate and work by delivery of our Web and Online project, Telephony System Modernisation, Committee Agenda System redevelopment and the Legislative Drafting Tool project
- Members are well supported during the transition to the sixth session of the parliament in 2021 through Election 2021 programme planning.

Sustainable Development

The Scottish Parliamentary Corporate Body (SPCB) is committed to embedding Sustainable Development (SD) throughout the organisation and seeks to improve its environmental performance year on year.

By 2018-19 we reduced our carbon footprint by 47% against our target of a 42% reduction based on 2005-06. Our carbon footprint is made up from our gas and fleet vehicle (scope 1 emissions), our electricity consumption (scope 2 emissions) and our water use, waste production and business travel (scope 3 emissions). The breakdown of our emissions is shown in the pie chart and table below.



Emission Source	Tonnes of CO2e
Electricity	1133
Gas	481
Waste	6
Water	87
Business travel	513
Total	2220

We have now set ourselves the target to reduce our footprint by 56% by 2020 in line with the Scottish Government targets and will be continuing to reduce our energy consumption and business travel in order to do so.

We engage our staff through an employee network on Sustainable Development called the Sustain Network. This group collaborates on climate change and other sustainable development initiatives. The Parliament's Environmental Management System was successfully audited and re-certified to ISO 14001:2015 in January 2019. Further information on environmental management at the Parliament can be found in the Scottish Parliament's website: Environmental Management at the Scottish Parliament - Visit & Learn: Scottish Parliament.

Social and Community Issues

The SPCB encourages public awareness and engagement with the parliamentary process. Since Her Majesty the Queen formally opened the Holyrood building on 9 October 2004, over 4.8 million

visits have been made to the Parliament, with 281,037 of those visiting during the financial year 2018-19.

Position at End of Year

The net operating cost for 2018-19 was £101.2m including a pension charge of £4.6m (see note 5) (2017-18 £98.1m including a pension charge of £5.0m (see note 5)). Salaries of parliamentary staff, MSPs and other office holders accounted for £40.9m (2017-18 £39.0m) of this total as disclosed in Note 3 to the Accounts. The reimbursement of Members' Expenses, which enables MSPs to secure staff and accommodation to assist them in the discharge of their parliamentary duties, was £16.2m (2017-18 £15.6m) as disclosed in Note 5 to the Accounts. Information on the financial position is contained in the Financial Statements (pages 58-61) with further disclosure in the Notes to the Accounts (pages 62-78).

A summary of the main categories of revenue expenditure is set out below.

Revenue expenditure	Note	2018-19 (£'000)	2017-18 (£'000)
SPS Salaries *	3	28,531	26,824
Travel and expenses, hospitality	5	713	730
Other accommodation costs	5	8,789	9,042
Other expenditure	5	9,026	9,227
Members' and other Officeholders' Salaries	3	12,364	12,140
Members' and other Officeholders' reimbursement of expenses including financial assistance for registered political parties	5	16,807	16,157
Commissioners and Ombudsman	19	11,343	9,562
Operating income	6	(809)	(917)
Non-cash items			
• Depreciation	7,8	9,753	10,202
• Other e.g. pension finance cost (net), loss on disposal of asset, auditors remuneration	5	4,660	5,113
Net Operating Cost		101,177	98,080

* SPS salaries in 2018-19 include a number of additional posts, mainly to fulfil new scrutiny responsibilities in connection with constitutional issues and Brexit related work as well as further public engagement posts.

Capital expenditure in 2018-19 amounted to £2.0m (2017-18 £1.6m) and is detailed in Notes 7 and 8 to the accounts. The main items of capital expenditure in 2018-19 were the Security System Upgrade, digital workplace initiatives, broadcasting equipment and multi-function devices.

Due to changes in actuarial factors in 2018-19, there was a net loss of £0.4m on pension reserves compared to a net gain of £9.3m in 2017-18 as disclosed in Note 4 to the Accounts.

At the end of the financial year 20 staff (2017-18, 15 staff) were on secondment from other organisations.

Although the Commissioners and Ombudsman function independently of the SPCB, the SPCB is responsible for funding their activities and these funding costs of £11.3m (2017-18 £9.6m) are therefore included within these accounts. Further detail is contained in Note 19 to the Accounts.

PERFORMANCE REPORT - PERFORMANCE ANALYSIS

Fundamental to the successful achievement of the Strategic and Delivery Plans is the measurement and monitoring of performance. A quarterly reporting mechanism is in place, the Scottish Parliamentary Performance Report. To improve accountability and transparency, the report measures our performance against our aims and priorities, and is comprised of high-level strategic performance indicators, along with an update on progress, key achievements and a forward look relating to each of the Key Activities included in the Delivery Plan.

The Performance Analysis section provides further details on our performance against our four main aims and priorities in 2018-19. Only highlights on Delivery Plan Key Activities have been included in this report.

A red, amber, green status (RAG) sets out the overall performance of each of the measures against the SPCB's aims and priorities:

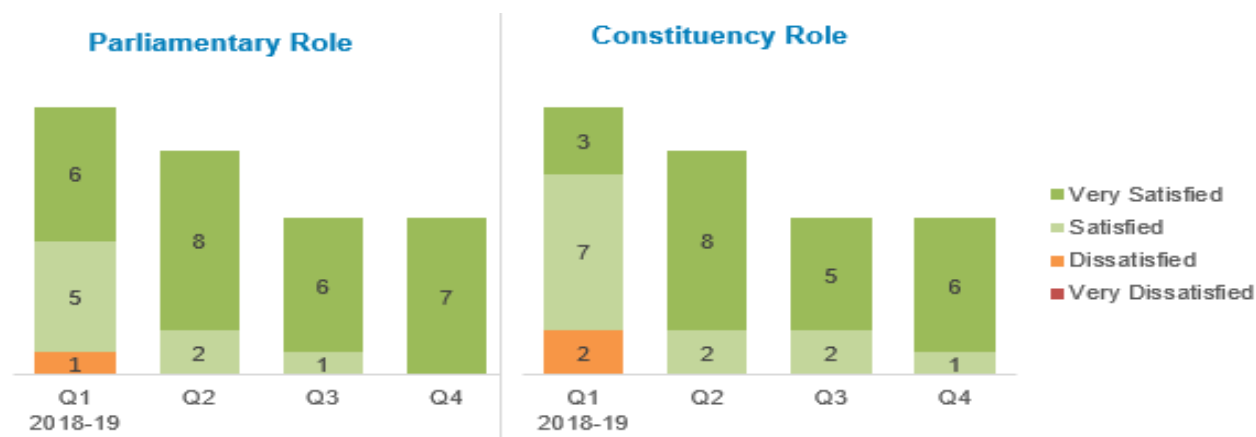
- R
RED There are significant issues impacting the achievement of the organisation's objectives and outcomes. To achieve delivery, changes must be made to timing, cost and/or scope.
- A
AMBER There are issues or risks which must be addressed. However, successful delivery is achievable without major impacts to target dates, budget and/or scope.
- G
GREEN Work is meeting agreed standards or is proceeding to plan. All known risks are being managed.

Over the course of the year, the performance reports have been reviewed and agreed by LG and the SPCB. Full details on all the Activities are included in the quarterly Scottish Parliamentary Performance Reports which is available in the Chief Executive's Report to the SPCB and is published thereafter.

Year in Review

Below summarises our high-level key performance indicators (KPIs) and this is followed by more detailed information on our progress and key achievements during 2018-19 (pages 15-27).

	2018-19			
	Q1	Q2	Q3	Q4
<u>Parliamentary Business</u>				
100% parliamentary business takes place as scheduled	100%	100%	100%	100%
<u>Support to Members</u>				
100% of Members interviewed either Very Satisfied or Satisfied	88%	100%	100%	100%



Engagement & Participation

Operational Public Engagement KPIs are on target

A	A	A	R
---	---	---	---

Challenging KPIs were set by the Public Engagement Board to reflect our ambitions to support innovation in participative and digital engagement, in response to the report of the Commission for Parliamentary Reform. A very strong start to our work has been made (See the Engagement & Participation section below.)

Taken in isolation, these operational KPIs are indicative of the fact that that we are in the midst of a change process around embedding public engagement work into core scrutiny work, during an exceptionally busy time for parliamentary business. In response, an action plan to help embed this change has been commissioned, to be agreed by the Public Engagement Board in October 2019. That said, they also give a somewhat false reflection of performance during the year. For example, the Q4 performance is in part due to disappointing visitor numbers for that period. But the whole year picture is that we achieved a year-on-year increase in visitors for the first time in nearly a decade due to a refreshed marketing campaign and the achievement (for the first time) of 5-star visitor attraction status from Visit Scotland. Additionally, the Year of Young People programme exceeded engagement targets.

Corporate Governance & Resource Management

% Outturn against SPCB budget within target range of 0-2.5% under budget**	3.4%	2.9%	2.0%	1.3%
Delivery Plan Key Activities on track	G	G	G	A
Compliance Monitoring on track	G	G	A	G
Planned Corporate Risk mitigating actions are being implemented	G	G	G	G

** KPI is 0-5% during Q1 & Q2, then reduces to 0-2.5% during Q3 & Q4

Delivery Plan Activities were reported as AMBER in Quarter 4 due to 3 projects being rated as Amber and 1 in red. The three projects in amber were Members & Members' Staff Learning and Development as timescales were not on track, the Scottish Parliamentary Service Working Environment due to the impact of missed delivery deadlines by external partners, and Security where the budget was not on track. The project to implement a replacement of the committee agenda system as part of the Parliamentary Business IT Systems programme was rated as red as budget and timescale not on track. Highlights for 2018-19 for Delivery Plan Key Activities follow on pages 15 to 25.

An AMBER rating has been given for compliance monitoring for Q3 in connection with compliance on Health and Safety inspections and Environmental Management targets

Our Strategy in Action: 2018-19 Highlights

Support to Members Taic do Bhuill



AIM

Providing Members with high quality support and resources to allow them to excel in their roles as parliamentarians and representatives

Priority: Members excelling in their parliamentary and representative roles, delivering the highest standards of oversight and scrutiny.

Our Delivery Plan Key Activities:

Members & Members' Staff Learning & Development

There is a review of current arrangements for learning and development for Members and their staff. Ongoing consultation has been held with the Members' Staff Forum and a report and plan will be presented to the SPCB in May 2019.

Review the Reimbursement of Members' Expenses Scheme

The aim of the Review of the Reimbursement of Members' Expenses Scheme is to ensure the Scheme remains operationally fit for purpose and continues to be appropriate, efficient and cost-effective in supporting Members in carrying out their parliamentary duties whilst retaining the existing principles of the Scheme (Objectivity, Accountability, Openness, Integrity, Selflessness, Honesty and Leadership). The outcomes of the review will help determine what requirements are then necessary to support the efficient and effective processing and publishing of expenses reimbursed under the Scheme in the longer term through a new travel and expenses system.

The aim of any new system would be to improve the ease of submitting claims for Members whilst maintaining scrutiny on those claims to ensure they continue to meet the rules of the Scheme. The publication of information remains essential to ensure we maintain the current level of transparency whilst looking to improve accessibility with new technology. The remit for the review was agreed in October 2018 by the SPCB and the initial information gathering phase has been completed with a survey issued to a representative group of MSPs in April 2019. The second research phase commenced in May 2019.

Parliamentary Business Gnothaichean Pàrlamaideach



AIM

Improving parliamentary scrutiny to ensure: effective oversight of the Scottish Government and other accountable bodies; thorough examination of legislative and policy proposals; and the development of alternative policy ideas

Priority: The Parliament has the networks, resources, expertise and plans in place to scrutinise effectively proposals for parliamentary reform, Brexit and other constitutional change.

Our Delivery Plan Key Activities:

Commission on Parliamentary Reform

The Commission's report had 75 recommendations all of which have been fully considered and most are in the process of being implemented, however some will run into session 6 before they are fully completed including a review of the effectiveness of how the implementation of the recommendations has worked. The recommendations all help to reinforce the Scottish Parliament's position as a mature, modern, and responsive institution at the heart of Scottish public and political life. Highlights included:

- more flexibility and responsiveness for the Parliament to discuss the big issues of the day, through urgent questions which can be asked on any sitting day, an extra portfolio question time, and more opportunities to ask spontaneous questions at First Minister's Questions (FMQ's).
- the Parliamentary Bureau is now working together to take strategic decisions in the wider interests of the Parliament, recently looking at sitting patterns and how we can best respond to changing Chamber and Committee workloads, crucial to dealing with today's unprecedented demands. This has a real benefit to how we are able to manage our resources.
- Committees' scrutiny and engagement roles have been enhanced, our new Committee Engagement Unit (CEU) is helping committees in attracting a wider, more diverse set of views, through emerging technologies and other innovative approaches.
- the Parliament is playing a proactive role in encouraging and supporting parties to better reflect the diversity of the voices and experiences found across Scotland. Gender balance amongst our committee conveners is also improving, with 47% now women.
- the final report of the Presiding Officer's Advisory Group, which can be found on our website, on delivering the recommendations of the Commission on Parliamentary Reform was published in March 2019.

Constitutional Change

The UK's decision to leave the European Union (EU) continued to have a major impact on the Parliament's agenda, particularly at Committee level, with the Committees handling a significant volume of secondary legislation related to preparations for departure from the EU. The Constitutional Issues Board (CIB) has and will continue to:

- monitor the Parliament's processes and capacity for scrutiny and handling of Brexit-related legislation on an ongoing basis. It has also been looking beyond exit day at any changes to the Parliament's scrutiny role post-Brexit and how these might be handled. Board members participated in a range of networks at both Scottish Government and inter-Parliamentary levels.
- review the resources available to support Members in meeting these new challenges to ensure that the Parliament has the capacity to handle the demands placed upon the Chamber, Committee, legal and research support staff and respond to any new or evolving requirements. This has been a particular challenge in the context of the constantly evolving timescales for Brexit, with a resultant need for flexibility within the Parliament. The board will continue to monitor the resource demands that Brexit-related scrutiny work will place on all parts of the organisation in a context of continuing uncertainty.
- in addition to Brexit-related work, monitor wider constitutional developments to ensure that the Parliament is fully equipped to serve its Members in all aspects of their Parliamentary duties. This has included, for example, keeping abreast of developments resulting from new taxation and social security powers.

Engagement & Participation Com-pàirteachadh



AIM

Promoting engagement and participation to support and strengthen the work of the Parliament and to enhance parliamentary democracy at home and abroad

Priority: Deliver our Public Engagement Strategy to improve the quality and visibility of the work of the Parliament.

Our Delivery Plan Key Activities:

Committee Engagement Unit

The CEU was established in summer 2018, following a recommendation from the Commission on Parliamentary Reform. In its first nine months of operation, working with the Parliament's committees, the CEU has:

- designed and run a citizen's jury for the Environment Climate Change and Land Reform Committee, to test the value of deliberative engagement with a diverse and randomly selected group of the general public.
- procured two new digital tools to allow the Parliament to test the potential of digital consultation and discussion.
- developed plans with other Parliamentary engagement teams to improve engagement planning, evaluation and feedback processes.
- developed new resources for public engagement which will be tested further over the next year, including: "pop-up democracy" approaches to allow brief, meaningful engagement at public events and in communities; digital storytelling to support individuals to share their lived experience in an impactful way; and Agenda Days, which allow young people to express their views in an adult-free space.
- delivered a Young Woman Lead programme which supports a group of young women under 30 to run their own committee inquiry on a topic of their choice

Year of Young People

Our aim in the year of young people was to broaden our relationships, develop new opportunities, strengthen existing partnerships and provide a platform for young people to have their views heard and acted upon within the Scottish Parliament. We achieved this by:

- showcasing the amazing talents of young people through events, media and provided opportunities for young people to express themselves to the Scottish Parliament through culture, sport and other activities. An Instagram competition

“What makes your Scotland #braw?” was held in June 2018 and an SQA Higher Photography exhibition entitled Higher Vision supported by a programme of events ran from 20 November 2018 – 2 February 2019.

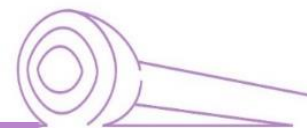
- developing a better understanding, co-operation and respect between young people and their elected representatives at the Scottish Parliament. The Presiding Officer’s Youth Visits Programme occurred in June 2018.
- recognising the impact of teachers, youth workers and other supporting adults on young people’s lives. Working relationships grown with Young Scot, Scottish Youth Parliament and Youth Link Scotland in particular.

The Year of Young People concluded in 2018. Looking forward to 2019, we continue to grow our relationships with partners and our experience and methods of working with children and youth people.

British Sign Language Plan (BSL)

The British Sign Language (BSL) plan for the SPCB, produced in compliance with sections 2 and 3 of the British Sign Language (Scotland) Act 2015, sets out the actions which the Parliament will take over the period 2018-2024 to improve access to parliamentary information and services to all BSL users. Through this six-year plan, the SPCB will demonstrate its commitment to making the practical improvements in parliamentary services as to how we will support BSL. Through a range of actions, the plan seeks to integrate BSL into the fabric of the Parliament’s work by involving the BSL community in our planning and interpreting of business, as well as in engagement and outreach events. A pilot of BSL translation and broadcasting of FMQ’s occurred on 10 January 2019 and the inaugural meeting of the Deaf Parliament Working Group took place in May 2019.

Corporate Governance & Resource Management Riaghlachas Corporra & Riaghladh Ghoireasan



AIM

To continually improve and plan for the future by investing in our staff, delivering excellent resource management and corporate governance in line with our organisational values

Priority: To ensure the Scottish Parliamentary Service staff have the capacity and skills to meet the challenges of delivering parliamentary services, in a changing environment.

Our Delivery Plan Key activities:

Internal Communications Review Report

Work to develop a staff event to be delivered on 5 October 2018 was undertaken from May 2018. A steering group made up of staff from around the organisation was led by the Internal Communications Manager to agree a programme and activities for the day. For the first time, a digital engagement tool was used to gather ideas from the staff group. Staff were invited to suggest ideas which aligned with the organisation's revised values; Stewardship, Excellence, Inclusiveness and Respect. This tool allowed staff to suggest ideas and to comment on and to vote on other suggestions. Through this tool, 9 break-out sessions on a variety of topics were taken forward. The day also featured 2 plenary sessions with external speakers. These had also been informed by comments made on the digital engagement tool. The Staff Day was well received, and feedback was gathered to inform any future similar events. It was noted that the Staff Day had been successful as an engagement exercise, allowing staff to spend time with different colleagues in a different context from their day to day routine. In January 2019, Leadership Group agreed that further efforts should be made to take an engagement approach to internal communications into the next reporting year. Leadership Group also agreed that there should be a review of Group communications but asked that this be undertaken in the 2019/20 reporting year.

Diversity and Inclusion

As a result of the Sexual Harassment and Sexist Behaviour Survey Report as outlined in the Next Steps, a Joint Working Group comprising of SPS officials, a representative of each political party, and an external representative from Engender, was established in February 2018. The remit of the Group was to raise awareness/educate those who work in the Parliamentary complex to ensure consistent understanding of sexual harassment, review policies and reporting procedures and implement support arrangements. At the end of this reporting period:

- 90 workshops have been delivered to 1,072 attendees. An Organisation-wide Sexual Harassment Policy was implemented in March 2019 supplemented by a new simplified reporting procedure.

- an External Independent Support Service has been set up to deliver support, advice, and counselling services in relation to sexual harassment. Recommendations on changes to the MSPs Code of Conduct were made to the Standards, Procedures, and Public Appointments Committee.
- in March 2018 the Gender Pay Gap Report (GPG) 2017 was published along with an action plan to address the findings and recommendations of the report. The actions considered organisational values, access to promotion, reward and included a target level for the GPG to stay within.
- following a consultation period with a variety of different groups across the Parliament, the Behavioural Standards Framework was agreed by LG and in June 2018 was communicated to all staff. The standards are now incorporated into recruitment and performance activities.
- in analysing diversity at senior levels in the organisation, a baseline report of participation on decision making boards by protected characteristic was conducted in April 2018, and the findings presented to the Diversity Board. LG are progressing with plans to diversify the membership of boards. The GPG report also told us that we had more women working on full-time hours compared to the general population.
- we conducted a survey in December 2018 of women who had returned from maternity leave while working at the Parliament to find out why this was the case. We have reviewed the responses and will build the findings into action plans for the relevant business areas.
- the Gender Pay Gap for 2018, which we reported in March 2019 was 2.9%, this was a reduction of 0.9% and is within the target tolerance level of either plus or minus 5% each year.

Workforce Planning

We are looking to build upon our high performing workforce to increase skills, capability, knowledge and engagement. In 2018-19 we have introduced a new 'grow our own' programme in Business Information Technology (BIT), an Institute of Leadership and Management level 5 programme and training arrangements have been set up in conjunction with Edinburgh College. We have continued to support a Modern Apprentice programme – currently five modern apprentices are in placement across a range of offices.

Priority: Efficient and effective deployment of our staff, financial and physical resources.

Our Delivery Plan Key Activities:

Co-Locating Commissioners

The co-locating of Commissioners key activity is now complete and fulfils the long term aim of the SPCB to co-locate officeholders (Scottish Public Services Ombudsman, Children's Commissioner and the Scottish Human Rights Commission), ensuring best value and further efficiencies around shared services and accommodation arrangements. A project group comprising all stakeholders delivered actions including:

- space planning, contract fit-out and IT requirements. The new location provides modern office accommodation that has been fitted-out in consultation with each of the officeholders to ensure it is fit for purpose.
- accommodation savings of circa £500k are expected to be realised over a 10-year period.

Strategy, Planning and Reporting Improvement Process

A review of planning and performance reporting in 2018-19 was undertaken by the Strategic Planning and Reporting Group. Outcomes included adopting a continuous improvement approach to our strategy, planning and reporting framework and processes. As a result of the review:

- a blueprint and timetable have been produced providing a holistic overview of our strategy, planning and reporting framework.
- 'Run the Business' definitions have been incorporated into the draft 2019-20 Delivery Plan to strengthen the 'golden thread' of operations from the Strategic Plan to the Delivery Plan, Office Plans and ultimately individual job roles, and improve performance reporting.
- LG agreed Strategic and Delivery plans for 2019-20 in October 2018.
- office planning for 2019-20 is now complete and has been implemented in accordance with the revised guidance and templates.
- proposals for the annual processes for planning and reporting will be presented to LG in September 2019

Priority: To deliver our Digital Strategy to enable a modern Parliament, demonstrating a smart, confident use of technology and information to drive improvements in how we communicate and work.

Our Delivery Plan Key Activities:

Web and Online Roadmap

The Web and Online Roadmap sets out how the Parliament will improve its online channels including the development of a new Parliament website. During July and August 2018, work focused on confirming user stories for the project and agreeing a roadmap for the beta version of the new website. Work took place to support the delivery of the 3 top tasks (Legislation, What was Said and Questions and Answers). The Public release of the Beta site delivering the 3 Top Tasks was achieved on 28 February 2019. A high-level post Beta delivery plan has been produced to take forward into 2019-20.

Scottish Parliament Service Working Environment

The Digital Workplace Programme (DWP) for SPS has delivered a range of hardware devices and new software to all SPS staff and contractors. All SPS staff and contractors were updated to Windows 10 and Office 365 between February and September 2018. Issuing SPS staff with a laptop or hybrid Windows tablet device has improved working flexibility. Business Continuity capability and resilience has improved greatly by this move. The new devices are also much faster to logon to and work on as reported through staff feedback. 90% of devices issued to Members and their staff were upgraded to the later release of Windows 10 to ensure support continuity.

Telephony Strategy and Modernisation will deliver a new telephony solution at Holyrood and a desktop solution, Skype for Business (SfB), that will reduce costs and increase efficiency. Approval to continue the project was given in October 2018 and Phase 1 delivery began in December 2018, installation of infrastructure began in February 2019 and preparation for the BIT pilot will commence in April 2019. The project will run separately in 2019-20 as the DWP is now closed

Parliamentary Business IT Systems

Three projects were identified to Modernise IT systems that enable and support Parliamentary and Committee business.

Options for replacing the current EditOR application, implementation of a new tool for drafting - Official Report staff have identified, through user surveys and as part of the Parliament's digital strategy, that our products (Scottish Parliament Official Reports) do not have the searchability, functionality and reusability that our users increasingly expect and would value. Planning and business analysis started in April 2018. No further work is scheduled at this time as awaiting Digital Strategy Board (DSB) prioritisation and budgeting approval for 2019-20 before next stage will begin.

Amending and publishing bills and managing the legislative process – In 2018-19 the Programme Board (comprising representatives of the Parliament and the five

other partner organisations in this project) approved the outcome of a procurement process and appointed a preferred bidder. Work for the final development phase began in October 2018 followed by final specification work for the first release. Development work under the contract for the final development phase has continued, with Parliament staff and project partners being involved with regular testing after development milestones at end April and in extensive user acceptance testing in June.

Implementation of a replacement to the Committee Agenda System (CAS) – to ensure that the needs of both members and stakeholders in a range of different business areas are met, Digital Planning and business analysis was completed in June 2018 and the project is to be delivered in three stages covering Committee Maintenance, Meeting Management with the final covering both MSP and staff views. Budgeting and staffing issues have resulted in a revised delivery date of January 2020.

Priority: Safe, secure and resilient working environment for Members, Members Staff, the Scottish Parliamentary Service and the Public.

Our Delivery Plan Key Activities:

General Data Protection Regulation

Following on from completion of the GDPR Project in September 2018, the Information Management and Governance Team continue to ensure that compliance with the requirements of the General Data Protection Regulation and Data Protection Act 2018 are met, monitored and reported. This includes maintaining and updating privacy notices, updating the register of data processing, ensuring that mandatory data protection online training is completed, ensuring that data protection impact assessments are undertaken as required and responding to data protection rights requests. The Data Protection Officer for the SPCB is the Head of Information Governance.

Security

The Security Maturity Programme is a programme to continuously develop our security approach to ensure that all those who work for and visit the Parliament remain safe.

During 2018-19:

- the programme delivered a replacement security system including new passes, site entrance card reader, an upgraded Control Room, and commencement of the replacement of CCTV cameras and enrolment onto two-factor authentication to enter the building.
- improvements to the building infrastructure including upgrading the Canongate Accessible entrance and installing a returns hatch for retained items at the Public Exit.

Work continues this year to deliver adjustments to the Canongate fence, install a new security design at the Baggage Store and to finalise the design solution for the Service Yard project. Further activities in 2019/20 will include engagement with all passholders, including Members, regarding the introduction of a revised Counter-Terrorism Strategy and improved security awareness.

Strategic Risk Register:

The Strategic Risk Register sets out fourteen high-level risks which may act as barriers to the successful delivery of the aims of the Scottish Parliamentary Service. Corporate risks are identified from a variety of sources including: Strategic, Delivery and Office Plans; major programmes and projects; and other known and emerging business priorities such as business continuity high impact risks. Each corporate risk is aligned to a specific aim(s) within the Strategic Plan, is scored in terms of likelihood and impact and is designated as high, medium or low both before (inherent risk) and after (residual risk) the application of internal controls and management actions.

During 2018-19, LG considered and approved the following significant updates to the Strategic Risk Register:

- For each risk, LG has agreed an 'acceptable' risk score which is the maximum risk exposure, in terms of likelihood and impact, that LG is willing to tolerate for that risk. For risks that exceed the acceptable level set, LG continuously reviews the controls and actions in place and planned to further manage the risks to an acceptable level.
- Work on a programme of physical security enhancements continued throughout 2018-19 to enhance the controls and actions in place to mitigate the risk of unavailability of the Holyrood building and failing to maintain a safe and secure working environment.
- The Digital Strategy continues to identify and implement actions to enhance existing arrangements to ensure the availability of the Parliament's critical IT and communication systems to further mitigate risk exposure in this area.
- The risk of failing to provide a working environment that promotes fairness, equality, dignity and respect was introduced as a strategic risk in June 2018. During the year key projects and initiatives, including the Diversity and Inclusion Delivery Plan, the Values Workstream and a Culture of Respect project, were developed and detailed work across these areas will continue in future years.
- A Resilience Board, accountable to LG has been formed to oversee the risks, controls and actions specific to business continuity incidents including the loss of the Holyrood building; insufficient numbers of members or staff available to enable parliamentary business to proceed; the loss of IT and connectivity; and the loss of a critical supplier.
- Specific risk registers have been embedded to identify and mitigate the risks associated with the successful delivery of certain strategic portfolios, programmes and projects including digital strategy and the work of the Constitutional Issues Board.

- In December 2017, LG agreed to review and refresh its approach to setting risk appetite and agreed that in future, it would compare residual risks with an agreed acceptable level of risk for each risk on the Corporate Risk Register.



P E GRICE
Clerk to the Parliament and Chief Executive

Date: 27 September 2019

ACCOUNTABILITY REPORT - CORPORATE GOVERNANCE REPORT

REPORT OF THE CORPORATE BODY

I present the Scottish Parliamentary Corporate Body's (SPCB's) report and accounts for the year ended 31 March 2019.

The accounts have been prepared in accordance with the Direction by The Scottish Ministers given on 17 January 2006 in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

As set out in The Scotland Act 1998, funding for the SPCB is payable out of the Scottish Consolidated Fund.

The SPCB and Senior Managers

As at April 2019 the membership of the SPCB was:

	Appointed
Ken Macintosh MSP, Presiding Officer	12 May 2016
Jackson Carlaw MSP	15 November 2016
Kezia Dugdale MSP	9 January 2018
Liam McArthur MSP	19 May 2016
Sandra White MSP	14 November 2017
Andy Wightman MSP	19 May 2016

The SPCB has agreed portfolio arrangements whereby members take a lead interest in specific issues. During the year these were:

Jackson Carlaw MSP – Finance and Security
Sandra White MSP – Governance
Liam McArthur MSP - Engagement
Kezia Dugdale MSP – Resources
Andy Wightman MSP – Business Support and Information

Kezia Dugdale stood down from the SPCB on 14 June 2019 and was replaced by Rhoda Grant from 25 June 2019, Jackson Carlaw stood down from 4 September 2019 and was replaced by Ruth Davidson on 10 September 2019.

A Register of Members' Interests is published on the Parliament's website and details for Leadership Group are available on request.

Senior management forming the Leadership Group employed by the SPCB during the 2018-19 financial year were:

Paul Grice	Clerk to the Parliament and Chief Executive
Michelle Hegarty	Assistant Chief Executive
Ken Hughes	Assistant Chief Executive
David McGill	Assistant Chief Executive

Alan Balharrie	Head of Digital Services Group
Colin Chisholm	Head of HR and FM Group
Derek Croll	Head of Financial Resources Group
Susan Duffy	Head of Committees and Outreach Group
Lynsey Hamill	Head of Procurement, Business Continuity and Security Group
Judith Morrison	Head of Legal Services and Audit Group
Callum Thomson	Head of Research, Communications and Public Engagement Group
Tracey White	Head of Chamber, Reporting and Broadcasting Group

The Remuneration Report contains information about the salary and pension entitlements of the above-named individuals.

A structure chart is available on the SPCB's website.

Ken Hughes retired with effect from 29 March 2019. Following an open, external recruitment exercise, David McGill was successful in filling the permanent Assistant Chief Executive (ACE) position. In a subsequent exercise, Tracey White was successful in filling the Head of Chamber, Reporting and Broadcasting Group on a permanent basis with effect from March 2019. The Clerk/Chief Executive took the decision not to replace the temporary ACE post and reviewed the Group structures, resulting in two changes from April 2019:

Alan Balharrie	Head of HR and Digital Services Group
Colin Chisholm	Head of FM, Events & Exhibitions and Visitor Services

Paul Grice announced he will be standing down as the Clerk to the Parliament and Chief Executive from the 30 September 2019. The process to find a replacement is underway.

The Leadership Group currently comprises the Clerk to the Parliament and Chief Executive, two permanent Assistant Chief Executives and eight Group Heads.

Related parties

A related party is a person or entity that is related to the entity that is reporting its financial statements. The listing of SPCB members includes a reference to the Register of Members' Interests which is published and further information is contained in the Notes to the Accounts (Note 19). No related party conflicts have been identified for senior managers.

Pension Liabilities

The SPCB uses full IAS 19 pension scheme accounting for the Members' Pension Fund (Scottish Parliamentary Pension Scheme). This means the net position for the scheme assets and liabilities is reflected in the SPCB Statement of Financial Position (Notes 4 & 14). Further information is available on the Scottish Parliamentary Pension Scheme within its annual accounts. The treatment of pension liabilities and details of

the relevant pension schemes, including the Civil Service and Others Pension Scheme (CSOPS) and **Alpha** for staff, are set out in the statement of accounting policies (Note 1k and Note 4).

Supplier Payment Policy

The SPCB's policy is to comply with the UK Government's Prompt Payment Code. The target is for payment to be made within agreed payment terms or 30 days of receipt of invoices not in dispute for goods and services received. Average payment performance achieved for 2018-19 was 99.1% (2017-18 99.1%). In 2008-09 a voluntary initiative was introduced to improve payment performance further. Under this initiative, introduced by the SPCB in December 2008, we aim to make payment within 10 days of receipt of invoice to the supplier. In 2018-19 SPCB paid 97.8% of its invoices within 10 days (2017-18 96.7%).

Important Events Occurring After Year End

No important events have occurred since the year end that require disclosure or adjustment under the terms of IAS 10, Events after the Statement of Financial Position Date. In accordance with the requirements of IAS 10, Events after the Statement of Financial Position date are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date on which the Independent Auditor's Report is signed.

External Audit

The Accounts are audited by the Auditor General for Scotland in accordance with the Public Finance and Accountability (Scotland) Act 2000. Audit Scotland carry out this work on behalf of the Auditor General for Scotland in accordance with the Code of Audit Practice. 2018-19 is the third year of a five-year audit appointment for Audit Scotland. The audit costs for 2018-19 were £71,610 (2017-18 £69,600).

Advisory Audit Board (AAB)

The SPCB's Advisory Audit Board supports the Principal Accountable Officer in monitoring and reviewing corporate governance, risk management and control systems. During the year membership of the AAB comprised three independent external members to help ensure objectivity, one of whom had the role of Chair, and two members from the SPCB. Members during the year to 31 March 2019 were:

Jean Couper CBE (appointed 1 March 2012, Chair from 30 September 2014)

Andy Shaw (appointed 5 December 2017)

David Watt (appointed 3 September 2018)

Claire Robertson (appointed 3 September 2018)

Jackson Carlaw MSP (appointed 15 November 2016)

Sandra White MSP (appointed 14 November 2017)

Ian Robertson CA, CCMI, a former chair of the AAB, was appointed as an independent expert on an interim basis from 1 July 2017 to 30 June 2018.

STATEMENT OF THE SPCB'S AND PRINCIPAL ACCOUNTABLE OFFICER'S RESPONSIBILITIES

The Clerk to the Parliament and Chief Executive is, by virtue of his appointment, Principal Accountable Officer for the SPCB. The responsibilities of the Principal Accountable Officer, including the responsibility for the propriety and regularity of the public finances for which the SPCB is answerable, for keeping of proper records and for safeguarding the SPCB's assets, are set out in section 16 of the Public Finance and Accountability (Scotland) Act 2000.

The Principal Accountable Officer has prepared a statement of accounts in the form and on the basis set out in the Accounts Direction issued by Scottish Ministers. The accounts are prepared on an accruals basis and give a true and fair view of the SPCB's state of affairs and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts the Principal Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the accounts direction issued by Scottish Ministers including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

As Principal Accountable Officer for the SPCB, I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also aware of this information. I confirm that the annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and judgements required for determining that the document is fair, balanced and understandable.

GOVERNANCE STATEMENT

Scope of Responsibility

As Principal Accountable Officer, I am responsible for maintaining a sound system of corporate governance that supports the achievement of the policies, aims and objectives of the Parliament, whilst safeguarding the public funds and assets for which I am responsible, in accordance with the responsibilities assigned to me.

This includes ensuring that arrangements for delegation are robust and promote good management, supported by staff with an appropriate balance of skills and experience. Appropriate management systems and procedures are also essential to support service delivery.

I am answerable to the Parliament for the exercise of these responsibilities.

Governance Framework

The Scottish Parliamentary Corporate Body (SPCB)

The SPCB is the legal entity of the Parliament as provided for by the Scotland Act 1998 (as amended). The SPCB provides the property, staff and services that are required for the Parliament's purpose and performs any further functions that are enacted. The SPCB is elected by the Parliament in accordance with standing orders and comprises the Presiding Officer and five other Members. The SPCB typically meets fortnightly while the Parliament is in session. Meetings are attended by the Clerk to the Parliament and Chief Executive and senior officials.

The SPCB has formally authorised the Clerk to the Parliament and Chief Executive to carry out most of the day to day functions of the SPCB.

The Leadership Group (LG)

Members of LG are the Clerk to the Parliament and Chief Executive (Chair), Assistant Chief Executives, and Group Heads. LG meets typically fortnightly while the Parliament is in session.

The role of LG is to lead the organisation by:

- setting its strategic direction;
- monitoring performance at a strategic level, taking into account operational performance, delivery, capacity and prioritisation;
- acting as custodian of its aims and values, including leadership, management and change best practice; and
- at the strategic level, taking decisions, managing risk and seizing opportunities.

LG advises the SPCB on budget and staffing levels which go forward to the SPCB for consideration and approval. LG further ensures that appropriate management systems are in place and are operating effectively to ensure compliance with statutory and regulatory duties, including promoting good practice in equalities, environmental management and other corporate policies to ensure effective governance across the organisation.

Advisory Audit Board (AAB)

The AAB considers, advises and reports on the SPCB's arrangements for governance, finance, audit and risk. In particular, the AAB advises the Principal Accountable Officer on whether the necessary assurances required for signing the Governance Statement have been received. The AAB specifically considers the adequacy of internal controls (Financial management and otherwise); the assessment and management of risk; the planned activity of internal audit and results of its work; the planned activity of Audit Scotland and results of its work; and the adequacy of management responses to audit issues. The AAB meets quarterly and normally comprises two members of the SPCB and four independent persons (revised from three from 20 June 2018), one of whom is chair. Independent persons are appointed following open competition based on their expertise and experience in governance, audit and public services. Current membership can be found at page 30. AAB membership has been quorate at all meetings. The AAB reports the findings of its work to the SPCB annually for the purposes of signing the annual report and accounts and at such other times as it considers necessary.

Internal Audit

The overall objective of internal audit is to provide independent assurance on the adequacy and effectiveness of the systems of governance and internal controls designed by LG to manage risk and enable the achievement of strategic goals, aims and priorities whilst ensuring accountability for public funds.

Internal audit for the SPCB follows the principles of Public Sector Internal Audit Standards (PSIAS) and is provided by a full time Head of Internal Audit (approximately 200 days per annum), with additional specialist support from a professional services firm on a call off basis (approximately 50 days per annum). Grant Thornton UK LLP was appointed to support the Head of Internal for an initial three-year period from July 2016 following an open competitive tender process.

External Audit

The Auditor General for Scotland is responsible for auditing the SPCB's accounts. The Auditor General has appointed Audit Scotland to undertake the statutory audit of the SPCB and further assurance on the effectiveness of the system of internal control is received by the work of Audit Scotland through their management letters, reports and independent auditor's report (pages 54-57).

Assessment of Corporate Governance

As Principal Accountable Officer, my assessment is that the corporate governance arrangements comply with generally accepted best practice principles and relevant guidance. In particular, the following processes and institutional arrangements have been established:

- Strategic Plan

On 8 November 2018, the SPCB approved an update to The Scottish Parliament Strategic Plan previously approved at a meeting on 7 June 2017. As the Parliament's principal purpose (Representing the people of Scotland by debating issues of national importance, passing legislation and holding the Scottish Government to account) do not change over time, the Plan is not time limited. However, the Strategic Goals, Aims and Improve the Parliament Objectives or Priorities set out in the Plan will change from time to time to ensure that the Parliament is at the forefront of political discourse in Scotland and remains relevant to the people of Scotland. We will therefore ensure, through regular review of the Strategic Plan, that the Parliament continues to meet the needs of our Members and the expectations of the people of Scotland;

- Delivery Plan

The Strategic Plan is supplemented by a Delivery Plan, which underpins the purposes, vision, strategic goals and aims of the Scottish Parliament. It is designed to link these features with performance and risk management. Each of the priorities for change within the Strategic Plan has been assigned to an individual Leadership Group member who has delegated responsibility for appropriate governance arrangements. The successful delivery of the plans and strategies is monitored quarterly by the SPCB;

- Performance Measurement

Fundamental to the successful achievement of the Strategic and Delivery Plans is the measurement and monitoring of performance. A quarterly reporting mechanism is in place, the Scottish Parliamentary Performance Report. The report measures performance against our Aims and Priorities for Change and comprises of high-level strategic performance indicators to improve accountability and performance. The report also takes account of feedback from Members of the Parliament and reports the overall status for compliance in respect of Health and Safety; Fire Safety; Environment; Equalities and Freedom of Information, and strategic risk management;

- Internal Control Environment

Systems of internal control are designed to identify the principal risks to the achievement of goals, aims, priorities and objectives and to manage and mitigate these risks efficiently, effectively and economically. The SPCB's assurance arrangements are designed to manage risk down to a reasonable level rather than eliminate risk altogether. Risk management can only provide reasonable and not

absolute assurance of effectiveness. These arrangements have been in place for the SPCB for the year ended 31 March 2019 and up to the date of approval of the annual accounts. These accord with the guidance set out in the Scottish Public Finance Manual (SPFM). Risks and internal controls are routinely reviewed by LG and are tested as part of the rolling internal audit programme. There were no significant internal control or risk management breaches identified during 2018-19;

- Advisory Audit Board

The Advisory Audit Board (AAB) met four times in the year ended 31 March 2019 to offer advice and provide guidance to the SPCB on the quality and effectiveness of its governance, finance, audit and risk management arrangements. The AAB considered, in detail, the SPCB's 2018-19 Annual Report and Accounts and Audit Scotland's Annual Audit Report on 11 September 2019. In view of its detailed work, the AAB recommended that the SPCB's 2018-19 Annual Report and Accounts, and the Governance Statement therein, be presented to the SPCB for formal consideration, approval and signing by the Clerk/Chief Executive as Accountable Officer.

The AAB further reviewed and approved the internal audit plan for 2018-19 and received regular progress reports on and detailed findings, conclusions and recommendations arising from internal audit activity throughout the year. The AAB endorsed the internal audit recommendations agreed with management and continues to seek evidence that agreed audit recommendations have been implemented appropriately by way of the follow up reports considered in detail in June 2018 and December 2018.

The work of Leadership Group to develop and embed strategic risk management arrangements for the Scottish Parliament was reviewed by the AAB in June 2018 and December 2018. The AAB continues to monitor and challenge the risk management framework and the controls actions designed to mitigate and manage risk effectively. This work has enabled the AAB to offer pro-active and constructive challenge and recommendations and the AAB will continue to engage with Assistant Chief Executives and Group Heads in 2019-20 on a range of organisational priorities and initiatives.

The AAB reported formally to the SPCB in September 2019 confirming the evidence and assurances it had received during the year.

- Internal Audit

A risk based internal audit plan providing for approximately 250 days of internal audit activity was prepared for 2018-19. Detailed reports were presented to the AAB by the Head of Internal Audit together with an independent opinion on the level of assurance that might be offered over the internal control environment in place and any recommendations proposed for control enhancement. During 2018-19 internal audit work included reviews in the areas of reimbursement of Members' expenses; Corporate Cards; Procurement Project Reviews; Contract Compliance; GDPR Compliance Review; Business Continuity - Critical Contractors Review;

Diversity and Inclusion; Governance and Accountability; and Self-Employed Service Providers. The internal audit review of catering contractor compliance concluded with 'limited assurance'. All other internal audit reviews concluded with a 'substantial' or 'satisfactory' level of assurance in place.

During 2018-19 the SPCB's internal audit service was the subject of an external quality assessment, consistent with the requirements of PSIAS. The review was performed independently, reported directly to the AAB and concluded that internal audit for the SPCB either fully or generally conforms with the standards in place for the internal audit profession.

Formal follow up arrangements of agreed audit recommendations were in place during the year thus ensuring that agreed audit recommendations were implemented appropriately. The overall conclusion from the work of internal audit for the year to 31 March 2019 is that a satisfactory level of assurance may be taken from the areas reviewed within the annual internal audit plan, subject to the timely implementation of agreed recommendations;

- External Audit

Audit Scotland was appointed by the Auditor General for Scotland in October 2016 for the five-year period from 2016-17 to 2020-21. In the course of the statutory audit in 2018-19, including further assurance work on the effectiveness of internal controls, Audit Scotland has not identified any major control weaknesses during the year.

- General

- Regular reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects;
- A policy on fraud prevention and whistle blowing, and guidance;
- The SPCB complies with the principles of the Scottish Public Finance Manual;
- The SPCB has a dedicated set of Standing Financial Instructions "based on the Scottish Public Finance Manual" which contain financial policies and procedures that are specific to the SPCB;
- The AAB reviews and recommends the accounts for approval including the Governance Statement; and
- The SPCB approves the accounts including the Governance Statement.

Assessment of Risk Management Arrangements

As Principal Accountable Officer, my assessment is that the SPCB's risk management arrangements comply with generally accepted best practice principles and relevant guidance. In particular, the following processes and institutional arrangements are in place:

- Management of risk forms a key part of the SPCB's strategic and delivery planning and is monitored and reported by way of a performance management framework. This brings together strategic and delivery planning and monitoring, strategic risk management and high-level performance indicators which are designed as a tool for decision making and resource allocation. Within the overarching context of the Performance Report, risks for the SPCB are derived from, and link directly to, the strategic plan, the delivery plan, individual office plans, priorities for change and other major projects;
- Corporate risks formally considered in detail by the Leadership Group in June 2018, December 2018 and March 2019;
- The Corporate Risk Register identifies the risks which may act as barriers to the successful delivery of the Strategic and Delivery Plans for the Scottish Parliament. Each risk is scored in terms of likelihood and impact both before and after the application of the internal controls and management actions designed by LG to mitigate exposure to these risks. No residual risks were identified as high at 31 March 2019;
- Each strategic risk has been compared to the level of risk, in terms of likelihood and impact, that LG has agreed as being acceptable in order to assess the effectiveness of the internal controls and mitigating actions in place. During 2018-19, the following four risks while not assessed as being high overall, exceeded LG's very low tolerance levels for these risks:
 - Unavailability of Holyrood building.
 - Failure to maintain a safe and secure working environment.
 - Failure to ensure availability of the Parliament's critical IT and communications systems
 - Failure to provide a working environment that promotes respect, fairness, equality and dignity.
- Arrangements to further mitigate these risks are in place and are overseen by LG and in detail by the Security Programme Board, the DSB and the Diversity and Inclusion Board respectively;
- The principles of risk management and operational risk registers are used at office level as a key component of planning arrangements across the parliamentary service; and
- The risk register is used routinely by internal audit to ensure that audit and assurance activity focuses on key areas of risk.

Data Security

As set out in the Assessment of Risk Management Arrangements, failure to adequately secure and control the Parliament's IT and communications systems against unauthorised access, including cyber-attack, is included within the SPCB's Risk Register. The Group Head of HR and Digital Services is responsible for ensuring all key controls and any mitigating actions are operational. In 2018-19 the SPCB continue to provide robust data protection compliance measures which have resulted in no data breaches being reported to the Office of the UK Information Commissioner in the period 2018-19.

Assurances and Written Authorities

Group Heads each sign a Certificate of Assurance for their areas of responsibility and accountability. These offer assurance on internal controls in respect of risk management, business planning, project management, financial management, fraud, procurement, human resources, equality and diversity, and health and safety for their respective group or office. Confirmation for 2018-19, that controls have been, and are, working well within groups and offices, has been received and there were no significant matters arising.

The SPCB is responsible for funding a number of Commissioner and Ombudsman bodies. These bodies were created by Acts of the Parliament and operate independently from the SPCB. As Principal Accountable Officer, I rely on the Accountable Officer for each of these bodies to be responsible for ensuring that an effective system of internal control is maintained and operated to safeguard the public funds and assets for which they are responsible. Each Officeholder has provided a written assurance of this for 2018-19.

REMUNERATION AND STAFF REPORT

The sections marked (Audited) in this Remuneration and Staff Report are subject to a separate opinion by Audit Scotland. The other sections of the Remuneration and Staff report were reviewed by Audit Scotland to ensure they were consistent with the financial statements.

Remuneration policy

The remuneration for the Clerk to the Parliament and Chief Executive is set by the SPCB taking into account his role and responsibilities. Salaries for other senior staff form part of the pay settlement for all staff.

MSP salaries are directly linked to public sector increases for public sector employees in Scotland. The rate for 2018-19 was £62,149 which equated to a 0.6% increase on the 2017-18 salary. Pension benefits for MSPs and Office Holders are payable from the Scottish Parliamentary Pension Scheme (SPPS), and separate annual accounts are published for this on the Scottish Parliament website.

In 2018-19 the SPCB comprised five MSPs and the Presiding Officer. The MSPs are elected by the Parliament and the Presiding Officer has membership in accordance with the Scotland Act. The SPCB members receive no additional remuneration for this role. Similarly, MSPs serving as Conveners to Parliamentary Committees do not receive any additional remuneration. The Presiding Officer and two Deputy Presiding Officers receive additional salary for delivery of their roles.

In respect of ministers in the Scottish Government, the salary for their services as an MSP along with the supplementary element for ministerial appointment, are both paid by the SPCB. Disclosure on the ministerial element of salary and pension entitlements is contained within the Scottish Government Consolidated Accounts which can be accessed at the Scottish Government website. These also include disclosure details on the two law officer appointments within Scotland (the Lord Advocate and the Solicitor General for Scotland).

Under the legislation establishing the independent Officeholders (i.e. the Auditor General for Scotland, Scottish Information Commissioner and the Scottish Public Services Ombudsman etc.) the SPCB is responsible for determining the salaries of each Officeholder. Remuneration information is available in the officeholders' annual accounts. Officeholder salaries are uprated in line with the percentage uplift awarded to the Scottish Senior Civil Service.

Service contracts

Appointments of SPCB staff, on terms and conditions set by the SPCB, are made in accordance with SPCB recruitment policy which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. These principles are set out in our recruitment process and more information is available on the SPCB website recruitment pages.

SPCB staff are not classified as civil servants but pension benefits are provided through the Civil Service Pension Scheme arrangements.

Standing Orders provide for the nomination of individuals for appointment to an office by Her Majesty and by the Scottish Parliamentary Corporate Body.

Appointments made by Her Majesty

There were no appointments made by Her Majesty in 2018-19.

SPCB Appointments

The Scottish Parliamentary Corporate Body with the agreement of the Scottish Parliament undertook open recruitment exercises and appointed the following officeholders –

- Paul Walker was appointed as a member of the Standards Commission for Scotland from 7 May 2018 for a fixed term of 6 years;
- Ashleigh Dunn was appointed as a member of the Standards Commission for Scotland from 4 March 2019 for a fixed term of 6 years; and
- Caroline Anderson succeeded Bill Thomson as the Commissioner for Ethical Standards in Public Life in Scotland from 1 April 2019 for a fixed term of 5 years.

Remuneration (salary and pensions)

The following sections provide details of the remuneration and pension interests of senior staff and Officeholders. Those for senior staff are presented in banding ranges for salary and pension. Information for Officeholders is presented on actual salary figures and total remuneration to the nearest £1,000. Pension benefits represent the present value of future pension benefits accrued during the year. This data has been provided by My Civil Service Pension and validated by them. Where there are large movements in the pension benefits this is usually associated with the impact of individual salary increases, the scheme that the individual belongs to and any individual contributions made by the employee. Further information on all the schemes is available on the civil service website in the scheme booklets.

Single total figure of remuneration (Audited)

Name and title	Salary (£'000)		Pension benefits (£'000)*		Total (£'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
SPCB senior staff						
Paul Grice <i>Clerk to the Parliament and Chief Executive</i>	140-145	135-140	47	36	185-190	170-175
Michelle Hegarty <i>Assistant Chief Executive</i>	100-105	95-100	54	46	155-160	140-145
Ken Hughes ¹ <i>Assistant Chief Executive</i>	110-115	105-110	11	11	120-125	120-125
David McGill ² <i>Assistant Chief Executive</i>	95-100	90-95	69	57	165-170	145-150
Alan Balharrie <i>Head of Digital Services</i>	80-85	75-80	34	28	115-120	105-110
Colin Chisholm <i>Head of HR and FM</i>	80-85	75-80	33	33	115-120	110-115
Derek Croll ³ <i>Head of Financial Resources</i>	45-50	70-75	2	11	50-55	85-90
Susan Duffy <i>Head of Committees and Outreach</i>	80-85	75-80	35	30	115-120	105-110
Lynsey Hamill ⁴ <i>Head of Procurement, Business Continuity and Security Group</i>	25-30	-	12	-	40-45	-
Judith Morrison <i>Head of Legal Services, Procurement and Audit</i>	80-85	75-80	42	43	120-125	120-125
Callum Thomson <i>Head of Research, Communication and Public Engagement</i>	80-85	75-80	59	38	140-145	110-115

* The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. Changes to the balance for 2017-18 or negative results arise from retrospective updates to salary data by MyCSP.

Tracey White ⁵ <i>Head of Chamber, Reporting and Broadcasting</i>	75-80	70-75	42	39	115-120	105-110
Parliament office holders						
	Salary (£)		Pension benefits (to nearest £1,000)*		Total (to nearest £1,000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Ken Macintosh <i>Presiding Officer</i>	46,705	46,426	17,000	18,000	64,000	64,000
Linda Fabiani <i>Deputy Presiding Officer</i>	29,258	29,083	10,000	11,000	40,000	40,000
Christine Graham <i>Deputy Presiding Officer</i>	29,258	29,083	11,000	11,000	40,000	40,000

¹ Ken Hughes retired with effect from 29 March 2019.

² David McGill was on temporary promotion to Assistant Chief Executive from 1 June 2015 until December 2018. He was appointed permanently to that role in December 2018.

³ Derek Croll partially retired and moved to a part time contract with effect from 5 February 2018. The full year full time equivalent salary of the post in 2018-19 was in the banding £80,000-£85,000 (2017-18 £75,000-£80,000).

⁴ Lynsey Hamill was appointed as Group Head of Procurement, Business Continuity and Security in August 2018 on a part time basis. Her full year full time equivalent salary of the post was in the banding £65,000-£70,000.

⁵ Tracey White was appointed temporary Head of Chamber, Reporting and Broadcasting from 15 June 2015 until March 2019. She was appointed permanently to that post on 15 March 2019.

- Details of pensions and cash equivalent transfer values are disclosed based on information supplied by My Civil Service Pension for SPCB senior staff and by the Scottish Public Pensions Agency for Parliament Officeholders.

Fair pay disclosure (Audited)

Reporting bodies are required to disclose the relationship between the salary of the highest paid senior member of staff in their organisation, the median salary of the organisation's workforce and the salary range. The banded salary of the Clerk to the Parliament and Chief Executive in the financial year was £140,000-£145,000 (2017-18 £135,000-£140,000). The mid-point of the salary band was 4.35 times the median salary of the workforce, which was £32,724 (2017-18 4.33 times, £31,770). In 2018-19 there was an increase of £750 on grade 1 and 2 pay scale points, 3% increase on all Grade 3 pay scale points, an additional one-off payment of £120 (pro-rata for part time staff) for those on pay scale maximums at Grades 1,2,and 3, 3% increase for those on pay scale maximums at Grades 4-7, all staff below pay scale maximums at Grade 4-7 received progression plus an additional 1% pay award, and a flat rate increase of £1,600 on all pay scales for Grade 8 and the Clerk to the Parliament and Chief Executive. There were no staff salaries in excess of the Clerk to the Parliament and Chief Executive (£140,000-£145,000) with the lowest staff salary, including Modern Apprentices, in 2018-19 being in the band £15,000 - £20,000.

Salary

Salaries in the above table are the amount earned in the financial year and include, where applicable, reserved rights, recruitment and retention allowances and any other allowance to the extent that is subject to UK taxation. They do not include National Insurance or Superannuation contributions. There are no performance bonuses as the scheme for payment of these ended in 2005-06. Salary disclosed in the table above for Parliament office holders excludes the MSP element and relates solely to the office.

Benefits in kind

No benefits in kind were paid to SPCB senior staff or Scottish Parliament office holders in 2018-19 or 2017-18.

Office holders

In respect of office holders, the salary shown is that for the appointment itself together with related pension. Scottish Ministers' disclosure is contained within the Scottish Government's accounts. The Presiding Officer's and the Deputy Presiding Officers' pension benefits are paid from the SPPS. Their pensions accrue at the rate of either 1/40th or 1/50th of their final office holder pensionable earnings for each year that the office is held. There is no automatic lump sum but these office holders may commute some of their pension to provide a lump sum.

Pension Benefits (Audited)

Name and title	Accrued pension at pension age as at 31/03/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/19	CETV at 31/03/18	Real increase in CETV as funded by employer
SPCB senior staff					
	£'000	£'000	£'000	£'000	£'000
Paul Grice <i>Clerk to the Parliament and Chief Executive</i>	60-65 Plus lump sum of 180-185	0-2.5 Plus lump sum of 5-7.5	1,371	1,203	46
Michelle Hegarty <i>Assistant Chief Executive</i>	25-30	2.5-5	429	340	37
Ken Hughes <i>Assistant Chief Executive</i>	60-65 Plus lump sum of 180-185	0-2.5 Plus lump sum of 2.5-5	1,451	1,354	12
David McGill <i>Assistant Chief Executive</i>	35-40 Plus lump sum of 90-95	2.5-5 Plus lump sum of 2.5-5	719	594	49
Alan Balharrie <i>Head of Digital Services</i>	20-25 Plus lump sum of 40-45	0-2.5 Plus lump sum of 0-2.5	380	317	19
Colin Chisholm <i>Head of HR and FM</i>	20-25	0-2.5	372	305	26
Derek Croll <i>Head of Financial Resources</i>	15-20 Plus lump sum of 50-55	0-2.5 Plus lump sum of 0-2.5	413	390	2
Susan Duffy <i>Head of Committees and Outreach</i>	25-30 Plus lump sum of 60-65	0-2.5 Plus lump sum of 0-2.5	520	437	20
Lynsey Hamill <i>Head of Procurement, Business Continuity and Security Group</i>	0-5	0-2.5	5	0	4
Judith Morrison	25-30	0-2.5	433	359	27

<i>Head of Legal Services, Procurement and Audit</i>					
Callum Thomson <i>Head of Research, Communication and Public Engagement</i>	25-30	2.5-5	411	320	35
Tracey White <i>Head of Chamber, Reporting and Broadcasting</i>	25-30	0-2.5	489	410	29
Parliament office holders					
	Accrued pension at age 65 as at 31/03/19	Real increase in pension at age 65	CETV at 31/03/19	CETV at 31/03/18	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Ken Macintosh <i>Presiding Officer</i>	0-5	0-2.5	57	36*	18
Linda Fabiani <i>Deputy Presiding Officer</i>	0-5	0-2.5	64	49*	11
Christine Graham <i>Deputy Presiding Officer</i>	0-5	0-2.5	42	27*	11

* The opening figures may be different from the closing figures in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

Cash Equivalent Transfer Values (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits

that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the scheme member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

CETV movement may comprise of a number of components such as the age of the individual, inflation, contributions by the employer and the employee, and performance of the fund where relevant. The real increase in CETV reflects the increase effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Civil Service Pensions

Pension benefits for SPCB employees are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or **Alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed SPCB and the majority of those already in service joined **Alpha**. Prior to that date, SPCB employees participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**Classic, Premium or Classic Plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**Nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the costs of benefits met by monies voted by the UK Parliament each year. Pensions payable under **Classic, Premium, Classic Plus, Nuvos** and **Alpha** are increased annually in line with changes in Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 6 months from their normal pension age on 1 April 2012 will switch into **Alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **Alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **Alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **Alpha** – as appropriate. Where the official has benefits in both the PCSPS and **Alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining

from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**Partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of **Classic**, **Premium**, **Classic Plus**, **Nuvos** and **Alpha**. Benefits in **Classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **Premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **Classic**, there is no automatic lump sum. **Classic Plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **Classic** and benefits for service from October 2002 worked out as in **Premium**. In **Nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **Alpha** build up in a similar way to **Nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **Classic**, **Premium** and **Classic Plus**, 65 for members of **Nuvos**, and the higher of 65 or State Pension Age for members of **Alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **Alpha** – as appropriate. Where the official has benefits in both the PCSPS and **Alpha** the figure quoted is the combined value of their **benefits** in the two schemes but note that part of that pension may be payable from different ages.)

The Commissioners and Ombudsman are members of the Civil Service pension arrangements.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

The pension scheme rules for MSPs and office holders (including the Lord Advocate and the Solicitor General for Scotland) were initially set out in The Scotland Act 1998 (Transitory and Transitional Provisions) (Scottish Parliamentary Pension Scheme)

Order 1999 (“the 1999 Order”). The 1999 Order was subsequently replaced by the Scottish Parliamentary Pensions Act 2009 (“the 2009 Act”) from 1 September 2009 and the replacement pension scheme rules are now set out under Schedule 1 of the 2009 Act.

The main benefits of the scheme are a pension of 1/50th or 1/40th of final salary for each year of service on retirement at age 65. Pensions are increased annually in line with changes in the Consumer Prices Index. Members accruing benefits at the rate of 1/40th pay a contribution equivalent to 11% of their MSP/office holder salary. Members accruing benefits at the rate of 1/50th pay a contribution equivalent to 6% of their MSP/office holder salary. The SPCB pays the employer contribution representing the balance of cost as advised by the Government Actuary. For 2018-19 the contribution rate was 20.2% of pensionable salary (20.2% 2017-18).

Staff Report

Staff costs, numbers and composition (Audited)

Staff pay costs consist of:

	2018-19	2017-18
	£'000	£'000
	Total	Total
Salaries		
SPCB	21,185	20,098
Seconded staff	826	725
Social security costs		
SPCB	2,142	1,995
Seconded staff	91	82
Other pension costs		
SPCB	4,113	3,766
Seconded staff	174	158
 SPCB Salary Cost per Note 3 to the Accounts	 28,531	 26,824

SPCB Staff salary costs include £799k of Contractors costs and £321k of Agency costs (2017-18 £922k and £775k respectively).

SPCB salary costs in 2018-19 include one settlement payment to a former member of staff in the range £10k-£15k (2017-18 two settlement payments in the ranges £25k-£30k and £10k-£15k).

Information on MSP and Ministers salaries can be found in Note 3 to the Accounts.

The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

	2018-19 Total	2017-18 Total
SPCB staff	513	479
Seconded staff	17	12
Contractor staff	9	10
Agency staff	7	18
Total staff	546	519

During 2018-19 the number of staff employed by the SPCB (on both a permanent and temporary basis) increased to fulfil new scrutiny responsibilities in connection with constitutional issues and Brexit related work. There was also investment in further public engagement posts to support the strategic shift in this area also with some additional staff resource to meet operational pressures in specific areas of the Scottish Parliamentary Service.

Information on MSP and Ministerial numbers can be found in Note 3 to the Accounts.

The SPCB is, as defined in the Scotland Act 1998 S.21, the Presiding Officer and 5 elected Members (see Report of the Corporate Body for detail). Apart from the Presiding Officer, they do not receive remuneration for carrying out the functions of the SPCB. All senior managers are staff of the SPCB.

A breakdown at the end of the financial year of the number of persons of each gender who were SPCB members, senior managers and employees of the SPCB is set out below:

2018-19	Male	Female	Total
SPCB members	4 (67%)	2 (33%)	6 (100%)
Senior management	6 (55%)	5 (45%)	11 (100%)
Employees (excluding above)	260 (45%)	323 (55%)	583 (100%)

Sickness absence data

For the year 1 April 2018 to 31 March 2019, an average of 8.66 (2017-18, 7.45) working days per member of staff were lost as a result of sickness absence.

Human Rights and Equality

We want a Parliament that is accessible and open to people from all walks of life and backgrounds - as a place to work, to visit and to participate. We attach great importance to the Diversity and Inclusion (D&I) Strategy 2017-21 and our commitments, reinforced by our Values of Inclusiveness and Respect, form a central

part of how the SPCB supports Members, provides services to the public and promotes good employment practices. We have published the SPCB's most recent Diversity Monitoring and Gender Pay Gap Reports on the Parliament website.

Key highlights this year included the following.

- The Parliament was recognised as a Disability Confident Leader employer in January 2019.
- The Parliamentary Service continues to recruit young people through the Apprenticeship Programme. The fourth cohort was launched in 2018.
- The Parliament took part in the Stonewall Workplace Equality Index for the first time in 2019.
- A new Diversity Staff Network supporting BAME employees was launched in February 2019.
- The Parliamentary Service hosted three people in a disability internship scheme from May 2018.

Employment of Disabled persons

The Parliament is committed to having a diverse workforce. The aim of our inclusive recruitment approach is to source candidates from a wide selection pool in a way which is fair, cost-effective and supports the aims of our Diversity and Inclusion Strategy. The Parliament actively welcomes disabled people to apply for roles at the Parliament through its Accessibility commitment and works to ensure that there are no barriers in the way preventing access to employment. The Parliament makes this commitment under the 'Disability Confident Leader' scheme. Disabled people are guaranteed an interview if they meet the essential requirements for the post they have applied for and adjustments are made to support the person through the process. The Parliament also works with external organisations to promote employment opportunities to disabled people.

Once in employment, the Parliament provides support through a range of policies and adjustments. Policies that support disabled people to work and in their career development at the Parliament include; Mental Health and Well-Being Policy, Dignity at Work Policy, Guidance for Line Managers - Supporting Disabled Staff in the Workplace. A range of adjustments to support disabled employees at the Parliament include flexible working patterns or hours; provision of equipment and assistive technology such as keyboards, or voice activated software etc and through adjustments to the working environment. The ParliAble (Disability) Staff Network set up a working group in the last year that is evaluating the current provision of adjustments and will make recommendations on improving the process in identifying and providing adjustments. The Mental Health Network continues to have a key role in supporting the SPCB's commitment to creating an inclusive and diverse organisation. When asked to report on a disability for the annual Diversity Monitoring Report, 6.8% of staff reported they had a disability, this was a decrease of 0.4% from the previous year.

The Parliament further provides support through training in and awareness raising of disabilities for all staff. The SPCB's Code of Conduct applies to all above.

Staff Communications

Sir Alex Fergusson, Former Presiding Officer

The sad news of the death of former Presiding Officer Sir Alex Fergusson was communicated to staff on 31 July 2018. There followed further communications about the book of condolence for Sir Alex and the lowering of our flags to mark the date of the memorial service held in his memory in Kirkcudbright.

Staff Day

Much of the staff communications for the first half of the year centred around the planned staff day for Scottish Parliamentary Service staff. It was held on Friday 5 October. Communications began in early summer with an announcement regarding the revised values; "Stewardship", "Inclusiveness", "Excellence" and "Respect". Staff were then invited to suggest ideas for topics for the staff day which were connected to these values. For the first time, a digital engagement and collaboration tool called "Dialogue" was used to gather ideas. It also allowed staff to vote and comment on colleagues' ideas. Through this tool, 9 break-out sessions for the staff day were developed. The tool also helped to inform how the plenary sessions of the staff day would be delivered. Staff who took part in the day were invited to comment on their experiences. Feedback was positive with staff noting the benefits of spending time together and having a chance to hear about a range of topics face-to-face.

Security

A series of communications were issued to ensure the smooth enrolment of staff onto the system of dual factor authentication for entering the building.

Senior Management Changes

In the autumn, staff were informed of the intention of Ken Hughes to retire from his post of Assistant Chief Executive (ACE) in March 2019. They were also informed of a number of changes to the senior management structure which had been agreed. Most notable was the decision to move from three ACE posts (one temporary) to two permanent posts. Later in the year, staff were informed that David McGill, temporary Assistant Chief Executive, had been successful in securing the vacant permanent post.

Joint Working Group's Report on Sexual Harassment

Staff received a letter from the Presiding Officer and Clerk/Chief Executive covering the Joint Working Group's report on Sexual Harassment and its plans to achieve a real culture of respect at Holyrood, drawing on the results of the confidential survey. The SPCB had agreed with the Joint Working Group that there should be a consultation on the key aspects of the new policy before it was finalised. The letter

provided details of how staff could respond to the consultation exercise. In March 2019 staff were informed that the SPCB's new policy to deal with Sexual Harassment and Sexist Behaviour had been launched alongside the new, independent support service for anyone affected by this behaviour within Parliament.

Web and Online Programme

Staff were informed of the launch of the Beta version of the new Scottish Parliament website and were invited to provide feedback. As part of the programme, staff were also surveyed on their views on a new intranet.

Trade Union Relationships

The SPCB officially recognises three trade unions for collective bargaining. A partnership agreement is in place between the SPCB and the Scottish Parliament Trade Union side setting out agreed common goals and principles.

Health and Safety

The SPCB is committed to promoting health and safety as a priority issue. Its aim is to comply with best practice, by taking appropriate and reasonable steps to ensure that employees and other people who may be affected by its work are protected from risks to their health and safety.

To deliver this policy, the SPCB has developed a management system and arrangements including a health and safety committee, documented procedures and a comprehensive training programme.

SPCB maintains regular oversight of health and safety performance, through line management, the health and safety committee, quarterly performance reports and the H&S report presented to the Leadership Group annually.

Expenditure on consultancy

During 2018-19 £450k was spent on external consultancy including general and property advisors (£808k 2017-18). Expenditure in 2018-19 included property advice on the security maturity programme and other facilities management change programmes and IT advice including for development and test environments.

PARLIAMENTARY ACCOUNTABILITY DISCLOSURES

Losses and special payments

There were no individual losses or special payments in excess of £250,000 which would require separate disclosure in either 2018-19 or 2017-18.

Gifts

There were no individual gifts in excess of £250,000 which would require separate disclosure in either 2018-19 or 2017-18.

Remote contingent liabilities

Contingent liabilities that meet the disclosure requirements in IAS 37 Provisions & Contingent Liabilities are included in Note 18 of the Notes to the Accounts. There are no remote contingent liabilities to disclose.



P E GRICE
Clerk to the Parliament and Chief Executive

Date: 27 September 2019

INDEPENDENT AUDITOR'S REPORT

Report of the Auditor General for Scotland to the Scottish Parliamentary Corporate Body and Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Scottish Parliamentary Corporate Body for the year ended 31 March 2019 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2018/19 Government Financial Reporting Manual (the 2018/19 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2019 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Principal Accountable Officer for the financial statements

As explained more fully in the Statement of the SPCB's and Principal Accountable Officer's Responsibilities, the Principal Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Principal Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Principal Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual report and accounts

The Principal Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on certain matters to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Principal Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on other prescribed matters

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which I report by exception

I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Caroline Gardner
Auditor General for Scotland
102 West Port
Edinburgh, EH3 9DN.

01 October 2019

STATEMENT OF COMPREHENSIVE NET EXPENDITURE
For the year ended 31 March 2019


		2018-19	2017-18
	Note	£'000	£'000
Administration costs			
Staff and members' salaries	3	40,895	38,964
Other administration costs	5	39,995	40,269
Depreciation	7, 8	9,753	10,202
Other related parties	19	11,343	9,562
		<hr/>	<hr/>
Gross administration costs		101,986	98,997
Operating income	6	<hr/> (809)	<hr/> (917)
Net operating expenditure	2	101,177	98,080
Other comprehensive expenditure			
Net (gain)/loss on revaluation of property, plant and equipment	7	(8,372)	(11,969)
Net loss/(gain) in respect of realised element of revaluation reserve	7(c)	775	468
Net loss/(gain) on pension reserves	4	407	(9,251)
Total comprehensive expenditure		93,987	77,328

The notes on pages 62 to 78 form part of these accounts.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

		31 March 2019		31 March 2018	
	Note	£'000	£'000	£'000	£'000
Non-current assets:					
Property, plant and equipment	7	309,618		309,063	
Intangible assets	8	<u>344</u>		<u>301</u>	
Total non-current assets			309,962		309,364
Current assets					
Inventories	9	163		144	
Trade and other receivables	10	1,829		1,833	
Cash and cash equivalents	11	<u>1,382</u>		<u>1,450</u>	
Total current assets			<u>3,374</u>		<u>3,427</u>
Total assets			313,336		312,791
Current liabilities					
Trade and other payables (within 1 year)	12	(7,249)		(8,126)	
Provisions	13	<u>(95)</u>		<u>(7)</u>	
Total current liabilities			<u>(7,344)</u>		<u>(8,133)</u>
Total assets less current liabilities			305,992		304,658
Non-current liabilities					
Provisions	13	(17)		(6)	
Members' pension liabilities	14	<u>(29,657)</u>		<u>(24,662)</u>	
Total non-current liabilities			(29,674)		(24,668)
Assets less liabilities			276,318		279,990
Taxpayers' equity					
General fund			213,085		219,359
Revaluation reserve			92,890		85,293
Pension reserve			(29,657)		(24,662)
Total taxpayers' equity			276,318		279,990

The Principal Accountable Officer authorised these financial statements for issue on 27 September 2019. The financial statements on pages 58 to 61 were approved by the Scottish Parliamentary Corporate Body on 26 September 2019.



P E GRICE
Clerk to the Parliament and Chief Executive

Date: 27 September 2019

Scottish Parliamentary Corporate Body Annual Report and Accounts 2015-16 Financial Statements

The notes on pages 62 to 78 form part of these accounts.

STATEMENT OF CASH FLOWS
For the year ended 31 March 2019

	Note	2018-19	2017-18
		£'000	£'000
Cash flow from operating activities			
Net operating cost		(101,177)	(98,080)
Adjustments for non-cash items			
Non-cash charges	20	4,660	5,113
Depreciation	7, 8	9,753	10,202
Income from donated artwork	6, 7	-	(107)
Movements in working capital			
(Increase)/decrease in inventories	9	(19)	87
Decrease/(increase) in trade and other receivables	10	4	(262)
(Decrease)/increase in trade and other payables		(929)	957
Movements in provisions			
Increase/(decrease) in provisions	13	65	(34)
Net cash outflow from operating activities		<u>(87,643)</u>	<u>(82,124)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,794)	(1,961)
Purchase of intangible assets		(31)	(155)
Net cash outflow from investing activities		<u>(1,825)</u>	<u>(2,116)</u>
Net cash requirement		(89,468)	(84,240)
Cash flows from financing activities			
Financing from the Consolidated Fund		89,400	84,300
Net (decrease)/increase in cash and cash equivalents		<u>(68)</u>	<u>60</u>
Cash and cash equivalents as at 1 April	11	1,450	1,390
Cash and cash equivalents as at 31 March	11	1,382	1,450
Net (decrease)/increase in cash and cash equivalents		<u>(68)</u>	<u>60</u>

The notes on pages 62 to 78 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
For the year ended 31 March
2019

	Note	General fund £'000	Revaluation reserve £'000	Pension reserve £'000	Total reserves £'000
Balance at 1 April 2017		227,618	73,792	(28,870)	272,540
Changes in taxpayers' equity for 2017-18					
Indexation of Buildings and Fixed Plant	7		11,969		11,969
Transfer in respect of realised element of revaluation reserve	7(c)	468	(468)		
Net movement in pension reserve	14			9,251	9,251
Non-cash charges – auditor remuneration	20	70			70
Movement in cash balances		(60)			(60)
Net operating cost		(93,037)		(5,043)	(98,080)
Net funding		84,300			84,300
Balance at 31 March 2018		219,359	85,293	(24,662)	279,990
Changes in taxpayers' equity for 2018-19					
Indexation of Buildings and Fixed Plant	7		8,372		8,372
Transfer in respect of realised element of revaluation reserve	7(c)	775	(775)		-
Net movement in pension reserve	14			(407)	(407)
Non-cash charges – auditor remuneration	20	72			72
Movement in cash balances	11	68			68
Net operating cost		(96,589)		(4,588)	(101,177)
Net funding		89,400			89,400
Balance at 31 March 2019		213,085	92,890	(29,657)	276,318

The notes on pages 62 to 78 form part of these accounts

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2018-19 UK Government Financial Reporting Manual (FRoM). The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the SPCB for the purposes of giving a true and fair view has been selected. The particular policies adopted by the SPCB are described below. They have been applied consistently in dealing with items considered material to the accounts.

a. Accounting Convention

The accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, financial instruments and inventories where material, at their value by reference to their current costs.

b. Property, Plant and Equipment (PPE)

The SPCB hold the legal title to all land, buildings and fixed plant shown in the accounts.

For land, buildings and fixed plant, the minimum level for capitalisation of spend is the greater of £10,000 or 0.5% of asset value, provided it is probable that the spend will bring future economic benefits. For other asset categories, the minimum level for capitalisation of spend is £5,000, including grouped value of related asset purchases. Furniture, fixtures and fittings are not capitalised.

Land, buildings and fixed plant have been valued on a depreciated replacement cost basis for specialised buildings using independent professional valuations every 5 years. The first valuation occurred during 2004-05 when the Holyrood complex became operational. The second professional valuation took place during 2009-10 and the third professional valuation took place during 2014-15. In intervening years appropriate indices are used, consistent with those used by the independent valuer. Please see note 7 for further information.

Artwork and donated assets are independently professionally valued on the basis of Insurance every 5 years. The first valuation occurred during 2004-05, the second professional valuation took place during 2009-10, and the third professional valuation took place during 2014-15.

All other assets are reported at depreciated historic cost.

Donated assets are capitalised at current value on receipt and income is recognised in the year of receipt.

c. Intangible assets

In accordance with the FRoM, Intangible assets are accounted for in line with the requirements of IAS 38 Intangible Assets.

Where an active market does not exist, income generating assets are valued at the lower of depreciated replacement cost and value in use. Non-income generating assets are carried at depreciated replacement cost. These valuation methods are considered to be a proxy for fair value.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 Intangible Assets for assets that do not generate income. IAS 38 defines future economic benefit as 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.'

Intangible assets other than assets under development are amortised on a straight-line basis over their estimated useful lives. Intangible assets under development are not amortised.

d. Depreciation and amortisation

Land, historic documents and records and works of art are not depreciated. Assets under construction are depreciated when they are brought into use.

Depreciation has been provided at rates calculated to write off the valuation of Property, Plant and Equipment assets by equal instalments over their estimated useful lives which are normally in the following ranges:

Holyrood building	44.5 years
Holyrood fixed plant	5-25 years
Equipment and vehicles	5 years
IT systems	3 years

Amortisation is provided at rates calculated to write off the valuation of Intangible assets by equal instalments over their estimated useful lives which are normally in the following range:

IT software	3 years
-------------	---------

e. Realised element on depreciation of revaluation reserve

Depreciation is charged to the Statement of Comprehensive Net Expenditure on the revalued amount of the relevant assets. An element of depreciation arises from the increase in valuation and is in excess of the depreciation that would be charged on the historic cost of the relevant assets. The amount relating to this excess is the realised gain on revaluation and is transferred from the revaluation reserve to the general fund.

f. Inventories

All inventories held are stated at the lower of cost and net realisable value.

g. Trade Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. A provision for impairment of trade receivables is established where there is observable evidence that the SPCB will not be able to collect all amounts due according to original terms. Trade receivable balances are written off when the SPCB determines that it is unlikely that future remittances will be received.

h. Trade and other payables

Trade and other payables are stated at cost.

i. Foreign Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Net Expenditure.

j. Operating Income

Operating income is income that relates directly to the operating activities of the SPCB and is therefore recognised as revenue in the Statement of Comprehensive Net Expenditure. Income is stated excluding VAT.

k. Pensions

The Civil Service Pension Arrangements

Staff employed directly by the SPCB and the Parliamentary Commissioners and Ombudsman and their staff are members of either the Civil Service and Others Pension Scheme or **Alpha** which was introduced from 1 April 2015. Prior to that date employees participated in the Principal Civil Service Pension Scheme (PCSPS). These statutory arrangements are unfunded multi-employer defined benefit schemes and the SPCB is unable to identify its share of the underlying assets and liabilities and therefore there is no liability in the Statement of Financial Position. The cost of benefits is met by monies voted by the UK Parliament each year. Details can be found in the separate scheme statement of the Cabinet Office: Civil Superannuation (Civil Service Pensions).

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal actuarial valuations shall be four years, with approximate assessments in intervening years". The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates.

The Scottish Parliamentary Pension Scheme (SPPS)

Originally, the pension scheme for the Members of the Parliament and Office Holders was established under the Scotland Act 1998 (Transitory and Transitional provisions) (Scottish Parliamentary Pension Scheme) Order 1999 (S.I. No.1082). Due to a number of significant legislative changes affecting all UK pension schemes a new Scottish Parliamentary Pensions Act 2009 was established with new scheme rules, coming into force from 1 September 2009. The scheme is a defined benefit scheme, and applies to the salary of members, to any ministerial salary and the salary of the Lord Advocate and Solicitor General for Scotland. The cost of pension cover provided for the MSPs is by payment of charges calculated on an accruing basis, with liability for payment of future benefits charged to the Scottish Parliamentary Pension Scheme (SPPS). Any liabilities of the fund arising from a deficit on assets will be met through increased funding. The liability for this will be met by the SPCB through the Scottish Consolidated Fund.

Scottish Parliamentary Corporate Body Annual Accounts 2018-19

Notes to the Accounts

i. Value Added Tax (VAT)

The SPCB is treated as a Crown Body for the purposes of the Value Added Tax Act 1994 and accordingly for the purposes of Section 41 of that Act (application to the Crown) it is treated as a government department and is exempt for VAT on the provision of parliamentary goods and services. The SPCB is standard rated for VAT on its trading activities, such as the Parliament shop. Where output tax is charged or input VAT is recoverable, the amounts are stated excluding VAT.

m. Impending application of newly issued accounting standards not yet effective

The SPCB consider accounting standards not yet applied and assess the potential impact the initial application would have on the financial statements. The SPCB do not consider that any new or revised standard or interpretation would have a material impact on the financial statements.

n. Reimbursement of Members' Expenses Scheme

By virtue of sections 81(2) (5) (6) and 83 (5) of the Scotland Act 1998, the SPCB reimburses members in respect of expenses or costs incurred in each financial year in accordance with the Reimbursement of Members' Expenses Scheme, subject to the various limits on expenses or costs under the Scheme.

o. Accounting estimates

The accounting for pensions and indexation movements for buildings and fixed plant are areas in which accounting estimates may change. The carrying amount of the pension liability may change as a result of the Government Actuary's reassessment of the expected future benefits and obligations associated with the pension liability. Full information is disclosed in note 4. The Building Cost Information Service (BCIS) of the Royal Institution of Chartered Surveyors provide the indices which we use for the indexation of Buildings and Fixed Plant. These indices are updated regularly and their value may rise or fall. The indexation of Buildings and Fixed Plant is disclosed in note 7.

Scottish Parliamentary Corporate Body Annual Accounts 2018-19
Notes to the Accounts

2. Summary of Outturn against Budget

A. Summary of Outturn against Resource Budget

	2018-19			2017-18		
	Budget £'000	Outturn £'000	Variance £'000	Budget £'000	Outturn £'000	Variance £'000
Net Operating Cost (Statement of Comprehensive Net Expenditure) (i)	103,798	101,177	2,621	100,528	98,080	2,448
Capital – Purchase of non-current assets (Notes 7 and 8) (ii)	1,250	1,979	(729)	1,300	1,561	(261)
Total outturn	105,048	103,156	1,892	101,828	99,641	2,187

(i) Explanation of the variation between Budget and Outturn Net Operating Cost for 2018-19:

£757k of the variance in budget is in respect of non-cash items, with the main elements being £747k on depreciation, and £12k on pension finance cost (net). Of the remaining £1,864k underspend against budget, Members' costs account for an underspend of £607k, Commissioners' funding £331k with underspend in Parliamentary Service of £926k. This was offset by a capital overspend of £729k.

(ii) Explanation of the variance between Budget and Outturn Capital for 2018-19:

An overspend variance of £729k occurred on Capital where the SPCB was able to take forward planned capital expenditure on Security, IT, FM and Broadcasting equipment, slightly earlier than originally forecast as a result of compensating changes to the phasing of planned revenue expenditure.

B. Summary of Outturn against Cash Budget

	2018-19			2017-18		
	Budget £'000	Outturn £'000	Variance £'000	Budget £'000	Outturn £'000	Variance £'000
Net Cash Outflow		89,468			84,240	
Net increase / (decrease) in cash and cash equivalents		(68)			60	
Overall Cash Outturn (Statement of Cash Flows) (iii)	89,878	89,400	478	85,209	84,300	909

(iii) Explanation of the variation between Cash Budget and Cash Outturn for 2018-19:

The actual cash drawdown (£89,400k) was within the cash budget for the year (£89,878k). The net increase / (decrease) in cash and cash equivalents is disclosed in the Statement of Cash Flows.

3. Staff and members' salaries

Pay costs consist of:

	2018-19			2017-18		
	£'000	£'000	£'000	£'000	£'000	£'000
	Total	Staff	Members and Office Bearers	Total	Staff	Members and Office Bearers
Salaries						
SPCB	29,302	21,185	8,117	28,162	20,098	8,064
Seconded staff	826	826		725	725	
Ministers	1,263		1,263	1,120		1,120
Social security costs						
SPCB	3,116	2,142	974	2,967	1,995	972
Seconded staff	91	91		82	82	
Ministers	164		164	151		151
Other pension costs						
SPCB	5,715	4,113	1,602	5,374	3,766	1,608
Seconded staff	174	174		158	158	
Ministers	244		244	225		225
Total Salary Cost per Statement of Comprehensive Net Expenditure	40,895	28,531	12,364	38,964	26,824	12,140

Social security costs for SPCB in 2018-19 include Apprenticeship levy costs of £120,000 (2017-18 £111,000).

Scottish Parliamentary Corporate Body Annual Accounts 2018-19

Notes to the Accounts

SPCB Staff salary costs in 2018-19 include £799,000 of Contractors' costs (2017-18 £922,000) and £321,000 of Agency costs (2017-18 £775,000).

The number of MSPs and ministers during 2018-19 was as follows:

	2018-19	2017-18
	Total	Total
Ministers (including 2 Law Officers)	28	25
MSPs	103	106
Total Ministers and MSPs	131	131

The number of Members of the Parliament at 31 March 2019 and 2018 is 129.

Information on SPCB staff numbers can be found in the Remuneration and Staff Report.

4. Pensions

a. Members of the Civil Service Pension Arrangements - see accounting policies.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) - known as "Alpha" - are unfunded multi-employer defined benefit schemes, but the SPCB is unable to identify its share of the underlying assets and liabilities. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

The last formal valuation undertaken for the PCSPS was published in July 2014 for the position as at 31 March 2012. For 2018-19, employers' contributions of £4,258,528 were payable to the PCSPS (2017-18 £3,901,928) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners. One individual retired early on ill-health grounds in 2018-19 (2017-18, none).

The SPCB expects to contribute £5,694,000 to the PCSPS in 2019-20.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £28,559 (2017-18 £21,149) were paid to appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,002 (2017-18 £869), 0.5% of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the balance sheet date were £2,390 (2017-18 £2,389). Contributions prepaid at that date were £nil (2017-18 nil).

Staff seconded to SPCB from other organisations are members of the pension schemes operated by their respective employers.

b. Members of the Scottish Parliamentary Pension Scheme (SPPS) - see accounting policies.

The pension scheme for the Parliament Members provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the SPCB and are managed by an Investment Manager. The Government Actuary was required to produce an initial actuarial valuation of the assets and liabilities of the SPPS as at 6 May 1999 and thereafter to conduct a full valuation at three yearly intervals. The last valuation dated 29 March 2018 covered the period 1 April 2014 to 31 March 2017.

The pension scheme was established in 1999 and is immature, with contribution income still exceeding regular benefit outgoings. The weighted average duration of the scheme's liabilities is around 20 years.

Scottish Parliamentary Corporate Body Annual Accounts 2018-19

Notes to the Accounts

i. The amounts recognised in the Statement of Financial Position are as follows:

	Note	31 March 2019	31 March 2018
		£'000	£'000
Present value of scheme liabilities		110,679	100,186
Fair value of scheme assets		81,022	75,524
Net liability (surplus)	14	29,657	24,662

ii. The amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

	2018-19	2017-18
	£'000	£'000
Current service cost	5,756	6,056
Reduction in past service cost *	-	-
Total operating charge	5,756	6,056

* Past service costs arise when an employer undertakes to provide a different level of benefits than previously promised. The Government Actuary's Department is not aware of any material past service costs which have arisen over 2018-19 or 2017-18.

Analysis of the amount recognised in Statement of Financial Position

Interest cost	2,622	2,687
Interest on scheme assets	(1,944)	(1,867)
Total cost	678	820
Total cost in the Statement of Comprehensive Net Expenditure	6,434	6,876

Allocated in the accounts as follows:

	Note	2018-19	2017-18
		£'000	£'000
Other pension costs (contributions by employer)		1,846	1,833
Pension Finance Cost (Net)	5	4,588	5,043
Total		6,434	6,876

iii. Analysis of amount recognised in Statement of Change in Taxpayers' Equity (SCITE):

	2018-19	2017-18
	£'000	£'000
Actual less expected return on scheme assets	2,271	2,553
Experience adjustments on scheme liabilities	766	1,761
Changes in assumptions underlying the present scheme liabilities	(3,444)	4,937
Total actuarial (loss)/gain recognised in SCITE	(407)	9,251

The actuarial loss of £0.4m for 2018-19 is a combination of the change in assumptions (a loss of £3.4m arises from the changes to the financial assumptions- see section vii), experience gains on the liabilities (a gain of £0.7m which arises mainly from salary increases being lower than assumed) and actual return on assets exceeding interest on assets (a gain of £2.3m). This compares with an actuarial gain of £9.2m in 2017-18 which is a combination of the changes in assumptions (a gain of £4.9m which arises from the changes to the mortality assumptions – see section vii), experience gains on the liabilities (a gain of £1.8m which arises from experience during 2014-17 being different from assumed) and actual return on assets exceeding interest on assets (a gain of £2.6m).

The demographic assumptions determine the incidence of the benefit outflow and include factors such as mortality (in service and in retirement), withdrawal from service, proportions married and ages of dependants. The demographic assumptions are chosen by reference to the specific experience of the scheme membership, and were reviewed as part of the actuarial valuation of the scheme at 31 March 2017.

Scottish Parliamentary Corporate Body Annual Accounts 2018-19

Notes to the Accounts

The demographic assumptions (including mortality) adopted to determine the Current Service Cost for the year ending 31 March 2019 are those applicable at the start of the year; that is, those adopted to calculate the liability at 31 March 2018 for the 2017-18 Resource Accounts.

The demographic assumptions adopted for the assessment of liabilities as at 31 March 2019 have been set by the SPCB based on assumptions used for the 2017 valuation. These are set out in section vii.

iv. Changes in the present value of the scheme liabilities are as follows:

	31 March 2019	31 March 2018
	£'000	£'000
Opening liability	100,186	98,593
Current service cost	5,756	6,056
Interest cost	2,622	2,687
Contributions by members	988	974
Actuarial losses	2,678	(6,698)
Net transfers-in, less benefits paid out	(1,551)	(1,426)
Closing liability	110,679	100,186

v. Changes in the fair value of scheme assets are as follows:

	31 March 2019	31 March 2018
	£'000	£'000
Opening fair value of scheme assets	75,524	69,723
Interest on scheme assets	1,944	1,867
Actual return less expected return on scheme assets	2,271	2,553
Contributions by employer	1,846	1,833
Contributions by members*	1,007	989
Benefits paid and expenses	(1,570)	(1,441)
Closing fair value of scheme assets	81,022	75,524

* including transfers in and transfers out by members

The SPCB expects to contribute £1,897,000 to the Members' Pension Fund in 2019-20. Employer contributions from 1 April 2019 were 20.2 % of pensionable pay, the rate recommended in the 2017 formal valuation.

vi. Movement in deficit during the year:

	31 March 2019	31 March 2018
	£'000	£'000
Deficit at 1 April	(24,662)	(28,870)
Current service cost (net of members contributions)	(5,756)	(6,056)
Contributions by SPCB	1,846	1,833
Other finance income	(678)	(820)
Actuarial (loss)/gain	(407)	9,251
Deficit at 31 March	(29,657)	(24,662)

vii. The major categories of scheme assets as a percentage to total scheme assets are as follows:

	2018-19	2017-18
Equities	56%	58%
Bonds	34%	33%
Cash	7%	6%
Property	3%	3%

Scottish Parliamentary Corporate Body Annual Accounts 2018-19

Notes to the Accounts

Principal actuarial assumptions at the Statement of Financial Position date:

	31 March 2019	31 March 2018
Discount rate	2.45%	2.55%
Future salary increases *	4.35%	4.30%
Rate of return in excess of:		
Pension increases (CPI)	0.10%	0.25%
Earnings increases	(1.90)%	(1.65)%
Expectation of life at age 65 (years)		
Current pensioners – men	24.5	24.4
Current pensioners – women	25.9	25.8
Current pensioners – widows	24.6	24.5
Future pensioners – men	26.5	26.4
Future pensioners – women	27.8	27.7
Future pensioners – widows	26.5	26.4

*This is a long-term salary increase assumption and has been derived as 2.0% (2017-18 2.0%) per annum in excess of cost price inflation. This assumption is also consistent with the valuation assumption. This gap is based on historical evidence of the difference between increase to National Average earnings and Cost Price Inflation. As a long-term measure, it is not necessarily an indication of the expected level of salary increase for MSPs in the coming years.

viii. Sensitivity to main assumptions:

If the real rate of return in excess of earnings changes by 0.5% a year, the total actuarial liability would change by around 1% and the change in total liabilities by circa £1.0m.

If the real rate of return in excess of pension changes by 0.5% the total actuarial liability would change by about 10% and the change in total liabilities by circa £11m.

If each pensioner is subject to longevity of an individual 2 years younger than assumed then this would increase the actuarial liability by 7% and increase total liability by circa £8.0m.

The methods and assumptions used in preparing the sensitivity analysis are the same as those to calculate the value of the scheme's liabilities on the central assumptions.

ix. Amounts for the current and previous four periods are as follows:

	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	110,679	100,186	98,593	73,361	72,648
Scheme assets	81,022	75,524	69,723	57,440	55,772
Net Liability	(29,657)	(24,662)	(28,870)	(15,921)	(16,876)
Experience gains and losses arising on pension liabilities	766	1,761	1,202	383	3,364
Actual return less interest on scheme assets	2,271	2,553	8,445	(1,366)	2,653

Further information on the Scottish Parliamentary Pension Scheme can be found in the accounts for the scheme ending 31 March 2019 which are published on the Parliament web site.

Scottish Parliamentary Corporate Body Annual Accounts 2018-19
Notes to the Accounts

5. Other administration costs

	Note	£'000	2018-19 £'000	£'000	2017-18 £'000
Reimbursement of members' expenses	(a)		16,247		15,620
Financial assistance for registered political parties	(b)		560		537
Accommodation costs:					
Rates		3,524		3,427	
Planned and reactive maintenance		3,277		2,240	
Utilities		951		907	
Cleaning		569		554	
Other	(c)	<u>468</u>	8,789	<u>1,914</u>	9,042
Travel and expenses, hospitality			713		730
Other expenditure:					
Equipment, IT maintenance and telephony		4,141		3,936	
Other facilities contracts		2,205		1,925	
Postage, stationery and publications	(d)	1,000		1,206	
Other staff costs		767		684	
External consultants		450		808	
Other		<u>463</u>	9,026	<u>668</u>	9,227
Non-cash items:					
Pension finance cost (net)	4, 14, 20	4,588		5,043	
Auditor's remuneration and expenses	20	<u>72</u>	4,660	<u>70</u>	5,113
Total other admin cost per Statement of Comprehensive Net Expenditure			<u>39,995</u>		<u>40,269</u>

(a) Details of reimbursement of members' expenses is published on the SPCB website.

Reimbursement of Members' expenses:

	2018-19 £'000	2017-18 £'000
Members' staff costs including staff winding up costs, ERNIC, pension and temporary staff costs	12,839	12,442
Office costs including winding up	1,703	1,638
Travel, accommodation and other costs	<u>1,705</u>	<u>1,540</u>
Total Members	<u>16,247</u>	<u>15,620</u>

(b) Under the Financial Assistance for Registered Political Parties Order 1999, the registered political parties in the Parliament are entitled to monies to assist their Members to carry out their parliamentary duties.

(c) In 2017-18 expenditure was high in other accommodation costs due to various FM projects such as Chamber lighting work, replacement furniture, intercom replacement, and timber veneer project.

(d) Other expenditure – postage, stationery and publications - includes the costs incurred by members in respect of their postage and stationery provision supplies to assist them in the discharge of their parliamentary duties. An analysis of these costs, by individual member, is published separately.

6. Operating income

	2018-19	2017-18
	£'000	£'000
Operating income analysed by classification and activity, is as follows:		
Income from broadcasting	8	3
Shop trading income	261	256
Hospitality income	400	423
Audio visual income	66	63
Miscellaneous income	74	65
Income from donated artwork	-	107
Total income	<u>809</u>	<u>917</u>

Income figures, disclosed above, are shown before the deduction of expenses incurred.

Scottish Parliamentary Corporate Body Annual Accounts 2018-19
Notes to the Accounts

7. Property, plant and equipment

	2018-19						Total
	Land	Buildings and Fixed Plant	Equipment and Vehicles	IT systems	Assets Under Construction	Artwork and Donated Assets	
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	9,200	380,676	3,114	3,863	177	1,388	398,418
Additions (purchased)	-	1,145	324	129	279	-	1,877
Transfers	-	-	112	65	(177)	-	-
Disposals	-	(1,145)	(105)	(818)	-	-	(2,068)
Indexation	-	9,350	-	-	-	-	9,350
At 31 March 2019	9,200	390,026	3,445	3,239	279	1,388	407,577

Depreciation

At 1 April 2018	-	84,633	2,079	2,643	-	-	89,355
Charged in year	-	8,481	458	755	-	-	9,694
Disposals	-	(1,145)	(105)	(818)	-	-	(2,068)
Indexation	-	978	-	-	-	-	978
At 31 March 2019	-	92,947	2,432	2,580	-	-	97,959

Net book value

At 31 March 2019	9,200	297,079	1,013	659	279	1,388	309,618
At 1 April 2018	9,200	296,043	1,035	1,220	177	1,388	309,063

7 (b) Valuation

The principal non-current asset of the SPCB is the parliamentary building at Holyrood, Edinburgh. This was occupied in the 2004-05 financial year when the Parliament land and building were first professionally valued on a depreciated replacement cost basis as at 7 January 2005 by GVA James Barr (Chartered Surveyors). In line with the SPCB's non-current asset accounting policy of a full revaluation commissioned at a minimum of every five years, GVA James Barr (Chartered Surveyors) undertook a full revaluation of the Parliament land and buildings on 7 January 2010 at £306,500,000. GVA James Barr (Chartered Surveyors) undertook a subsequent full revaluation of the Parliament land and buildings as at 31 March 2015 at £304,000,000. This included structural buildings valued at £269,473,000, a land value of £9,200,000 and £25,327,000 in respect of fixed plant. The valuation was made in accordance with the RICS Professional Standards January 2014, as amended, incorporating the International Valuation Standards 2013. The valuation is an assessment of Fair Value, referenced to Depreciated Replacement Cost, with an inherent assumption of on-going use by the Parliament. Revaluation may result in an increase or decrease of the previous recorded value.

Artwork and donated assets are professionally valued on the basis of Insurance every 5 years. The third professional valuation took place during 2014-15. Revaluation may result in an increase or decrease of the previous recorded value.

Scottish Parliamentary Corporate Body Annual Accounts 2018-19
Notes to the Accounts

2017-18							
	Land	Buildings and Fixed Plant	Equipment and Vehicles	IT systems	Assets Under Construction	Artwork and Donated Assets	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	9,200	365,636	3,103	5,653	1,139	1,281	386,012
Additions (purchased)	-	776	187	239	177	-	1,379
Additions (donated)	-	-	-	-	-	107	107
Transfers	-	430	292	417	(1,139)	-	-
Disposals	-	-	(468)	(2,446)	-	-	(2,914)
Indexation	-	13,834	-	-	-	-	13,834
At 31 March 2018	9,200	380,676	3,114	3,863	177	1,388	398,418

Depreciation

At 1 April 2017	-	73,933	2,098	4,175	-	-	80,206
Charged in year	-	8,835	449	914	-	-	10,198
Disposals	-	-	(468)	(2,446)	-	-	(2,914)
Indexation*	-	1,865	-	-	-	-	1,865
At 31 March 2018	-	84,633	2,079	2,643	-	-	89,355

Net book value

At 31 March 2018	9,200	296,043	1,035	1,220	177	1,388	309,063
At 1 April 2017	9,200	291,703	1,005	1,478	1,139	1,281	305,806

Indexation* of Buildings and Fixed Plant of £1,865,000 includes £1,086,000 in respect of 2017-18 and £779,000 in respect of 2016-17.

7 (c) Net loss/(gain) in respect of realised element of revaluation reserve

	2018-19 £'000	2017-18 £'000
Depreciation on Buildings and Fixed Plant		
Charged in year (calculated on Current Cost basis)	8,481	8,835
Calculated on Historical Cost basis	(7,706)	(8,367)
Net loss/(gain) in respect of realised element of revaluation reserve	775	468

8. Intangible assets

	2018-19			2017-18		
	IT Software	Assets Under Construction	Total	IT Software	Assets Under Construction	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April	633	164	797	492	123	615
Additions (purchased)	4	98	102	141	41	182
Transfers	31	(31)	-	-	-	-
At 31 March	668	231	899	633	164	797
Amortisation						
At 1 April	496	-	496	492	-	492
Charged in year	59	-	59	4	-	4
At 31 March	555	-	555	496	-	496
Net book value						
At 31 March	113	231	344	137	164	301
At 1 April	137	164	301	-	123	123

9. Inventories

	31 March 2019	31 March 2018
	£'000	£'000
Retail	63	62
Other stock	100	82
	163	144

10. Trade and other receivables: amounts falling due within one year

	31 March 2019	31 March 2018
	£'000	£'000
VAT	604	447
Trade receivables	109	327
Prepayments and accrued income	936	798
Other receivables	180	261
	1,829	1,833

11. Cash and cash equivalents

	31 March 2019	31 March 2018
	£'000	£'000
Balance at 1 April	1,450	1,390
Net change in cash and cash equivalents	(68)	60
Balance at 31 March	1,382	1,450
Balances at Government Banking Service	1,360	1,406
Balances at Commercial banks and cash in hand	22	44
Balance at 31 March	1,382	1,450

12. Trade and other payables: amounts falling due within one year

	31 March 2019	31 March 2018
	£'000	£'000
Accruals and deferred income	3,360	4,003
Trade payables	448	766
Other payables	2,059	1,907
Scottish Consolidated Fund (SCF)	1,382	1,450
	7,249	8,126

13. Provisions for liabilities and charges

Restructuring provision	Note	2018-19 £'000	2017-18 £'000
Balance at 1 April		13	47
(Utilised) in year		(7)	(34)
Increase in provision		-	-
Balance at 31 March		<u>6</u>	<u>13</u>
Amount due within one year		6	7
Amount due after one year		-	6
Balance at 31 March		<u>6</u>	<u>13</u>

A voluntary early severance/voluntary early retirement scheme open to all staff was held in 2010-11. Terms and conditions were under the Civil Service Compensation Scheme Arrangements. All staff under this scheme will reach normal retirement during 2019-20.

Capital retention	Note	2018-19 £'000	2017-18 £'000
Balance at 1 April		-	-
Increase in provision		34	-
Balance at 31 March		<u>34</u>	<u>-</u>
Amount due within one year		17	-
Amount due after one year		17	-
Balance at 31 March		<u>34</u>	<u>-</u>

The capital retention relates to the contract for the Security Systems Upgrade which commenced in April 2018 and is due for completion in August 2019.

Provision	Note	2018-19 £'000	2017-18 £'000
Balance at 1 April		-	-
Increase in provision		72	-
Balance at 31 March		<u>72</u>	<u>-</u>
Amount due within one year		72	-
Amount due after one year		-	-
Balance at 31 March		<u>72</u>	<u>-</u>

Following an internal review, the SPCB identified off-payroll arrangements where we are due to make payment to HMRC for 2018-19 and previous years' liabilities. This provision is expected to be paid within one year.

14. Net funded Members Pension Scheme Liability

Under IAS 19, a liability is recognised for the Scottish Parliamentary Pension Scheme. Further information is provided on this in note 4.

	Note	2018-19 £'000	2017-18 £'000
Balance at 1 April		24,662	28,870
Net movement in Pension Reserves	4(iii)	407	(9,251)
Pension Finance Cost (Net)	5	4,588	5,043
Balance at 31 March	4(i)	<u>29,657</u>	<u>24,662</u>

15. Capital commitments

There are capital commitments of £250,000 at 31 March 2019 (31 March 2018 £1,320,000).

16. Commitments under leases

There are no leases in operation (2017-18 none).

17. Financial instruments

As the cash requirements of the SPCB are met through the Scottish Consolidated Fund budgeting process, financial instruments play a more limited role in creating risk than would apply in a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the SPCB's expected purchase and usage requirements. The SPCB is therefore exposed to little credit, liquidity or market risk.

18. Contingent liabilities

The SPCB has provided a number of letters of indemnity for loaned artwork which is on display within the Parliament. At 31 March 2019 the maximum contingent liability in respect of these indemnities was £389,320 (31 March 2018 £239,320).

Scottish Parliamentary Corporate Body Annual Accounts 2018-19

Notes to the Accounts

19. Related party transactions (including Commissioners and Ombudsman)

Scotland's Futures Forum Limited (SFF) was established on 16 August 2005 as a Company Limited by Guarantee. It was created by the Parliament to help its Members, along with policy makers, businesses, academics, and the wider community of Scotland, look beyond immediate horizons, to some of the challenges and opportunities in the future. All shares are owned by the Parliamentary Corporate Body who also hold the controlling interest in the SFF. The net contribution is included in these accounts but the SPCB does not consolidate on grounds of immateriality. A set of the accounts is available on request.

The SPCB has transactions with the Scottish Government and with other government departments and public bodies, including HM Revenue & Customs. Additionally, regular transactions take place with the Scottish Parliamentary Pension Scheme, see note 4.

In 2018-19 the Scottish Public Services Ombudsman, the Scottish Information Commissioner, the Commissioner for Children and Young People in Scotland, the Scottish Commission for Human Rights, the Commissioner for Ethical Standards in Public Life in Scotland, and the Standards Commission for Scotland were responsible for the management of their funds and preparation of their accounts. Further detail on their accounts can be found on the appropriate websites. In relation to each of these offices, the SPCB is responsible for approving the annual budget, setting the officeholder's terms and conditions of appointment, approving any staffing determination in terms of numbers and grades, approving advisers' and assessors' fees, and approving any accommodation arrangements. In 2018-19 and 2017-18, additional costs (shown below) were incurred by the SPCB in respect of a project for relocation costs for shared Officeholder accommodation, which have been accounted for through the Scottish Public Services Ombudsman's expenditure.

Funding provided was:

	2018-19	2017-18
	£'000	£'000
Scottish Public Services Ombudsman	4,707	4,367
Scottish Public Services Ombudsman - Accommodation project costs	1,427	83
Scottish Information Commissioner	1,596	1,567
Commissioner for Children and Young People in Scotland	1,320	1,377
Scottish Commission for Human Rights	979	990
Commissioner for Ethical Standards in Public Life in Scotland	916	838
Standards Commission for Scotland	258	240
Scotland's Futures Forum Limited	140	100
Net Cost (Statement of Comprehensive Net Expenditure)	11,343	9,562

20. Non-cash charges

The following non-cash charges have been included in the accounts:

	Note	2018-19	2017-18
		£'000	£'000
Pension finance cost (net)	5	4,588	5,043
Auditor's Fee	5	72	70
		4,660	5,113

21. Post Statement of Financial Position events

There are no material post Statement of Financial Position events that require to be adjusted in the accounts or to be disclosed (2017-18 none).



SCOTTISH PARLIAMENTARY CORPORATE BODY

DIRECTION BY THE SCOTTISH MINISTERS

**in accordance with section 19(4) of the Public Finance and Accountability (Scotland)
Act 2000**

The statement of accounts for the financial year ended 31 March 2007 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.

The accounts shall be prepared so as to give a true and fair view of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 15 July 2002 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006