

## SPCB BUDGET ASSUMPTIONS 2015-16

### Executive Summary

1. The Corporate Body is invited to approve the assumptions on which the SPCB's budget bid for 2015-16 will be prepared.

### Issues and Options

2. The SPCB's budget is "top-sliced" and, technically, is not constrained by funding pressures in the Scottish Consolidated Fund (SCF). However, the SPCB has consistently set its budget at a level which is in line with, or a reducing proportion of the overall Scottish Budget.
3. Accordingly, the SPCB has already delivered a significant reduction in its resources in line with the real term reduction in the overall Scottish Budget over the period of the UK Comprehensive Spending Review.
4. Following a thorough resource planning exercise, the SPCB provided an indicative forecast to the Finance Committee of its revenue and capital expenditure plans through to 2014-15. These proposals have delivered an overall saving of 11.0% in real terms<sup>1</sup> over this period (as measured against the SPCB's 2010-11 budget).
5. The SPCB's current indicative forecast of revenue and capital expenditure for 2015-16 is £77.6m, as advised to the Finance Committee in November 2013.
6. The SPCB is invited to consider the assumptions to be used in preparing its 2015-16 budget submission in the context of the expected continuing funding pressure for public sector expenditure. The proposed assumptions are set out in the attached Annex A. In particular, the SPCB's attention is drawn to paragraph 5(i) of the annex, which proposes that we work within the indicative forecast for 2015-16, as previously advised to the Finance Committee - ie a total budget for revenue and capital expenditure of £77.6m (excluding capital charges).
7. The SPCB is also invited to agree a provisional Strategic Plan for 2014-16, attached as Annex B, which will inform the budget preparation exercise over the Summer. We will update the Strategic Plan in October, in advance of finalising the SPCB's 2015-16 budget submission to the Finance Committee.

---

<sup>1</sup> Using the Treasury GDP deflators published as at June 2013. NB this produces a lower percentage for the 'real terms' reduction than the 12.7% which we reported to the Finance Committee in November 2012, using the published deflators at that time.

8. The key changes from the previous version of the Strategic Plan are to reflect the development of the Digital Parliament Programme; implementation of measures to encourage innovation and continuous improvement; and building an agile and collaborative culture to support emergent change.

### **Resource Implications**

9. The budget exercise will determine the level of resources available to the Parliament for 2015-16.

### **Governance issues**

10. There are no governance issues relating to the budget assumptions.

### **Publication Scheme**

11. This paper will be published.

### **Next Steps**

12. In order to meet the Parliamentary timetable for approval of the Budget bill, the SPCB's budget proposals have to be finalised in October for submission to the Finance Committee in early November.
13. Detailed preparations to produce a 2015-16 budget bid will commence, culminating in groups and programme managers providing their detailed bids to the Finance Office by mid-August. The bids will then undergo a challenge process, both at a local and a corporate level, before being brought to the Corporate Body in October for approval prior to submission to the Finance Committee.

### **Recommendation**

14. SPCB is invited to agree the budgetary assumptions to be made when preparing the 2015-16 budget submission and in particular our recommendation that, for budget planning purposes, we aim to set the 2015-16 budget at £77.6m as advised to the Finance Committee in November 2013.

## **SPCB BUDGET ASSUMPTIONS 2015-16**

1. This annex sets out the proposed assumptions on which the 2015-16 budget submission is to be prepared and invites the SPCB to endorse these and to identify any specific areas of current operations that they would like us to review or query in the budget preparation process.

### **Background**

2. A large part (33.4%) of SPCB's approved £74.7m revenue expenditure budget for 2014-15<sup>2</sup> is determined by external factors in respect of MSP pay and expenses (£24.9m), where the budget is largely committed by Parliamentary resolution / legislation. The funding for Officeholders of £8.2m (10.9%) is also subject to different governance arrangements from the rest of the SPCB's budget. This leaves £41.6m (55.7% of its 2014-15 revenue budget) over which the SPCB has more direct control. Essentially, this is used to provide the property, staff and services required for the Parliament's purposes. Approximately half (£22.3m or 29.9% of the total revenue budget) is accounted for by staff pay. The remaining £19.3m (25.8%) covers the general running and property costs of the organisation, including projects.
3. The SPCB's 2014-15 budget submission identifies capital expenditure of £2.1m separately, resulting in a total expenditure budget, for both categories of expenditure, of £76.8m (excluding capital charges and Electoral Commission funding).
4. The indicative 2015-16 expenditure forecast, for both revenue and capital, advised to the Finance Committee in November 2013 was £77.6m, 1.0% above the 2014-15 budget in cash terms.

### **Budget Assumptions**

5. The following assumptions are currently being made in the preparation of the proposed SPCB 2015-16 budget submission and, subject to any points made by members, the SPCB is invited to endorse the assumptions:
  - a) All budgets are prepared on a "zero based budgeting" basis, with justifications and explanations provided for all expenditure.
  - b) The types of services provided to members and the public in the current financial year will broadly continue in 2015-16. This has been informed by the strategic plan.

---

<sup>2</sup> The figures quoted for 2014-15 exclude the budget of £2.1m for funding the Electoral Commission's costs associated with the Referendum In order to maintain comparability between years.

- c) Staff pay budgets are calculated on the basis of current pay scales for existing permanent staff, including contractual increments due. The SPCB will be invited to agree a negotiating remit for staff pay from 1 April 2015.
- d) The total staff pay budget will be reduced by a “vacancy factor” to reflect anticipated levels of staff turnover. The posts to be included in the budget will be the staff complements agreed for each office.
- e) There is no automatic allowance made for inflation and an assumed uplift for price levels will only be applied to the purchase of goods and services where long term outsourced contracts include specific provision for indexation. This will be evaluated on a contract by contract basis.
- f) MSP pay will be updated on 1 April 2015 by a new mechanism directly linking MSP salaries to public sector pay rises in Scotland, replacing the previous link to MP salaries.
- g) The budget for Members’ Expenses and the associated limits for provisions within the scheme will be updated on 1 April 2015 from the agreed 2014-15 level at a rate to be determined by the SPCB in line with the uprating provisions of the Members’ Expenses Scheme.
- h) The budget submission will incorporate a contingency, comprising a specific “ring-fenced” contingency to meet unforeseen liabilities / unavoidable new costs and a general contingency to meet various potential cost pressures identified at the time of setting the budget.
- i) Notwithstanding the “zero based budgeting” approach, we recommend setting an upper limit for the SPCB’s total budget submission to assist managers in prioritising their budget proposals. For planning purposes, we propose to work within the indicative forecast for 2015-16, as previously advised to the Finance Committee – i.e. a total budget for revenue and capital expenditure of £77.6m (excluding capital charges).

This year, as for the 2014-15 budget process, we will continue to identify and separately estimate the costs of projects as distinct from our normal recurring expenditure within the overall budget. This will ensure project budgeting and expenditure will be much more clearly visible.

6. The SPCB will be invited to consider and approve the 2015-16 budget submissions from Commissioners and Ombudsman at a separate meeting in September/October.
7. In addition to the detailed budget bid for 2015-16, we will prepare an indicative forecast for 2016-17.

**The Scotland Act 1998**

**The Scottish Parliamentary Corporate Body shall provide the Parliament with the property, staff and services required for the Parliament's purposes**

**Our Vision**

**A Parliament responsive to the needs and aspirations of the people of Scotland**

**Our Purpose**

**To support, enable and promote the work of our Parliament and its Members**

**We Value**

**Integrity**

**Accessibility**

**Respect**

**Efficiency**

**Agility**

**Success for...**

**Parliamentary Business**

**Members**

**Public**

**The Parliamentary Service**

**... Means**

- Business programme delivered
- Robust legislative process
- Thorough scrutiny
- Being an influential forum for debate
- Business information is created and managed in streamlined, reliable ways to support digital working

- Members can fulfil their parliamentary and representative roles
- Members receive more flexible and timely services to enable them to work securely wherever and whenever they choose

- Understand what Parliament and its Members do
- Feel encouraged to get involved
- Believe we are open about our work
- Confident we reach out to their communities
- Their experience informs how we develop digital participation & engagement

- Proud to work for the Scottish Parliament
- Recognised for our high performance in delivering services
- A culture of creativity, innovation and collaboration
- Efficiency targets delivered as planned
- Embracing the opportunities of digital working

**Plans and strategies 2014-2016**

- Support Parliament in implementation of parliamentary reform
- Support committees to implement Conveners Group Programme for Change
- Effective planning for the referendum

- Develop and deliver a Member focused IT Strategy
- Ensure services continue to enable and support Members effectively
- Maximise benefits of new ways of working through Digital Parliament Programme

- Implement the engagement strategy

- Implement measures to encourage innovation and continuous improvement
- Build an agile and collaborative culture to support emergent change
- Develop and implement pilot proposals for income generation