

BRIEFING PAPER ON 2015-16 BUDGET PREPARATION

Executive Summary

1. This report invites the Corporate Body to note and comment on preparations for the SPCB's budget submission for 2015-16.
2. The budget exercise is progressing well and we are confident that our 2015-16 budget bid will remain within the indicative forecast previously advised to the Finance Committee. Draft figures are shown in Schedule 1 (attached).

Issues and Options

3. 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 SCF.
4. Corporate Body members will recall that 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.
5. In cash terms, the SPCB's proposed budget for 2015-16 of £77.6m for revenue and capital expenditure shows an increase of £0.8m (1.0%) against its 2014-15 budget and a reduction of £2.1m (2.7%) against the 2010-11 baseline. This represents an overall saving of 10.6% in real terms¹ over the five years and incorporates a real terms reduction of 13.5% in the cost of the Scottish Parliamentary Service (SPS).
6. The SPCB approved the assumptions underlying the budget exercise at its meeting on 25 June (SPCB Paper 36).
7. The key assumptions for the 2015-16 budget for Members' pay and expenses are:-
 - MSP pay will be uprated 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.
 - The budget for Members Expenses and the associated limits for provisions within the scheme will be uprated on 1 April 2015 from the agreed 2014-15 level in line with the uprating provisions of the Members' Expenses Scheme.

¹ Using the Treasury GDP deflators published as at June 2014.

8. The Officeholders' draft 2015-16 budget submissions, totalling £8,332k, are shown in schedule 2. We are currently in discussions with the officeholders to clarify a number of points relating to their budget submissions and we will provide a fuller update to the Corporate Body at its 29 October meeting, prior to consideration of the SPCB's overall budget.
9. In respect of SPCB staff salaries, the current two year pay deal for 2013-15 comes to an end before the start of the 2015-16 financial year. For budgetary purposes we have assumed a modest increase to pay scales on 1 April 2015, in line with other public sector pay increases. However, no discussions have yet taken place with the TUS.
10. The total amount currently incorporated in the draft 2015-16 budget for revenue and capital projects is £5.1m, with a separate provision of £1.0m made for a central SPCB contingency. This compares to £3.8m project expenditure and £1.0m central contingency included in the indicative forecast for 2015-16 advised to the Finance Committee last year. The project expenditure budget is utilised to fund both the planned replacement of existing infrastructure (e.g. IT and broadcasting equipment) and investment to make improvements to the Parliament's services and facilities (e.g. the Digital Parliament programme and changes to make better use of the building).
11. In order to provide a like for like comparison with previous years, the comparative figures for 2014-15 in this paper show the £2.06m funding requirement for the Electoral Commission in relation to the Scottish Independence Referendum on a separate line.
12. The Corporate Body will be invited to set an indicative forecast for 2016-17 as part of the 2015-16 Budget paper to be approved by the SPCB on 29 October. This will cover the first year of the next parliamentary session. The formal budget bid for 2016-17 will be considered at the equivalent time next year.

Resource Implications

13. The budget exercise will determine the level of resources available to the Parliament for 2015-16 and provide an indicative forecast for the following year.

Governance issues

14. The budget setting process is a key element of the SPCB's corporate governance arrangements.

Publication Scheme

15. This report is intended to facilitate a free and frank exchange of views and inform the SPCB's consideration of its draft budget submission. It should not be published until the SPCB's has submitted its budget bid for 2015-16 to the Finance Committee.

Next Steps

16. 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.

17. The Corporate Body will be invited to approve the SPCB's 2015-16 budget proposals at its meeting on 29 October.

Recommendation

18. SPCB is invited to note and comment on preparations for the SPCB's budget submission for 2015-16.

Financial Resources Group
October 2014

SPCB BUDGET SUBMISSION 2015-16 - SUMMARY (as at 1/10/14)

Schedule 2

| Office | Approved Budget 2014-15 £'000 | Budget Bid 2015-16 £'000 | Increase/(decrease) vs 2014-15 approved budget | |
|--|--|---|---|-------------|
| | | | £,000 | % |
| Public Services Ombudsman | 3,241 | 3,242 | 1 | 0.0% |
| Scottish Information Commissioner | 1,490 | 1,464 | (26) | (1.7%) |
| Children and Young people | 1,235 | 1,338 | 103 | 8.3% |
| Commission for Human Rights | 933 | 952 | 19 | 2.0% |
| Ethical Standards Commission | 785 | 848 | 63 | 8.0% |
| Standards Commission | 226 | 238 | 12 | 5.3% |
| Total | 7,910 | 8,082 | 11,440 | 144.6% |
| Central contingency for legal action etc | 250 | 250 | 0 | 0.0% |
| Total | 8,160 | 8,332 | 172 | 2.1% |