

**Chief Executive's Report to the SPCB  
October 2014**



## **Introduction**

This report covers activity in October and November. It includes the Finance Report for Period 5 of 2014-15.

Some of the items to note include:-

- The Finance Committee has published a call for written evidence to its inquiry on further fiscal devolution with a deadline of 14 November.
- The next Parliament Day will be held in Fort William during November.
- The conversion of a lift in the MSP building to an Emergency Evacuation Lift will be completed during February recess.
- Maintenance works during October recess included the installation of additional bicycle tracks adjacent to the public entrance.
- Scottish Parliament Christmas cards are now available to order via the new online order form.

If you have any comments or questions on any aspect of this Report, I would be happy to discuss them with you.

**P E GRICE**

Clerk/Chief Executive



## **SECTION 1 – OVERVIEW OF PARLIAMENTARY ACTIVITIES**

### **Committees and Outreach**

#### **Finance**

The Finance Committee has agreed to conduct an inquiry on further fiscal devolution and has published a call for written evidence with a deadline of 14 November. The inquiry will look at what general principles should apply to the devolution of further financial powers, what those powers should be and the impact on the block grant. The Committee will also hold a number of oral evidence sessions between October and December and has also issued invites to the UK and Scottish Governments and Lord Smith. The Committee is expected to publish its report in January.

#### **Local Government**

The Committee is scrutinising the Community Empowerment (Scotland) Bill at Stage 1 and after the call for evidence closed has produced a podcast video available on YouTube in an attempt to reach out to a wider audience. Further similar videos are planned focussing on discrete aspects of the Bill, and the next will be on allotments.

#### **Justice**

At the end of October the Justice Committee will take evidence as secondary committee on the Assisted Suicide (Scotland) Bill. It will focus its scrutiny on the practical and legal application of the provisions and will also explore issues relating to European Court of Human Rights compliance.

In December the Committee will also consider secondary legislation which lowers the drink drive limit in Scotland from 80mg of alcohol in 100ml of blood to 50mg of alcohol in 100ml of blood.

#### **Education**

The Education and Culture Committee has received extensive praise from young people who used to be in the care system. In following up their major inquiry into children in care, Members heard a group of care leavers explain the huge difference the Committee had made by listening to them and fully including them in their work. During the committee meeting one witness commented “You invited us in when others were locking us out, much of the time subconsciously. You have sent a strong message to every MSP and decision maker in this Parliament and beyond, and we have sent a strong message of hope and change to Scotland’s children and young people.”

#### **Economy Energy and Tourism**

The Committee will meet in Perth on Monday 3 November as part of its scrutiny of the Draft Budget 2015-16. In collaboration with the Perthshire Chamber of Commerce, the Committee will meet with a cross-section of local business people in the morning in order to explore key issues affecting the regional economy and the effectiveness of Scottish Government economic development programmes in supporting sustainable growth. The Committee

will also meet with students from local schools to allow them to engage with the work of the Parliament and its committees.

### **Parliament Days**

The next Parliament Day takes place in Fort William in November. On Sunday 23 November, invited guests from the voluntary sector, Highland Council and other local organisations will join the Presiding Officer and MSPs at a civic reception at West Highland College – University of the Highlands and Islands. Young people will speak about their involvement with the local community and provide musical entertainment.

On Monday 24 November, the Local Government and Regeneration Committee will make fact-finding visits and hold a stakeholder meeting. A formal meeting as part of the inquiry on the Community Empowerment (Scotland) Bill will be held in Lochaber High School in the early evening. This follows the successful pilot of an evening external meeting at Parliament Day Dumbarton in February.

Also that day, members from the Referendum (Scotland) Bill Committee will be meeting with local 16-17 year olds to find out about experiences of voting in the referendum. Regional MSPs for the Highlands and Islands will visit Primary schools. The Presiding Officer will be meeting and listening to local groups and individuals with Dave Thompson, MSP for Skye, Lochaber and Badenoch.

### **UK and International Relations Office (UKIRO)**

#### **October 2014:**

- Deputy Presiding Officer Elaine Smith MSP visited Auschwitz and Birkenau as part of the *Lessons from Auschwitz* schools project run by the Holocaust Educational Trust to consider the scope for possible future Scottish Parliament involvement with the project.
- Deputy Presiding Officer John Scott MSP represented the Parliament at events in the Flemish Parliament and Flanders Field around the commemoration of World War I.
- Deputy Presiding Officer John Scott MSP attended a meeting of the British and Irish Parliamentary Association in Ashford which was followed by a visit to Flanders Field to commemorate World War I.
- Tavish Scott MSP and Patricia Ferguson MSP represented the Parliament at the Commonwealth Parliamentary Association Conference in Cameroon.
- The Presiding Officer received a courtesy call from the Italian Ambassador to the UK.

## **November 2014:**

- Siobhan McMahon MSP will represent the Parliament at the 6<sup>th</sup> Commonwealth Parliamentary Association Youth Parliament in South Africa from 2 to 8 November.
- A delegation from the National Assembly of the Republic of Serbia, including the Speaker, two Deputy Speakers, and Secretary General will visit the Parliament on 13 November as part of the latest phase in the Western Balkans relationship. The delegation will discuss a proposal to trial the operation of the budget office in the Serbian Parliament.

## **HR and Security**

### **Security**

- The Parliament has migrated to its new vetting arrangements with no adverse impact on average clearance times.

## **Communications and Research**

### **SPICe Financial Scrutiny Unit**

Under the auspices of the Digital Parliament Programme SPICe has been working closely with Napier University to develop an online interactive tool to help Members scrutinise and explore the Scottish Government's draft budget. When the Parliament has received the Government's detailed "level 4" budget figures (expected 23 October), we plan to launch the budget tool on the parliamentary website in the week beginning 27 October.

This is the first year the Parliament has the task of scrutinising the new tax powers devolved by the Scotland Act (2012), and SPICe has also developed an interactive tool to allow Members to vary rates, bands and some of the underlying assumptions, in relation to the new Land and Buildings Transactions Tax. The new tool is now available on the website here <http://www.scottish.parliament.uk/budget/LBTT/lbtt.html>

## **Facilities, Events, Exhibitions and Visitor Services**

### **Facilities Management**

- **Fire Safety**

At the last meeting of the Health and Safety Steering Group approval was given to convert lift 2 in the MSP Building to an Emergency Evacuation Lift to enable disabled evacuation from the building. It is anticipated that this work will be completed during the February 2015 recess period.

- **Health and Safety**

In accordance with the SPCB's 3-year health and safety audit plan, audits of statutory inspections, x-ray baggage screening (follow up audit) and a management review of the H&S management system were completed. Planned audits for the current quarter include the annual audit of the x-ray baggage screening and maintenance. Leadership Group completed its formal annual review of the H&S management system at its meeting on 29 September, and endorsed the recommendations in the H&S annual report.

- **Maintenance**

Our on-site maintenance contractors have continued with their planned maintenance tasks across the campus with high profile areas given particular attention to ensure that the building was presented at its best around the time of the referendum. Works planned for the October recess include repairs to the concrete paths leading to Queens drive, the installation of additional bicycle racks adjacent to the public entrance and the installation of additional meeting room monitors.

- **Mail Services**

We are now able to offer the new Mailmark franking system, the new generation of intelligent franking mark from Royal Mail, which discounts the regular franking machine postage costs by around 4%.

## **Events and Exhibitions**

- On Tuesday 7 October, the Presiding Officer hosted a media launch for two artworks on display in the Main Hall that will be a focus for the Poppyscotland event on Wednesday 29 October. These are *Unknown* by Alison Kinnaird, an installation of glass soldiers on display from Saturday 3 October until Saturday 1 November before touring to St Mary's Cathedral and venues around Scotland. The other artwork is on loan from Poppyscotland and is a marble sculpture of a battlefield tree France 1914 by Simon Burns-Cox.
- On Wednesday 29 October guests including Members, veterans, and representatives from the Royal British Legion Scotland will attend a Main Hall Reception hosted by the Presiding Officer to launch PoppyScotland's Annual Poppy Appeal.

## **Forward Look**

- On Friday 31 October Deputy Presiding Officer Elaine Smith MSP will chair the Scottish Older People's Assembly in the Debating Chamber attended by more than 200 delegates from across Scotland.
- On Thursday 6 and Friday 7 November the Parliament will host the 9<sup>th</sup> Business in the Parliament Conference starting with a pre-conference dinner on the Thursday evening and full day conference on the Friday. This year's theme is *Shaping Scotland's Economic Future* and the keynote

address will be given by Jayne-Anne Gadhia, CEO of Virgin Money and Chair of Scottish Business in the Community.

- On Wednesday 19 November the Deputy Presiding Officer Elaine Smith MSP and the Cabinet Secretary for Rural Affairs, Food and the Environment, Richard Lochhead MSP, will co-host the annual VisitScotland parliamentary reception. The event will provide an opportunity for Members to hear more about the many achievements that Scotland can be proud of in 2014 with the successful staging of the XX Commonwealth Games, the 2014 Ryder Cup and the high profile programme of Homecoming Scotland, featuring 1,000 year-round, country-wide events.
- On Wednesday 26 November the BT National Gaelic Schools Debate Final will be hosted by Deputy Presiding Officer John Scott MSP; established in 1999, now in its 16<sup>th</sup> year.

### **Visitor Services**

As discussed at the last meeting, the official Scottish Parliament Christmas cards are now available to order. Nine designs are offered: six were previous years' best-sellers and a further three new designs for 2014. The online order form has been designed to make ordering easier for Members and pass-holders.



## SECTION 2 – SPCB FINANCE REPORT

### Period 5 – August 2014

1. This report is to inform SPCB of general financial activity and expenditure trends in 2014-15.

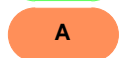
#### Executive Summary

<b>Performance against Budget (year to date variance)</b>		
a) Total SPCB revenue and capital expenditure	<b>3.5%</b>	Para 2 & 8
b) Total SPS expenditure	<b>3.8%</b>	Para 9
c) Total project expenditure	<b>10.0%</b>	Para 10
<b>Operation of Financial Controls</b>		
d) Key reconciliations up to date	<b>100%</b>	Para 5
<b>Other Key Indicators</b>		
e) Payment performance	<b>99.6%</b>	Para 6

**Key:** RAG Status



Performance within target range



Performance outwith target range but acceptable



Performance outwith target range not acceptable

#### Financial Commentary

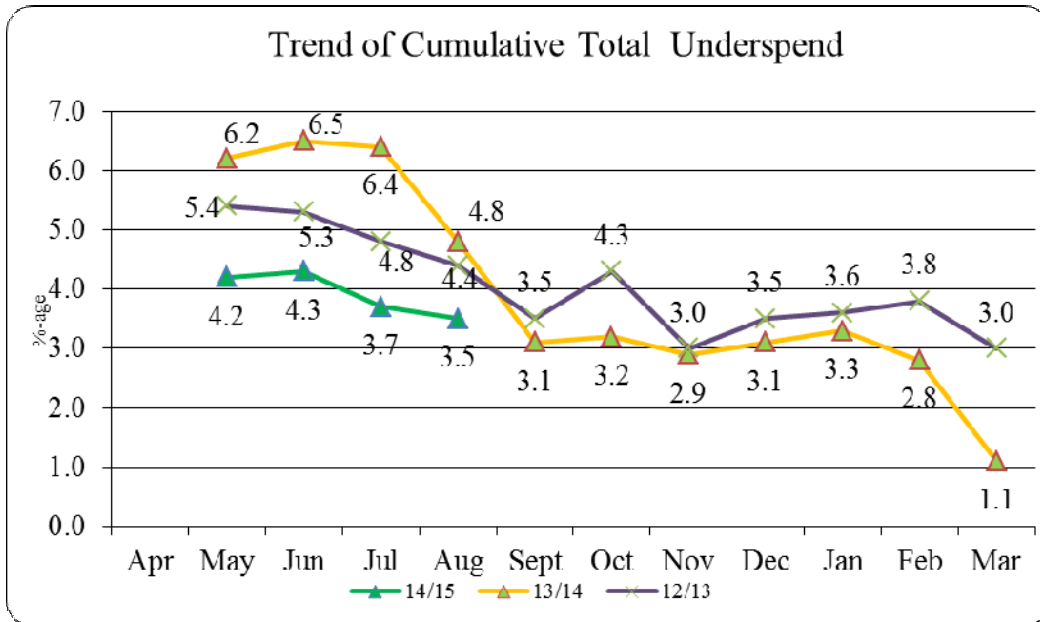
2. The Scottish Parliament's total revenue and capital expenditure for the first five months of 2014-15 of £28.9m represents an under spend against budget of £1.0m (3.5%), which is within the SPCB's target range of 0% to 5% under budget at this stage of the financial year. The overall underspend is lower than the comparable position for 2013-14 of £1.5m (4.8%).
3. We incorporated an early reallocation of the SPCB's approved 2014-15 budget within the period 2 figures to reflect known adjustments between the budget setting process in November 2013 and the start of the financial year. This freed up £228k to add to the SPCB's central contingency. We are currently undertaking a more detailed exercise to review the forecast outturn for Parliamentary Service costs, including all major projects, and we will incorporate the results in the Period 6 Finance Report.
4. Audit Scotland have completed the audit work on the SPCB's 2013-14 annual accounts which were considered by the AAB and the SPCB on 15 August and signed off by the Chief Executive as Principal Accountable Officer on 19 August. Audit Scotland provided an unqualified audit opinion with The

Auditor General for Scotland signing off on 21 August. The accounts will be formally laid once Parliament is back in session later in September.

5. All key reconciliations for the current year are up to date.
6. Payment performance within contract terms for the year to date exceeds the 99% target and the equivalent figure for payment within 10 days is 89.5% for the year to date.
7. In conjunction with business areas, the Finance Office has developed a Financial Forecasting Tool (FFT) to improve the visibility of financial information across the Parliament's various offices and the accuracy of their financial forecasting. This has now been rolled out as planned to all offices and user training, including for managers and budget holders, is now complete. The Finance Office is now developing a staff costs forecasting tool to work in parallel with the FFT.

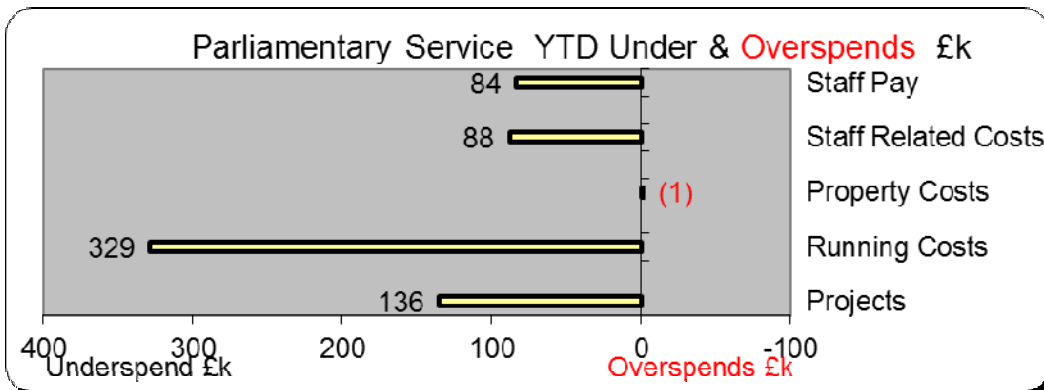
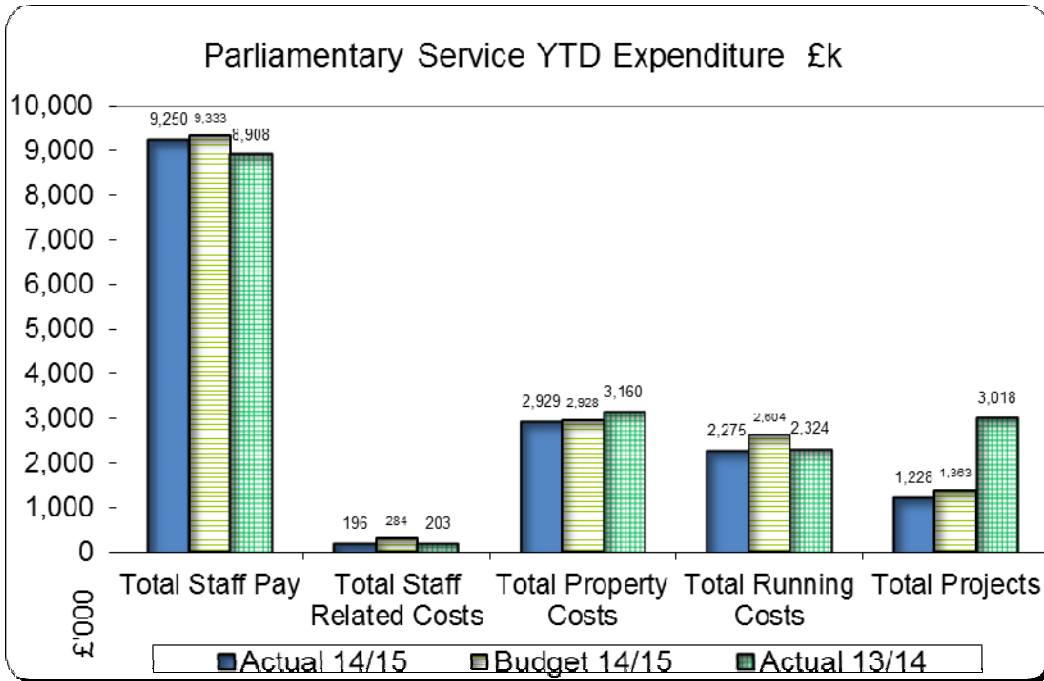
**Financial Results**

8. The SPCB's total revenue and capital expenditure per Schedule 1 for the five months ended August 2014 is £28.9m, which is £1.0m (3.5%) under the approved budget of £29.9m.



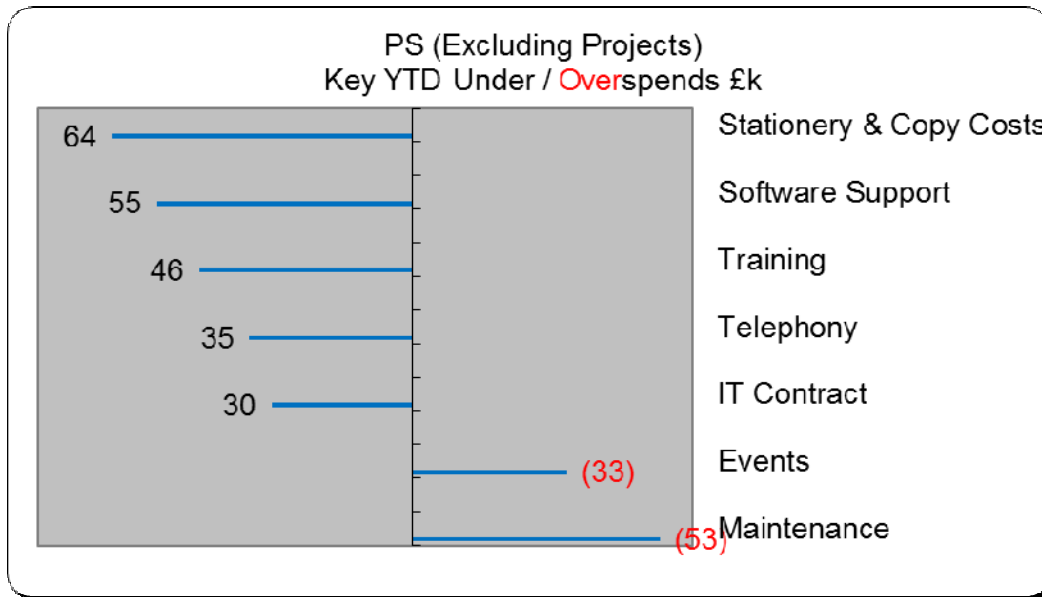
**Parliamentary Service Costs (Schedule 2)**

9. The year to date expenditure for the Parliamentary Service (SPS), at £15.9m, is £0.6m (3.8%) under budget. Parliamentary Service Costs incorporate both capital and revenue projects. The previous year's expenditure of £17.6m at period 5 was £0.9m (5.0%) below budget. An analysis of the current financial year by main category of expenditure is shown in the two charts below.



- Staff Pay for the first five months of the year is reported as £84k (0.9%) under budget and incorporates an adjustment to agency and contractor costs, following clarification of their VAT treatment. Within the overall underspend figure, BIT/Broadcasting is £46k below budget and the centrally managed pay budget (covering maternity pay and the modern apprentices) is also showing a £65k underspend. The Communications and Research Group is showing a £56k overspend.
- Staff Related Costs of £196k are reported as £88k (30.9%) below budget, with Training accounting for an underspend of £46k. Total Staff Related Cost reported spend is £7k (3.4%) below the equivalent period in 2013-14.
- Property Costs of £2.9m are £1k over the Year to Date budget. Within this, maintenance is showing a £53k overspend which is partly offset by a £29k underspend on utilities.

- Running Costs of £2.3m are £329k (12.6%) under budget. Main running cost underspends are Stationery and Copy Costs (£64k), Software Support (£55k), Training (£46k), Telephony (£35k), and IT Contract (£30k).



### Project Reporting (Schedule 3):

- Schedule 3 shows project spend by category of project.
  - Project expenditure is £1,228k, £136k (10.0%) under the Year to Date budget of £1,363k.
  - Revenue Projects show a total spend of £1,003k against a budget of £1,176k, a reported underspend of £173k or 14.7%.
  - The capital expenditure programme for 2014-15 has seen expenditure of £225k for the year to date against a budget of £188k, an overspend of £37k or 19.8%.
  - The Digital Parliament Programme has seen initial expenditure of £269k for the year to date against a £304k YTD budget.
  - Only 22.2% of the annual budget has been spent to date with a further 21.2% currently committed - so over 55% of project budget has yet to be committed, including £445k yet to be allocated to specific projects.

### Members' Costs (Schedule 2)

- Members' costs are analysed in Schedule 2, which shows £9.7m reported cost to August 2014, £409k (4.0%) below the phased year to date budget. (The corresponding underspend figures for 2013-14 at the end of

period 5 were £570k, 5.6%). Of this underspend, £330k (6.3%) is on Members' Expenses. Party Assistance, at £143k, is reported as £41k under the year to date budget.

### **Commissioners and Ombudsman Costs (Schedule 2)**

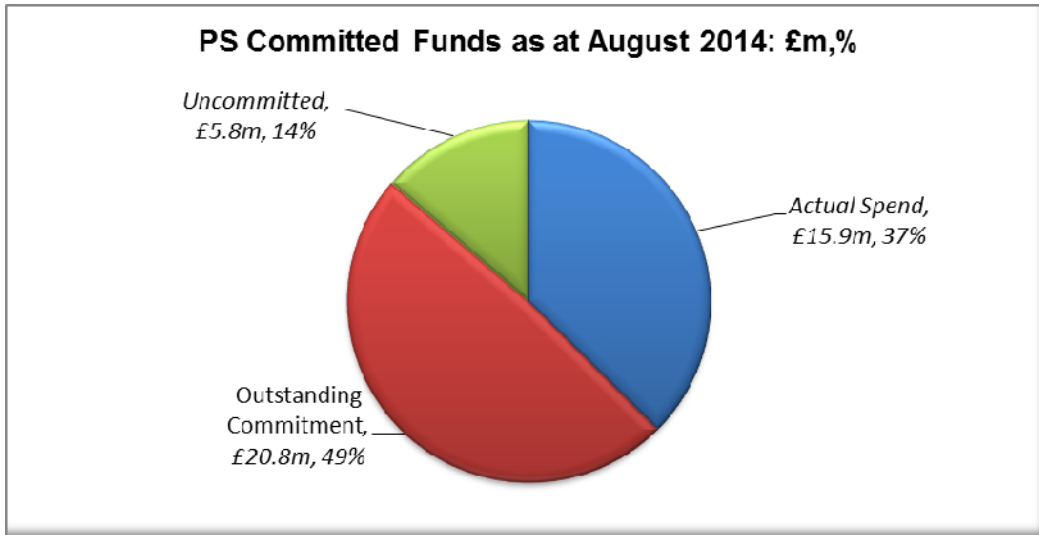
12. The SPCB's funding cost for Commissioners and Ombudsman (Officeholders) in the first five months of 2014-15 amounts to £3.3m, which is at the same level as the phased budget to August 2014.

### **Central Contingency**

13. The SPCB's central revenue contingency remains at £1.2m.

### **Commitment**

14. Actual expenditure plus commitment sits at £36.7m or 86% of the total PS budget as at the end of August 2014. Just over 50% (£3.1m) of the uncommitted budget relates to revenue and capital projects. 10% (£0.6m) of the uncommitted funds relates to staff costs, 9% (£0.5m) to staff related costs and 28% (£1.7m) relates to running costs. Property Costs currently show a small over commitment of £51k.



Period 5  
August 2014 Financial Schedules

Schedule 1

	Actual £'000	Year to Date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
Parliamentary Service Costs (Schedule 2)	15,878	16,513	634	3.8	42,505	42,733
Members' Costs (Schedule 2)	9,702	10,111	409	4.0	24,918	24,918
Commissioners & Ombudsman Costs (Schedule 2)	3,267	3,260	(6)	(0.2)	8,160	8,160
<b>Sub Total</b>	<b>28,847</b>	<b>29,884</b>	<b>1,037</b>	<b>3.5</b>	<b>75,583</b>	<b>75,811</b>
Reserves - SPCB Contingency	0	0	0	n/a	1,228	1,000
<b>TOTAL SPCB EXPENDITURE</b>	<b>28,847</b>	<b>29,884</b>	<b>1,037</b>	<b>3.5</b>	<b>76,811</b>	<b>76,811</b>
Electoral Commission	0	0	0	0.0	2,060	2,060
<b>TOTAL EXPENDITURE</b>	<b>28,847</b>	<b>29,884</b>	<b>1,037</b>	<b>3.5</b>	<b>78,871</b>	<b>78,871</b>

**Schedule 2**

	Actual £'000	Year-to-date Budget £'000	Variance £'000	Variance %	Current Annual Budget £'000	Original Approved Budget £'000
<b><u>Parliamentary Service Costs</u></b>						
Staff Pay	9,250	9,333	84	0.9	22,438	22,315
Staff Related Costs	196	284	88	30.9	799	794
Property Costs	2,929	2,928	(1)	(0.0)	7,159	8,408
Running Costs (Including Events & Income)	2,275	2,604	329	12.6	6,588	6,716
<b>Parliamentary Service Costs excluding Projects</b>	<b>14,650</b>	<b>15,149</b>	<b>499</b>	<b>3.3</b>	<b>36,983</b>	<b>38,233</b>
<b>Projects (Schedule 3)</b>	<b>1,228</b>	<b>1,363</b>	<b>136</b>	<b>10.0</b>	<b>5,522</b>	<b>4,500</b>
<b>Total PS Expenditure</b>	<b>15,878</b>	<b>16,513</b>	<b>634</b>	<b>3.8</b>	<b>42,505</b>	<b>42,733</b>
<b><u>Members' Costs</u></b>						
MSP & Officeholders' Pay	4,684	4,722	38	0.8	11,363	11,363
MSP Expenses	4,875	5,205	330	6.3	13,093	13,093
Party Assistance	143	185	41	22.4	462	462
<b>Total</b>	<b>9,702</b>	<b>10,111</b>	<b>409</b>	<b>4.0</b>	<b>24,918</b>	<b>24,918</b>
<b><u>Commissioners &amp; Ombudsman</u></b>						
Ethical Standards Commission	266	285	19	6.6	785	785
Standards Commission	90	97	7	7.6	226	226
Human Rights Commission	410	406	(5)	(1.1)	933	933
Scottish Information Commissioner	576	581	6	1.0	1,446	1,446
Public Services Ombudsman	1,397	1,363	(33)	(2.4)	3,241	3,241
Commissioner for Children	528	528	0	0.0	1,235	1,235
Reserves - C&O Contingency	0	0	0	n/a	294	294
<b>Total</b>	<b>3,267</b>	<b>3,260</b>	<b>(6)</b>	<b>(0.2)</b>	<b>8,160</b>	<b>8,160</b>

Period 5  
August 2014 Financial Schedules

**Schedule 3**

<b>Project Summary : August 2014</b>	<b>YTD Actual £k</b>	<b>YTD Budget £k</b>	<b>Variance £k</b>	<b>Variance %</b>	<b>Current Annual Budget £k</b>	<b>Original Approved Budget £k</b>	<b>% Spent of Total Budget</b>	<b>Outstanding Commitment £k</b>	<b>Funds Available £k</b>
Revenue Projects									
Allocated	1,003	1,176	173	14.7	3,422	2,250	29.3%	565	1,853
Unallocated	n/a	n/a	n/a	n/a	0	150	n/a	n/a	0
<b>Total Revenue Projects</b>	<b>1,003</b>	<b>1,176</b>	<b>173</b>	<b>14.7</b>	<b>3,422</b>	<b>2,400</b>	<b>29.3%</b>	<b>565</b>	<b>1,853</b>
Capital Projects									
Allocated	225	188	(37)	(19.8)	1,655	1,415	13.6%	609	821
Unallocated	n/a	n/a	n/a	n/a	445	685	n/a	n/a	445
<b>Total Capital Projects</b>	<b>225</b>	<b>188</b>	<b>(37)</b>	<b>(19.8)</b>	<b>2,100</b>	<b>2,100</b>	<b>10.7%</b>	<b>609</b>	<b>1,266</b>
<b>TOTAL</b>	<b>1,228</b>	<b>1,363</b>	<b>136</b>	<b>10.0</b>	<b>5,522</b>	<b>4,500</b>	<b>22.2%</b>	<b>1,174</b>	<b>3,120</b>

<b>By Portfolio:</b>	<b>YTD Actual £k</b>	<b>YTD Budget £k</b>	<b>Variance £k</b>	<b>Variance %</b>	<b>Current Annual Budget £k</b>	<b>Original Approved Budget £k</b>	<b>% Spent of Total Budget</b>	<b>Outstanding Commitment £k</b>	<b>Funds Available £k</b>
FM Building & Equipment	570	817	247	30.2	2,050	1,250	27.8%	378	1,101
IT Capital & Broadcasting Equipment	215	178	(37)	(20.9)	1,555	1,315	13.8%	609	731
Digital Parliament	269	304	35	11.6	1,162	1,100	23.1%	157	736
Innovation Fund	14	15	2	n/a	250	0	5.4%	2	235
Information Systems / Other	161	50	(111)	(222.0)	60	0	268.3%	28	(129)
<b>Total Projects Allocated</b>	<b>1,228</b>	<b>1,363</b>	<b>136</b>	<b>10.0</b>	<b>5,077</b>	<b>3,665</b>	<b>24.2%</b>	<b>1,174</b>	<b>2,675</b>
Unallocated Project Budget	n/a	n/a	n/a	n/a	445	835	n/a	n/a	445
<b>TOTAL</b>	<b>1,228</b>	<b>1,363</b>	<b>136</b>	<b>10.0</b>	<b>5,522</b>	<b>4,500</b>	<b>22.2%</b>	<b>1,174</b>	<b>3,120</b>