



The Scottish
Parliament

**SCOTTISH PARLIAMENTARY
CORPORATE BODY (SPCB)
2007-2011**

LEGACY REPORT

INTRODUCTION

The Scottish Parliamentary Corporate Body is, as you will be aware, responsible for ensuring the Parliament is provided with the property, staff and services required for the Parliament's purposes. As such it is required to take decisions on both one-off, immediate issues and longer term policy matters.

A full history of issues discussed and decisions taken by the Corporate Body since the beginning is, of course, freely available to all through the published and archived minutes and, where appropriate, papers. However, there have been a number of issues during Session 3 where discussion has been ongoing and decisions are still to be taken. This report takes the opportunity of setting out these issues, providing you with some background to our considerations to date and highlighting the areas where decisions are required or where you may wish to investigate options further.

This report is provided as a source of information and is in no way intended to tie the new Corporate Body to any specific course of action. We hope you find it useful and wish you well in what will, I'm sure, be challenging times ahead.

A handwritten signature in blue ink, appearing to read 'Anna Ferguson'.

**Presiding Officer and Chair of the
Scottish Parliamentary Corporate Body**

SUMMARY OF KEY ISSUES

Finance

- Budget allocation for 2011-12
- Future Resource Planning
 - SPCB staff pay
 - Members' pay and expenses

Reimbursement of Members' Expenses Scheme

- Implications of boundary changes
- Review of local offices

Officeholders

- Accommodation options
- Salary review mechanism
- Complaint handling
- Membership of CESPL
- Rights bodies

Effective/efficient use of resources

- Use of Members' Restaurant and Bar

Security (separate annex not for publication)

FINANCE

2011-12 BUDGET

1. The SPCB's budget is "top-sliced" from the Scottish Consolidated Fund and includes:

- Scottish Parliamentary Service costs (staffing and running costs of the Parliamentary organisation)
- Members' pay and expenses
- Funding for the Commissioners and Ombudsman
- Contingency

2. Each financial year's expenditure is authorised in advance by the relevant Budget Act which covers one year only. In order to meet the Parliamentary timetable for approval of the Budget bill, the SPCB's budget proposals have to be finalised approximately five months before the start of the relevant financial year.

3. Accordingly, the budget for the (current) 2011-12 financial year was set by us last November, subject, of course, to the agreement of the Finance Committee. The revenue expenditure budget was set at £74.0m and the capital expenditure budget at £1.3m.

4. A significant part of this year's budget is dependent on the election outcome. This is in respect of the resettlement grants and winding up costs of Members standing down, or not returned, at the May 2011 election. We have budgeted £2.5m in contingency for 2011-12, which includes £0.5m to cover genuine emergencies and £2.0m to provide for unexpected or unquantified cost pressures, including resettlement grants and winding up costs. The actual requirement for contingency may be significantly higher or lower than this figure.

5. If the new SPCB determines that the authorised budget provision in 2011-12 is inadequate to meet its requirements, there is a mechanism to seek supplementary funding via a budget revision. This would require a submission to the Finance Committee in the Autumn.

FUTURE RESOURCE PLANNING

6. We have consistently aimed to set the SPCB's budget at a constant or reducing proportion of the Scottish Consolidated Fund. We have therefore planned for a significant reduction in available resources over the period of the UK Comprehensive Spending Review in line with the real term reduction in the overall Scottish Budget.

7. In our evidence to the Finance Committee in November 2010, the SPCB provided an indicative forecast of its revenue and capital expenditure plans through to 2014-15. These proposals will deliver an overall saving of

12% in real terms over this period (as measured against the SPCB's 2010-11 budget). This incorporates a real terms reduction of 15.4% in the cost of the Scottish Parliamentary Service.

8. These proposed savings will be achieved through a combination of the following:

- a) Decisions already taken by the SPCB in 2010-11 on various options to reduce expenditure in future years. These are largely reflected in the SPCB's approved budget for 2011-12.
- b) Further savings targeted to be realised through a series of reviews, scheduled to take place in 2011-12. These will deliver savings in 2012-13 through to 2014-15.

9. The future resource planning options were developed by senior management during the course of 2010 in conjunction with the SPCB. They were assessed against our commitment to the three overriding priorities of supporting parliamentary business, supporting members in undertaking their parliamentary duties, and engagement, recognising that changes to the shape and level of services might be required.

10. A key component of the SPCB's future budget plans was the agreement to freeze SPCB staff pay until 31 March 2013. This pay restraint delivers a real terms reduction in staff pay over the next two years and was agreed with the TUS (Trades Union Side) in conjunction with a guarantee of no compulsory redundancies for the same period.

11. Members will be aware that an equivalent commitment was made in respect of freezing MSPs' pay and expenses in cash terms to 31 March 2013 and this is reflected in the SPCB's budgets for 2011-12 and 2012-13. The Parliament confirmed the freeze in expenses to 31 March 2013 by its agreement to Motion S3M 08179 on 16 March 2011. A similar resolution in respect of salaries was not required, because MPs rejected their recommended pay increase for 2011-12 and the existing arrangement of setting MSPs' salary at 87.5% of the MPs' salary therefore keeps MSPs' pay unchanged at the 2010-11 level. However, depending on what is agreed for MPs' salaries for 2012-13, there is a possibility that a resolution to continue the freeze in MSPs' salaries will need to be approved by Parliament before 31 March 2012.

12. We approved a voluntary early retirement / early severance scheme in 2010-11, under which around 35 staff will leave the organisation, mainly during the first half of this financial year. The cost of this scheme has been fully charged against the SPCB's 2010-11 accounts. The vacancies created by the scheme provide the flexibility to achieve the reduction in number of staff required to meet our future resourcing targets and achieve a payback within two years. Taking account of natural turnover as well as the VER/VES scheme, we expect overall staff numbers to fall by around 50 over the CSR period.

REIMBURSEMENT OF MEMBERS' EXPENSES SCHEME

THE SCHEME

1. The SPCB has responsibility for the administration of the Reimbursement of Members' Expenses Scheme.

2. In the last parliamentary session we commissioned a fundamental independent review of Members' expenses resulting in a new scheme coming into effect on 1 October 2008. The main recommendation arising out of this review was to end the provision for qualifying Members to claim for mortgage interest payments in relation to Edinburgh accommodation. This provision ceased on 31 March 2011. Members previously in receipt of mortgage interest costs may continue to reside in the Edinburgh residence and claim council tax, utility and telecommunication costs and content insurance provided they sign a declaration confirming that the Edinburgh property is not their main residence.

3. We commissioned a further independent examination of the Scheme to take account of changes made to expenses schemes at Westminster and the devolved Assemblies. This reported in December 2009 and recommended that family members may no longer be employed by an MSP. Under the current scheme this provision is not due to take effect until July 2015. This date was recommended by the independent examination, being the date of the next election in May 2015 extended by 3 months to allow for a more effective transition than could be achieved in the pressurised run up to an election. Since the date was agreed, the length of the next parliamentary session has been extended to May 2016. We would recommend that to maintain consistency with the recommendation, the Reimbursement of Members' Expenses Scheme is amended accordingly by way of a resolution.

4. Another new development arising from the examination was that Members are now required to sign a declaration agreeing to the principles of the expenses scheme before they can make a claim for the reimbursement of expenses.

5. The SPCB agreed as part of the budget submission for 2011-12 to freeze the budget for Members' expenses for the next 2 years. You, as the new SPCB, might therefore wish to monitor closely expenditure to ensure that resources are used as efficiently as possible.

6. The Allowances Office will be implementing a new travel and expenses system during the 2011-12 financial year. This new system will have a number of benefits, including an option to process on line claims. This is an option officials propose to investigate and report to the SPCB during the next session.

LOCAL OFFICES

7. As a result of the recent changes to the parliamentary constituency boundaries which came into effect recently we have identified some issues surrounding the location of the local offices of some Members. Some Members who have had their local offices established since 1999 have now found that their local office is no longer within the constituency for which they have been returned due to changes to the boundary. This could be by only a few hundred metres. To retain the local office where it is will mean that under the Reimbursement of Members' Expenses Scheme their entitlement to office costs provision will be reduced by 50% given that they are no longer the Member returned for the area which covers their local office. We consider that, in such cases, where the changes to the boundary have resulted in the boundary moving a few hundred metres it is not in the public interest for the Members to have to meet the costs of moving to a new office. The SPCB might therefore wish to consider whether there should be a change to the expenses scheme to enable Members in such a position to be entitled to the full office costs provision. In the meantime, we have put interim measures in place.

8. It has also been drawn to our attention that some Members have expressed disquiet surrounding the arrangements for regional offices, in particular, the number of offices permitted within each region. At present where in the Highlands & Islands, North East Scotland, South of Scotland or Mid Scotland and Fife more than one Member is returned from a registered political party's regional list, the SPCB may, on the written application of all of the Members concerned, determine that they are entitled to reimbursement of office costs in respect of an additional local parliamentary office within the region. Some Members consider that this provision should be extended to cover the West of Scotland and Central Scotland regions. We would therefore suggest that the SPCB might wish to consider a small desk based review of the current arrangements regarding the possibility of an additional office. Should such a review recommend a change to the current arrangements it could be taken forward by way of an amendment to the expenses scheme at the same time as the boundary changes issue mentioned above.

EDINBURGH ACCOMMODATION PROVISION

9. The SPCB will note that in determining Members' eligibility for Edinburgh Accommodation provision the groupings used are a mixture of parliamentary constituencies and electoral wards. This has been as a result of the redrawing of parliamentary constituency boundaries before the May 2011 election and to ensure that the status quo for eligibility is retained. The SPCB may, however, wish to reconsider the methodology for determining the groupings to ensure a more uniform approach. This could be by using electoral wards instead of parliamentary constituencies.

CROWN AND SPCB APPOINTEES

Background

1. The officeholders supported by the SPCB are:
 - the Scottish Public Services Ombudsman (SPSO);
 - Scottish Information Commissioner (SIC),
 - Commissioner for Children and Young People in Scotland (SCCYP);
 - Scottish Human Rights Commission (SHRC);
 - Commission for Ethical Standards in Public Life in Scotland (CESPL);
 - and
 - the Standards Commission for Scotland.

In terms of their functions the officeholders are independent and not subject to the control or direction of the SPCB, Scottish Ministers or any Member of the Scottish Parliament.

2. The SPCB has statutory responsibility for:
 - approving the funding of these bodies;
 - officeholder and staff terms and conditions;
 - staff numbers and office location;
 - commenting on strategic plans; and
 - directing any shared service approach.
3. In the last session considerable parliamentary time was given to officeholder issues. An ad-hoc parliamentary committee was established to look specifically at the SPCB supported bodies. This resulted in the establishment of a new Commission (CESPL) which is a merger of 3 separate bodies – Commissioner for Public Appointments, Parliamentary Standards Commissioner and Chief Investigating Officer – together with clarification of the SPCB's powers as set out at paragraph 2 above and the transfer of prison complaints to the SPSO. The SPCB was also supportive of the Government's public services reform agenda which resulted in new powers for the SPSO regarding complaint handling procedures.

Funding

4. We adopted as our planning assumption in 2010, a target of cash reductions in each officeholder's budget of 9.1% over 3 years (15% real terms), with target savings of 4% in cash terms for 2011-12. Globally for officeholders the targets set have been met. The total budget for 2011-12 (including central contingency) is £8.5m – a reduction of 4.5% in cash terms on 2010-11. This budget makes up around 11% of the SPCB's overall revenue budget. The target for 2012-13 is a total budget of £8.2m – a reduction of 7.4% in cash terms on 2010-11.

Other Issues

Accommodation

5. This is one of the most significant areas for cost savings relating to officeholders. Work is underway to rationalise the existing accommodation spread over 7 premises, taking account of various lease conditions.

6. As of 1 April the bodies which now make up the newly established CESPL will all be based in Drumsheugh Gardens, Edinburgh saving around £26k per year. In June 2011 the SCHR will be relocating from Glasgow to co-locate with the SPSO at Melville Street, Edinburgh. This is expected to result in further costs savings of around £50k per year.

7. Consideration is currently being given to the feasibility of relocating the Standards Commission staff (3 in number) within accommodation which could become vacant on the parliamentary campus. This would result in savings of around £30k per year. Officials continue to work with Scottish Government officials to try and identify options to make further savings.

Officeholder salaries

8. The Corporate Body will be required to agree a mechanism to take forward salary reviews for all officeholders. Officials will bring forward options in due course.

Scottish Public Services Ombudsman (SPSO)

9. Parliament will be invited to consider whether the existing complaints handling function of Waterwatch Scotland should be transferred to the SPSO. This was first considered as part of the passage of the Public Services Reform (Scotland) Act 2010 but it was decided that any decision should be a matter for the new Parliament. This is expected to come before Parliament following the summer recess 2011 and will have budgetary implications for the SPSO (and therefore the SPCB) in addition to the transfer of Waterwatch staff and its accommodation which is currently in Alloa.

10. Initial discussions have also been held at official level with the Government over a proposal to transfer the complaints handling functions of the Police Complaints Commissioner to the SPSO. This could involve the transfer of 17 staff who are based in Hamilton. The Government will make a decision on whether to bring forward primary legislation or to seek to make an Order under the Public Services Reform (Scotland) Act 2010, which would need the express approval of the SPCB.

Commission for Ethical Standards in Public Life in Scotland (CESPL)

11. One of the two Commission members of the CESPL is due to complete her term of office in May 2012. The SPCB might wish to consider, based on

the operation of the office during 2011, whether there is a continuing requirement for two Commission members or whether a single Commissioner could be the way forward. Any changes to the present arrangements would require an amendment to the legislation.

Rights Bodies

12. In evidence to the ad-hoc parliamentary committee mentioned in paragraph 3 above, the SPCB put forward a proposal to merge the SCCYP and the SCHR. The Committee did not support this proposal in its report. However, during stage 3 of the Public Services Reform (Scotland) Act 2010 it was clear that a number of Members were more willing to reconsider this in the future. The SPCB may therefore wish to consider whether or not it wishes to revisit this matter.

COST EFFECTIVE USE OF RESOURCES

Members' Restaurant and Bar

1. The Members' Restaurant and Bar is available 5 days a week (10:00 to 22:00) for all Members, their guests and staff and all other passholders. A lunch and dinner service is available daily, with a lunch only service during recess.

2. The lunch service is by far the more popular service. Whilst it does not make a profit, it provides a valuable opportunity for Members to meet their guests (in many cases constituents) in a quiet and private environment. There is not a high demand for this space to be used in any other capacity at this time of day. By contrast, the Members' Restaurant and Bar is significantly under-used most evenings.

3. It has been estimated that closing the Members' Restaurant from 15:00 and the Bar from 18:00 (there is minimal evening usage of the Bar at present beyond this time) each day would achieve savings of up to **£30K** per annum in staff costs and other overheads. In addition, closing the Members' Restaurant and Bar in the evenings would provide an additional space which could be used for Member-sponsored Events in the evenings. Given that demand for Member-sponsored events on Wednesday evenings in particular significantly exceeds capacity, we would expect this to be well used. It would also enable different formats to be tested, including dinners.

4. Further work is required to quantify the income that would be generated by using the Members' Restaurant and Bar for Member-sponsored events and dinners. However, given that Member-sponsored events currently make a significant contribution towards catering costs, we can confidently anticipate that it would make an overall positive financial contribution while helping to meet Members' needs regarding events.

5. We recognised that the Bar is the only area in the Parliament for Members to mix and interact informally. Keeping the bar open beyond 18:00 would, however, restrict the ability to use the Restaurant space for evening events due to set up and other practicalities. Temporary locations for the Bar were submitted but none were approved as a permanent solution would be the preferred option.

6. You may wish to further consider options for the use of the Members' Restaurant and Bar.