

Report to:	QSMTM
Report by:	Helen Gardner-Swift, Head of Corporate Services Kim Berry, Finance and Administration Manager
Meeting Date:	29/04/2021
Subject/ Title: (and VC no)	Finance Report Q4 2020-21 VC149856
Attached Papers (title and VC no)	Financial Summary – Variance Analysis as at 31 March 2021 VC149952

Purpose of report

1. This Committee Report (CR) has the following purposes:
 - to update the Senior Management Team (SMT) on the organisation spend against agreed 2020-21 budget as at 31 March 2021
 - to update the SMT on any instances of fraud in Q4 2020-21.

Recommendation and actions

2. I recommend
 - (i) the SMT notes the CR and the Financial Summary – Variance Analysis as at 31 March 2021
 - (ii) the CR and the Financial Summary – Variance Analysis as at 31 March 2021 are published in full as set out in publication section.

Executive summary

Financial Summary – Variance Analysis as at 31 March 2021

3. The Financial Summary – Variance Analysis as at 31 March 2021 provides details of organisation spend against the agreed budget up to the end of Q4 2020-21.

Officeholders' Contingency Fund (OCF)

4. Officeholders can make applications to the OCF for additional funding which has arisen during the financial year and which was not specified in the approved budget for that year. The OCF is administered by the Scottish Parliamentary Corporate Body (SPCB).
 - In Q4, 2 applications were submitted to the SPCB for additional funding and, on 18 February 2021, the SPCB approved funding requests for £62,000 to meet the following costs which were not included in the approved 2020-21 budget:
 - £40,000 - defending Appeals to the Court of Session and
 - £22,000 – contribution to towards the costs of setting up remote working as a result of the impact of the COVID-19 pandemic

- £57,000 has been drawn from this approved OCF funding – the sum of £5,000 required for the court costs of an appeal were not subsequently required and, therefore, not drawn down.

5. The effect of an approved OCF application is to increase the approved budget and the total approved budget for 2020-21 is £1,965,000.

Expenditure Variance

Additional budget line expenditure

6. The following additional budget line expenditure was incurred in 2020-21:
- Officeholder staff costs – the additional spend is due to an increased pay award – the budgeted increase was less than the actual awarded
 - Senior management staff costs – additional spend was due to an acting up payment and increase following pay award
 - Cleaning costs – an increase in the National Minimum Wage resulted in a slight increase in the cleaning service costs. Additional cleaning products have also been purchased to enable surface and hand cleaning to mitigate COVID-19 risks
 - Maintenance – additional costs have been required for roof repairs
 - IT – additional costs for IT requirements for remote working
 - Mobile phone costs - there are also additional mobile phone monthly contract costs related to remote working
 - Telephone conferencing – in Q1 and Q2, there was additional, unbudgeted spend on teleconferencing costs. The FAM negotiated a new contract with the service provider to reduce call costs from 22 September 2020. Unfortunately, it was not possible to secure a discount on invoice costs for June to August 2020 which resulted in the additional spend.

Underspends

7. The following budget line expenditure was not incurred in 2020-21:
- the majority of underspends are related to the temporary closure of the office premises due to the impact of the COVID-19 pandemic, for example, officeholder travel and expenses, staff travel and expenses, training, internal audit savings, printing (in-house preparation of the Annual Report 2020-21) and utilities.
 - there was a reduction in staff costs due to a mid-year change in staff complement

Planned budget line expenditure in Q4 which was not able to be incurred

8. In Q4, it was anticipated that the following budget line expenditure would be incurred but due to time constraints, remote working and unavailability of a service provider, the following costs have not been incurred:
- Additional training – anticipated spend of £5,000 but actual spend was £900
 - Legal Advisers – anticipated spend of £5,000 relating to procurement of new payroll provider but actual spend was £990

- Internal Audit – anticipated spend of £3,600 but as it was not possible to carry out the internal audit, there was no actual spend
- IT support – anticipated spend of £1,000 related to system compatibility checks in connection with the procurement of new payroll provider but as these have not taken place there was no actual spend.

Unbudgeted expenditure which was not included in the approved budget

9. Taking account of the accruals and prepayments which have been calculated to date, the anticipated budget variance will be £18,983. The additional costs that were not included in the approved 2020-21 budget were:
- expansion of remote working - £35,315
 - renewal of lease costs – £7,680 - legal costs and Land and Buildings Transaction Tax
 - licence costs – Microsoft Office – additional charge - £11,147.41
 - website accessibility - £7,065.60
 - additional repair work to roof - £3,288

Capital expenditure

10. The approved expenditure in the 2020-21 budget was £56,000 but the actual expenditure increased by 41% due mainly to the expansion of the remote working. The expenditure incurred was:
- hardware and systems – additional spend related to the expansion of remote working, £28,382
 - IT licences – additional spend related to remote working and the purchase of related licences, £15,748
 - hardware and IT licence work – the planned work, included in the approved 2020-21 budget has been carried out, £34,912

Instances of fraud – Q4 2020-21

11. As far as I am aware, there have been no instances of fraud affecting our office in Q4 and, therefore, there have been no instances of fraud affecting our office in 2020-21.

Risk impact

12. This CR helps to mitigate the impact of strategic and operational risks relating to the monitoring of resources. If resources are not monitored effectively this may affect business continuity and, also, result in the inefficient and inappropriate use of resources.

Equalities impact

13. There is no direct equalities impact arising from this CR.

Privacy impact

14. There is no direct privacy impact arising from this CR.

Resources impact

15. There is no additional resource impact as regards the preparation of this CR and the quarterly Financial Summary – Variance Analysis. However, this CR helps us to monitor the impact of expenditure and the level of resources that are available during the financial year.

Operational/ strategic plan impact

16. Preparation of this CR and the quarterly Financial Summary – Variance Analysis fall within Business As Usual and the related governance reporting as set out in the Operational Plan 2020-21.
17. This CR helps us to monitor our resources and the impact on planned work carried out 2020-21, as set out in the Operational Plan 2020-21.

Records management impact (including any key documents actions)

18. None – other than the publication requirements as set out in this CR.

Consultation and Communication

19. QSMTM minute.

Publication

20. This CR and the Financial Summary – Variance Analysis as at 31 March 2021 should be published in full.