

Report to:	MSMTM
Report by:	Helen Gardner-Swift, Head of Corporate Services (HOCS) Kim Berry, Finance and Administration Manager (FAM)
Meeting Date:	23 February 2023
Subject/ Title: (and VC no)	Finance Report Q3 2022-23 VC181493
Attached Papers (title and VC no)	Financial Summary – Variance Analysis as at 31 December 2022 VC181484

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 2022-23 budget as at 31 December 2022.
 - to update the SMT on any instances of fraud in Q3 2022-23.

Recommendation and actions

2. I recommend that the SMT:
 - (i) notes the CR and the Financial Summary – Variance Analysis as at 31 December 2023
 - (ii) agrees that the CR and the Financial Summary – Variance Analysis as at 31 December 2022 are published in full as set out in paragraph 17.

Executive summary

Financial Summary – Variance Analysis as at 31 December 2022

3. The Financial Summary – Variance Analysis as at 31 December 2022 provides details of organisation spend against the agreed budget up to the end of Q3 2022-23.
4. Key points to note:
 - (i) the “Budget year to date” column shows the budget for the first nine months. Each approved budget line amount is divided by 12 and multiplied by the relevant number of months.
 - (ii) the variance amount may be somewhat misleading – for example, we may be over budget in this quarter but under budget in the next quarter.

Variance to Budget – Q3 2022-23:

5. The following expenditure should be noted:

Staff costs

- Officeholder staff costs – these have increased due to revised salary arrangements and an uplift in 2022-23 which was not anticipated when the budget submission for 2022-23 was made
- the underspend on Staff Costs is due to staff vacancies.

Staff related costs

- a large proportion of meetings and events are still being carried out virtually and, therefore, staff and Commissioner travel costs are reduced
- management training and equality and diversity staff training are generally carried out and invoiced in Q4
- recruitment costs - there is no allocated/approved budget for recruitment costs and costs have been incurred relating to the current recruitment of staff. The overall expenditure for this financial year may also increase due to future recruitment in Q4. This expenditure will be monitored by the FAM and the HOCS and, if this cannot be met from within our approved budget allocation an application to the Officeholder's Contingency Fund may be required.

Property costs

- cleaning service
 - an invoice for November 2022 is under dispute due to required credit note not yet being supplied by the service provider
 - it is projected that there will be an underspend at 31 March 2023 due to a reduction in the service being provided in Q4
- utility costs - projected to be overspent due to electricity and gas costs
- most annual inspection work and resulting maintenance costs are carried out and invoiced in Q4, for example, roof inspection and repairs
- maintenance costs - projected to be overspent - see comment below under "Contingency" relating to internal painting

Professional Fees

- external auditor costs are due to be invoiced in Q4
- it is projected that the proposed budget for legal advice is likely to be underspent at the end of Q4

Running Costs

- it is projected that Administration and IT costs will be within the budgeted resource by the end of Q4
- it is projected that there is likely to be an underspend across all other expenditure headings relating to running costs

Capital and Revenue

- Capital
 - currently showing as an underspend
 - it is projected that there will be an overspend approximately £9,000 due to the installation of a new central heating boiler which was an unbudgeted cost and that this additional spend will be met from underspends in other areas

Contingency

6. As part of the budget approval for 2022-23 the Commissioner was allocated £100,000 from the Officeholders Contingency Fund (OCF) - £70,000 for the Phase 2 website development and £30,00 for lease obligations (internal painting of the office premises).
- the Scottish Parliamentary Corporate Body (SPCB) have been notified that Phase 2 of the website development will not be undertaken this year.
 - Court of Session costs – an application to the OCF will not be required if we are able to meet these costs from underspends
 - the contract for internal painting of the office premises has been awarded and the work commenced in January 2023.
 - although requested under capital costs in the budget submission, our Accountant has advised that these costs should be allocated to maintenance rather than capital expenditure
 - this will result in the maintenance budget line showing an overspend of approximately £22,000 however, due to the projected underspends across the budget to 31 March 2023, the costs will be met from existing resource/budget savings.

Instances of fraud – Q3 2022-23

7. As far as I am aware, there were no instances of fraud affecting the organisation in Q3 and, also, there have been no instances of fraud affecting the organisation to date in 2022-23 (17/02/23).

Risk impact

8. 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

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

Privacy impact

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

Resources impact

11. There is no additional resource impact as regards the preparation of this CR and the quarterly Financial Summary – Variance Analysis.
12. 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

13. 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 2022-23 and the Governance Reporting Arrangements 2022-23.
14. This CR helps us to monitor our resources and the impact on planned work carried out 2022-23, as set out in the Operational Plan 2022-23.

Records management impact (including any key documents actions)

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

Consultation and Communication

16. MSMTM minute.

Publication

17. This CR and the Financial Summary – Variance Analysis as at 31 December 2022 should be published in full.