

Finance and Public Administration Committee

15th meeting 2021 (Session 6), Tuesday 21
December 2021

Scrutiny of the Scottish Budget 2022-23

Introduction

1. The purpose of this paper is to provide information for the Committee's evidence session on the Scottish Parliamentary Corporate Body (SPCB) budget submission for 2022-23. The Committee will take evidence on the submission from Jackson Carlaw MSP, SPCB lead on Governance, who will be joined by Scottish Parliament officials—

- David McGill (Clerk/Chief Executive)
- Michelle Hegarty (Deputy Chief Executive); and
- Sara Glass (Group Head of Financial Governance)

2. The SPCB budget submission is attached as an annexe and consists of a letter from the Presiding Officer and six supporting schedules detailing aspects of the SPCB budget as follows—

- Schedule 1: Total Budget Requirement and Indicative Forecast for 2023-24;
- Schedule 2: Analysis of SPCB Budget: Supporting Schedule;
- Schedule 3: Committee Briefing: SPCB Net Revenue and Capital Budget;
- Schedule 4a: Officeholders Budget Bid 2022-23;
- Schedule 4b: Analysis of Officeholders Budget Bids 2022-23;
- Schedule 5: SPCB Balance Sheet: Statement of Financial Position; and
- Schedule 6: Parliament Shop Trading Accounts.

Background

3. The Scotland Act 1998¹ provided for the creation of the Scottish Parliament and the establishment of the SPCB to oversee its administration. Section 21 places a duty on the SPCB to make arrangements for the Parliament to be provided with the property, staff and services which are required for its purposes. It also provides for any such expenses incurred by the SPCB to be payable from the Scottish Consolidated Fund.

4. The Scottish Consolidated Fund is the funding pot from which all Scottish Government expenditure stems and comprises an annual block grant from the UK

¹ [Scotland Act 1998 \(legislation.gov.uk\)](https://legislation.gov.uk)

Parliament's Consolidated Fund along with the Scottish Government's operational receipts, for example, revenues from the fully devolved taxes.

5. This means that the expenditure plans of any body which has a prior call on the Scottish Consolidated Fund (namely the SPCB and Audit Scotland) will reduce the total amount available to Scottish ministers to spend on Scottish Government priorities. The SPCB budget also provides for the costs of "supported bodies", namely commissioners and the Scottish Public Services Ombudsman (referred to as "officeholders").

6. To enable parliamentary scrutiny of the SPCB's budget proposals, the SPCB will give evidence on its bid, which the Committee will consider and report on as part of its wider budget scrutiny as set out in the Session 6 Written Agreement between the Committee and the SPCB².

7. The SPCB's final expenditure proposals will then appear in the annual Budget Bill which will be voted on by the Parliament.

Finance and Constitution Committee report on the Budget 2021-22

The impact of Brexit on Parliamentary scrutiny

8. In its report on the Scottish Government's budget for 2021-22³, the Session 5 Finance and Constitution Committee's scrutiny of the SPCB budget bid chiefly focussed on the impact of Brexit on the devolution settlement and how the Parliament's role would need to evolve to effectively scrutinise this impact.

9. In advance of formal budget scrutiny, the Session 5 Committee wrote to the Presiding Officer on 8 December 2020⁴ stating that greater scrutiny capacity within the existing committee structure was needed to address the substantial increase in committee workloads arising from the impact of Brexit. It recognised that this may require difficult conversations about reprioritising existing resources given the tight fiscal environment.

10. The then Presiding Officer's response⁵ noted that additional staffing investment in respect of Brexit-related scrutiny had been provided over the preceding three years and that the SPCB would prioritise investment against a range of competing demands to best address Parliament's needs and offer best value to the public purse.

11. The Committee recommended in its budget report that "discussions about increased resources need to flow from an initial consideration of the level of additional scrutiny and this needs to happen prior to the start of Session 6."

² [Written agreement between the Finance and Public Administration Committee and SPCB \(parlamaid-alba.scot\)](https://www.parliament.scot/parliamentary-activity/committees/finance-and-public-administration-committee/written-agreement-between-the-finance-and-public-administration-committee-and-spcb)

³ [Report on Scottish Government Budget 2021-22 \(azureedge.net\)](https://www.azureedge.net/parliament.scot/parliamentary-activity/committees/finance-and-public-administration-committee/report-on-scottish-government-budget-2021-22)

⁴ [20201208 Convener FCC to PO.pdf \(parliament.scot\)](https://www.parliament.scot/parliamentary-activity/committees/finance-and-public-administration-committee/20201208-convener-fcc-to-po.pdf)

⁵ [20210208 PO to Convener \(parliament.scot\)](https://www.parliament.scot/parliamentary-activity/committees/finance-and-public-administration-committee/20210208-po-to-convener)

Members' staff cost provision

12. The report also noted that the SPCB had, following a review, agreed to increase the level of staff cost provision to Members in Session 6 from £93,000 to £133,200 per Member. This resulted in a £5.8 million increase in the staff cost provision element of the SPCB budget, including an uplift of 2.7% in line with the annual uprating provision agreed by the SPCB in March 2020.

Officeholders

13. The report further suggested that the SPCB should be cognisant of MSPs and Scottish Ministers not taking a pay rise when setting officeholder salaries for the coming year.

Legacy Expert Panel Report

14. The Session 5 Committee also commissioned a Legacy Expert Panel (LEP)⁶ tasked with considering the main scrutiny challenges that any future Finance and Constitution Committee might face in the next Parliament and how it should evolve to meet those challenges. The LEP published its final report on 12 February 2021.⁷

15. The then Convener wrote to the Presiding Officer⁸ regarding the LEP report and legacy issues raised in the report on Budget 2021-22. The letter highlighted the scrutiny challenges the Parliament would need to address in the current session as a result of Brexit and other changes to the devolution settlement, many of which would have resource implications.

16. The former Presiding Officer's response⁹ noted that other priority areas for the Parliament might include innovation in participative engagement, going further in post-legislative scrutiny and placing greater emphasis on policy implementation and public administration. He concluded by stating "I am sure that this issue will be a priority issue for the incoming SPCB in the context of setting a budget for 2022-23 once a new committee structure has been agreed."

SPCB Budget Bid 2022-23

17. The Presiding Officer's letter is framed in the context of commitments given last session to consider scrutiny arrangements for Session 6. It provides a narrative in support of the budget bid and highlights a number of areas of interest as described below.

18. Schedule 1 shows that the proposed total budget for 2022-23 is £128m compared to the current year's budget of £124.5m. Excluding capital charges and non-cash items, which do not represent a cash funding requirement, the total SPCB

⁶ [Legacy Expert Panel - Parliamentary Business : Scottish Parliament](#)

⁷ [Legacy_Finaldoc\(1\).pdf \(parliament.scot\)](#)

⁸ [Letter to PO.pdf \(parliament.scot\)](#)

⁹ [2021.03.09_OUT_PO_to_FCC.pdf \(parliament.scot\)](#)

bid for revenue and capital expenditure is £112.2m. This represents a net £1.6m (1.4%) increase on the 2021-22 budget and a £4.1m uplift (3.8%) on the indicative budget for 2022-23 presented by the SPCB last year. The letter states that this uplift is primarily attributable to three factors—

- the outcome of the strategic review of SPCB staffing to achieve a more sustainable footing for effective delivery of services in Session 6;
- anticipated requirements to further enhance Members’ personal security in light of emerging security advice; and
- the impact of forecast economic and inflationary pressures on the Parliament’s running costs.

19. The letter goes on to confirm that “the SPCB’s priorities are aligned with both the challenges posed by the committee legacy reports from Session 5...and with the ambitious set of committees established for this Session.”

20. The letter further notes the strategic priorities adopted by Conveners Group to support a stronger scrutiny function, including —

- cross-committee working to support integrated scrutiny of policy (for example in the fields of post EU membership and Net Zero);
- diversity, inclusion and participation;
- post-legislative scrutiny; and
- supporting Members as parliamentarians.

21. The bid states that the SPCB is “committed to enhancing the scrutiny function of Parliament, including promoting citizen participation, to enable our legislature and its Members to perform their roles.” In respect of scrutiny challenges arising from Brexit, the letter states that “these complex issues will create significant ongoing scrutiny challenges for the Parliament, and its committees, throughout Session 6.” While these challenges were managed through temporary resource in the second half of last session “we now need to move towards a more stable and sustainable staffing structure to best support scrutiny in this new, more complex environment.”

22. The letter also highlights the “huge challenge” of monitoring Scottish Government progress towards delivering net zero along with significant expectations that the Parliament demonstrates leadership “in embedding sustainability, delivering fair work practices and progressing towards net zero in relation to our own operations.”

23. The Presiding Officer notes that demands placed on parliamentary staff in the latter part of Session 5 had “become unsustainable” and suggests that proposed changes to the staffing baseline would create capacity to address this. As a result, the staff pay budget shows a £3.3m (10.3%) increase compared to the 2021-22 budget and a £2.5m (7.8%) increase compared to the SPCB’s indicative forecast for 2022-23. In addition to changes to the staffing baseline, this increase also reflects changes to national insurance contributions and “a modest provision for staff pay award.”

24. After having agreed to a pay freeze for the current financial year, it is proposed that MSP and Ministerial salaries will increase by 3.4% in keeping with the Annual

Survey of Hours and Earnings (ASHE) index, as provided for in the Members' Salaries Scheme. The Members' Staff Cost Provision bid would increase by 4.5% in line with the SPCB's agreed approach of using a combination of Average Weekly Earnings and the ASHE index.

25. Recent experience had also further demonstrated the importance of digital services and the SPCB's bid "recognises the emphasis we must place on sustaining current services and developing new ones through the right levels of skill and expertise, including digital support for Members and staff."

26. The bid includes a £1m contingency for enhanced security support to Members although the letter notes that this will be demand-led to an extent so total costs could be lower in practice. "Prudent assumptions" on the impact of inflationary pressures on running costs have also increased the bid by a further £1m.

27. An analysis of planned project expenditure is included in Schedule 3 and totals £5m. This is £1.4m lower than for 2021-22 and exactly in line with the indicative project budget for 2022-23.

Officeholder bids

28. An analysis of the officeholders' budget bids, together with further supporting information on their individual submissions, is provided in schedules 4(a) and 4(b).

29. The Presiding Officer's letter states that officeholder bids are £0.6m (3.7%) higher than the 2021-22 budget and £0.2m (1.4%) higher than the indicative forecast. Significant changes to the bids include a lower funding requirement for the Electoral Commission in 2022-23, as a result of reduced electoral activity, although this is offset by the first year of full funding for the new Biometrics Commissioner.

30. An additional £0.3m contingency has been included as a result of increased demands on the Scottish Commission for Human Rights, arising from Covid-19 and the development and implementation of new human rights legislation.

31. The letter also highlights continued progress on the shared services agenda for officeholders including on co-location and shared services such as HR, payroll, finance, IT and FM support.

Indicative Forecast for 2023-24

32. Schedule 2 provides an analysis of the SPCB's indicative forecast for 2023-24 although the Presiding Officer's letter highlights the likelihood of "substantial volatility in the medium-term" arising from uncertainty surrounding the ongoing impact of Covid-19. This shows that the SPCB's current expectation for revenue and capital expenditure in 2023-24 totals £116.35m compared to its 2022-23 bid of just under £112.2m.

**Committee Clerks
December 2021**

SPCB Budget Submission for 2022-23

Dear Kenneth

This is the first budget bid in the new Parliament for Session 6. It is framed in the context of a commitment made in February 2021 by the SPCB to the Convener of the Finance & Constitution Committee in the Presiding Officer's letter that a review of staffing resources to inform a more robust and sustainable staffing baseline for 22/23 onwards would be undertaken; alongside several Session 5 legacy reports and correspondence from the Finance & Constitution Committee, Standards, Procedures and Public Appointments Committee (SPPA) and Environment, Climate Change and Land Reform Committee (ECCLR) requesting SPCB to consider scrutiny requirements for Session 6.

The proposed budget for 2022-23, excluding capital charges and non-cash items of £112.2m, represents a net £1.6m (1.4%) increase on the current financial year's budget and a £4.1m uplift (+3.8%) on the 2022-23 indicative budget presented to the Committee last year. The proposed increase of £4.1m from the indicative forecast is primarily attributable to three factors: the outcome of the strategic review of SPCB staffing to achieve a more sustainable footing for effective delivery of services in Session 6 referred to above; anticipated requirements to further enhance Members' personal security in light of emerging security advice; and economic pressures forecast in inflation for Parliament's running costs.

The proposal to increase the staffing baseline, and to maintain this baseline across Session 6, reflects our more informed understanding of the challenges we face in the delivery of our strategic priorities to: enhance scrutiny, including supporting new committee structures and remits; scrutinise post EU-membership constitutional arrangements; embed sustainability and progress our roadmap to net zero; enable enhanced public engagement and participation in committee work; and address organisational capacity, capability and staff wellbeing issues.

The SPCB's priorities are aligned with both the challenges posed by the committee legacy reports from Session 5 referred to above and with the ambitious set of committees established for this Session. We are also aware of the four strategic priorities that have been adopted by Conveners Group for Session 6 to support a stronger scrutiny function, including: cross-committee working to support integrated scrutiny of policy (for example in the fields of post EU membership and Net Zero); diversity, inclusion and participation; post-legislative scrutiny and supporting Members as parliamentarians.

We are committed to enhancing the scrutiny function of Parliament, including promoting citizen participation, to enable our legislature and its Members to perform their roles. Central to this will be supporting committees to enable them to be more responsive, innovative and impactful and to deliver better outcomes for our citizens.

To do so, we are developing and delivering a strategic Scrutiny Improvement Programme to support Members on the development of better legislation; improved policy and post-legislative scrutiny, fiscal powers and spending decisions scrutiny as well as public accountability.

There are a large number of scrutiny issues in relation to areas of devolved competence that were previously within EU competence, and also as a result of the creation of a UK internal market. These include: 'keeping pace' powers; legislative alignment with EU law other than the 'keeping pace' powers; and the UK common frameworks. There are also scrutiny implications for the Parliament as a result of arrangements where the UK Government makes decisions which have a direct impact on devolved areas.

In combination, these complex issues will create significant ongoing scrutiny challenges for the Parliament, and its committees, throughout Session 6. Whilst we have managed, as appropriate, with temporary resources over the latter part of Session 5, we now need to move towards a more stable and sustainable staffing structure to best support scrutiny in this new, more complex environment. There are also significant expectations that Parliament takes a lead in embedding sustainability, delivering fair work practices and progressing towards net zero in relation to our own operations. In terms of scrutiny, there is a huge challenge in monitoring the Scottish Government's progress towards net zero across all policy areas. This will need coordinated scrutiny and engagement by the Parliament on the implications for Scotland as a whole, requiring expertise and increased capacity across the Scottish parliamentary service to provide expert support to committees and Members.

The last 18 months have thrown into sharp relief how essential digital services, technology infrastructure and support are to sustaining the Parliament's work. Two additional new technology-dependent services have been introduced at pace: the hybrid parliamentary business platform and remote voting. The SPCB recognises that technology and information management will continue to play an essential role in running the Parliament and adapting how we work in future. Our bid recognises the emphasis we must place on sustaining current services and developing new ones through the right levels of skill and expertise, including digital support for Members and staff.

Experience from Session 5, augmented by flexi data and staff survey results, confirm that we must invest to meet the demands of delivering excellent services and support changes in the way we operate. The status quo has become unsustainable. The end of Session 5 saw high levels of excess flexi hours and annual leave carried by key personnel across the SPS and staff survey feedback highlighted associated anxiety and compromised wellbeing. The proposed changes to the staffing baseline creates capacity to address this.

Following the tragic death of Sir David Amess MP, the SPCB has been reviewing the personal security support provided to Members. The costs for enhanced support to Members is included in the SPCB's 2022-23 budget submission as a £1m security contingency whilst the nature of this support is determined. In practice, the cost of

this support may be lower and will, to some extent, be demand-led by Members, but our contingency approach is prudent.

We are planning for inflationary pressures being a feature across the Parliament's cost base in the 2022/23 budget as a result of the current higher levels of inflation being experienced, which are projected to continue into the medium term. As a consequence, and whilst the longer-term outlook remains uncertain, we have made some prudent assumptions for overall running costs for next financial year which has increased our bid by £1m.

Headline figures

The SPCB has identified a total budget requirement, including capital charges and non-cash items, of £128.0m for 2022-23 as shown on the attached schedule 1, compared to the current year budget of £124.5m. Schedule 1 also sets out indicative estimates for the 2023-24 financial year.

Excluding the capital charges and non-cash items, which do not represent a cash funding requirement, the total SPCB budget submission for revenue and capital expenditure is £112.2m, £1.6m (1.4%) higher than the 2021-22 budget.

I attach an analysis of our budget (schedule 2) together with a briefing paper (schedule 3) and further schedules to assist the Finance and Public Administration Committee in its scrutiny of our 2022-23 budget submission.

Approach to setting the budget

As a result of the process set out above, our staff pay budget shows a £3.3m (10.3%) increase compared to the current year's budget and a £2.5m (7.8%) increase compared to the indicative forecast for 2022-23. The increase reflects the impact of the proposed changes to the staffing baseline as well as changes to employers' national insurance rates and a modest provision for staff pay award which will be negotiated with the SPCB recognised trade unions.

Following Members' pay freeze in the current financial year, the SPCB will apply the ASHE index (3.4%) to MSP and Ministerial salaries next year as laid out in the Members' Salaries Scheme.

Similarly, following the SPCB's agreed approach to index the Members' Staff Cost Provision annually using a mix of Average Weekly Earnings (AWE) and the ASHE index, the proposed indexation rate applied for the 2022-23 budget is 4.5%.

An analysis of projects scheduled to be taken forward or continued over the next financial year is shown in Schedule 3. The total project expenditure budget of £5.0m, £1.4m (22%) lower than the current year's budget but exactly in line with the indicative budget for projects for 2022-23.

The project expenditure budget funds much of the developmental work outlined in our new Session 6 strategy. It includes the planned replacement of existing infrastructure and investment to make improvements to the Parliament's services

and facilities including progress towards our net zero ambitions and improved and more efficient digital applications.

Commissioners and Ombudsman

Officeholders' bids are £0.6m (3.7%) higher than the 2021-22 budget and £0.2m (1.4%) higher than the indicative forecast. The main changes in these budgets reflect the drop in the funding requirement for 2022-23 of the Electoral Commission due to lower electoral activity in 2022-23, offset by the first full year of funding of the Biometrics Commissioner. Funding is also increased to reflect the SPCB agreement to additional staff for the Ethical Standards Commissioner following an independent audit review.

The Scottish Commission for Human Rights has submitted a business case to increase its staffing capacity to meet increased demand particularly in the context of COVID-19 and its need to focus on the development and implementation of new human rights legislation. An additional £300k has been included in the officeholders' contingency pending a review of the Commission's business case.

An analysis of the Officeholders' budget bids, together with further supporting information on their individual submissions, is provided in schedules 4(a) and 4(b). We continue to make progress on the shared services agenda for officeholders with some notable achievements this year including a payroll project for three of the officeholders which was recently completed and the co-location of the new Scottish Biometrics Commissioner in Bridgeside House with three of the other officeholders. The Scottish Biometrics Commissioner has entered into a shared services agreement with the Scottish Public Services Ombudsman who is to provide him with HR, finance, IT and FM support and this arrangement has enabled the Commissioner to reduce his staffing complement by 1 FTE.

Indicative Forecast for 2023-24

Schedule 2 also provides an analysis of our indicative forecast for 2023-24. There is likely to be substantial volatility in the medium term in the economy, especially in relation to inflation, and the potential impact on public sector finances is unknown as we continue to deal with the COVID 19 pandemic and its subsequent stages. Our indicative budget is therefore caveated, reflecting the uncertainties we face in public sector budgeting for future years.

Known and quantifiable changes for 2023-24 include the full year impact of the staffing baseline changes proposed for implementation during 2022/23.

The SPCB will be happy to expand on any aspects of its budget submission at the Committee's meeting on 21 December.

Yours sincerely

Alison Johnstone MSP
Presiding Officer

Total Budget Requirement

	Original Budget 2021-22 £'000	Budget Bid 2022-23 £'000	Indicative Forecast 2023-24 £'000
A) REVENUE			
Net Revenue Expenditure (Schedule 2)	109,583	111,361	115,450
B) CAPITAL			
Capital Expenditure (Schedule 2)	1,000	800	900
C) TOTAL EXPENDITURE EXCLUDING CAPITAL CHARGES AND NON CASH ITEMS (A+B)			
Net Revenue and Capital Expenditure	110,583	112,161	116,350
D) CAPITAL CHARGES AND NON CASH ITEMS			
Total Capital Charges and non cash items (Schedule 3)	13,877	15,879	16,581
E) TOTAL EXPENDITURE INCLUDING CAPITAL CHARGES AND NON CASH ITEMS (C+D)			
Total Net Expenditure	124,460	128,040	132,931

<u>Net Revenue and Capital Budget</u>	Restated Budget 2021-22 (Note 1) £'000	Budget Bid 2022-23 £'000	Indicative Forecast 2023-24 £'000
Revenue Expenditure			
Recurring Annual Costs			
Staff Pay	31,669	34,938	36,576
Staff Related and General Costs	715	791	815
Property Costs	7,840	7,832	8,075
Running Costs	7,401	7,256	7,481
	<u>47,625</u>	<u>50,817</u>	<u>52,947</u>
Projects and One-Off Costs			
Revenue Projects	5,437	4,236	4,292
	<u>5,437</u>	<u>4,236</u>	<u>4,292</u>
Total Parliamentary Service Costs	<u>53,062</u>	<u>55,053</u>	<u>57,239</u>
MSPs' and Officeholders' Costs			
MSP Pay	12,845	13,482	13,900
MSP Office, Staff and Accom. Costs etc.	25,102	25,700	26,497
Members' Security (Note 2)	0	0	1,295
Commissioners & Ombudsman Costs	14,838	15,390	15,791
	<u>52,785</u>	<u>54,572</u>	<u>57,483</u>
Total MSPs' & Officeholders' Costs	<u>52,785</u>	<u>54,572</u>	<u>57,483</u>
General Contingency	1,000	1,000	1,000
Election Contingency	3,000	0	0
Members' Security Contingency (Note 2)	0	1,000	0
	<u>109,847</u>	<u>111,625</u>	<u>115,722</u>
Total Revenue Expenditure	<u>109,847</u>	<u>111,625</u>	<u>115,722</u>
Less:- Income	(264)	(264)	(272)
Total Net Revenue Expenditure	<u>109,583</u>	<u>111,361</u>	<u>115,450</u>
Capital Expenditure			
Capital Expenditure	1,000	800	900
	<u>1,000</u>	<u>800</u>	<u>900</u>
Total Capital Expenditure	<u>1,000</u>	<u>800</u>	<u>900</u>
Total Net Revenue and Capital Expenditure	<u>110,583</u>	<u>112,161</u>	<u>116,350</u>

Note 1 - The review of SCP in 2020 resulted in some on-going support costs for the parliamentary service and this was reflected as one overall budget line totalling £400k in 2021-22 budget bid. These costs have now been allocated to relevant budget areas and so the current budget has been restated to better reflect this. In addition, some of the £400k was one off costs and so not required in the 2022-23 budget bid.

Note 2 - The impact of a full year of Members personal security is recognised in budgets rather than in contingency in 2023-24. The possible impact is recognised as an increased contingency element in 2022-23.

Finance Committee Briefing December 2021 - SPCB Net Revenue and Capital Budget

The net revenue and capital expenditure of the SPCB is forecast to increase from £110.6m in 2021-22 to £112.2m in 2022-23, an increase of £1.6m (1.4%) in cash terms.

The main elements of this bid are:-

Staff Pay	Restated Budget 2021-22 £'000	Budget Bid 2022-23 £'000	Increase / (decrease)	
			£'000	%
Staff Pay	31,669	34,938	3,269	10.3%

Staff pay including use of contractors is budgeted at £34.9m, a net increase of £3.3m (10.3%) in cash terms from the 2021-22 budget and a £2.5m (7.8%) increase compared to the indicative for 2022-23. 2022-23 reflects the outcome of a staffing baseline review.

The main changes in pay are:

Area	Change against 2021-22 budget £m
Staffing baseline uplift	2.7
Temporary posts ending	(0.8)
Inflation	1.0
Increased ERNIC – health & social care tax	0.3
Additional SCP full year SPS staffing impact	0.1

The proposal to increase the staffing baseline, and to maintain this baseline across Session 6, reflects our more informed understanding of the challenges we face in the delivery of our strategic priorities to: enhance scrutiny, including supporting new committee structures and remits; scrutinise post BREXIT constitutional arrangements; embed sustainability and progress our roadmap to net zero; enable enhanced public engagement and participation in committee work; and address organisational capacity, capability and staff wellbeing issues and results in a net additional 33 FTE at a net cost of £1.9m in 2022-23. The 2022-23 Budget includes 10 months of costs and will increase in 2023-24, where the full year impact is reflected in the indicative cost for that year.

2021-22 included a number of temporary posts which are either embedded, reshaped or redeployed in 2022-23 in the new baseline.

Staff Pay also reflects the additional Employers National Insurance costs from 1 April 2022 of 1.25% which will become the health and social care tax in due course.

The increase in staff costs also assumes an element of inflation as well as staff progression through pay scales. SPCB has a current one year pay deal for SPS. For

budgetary purposes we have made an inflationary provision in the budget bid. Discussions with the TUS will take place in due course, once the SPCB has agreed a negotiating remit.

The staff pay budget also reflects the continued investment in the modern apprentices' programme of £117k, supporting young people aged 16-24 to work in the Parliament whilst earning a qualification.

We know from experience that staff turnover reduces the net cost of incremental pay progression. This is reflected in an assumed level of vacancies, which is applied to the staff pay budget as a credit. The vacancy factor is budgeted for 2022-23 at £813k or 2.5% of salaries (2021-22 - £795k, 2.5%).

The 2021-22 Parliamentary Service staff pay budget has been restated to include additional staffing requirement to support the increase in the Staff Cost Provision. The costs in a separate SCP SPS impact line in our 2021-22 submission have been allocated out to reflect these additional support costs. This was based on part year costs for 2021-22 and full year costs for 2022-23.

Staff Related Costs	Budget 2021-22	Budget Bid 2022-23	Increase / (Decrease)	
	£'000	£'000	£'000	%
	715	791	76	10.6%

Staff related costs are budgeted at £791k, an increase of £76k (10.6%) from the current year's budget, reflecting a step change in our approach to corporate training. This reflects Session 6 strategy ambitions, continuing improvements in our approach to learning and to address feedback from the staff survey. This budget also includes a provision for the delivery of a centralised training programme to Members' staff, as agreed as part of the review of Staff Cost Provision. The staff related costs budget also includes provision for Committee travel and associated costs to support the Parliament to extend its work to communities across Scotland.

Property Costs	Budget 2021-22	Budget Bid 2022-23	Increase / (decrease)	
	£'000	£'000	£'000	%
	7,840	7,832	(8)	(0.1%)

Property Costs comprise:-	<u>£k</u>
• Rates	3,616
• Maintenance	2,415
• Utilities	1,051
• Cleaning	626
• Other	124
	<u>7,832</u>

Property Costs of £7.8m show a net decrease of £8k (-0.1%) on the 2021-22 budget.

Rates, at £3.6m, accounts for almost half of total property costs and is projected to be £46k (1.3%) lower than the 2021-22 budget bid. The 2021-22 budget was estimated in excess of the actual charge and the 2022-23 estimate has been rebased on the actual 2021-22 charge with a small estimated inflationary uplift in line with the actual uplift from 2020-21 to 2021-22. The charge is based on a rate in the pound for non-domestic rates plus a higher property rate element and the assessed rateable value of the building.

Utility budget costs in 2022-23 are projected to rise by £24k (2.3%), 60% of Gas prices are fixed due to advance purchasing, 40% are estimated and the market has since become very volatile. Electricity prices are estimates but more stable. Suppliers are unwilling to commit to prices this far in advance due to the market.

Maintenance costs are projected to increase by 3.0% from £2,344k in 2021-22 to £2,415k in 2022-23. This represents annual contract increases principally for staff pay uplifts and inflation on materials.

The cleaning budget is also set to increase by £9k or 1.5% from £616k in 2021-22 to £626k in 2022-23. Cleaning costs may increase if current restrictions remain in place. Current year estimated outturn costs are £720k which reflect increased cleaning due to public health requirements.

Running Costs	Restated Budget 2021-22 £'000	Budget Bid 2022-23 £'000	Increase / (decrease) £'000 %	
		7,401	7,256	(145)
Running Costs comprise:-				
				£k
• IT & Telephony				1,310
• Software Support & Licences				2,334
• Printing & Digital Publications				390
• Postage & Stationery				202
• Service Costs				575
• Public Engagement				468
• Research Services & Materials				517
• Restaurant Services				550
• Other				910
		7,256		
Running costs of £7.3m mainly consist of the SPCB's outsourced contracts for the provision of goods and services and are a decrease of £145k (-2.0%) on the restated 2021-22 budget. Overall running costs are largely neutral for 2022-23 against the restated comparable indicative budget. Cost increases from general software licences				

and cloud hosting services support are offset by reductions in other areas such as information centre stock and software support and maintenance.

The 2021-22 Running costs budget has been restated to include additional costs in the Parliamentary Service to support the increase in the SCP. The costs in a separate SCP SPS impact line in our 2021-22 submission have been allocated out to reflect these additional running costs. Some of these costs were one-off costs in 2021-22 and are not reflected in the 2022-23 budget.

Projects	Budget	Budget Bid	Increase / (decrease)	
	2021-22 £'000	2022-23 £'000	£'000	%
Revenue	5,437	4,236		
Capital	1,000	800		
Total	6,437	5,036	(1,401)	(21.8%)

The total amount incorporated in the 2022-23 budget for revenue and capital projects is £5.0m, £1.4m (21.8%) lower than the current year budget which is in line with the indicative 2022-23 budget. The 2021-22 budget included a one-off additional increase for the funding of the impact of security project requirements [principally the service yard changes]. Excluding this the project budget has risen by £99k (2.0%) between 2021-22 and 2022-23.

The project expenditure budget funds much of the developmental work outlined in our new session 6 strategy. It includes the planned replacement of existing infrastructure (e.g. IT systems and modernisation/improvement of our sound and voting systems to better enable hybrid and remote business) and investment to make improvements to the Parliament’s services and facilities (e.g. better enabling our facilities for more flexible working, progress towards our net zero ambitions and improved and more efficient digital applications).

Projects to be funded in 2022-23 budget:

	Capital £000	Revenue £000	Description
Grouped Programmes			
Business IT/Digital Services	250	1,724	Includes continuation of BIT election project for device refresh, Digital Workplace Programme, members expenses publication, telephony modernisation, and various infrastructure refreshes and improvements including Win10 device and critical service upgrades.
Facilities Management	250	1,550	Includes ongoing local office set-up, continuation of the lift refurbishment programme, purchase of multi-function

			devices, along with various Mechanical and Electrical and Building fabric maintenance projects.
Broadcasting	300	450	Planned upgrade to voting, audio amplification and audio processing.
Other		512	Sustainable Development Programme Pillars 1 & 4 and digital meeting rooms and adjustments at Holyrood to achieve our new ways of working.
	800	4,236	

MSP Pay	Budget 2021-22 £'000	Budget Bid 2022-23 £'000	Increase / (decrease)	
			£'000	%
	12,845	13,482	637	5.0%

Since 2015-16 the MSP pay budget has been calculated on the basis that pay will be uprated on 1 April by the Annual Survey of Hours and Earnings (ASHE) mean index published annually in the previous autumn. This enables a high level of certainty around these salary costs. The SPCB's budget bid to the Finance & Constitution Committee last year reflected a 0% uplift on those salary rates for 2020-21, ASHE mean being 5.1% at that time.

ASHE was published on 27 October 2021 and the relevant index for uprating of 2022-23 salaries is 3.4%. The budget has been prepared on the basis of applying a 3.4% uplift to members pay and the additional Employers National Insurance of 1.25% applicable from 1 April 2022. In addition, there has been an impact on the 2022-23 budget of additional Ministerial posts.

MSP Staff and Office Costs	Budget 2021-22 £'000	Budget Bid 2022-23 £'000	Increase / (decrease)	
			£'000	%
	25,102	25,700	598	2.4%

The 2022-23 budget increase of £0.6m (2.4%) from the 2021-22 budget includes the annualised impact of the increase in SCP covering the period which was not included in 2021-22 due to the new Scheme rules applying from the date the Election in May 2021. Unlike in 2021-22, the costs associated with winding up of staff employment and offices for those members standing down and not returned are not required or reflected in the 2022-23 budget.

The SPCB has previously agreed to index SCP annually using a mix of Average Weekly Earnings (AWE) and the ASHE index. This results in an increase for 2022-23 of 4.5%. It should be noted that Members as employers, within the overall pay ranges, can determine the cost of living award to their staff so long as it is affordable. The budget is calculated on the following assumptions:

- The Members Expenses budget follows the Scheme introduced at the start of Session 6 including the revised Office Cost Provision and the new Engagement Provision.
- SCP which forms the significant element of the Scheme costs is in line with the recommendations of the SCP Review and reflects a full year impact of the new provision limit which is indexed at 4.5%.
- The budget for Members’ Expenses and the associated limits for provisions within the scheme (excluding SCP) will be updated on 1 April 2022. We have used an estimated rate for budget purposes.
- However not all Members will claim the full entitlement in other provisions, reflecting our experience to date.

Commissioners & Ombudsman	Budget 2021-22	Budget Bid 2022-23	Increase / (decrease)	
	£'000	£'000	£'000	%
	14,838	15,390	552	3.7%

The Officeholders’ draft 2022-23 budget submissions total £15.4m which is £0.6m (3.7%) higher than the current year and £0.2m (1.4%) higher than the indicative. The main changes in these budgets from 2021-22 reflect the drop in the funding requirement for 2022-23 of the Electoral Commission due to lower electoral activity in 2022-23 offset by the first full year of funding of the Scottish Biometrics Commissioner. Funding is also increased to reflect the SPCB agreement for additional staff for the Ethical Standards Commissioner following an independent audit review. The Scottish Commission for Human Rights has submitted a business case to increase its staffing capacity to meet increased demand. An additional £300k has been included in the officeholders’ contingency pending a review of the Commission’s business case.

An analysis of the officeholders’ budget bids is provided in schedules 4a & 4b.

Contingency	Budget 2021-22	Budget Bid 2022-23	Increase / (decrease)	
	£'000	£'000	£'000	%
General	1,000	1,000	0	0.0%
Election	3,000	0	(3,000)	n/a
Members’ Security	0	1,000	1,000	n/a

In line with our indicative budget submission to the Finance & Constitution Committee we have included:

- A general contingency of £1m for:
 - a prudent contingency for emergencies.
 - potential operational cost pressures, which are not yet confirmed or certain.

Following the tragic death of Sir David Amess MP, the SPCB has been reviewing the personal security support provided to Members. The costs for enhanced support to Members is included as an additional £1m security contingency requirement while the nature of this support is determined. However, the estimate of all security enhancements, if eventually approved, is included as an ongoing baseline cost from 2023-24 onwards in our indicative forecast and set out as separate line in the SPCB's budget submission to ensure transparency.

Income	Budget 2021-22 £'000	Budget Bid 2022-23 £'000	(Increase) / decrease	
			£'000	%
	(264)	(264)	0	0.0%

The projected income of £264k relates principally to the Parliament shop, and no change (0.0%) is anticipated against the 2021-22 budget. This is based on a normal year of opening to the public and visitor numbers at previous levels pre-pandemic.

Total Net Revenue & Capital Expenditure	Adjusted Budget 2020-21 £'000	Budget Bid 2021-22 £'000	Increase / (decrease)	
			£'000	%
	110,583	112,161	1,578	1.4%

Capital Charges (Schedule 1)

Capital charges and non-cash items	Budget 2021-22 £'000	Budget Bid 2022-23 £'000	Increase / (decrease) £'000 %	
DEL				
Depreciation	11,800	13,800	2,000	16.9
Audit fee	77	79	2	2.6
Total DEL capital charges and non cash items	11,877	13,879	2,002	16.9
AME				
Pension finance cost (net)	2,000	2,000	0	0
Total AME capital charges and non cash items	2,000	2,000	0	0
Total capital and non cash charges DEL + AME	13,877	15,879	2,002	14.4

Depreciation on the Holyrood Building and Fixed Plant is calculated based on the valuation figures and estimated useful lives as at 31 March 2021, uplifted for forecast indexation as at 31 March 2022.

The pension finance AME charge represents provision for the notional funding costs for the Members' Pension Fund arising from the movement of actuarial factors.

Commissioners and Ombudsman Budget Bid 2022-23

Office	Approved Budget 2021-22 £'000	Budget Bid 2022-23 £'000	2022-23 Increase/(decrease) vs 2021-22 approved budget £,000	2022-23 Increase/(decrease) vs 2021-22 approved budget %
Scottish Public Services Ombudsman	5,572	5,738	166	3.0%
Co-location accommodation (Note 1)	545	563	18	3.3%
Sub total	6,117	6,301	184	3.0%
Scottish Information Commissioner	2,030	2,120	90	4.4%
Commissioner for Children and Young People in Scotland	1,374	1,457	83	6.0%
Scottish Commission for Human Rights	1,048	1,099	51	4.9%
Commissioner for Ethical Standards in Public Life in Scotland	946	1,143	197	20.8%
Standards Commission for Scotland	302	311	9	3.0%
Electoral Commission	2,621	1,839	(782)	(29.8%)
Biometrics Commissioner (Note 2)	0	421	421	n/a
Sub total	14,438	14,690	252	1.7%
Central contingency for legal action, staffing etc	400	700	300	75.0%
Total	14,838	15,390	552	3.7%

Notes:

Note 1 - Co-location accommodation costs for SPSO, CYPSC, SHRC and SBC are accounted for through the SPSO's budget and annual accounts.

Note 2 - This is the first year of funding the Scottish Biometrics Commissioner.

Analysis of Officeholders 2022-23 budget bids

	SPSO		SIC		CYPCS	
	Approved Budget £'000	Bid £'000	Approved Budget £'000	Bid £'000	Approved Budget £'000	Bid £'000
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Revenue						
Staff Costs	4,859	5,020	1,627	1,721	977	1,066
Staff Related/General Costs	51	42	23	23	66	66
Property Costs (Note 1)	545	563	125	125	0	0
Professional Fees	336	359	62	67	32	34
Running Costs	376	388	170	171	297	289
Income	(50)	(80)	0	0	0	0
Capital	0	9	23	13	2	2
Total	6,117	6,301	2,030	2,120	1,374	1,457

	SHR		ESC		SC	
	Approved Budget £'000	Bid £'000	Approved Budget £'000	Bid £'000	Approved Budget £'000	Bid £'000
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Revenue						
Staff Costs	830	881	651	789	255	258
Staff Related/General Costs	29	40	13	16	16	18
Property Costs	0	0	90	92	1	1
Professional Fees	23	21	140	199	7	9
Running Costs	166	157	50	41	23	25
Income	0	0	0	0	0	0
Capital	0	0	2	6	0	0
Total	1,048	1,099	946	1,143	302	311

	EC		SBC Note 2	
	Approved Budget £'000	Bid £'000	Budget £'000	Bid £'000
	2021-22	2022-23	2021-22	2022-23
Revenue				
Staff Costs				
Staff Related/General Costs	1,048	998	0	309
Property Costs	0	0	0	6
Professional Fees	364	355	0	18
Running Costs	0	0	0	88
Depreciation	1,082	366	0	0
Capital	127	120	0	0
Total	2,621	1,839	0	421

Notes:
 Note 1 - Co-location accommodation costs for SPSO, CYPCS, SHRC and SBC are accounted for through the SPSO's budget and annual accounts.
 Note 2 - This is the first year of funding the Scottish Biometrics Commissioner.

SPSO - Scottish Public Services Ombudsman
 SIC - Scottish Information Commissioner
 CYPCS - Commissioner for Children and Young People in Scotland
 SHRC - Scottish Human Rights Commission
 ESC - Commissioner for Ethical Standards in Public Life in Scotland
 SC - Standards Commission for Scotland
 EC - Electoral Commission
 SBC - Biometrics Commissioner

SPCB Statement of Financial Position

	31 Mar 2021 Actual (£'000)	31 Mar 2022 Projected (£'000)	31 Mar 2023 Projected (£'000)
Non-current assets			
Holyrood land and buildings	340,815	369,339	368,172
Other fixed assets	5,044	4,437	3,783
Total non-current assets	345,859	373,776	371,955
Current assets			
Inventories	257	257	257
Trade and other receivables	1,528	1,528	1,528
Cash and cash equivalents	2,332	2,332	2,332
Total current assets	4,117	4,117	4,117
Total assets	349,976	377,893	376,072
Liabilities (including current and non-current)	(27,652)	(27,135)	(27,119)
Assets less liabilities	322,324	350,758	348,953
Taxpayers' equity			
General fund	204,532	198,419	190,051
Revaluation reserve	135,151	169,698	176,261
Pension reserve	(17,359)	(17,359)	(17,359)
Total taxpayers' equity	322,324	350,758	348,953

Shop Trading Accounts

	Actual 2018-19 £'000	Actual 2019-20 £'000	Actual 2020-21 £'000	Budget 2021-22 £'000	Budget 2022-23 (4) £'000
Sales	252	239	4	246	246
Cost of Sales (1)	139	138	15	124	124
Net Contribution	113	101	-11	122	122
Direct Salaries (2)	91	96	100	99	101
Other Direct Costs (3)	5	4	1	4	4
Total Direct Costs	96	100	101	103	105
Net Surplus/(Deficit) after direct costs	17	1	-112	19	17

Notes

(1) Cost of sales is the cost of items for sale in the shop less budgeted shop discount

(2) Direct Salaries have been updated to reflect retail function staffing (1 Manager, 1.33 G2 plus allowances and overtime).

(3) Other direct costs are expenditure incurred directly in the operation of the shop such as stationery and credit card and cash uplift charges.

(4) 2022-23 is based on a normal trading year and is in line with previous budgets.

This statement does not include general overhead costs, e.g. for a proportion of business rates, utility costs and other operational and support costs.