

# Finance and Public Administration Committee

1<sup>st</sup> Meeting, 2023 (Session 6), Tuesday 10  
January 2022

## SPCB budget bid 2023-24

### Introduction

1. The Committee is invited to take evidence on the Scottish Parliamentary Corporate Body (SPCB) budget submission for 2023-24 from—
  - Jackson Carlaw MSP (SPCB lead on Governance)  
and 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 2024-25;
  - Schedule 2: Analysis of SPCB Budget: Supporting Schedule;
  - Schedule 3: Committee Briefing: SPCB Net Revenue and Capital Budget;
  - Schedule 4a: Officeholders Budget Bid 2023-24;
  - Schedule 4b: Analysis of Officeholders Budget Bids 2023-24;
  - Schedule 5: SPCB Statement of Financial Position; and
  - Schedule 6: Parliament Shop Trading Accounts.
3. This paper includes a summary of the information provided in the 2023-24 SPCB budget bid. It also provides some background in relation to the Committee's scrutiny of the SPCB's previous budget bid (for 2022-23) and consideration of the costs associated with the Scottish Parliament's new website.

### Background

4. The Scotland Act 1998<sup>1</sup> 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

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

provides for any such expenses incurred by the SPCB to be payable from the Scottish Consolidated Fund.

5. The Scottish Consolidated Fund is the funding pot from which all Scottish Government expenditure stems and comprises an annual block grant from the UK Parliament's Consolidated Fund along with the Scottish Government's operational receipts, for example, revenues from the fully devolved taxes.
6. 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").
7. To support parliamentary scrutiny of the SPCB's budget proposals, the SPCB will give evidence to the Committee on its bid. The Committee will then consider and report on the bid as part of its wider budget scrutiny, as set out in the Session 6 Written Agreement between the Committee and the SPCB<sup>2</sup>.
8. The SPCB's final expenditure proposals appear in the annual Budget Bill which will be voted on by the Parliament.

## SPCB Budget Bid 2023-24

9. The Presiding Officer's letter of 15 December 2022 highlights key elements of the SPCB's budget bid for 2023-24, including "exceptional inflationary pressures" as the key challenge driving expected spend over the next financial year. The letter notes that the SPCB "have carefully considered from a risk-based perspective our budget submission, recognising the known demands and volatility that we are likely to experience in running the Parliament in the medium term".

## Headline figures

10. The SPCB's bid proposes a total budget requirement for 2023-24, including capital charges and non-cash items, of £134.2m, compared to the current year budget of £128.0m. The total proposed budget excluding capital charges and non-cash items amounts to £117.6m, a net £5.4m (4.8%) increase on the current financial year's budget and £1.2m (1.1%) on the indicative 2023-24 budget advised by the SPCB in their bid to the Committee last year.
11. The Presiding Officer's letter notes that the proposed increase from the indicative forecast "is primarily attributable to inflationary pressures and organisational changes in the Ethical Standards Commissioner operations".

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<sup>2</sup> [Written agreement between the Finance and Public Administration Committee and SPCB \(parlamaid-alba.scot\)](https://www.parliament.scot/parlamaid-alba.scot)

12. The letter further highlights a contingency increase of £0.5m to £1.5m, based on “prevailing inflationary pressures and the associated risk and uncertainty to major spend categories”.
13. The bid includes a projected income of £270,000 relating “principally to the Parliament shop”, with data suggesting that trading and footfall remain down on 2019-20 (pre-Covid) levels. An online shop was launched in summer 2022-23 and more work is underway on proposing options to create a “viable operating model”. An update on shop trading accounts is provided at Schedule 6, showing an expected £7,000 net surplus after direct costs in 2023-24, compared to £17,000 in 2022-23.
14. Property costs are expected to rise to £8.7m, a net increase of £847k (10.8%) on the 2022-23 budget. This includes a projected increase of £409,000 (39%) in utility costs for 2023-24, as well as increases in rates (3%), maintenance costs (12.5%) and cleaning (3.9%).
15. Overall running costs are also expected to rise to £7.3m, £43,000 (0.60%) higher than the 2022-23 budget, but £182,000 lower than the 2023-24 indicative budget. Schedule 3 notes that cost increases from Restaurant Services, the reinstatement of the Creche and General Advisors are offset by reductions in other areas such as Cloud Hosting, Telephony, Corporate Events, Occupational Health and Business Clothing.

## Staff pay

16. The bid includes a £2.3m (6.7%) increase in staff pay budget compared to the current financial year and a £0.6m (1.7%) increase compared to the indicative forecast for 2023-24. The Presiding Officer’s letter states that the increase “reflects the full year impact of the agreed staffing baseline changes approved in last year’s submission along with a reasonable provision for a cost of living pay award”.
17. The staffing baseline was increased in 2022-23 by £2.7m for the duration of Session 6 in order to support the delivery of the SPCB’s strategic priorities to:
- enhance scrutiny, including supporting new committee structures and remits
  - scrutinise post-Brexit constitutional arrangements
  - embed sustainability and progress the roadmap to net zero
  - enable enhanced public engagement and participation in committee work
  - address organisational capacity, capability and staff wellbeing issues
18. Staff pay, including use of contractors, is budgeted at £37.3m, with the main driver of the increase being inflation. Schedule 3 indicates that the SPCB has made provision for a cost of living pay award for the next financial year, while

noting that the pay award is subject to negotiation with recognised trade union partners.

19. The above figure includes the permanent reduction in Employers National Insurance from 15.05% to 13.8%, £137,000 investment in the modern apprentices' programme and a vacancy factor<sup>3</sup> worth £940,000 (2.5% of salaries).
20. In addition to staff pay, other staff related costs are budgeted at £818,000, an increase of £27,000 (3.4%) from the 2022-23 budget.

## MSP pay and Staff Cost Provision

21. It is proposed that MSP and Ministerial salaries will increase by 1.5% in keeping with the Annual Survey of Hours and Earnings (ASHE) index, as provided for in the Members' Salaries Scheme.
22. In terms of Staff Cost Provision, the SPCB opted to depart from the approach agreed in 2020 of using a combination of Average Weekly Earnings (AWE) and the ASHE index. The Presiding Officer's letter explains that, based on the recent ASHE publication, this would have amounted to an index of 4.1%. Recognising current inflation figures, the SPCB has opted to use only the AWE index of 5.6% to uplift the general provision, resulting in a rate of £147,000 per Member.
23. A further change to Staff Cost Provision budgeting relates to uptake assumptions. The current bid assumes an uptake rate of 93%, which represents a departure from the figure previously used (95%). According to the Presiding Officer's letter, this is based on a review of recent trends.

## Commissioners and Ombudsman

24. Schedules 4(a) and 4(b) provide an analysis of the officeholders' budget bids, together with further supporting information on their individual submissions. Officeholders' bids amount to a total of £16.6m, £1.2m (8.1%) higher than the 2022-23 budget and £0.8m (5.4%) higher than the indicative forecast.
25. As stated in the Presiding Officer's letter, most significant changes to the bids reflect resourcing increases in the Ethical Standards Commissioner and the Scottish Human Rights Commission "to address business needs".
26. Schedule 4(a) shows an increase of £407,000 for the Scottish Public Services Ombudsman budget, from £6.3m to £6.7m. It further notes that the Scottish Human Rights Commission's bid was increased by £242,000 primarily due to a new staffing structure, while the Ethical Standards Commissioner's bid of £1.6m includes an additional £405,000 recently approved by the SPCB to provide

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<sup>3</sup> Schedule 3 explains that an assumed level of vacancies - 'vacancy factor' is budgeted for as "we know from experience that staff turnover reduces the net cost of incremental pay progression".

funding for an additional 7.4 FTE staff. Meanwhile, central contingency (for legal action, staffing etc.) is reduced from £700,000 to £500,000.

## Major projects

27. Schedule 3 includes an analysis of planned project expenditure, including both planned replacement of existing infrastructure and investment to services and facilities.
28. The Presiding Officer's letter indicates that "following a thorough prioritisation exercise, the total project expenditure budget of £5.2m is exactly in line with the indicative budget for projects for 2023-24".
29. Projects to be funded in 2023-24 include IT operational projects (£679,000), digital business projects (£492,000) and facilities management projects worth £1.015m (mechanical and electrical systems maintenance - £495,000, building fabric maintenance - £331,000, office space planning - £189,000 and planned replacement of equipment - £40,000).
30. In addition to the above, a new table has been added this year listing major multi-year projects (including forecast overall costs), although no information is provided on the criteria used to define 'major' projects:
- Replacing the Building Environment Management System – The programme starts this financial year and runs for 4 years at a total forecast cost of £4.126m (£2.1m in 2023-24). The bid is subject to procurement due to commence early next year.
  - Chamber Conferencing Systems – The programme started in 2019-20 and is due to end in 2023-24 at a total cost of £1.7m. The estimated cost for the final year of the programme is £450k.

## Committee scrutiny of the SPCB budget for 2022-23

### SPCB budget bid 2022-23

31. The Committee's report on the Scottish Budget 2022-23<sup>4</sup> included a section relating to its scrutiny of the SPCB's budget bid for 2022-23. That budget bid had focused on the SPCB's commitment to "enhancing the scrutiny function of Parliament". In her letter to the Committee of December 2021, the Presiding Officer noted that the demands placed on parliamentary staff in the latter part of Session 5 had "become unsustainable" and changes to the staffing baseline were being made to address this. As a result, the staff pay budget was increased by £3.3m (10.3%) compared to the 2021-22 budget. Other significant factors contributing to the increase in the previous budget bid included:

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<sup>4</sup> [Budget Scrutiny 2022-23 | Scottish Parliament](#)

- anticipated requirements for members' personal security and inflationary increases in the Parliament's running costs.
- increased citizen participation,
- greater emphasis on digital services, and
- the "huge challenge" of monitoring Scottish Government progress towards delivering net zero whilst demonstrating leadership in embedding sustainability.

32. The Committee noted that Staff Cost Provision, had increased from £93,000 to £133,200 during Session 5 and questioned the SPCB on whether this increase had been fully utilised by Members. In response, the SPCB pointed out that "it was difficult to assess this so early in Session 6 due to the length of time it takes for new Members to recruit staff, so it was likely that there would be an underspend in the first year." The Committee heard that a fuller picture would emerge during the current year.

33. The previous year's budget bid also included an additional £0.3m contingency 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. The SPCB confirmed at the time that it had requested a full business case from the Commission and planned to undertake an independent review.

34. The Committee noted in its report its intention to return to these issues during consideration of the SPCB's budget bid for 2023-24.

## Scottish Parliament's new website costs

35. The Committee wrote to the SPCB on 30 March 2022 seeking a response to a number of questions on the costs and delivery of the Parliament's new website<sup>5</sup>. The SPCB's response of 27 April noted that the original estimated cost of the project was £2.9m (compared to the actual sum of £3.024m) and that the project was completed by 2021, "in line with the estimated timescale put forward in 2018".

36. The Committee took oral evidence on the issues raised in this correspondence on 17 May 2022<sup>6</sup>. During the evidence session, the Committee raised concerns regarding the limited information provided in the annual budget bids on the costs of significant projects (both annually and overall costs), spanning several years. Following the meeting, the Scottish Parliament's Deputy Chief Executive wrote to the Convener on 22 June 2022 with follow-up information on the number of Contractors employed with specialist skills, the Agile methodology, governance issues and timescales for the review of the website project<sup>7</sup>.

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<sup>5</sup> [3274 \(parliament.scot\)](#)

<sup>6</sup> [Meeting of the Parliament: FPA/17/05/2022 | Scottish Parliament Website](#)

<sup>7</sup> [Finance and Public Administration Committee 15th Meeting, 2022 | Scottish Parliament Website](#)

37. Given the Committee's concerns about the lack of transparency in relation to costs of projects that span a number of years, the SPCB noted in its letter of 27 April that "officials have also recognised the need to provide increased detail on major multi-year project costs as part of the annual budgeting process to the SPCB and the Finance and Public Administration Committee".
38. The current bid (2023-24) has therefore been updated to include a new table listing major multi-year projects and forecast costs, which is available at Schedule 3.

## Indicative Forecast for 2024-25

39. Schedule 2 provides an analysis of the SPCB's indicative forecast for 2024-25. The Presiding Officer's letter stresses, however, that this is "caveated, reflecting the uncertainties we face in public sector budgeting for future years".
40. The indicative forecast shows an expected increase in revenue expenditure of £3.4m to £119.5m, while capital expenditure is forecast to reduce by £0.5m to £1m. The SPCB's current expectation for revenue and capital expenditure in 2024-25 totals £120.5m, compared to its 2023-24 bid of £117.6m.

## Next steps

41. The Committee's consideration of the SPCB's budget bid will be reflected in its report on the Scottish Budget 2023-24 expected to be published in late January.

Committee Clerking Team  
January 2023



The Scottish Parliament  
Pàrlamaid na h-Alba

## The Presiding Officer

Kenneth Gibson MSP  
Convener  
Finance and Public Administration Committee

By email

15 December 2022

Dear Kenneth

### **SPCB BUDGET SUBMISSION FOR 2023-24**

This budget bid is the second of our medium-term financial plan for session 6 and is aligned with the commitments made in the 2022-23 submission, which invested in the Scottish Parliamentary Service to effectively deliver its services to meet the new demands of session 6. The key challenges in this 2023-24 bid centre around exceptional inflationary pressures. We have carefully considered from a risk-based perspective our budget submission, recognising the known demands and volatility that we are likely to experience in running the Parliament in the medium term.

A total proposed budget for 2023-24, excluding capital charges and non-cash items, of £117.6m represents a net £5.4m (4.8%) increase on the current financial year's budget and £1.2m (1.1%) on the indicative 2023-24 budget advised to the Finance and Public Administration Committee last year. The proposed increase of £1.2m from indicative is primarily attributable to inflationary pressures and organisational changes in the Ethical Standards Commissioner operations.

As noted, we are planning for inflationary pressures across the Parliament's cost base in the 2023-24 budget, taking account of recognised projections and known changes such as utilities and costs of goods and services. In recognition of these prevailing inflationary pressures and the associated risk and uncertainty to major spend categories, we have increased our contingency by £0.5m.

### **Headline figures**

The SPCB has identified a total budget requirement, including capital charges and non-cash items, of £134.2m for 2023-24 as shown on the attached schedule 1, compared to the current year budget of £128.0m. Schedule 1 also sets out indicative estimates for the 2024-25 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 (as set out above) £117.6m, £5.4m (4.8%) higher than the 2022-23 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 2023-24 budget submission.

### **Approach to setting the budget**

Our staff pay budget shows a £2.3m (6.7%) increase compared to the current year's approved budget and a £0.6m (1.7%) increase compared to the indicative forecast for 2023-24. The increase from the 2022-23 budget reflects the full year impact of the agreed staffing baseline changes approved in last year's submission along with a reasonable provision for a cost of living pay award. The latter is subject to negotiation with our recognised trade union partners.

As in prior years, MSP and Ministerial pay rises will be indexed in line with the Annual Survey of Hours and Earnings (ASHE) index for public salaries in Scotland (1.5%).

At the SPCB meeting in March 2020, the SPCB agreed to index Staff Cost Provision annually using a mix of Average Weekly Earnings (AWE) and the ASHE index. Based on the recent ASHE publication this derived an index of 4.1%. With general inflation tracking at greater than 11%, the SPCB has chosen to adopt only the AWE index, which is 5.6%. The 2023-24 budget submission reflects this indexation to upfit the overall provision. It should be noted that Members, as employers, can determine the cost of living award to their staff so long as it is affordable within the overall pay ranges.

For budgeting purposes, an assumed uptake of the Staff Cost Provision (SCP) is applied to determine the overall budgeted cost of SCP. Historically this has been assumed at 95%. However, prudently, we have reviewed recent trends and we have determined to use a 93% uptake rate which has been reflected in the 2023-24 budget bid.

An analysis of projects scheduled to be taken forward or continued over the next financial year is shown in Schedule 3. Following a thorough prioritisation exercise, the total project expenditure budget of £5.2m is exactly in line with the indicative budget for projects for 2023-24.

The project expenditure budget funds both 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. In this submission, additional information on the major projects in the plan has been added to Schedule 3.

## **Commissioners and Ombudsman**

Officeholders' bids are £1.2m (8.1%) higher than the 2022-23 budget and £0.8m (5.4%) higher than the indicative forecast. The main changes in these budgets from 2022-23 reflect resourcing increases in the Ethical Standards Commissioner (ESC) and the Scottish Human Rights Commission (SCHR) to address business needs.

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).

## **Indicative Forecast for 2024-25**

Schedule 2 also provides an analysis of our indicative forecast for 2024-25. There is likely to be substantial volatility in the medium term in the economy, especially in relation to inflation. Our indicative budget is therefore caveated, reflecting the uncertainties we face in public sector budgeting for future years.

We will be happy to expand on any aspects of our budget submission when we appear before the Committee on 10 January.

Yours sincerely

**Rt Hon Alison Johnstone MSP**

Presiding Officer

**Total Budget Requirement**

	<b>Original Budget 2022-23 £'000</b>	<b>Budget Bid 2023-24 £'000</b>	<b>Indicative Forecast 2024-25 £'000</b>
<b>A) REVENUE</b>			
Net Revenue Expenditure ( Schedule 2)	111,361	116,098	119,501
<b>B) CAPITAL</b>			
Capital Expenditure ( Schedule 2)	800	1,500	1,000
<b>C) TOTAL EXPENDITURE EXCLUDING CAPITAL CHARGES AND NON CASH ITEMS (A+B)</b>			
Net Revenue and Capital Expenditure	112,161	117,598	120,501
<b>D) CAPITAL CHARGES AND NON CASH ITEMS</b>			
Total Capital Charges and non cash items (Schedule 3)	15,879	16,581	15,333
<b>E) TOTAL EXPENDITURE INCLUDING CAPITAL CHARGES AND NON CASH ITEMS (C+D)</b>			
Total Net Expenditure	128,040	134,179	135,834

<b><u>Net Revenue and Capital Budget</u></b>	<b>Restated Budget 2022-23 (Note 1) £'000</b>	<b>Budget Bid 2023-24 £'000</b>	<b>Indicative Forecast 2024-25 £'000</b>
<b>Revenue Expenditure</b>			
<b>Recurring Annual Costs</b>			
Staff Pay	34,984	37,325	38,443
Staff Related and General Costs	791	818	842
Property Costs	7,832	8,679	8,940
Running Costs	7,256	7,299	7,518
	<b>50,863</b>	<b>54,121</b>	<b>55,743</b>
<b>Projects and One-Off Costs</b>			
Revenue Projects	4,236	3,692	4,348
	<b>55,099</b>	<b>57,813</b>	<b>60,091</b>
<b>Total Parliamentary Service Costs</b>			
	<b>55,099</b>	<b>57,813</b>	<b>60,091</b>
<b>MSPs' and Officeholders' Costs</b>			
MSP Pay	13,482	13,499	13,904
MSP Office, Staff and Accom. Costs etc.	25,700	26,918	27,726
Commissioners & Ombudsman Costs	15,390	16,638	17,058
	<b>54,572</b>	<b>57,055</b>	<b>58,688</b>
<b>Total MSPs' &amp; Officeholders' Costs</b>			
	<b>54,572</b>	<b>57,055</b>	<b>58,688</b>
<b>General Contingency</b>	1,000	1,500	1,000
<b>Members' Security Contingency</b>	954	0	0
	<b>111,625</b>	<b>116,368</b>	<b>119,779</b>
<b>Total Revenue Expenditure</b>	<b>111,625</b>	<b>116,368</b>	<b>119,779</b>
<b>Less:- Income</b>	(264)	(270)	(278)
<b>Total Net Revenue Expenditure</b>	<b>111,361</b>	<b>116,098</b>	<b>119,501</b>
<b>Capital Expenditure</b>			
Capital Expenditure	800	1,500	1,000
<b>Total Capital Expenditure</b>	<b>800</b>	<b>1,500</b>	<b>1,000</b>
<b>Total Net Revenue and Capital Expenditure</b>	<b>112,161</b>	<b>117,598</b>	<b>120,501</b>

**Note 1** - The 2022-23 approved staffing budget has been restated to transfer out the element of the £46k from Members Security to staff pay as the relevant expenditure lines in year. Members' Security Contingency has been restated to exclude this element. Expenditure planned for 2023-24 has been included within the relevant budget lines.

**Finance Committee Briefing January 2023 - SPCB Net Revenue and Capital Budget**

The net revenue and capital expenditure of the SPCB is forecast to increase from £112.2m in 2022-23 to £117.6m in 2023-24, an increase of £5.4m (4.8%) in cash terms.

The main elements of this bid are:-

<b>Staff Pay</b>	<b>Restated Budget 2022-23 £'000</b>	<b>Budget Bid 2023-24 £'000</b>	<b>Increase / (decrease)</b>	
			<b>£'000</b>	<b>%</b>
Staff Pay	34,984	37,324	2,340	6.7%

Staff pay including use of contractors is budgeted at £37.3m, a net increase of £2.3m (6.7%) in cash terms from the 2022-23 budget and a £0.6m (1.7%) increase compared to the indicative for 2023-24.

The main changes in pay are:

<b>Area</b>	<b>Change against 2022-23 budget £'000</b>
Staff pay uplift	1,900
Decrease in Employers NIC from 15.05% to 13.8%	(297)
New posts relating to MSP personal security recommendations	124
SRR annualised	600

The main driver of the increase to staff pay is inflation, where for budgetary purposes we have made provision for a cost of living pay award for the next financial year. This is subject to negotiation with the TUS in due course, once the SPCB has agreed a negotiating remit.

There is a risk that inflation could be higher than budgeted and we will need to assess this as part of the discussions with SPCB to set a negotiating remit. SPCB has a current one year pay deal for SPS ending 31/03/23

The increase in staff costs includes inflation in addition to staff progression through pay scales

The annualised impact of the impact of the staffing baseline increases costs by £0.6m in 2023-24 as approved in the 2022-23 budget cycle. The staffing baseline, excluding inflation, is exactly as agreed in the 2023-24 submission

The staffing baseline was increased in 22-23 by £2.7m for the duration of Session 6 to meet 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
- address organisational capacity, capability and staff wellbeing issues

In 22-23 the FTE baseline increased by 33 FTE

Staff Pay reflects the recent decision to permanently reduce Employers National Insurance from 15.05% back to 13.8% with effect from 6th November 2022.

The staff pay budget also reflects the continued investment in the modern apprentices' programme of £137k, supporting young people aged 16-24 to gain valuable work experience 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 2023-24 at £940k or 2.5% of salaries (2023-23 - £813k, 2.5%).

Staff Related Costs	Budget 2022-23	Budget Bid 2023-24	Increase / (Decrease)	
	£'000	£'000	£'000	%
	791	818	27	3.4%

Staff related costs are budgeted at £818k, an increase of £27k (3.4%) from the current year's budget.

Travel and Expenses budgets have all increased slightly from 2022-23 reflecting the removal of COVID restrictions. However virtual meetings, conferences and training have reduced the need to travel as much as we used to - supporting our environmental strategy.

Job related staff training has increased by £36k partly as a tool to attract and retain staff for posts which are difficult to fill and to continue to address wellbeing issues and team development.

The provision for Childcare vouchers has reduced by £20k in line with the reduction in that scheme.

The Corporate Training element within this budget 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 engage with communities across Scotland.

Property Costs	Budget 2022-23	Budget Bid 2023-24	Increase / (decrease)	
	£'000	£'000	£'000	%
	7,832	8,679	847	10.8%

Property Costs comprise: -		£'000
•	Rates	3,723
•	Maintenance	2,716
•	Utilities	1,460
•	Cleaning	650
•	Other	130

Property Costs of £8.7m shows a net increase of £847k (10.8%) on the 2022-23 budget.

Rates, at £3.7m, accounts for 43% of total property costs and is projected to be £107k (3%) higher than the 2022-23 budget bid. 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 costs in 2023-24 are projected to rise by £409k (39%). There is uncertainty in this figure but reflects our best estimate based on building usage and consumption rates alongside estimated price increases. 2022-23 utility costs are currently projected to exceed the annual budget by £165k with price increases taking effect during Q3 & Q4.

Maintenance costs are projected to increase by 12.5% from £2,415k in 2022-23 to £2,716k in 2023-24. Minor works maintenance budget was cut by £100k in 2022-23 but restored in 23-24. The balance of the increase relates to an assumed contract increase 9-10% (in line with prevailing inflation rates) at their annual renewal, the date of which varies for each contract

The cleaning budget is also set to increase by £24k or 3.9% from £626k in 2022-23 to £650k in 2023-24. Enhanced cleaning continues to feature in 2022-23 and an amount has been set aside in 2023-24 contingency should the guidance continue to recommend this.

Running Costs	Budget 2022-23	Budget Bid 2023-24	Increase / (decrease)	
	£'000	£'000	£'000	%
	7,256	7,299	43	0.60%

Running Costs comprise:-		£k
•	IT & Telephony	1,261
•	Software Support & Licences	2,213
•	Restaurant Services	633
•	Printing & Digital Publications	416
•	Postage & Stationery	201

• Research Services & Materials	592
• Service Contracts	674
• Public Engagement	424
• Other	885
	<u>7,299</u>

Running costs of £7.3m mainly consist of the SPCB’s outsourced contracts for the provision of goods and services and are an increase of £43k (0.60%) on the 2022-23 budget. Overall running costs are £182k lower than the 2023-24 indicative budget. Cost increases from Restaurant Services, the reinstatement of the Creche and General Advisors are offset by reductions in other areas such as Cloud Hosting, Telephony, Corporate Events, Occupational Health and Business Clothing.

Projects	Budget 2022-23	Budget Bid 2023-24	Increase / (decrease)	
	£'000	£'000	£'000	%
Revenue	4,236	3,692		
Capital	800	1,500		
Total	5,036	5,192	156	3.1%

The total amount incorporated in the 2023-24 budget for revenue and capital projects is £5.2m, £156k (3.1%) higher than the current year budget but in line with the restated indicative 2023-24 budget.

The project expenditure budget funds much of the developmental work outlined in our 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 through the BEMS project, and improved and more efficient digital applications).

Projects to be funded in 2023-24 budget:

	Capital £000	Revenue £000	Description
<b>Grouped Programmes</b>			
Business IT/Digital Services	40	1,131	<p>IT Operational Projects - <b>£679k</b></p> <p>Includes projects to update or replace technology infrastructure and equipment to support Members and staff and run the business of the Parliament, as well as the tools required to manage these assets effectively. This includes investment to improve our cyber security.</p> <p>Digital Business Projects - <b>£492k</b></p>



			Includes a feasibility study of a new streamlined process to produce and publish the Business Bulletin, Emerging discovery work for replacing our Finance, payroll and HR systems, applications to support our engagement and participation activities and a simpler and easier to access self-service room booking system.
Facilities Management	40	1,015	Mechanical and Electrical systems maintenance - <b>£495k</b> Building fabric maintenance - <b>£331k</b> Office space planning and moves in line with our New Ways of Working strategy - <b>£189k</b> Planned replacement of items of equipment across the estate <b>£40k</b>
Building Energy Management System (BEMS) Replacement	1,420	680	See detail in major projects table
Chamber conferencing system.		450	See detail in major projects table
Other		416	<ul style="list-style-type: none"> <li>• Includes fixed term staffing appointments that support ongoing development work.</li> <li>• Work to set up social media monitoring to support MSP's personal security.</li> <li>• Embedding Sustainable Development thinking and support to members/committees on Net Zero Scrutiny.</li> </ul>
<b>Total</b>	<b>1,500</b>	<b>3,692</b>	

Major Multi Year Projects	Programme	Start Year	Length	Cost to date	23/23 Budget	Forecast total cost	Commentary
				<b>£000</b>			
<b>Replace Building Environment Management System</b>							
The Building and Energy Management System (BEMS) is a business-critical tool which provides visibility and control of building services; principally the heating, ventilation, air conditioning and domestic hot water (HVAC) systems in all areas of the Holyrood site.	Carbon Management Plan	22-23	4 years	120	2,100	4,126	Business case approved Nov-22. Bid is Subject to procurement due to commence early 23. <b>Total cost estimate range currently £3.7m-£4.5m</b>
<b>Chamber Conferencing Systems</b>							
Multiyear programme to replace chamber conferencing system and supporting infrastructure; introduce hybrid systems	Broad-casting	19-20	4 years	1,250	450	1,700	Final Year of programme. Remaining project work is replacement of conferencing

for debate in chamber and committee rooms as well as replacing the Audio system for both members and the public in the debating chamber.							system in Chamber. Bid is current estimate subject to agreement of Business case and procurement
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MSP Pay	Budget 2022-23 £'000	Budget Bid 2023-24 £'000	Increase / (decrease)	
			£'000	%
	13,482	13,499	17	0.1%
<p>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) index published annually in the previous autumn. This enables a high level of certainty around these salary costs. In 2021-22, the SPCB's budget bid to the Finance &amp; Constitution Committee reflected a 0% uplift on those salary rates for 2020-21 and pay uplift in 2022-23 was 3.4%.</p> <p>ASHE was published on 27 October 2022 and the relevant index for uprating of 2022-23 salaries is 1.5%. The budget has been prepared on the basis of applying a 1.5% uplift to members pay from 1 April 2023. This would equate to a salary of £67,662.</p>				

MSP Staff and Office Costs	Budget 2022-23 £'000	Budget Bid 2023-24 £'000	Increase / (decrease)	
			£'000	%
	25,700	26,918	1,218	4.7%
<p>The SPCB has previously agreed to index SCP annually using a mix of Average Weekly Earnings (AWE) and the ASHE index. Based on the recent ASHE publication this derived an index of 4.1%. With general inflation tracking at greater than 10%, an alternative option was agreed to adopt one of the basket indices, AWE which at in November is 5.6%.</p> <p>This results in an increase for 2023-24 of 5.6% and a rate of £147,000 per Member. 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:</p> <ul style="list-style-type: none"> <li>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.</li> </ul>				

- SCP which forms the significant element of the Scheme costs is in line with the recommendations of the SCP Review and is indexed at 5.6%.
- The budget for Members' Expenses and the associated limits for provisions within the scheme (excluding SCP) will be uprated on 1 April 2022. We have used an estimated rate for budget purposes.
- For budgeting purposes an assumed uptake of the Staff Cost Provision is applied to determine the overall budgeted cost of SCP. Historically this has been assumed at 95% however a review of recent trends shows that the average uptake rate on the SCP entitlement between 2016-17 and 2021-22 (excluding election years) is 93% and this rate has been reflected in the 23-24 budget bid.

Commissioners & Ombudsman	Budget 2022-23 £'000	Budget Bid 2023-24 £'000	Increase / (decrease) £'000 %	
		15,390	16,638	1,248

The Officeholders' draft 2023-24 budget submissions total £16.6m which is £1.2m (8.1%) higher than the current year and £0.8m (5.4%) higher than the indicative. The main changes in these budgets from 2022-23 reflect resourcing changes in the Ethical Standards Commissioner (ESC) and the Scottish Human Rights Commission (SCHR) with the SPCB recently considering a business case from the Acting Ethical Standards Commissioner and agreeing to provide funding for an additional 7.4 FTE staff.

An analysis of the officeholders' budget bids is provided in schedules 4a and 4b.

Contingency	Restated Budget 2022-23 £'000	Budget Bid 2023-24 £'000	Increase / (decrease) £'000 %	
General	1,000	1,500	500	50%
Members' Security	954	0	(954)	(100%)

In recognition of the prevailing inflationary challenges and the associated risk and uncertainty to major spend categories, the budget bid includes a general £1.5m contingency bid to cover:

- o a prudent contingency for emergencies.
- o potential pressures across the SPCB cost base, which are not yet confirmed or certain.

Income	Budget 2022-23 £'000	Budget Bid 2023-24 £'000	(Increase) / decrease £'000 %	

	(264)	(270)	(6)	2.1%
<p>The projected income of £270k relates principally to the Parliament shop, with only a small increase change (2.1%) is anticipated against the 2022-23 budget. This assumes a normal year of opening to the public and visitor numbers at pre-pandemic levels. Data for 22-23 is incomplete but early signs are that trading, and footfall remain down on 2019-20 (pre-COVID). We are evaluating a range of options and plan to propose a viable operating model early next year for the shop in 2023-24 and beyond. The online shop launched in 22-23 summer recess, but sales performance is not significant yet. We have plans to improve that in 2023-24</p>				

Total Net Revenue & Capital Expenditure	Adjusted Budget 2022-23 £'000	Budget Bid 2023-24 £'000	Increase / (decrease) £'000 %	
		112,161	117,598	5,436

**Capital Charges (Schedule 1)**

Capital charges and non-cash items	Budget 2022-23 £'000	Budget Bid 2023-24 £'000	Increase / (decrease)	
			£'000	%
<b>DEL</b>				
Depreciation	13,800	14,500	700	5.1%
Audit fee	79	81	2	2.5%
<b>Total DEL capital charges and non cash items</b>	<b>13,879</b>	<b>14,581</b>	<b>702</b>	<b>4.8%</b>
<b>AME</b>				
Pension finance cost (net)	2,000	2,000	0	0
<b>Total AME capital charges and non cash items</b>	<b>2,000</b>	<b>2,000</b>	<b>0</b>	<b>0</b>
<b>Total capital and non cash charges DEL + AME</b>	<b>15,879</b>	<b>16,581</b>	<b>702</b>	<b>4.4%</b>

Depreciation on the Holyrood Building and Fixed Plant is calculated based on the valuation figures and estimated useful lives as at 31 March 2022, uplifted for forecast indexation as at 31 March 2023.

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 2023-24**

<b>Office</b>	<b>Approved Budget 2022-23 £'000</b>	<b>Budget Bid 2023-24 £'000</b>	<b>2023-24 Increase/(decrease) vs 2022-23 approved budget £,000</b>	<b>2023-24 Increase/(decrease) vs 2022-23 approved budget %</b>
Scottish Public Services Ombudsman	5,738	<b>6,155</b>	417	7.3%
Co-location accommodation (Note 1)	563	<b>553</b>	(10)	(1.8%)
<b>Sub total</b>	<u>6,301</u>	<u><b>6,708</b></u>	<u>407</u>	<u>6.5%</u>
Scottish Information Commissioner	2,120	<b>2,232</b>	112	5.3%
Commissioner for Children and Young People in Scotland	1,457	<b>1,536</b>	79	5.4%
Scottish Commission for Human Rights (Note 3)	1,099	<b>1,341</b>	242	22.0%
Commissioner for Ethical Standards in Public Life in Scotland (Note 2)	1,143	<b>1,606</b>	463	40.5%
Standards Commission for Scotland	311	<b>338</b>	27	8.7%
Electoral Commission	1,839	<b>1,933</b>	94	5.1%
Biometrics Commissioner	421	<b>444</b>	23	5.5%
<b>Sub total</b>	<u>14,690</u>	<u><b>16,138</b></u>	<u>1,448</u>	<u>9.9%</u>
Central contingency for legal action, staffing etc	700	<b>500</b>	(200)	(28.6%)
<b>Total</b>	<u><u><b>15,390</b></u></u>	<u><u><b>16,638</b></u></u>	<u><u><b>1,248</b></u></u>	<u><u><b>8.1%</b></u></u>

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 - ESC bid includes an additional £405k approved by the SPCB

Note 3 - SHRC bid has increased by £242k due principally to a new staffing structure

**Analysis of Officeholders 2023-24 budget bids**

	SPSO		SIC		CYPCS	
	Approved Budget £'000 2022-23	Bid £'000 2023-24	Approved Budget £'000 2022-23	Bid £'000 2023-24	Approved Budget £'000 2022-23	Bid £'000 2023-24
<b>Revenue</b>						
Staff Costs	5,020	5,423	1,721	1,826	1,066	1,135
Staff Related/General Costs	42	41	23	24	66	67
Property Costs (Note 1)	563	553	125	129	0	0
Professional Fees	359	327	67	68	34	36
Running Costs	388	429	171	166	289	293
Income	(80)	(80)	0	0	0	0
<b>Capital</b>	9	15	13	19	2	5
<b>Total</b>	<b>6,301</b>	<b>6,708</b>	<b>2,120</b>	<b>2,232</b>	<b>1,457</b>	<b>1,536</b>

  

	SHR		ESC		SC	
	Approved Budget £'000 2022-23	Bid £'000 2023-24	Approved Budget £'000 2022-23	Bid £'000 2023-24	Approved Budget £'000 2022-23	Bid £'000 2023-24
<b>Revenue</b>						
Staff Costs	881	1,058	789	1,263	258	279
Staff Related/General Costs	40	50	16	15	18	21
Property Costs	0	0	92	103	1	3
Professional Fees	21	53	199	160	9	10
Running Costs	157	180	41	62	25	25
Income	0	0	0	0	0	0
<b>Capital</b>	0	0	6	3	0	0
<b>Total</b>	<b>1,099</b>	<b>1,341</b>	<b>1,143</b>	<b>1,606</b>	<b>311</b>	<b>338</b>

  

	EC		SBC	
	Approved Budget £'000 2022-23	Bid £'000 2023-24	Budget £'000 2022-23	Bid £'000 2023-24
<b>Revenue</b>				
Staff Costs	998	1,182	309	337
Staff Related/General Costs	0	0	6	10
Property Costs	355	449	0	0
Professional Fees	0	0	18	30
Running Costs	366	99	88	67
Depreciation	120	203	0	0
<b>Capital</b>	0	0	0	0
<b>Total</b>	<b>1,839</b>	<b>1,933</b>	<b>421</b>	<b>444</b>

Notes:

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

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**

	<b>31 Mar 2022 Actual (£'000)</b>	<b>31 Mar 2023 Projected (£'000)</b>	<b>31 Mar 2024 Projected (£'000)</b>
<b>Non-current assets</b>			
Holyrood land and buildings	356,890	374,897	391,804
Other fixed assets	5,842	5,123	5,362
<b>Total non-current assets</b>	<b>362,732</b>	<b>380,020</b>	<b>397,166</b>
<b>Current assets</b>			
Inventories	193	193	193
Trade and other receivables	1,975	1,975	1,975
Cash and cash equivalents	1,932	1,932	1,932
<b>Total current assets</b>	<b>4,100</b>	<b>4,100</b>	<b>4,100</b>
<b>Total assets</b>	<b>366,833</b>	<b>384,120</b>	<b>401,266</b>
<b>Liabilities</b> (including current and non-current)	<b>(44,131)</b>	<b>(43,691)</b>	<b>(43,691)</b>
<b>Assets less liabilities</b>	<b>322,702</b>	<b>340,429</b>	<b>357,575</b>
<b>Taxpayers' equity</b>			
General fund	198,188	185,630	172,490
Revaluation reserve	156,917	187,202	217,488
Pension reserve	(32,403)	(32,403)	(32,403)
<b>Total taxpayers' equity</b>	<b>322,702</b>	<b>340,429</b>	<b>357,575</b>



**Shop Trading Accounts**

	<b>Actual 2019-20 £'000</b>	<b>Actual 2020-21 £'000</b>	<b>Actual 2021-22 £'000</b>	<b>Budget 2022-23 (4) £'000</b>	<b>Budget 2023-24 £'000</b>
Sales	239	4	16	246	248
Cost of Sales (1)	138	15	13	124	128
<b>Net Contribution</b>	<b>101</b>	<b>-11</b>	<b>3</b>	<b>122</b>	<b>120</b>
Direct Salaries (2)	96	100	97	101	112
Other Direct Costs (3)	4	1	1	4	1
<b>Total Direct Costs</b>	<b>100</b>	<b>101</b>	<b>98</b>	<b>105</b>	<b>113</b>
<b>Net Surplus/(Deficit) after direct costs</b>	<b>1</b>	<b>-112</b>	<b>-94</b>	<b>17</b>	<b>7</b>

## 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.

Actual trading in 2020-21 and 2021-22 was heavily impacted by Covid restrictions

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