Report No: **SLAB/2019/53**

Agenda Item: **08**

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| **Report to:** | The Board |
| **Meeting Date:** | 25 November 2019 |
| **Report Title** | SLAB Administration – Finance and Resource Report |
| **Report Category** | For Information |
| **Issue status:** | Business as usual |

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| **Written by:** | Audrey Crawford |
| **Director responsible:** | Graeme Hill |
| **Presented by:** | Graeme Hill |
| **Contact details:** | hillgr@slab.org.uk |

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| **Delivery of Strategic Objectives** | |
| Select the Strategic Objective(s) relevant to the issues | 2. to advise Scottish Ministers on strategic development pf legal assistance and its contribution to Scotland in which rights are supported and disputes are resolved fairly and swiftly |

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| **Link to Board or Committee Remit** |
| This paper is linked to the Board’s role in monitoring the financial position of SLAB expenditure. |

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| **Publication of the Paper** |
| The Board has previously agreed that this paper should be published as a matter of routine. It will be published on our website in due course. |

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| **Executive Summary** |
| Expenditure for the period ended 31st October 2019 is £7.1m |

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| **Previous Consideration** | |
| **Meeting** | **Detail** |
| 23rd September 2019 -SLAB/2019/47 | The previous report showed expenditure and resources to 31st August 2019. |

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| **Report** |

**1. Grant-in-Aid Funding**

The core funding we are to receive from the Scottish Government is £11,620k. The increase of £300k from the previous year’s allocation of £11,320k reflects the additional costs associated with our work supporting the government in following up the legal aid review. Core funding includes £100k of capital funding which cannot be transferred to staff or running costs. Core cash funding (after removing £550k of funding for Depreciation) is £11,070k. We are also allowed to retain £250k of superannuation receipts and anticipate a contribution of £20k towards the costs of administration of the SWRC Project and £55k from SG Consumer Group for the administration of the grant funding programme that group funds. Additional monies have also been added for estimated pensions spend above the £327k threshold, bringing total in year funding to £12,368k. The opening bank balance is £450k which brings total available funding to £12,818k.

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| **Funding** | **2018/19**  **Actual** | **2019/20**  **Budget** |
|  | **£k** | **£k** |
| Core SG Funding (Actual/SG budget) | **11,320** | **11,620** |
| Non cash funding for Depreciation | **(550)** | **(550)** |
| Retained superannuation receipts | **250** | **250** |
| Additional funding for Grant Funding/ SWRC | **75** | **75** |
| Additional funding for pensions costs above £327k | **676** | **9731** |
| **Total in year funding** | **11,771** | **12,368** |
| **Bank balance brought forward from previous year** | **344** | **450** |
| **Total available funding for the year** | **12,115** | **12,818** |

1 2019/20 pensions spend is currently estimated to be £1.3m. This figure will be updated as we progress through the financial year.

We receive additional grant-in-aid for any pensions spend above £327k. Pensions spend is currently estimated to be £1.3m in 2019-20 so additional funding of £973k is included in the table above.

We are required to transfer to the Scottish Government any pension receipts (contributions and transfers in) over £250k. Pension receipts are set out in the following table.

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| **Pension contributions and transfers in** | **2018-19**  **Actual** | **2019-20**  **Estimate** |
|  | **£k** | **£k** |
| Pension receipts | 439 | 440 |
| Amount to be retained | 250 | 250 |
| **Amount to be returned to Scottish Government** | **189** | **190** |

**2. Grant-in-Aid Budgets and Expenditure**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Department** | **Original**  **Annual Budget** | **Revised Q1**  **Budget** | **Revised Q2 Budget** | **Actual**  **YTD** | **Budget**  **YTD** | **Variance**  **YTD** | **Variance**  **YTD** |
|  | **£k** | **£k** | **£k** | **£k** | **£k** | **£k** | **%** |
| Staff Costs | **1,235** | **1,223** | **1,223** | 703 | 707 | 4 | 0.6 |
| Running Costs | **60** | **60** | **80** | 28 | 50 | 22 | 44.0 |
| Capital Costs | **9** | **27** | **27** | 11 | 27 | 16 | 59.3 |
| **Total Strategic Development** | **1,304** | **1,310** | **1,330** | **742** | **784** | **42** | **5.4** |
| Staff Costs | **4,061** | **4,013** | **4,014** | 2,285 | 2,319 | 34 | 1.5 |
| 1Running Costs | **1,490** | **1,620** | **1,593** | 864 | 861 | (3) | (0.3) |
| Capital Costs | **91** | **73** | **73** | 9 | 27 | 18 | 66.7 |
| **Total Corporate Services** | **5,642** | **5,706** | **5,680** | **3,158** | **3,207** | **49** | **1.5** |
| Staff Costs | **3,662** | **3,568** | **3,563** | 2,071 | 2,075 | 4 | 0.2 |
| Running Costs | **77** | **86** | **83** | 47 | 49 | 2 | 4.1 |
| Capital Costs | **-** | **-** | **-** | - | - | - | n/a |
| **Total Operations** | **3,739** | **3,654** | **3,646** | **2,118** | **2,124** | **6** | **0.3** |
| Staff Costs | **315** | **286** | **279** | 152 | 152 | - | - |
| Running Costs | **(12)** | **(2)** | **15** | 8 | 11 | 3 | 27.3 |
| Capital Costs | **-** | **-** | **-** | - | - | - | n/a |
| **Total Legal Services** | **303** | **283** | **294** | **160** | **163** | **3** | **1.8** |
| 2Staff Costs | **115** | **212** | **37** | - | 2 | 2 | 100.0 |
| Running Costs | **-** | **-** | **-** | - | - | - | n/a |
| Capital Costs | **-** | **-** | **-** | - | - | - | n/a |
| **Total Vacancies & Vacancy Gap Allowance** | **115** | **212** | **37** | **-** | **2** | **2** | **100.0** |
| **Total Staff** | **9,388** | **9,302** | **9,116** | 5,211 | 5,255 | 44 | 0.8 |
| **Total Running Costs** | **1,615** | **1,763** | **1,771** | 947 | 971 | 24 | 2.5 |
| **Total Capital Costs** | **100** | **100** | **100** | 20 | 54 | 34 | 63.0 |
| **TOTAL EXCL PENSIONS** | **11,103** | **11,165** | **10.987** | **6,178** | **6,280** | **102** | **1.6** |
| Pension Costs | **1,000** | **1,300** | **1,300** | 893 | 882 | (11) | (1.2) |
| **TOTAL ADMIN** | **12,103** | **12,465** | **12,287** | **7,071** | **7,162** | **91** | **1.3** |

1 Corporate Services annual running costs budgets are net of £475k Thistle House sub-let income.

2 Staff costs in this area originally comprised £265k of vacancies less £150k vacancy gap allowance.

Total cash spend to the end of October 2019 is £7,071k against a budget of £7,162k, an underspend of £91k (1.3%).

Compared to total in year funding of £12,368k, there is a budgeted full year underspend of £81k. This will be monitored and managed during the remainder of the financial year.

**3. Variances to budget**

Total staff costs are marginally underspent (0.8%), this is due to reduced spend on training and parental leave.

The main area of underspend for running costs is Strategic Development who have increased their annual research budget to £50k. Strategic Development have confirmed that the current variance is timing only and the full budget is expected to be utilised.

Capital costs are underspent in Strategic Development as we await receipt of the final bill for website development. Corporate Services is underspent due to lower than expected demand for capital items.

The original 2019/20 budget included vacancies of £265k where a post hadn’t been approved plus the usual vacancy gap of £-150k. The net vacancy budget of £115k was shown in the table in a new section ‘Total Vacancies & Vacancy Gap’. The entire Vacancy Gap allowance of £-150k has been utilised and many of the vacancies originally in this area (£265k) have now been removed. One post was filled and the budget for this has been transferred to the appropriate directorates.

Pensions are estimated at £1,300k for the year and currently, spend is broadly in line with expectation.

**5. Invoice Turnaround Times**

The table below shows invoice payment performance to 31 October 2019. This is reported for both 10 and 30 days, the former being our operational target and the latter being our normal contractual payment term. Current performance is 95% of invoices paid in 10 days.

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| **For the Period to 31-10-2019** | | | | |
| **Group** | **YTD % paid within 10 days** | | **YTD % paid within 30 days** | |
| **2019-20** | **2018-19** | **2019-20** | **2018-19** |
| **ADMIN** | 95% | 96% | 98% | 99% |
| **CLAO** | 95% | 94% | 97% | 100% |
| **PDSO** | 95% | 94% | 98% | 99% |
| **TOTAL** | 95% | 95% | 98% | 99% |

**Human resources**

**6. Sickness Absence**

The table below provides information relating to employee sickness absence for the period 1 April 2019 to 30 September 2019:

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| --- | --- | --- | --- | --- | --- |
| Cumulative Summary | Days per Whole Time Equivalent (WTE) | | | | |
| Actual to  30 Sep 2019 | Target to 30 Sep 2019 | Variance | L.Y. actual  30 Sep 2018 | Variance |
| Self-Certified | **1.3** | **1.4** | **0.1** | **1.1** | **-0.2** |
| Certified | **3.7** |  |  | **2.7** | **-1.0** |
| TOTAL | **5.0** |  |  | **3.9** | **-1.1** |

In the six months to the end of September 2019, the 5.0 days per WTE overall absence level is an increase on 3.9 days last year. Our self certified absence levels at 1.3 days per WTE although slightly above last year, is below target.

The relative stability of the self-certified figure suggests that we are not seeing any particular trend in relation to short absences. Instead, the driver of the overall absence figure is the number and duration of certified absences. We presented a detailed analysis of the number, length and causes of these absences in September’s report, noting the impact of an increasing number of longer term absences.

Analysis of the data for April to September suggests a continuation the trends noted in the previous report, with the biggest contributor to the growth in the total certified figure the number of staff absent over 40 days.

Analysis of the actual cases suggests that we are continuing to see a mixture of physical and mental health conditions, with some of the longer absences this year the result of some unfortunate and serious accidents. These are by their nature difficult to predict. More generally, and although the numbers remain relatively small, we think the pattern we are now seeing reflects both an ageing workforce (which may be more susceptible to long term, serious health issues) and a greater awareness and responsiveness to mental health issues.

With the support of HR and occupational health input, we currently have a number of supported/phased returns in place and other staff being supported to remain at work.

**7. Leavers**

The total number of leavers, including seasonal staff, or staff with contracts of less than 12 months, employed between 1 April and 30 September 2019 was 12 (3.5% of the average total number of staff)(last year 13 – 3.7%).

Nine leavers were from central administration, one PDSO and two from CLAO. All but one leaver left voluntarily, i.e. an overall staff turnover figure of 3.2% voluntary and 0.3% non-voluntary compared to 3.41% and 0.28% respectively in last year’s figures up to 30 September 2018.

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|  | **Governance Links** |
| 1 | **Finance and Resources**  No additional issues of note to report. |
| 2 | **Risk**  Our work to monitor administrative expenditure enables us to mitigate corporate risk:  Risk 8: Pressure on the administration budget and being unable to manage within the budget. |
| 3 | **Legal and Compliance**  No issues of note to report. |
| 4 | **Performance**  No issues of note to report. |
| 5 | **Equalities Impact**  An Equality Impact Assessment is not required for this paper. |
| 6 | **Privacy Impact and Data Protection**  No privacy or data protection issues identified. |
| 7 | **Communications and Engagement**  It has previously been agreed that this paper should be published. |

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| **Conclusion and next steps** |
| The Board is asked to note and comment on the report as necessary.  The period ended October 2019 is broadly in line with budget. There is a small budgeted underspend v in year funding which will be monitored and managed during the balance of the financial year. |

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| **Appendices/Further Reading** |
| N/A |