Report No: **SLAB/2021/28**

Agenda Item: 06

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| **Report to:** | The Board |
| **Meeting Date:** | 09 August 2021 |
| **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 |
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| **Delivery of Strategic Objectives** | |
| Select the Strategic Objective(s) relevant to the issues | 1. We deliver a high quality user focussed service |

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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 30th June 2021 is £3.2m |

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| **Previous Consideration** | |
| **Meeting** | **Detail** |
| 17th May 2021 -SLAB/2021/14 | The previous report showed expenditure and resources for the period ended 31st March 2021. |

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| **Report** |

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

The core funding we expect to receive from the Scottish Government (SG) is £12,150k. Core funding includes £100k for capital which cannot be transferred to staff or running costs. Core cash funding (after removing £550k of funding for Depreciation) is £11,600k. We are also allowed to retain £250k of superannuation receipts and anticipate an award of £62k for administration of Grant Funding and SWRC Projects. Additional monies have also been added for estimated pension costs above the £327k threshold bringing total in year funding to £13,085.

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| **Funding** | **2020-21**  **Actual** | **2021-22**  **Budget** |
|  | **£k** | **£k** |
| Core SG Funding (SG budget) | **11,650** | **12,1501** |
| Non cash funding for Depreciation | **(550)** | **(550)** |
| Retained superannuation receipts | **250** | **250** |
| Additional funding for Grant Funding/ SWRC | **812** | **622** |
| Additional funding for pensions costs above £327k | **1,4833** | **1,1733** |
| **Total in year funding** | **12,914** | **13,085** |
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1 Includes an additional £500k for 2021-22 onwards, SG have confirmed this is recurring funding.

2 2020-21 = £61k for GF and £20k from Justice for SWRC, 2021-22 = £42k and £20k respectively.

3 Despite a large spend in 2020-21 of £1.8m, 2021-22 retirements are expected to return to normal levels with costs estimated to be £1.5m

We receive additional grant-in-aid for any pension costs above £327k. The pensions estimate for 2021-22 is £1,500k so an additional £1,173k is included in the table above. We are also required to transfer to the Scottish Government any pension receipts (contributions and transfers in) over £250k. Estimated pension receipts are set out in the following table.

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| **Pension contributions and transfers in** | **2020-21** | **2021-22** |
|  | **£k** | **£k** |
| Pension receipts | 491 | 470 |
| Amount to be retained | 250 | 250 |
| **Amount to be returned to Scottish Government** | **241** | **220** |

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

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| --- | --- | --- | --- | --- | --- |
| **Department** | **Annual Budget** | **Actual**  **YTD** | **Budget**  **YTD** | **Variance**  **YTD** | **Variance**  **YTD** |
|  | **£k** | **£k** | **£k** | **£k** | **%** |
| Staff Costs | **1,390** | 314 | 328 | 14 | 4.3 |
| Run Costs | **91** | 12 | 24 | 12 | 50.0 |
| Capital Costs | **-** | - | - | - | - |
| **Total Strat Dev** | **1,481** | **326** | **352** | **26** | **7.4** |
| Staff Costs | **4,326** | 1,076 | 1,076 | - | - |
| 1Run Costs | **1,334** | 276 | 365 | 89 | 24.4 |
| Capital Costs | **100** | 29 | 52 | 23 | 44.2 |
| **Total Corp Serv** | **5,760** | **1,381** | **1,493** | **112** | **7.5** |
| Staff Costs | **3,653** | 875 | 893 | 18 | 2.0 |
| Run Costs | **102** | 4 | 17 | 13 | 76.5 |
| Capital Costs | **-** | - | - | - | - |
| **Total Operations** | **3,755** | **879** | **910** | **31** | **3.4** |
| Staff Costs | **282** | 70 | 70 | - | - |
| 2Run Costs | **6** | (64) | 17 | 81 | 476.5 |
| Capital Costs | **-** | - | - | - | - |
| **Total Legal Serv** | **288** | **6** | **87** | **81** | **93.1** |
| Vacancy Gap | **(200)** | - | (35) | (35) | (100) |
| New Posts | **-** | - | - | - | - |
| **Total Vacancies** | **(200)** | **-** | **(35)** | **(35)** | **(100)** |
| **Total Staff** | **9,455** | 2,335 | 2,332 | (3) | (0.1) |
| **Total Run** | **1,529** | 228 | 423 | 195 | 46.1 |
| **Total Cap** | **100** | 29 | 52 | 23 | 44.2 |
| **TOTAL EXCL PEN** | **11,084** | **2,592** | **2,807** | **215** | **7.7** |
| Pension Costs | **1,500** | 600 | 500 | (100) | (20.0) |
| **TOTAL ADMIN** | **12,584** | **3,192** | **3,307** | **115** | **3.5** |

1. Contains £570k of income from sub-let. Total running costs are £1,900k
2. Contains £64k of income for secondment. Total running costs are £70k (£60k of which are legal costs)

Total cash spend to the end of June 2021 is £3,192k against a budget of £3,307k, an underspend of £115k (3.5%).

**3. Variances to budget**

Staff variances are down to timing of vacancies being filled. This is offset by the first tranche of the vacancy gap allowance. The quarter 1 budget review is underway and any further staff saving up to the value of the allowance (£200k) will be similarly offset.

The majority of underspend in running costs is Corporate Services, this is currently all timing, we are not aware of any areas at risk of material underspend. Forecast spend is being discussed at the quarterly review meetings and any significant changes will be reported shortly. The large variance in Legal Services is due to timing of a payment from SG for a seconded staff member and a refund of £47k in relation to legal expenses in the Ormiston case.

Capital costs appear underspent but this is also timing and we fully expect to spend our £100k budget this year.

Pension costs - Whilst pensioner salaries continue at the expected rate of around £100k per month we have now exhausted our budgeted allowance for lump sums and it’s very likely we will exceed the £1.5m overall pensions budget for the year. Accounting & Budgeting are in discussions with HR as part of the quarter 1 review and a revised pension figure of £1.7m is anticipated, this will be detailed in the quarter 1 budget review. Any increase in pensions is covered by match funding from SG so the overall available budget will increase by £200k also.

**4. Available Budget and Spend-to-Save Projects**

The available in year budget (as shown in section 1) is £13,085k and committed budget (as shown in section 2) is £12,584 which leaves around £500k under committed against our core funding. As previously discussed, this is due to an increase in our core funding for 2021-22 and beyond.

A workshop has taken place with the Executive Team to identify potential uses of the available funds. We aim to have a finalised position on spend and commence these during the second quarter of the year.

**5. Invoice Turnaround Times**

The table below shows invoice payment performance for both 10 and 30 days, the former being our operational target and the latter being our normal contractual payment term.

Overall performance for the month of Jun-21 alone was 93% paid within 10 working days. The YTD performance is 88% which reflects the impact of April’s lower performance due to staff absence. The YTD % has increased from last month’s figure of 85% and is expected to continue to improve as April becomes a smaller part of the total.

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| **For the Period to 30-06-2021** | | | | |
| **Group** | **YTD % paid within 10 days** | | **YTD % paid within 30 days** | |
| **2021-22** | **2020-21** | **2021-22** | **2020-21** |
| **Admin** | 85% | 92% | 98% | 95% |
| **CLAO** | 87% | 93% | 98% | 98% |
| **PDSO** | 90% | 92% | 97% | 98% |
| **Total** | 88% | 92% | 97% | 97% |

**Human resources**

**5. Sickness Absence**

The table below provides information relating to employee sickness absence and Covid-19 sickness related absences for Quarter 1 (Apr to Jun 21):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Actual 1 Apr to 30 Jun 21 Q1** | | **Last Year 1 Apr to**  **30 Jun 20 Q1** | |  |
|  | **Days lost per WTE** | **Percentage of WTE** | **Days lost per WTE** | **Percentage of WTE** | **Variance in days lost per WTE** |
| Self-Certified Sickness | 0.5 | 0.8% | 0.2 | 0.4% | 0.3 |
| Certified Sickness and Phased | 1.4 | 2.3% | 0.7 | 1.2% | 0.7 |
| **Sickness Total** | **1.9** | **3.1%** | **0.9** | **1.6%** | **1.0** |
| Covid Sickness | 0.1 | 0.1% | 0.1 | 0.1% | 0.0 |
| **Overall Total** | **2.0** | **3.2%** | **1.0** | **1.7%** | **1.0** |

To date SLAB has been fortunate to experience very low levels of Covid-19 related sickness absence. During the initial lockdown period March-June 2020, compared to the previous year, SLAB has experienced lower levels of both self-certified and certified sickness. Sickness absence has started to increase this year compared to last year at this time but still remains low at the moment.

In terms of all Covid related absences (including Covid sickness above and other Covid related reasons such as Unable to work, Dependant Care, Self-Isolation) we have lost 0.86 days per WTE this quarter and since the start of the pandemic in March 20 have lost 6.43 days per WTE.

The table below provides information relating to employee sickness absence and Covid-19 related absences each quarter for the rolling 12 month periods since April 2019:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Days lost per WTE** | | | |  |
| **Rolling 12 months** | **Self Certified Sickness** | **Certified Sickness and Phased** | **Sickness Total** | **Covid-19 Sickness Absence** | **Percentage total absence of WTE** |
| **1 Apr 19 to 31 Mar 20** | 2.8 | 7.3 | 10.1 | 0.02 | 4% |
| **1 Jul 19 to 30 Jun 20** | 2.8 | 6.3 | 9.1 | 0.2 | 3.6% |
| **1 Oct 19 to 30 Sep 20** | 2.5 | 4.6 | 7.0 | 0.2 | 2.8% |
| **1 Jan 20 to 31 Dec 20** | 2.0 | 3.7 | 5.7 | 0.2 | 2.3% |
| **1 Apr 20 to 31 Mar 21** | 1.6 | 3.8 | 5.4 | 0.1 | 2.2% |
| **1 Jul 20 to 30 Jun 21** | 1.9 | 4.5 | 6.3 | 0.1 | 2.6% |

SLAB’s self-certified sickness target is 3.0 days lost per wte in a 12 month period and we remain below target. Overall, total absence performance appears to be have fallen predominantly due to a reduction in certified absence.

As a comparator, Scottish Government’s latest cumulative quarterly figures show the average working days lost due to sickness per staff year as 5.3 days (2.4 %) for the rolling 12 month period up to 31 March 2021.

**6. Leavers**

The total number of leavers, including PDSO, CLAO, seasonal staff, or staff with contracts of less than 12 months, employed between 1 April and 30 June 2021 was seven (2.02% of the average total number of staff)( LY 5– 1.4%).

All seven leavers left voluntarily, either as a voluntary resignation (3) or as retirements (4), i.e. an overall staff turnover figure of 2.02% voluntary and 0% non-voluntary compared to 2% and 0% respectively in last year’s figures.

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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.  After the first quarter we are broadly in line with predicted budgets and there is £0.5m available for spend to save projects. |
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| **Appendices/Further Reading** |
| N/A |