Report No: **SLAB/2022/13**

Agenda Item: 04

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| **Report to:** | The Board |
| **Meeting Date:** | 16 May 2022 |
| **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:** | Linda Ross |
| **Presented by:** | Linda Ross |
| **Contact details:** | rossli@slab.org.uk |

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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 year ended 31st March 2022 is £13.9m against available funding of £14.1m |

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| **Previous Consideration** | |
| **Meeting** | **Detail** |
| 6th December 2021 -SLAB/2021/42 | The previous report showed expenditure and resources for the period ended 31st October 2021. |

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| **Report** |

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

The core funding we received from the Scottish Government was £12,150k. Core funding includes £100k for capital which cannot be transferred to staff or running costs, in Dec-21 we received an additional £30k of capital budget. Core cash funding (after removing £550k of funding for Depreciation) is £11,600k. We are also allowed to retain £250k of superannuation receipts and received an additional contribution towards staff costs of £62k for administration of Grant Funding and SWRC Projects. Additional monies have also been added for pension costs above the £327k threshold (as estimated at point of final indent) bringing total in year funding to £13,365. The bank balance brought forward into 2021-22 (£759k) supplemented the available in year funding to the sum of £14,124k

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| **Funding** | **2020-21**  **Actual** | **2021-22**  **Actual** |
|  | **£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** | **1,4233** |
| Additional Capital Budget | **-** | **30** |
| **Total in year funding** | **12,914** | **13,365** |
| B/forward bank balance | **767** | **759** |
| **Total available funding** | **13,681** | **14,124** |
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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 Pensions were expected to be £1.75m for the year, the figure shown in the table is £1.75m less the £327k as noted below

We receive additional grant-in-aid for pension costs above £327k. At the point of final indent, the pensions estimate for 2021-22 was £1,750k so an additional £1,423k 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. 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 | 489 |
| Amount to be retained | 250 | 250 |
| **Amount to be returned to Scottish Government** | **241** | **239** |

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Department** | **Original Annual Budget** | **Q1 Annual Budget** | **Q2 Annual Budget** | **Q3 Annual Budget** | **Actual**  **YTD** | **Budget**  **YTD** | **Variance**  **YTD** | **Variance**  **YTD** |
|  | **£k** | **£k** | **£k** | **£k** | **£k** | **£k** | **£k** | **%** |
| Staff Costs | **1,390** | **1,339** | **1,289** | **1,259** | 1,260 | 1,259 | (1) | - |
| Run Costs | **91** | **120** | **116** | **80** | 71 | 80 | 9 | 11.3 |
| Capital Costs | **-** | **-** | **-** | **-** | - | - | - | - |
| **Total Strat Dev** | **1,481** | **1,459** | **1,405** | **1,339** | **1,331** | **1,339** | **8** | **0.6** |
| Staff Costs | **4,326** | **4,414** | **4,502** | **4,458** | 4,408 | 4,458 | 50 | 1.1 |
| 1Run Costs | **1,334** | **1,364** | **1,391** | **1,679** | 2,436 | 1,679 | (757) | (45.1) |
| Capital Costs | **100** | **100** | **100** | **130** | 148 | 130 | (18) | (13.8) |
| **Total Corp Serv** | **5,760** | **5,878** | **5,993** | **6,267** | **6,992** | **6,267** | **(725)** | **(11.6)** |
| Staff Costs | **3,653** | **3,472** | **3,525** | **3,524** | 3,524 | 3,524 | - | - |
| Run Costs | **102** | **67** | **57** | **45** | 35 | 45 | 10 | 22.2 |
| Capital Cost | **-** | **-** | **-** | **-** | - | - | - | - |
| **Total Operations** | **3,755** | **3,539** | **3,582** | **3,569** | **3,559** | **3,569** | **10** | **0.3** |
| Staff Costs | **282** | **281** | **283** | **273** | 278 | 273 | (5) | (1.8) |
| 2Run Costs | **6** | **6** | **(34)** | **(18)** | 2 | (18) | (20) | (111.1) |
| Capital Costs | **-** | **-** | **-** | **-** | - | - | - | - |
| **Total Legal Serv** | **288** | **287** | **249** | **255** | **280** | **255** | **(25)** | **(9.8)** |
| Vacancy Gap | **(200)** | **(55)** | **(55)** | **-** | - | - | - | - |
| New Posts | **-** | **-** | **-** | **-** | - | - | - | - |
| **Total Vacancies** | **(200)** | **(55)** | **(55)** | **-** | **-** | **-** | **-** | **-** |
| **Total Staff** | **9,455** | **9,455** | **9,544** | **9,514** | 9,470 | 9,514 | 44 | 0.5 |
| **Total Run** | **1,529** | **1,553** | **1,530** | **1,786** | 2,544 | 1,786 | (758) | (42.4) |
| **Total Cap** | **100** | **100** | **100** | **130** | 148 | 130 | (18) | (13.8) |
| **TOTAL EXCL PEN** | **11,084** | **11,108** | **11,174** | **11,430** | **12,162** | **11,430** | **(732)** | **6.4** |
| Pension Costs | **1,500** | **1,700** | **1,750** | **1,750** | 1,772 | 1,750 | (22) | (1.3) |
| **TOTAL ADMIN** | **12,584** | **12,808** | **12,924** | **13,180** | **13,934** | **13,180** | **754** | **5.7** |

1. Budget includes £570k of income from sub-let. Total running budget is £1,900k
2. Budget includes £-64k of income for secondment and £-40k expenses awarded in the Ormiston case. Total running budget is £+70k

Total cash spend to the end of March 2022 is £13,934k against a budget of £13,180k, a year to date overspend of £754k (5.7%).

As per the funding table at section 1, total available funding for the year (including the carried bank balance) was £14,124k; when compared to spend this results in an underspend against available funding of £190k.

**3. Variances to budget**

The most significant variance (£758k) is in running costs. The largest variance is down to Oracle Licence costs. In March we were offered the chance to purchase 4 years of licences up front locking in 2021-22 rates. It was agreed, by the Executive Team, this would be a good use of the carried bank balance that has gradually accrued over the last 10 years.

Staff costs are marginally underspent (0.5%) due to vacancies.

Capital costs appear slightly over budget but it’s unlikely that all items will be capitalised in the final year end accounts. Any costs not capitalised will move to running costs.

Due to an unexpected death gratuity, pension costs slightly exceeded our estimate (£22k, 1.3%).

**4. 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.

Total performance for 10 days in the year 2021-22 is 94% which is in line with 2020-21, with payment within 30 days slightly improving upon 2020-21 performance.

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| **For the 12 month Period to 31-03-2022** | | | | |
| **Group** | **YTD % paid within 10 days** | | **YTD % paid within 30 days** | |
| **2021-22** | **2020-21** | **2021-22** | **2020-21** |
| **Admin** | 94% | 94% | 98% | 97% |
| **CLAO** | 93% | 94% | 98% | 98% |
| **PDSO** | 95% | 94% | 98% | 98% |
| **Total** | 94% | 94% | 98% | 97% |

**Human resources**

**5. Sickness Absence**

The table below provides information relating to employee sickness absence for the year ended 31 March 2022:

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| --- | --- | --- | --- | --- | --- | --- |
|  | **This Year**  **Apr-21 to Mar-22** | | **Last Year**  **Apr-20 to Mar-21** | |  |  |
|  | **Days lost per WTE** | **Percentage of WTE** | **Days lost per WTE** | **Percentage of WTE** | **Variance in days lost per WTE** |
| Self-Certified Sickness | 2.2 | 0.9% | 1.6 | 0.6% | 0.6 |
| Certified Sickness and Phased | 5.3 | 2.1% | 3.8 | 1.5% | 1.5 |
| **Total Sickness Absence** | **7.5** | **3.0%** | **5.4** | **2.1%** | **2.1** |
| Covid Sickness | 1.0 | 0.4% | 0.1 | 0.1% | 0.9 |
| **Overall Sickness Total** | **8.5** | **3.4%** | **5.5** | **2.2%** | **3.0** |

The table below provides information relating to employee sickness absence and Covid-19 related absences 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 Apr 20 to 31 Mar 21** | 1.6 | 3.8 | 5.4 | 0.1 | 2.2% |
| **1 Apr 21 to 31 Mar 22** | 2.2 | 5.3 | 7.5 | 1.0 | 3.4% |

Overall, total absence (excluding Covid-19) is 7.5 days per wte – an increase from the low levels experienced during last year’s lockdowns however, lower than the pre-Covid level of 10.1 days per wte in 2019-20.

Self-certified absence at 2.2 days per wte was below our target of 3.0 days per wte and again, although higher than last year, remains below pre-Covid levels.

The increase in certified absence to 5.3 days per wte (last year 3.8 days) was attributable to an increase in long-term illnesses over 40 days in length (13 instances).

The reduction last year in absence overall was most likely due to the impact of Covid-19 preventative measures and working from home - with less opportunity for commonly spread illnesses impacting on staff as well as some staff perhaps feeling more able to work from home if feeling under the weather as opposed to coming into the office. The initial ‘in it, together’ Covid effect appears to have worn off and as we return to the workplace absence levels are increasing again.

**Covid-19 Leave**

During the Covid-19 pandemic, our employees have been able to enter authorised paid leave for the following Covid-19 reasons to help support health and wellbeing:

* Dependant care
* Self- isolation unable to work
* Shielding unable to work
* Covid-19 sickness
* Unable to work from home / no work
* Covid-19 Vaccination
* Covid-19 PCR testing
* Covid-19 Post vaccination sickness

In total, 3.1 authorised paid leave days per WTE were lost due to all Covid-19 reasons (5.4 days last year), the majority (60%) due to being unable to work from home (81% last year) followed by Covid-19 sickness 32%. The remaining 8% is split in small quantities across all other categories.

As might be expected, the majority of paid leave on the basis of being unable to work from home has related to roles dependent on access to workplaces – such as mailroom and facilities and our service based in Glasgow Sheriff Court, all of whom have now returned to the workplace.

We noticed an increase in Covid-19 sickness in the latter half of the year presumably due to the increased transmissibility of the Delta and Omicron variants.

As external comparison there is the following:

* The closest data currently available online, Scottish Government’s, shows the latest cumulative quarterly figures for the rolling 12 month period up to 31 December 2021. 6.5 days (2.9%) average working days lost due to sickness (excluding Covid-19 sickness) per staff year. Expressed as a percentage for the same period, our 7.5 days per wte would be **3.0%.**  SLAB’s absence levels, therefore, appear to be around the same as those of Scottish Government’s absence levels.

We continue to take a proactive holistic approach to managing absence and supporting our employees’ health and well-being, particularly during the challenges of the Covid-19 pandemic.

We have regular Wellbeing posts on a variety of topics and encourage staff to make more use of our employee assistance and occupational health support services. We have promoted awareness across our workforce particularly about: mental health, having supportive wellbeing conversations, stress and work-life balance, but also financial and physical well-being.

Results from a recent staff survey showed staff felt well informed and supported in terms of their wellbeing with 96% saying they knew where to raise concerns in relation to wellbeing.

**6. Leavers**

The total number of leavers, employed between 1 April 2021 and 31 March 2022 was 24 (6.9% of the average total number of staff), up from last year’s figure of 17 (4.9% of average number of staff) but less than the previous year at 33 (9.5% of average number of staff).

The breakdown of leavers is:

* 18 central/administration leavers
* 6 PDSO leavers (5 of whom were Solicitors).

All leavers left voluntarily, with 3 leaving within the first six months of employment during the probationary period.

The number of leavers also continues to include a higher proportion of retirements, 7 (29%) were retirements compared with 8 (47%) last year and 11 (34%) the previous year. We expect the number of retirements to increase again in 2022-23 as by 30 April 2022 we have already reached last year’s number in intimations of retirements.

During the uncertainty of the Covid-19 pandemic individuals benefitted from job security with SLAB resignation levels lower although retirements increased. However latterly as we approach a more ‘back to normal’ way of life, resignations have rebounded perhaps with individuals re-assessing their lives and being more ready to move to a new job or a new life outside work.

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