Report No: **SLAB/2022/21**

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 period ended 31st May 2022 is £2.4m which is broadly in line with budget profile of £2.5m (a 5.8% variance) |

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| **Previous Consideration** | |
| **Meeting** | **Detail** |
| 16th May 2022 -SLAB/2022/13 | The previous report showed expenditure and resources for the year ended 31st March 2022. |

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| **Report** |

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

This year SG has increased our administration budget by £1,400k. Of this, our SG sponsor team have intimated that £380k is available to be used in core funding to assist with pressures arising from the pay remit and the NI rate increase. The remaining £1,020k is to be directed towards pension costs.

Budgeting arrangements for the pension have for many years seen us retaining the first £250k of superannuation receipts (employee contributions and transfers in) and meeting the first £327k of pension costs, with SG covering any pension costs beyond this. In effect, this has meant that a net £77k of pension costs were met from our budgeted grant in aid, with additional in year funding provided by SG to cover the excess via either the autumn or spring budget review process.

The new arrangement will therefore show a higher share of SLAB’s total pension costs in our published budget, with a far smaller excess being met by SG in year (initially estimated at £253k, compared to £1,423k last year). This will have no impact on the outturn: the full cost, including that additionally funded by SG and/or retention of additional receipts, has always been reported in our annual accounts.

The net effect of these changes is that the core funding we expect to receive from the Scottish Government is £12,530k, up from £12,150k last year. 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 £11,980k. We also anticipate a contribution of £62k for administration of Grant Funding and Scottish Women’s Rights Centre Projects.

With the addition of £250k of pension receipts, all of the above comes to £13,565k. We carried an opening bank balance of £266k from the prior year which brings total available funding to £13,831k.

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| **Funding** | **2021-22**  **Budget** | **2022-23**  **Budget** |
|  | **£k** | **£k** |
| Core SG Funding (Actual/draft SG budget) | **12,150** | **12,530** |
| Non cash funding for Depreciation | **(550)** | **(550)** |
| Retained superannuation receipts | **250** | **250** |
| Additional funding for Grant Funding/ SWRC | **621** | **621** |
| Additional Capital awarded by SG | **30** | **-** |
| Pension costs above £327k (up to £1,020k) | **1,4232** | **1,0202** |
| Pensions costs above £327k (exceeding the £1,020k) | **-** | **2532** |
| **Total in year funding** | **13,365** | **13,565** |
| **Bank balance brought forward from previous year** | **759** | **266** |
| **Total available funding for the year** | **14,124** | **13,831** |

1 Admin fees - £42k for GF and £20k from Justice for SWRC

2 Pension costs in 2021-22 (at final indent) were £1,750k (327+1,423=1,750) forecast for 2022-23 is currently £1,600k (327+1,020+253=1,600

As noted above, we are permitted to retain superannuation receipts up to £250k, with receipts above this level transferred to the Scottish Government. Pension receipts for the coming year are estimated at £495k, suggesting £245k available for transfer to SG.

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

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| **Department** | **Original Annual Budget** | **Actual**  **YTD** | **Budget**  **YTD** | **Variance**  **YTD** | **Variance**  **YTD** |
|  | **£k** | **£k** | **£k** | **£k** | **%** |
| Staff Costs | **631** | 83 | 102 | 19 | 18.6 |
| Run Costs | **8** | - | - | - | - |
| Capital Cost s | **-** | - | - | - | - |
| **Total Chief Exec** | **639** | **83** | **102** | **19** | **18.6** |
| Staff Costs | **906** | 148 | 148 | - | - |
| Run Costs | **137** | 7 | 4 | (3) | (75.0) |
| Capital Cost s | **-** | - | - | - | - |
| **Total Strat Dev** | **1,043** | **155** | **152** | **(3)** | **(2.0)** |
| Staff Costs | **4,900** | 761 | 799 | 38 | 4.8 |
| 1Run Costs | **1,4441** | 173 | 260 | 87 | 33.5 |
| Capital Cost s | **100** | 46 | 41 | (5) | (12.2) |
| **Total Corp Serv** | **6,444** | **980** | **1,100** | **120** | **10.9** |
| Staff Costs | **3,730** | 588 | 625 | 37 | 5.9 |
| Run Costs | **55** | 2 | 4 | 2 | 50.0 |
| Capital Cost | **-** | - | - | - | - |
| **Total Operations** | **3,785** | **590** | **629** | **39** | **6.2** |
| Staff Costs | **226** | 37 | 37 | - | - |
| 2Run Costs | **402** | 38 | 9 | (29) | (322.2) |
| Capital Cost s | **-** | - | - | - | - |
| **Total Legal Serv** | **266** | **75** | **46** | **(29)** | **(63.0)** |
| Vacancy Gap | **(200)** | - | - | - | - |
| **Total Vacancies** | **(200)** | **-** | **-** | **-** | **-** |
| **Total Staff** | **10,193** | 1,617 | 1,711 | 94 | 5.5 |
| **Total Run** | **1,684** | 220 | 277 | 57 | 20.6 |
| **Total Cap** | **100** | 46 | 41 | (5) | (12.2) |
| **Total Excl Pension** | **11,977** | **1,883** | **2,029** | **146** | **7.2** |
| Pensions | **1,600** | 500 | 500 | - | - |
| **Total Admin** | **13,577** | **2,383** | **2,529** | **146** | **5.8** |

1. Contains £607k of income from sub-let. Total running costs are £2,051k
2. Contains £20k income for final bill of secondment (ending Feb-22 billed Jun-22). Total running budget is £60k

Total spend to the end of May 2022 is £2,383k against budget of £2,529k, an underspend of £146k (5.8%).

1. **Variances to budget**

The most significant variance (87k underspend) is in Corporate Services running costs and is largely down to timing: IS anticipated a large computer contracts spend in April however, on review, much of this spend is likely to occur in quarter 2. Legal Services spend has been high for the first two periods but is still within budget (with £20k of income due to clear in June). Budgets will be realigned as part of the quarter 1 budget review.

Staff costs are underspent by £94k due to vacancies accruing, 2 of which were director vacancies. All vacancies and savings will be addressed as part of the quarter 1 budget review process in July.

Capital spend is slightly above profile however this is expected to level off in the coming months.

Our entire £100k capital budget is allocated this year but we may have a need to spend more in relation to partitioning the office for increased sub-let. SG have confirmed that, currently, there is no scope to increase capital spend however funds may become available as the year progresses. We’ve been asked to create a business case for anticipated spend (once we have a plan for Thistle House) and submit it for approval as soon as we can. SG warned that notification of available funds may come very late in the year and there would be pressure on us to spend the funds quickly before year end.

Pension spend is high due to several (long serving) members of pension scheme 1 retiring and also choosing to commute their lump sums. The full year pensions forecast of £1,600k now looks likely to be insufficient: Finance are reworking these figures and will report back alongside the quarter 1 budget review.

**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 year to date performance for 10 days in 2022-23 is 95%. Performance is far better than in the same period in 2021-22 as the department had suffered from significant absence Apr-Jun 2021.

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| **For the Period to 31-05-2022** | | | | |
| **Group** | **YTD % paid within 10 days** | | **YTD % paid within 30 days** | |
| **2022-23** | **2021-22** | **2022-23** | **2021-22** |
| **Admin** | 95% | 83% | 99% | 99% |
| **CLAO** | 94% | 83% | 98% | 97% |
| **PDSO** | 95% | 88% | 98% | 97% |
| **Total** | 95% | 85% | 98% | 97% |

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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 |