Report No: **SLAB/2019/05**

Agenda Item: **11**

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| **Report to:** | The Board |
| **Meeting Date:** | 11th February 2019 |
| **Report Title** | SLAB Administration – Finance and Resource Report |
| **Report Category** | For Information |
| **Issue status:** | Business as usual |

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| **Written by:** | Financial Accountant |
| **Director responsible:** | Director of Corporate Services and Accounts |
| **Presented by:** | Director of Corporate Services and Accounts |
| **Contact details:** |  |

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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** |
| Cash expenditure as at end of December 2018 is £8.6m which is £0.2m under budget. Most of this underspend is timing only. |

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| **Previous Consideration** | |
| **Meeting** | **Detail** |
| 5th November 2018 -SLAB/2018/77 | The previous report showed expenditure and resources for October year to date. There are no major changes since then and expenditure has continued at expected levels. |

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| **Report** |

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

Core Scottish Government funding for 2018-19 is £11,320k. This is the same as 2017-18. The SG budget 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 £10,770k. We are also allowed to retain £250k of superannuation receipts. Estimated additional monies have also been added for pension costs above the £327k threshold bringing the total in year funding to £11,768k.

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| **Funding** | **2017-18**  **Actual** | **2018-19**  **Budget** |
|  | **£k** | **£k** |
| Core SG Funding (Actual/SG budget) | **11,320** | **11,320** |
| Non cash funding for Depreciation | **(550)** | **(550)** |
| Retained superannuation receipts | **250** | **250** |
| Additional funding for Grant Funding Administration | **-1** | **751** |
| Actual/estimated Pensions funding (above £327k threshold) | **722** | **673** |
| **Total in year funding** | **11,742** | **11,768** |
| **Bank balance brought forward from previous year** | **624** | **344** |
| **Total available funding for the year** | **12,366** | **12,112** |

1. In 2017-18 SG funding for Grant Funding - Rape Crisis (£20k) and MAW (£55k) was waived. SG agreed that this would be for 1 year only and the funding has been made available again in 2018-19.

SLAB receive additional grant-in-aid for any pension costs above £327k, we anticipate pensions will cost around £1m in 2018-19 so additional funding of £673k is included in the table above.

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

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| **Pension contributions and transfers in** | **2017-18**  **Actual** | **2018-19**  **Budget** |
|  | **£k** | **£k** |
| Pension receipts | 425 | 430 |
| Amount to be retained | 250 | 250 |
| **Amount to be returned to Scottish Government** | **175** | **180** |

**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 | **1,122** | **1,099** | **1,203** | 882 | 894 | 12 | 1.4 |
| 1Running Costs | **31** | **29** | **1** | (44) | (8) | 36 | (457.5) |
| Capital Costs | **-** | **-** | **50** | - | 20 | 20 | 100.0 |
| **Total Strategic Development** | **1,153** | **1,128** | **1,254** | **838** | **906** | **68** | **7.5** |
| Staff Costs | **4,245** | **4,155** | **3,995** | 2,921 | 2,959 | 38 | 1.3 |
| 1Running Costs | **1,118** | **1,315** | **1,368** | 1,217 | 1,279 | 62 | 4.9 |
| Capital Costs | **100** | **100** | **50** | 7 | 46 | 39 | 84.9 |
| **Total Corporate Services & Accounts** | **5,463** | **5,570** | **5,413** | **4,145** | **4,284** | **139** | **3.2** |
| Staff Costs | **3,605** | **3,533** | **3,513** | 2,625 | 2,633 | 8 | 0.3 |
| Running Costs | **91** | **99** | **99** | 62 | 75 | 13 | 17.0 |
| Capital Costs | **-** | **-** | **-** | - | - | - | - |
| **Total Operations** | **3,696** | **3,632** | **3,612** | **2,687** | **2,708** | **21** | **0.8** |
| Staff Costs | **248** | **218** | **266** | 190 | 188 | (2) | (1.0) |
| Running Costs | **45** | **45** | **(14)** | (32) | 5 | 37 | 34.5 |
| Capital Costs | **-** | **-** | **-** | - | - | - | n/a |
| **Total Legal Services** | **293** | **263** | **252** | **158** | **193** | **35** | **18.4** |
| **Total Staff** | **9,220** | **9,005** | **8,977** | 6,618 | 6,674 | 56 | (0.9) |
| **Total Running** | **1,285** | **1,488** | **1,453** | 1,203 | 1,351 | 148 | 13.3 |
| **Total Capital** | **100** | **100** | **100** | 7 | 66 | 59 | 107.8 |
| **TOTAL EXCLUDING PENSIONS** | **10,605** | **10,693** | **10,530** | **7,828** | **8,091** | **263** | **3.3** |
| Pension Costs | **1,000** | **1,000** | **1,000** | 782 | 750 | (32) | (4.9) |
| **TOTAL ADMINISTRATION** | **11,605** | **11,593** | **11,530** | **8,610** | **8,841** | **231** | **3.0** |

1 Strategic Development and Corporate Services annual running costs budgets are net of £75k MAS income and £470k Thistle House sub-let income respectively.

Total cash spend as at December 2018 is £8,610k against the revised Q2 YTD budget of £8,841, an underspend of £231k.

**3. Variances to Original budget**

The small under spend in staff costs is down to vacancies being filled later than anticipated.

The variances in running costs are as follows: Corporate services - £36k of this down to receipt of a large credit from Edinburgh Council after a successful rates appeal. The remainder is timing of bills across Facilities and IS. Legal Services - £31k of this is down to receipt of Expenses awarded in favour of SLAB in a recent case. Strategic Development – £36k down due to lower than anticipated research spending.

Capital budgets for the year are fully allocated but actual spends are yet to materialise. We have this under review and will hopefully see some bills arriving in the next few months.

Quarter 3 budget reviews are currently underway, the paper is scheduled for the ET meeting on 14th February.

Pension spend for the year is forecast to be very close to the £1m budget, an adjustment will be required if there are any large lump sums awarded before the end of March but, right now it is very difficult to gauge whether or not this will happen. We will keep the pension spend under review.

**5. Forecast outturn position**

The current forecast spend is £11,630k adjusting for an additional requirement for lift refurbishment at a cost of circa £100k (which came to light after the quarter 2 review), against in-year funding of £11,768, which results in an in-year surplus of £138k. Directors and Managers are considering whether or not they have any further areas of spend for the current financial year, and the aforementioned quarter 3 review will further clarify the anticipated spend on the lifts and other potential areas.

**6. Invoice Turnaround Times**

The table below shows invoice payment performance for December year to date (YTD). This is reported for both 10 and 30 days, the latter being our normal contractual payment terms.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **For the Period 01/04/2018 to 31/10/2018** | | | | |
| **Group** | **YTD % Paid within 10 days\*** | | **YTD % Paid within 30 days** | |
| **2018-19** | **2017-18\*** | **2018-19** | **2017-18\*** |
| **ADMIN** | 96% | 100% | 99% | 100% |
| **CLAO** | 95% | 98% | 98% | 100% |
| **PDSO** | 95% | 99% | 99% | 100% |
| **TOTAL** | 95% | 99% | 99% | 100% |

\*Comparatives for 2017-18 are to November 2017. December figures were not available due to the new finance system going live in that month.

The overall performance for the year to date is, in total, lower than last year due to the ongoing process of integrating the new Oracle cloud system. However, performance continues to improve month by month.

**Human resources**

**7. Sickness Absence**

The table below provides information relating to employee sickness absence for the period 1 April to 31 December 2018:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Cumulative Summary | Days per Whole Time Equivalent (wte) | | | | |
| Actual to  31 Dec 2018 | Target to 31 Dec 2018 | Variance | L.Y. actual to  31 Dec 2017 | Variance |
| Self-Certified | **1.9** | 2.2 | 0.3 | 2.0 | 0.1 |
| Certified | **3.4** |  |  | 4.5 | 1.1 |
| TOTAL | **5.3** |  |  | 6.5 | 1.2 |

Since 2016-17, the Executive Team has agreed a target for Self-Certified absence only. In previous years, these reports were produced every two months. Therefore comparisons with last year to the end of December can only be based on a mid-point estimate between the 30 November and 31 January figures as quoted above.

On this basis, it is encouraging to see that self-certified, certified and total absence performance are better than target and last year.

As a comparison with Scottish Government, who reported at the end of September 2018 for a 12 month period, short term absence (less than 20 days) was 4.0 days per WTE, SLAB is an equivalent 3.0 days per WTE at December 2018. For long term absence (greater than 20 days) Scottish Government reported 3.8 days per WTE compared to SLAB which was an equivalent 4.0 days per WTE at December 2018. Overall Scottish Government reported 7.8 days per WTE and SLAB’s equivalent is 7.0 days per WTE. For information, SLAB had 20 staff during the 9 months that were on or over 20 days absence.

We plan to change our absence reporting next financial year for easier comparison to Scottish Government and other public bodies.

**8. 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 31 December 2018 was 21 (5.9% of the average total number of staff).

Twelve leavers were from SLAB; three were from CLAO; five from PDSO; and one from SCL. All but one leaver left voluntarily, i.e. an overall staff turnover figure of 5.65% voluntary and 0.28% non-voluntary compared to 3.1% and 1.1% respectively in last year’s figures.

We are satisfied that there is nothing problematic or unmanageable with this level of leavers, and the figures are within the bands of business unit expectation.

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|  | **Governance Links** |
| 1 | **Finance and Resources**  As above |
| 2 | **Risk**  Our work to monitor and respond to the position on administrative expenditure directly enables us to mitigate our corporate risk:  Risk 8: Pressure on the administration budget and being unable to manage within the budget. |
| 3 | **Legal and Compliance**  N/A |
| 4 | **Performance**  N/A |
| 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 his paper should be published as a matter of routine. |

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| **Conclusion and next steps** |
| N/A |

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