

MANAGEMENT BOARD

2007/08 ADMINISTRATION ESTIMATE: FINAL FORECAST OUTTURN

Note by the Director of Financial Management

Purpose

A key feature of the final forecast outturn is to identify whether a Supplementary Estimate is required.

Action

2. It is suggested the Board recommend a Supplementary Estimate to the Commission. The figures provided suggest an increase to the net resource requirement of £5 million is required. The existing net cash requirement should be sufficient, although the Board are asked to consider whether a small increase should be sought.

3. Usual practice is to lay the Administration Estimate at the same time as the Government Supply Estimate, which the Treasury are currently looking to lay on 19 February. This will require the Supplementary figures to be cleared through both the Commission and F&S who are due to meet on the 21 and 24 January respectively.

Background

4. The attached annex provided further details of the forecasts returned by departments. For the purposes of this exercise the former departmental structure has been used.

Receipts

5. Price increases in the catering outlets were restricted for 2007/08 while the cost of goods purchased has increased significantly. This has created a net deficit against the planned catering outturn for the year.

Salaries

6. Unfilled vacancies in both the former Clerks and DFA departments have generated underspends. The Clerks department has contributed the greater part (i.e. £1.2 million) of the overall figure shown.

7. An underspend of nearly £0.5 million is shown by PICT. This reflects the replacement of more expensive agency staff by permanent staff. It further contributes to the plan to reduce ICT staff costs by £1.7 million over the next 15 months.

Travel and Subsistence

8. The main element of underspend shown relates to Committee and delegation travel.

Communications

9. Reduced expenditure on the postage contract has generated an underspend of £0.6 million. This is a ring-fenced item making the surplus budget available for re-allocation by the Board.

Finance & Professional Services

10. Less work has been commissioned by Committees reducing the cost of specialist advisers (£0.3 million). This has been offset by additional expenditure incurred by the former DFA on corporate initiatives (e.g. Tebbit review). DFA also meets the cost of corporate compensation claims and ex-gratia payments which are not budgeted as a matter of policy.

Security

11. An independent review of metropolitan police and security staff posts during the year has created savings against the MPS contract worth £0.7 million. This is a ring-fenced area of the former SAA budget.

ICT

12. An overspend is shown against infrastructure projects covered by the delegated PICT budget. This is primarily due to the additional cost of VBAK, the file backup system, where costs have increased £0.5 million in the last year because of a massive increase in parliamentary data storage requirements. PICT has both negotiated with the supplier and undertaken further work on back up processes to reduce costs in the last quarter. PICT is examining how these costs can be managed down over the next few years as part of the planned infrastructure programme.

13. A further £0.4 million overspend has arisen against ICT projects funded through the Project Provision.

Depreciation

14. These notional resource costs are £1 million higher than planned because of increases in the value of office equipment and computers, together with the assets under construction. It is difficult to plan such costs up to 15 months ahead of re-valuation exercises.

Cost of Capital

15. This is a notional cost levied at 3.5% of the net asset worth shown on the balance sheet. As such it takes account of the full revaluation of the land and buildings at 31 March 2008, as well as adjustments to the pension provision. The figure originally planned was optimistic and can now be reduced by £2.8 million.

Pensions

16. Notional pension contributions have increased significantly as a result of changes in the level of gross discount rate (from 5.4% to 4.6%) and the inflation assumption (from 2.5% to 2.75%). These figures are recommended by the Treasury. For 2007/08 this has increased the notional employer contribution from 22.6% to 30.6% of pensionable pay. The net impact has been to increase resources costs by £5 million.

17. Discussions are being held with the Government Actuary's Department, who undertake the calculations on our staff pension scheme, to explore the rationale behind the assumptions adopted and to better understand the differing figures applied to various public sector pension schemes.

Conclusion

18. The net impact of the forecast outturn is to suggest a resource outturn that is broadly in line with the original Estimate. However, there are some further accounting adjustments that may be required before the year end:

- The construction cost of the Visitor Reception Building (VRB) is likely to exceed the valuation of the building when it comes into operational use next month. This will require the difference to be treated as a write off in 2007/08. The Valuation Office Agency (VOA) is undertaking further work at the moment to value the building. As a minimum the write off is expected to be £2 million, but could be larger, with the Commons picking up 60% of the charge on this shared facility;
- There may be some legacy ICT development work that will not be utilised in the future. As these legacy costs were originally capitalised any capital balances could be subject to write off in 2007/08. Amounts up to £0.7 million could be involved. Further work is required before bringing a recommendation back to the Board for final decision;
- Other accrual adjustments at the year end associated with movements on working capital and any profit/loss incurred on fixed assets are difficult to predict. Fluctuations of up to £5 million have arisen in recent years. The budget currently allows £1 million as a best estimate.

19. Although the departmental forecast is broadly in line with the Estimate, the experience in recent years suggests that the final outturn is likely to be lower. However, the uncertainties highlighted above suggest that it may be prudent to seek a further £5 million resource requirement in a Supplementary Estimate. This increase can be justified on the basis of the increase to the notional pension costs.

20. The net cash position remains tight and could be subject to cash flows that are difficult to predict in advance. In particular, transfers into and out of the staff pension scheme as well as commutation payments could affect the position right up to the year end. However, it is possible to manage the timing of marginal cash flow differences around the year end.

21. The Board may wish to consider whether:

- To seek a cash Supplementary of say £2 million to provide more of a margin for unforeseen events. This could be justified in part by increased catering costs;
- Alternatively, we could closely manage cash expenditure during the remainder of the year, with the possibility that the Commission could be asked to release part of the Commission Reserve should it prove difficult to deliver the net cash requirement.

C Ridley
10 January 2008

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**
SUMMARY

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	(9,182)	(5,668)	(3,038)	(8,706)	(476)
Salaries	72,310	46,457	23,994	70,451	1,859
Other staff costs	2,693	1,196	1,103	2,299	394
Travel & subsistence	3,985	2,125	1,553	3,678	307
Information	15,274	10,355	4,759	15,115	160
Broadcasting	229	232	18	250	(21)
Communications	7,441	4,317	2,602	6,918	523
Computers	2,446	2,086	639	2,725	(279)
IT	5,006	3,751	1,788	5,539	(533)
RD cost of goods	3,300	2,040	1,200	3,240	60
RD other supplies	253	232	87	319	(66)
Office supplies	2,044	1,210	784	1,994	51
Finance & professional services	5,438	3,745	1,845	5,589	(151)
Security	21,409	13,500	7,214	20,714	695
Accommodation	35,209	23,138	11,775	34,913	296
Grants	1,358	682	676	1,358	-
Depreciation	16,258	7,048	10,234	17,281	(1,023)
Cost of capital	30,400	-	27,633	27,633	2,767
Pensions: interest cost	13,800	-	19,700	19,700	(5,900)
Other resource adjustments	3,429	499	1,465	1,964	1,465
Gross Resource Expenditure	242,282	122,612	119,069	241,681	601
Net Resource Expenditure	233,100	116,944	116,031	232,975	126
Capital Expenditure	9,954	7,513	2,770	10,283	(329)
Non Cash Items					
Depreciation	(16,467)	-	-	(17,281)	
Cost of capital	(30,400)	-	-	(27,633)	
Pensions: interest cost	(13,800)	-	-	(15,700)	
ASLCs	(10,200)	-	-	(14,900)	
Other resource adjustments	(1,100)	-	-	(1,100)	
Use of Provision	5,413	-	-	6,000	
Other Adjustments	(3,200)	-	-	-	
Net cash	173,300	-	-	172,643	

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

SPEAKER'S OFFICE

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	-	-	-	-	-
Salaries	404	271	133	404	-
Other staff costs	17	5	10	15	2
Travel & subsistence	176	111	65	176	-
Information	4	3	1	4	-
Broadcasting	-	-	-	-	-
Communications	1	-	1	1	-
Computers	-	-	-	-	-
IT	-	-	-	-	-
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	21	8	7	15	6
Finance & professional services	8	-	7	7	1
Security	1	-	1	1	-
Accommodation	5	3	2	5	-
Grants	-	-	-	-	-
Depreciation	2	1	1	2	-
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	-	-	-	-	-
Gross Resource Expenditure	639	402	228	630	9
Net Resource Expenditure	639	402	228	630	9
Capital Expenditure	-	-	-	-	-

2007/08 RESOURCE BUDGET: FINAL FORECAST OUTTURN**CLERKS DEPARTMENT**

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	(530)	(226)	(233)	(459)	(71)
Salaries	19,475	12,263	6,198	18,461	1,014
Other staff costs	567	165	164	329	238
Travel & subsistence	3,246	1,712	1,292	3,004	242
Information	9,192	6,305	2,879	9,184	8
Broadcasting	229	232	18	250	(21)
Communications	86	34	24	58	28
Computers	57	97	19	116	(59)
IT	-	-	-	-	-
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	867	469	297	766	101
Finance & professional services	1,295	612	405	1,017	278
Security	-	-	-	-	-
Accommodation	40	18	14	32	8
Grants	-	-	-	-	-
Depreciation	331	189	113	302	29
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	79	-	-	-	79
Gross Resource Expenditure	35,464	22,096	11,423	33,519	1,945
Net Resource Expenditure	34,934	21,870	11,190	33,060	1,874
Capital Expenditure	70	22	39	61	9

2007/08 RESOURCE BUDGET: FINAL FORECAST OUTTURN

SERJEANT AT ARMS

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	(1,350)	(982)	(281)	(1,263)	(87)
Salaries	12,187	8,268	3,848	12,116	71
Other staff costs	329	141	116	257	72
Travel & subsistence	194	154	75	229	(35)
Information	113	65	52	117	(4)
Broadcasting	-	-	-	-	-
Communications	5,372	2,971	1,876	4,847	525
Computers	4	-	-	-	4
IT	-	-	-	-	-
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	937	564	425	989	(52)
Finance & professional services	2,135	1,564	514	2,078	57
Security	21,388	13,497	7,203	20,700	688
Accommodation	34,510	22,751	11,576	34,327	183
Grants	-	-	-	-	-
Depreciation	12,132	5,315	6,818	12,133	(1)
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	15	-	-	-	15
Gross Resource Expenditure	89,316	55,290	32,503	87,793	1,523
Net Resource Expenditure	87,966	54,308	32,222	86,530	1,436
Capital Expenditure	4,400	3,980	727	4,707	(307)

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

LIBRARY

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	-	(1)	-	(1)	1
Salaries	8,998	5,681	3,204	8,885	113
Other staff costs	162	84	65	149	13
Travel & subsistence	97	29	26	55	42
Information	2,013	1,184	644	1,828	185
Broadcasting	-	-	-	-	-
Communications	49	60	16	76	(27)
Computers	10	-	3	3	7
IT	-	-	-	-	-
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	71	55	23	78	(7)
Finance & professional services	70	50	20	70	-
Security	-	-	-	-	-
Accommodation	-	-	-	-	-
Grants	-	-	-	-	-
Depreciation	116	23	68	91	25
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	-	-	-	-	-
Gross Resource Expenditure	11,586	7,166	4,069	11,235	351
Net Resource Expenditure	11,586	7,166	4,069	11,235	352
Capital Expenditure	35	21	12	33	2

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

DEPT OF FINANCE & ADMINISTRATION

Description	Annual	Actual	Forecast	Outturn	Variance
	Budget £000	(April to Nov) £000	(Dec to Mar) £000	£000	£000
Receipts	-	(1)	-	(1)	1
Salaries	6,338	3,995	2,050	6,045	293
Other staff costs	1,035	516	522	1,038	(3)
Travel & subsistence	29	32	10	42	(13)
Information	59	154	(36)	118	(59)
Broadcasting	-	-	-	-	-
Communications	3	2	-	2	1
Computers	12	14	12	26	(14)
IT	-	-	-	-	-
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	68	57	11	68	-
Finance & professional services	1,800	1,384	807	2193	(391)
Security	-	3	-	3	(3)
Accommodation	-	-	-	-	-
Grants	-	-	-	-	-
Depreciation	325	182	92	274	51
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	-	-	-	-	-
Gross Resource Expenditure	9,669	6,339	3,468	9,807	(138)
Net Resource Expenditure	9,669	6,338	3,468	9,806	(137)
Capital Expenditure	5	-	46	46	(41)

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

OFFICIAL REPORT

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	-	-	-	-	-
Salaries	5,657	3,549	2,150	5,699	(42)
Other staff costs	115	57	44	101	14
Travel & subsistence	122	79	79	158	(36)
Information	3,810	2,599	1,175	3,774	36
Broadcasting	-	-	-	-	-
Communications	6	1	2	3	3
Computers	-	-	-	-	-
IT	-	-	-	-	-
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	37	21	12	33	4
Finance & professional services	30	26	10	36	(6)
Security	-	-	-	-	-
Accommodation	-	-	-	-	-
Grants	-	-	-	-	-
Depreciation	145	67	48	115	30
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	-	-	-	-	-
Gross Resource Expenditure	9,922	6,399	3,520	9,919	3
Net Resource Expenditure	9,922	6,399	3,520	9,919	3
Capital Expenditure	10	3	3	6	4

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

REFRESHMENT DEPARTMENT

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	(7,300)	(4,456)	(2,523)	(6,979)	(321)
Salaries	9,273	6,224	3,133	9,357	(84)
Other staff costs	289	76	28	104	185
Travel & subsistence	113	2	2	4	109
Information	17	15	8	24	(7)
Broadcasting	-	-	-	-	-
Communications	1	1	1	2	(1)
Computers	28	22	8	30	(2)
IT	-	-	-	-	-
RD cost of goods	3,300	2,040	1,200	3,240	60
RD other supplies	153	232	87	319	(166)
Office supplies	38	30	8	38	-
Finance & professional services	48	75	34	109	(61)
Security	-	-	-	-	-
Accommodation	554	366	183	549	5
Grants	-	-	-	-	-
Depreciation	55	33	16	49	6
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	-	-	-	-	-
Gross Resource Expenditure	13,869	9,117	4,708	13,825	44
Net Resource Expenditure	6,569	4,661	2,185	6,846	(277)
Capital Expenditure	10	-	-	-	10

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

OFFICE OF THE CLERK

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	(2)	(1)	(1)	(2)	0
Salaries	615	395	220	615	-
Other staff costs	15	2	21	23	(8)
Travel & subsistence	4	2	3	5	(1)
Information	66	30	36	66	-
Broadcasting	-	-	-	-	-
Communications	3	-	3	3	-
Computers	5	-	5	5	-
IT	-	-	-	-	-
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	5	5	1	6	(1)
Finance & professional services	52	34	48	82	(30)
Security	-	-	-	-	-
Accommodation	-	-	-	-	-
Grants	-	-	-	-	-
Depreciation	1	1	1	1	-
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	-	-	-	-	-
Gross Resource Expenditure	766	469	338	806	(40)
Net Resource Expenditure	764	467	337	804	(40)
Capital Expenditure	1	1	1	2	(1)

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

PARLIAMENTARY ICT

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	-	(2)	-	(2)	2
Salaries	9,245	5,738	3,021	8,759	486
Other staff costs	164	149	133	282	(118)
Travel & subsistence	-	-	-	-	-
Information	-	-	-	-	-
Broadcasting	-	-	-	-	-
Communications	1,920	1,248	679	1,927	(7)
Computers	2,330	1,953	592	2,545	(215)
IT	1,600	1,341	406	1,747	(147)
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	-	-	-	-	-
Finance & professional services	-	-	-	-	-
Security	-	-	-	-	-
Accommodation	-	-	-	-	-
Grants	-	-	-	-	-
Depreciation	1,750	1,236	737	1,973	(223)
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	249	181	213	394	(145)
Gross Resource Expenditure	17,258	11,846	5,781	17,627	(369)
Net Resource Expenditure	17,258	11,844	5,781	17,625	(367)
Capital Expenditure	1,123	1,046	80	1,126	(3)

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

SECURITY CO-ORDINATOR

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	-	-	-	-	-
Salaries	118	73	37	110	8
Other staff costs	-	1	-	1	(1)
Travel & subsistence	4	4	1	5	(1)
Information	-	-	-	-	-
Broadcasting	-	-	-	-	-
Communications	-	-	-	-	-
Computers	-	-	-	-	-
IT	-	-	-	-	-
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	-	1	-	1	(1)
Finance & professional services	-	-	-	-	-
Security	-	-	-	-	-
Accommodation	-	-	-	-	-
Grants	-	-	-	-	-
Depreciation	1	1	-	1	-
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	-	-	-	-	-
Gross Resource Expenditure	123	80	38	118	6
Net Resource Expenditure	123	80	38	118	6
Capital Expenditure	-	-	-	-	-

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

GRANTS

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	-	-	-	-	-
Salaries	-	-	-	-	-
Other staff costs	-	-	-	-	-
Travel & subsistence	-	-	-	-	-
Information	-	-	-	-	-
Broadcasting	-	-	-	-	-
Communications	-	-	-	-	-
Computers	-	-	-	-	-
IT	-	-	-	-	-
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	-	-	-	-	-
Finance & professional services	-	-	-	-	-
Security	-	-	-	-	-
Accommodation	-	-	-	-	-
Grants	1,358	682	676	1,358	-
Depreciation	-	-	-	-	-
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	-	-	-	-	-
Gross Resource Expenditure	1,358	682	676	1,358	-
Net Resource Expenditure	1,358	682	676	1,358	-
Capital Expenditure	-	-	-	-	-

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

PROJECT PROVISION

Description	Annual Budget £000	Actual (April to Nov) £000	Forecast (Dec to Mar) £000	Outturn £000	Variance £000
Receipts	-	-	-	-	-
Salaries	-	-	-	-	-
Other staff costs	-	-	-	-	-
Travel & subsistence	-	-	-	-	-
Information	-	-	-	-	-
Broadcasting	-	-	-	-	-
Communications	-	-	-	-	-
Computers	-	-	-	-	-
IT	3,406	2,410	1,382	3,792	(386)
RD cost of goods	-	-	-	-	-
RD other supplies	100	-	-	-	100
Office supplies	-	-	-	-	-
Finance & professional services	-	-	-	-	-
Security	20	-	10	10	10
Accommodation	100	-	-	-	100
Grants	-	-	-	-	-
Depreciation	-	-	-	-	-
Cost of capital	-	-	-	-	-
Pensions: interest cost	-	-	-	-	-
Other resource adjustments	540	318	152	470	70
Gross Resource Expenditure	4,166	2,728	1,544	4,272	(106)
Net Resource Expenditure	4,166	2,728	1,544	4,272	(106)
Capital Expenditure	4,300	2,440	1,862	4,302	(2)

**2007/08 RESOURCE BUDGET: FINAL FORECAST
OUTTURN**

CENTRAL PROVISION

Description	Annual	Actual	Forecast	Outturn	Variance
	Budget £000	(April to Nov) £000	(Dec to Mar) £000	£000	£000
Receipts	-	-	-	-	-
Salaries	-	-	-	-	-
Other staff costs	-	-	-	-	-
Travel & subsistence	-	-	-	-	-
Information	-	-	-	-	-
Broadcasting	-	-	-	-	-
Communications	-	-	-	-	-
Computers	-	-	-	-	-
IT	-	-	-	-	-
RD cost of goods	-	-	-	-	-
RD other supplies	-	-	-	-	-
Office supplies	-	-	-	-	-
Finance & professional services	-	-	-	-	-
Security	-	-	-	-	-
Accommodation	-	-	-	-	-
Grants	-	-	-	-	-
Depreciation	1,400	-	2,340	2,340	(940)
Cost of capital	30,400	-	27,633	27,633	2,767
Pensions: interest cost	13,800	-	19,700	19,700	(5,900)
Other resource adjustments	2,546	-	1,100	1,100	1,446
Gross Resource Expenditure	48,146	-	50,773	50,773	(2,627)
Net Resource Expenditure	48,146	-	50,773	50,773	(2,627)
Capital Expenditure	-	-	-	-	-