

## MANAGEMENT BOARD

### 2008/09 ADMINISTRATION ESTIMATE: FINAL FORECAST OUTTURN

*Note by the Director of Financial Management*

#### Purpose

1. To update the Management Board on the results of the final forecasting exercise.
2. This exercise provides the final opportunity for the Management Board to review the allocation of resources for the year.

#### Summary

3. The overall results for the forecast for resource expenditure are given in the table below:

#### Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Final Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Receipts	(9,242)	(9,092)	(5,960)	(3,431)	(9,391)	149	299
Salaries	76,934	78,006	49,708	28,404	78,112	(1,178)	(106)
Other Staff Costs	2,741	2,944	1,434	937	2,371	370	573
Travel and Subsistence	4,675	4,144	2,281	1,806	4,087	588	57
Information	15,881	15,937	10,367	5,385	15,752	129	185
Broadcasting	143	151	56	81	137	6	14
Communications	7,474	7,166	4,501	2,477	6,978	496	188
Computers	6,576	7,094	4,539	2,323	6,862	(286)	232
Cost of Goods Sold	3,413	3,574	2,317	1,280	3,597	(184)	(23)
Other RD Supplies	348	332	215	131	346	2	(14)
Office Supplies	2,311	1,983	1,277	697	1,974	337	9
Consultants	5,205	5,491	3,288	2,231	5,519	(314)	(28)
Grants	4,011	4,011	3,028	983	4,011	-	-
Accommodation	33,515	31,402	20,219	11,319	31,538	1,977	(136)
Security	21,924	21,554	13,727	7,276	21,003	921	551
Depreciation	18,915	18,888	14,277	4,471	18,748	167	140
Interest on Pension Fund and Cost of Capital	45,200	45,200	-	45,100	45,100	100	100
Other	3,976	-	-	-	-	3,976	-
<b>Total Resource Costs</b>	<b>244,000</b>	<b>238,785</b>	<b>125,274</b>	<b>111,470</b>	<b>236,744</b>	<b>7,256</b>	<b>2,041</b>

4. The analysis by Department is given in Annex A.
5. In overall terms, **resource expenditure** is forecast to be **£7.3 million lower than the original budget (and Estimate)** of £244 million. This is a further underspend of £2 million on the mid-year forecast which was presented to the Management Board in October 2008.
6. The final forecast includes provision for the 2008 pay rise based on the latest offer. However, the reserves included in the 2008/09 Budget for the impact of Tebbit related changes (£2 million) together with a general reserve (£2 million) have been released in the forecast figures shown.
7. The overall results for **capital expenditure** are given in the table below:

	2008/09 Original Budget	2008/09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Total Capital Expenditure	12,000	11,087	2,273	3,341	5,614	6,386	5,473

8. In the budget, provision was made centrally for two Estates Capital projects - Refurbishment of Tothill Street (Commons Share £5.4 million) and the Security Equipment Room (Commons Share £0.9 million). This provision was retained in the mid-year forecast. The Tothill Street project has been revised and the Commons Share in 2008/09 is now substantially reduced and there is now no expenditure forecast for the other scheme in 2008/09.

## Analysis

9. The most significant changes in the forecast from the Budget and the mid-year forecast are:
  - a. Salaries – forecast to be **£1.2 million** higher than budget, an increase of £0.1 million on the mid-year forecast. The most significant items are:

Department		Change from Budget	Change from mid-year forecast
		£000s	£000s
DCCS	Principally a correction in pension rates assumed and greater charges to the Lords. Final forecast takes into account	794	215

	the impact of vacancies.		
--	--------------------------	--	--

Department		Change from Budget	Change from mid-year forecast
		£000s	£000s
DF	Increase in Agency Staff for interim project leaders	(431)	(96)
DIS	Principally a correction in pension rates assumed and greater charges to the Lords. Final forecast takes into account latest position on staffing.	255	(191)
DR	Increase in staff to meet increased FOI and Members Allowances activity	(523)	24
OCE	Increase in staff agreed by the Management Board	(195)	96
PICT	Slower transition from Agency staff and Infrastructure and Internet project staff charged to PICT budget rather than Project Provision where the budget was held. Impact reduced in final forecast.	(601)	305
Project Provision	Changes mainly offset by changes in other headings	313	(255)
Other		157	21
	<b>Sub-total</b>	<b>(231)</b>	<b>119</b>
Central Provision	Increase in Provision for 2008 pay rise	(947)	(225)
	<b>Total</b>	<b>(1,178)</b>	<b>(106)</b>

- b. Accommodation – forecast **£2 million** lower than budget and £136k higher than the mid-year forecast principally due to:
- i. Reductions in rates, taxes and utilities from the levels expected in the budget (£1.1 million); and
  - ii. Reductions in Works Projects expenditure principally as a result of delay in the Terrace Cafeteria servery project (£0.9 million).
- c. Metropolitan Police contract – forecast remains **£0.9 million** below the budgeted figure.
- d. Release of balance on the **£3 million** reserves held - Tebbit reserve (£1 million) and the general contingency reserve (£2 million)

10. Although the overall position on depreciation charges is balanced, the forecast highlights some significant departmental variances between

budgets and final outturns. Further work is to be undertaken prior to 2009/10 to review the position.

11. The **cash projection** based on the forecast is a requirement for £180 million which **is £12 million lower than the Estimate**.
12. When the Management Board considered the mid-year forecast at its October 2008 meeting, the Board agreed that Directors General should sign off forecasts. Confirmation from Directors General that they have signed off the forecasts has been sought following the loading of the revised forecasts on H AIS by departmental finance teams.

### Risks

13. The forecast does not suggest any significant risk of overspend against the Estimate for 2008/09. However, the notional pension contributions and interest charge on the total liability are still on the basis of internal assessments by the Government Actuary's Department which will not be finalised until the year end. This work will include a full revaluation of the outstanding pension liability based on market rates at 31 March 2009. A near final report is expected from them within the next week, which should provide a near final picture, and the forecast reflects our best estimate of the likely outcome.
14. A small level of reserves has traditionally been held to meet emerging commitments during the year. These have not been required in recent years, as additional underspends have emerged towards the year end. The improvement in forecasting should provide more certainty. This justifies the agreement to reduce the level of reserves held and seek an efficiency saving in 2009/10.

### Conclusion

15. The Management Board is invited to:
  - Note the outcome of the final forecasting exercise;
  - Identify any areas where additional resources might be deployed in the short time available before the year end
  - Consider how further improvements to planning and forecasting can be achieved.

C Ridley  
Director of Financial Management  
8 January 2009

## Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

## Speaker's Office

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Receipts	-	-	-	-	-	-	-
Salaries	415	404	269	131	400	15	4
Other Staff Costs	17	-	-	12	12	5	(12)
Travel and Subsistence	178	145	79	92	171	7	(26)
Information	4	4	2	2	4	-	-
Broadcasting	-	-	-	-	-	-	-
Communications	1	1	1	-	1	-	-
Computers	1	1	-	-	-	1	1
Cost of Goods Sold	-	-	-	-	-	-	-
Other RD Supplies	-	-	-	-	-	-	-
Office Supplies	12	9	3	4	7	5	2
Consultants	8	6	2	4	6	2	-
Grants	-	-	-	-	-	-	-
Accommodation	2	2	2	1	3	(1)	(1)
Security	1	-	-	-	-	1	-
Depreciation	2	3	1	1	2	-	1
<b>Total Resource Costs</b>	<b>641</b>	<b>575</b>	<b>359</b>	<b>247</b>	<b>606</b>	<b>35</b>	<b>(31)</b>

## Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

## Department of Chamber and Committee Services

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Receipts	(530)	(458)	(260)	(179)	(439)	(91)	(19)
Salaries	27,558	26,979	17,322	9,442	26,764	794	215
Other Staff Costs	722	670	162	221	383	339	287
Travel and Subsistence	3,877	3,610	1,929	1,568	3,497	380	113
Information	13,573	13,596	9,116	4,339	13,455	118	141
Broadcasting	143	151	56	81	137	6	14
Communications	1,200	1,239	816	437	1,253	(53)	(14)
Computers	58	52	29	18	47	11	5
Cost of Goods Sold	-	-	-	-	-	-	-
Other RD Supplies	-	-	-	-	-	-	-
Office Supplies	966	856	602	311	913	53	(57)
Consultants	1,493	1,485	678	683	1,361	132	124
Grants	-	-	-	-	-	-	-
Accommodation	40	24	2	35	37	3	(13)
Security	21,923	21,554	13,727	7,276	21,003	920	551
Depreciation	642	461	277	420	697	(55)	(236)
<b>Total Resource Costs</b>	<b>71,665</b>	<b>70,219</b>	<b>44,456</b>	<b>24,652</b>	<b>69,108</b>	<b>2,557</b>	<b>1,111</b>

## Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

## Department of Facilities

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Receipts	(8,220)	(8,140)	(5,457)	(2,937)	(8,394)	174	254
Salaries	18,326	18,661	12,634	6,123	18,757	(431)	(96)
Other Staff Costs	477	472	223	148	371	106	101
Travel and Subsistence	208	203	137	65	202	6	1
Information	81	72	37	24	61	20	11
Broadcasting	-	-	-	-	-	-	-
Communications	4,290	3,935	2,433	1,370	3,803	487	132
Computers	30	43	27	36	63	(33)	(20)
Cost of Goods Sold	3,413	3,574	2,317	1,280	3,597	(184)	(23)
Other RD Supplies	348	332	215	131	346	2	(14)
Office Supplies	1,148	868	513	328	841	307	27
Consultants	1,540	1,705	851	700	1,551	(11)	154
Grants	-	-	-	-	-	-	-
Accommodation	33,211	31,191	20,107	11,183	31,290	1,921	(99)
Security	-	-	-	-	-	-	-
Depreciation	12,162	12,167	12,017	151	12,168	(6)	(1)
<b>Total Resource Costs</b>	<b>67,014</b>	<b>65,083</b>	<b>46,054</b>	<b>18,602</b>	<b>64,656</b>	<b>2,358</b>	<b>427</b>



## Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

## Department of Information Services

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Receipts	(490)	(491)	(241)	(314)	(555)	65	64
Salaries	11,997	11,551	7,714	4,028	11,742	255	(191)
Other Staff Costs	205	250	180	83	263	(58)	(13)
Travel and Subsistence	342	114	72	60	132	210	(18)
Information	1,994	1,974	1,009	922	1,931	63	43
Broadcasting	-	-	-	-	-	-	-
Communications	60	61	46	25	71	(11)	(10)
Computers	66	72	12	55	67	(1)	5
Cost of Goods Sold	-	-	-	-	-	-	-
Other RD Supplies	-	-	-	-	-	-	-
Office Supplies	81	111	86	19	105	(24)	6
Consultants	114	109	75	43	118	(4)	(9)
Grants	-	-	-	-	-	-	-
Accommodation	229	151	87	86	173	56	(22)
Security	-	-	-	-	-	-	-
Depreciation	117	204	33	276	309	(192)	(105)
<b>Total Resource Costs</b>	<b>14,715</b>	<b>14,106</b>	<b>9,073</b>	<b>5,283</b>	<b>14,356</b>	<b>359</b>	<b>(250)</b>

## Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

## Department of Resources

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Receipts	-	(1)	(1)	-	(1)	1	-
Salaries	6,033	6,580	4,337	2,219	6,556	(523)	24
Other Staff Costs	892	1,152	611	375	986	(94)	166
Travel and Subsistence	29	45	36	11	47	(18)	(2)
Information	71	104	64	22	86	(15)	18
Broadcasting	-	-	-	-	-	-	-
Communications	3	5	3	1	4	(1)	1
Computers	22	24	33	8	41	(19)	(17)
Cost of Goods Sold	-	-	-	-	-	-	-
Other RD Supplies	-	-	-	-	-	-	-
Office Supplies	66	75	51	22	73	(7)	2
Consultants	1,581	1,508	1,220	556	1,776	(195)	(268)
Grants	-	-	-	-	-	-	-
Accommodation	-	-	-	-	-	-	-
Security	-	-	-	-	-	-	-
Depreciation	325	325	99	136	235	90	90
<b>Total Resource Costs</b>	<b>9,022</b>	<b>9,817</b>	<b>6,453</b>	<b>3,350</b>	<b>9,803</b>	<b>(781)</b>	<b>14</b>

## Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

## Office of the Chief Executive

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Receipts	(2)	(2)	(1)	(1)	(2)	-	-
Salaries	892	1,183	689	398	1,087	(195)	96
Other Staff Costs	28	35	14	18	32	(4)	3
Travel and Subsistence	4	3	4	1	5	(1)	(2)
Information	39	50	15	24	39	-	11
Broadcasting	-	-	-	-	-	-	-
Communications	2	2	-	2	2	-	-
Computers	4	-	1	-	1	3	(1)
Cost of Goods Sold	-	-	-	-	-	-	-
Other RD Supplies	-	-	-	-	-	-	-
Office Supplies	6	11	7	6	13	(7)	(2)
Consultants	332	510	377	164	541	(209)	(31)
Grants	-	-	-	-	-	-	-
Accommodation	-	-	-	-	-	-	-
Security	-	-	-	-	-	-	-
Depreciation	2	2	2	2	4	(2)	(2)
<b>Total Resource Costs</b>	<b>1,307</b>	<b>1,794</b>	<b>1,108</b>	<b>614</b>	<b>1,722</b>	<b>(415)</b>	<b>72</b>

## Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

## Parliamentary Security Co-ordinator

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Receipts	-	-	-	-	-	-	-
Salaries	185	92	33	42	75	110	17
Other Staff Costs	-	1	-	1	1	(1)	-
Travel and Subsistence	3	1	2	-	2	1	(1)
Information	-	-	-	-	-	-	-
Broadcasting	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-
Computers	-	-	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-	-	-
Other RD Supplies	-	-	-	-	-	-	-
Office Supplies	-	-	-	1	1	(1)	(1)
Consultants	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-
Accommodation	-	-	-	-	-	-	-
Security	-	-	-	2	2	(2)	(2)
Depreciation	1	1	-	-	-	1	1
<b>Total Resource Costs</b>	<b>189</b>	<b>95</b>	<b>35</b>	<b>46</b>	<b>81</b>	<b>108</b>	<b>14</b>

## Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

## PICT

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Receipts	-	-	-	-	-	-	-
Salaries	7,758	8,664	5,867	2,492	8,359	(601)	305
Other Staff Costs	400	359	208	69	277	123	82
Travel and Subsistence	34	19	21	4	25	9	(6)
Information	119	111	125	9	134	(15)	(23)
Broadcasting	-	-	-	-	-	-	-
Communications	1,918	1,921	1,198	644	1,842	76	79
Computers	4,051	4,211	3,469	755	4,224	(173)	(13)
Cost of Goods Sold	-	-	-	-	-	-	-
Other RD Supplies	-	-	-	-	-	-	-
Office Supplies	32	53	14	6	20	12	33
Consultants	37	17	23	9	32	5	(15)
Grants	-	-	-	-	-	-	-
Accommodation	33	34	21	14	35	(2)	(1)
Security	-	-	-	-	-	-	-
Depreciation	1,832	2,493	1,386	1,031	2,417	(585)	76
<b>Total Resource Costs</b>	<b>16,214</b>	<b>17,882</b>	<b>12,332</b>	<b>5,033</b>	<b>17,365</b>	<b>(1,151)</b>	<b>517</b>

## Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

## Project Provision

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Receipts	-	-	-	-	-	-	-
Salaries	1,710	1,142	843	554	1,397	313	(255)
Other Staff Costs	-	5	36	10	46	(46)	(41)
Travel and Subsistence	-	4	4	2	6	(6)	(2)
Information	-	26	(1)	43	42	(42)	(16)
Broadcasting	-	-	-	-	-	-	-
Communications	-	2	4	(2)	2	(2)	-
Computers	2,344	2,691	968	1,451	2,419	(75)	272
Cost of Goods Sold	-	-	-	-	-	-	-
Other RD Supplies	-	-	-	-	-	-	-
Office Supplies	-	-	1	-	1	(1)	(1)
Consultants	-	51	62	(28)	34	(34)	17
Grants	-	-	-	-	-	-	-
Accommodation	-	-	-	-	-	-	-
Security	-	-	-	-	-	-	-
Depreciation	-	-	462	(439)	23	(23)	(23)
<b>Total Resource Costs</b>	<b>4,054</b>	<b>3,921</b>	<b>2,379</b>	<b>1,591</b>	<b>3,970</b>	<b>84</b>	<b>(49)</b>

## Comparison between 2008/09 Resource Estimate, the Mid-Year Forecast and the Final Forecast

## Central Provision and Grants

	2008/09 Original Budget	2008 /09 October Forecast	Actuals to November 2008	Forecast December to March 2009	2008/09 Forecast Outturn	Variance from Budget	Variance from October Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>							
Staff related	2,060	2,750	-	2,975	2,975	(915)	(225)
Consultants	100	100	-	100	100	-	-
Grants	4,011	4,011	3,028	983	4,011	-	-
Depreciation	3,832	3,232	-	2,891	2,891	941	341
Interest on Pension Fund and Cost of Capital	45,200	45,200	-	45,100	45,100	100	100
Other	3,976	-	-	-	-	3,976	-
<b>Total Resource Costs</b>	<b>59,179</b>	<b>55,293</b>	<b>3,028</b>	<b>52,049</b>	<b>55,077</b>	<b>4,102</b>	<b>216</b>