

MANAGEMENT BOARD**2009/10 ADMINISTRATION ESTIMATE: FINAL FORECAST OUTTURN****Note by the Director of Financial Management**Purpose

1. This paper updates the Management Board on the results of the Final Forecast Outturn exercise. The exercise is the final opportunity for the Board to review the allocation of resources for the year and to consider the scale of Supplementary Estimate which the analysis suggests is required.

Action for Board

2. To agree a Supplementary Estimate based on the revaluation accounting adjustment less the £8 million underspend forecast.

Summary

3. An underspend of £8.2 million has been forecast. This has grown from the £5.7 million underspend forecast at the mid-year review. Previous years' experience suggests a still larger underspend will emerge towards the year end.
4. This is dwarfed by a significant revaluation of the Estate by the Valuation Office Agency (VOA) which has reduced the value of the Palace and Portcullis House by £377 million and £98 million respectively. A Supplementary Estimate will be required to handle the resulting adjustment required in the Resource Accounts.

Analysis

5. A summary of the results for the exercise are shown below. Further details by department are provided in the Appendix.

	Original Budget	Mid Year Forecast	Variance	Revised Budget	Actuals April - Dec	Forecast Jan - March	Outturn April - March	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Receipts	-9,158	-9,395	237	-9,504	-7,384	-1,900	-9,284	-220
Salaries	88,711	85,257	3,454	87,255	60,474	21,826	82,300	4,955
Other Staff Costs	21,485	22,768	-1,283	23,289	1,907	21,289	23,196	93
Travel and Subsistence	5,786	5,050	736	5,162	2,777	1,619	4,396	766
Information	16,724	15,997	727	16,963	11,439	4,981	16,420	543
Broadcasting	142	144	-2	176	73	107	180	-4
Communications	7,332	7,059	273	7,151	5,015	1,814	6,829	322
Computers	6,460	6,741	-281	8,038	5,339	1,629	6,968	1,070
Catering Supplies	3,846	3,779	67	3,979	2,625	1,311	3,936	43
Office Supplies	2,193	1,991	202	1,917	1,362	525	1,887	30
Specialist Advice & Work Commissioned	7,346	7,149	197	6,013	4,667	3,175	7,842	-1,829
Grants	3,746	3,746	0	3,746	2,772	974	3,746	0
Accommodation	34,720	31,873	2,847	33,519	23,314	9,065	32,379	1,140
Security	22,787	22,125	662	22,787	16,124	6,210	22,334	453
Depreciation	18,015	17,680	335	17,209	11,990	5,218	17,208	1
Cost of Capital	27,865	30,300	-2,435	30,300	0	29,500	29,500	800
Gross Resource	267,158	261,659	5,499	267,504	149,878	109,243	259,121	8,383
Net Resource	258,000	252,264	5,736	258,000	142,494	107,343	249,837	8,163
Loss on Revaluation						70,000	70,000	-70,000
Overall Net Resource	258,000	252,264	5,736	258,000	142,494	177,343	319,837	-61,837
Capital	19,500	16,309	3,191	19,500	7,467	9,183	16,650	2,850

6. Recent weather conditions have prevented some forecast updates being provided. In these cases the figures represent the latest figures derived from monthly update meetings held.
7. The forecast includes losses of £70 million arising from the latest valuation of Land and Buildings. This represents the reduction in the valuations which cannot be covered from the revaluation reserves created when values were previously increased. This is still being discussed in detail with the National Audit Office and it is possible that the loss could reduce to £50 million depending upon the interpretation of the use of revaluation reserves. These discussions should be completed next week allowing an update to be given at the meeting of the Management Board.
8. The overall position on other costs is a forecast underspend of £8.2 million which is an increase on the underspend of £5.7 million forecast at the mid-year review. This should be compared with a forecast underspend of £5.3 million at the same time last year, which increased to an actual underspend of £9.4 million for 2008/09.
9. Following the mid-year review departmental budgets were revised. The tables in the Appendix show how the previous forecast and resultant budget changes compare with the revised budget and current forecast.
10. The most significant areas of forecast compared with the revised budget underspend are:
 - a. Salaries - £5.0 million. Most departments have reduced their forecasts of salary costs taking into account actual levels of staff numbers.
 - b. Accommodation - £1.1 million mainly due to reductions in maintenance, utility costs and the release of a central reserve made in the revised budget.
 - c. Computers - £1.0 million mainly due to the reclassification of expenditure to Specialist Advice and Work Commissioned and the release of a central reserve included in the revised budget.
 - d. Cost of capital charge - £0.8 million reflecting the impact of the revaluation of land buildings and other changes to the balance sheet.
 - e. Travel and Subsistence - £0.8 million mainly due to a reduction in the forecast levels of expenditure on Select Committee travel.
11. The only significant area of increased costs is Specialist Advice and Work Commissioned where an increase of £1.8 million over the budget is forecast. The principal areas of increase are:
 - a. Reclassification of expenditure (see paragraph 5c); and

- b. Department of Resources (£0.6 million) where expenditure on FOI related publication and detailed audit has increased.

12. Capital expenditure shows a forecast underspend of £2.8 million.

Supplementary Estimate

13. The impact of the loss on revaluation means that a Supplementary Estimate is required. As noted above, the loss is likely to be in the range of £50 million to £70 million. The precise figures will be defined in the next few days. The forecast underspend on other areas will be used to reduce the scale of the Supplementary Estimate.

Conclusion

14. Other technical year end resource adjustments could arise requiring a small contingency to be held in reserve. However, the experience from previous years suggests the actual underspend is likely to be larger than the current forecast. We therefore propose that a Supplementary Estimate be laid to handle the revaluation adjustment less the £8 million underspend now forecast. The additional underspend expected to emerge towards the year end should provide the flexibility to handle any other adjustments required in the Resource Accounts at the year end. The cause of the Supplementary Estimate will need to be explained as a technical accounting adjustment.
15. The opportunity will be taken to adjust the net cash requirement, taking account of the forecast capital underspend, at the same time.

C Ridley
Director of Financial Management
14 January 2010

CHAMBER AND COMMITTEE SERVICES								
	Original Budget	Mid Year Forecast	Variance	Revised Budget	Actuals April - Dec	Forecast Jan - March	Outturn April - March	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Receipts	-530	-471	-59	-452	-282	-163	-445	-7
Salaries	30,196	29,386	810	28,734	20,440	6,796	27,236	1,498
Other Staff Costs	428	322	106	350	157	146	303	47
Travel and Subsistence	4,759	4,288	471	4,339	2,312	1,366	3,678	661
Information	14,180	13,678	502	14,027	9,809	3,745	13,554	473
Broadcasting	142	144	-2	176	73	107	180	-4
Communications	1,257	1,251	6	1,250	926	317	1,243	7
Computers	74	59	15	64	36	9	45	19
Office Supplies	1,008	902	106	829	605	220	825	4
Specialist Advice & Work Commissioned	1,893	1,507	386	1,231	784	621	1,405	-174
Accommodation	41	33	8	36	12	6	18	18
Security	22,786	22,124	662	22,786	16,123	6,209	22,332	454
Depreciation	641	544	97	466	330	112	442	24
Gross Resource	77,405	74,238	3,167	74,288	51,607	19,654	71,261	3,027
Net Resource	76,875	73,767	3,108	73,836	51,325	19,491	70,816	3,020
Capital	92	43	49	17	47	6	53	-36

FACILITIES								
	Original Budget	Mid Year Forecast	Variance	Revised Budget	Actuals April - Dec	Forecast Jan - March	Outturn April - March	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Receipts	-8,135	-8,324	189	-8,543	-6,549	-1,737	-8,286	-257
Salaries	20,464	20,151	313	19,670	14,391	5,149	19,540	130
Other Staff Costs	485	305	180	349	156	97	253	96
Travel and Subsistence	203	186	17	199	146	58	204	-5
Information	58	53	5	57	38	18	56	1
Communications	4,073	3,759	314	3,680	2,571	992	3,563	117
Computers	62	22	40	22	21	1	22	0
Catering Supplies	3,846	3,779	67	3,979	2,639	1,297	3,936	43
Office Supplies	960	849	111	832	542	249	791	41
Specialist Advice & Work Commissioned	1,754	1,428	326	1,565	937	781	1,718	-153
Accommodation	33,377	31,556	1,821	32,691	23,169	8,995	32,164	527
Depreciation	12,665	12,554	111	12,101	9,022	3,079	12,101	0
Gross Resource	77,947	74,642	3,305	75,145	53,632	20,716	74,348	797
Net Resource	69,812	66,318	3,494	66,602	47,083	18,979	66,062	540
Capital	17,103	14,241	2,862	15,279	5,260	8,966	14,226	1,053

INFORMATION SERVICES								
	Original Budget	Mid Year Forecast	Variance	Revised Budget	Actuals April - Dec	Forecast Jan - March	Outturn April - March	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Receipts	-492	-601	109	-511	-554	0	-554	43
Salaries	12,746	12,837	-91	12,642	9,293	3,089	12,382	260
Other Staff Costs	162	150	12	248	129	137	266	-18
Travel and Subsistence	533	359	174	380	177	123	300	80
Information Communications	2,223	2,018	205	2,318	1,379	1,190	2,569	-251
Computers	73	79	-6	82	66	19	85	-3
Office Supplies	18	47	-29	48	40	3	43	5
Specialist Advice & Work Commissioned	102	101	1	100	100	24	124	-24
Accommodation	294	214	80	252	95	91	186	66
Security	184	149	35	156	98	58	156	0
Depreciation	0	4	-4	4	4	0	4	0
Gross Resource	16,493	16,027	466	16,383	11,424	5,014	16,438	-55
Net Resource	16,001	15,426	575	15,872	10,870	5,014	15,884	-12
Capital	135	96	39	113	107	-17	90	23

RESOURCES								
	Original Budget	Mid Year Forecast	Variance	Revised Budget	Actuals April - Dec	Forecast Jan - March	Outturn April - March	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Receipts	0	0	0	0	-1	0	-1	1
Salaries	8,482	8,309	173	8,496	5,990	2,048	8,038	458
Other Staff Costs	1,252	1,269	-17	1,584	1,188	457	1,645	-61
Travel and Subsistence	32	17	15	29	3	3	6	23
Information Communications	65	64	1	48	91	-33	58	-10
Computers	3	3	0	3	3	0	3	0
Office Supplies	40	57	-17	60	46	43	89	-29
Specialist Advice & Work Commissioned	60	87	-27	102	78	19	97	5
Depreciation	1,510	2,815	-1,305	2,162	2,111	654	2,765	-603
Gross Resource	11,769	12,798	-1,029	12,664	9,531	3,387	12,918	-254
Net Resource	11,769	12,798	-1,029	12,664	9,530	3,387	12,917	-253
Capital	5	0	5	59	38	2	40	19

PARLIAMENTARY ICT								
	Original Budget	Mid Year Forecast	Variance	Revised Budget	Actuals April - Dec	Forecast Jan - March	Outturn April - March	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Receipts	0	2	-2	2	2	0	2	0
Salaries	9,258	9,538	-280	9,279	6,979	2,231	9,210	69
Other Staff Costs	400	328	72	358	228	130	358	0
Travel and Subsistence	37	24	13	21	19	2	21	0
Information Communications	1,924	1,854	70	1,933	1,336	597	1,933	0
Computers	4,767	4,790	-23	4,981	3,445	1,337	4,782	199
Office Supplies	35	30	5	25	17	8	25	0
Specialist Advice & Work Commissioned	17	14	3	29	66	-22	44	-15
Accommodation	36	39	-3	40	24	16	40	0
Depreciation	2,912	2,760	152	2,626	1,959	611	2,570	56
Gross Resource	19,512	19,495	17	19,434	14,162	4,962	19,124	310
Net Resource	19,512	19,497	15	19,436	14,164	4,962	19,126	310
Capital	2,074	1,629	445	2,442	1,724	394	2,118	324

OFFICE OF THE CHIEF EXECUTIVE								
	Original Budget	Mid Year Forecast	Variance	Revised Budget	Actuals April - Dec	Forecast Jan - March	Outturn April - March	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Salaries	1,270	1,259	11	1,220	893	338	1,231	-11
Other Staff Costs	36	34	2	42	24	7	31	11
Travel and Subsistence	13	10	3	8	4	0	4	4
Information Communications	34	30	4	40	18	13	31	9
Computers	2	1	1	1	0	1	1	0
Office Supplies	10	4	6	10	-1	3	2	8
Specialist Advice & Work Commissioned	20	16	4	20	10	5	15	5
Depreciation	475	342	133	378	129	97	226	152
Net Resource	2	3	-1	3	3	6	9	-6
Capital	1,862	1,699	163	1,722	1,080	470	1,550	172
	2	1	1	2	0	1	1	1

PROJECT PROVISION	Original Budget	Mid Year Forecast	Variance	Revised Budget	Actuals April - Dec	Forecast Jan - March	Outturn April - March	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	Salaries	5,934	3,176	2,758	4,678	2,110	1,990	4,100
Other Staff Costs	94	47	47	44	13	14	27	17
Travel and Subsistence	18	9	9	5	3	5	8	-3
Information Communications	36	31	5	31	0	0	0	31
Computers	0	111	-111	0	0	0	0	0
Office Supplies	1,488	1,760	-272	2,552	1,750	234	1,984	568
Specialist Advice & Work Commissioned	0	1	-1	0	1	1	2	-2
Accommodation	1,299	723	576	292	540	836	1,376	-1,084
Security	94	94	0	94	0	0	0	94
Depreciation	0	-3	3	-3	-3	1	-2	-1
Net Resource	70	475	-405	15	610	-68	542	-527
	9,033	6,424	2,609	7,708	5,024	3,013	8,037	-329
Capital	292	298	-6	250	291	-170	121	129

