

Historic Scotland Board

Copy to: Jennie Smith, Chief Accountant

## Finance Report

### March 2008 Final Outturn

1. The final outturn for March is shown below. Table 1 shows the outturn against the Scottish Government budgets and Table 2 shows the group performance against internal Historic Scotland budgets.

#### Table 1

2. The outturn for 2008-09 is an overspend of £0.181 million. Overall, there is an underspend on revenue of £0.136 million and an overspend on capital of £0.317 million. The overspend has been cleared by SG Finance.

<b>Table 1</b>	<b><u>Original Budget</u></b>	<b><u>Spring Revision</u></b>	<b><u>Outturn</u></b>	<b><u>Variance</u></b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Revenue Funding	47,064	46,857	46,857	-
Estate Income	25,586	23,661	23,786	125
Other Receipts	681	890	1,189	299
<b>Revenue Funding</b>	<b>73,331</b>	<b>71,408</b>	<b>71,832</b>	<b>424</b>
Administration Costs	(39,477)	(35,756)	(37,176)	(1,420)
Programme Current	(29,354)	(32,559)	(31,763)	796
Heritage Capital	(4,500)	(3,093)	(2,757)	336
<b>Revenue Expenditure</b>	<b>(73,331)</b>	<b>(71,408)</b>	<b>(71,696)</b>	<b>(288)</b>
<b>Revenue Outturn</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>136</b>
<b>Capital Funding</b>	<b>1,000</b>	<b>1,063</b>	<b>1,063</b>	<b>-</b>
Capital Receipts	-	-	215	215
Operational Capital Expenditure	(1,000)	(1,063)	(1,595)	(532)
<b>Capital Outturn</b>	<b>-</b>	<b>-</b>	<b>(317)</b>	<b>(317)</b>
<b>Forecast Agency Outturn</b>	<b>-</b>	<b>-</b>	<b>(181)</b>	<b>(181)</b>

**Table 2**

<b>HS Internal Budgets</b>	<b>Original HS Budget</b>	<b>Revised Budget</b>	<b>Outturn</b>	<b>Variance</b>
<b>INCOME:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
SG Funding	48,064	47,920	47,920	-
PIC Estate Income	25,586	23,479	23,786	307
Other Receipts	681	1,589	1,404	(185)
<b>TOTAL INCOME</b>	<b>74,331</b>	<b>72,988</b>	<b>73,110</b>	<b>122</b>
<b>EXPENDITURE:</b>				
Grants	12,818	13,313	13,753	(440)
Policy	1,578	1,573	1,602	(29)
Heritage Planning Unit	35	-	-	-
<b>Policy Group</b>	<b>14,431</b>	<b>14,886</b>	<b>15,355</b>	<b>(469)</b>
<b>Inspectorate</b>	<b>5,906</b>	<b>6,168</b>	<b>6,156</b>	<b>12</b>
<b>TCG</b>	<b>2,630</b>	<b>3,065</b>	<b>3,187</b>	<b>(122)</b>
Conservation	16,395	16,733	17,209	(476)
VSBD	12,207	12,738	12,816	(78)
PIC Central	2,356	266	251	15
Major Projects	3,135	2,448	2,809	(361)
Joint Capital Projects		1,134	946	188
U&A	2,528	2,940	2,936	4
<b>PIC</b>	<b>36,621</b>	<b>36,259</b>	<b>36,967</b>	<b>(708)</b>
Chief Executive Group	565	593	595	(2)
Finance	2,109	2,408	2,268	140
Reserves	2,024	-	-	-
Human Resources	3,756	3,674	3,649	25
Direct Cost of Sales	3,242	3,242	3,274	(32)
Bad debts	10	10	14	(4)
Capital Charges	3,597	3,597	1,826	1,771
	<b>15,303</b>	<b>13,524</b>	<b>11,626</b>	<b>1,898</b>
<b>TOTAL EXPENDITURE</b>	<b>74,891</b>	<b>73,902</b>	<b>73,291</b>	<b>611</b>
<b>TOTAL AGENCY OUTTURN</b>	<b>(560)</b>	<b>(914)</b>	<b>(181)</b>	<b>733</b>

3. Income was £1.8 million lower than original budget. (The original budget was uplifted for the KPT of £25.879 million.) This reduction was funded mainly from the impairment budget underspend of £1.77 million. Expenditure budgets were reduced by £1.4 million in year but this was offset by heavy demand for grants and a late spend on utilities and the Stirling project. Overall I think this is a good result for the Agency in a difficult year.

4. Capital charges were underspent because we have an impairment budget of £2 million and no major capital projects completed this year.

5. Policy Group is overspent by £0.469 million. However the initial allocation for the grants programme was £11.9 million and final spend on grants was £13.1 million indicating the level of pressure on the grants budget.

6. Conservation and Maintenance is overspent by £0.476 million This is mainly due to budgetary pressure from a number of factors:

- There was a change in electricity supplier that resulted in bills being delayed by 7 months and despite best efforts the timing and scale of these costs could not be accurately forecast. This resulted in approximately £225k of spend not being estimated during the year. Work is on-going to identify the impact on 2009-10.
- The emergency work to secure fallen rocks at Holyrood and Edinburgh Castle led to an unpredicted overspend of £0.083 million.
- Health and safety pier works at Urquhart Castle were undertaken at the year end which were unfunded. The cost of this was £0.055 million.

7. Major Projects is overspent by £0.361. Within this is an overspend on the Stirling project of £0.216 million. This had been forecast earlier to underspend by approximately £0.7 million and the budget had been reallocated to mitigate the pressure in grants. The underlying underspend is therefore in the region of £0.5 million. The late spend on the project is welcome as it reduced the pressure in 2009-10.

## 2009-10 Budget and Forecast

8. The internal budgets set for 2009-10 are shown below together with a limited forecast. This forecast reflects changes in income but does not include full group expenditure forecasting until June.

9. The adjustment to other income is for the partnership income for the tapestries which is matched by expenditure. .

<b>HS Internal Budgets</b>	<b>Original HS Budget £000</b>	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Variance £000</b>
<b>INCOME:</b>				
SE Funding	49,339	49,339	49,339	-
PIC Estate Income	24,000	24,000	24,207	207
Other Receipts	467	1,080	1,080	-
<b>TOTAL INCOME</b>	<b>73,806</b>	<b>74,419</b>	<b>74,626</b>	<b>207</b>
<b>Expenditure:</b>				
<b>Policy Group</b>	<b>13,877</b>	<b>13,897</b>	<b>13,897</b>	-
<b>Inspectorate</b>	<b>5,427</b>	<b>5,427</b>	<b>5,427</b>	-
<b>TCG</b>	<b>2,525</b>	<b>2,525</b>	<b>2,525</b>	-
Conservation	16,109	16,109	16,109	-
VSBD	12,013	12,013	12,013	-
PIC Central	651	657	657	-
Major Projects	5,625	6,238	6,238	-
Joint Capital Projects				-
U&A	2,443	2,443	2,443	-
<b>PIC</b>	<b>36,841</b>	<b>37,460</b>	<b>37,460</b>	-
Chief Executive Group	560	560	560	-
Finance	2,358	2,388	2,388	-
Reserves	2,129	2,079	2,079	-
Human Resources	3,441	3,435	3,435	-
Direct Cost of Sales	3,036	3,036	3,036	-
Capital Charges	3,607	3,607	3,607	-
	<b>15,131</b>	<b>15,105</b>	<b>15,105</b>	-
<b>TOTAL EXPENDITURE</b>	<b>73,801</b>	<b>74,414</b>	<b>74,414</b>	-
<b>TOTAL AGENCY OUTTURN</b>	<b>5</b>	<b>5</b>	<b>212</b>	<b>207</b>

## Commercial Income

**Table 3**

10. PIC has circulated a paper on the income outturn. April and May have both been promising and PIC have now forecast income at £24.2 million, which exceeds the KPT.

	<b>Budget</b>	<b>Actual</b>	<b>%+/- Bgt</b>	<b>%+/- Ly</b>	<b>Yr End Bgt</b>	<b>Yr End FC</b>	<b>+/- Bgt</b>	<b>%+/- Bgt</b>
<b>Visitor Numbers All Sites</b>	518,972	578,570	11.5%	3%	2,735,235	2,794,833	59,598	2.2%
<b>Admissions</b>	2,650,939	3,238,577	22.2%	40%	15,491,992	16,079,631	587,639	3.8%
<b>Retail Income</b>	1,077,980	1,217,514	12.9%	15%	5,827,244	5,966,777	139,533	2.4%
<b>Hire of Facilities &amp; Other Income</b>								
Weddings	38,700	57,264	48.0%	3%	260,000	278,564	18,564	7.1%
Functions Facilities								
Fees	68,400	79,699	16.5%	-23%	565,000	576,299	11,299	2.0%
Evening Catering	36,778	43,174	17.4%	-13%	230,004	236,400	6,397	2.8%
Day Catering	74,686	88,468	18.5%	16%	395,036	408,818	13,782	3.5%
Events & Filming	12,500	6,712	-46.3%	-15%	311,000	305,212	(5,788)	-1.9%
Other Income	29,855	30,487	2.1%	6%	166,000	166,632	632	0.4%
Rental Income	26,978	25,872	-4.1%	399%	150,000	148,894	(1,106)	-0.7%
Membership Mag	-	-	-	-	40,147	40,147	-	0.0%
<b>Subtotal</b>	<b>287,897</b>	<b>331,676</b>	<b>15.2%</b>	<b>1%</b>	<b>2,117,186</b>	<b>2,160,966</b>	<b>43,780</b>	<b>2.1%</b>
<b>TOTAL PIC</b>	<b>4,016,815</b>	<b>4,787,767</b>	<b>19.2%</b>	<b>29%</b>	<b>23,436,422</b>	<b>24,207,374</b>	<b>770,952</b>	<b>3.3%</b>

11. I will discuss the report further at the meeting on 25 June 2009.

**Laura Petrie**  
**Director of Finance**  
**12 June 2009**