

HSB

Copy to: Jennie Smith, Chief Accountant

Finance Report: September 09**2009-10 Budget and Forecast****Table 1**

HS Internal Budgets	Original HS Budget £000	Revised Budget £000	Forecast £000	Variance £000
INCOME:				
SE Funding	49,335	48,675	48,675	-
PIC Estate Income	24,000	26,024	26,275	251
Other Receipts	467	1,080	1,553	473
TOTAL INCOME	73,802	75,779	76,503	724
EXPENDITURE:				
Grants	12,639	13,649	13,649	-
Policy	1,238	1,291	1,291	-
Policy Group	13,877	14,940	14,940	-
Inspectorate	5,427	5,792	5,984	(192)
TCG	2,525	2,985	3,211	(226)
Conservation	16,109	16,721	16,822	(101)
VSBD	12,013	12,466	12,391	75
PIC Central	651	356	321	35
Major Projects	5,625	4,607	4,602	5
Joint Capital Projects		988	1,001	(13)
U&A	2,443	2,828	2,842	(14)
PIC	36,841	37,966	37,979	(13)
Chief Executive Group	560	567	577	(10)
Finance	2,358	2,291	2,293	(2)
Reserves	2,074	910	1,078	(168)
Human Resources	3,442	3,712	3,947	(235)
Direct Cost of Sales	3,036	3,036	3,607	(571)
Capital Charges	3,607	3,607	2,607	1,000
	15,077	14,123	14,109	14
TOTAL EXPENDITURE	73,747	75,806	76,223	(417)
TOTAL AGENCY OUTTURN	55	(27)	280	307

1. Forecast income has improved further and is now £2.275 million ahead of the original budget and £0.251 ahead of the August forecast. PIC have circulated their commercial report for September.
2. Grants pressure remains heavy and the forecast outturn has been increased by £1 million . However I am satisfied that it can be contained at this level.
3. The impairment budget is likely to underspend by £1 million and has been revised accordingly. There is also slippage on the Stirling project although the scale of this is to be confirmed. Together these should cover the grants pressure.
4. Following discussions with SMT the following allocations have been agreed and are built into the forecast above. A provision has been made for the Scottish Ten project.
 - Climate Change: PIC / TCG £0.100 million
 - Local community initiatives: TCG £0.060 million
 - Internal Change Management programme: Inspectorate £0.020 million
 - Archaeology budget: £0.150 million
 - PIC Capital over commitment: £0.375 million
 - HR Central costs: £0.200 million

Grants

5. The grants profile for 2009-10 is shown below. The programme is overcommitted by £4.0 million against original budget. Given the level of firm and definite site starts, £13.9 million, there is a real risk of overspend. However the budget will be increased by £1 million, utilising the impairment underspend, and this should be sufficient.

	No of Cases	2009-10	Same point in 2008-09
Building Repair	39	£3,504,886	£4,672,990
Places of Worship	18	£947,849	£887,609
City Heritage Trust / NTS / Town Schemes etc.	14	£5,179,547	£4,673,499
Conservation Area Regeneration Scheme	28	£3,936,385	£2,404,797
Total Committed Funds (Firm)	99	£13,568,667	£12,638,895
Fast Track	2	£313,333	£1,626,529
Total Firm and Definite Site Starts	101	£13,882,000	£14,265,424
Building Repair	2	£168,474	£53,581
Places of Worship	0	£0	£700,400
Total Indicatives	2	£168,474	£753,981
Building Repair	15	£1,653,686	£250,231
Places of Worship	2	£208,750	£0
Total Estimates	17	£1,862,436	£250,231
Building Repair			£0
Total Supplementaries (possible)	0	£0	£0
Total	120	£15,912,910	£15,269,636
Grant Budget		£11,900,000	£12,513,758

6. Archaeology grants and grants to owners are shown below. They are over committed by £0.146 million (£0.146 million last month) and are unlikely to reduce this. A further allocation of £0.150 million has been proposed.

	Budget allocation	Max commitment
Archaeology grants and commissions	£ 1,200,000	£ 1,306,000
AM Grant firm/in principle commitments	£ 150,000	£ 190, 000
Management agreements	£ 45, 000	£ 45, 000
Totals	£1,395,000	£1,541,000

7. The long term commitment on grants is shown below. The pressure building in 2010-11 is of particular concern £20.8 million (£20.1 million last month).

Status	2010-11	2011-12	Total
Firm Offers	£913,554	£0	£913,554
Indicative Authorisations	£724,688	£267,500	£992,188
CARS 1, 2 & 3	£4,407,220	£2,298,943	£6,706,163
Estimates	£5,123,611	£2,415,832	£7,539,443
City Heritage Trust / NTS / Town Schemes etc.	£5,261,500	£5,488,663	£10,750,163
Total Funds Allocated	£16,430,573	£10,470,938	£26,901,511
<i>Excess of demand from previous year</i>	<i>£3,399,152</i>		<i>£3,399,152</i>
<i>Demand from batching (Building Repair)</i>	<i>£500,000</i>	<i>£2,000,000</i>	<i>£2,500,000</i>
<i>Demand from batching (Places of Worship)</i>	<i>£500,000</i>	<i>£1,000,000</i>	<i>£1,500,000</i>
Total	£20,829,725	£13,470,938	£34,300,663

PIC Capital

8. The annual budget and year to date spend information on PIC capital is shown on the next page. Overall spend reflects 31.2% of the annual budget although we are now 6 months into the year. (25.4% last month). Stirling Castle is showing a £0.483 million under spend to date.(£0.393 million last month) The contractor remains behind his monthly spend profile and other projects have been brought forward to mitigate against slippage.

9. Iona fire protection and Urquhart Castle Pier will take place over the winter months and are expected to come in on budget.

	Annual Budget	YTD Budget	YTD Spend	YTD Variance	% of annual budget
PIC Capital Spend					
Major Projects					
Stirling Castle:					
Palace Project	3,900	1,979	1,496	483	38.4%
Tapestries	213	68	60	8	28.2%
Visitor Reception Project	99	20	-	20	0.0%
Edinburgh Castle:					
Edinburgh 50/50	5	-	21	(21)	420.0%
Visitor Reception	-	-	2	(2)	0.0%
Stanley Mills					
North Range	3	-	-	-	0.0%
East Range	3	-	-	-	0.0%
Bell Mill	-	-	13	(13)	0.0%
Maeshowe Visitor Reception	15	5	6	(1)	40.0%
Urquhart Castle Waste Water	400	-	-	-	0.0%
Major Projects	4,638	2,072	1,598	474	34.5%
PIC Joint Capital Projects					
Kisimul Castle Services Installation	62	62	62	-	100.0%
HQ C&M CAD Network	60	60	20	40	33.3%
Honours New Air Con	10	-	-	-	0.0%
Gatehouse Boiler	5	-	-	-	0.0%
Gatehouse Fire Alarm	3	-	-	-	0.0%
Palace block new boiler	18	-	-	-	0.0%
HP Education Centre	20	-	-	-	0.0%
Kinneil House	2	-	-	-	0.0%
Urquhart Castle Pier	230	-	-	-	0.0%
Retail – Admissions	-	-	13	(13)	0.0%
Links of Notland	50	47	51	(4)	102.0%
Tormiston Mill car park	6	6	3	3	50.0%
Caerlaverock Car Park	27	20	-	20	0.0%
Iona Fire Escape Protection	200	200	12	188	6.0%
Edinburgh Castle Car Rock Stabilisation	110	25	24	1	21.8%
Access for All (DDA)	6	-	4	(4)	0.0%
Site Presentation (General)	180	16	5	11	2.8%
1st Impressions	-	-	(3)	3	0.0%
IU Signage Project	-	-	3	(3)	0.0%
Joint Capital Projects	989	436	194	242	19.6%
Other PIC Capital Budgets					
Conservation and Maintenance	331	105	116	(11)	35.0%
Understanding and Access	93	10	10	-	10.8%
VSBD	142	45	38	7	26.8%
PIC HQ	15	15	-	15	0.0%
Capital transferred to Direct and Current costs	67	-	-	-	0.0%
Other PIC Capital	648	175	164	11	25.3%
GRAND TOTAL	6,275	2,683	1,956	727	31.2%

10. I will discuss the report further at the meeting on the 29th October 2009.

Laura Petrie
Director of Finance

21 October 2009