

## HISTORIC SCOTLAND BOARD

### DECEMBER FINANCE REPORT

#### Forecast Position

1. We are forecasting an overspend of £0.714 million. At the end of September we were forecasting £0.689 million which was pulled back to £0.247 million in October following a cuts exercise. However the income forecast is now £23.662 million, £2.2 million below budget and we have revised the forecast downwards.

2. The £0.714 million is before the capital charges figure is estimated. This is done at year-end but there is usually a surplus on the impairment line. I expect to get about £0.600 million cover from this which would still mean an overall overspend for the agency.

3. In any event there is a real risk that the income forecast will fall further and there will be no cover for this. I therefore expect the agency to have an overall overspend in 2008-09 and will advise the Scottish Government of our position.

<b>HS Internal Budgets</b>	<b>Original HS Budget</b>	<b>Revised Budget</b>	<b>Forecast</b>	<b>Variance</b>
<b>Income:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
SE Funding	48,064	47,903	47,903	-
PIC Estate Income	25,586	23,836	23,446	(390)
Other Receipts	681	1,309	1,259	(50)
<b>TOTAL INCOME</b>	<b>74,331</b>	<b>73,048</b>	<b>72,608</b>	<b>(440)</b>
<b>Expenditure:</b>			-	
Grants	13,452	12,888	12,877	11
Policy	1,613	1,521	1,525	(4)
<b>Policy Group</b>	<b>15,065</b>	<b>14,409</b>	<b>14,402</b>	<b>7</b>
<b>Inspectorate</b>	<b>5,906</b>	<b>5,873</b>	<b>5,776</b>	97
<b>TCG</b>	<b>2,630</b>	<b>2,602</b>	<b>2,568</b>	34
Conservation	16,395	16,534	16,320	214
VSBD	12,207	12,244	12,413	(169)
PIC Central	2,356	449	450	(1)
Major Projects	3,135	3,878	3,883	(5)
Joint Capital Projects		1,014	1,014	
U&A	2,528	2,603	2,599	4
<b>PIC</b>	<b>36,621</b>	<b>36,722</b>	<b>36,679</b>	<b>43</b>
<b>Chief Executive Group</b>	565	582	572	10
<b>Finance</b>	2,109	2,317	2,317	-
<b>Reserves</b>	1,390	849	581	268
<b>Human Resources</b>	3,756	3,646	3,664	(18)
<b>Direct Cost of Sales</b>	3,242	3,242	3,156	86
<b>Capital Charges</b>	3,607	3,607	3,607	-
<b>TOTAL EXPENDITURE</b>	<b>74,891</b>	<b>73,849</b>	<b>73,322</b>	<b>527</b>
<b>TOTAL AGENCY OUTTURN</b>	<b>(560)</b>	<b>(801)</b>	<b>(714)</b>	<b>87</b>

## Budget Adjustments

4. Budgets will be adjusted with immediate effect to remove the underspends declared. Directors should note that salary overspends are not authorised and will not be offset. For PIC this means that in addition to the £0.043 million declared a further £0.071 million will be taken from budgets.

5. Finance will continue to examine the forecasts on a line by line basis. Directors should also review their forecasts and offer up savings wherever available. There are a number of budget lines where the forecasts are smooth meaning that the remaining spend has been evenly spread over the remaining four months.

## Efficiency Savings

6. The forecast for efficiency savings is £0.641 million. However over half of this is in the form of income savings and all income is already factored into the forecast. The balance has been taken from budgets and therefore is factored into the group forecast. There is unlikely to be any further assistance from this area.

## Commercial Income

7. The year to date and forecast position as at the end of November is shown below. The income forecast has deteriorated again in November with a further £0.4 million reduction being made. Given that the year to date position is 9% below budget which includes the performance in the better months. The recent trend is reducing at a higher rate and it is unlikely that a 9% year end position can be held.

8. PIC have circulated a paper on the income outturn.

	<u>Budget</u>	<u>Actual</u>	<u>%+/- Bgt</u>	<u>%+/- Ly</u>	<u>Yr End Bgt</u>	<u>Yr End FC</u>	<u>%+/- Bgt</u>	<u>+/- Bgt</u>
<b>Visitor Numbers</b>	<b>2,680,642</b>	<b>2,512,405</b>	<b>-6%</b>	<b>-9%</b>	<b>3,077,744</b>	<b>2,895,027</b>	<b>-6%</b>	<b>-182,717</b>
Total Admissions	£10,870,598	£9,273,651	-15%	-11%	£13,101,019	£11,355,568	-13%	-£1,745,451
Retail	£5,373,492	£5,087,261	-5%	-1%	£6,240,950	£5,970,440	-4%	-£270,510
Day Catering	£367,550	£344,335	-6%	-1%	£443,000	£414,485	-6%	-£28,515
Eve Catering	£293,500	£232,814	-21%	-20%	£379,000	£277,000	-27%	-£102,000
Corporate	£554,331	£508,336	-8%	-9%	£799,731	£654,000	-18%	-£145,731
Weddings	£330,900	£285,349	-14%	-14%	£405,832	£328,000	-19%	-£77,832
Events	£254,000	£238,935	-6%	-15%	£285,000	£271,435	-5%	-£13,565
Membership	£806,458	£853,646	6%	13%	£1,089,722	£1,124,044	3%	£34,322
Travel	£2,042,000	£2,119,977	4%	4%	£2,561,000	£2,516,977	-2%	-£44,023
Trade								
HQ Sales	-	£142,855	0%	-	-	£230,845	0%	£230,845
<b>Total VSBD</b>	<b>£20,892,829</b>	<b>£19,087,159</b>	<b>-9%</b>	<b>-5%</b>	<b>£25,305,254</b>	<b>£23,142,795</b>	<b>-9%</b>	<b>-£2,162,459</b>
Other Income	£416,703	£380,432	-9%	0%	£573,741	£518,721	-10%	-£55,020
<b>TOTAL PIC</b>	<b>£21,309,532</b>	<b>£19,467,590</b>	<b>-9%</b>	<b>-5%</b>	<b>£25,878,995</b>	<b>£23,661,515</b>	<b>-9%</b>	<b>-£2,217,480</b>

## Grants

9. Year to date spend is just below £8 million. This represents a high level of spend for this stage of the year. At best grants will come in on budget. They cannot offer assistance with the forecast overspend and indeed are at risk of overshooting their own budget.

	No of Cases	2008-09	Same point in 2007-08
Building Repair	54	£5,535,075	£5,180,359
Places of Worship	24	£1,324,835	£974,302
City Heritage Trust / NTS / Town Schemes etc.	15	£5,153,544	£3,822,183
Conservation Area Regeneration Scheme	14	£2,404,797	£1,311,950
<b>Total Committed Funds (Firm)</b>	<b>107</b>	<b>£14,418,251</b>	<b>£11,288,794</b>
Fast Track	4	£176,903	n/a
<b>Total Firm and Definite Site Starts</b>	<b>111</b>	<b>£14,595,154</b>	<b>£11,288,794</b>
Building Repair	2	£35,928	£422,342
Places of Worship	4	£225,150	£348,547
<b>Total Indicatives</b>	<b>6</b>	<b>£261,078</b>	<b>£770,889</b>
Building Repair	2	£73,400	£1,327,872
Places of Worship	0	£0	£0
<b>Total Estimates</b>	<b>2</b>	<b>£73,400</b>	<b>£1,327,872</b>
Building Repair	1	£76,500	£0
<b>Total Supplementaries (possible)</b>	<b>1</b>	<b>£76,500</b>	<b>£0</b>
Archaeology		£1,695,000	£1,848,080*
<b>Total</b>	<b>120</b>	<b>£16,701,132</b>	<b>£15,235,635</b>

**Grant Budget**

**£13,908,758**

**£13,561,980**

**\*Adjustment made to remove the effect of Dumfries House**

## PIC Capital Spend

10. The table overleaf shows the spend against budget for PIC capital. There is a significant level of underspend at this stage of the year as well as budget remaining to be spent. The Stirling project is the main factor here. The contract was let in July with an early autumn start so the profile is skewed towards year-end. This area is being monitored carefully to ensure that spend is achieved. It should be noted that this will only increase the funding pressures in 2009-11.

	<b>Annual Budget</b>	<b>YTD Budget</b>	<b>YTD Spend</b>	<b>Variance</b>
<b>PIC Capital Spend</b>				
<b>Major Projects</b>				
<b>Edinburgh Castle:</b>				
Visitor Reception Project *0 (A)	25	25	36	(11)
Edinburgh Castle -Gift Shop Refit, Helpdesk & Roof *1	50	50	8	42
<b>Stirling Castle:</b>				
Palace Project *0 (A)	2,623	662	331	331
Tapestries	191	99	90	9
<b>Stanley Mills:</b>				
Bell Mill Project *0 (A)	75	42	92	(50)
North and East Range	20	6	-	6
Other	20	12	-	12
<b>Major Projects</b>	<b>3,004</b>	<b>896</b>	<b>557</b>	<b>339</b>
<b>PIC Joint Capital Projects</b>				
<b>PIC North</b>				
Kisimul Castle Services Installation	325	325	325	-
Tormiston Mill - Vehicular Management (A)	25	-	-	-
Castle Campbell - Shop Roof	30	30	-	30
St Vigeans Representation/Interpretation (A)	157	159	108	51
Stirling Castle Visitor Reception Project (A)	20	20	-	20
Caerlaverock Castle New Car/Coach Park *0 (A)	10	-	-	-
Dumbarton & Caerlaverock Toilets	14	14	12	2
Mavisbank	5	-	-	-
Access for All (DDA) *0 (A)	104	93	36	57
Health & Safety (A)	26	24	9	15
Information Technology (Retail & Admissions) (A)	90	-	-	-
Information Technology (HERMAN)	20	-	-	-
First Impressions *1	40	-	-	-
Site Presentation - Staffed Sites	50	8	-	8
Site Presentation - Free Sites	85	85	-	85
IU Signage Project	82	82	-	82
<b>Joint Capital Projects</b>	<b>1083</b>	<b>840</b>	<b>490</b>	<b>350</b>
<b>Other PIC Capital Budgets</b>				
Conservation & Maintenance *4 *5	349	120	148	(28)
Understanding & Access *4	91	55	97	(42)
Visitor Services & Business Development *4	369	34	42	(8)
PIC HQ *4	15	-	-	-
<b>Other PIC Capital</b>	<b>824</b>	<b>209</b>	<b>287</b>	<b>(78)</b>
<b>Overall Totals</b>	<b>4,911</b>	<b>1,945</b>	<b>1,334</b>	<b>611</b>

**Laura Petrie**  
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