



## LEGISLATIVE ASSEMBLY MANAGEMENT COMMITTEE Q1 FINANCIAL UPDATE – PERIOD ENDED JUNE 30, 2023

### PURPOSE

To present the Legislative Assembly Management Committee with an overview of the actual and forecast financial results for the first quarter of the fiscal period ending June 30, 2023.

### DISCUSSION

The 2023-24 fiscal year began, and the Legislative Assembly Administration is optimistic in forecasting to complete the various projects planned for the current fiscal year. As it is early in the year, many projects and activities are in the planning stages and have not yet started. Additionally, many of the new strategic initiatives and hirings approved for the current fiscal are in the beginning stages. This report provides the Subcommittee with a first look at the financial results presented in the newly approved Vote 1 format.

Throughout the year, the Legislative Assembly Administration monitors the projected spend with an aim to reallocate funding to strategic priorities and other unplanned initiatives as funds become available. At the end of the first quarter, a couple of areas have been identified with funding/budget challenges due to assumptions from the previous year. These variances are being monitored and, should they continue without funding, options may come forward at the next Subcommittee meeting for consideration and subsequent recommendation to the Legislative Assembly Management Committee.

### Operating Summary

As this update covers only the first three months of fiscal 2023-24, there is no significant variation from planned activities. Most programs and projects are just getting underway and to date the Administration has only identified one operating area with a significant variance from budget. The presentation of the report reflects the newly approved Vote 1 reporting structure which aims to present the Legislative Assembly financial information in more programmatic grouping to better reflect the activities of Legislative Assembly operations. The Administration will likely be making some small adjustments to the expense allocations as the fiscal year progresses and the 2024-25 budget is built to better reflect the intended categories and reflect the cost of the expense categories.

*Caucus Operations:* This category reflects the operations of the caucuses and their staff. The results at the end of the first quarter reflect the operations for 3 caucuses and 1 Independent Member.

*Constituency Operations:* The constituency operations category reflects the funding allocated to each Member for the running of their constituency offices. While budgeted centrally, this section also reflects the leasing costs for constituency offices. In the next reporting cycle and the 2024-25 budget, the Administration intends to also reflect technology and security costs associated with constituency offices in this category.

*Members' Remuneration:* This expense category is the accumulation of the salaries and benefits paid to Members throughout the year. At this time, there is no variance from budget projected in the Q1 forecast.

*Independent Respectful Workplace Office:* This category includes the budget and expenses associated with this program area.

*Parliamentary Operations:* This category is a summary of the parliamentary support activities within the Legislative Assembly. At the end of the first quarter, the operations are not forecasting a variance to budget for the fiscal year.

*Legislative Assembly Administration:* This category contains the departments within the Legislative Assembly Administration, the non-partisan structure that supports the Legislative Assembly and its Members. At the end of the first quarter, most departments were on track based on their budgeted funding and strategic priorities. The Precinct Services department is showing an operating overspend due to a miscalculation in the approved positions in the prior year. This overage is being monitored and is planned to be offset by savings in other areas, particularly delayed hiring within the Sergeant-at-Arms department. By reallocating the funds from other areas, it may delay the start or the speed at which other planned activities can happen.

*General Centralized and Accounting:* This final category includes the non-operational and accounting entries, such as amortization. In addition, any general contingencies or offsets (such as the 2023-24 FTE vacancy offset of approximately \$2 million) are included in this section. Throughout the year, budgets or expenses may be transferred in or out of this section to reflect the actual activities of the Assembly.

## **Capital Summary**

In the 2022-23 fiscal year, the Legislative Assembly Administration started the first of many multi-year capital projects which are required to ensure that the Legislative Assembly can continue to operate on the Precinct. The Parliament Buildings and other Precinct buildings have been maintained on the surface, but many of the building components are the end of their useful life, and both replacement and renewal upgrades are needed to protect the buildings and their occupants from seismic or other events and to ensure the buildings meet the needs of modern and accessible operations. This past year, the life safety projects such as fire exits, fire suppression, and front stair projects were started. The next set of multi-year projects focus on protecting the buildings and include beginning the replacement of the slate and copper roofs on the main building to prevent future water penetration and ensuring fire suppression systems are protecting key infrastructure such as library vault and information technology servers. Due to the age and historic nature of the buildings, these projects require a significant amount of planning and often specific or uniquely skilled trades to complete the work. With the addition of project management staff across Administration teams, many of these projects are now fully underway and the projects to address the risks are slowly being planned and executed.

The Legislative Assembly's capital plan for fiscal year 2023-24 includes the completion of several multi-year projects which began but did not substantially complete in the prior year, such as the seismic and structural remediation of the front steps and the construction of the new rear fire exits. Unlike capital funding in some government ministries, the Assembly's budget process does not carry over capital funds from one year to the next. The current accounting approach requires the Legislative Assembly to use current year capital funds to finish the approved capital projects or to re-allocate projects that cross a fiscal year. Historically, the Legislative Assembly's inability to access multi-year capital planning resulted

in many replacement or renewal projects being delayed and/or deferred once a project was at risk of not completing within a single fiscal year.

To eliminate this cycle of capital underspend, the Legislative Assembly's 2023-24 capital budget submission was reduced by 2%, a \$1 million contingency was eliminated, and a commitment was undertaken to complete priority projects already underway, to build new project management capacity, and to focus resources on project planning and delivery. As a result, in Q1 of the 2023-24 fiscal year, project planning on many projects was underway and several previously approved 2022-23 funded projects were either nearing completion or progressing in planning. This put early pressure on the current year budget in Q1 and further monitoring will be done to ensure sufficient funding is available to begin, expedite or complete other current year projects.

In addition to the planned projects, several key projects approved were not fully factored into the original 2023-24 Vote 1 budget submission, such as the Chamber floor load and layout redesign, or expedited security modernization. The onsite childcare facility project is expected to require additional initial project funding by the Legislative Assembly until the project is fully approved and a grant awarded. The Q1 forecast reflects all these projects going ahead without adjusted timelines, deferrals or re-prioritization, which is why the Q1 forecast summary shows a capital deficit of just over \$2 million.

Going forward, Financial Services is working with the Ministry of Finance to develop a process that will allow for multi-year projects to be funded in a more fluid and predictive manner as occurs elsewhere in the provincial public sector. The Subcommittee will be presented with this proposed approach in the upcoming 2024-25 Vote 1 budget submission.

# EXECUTIVE FINANCIAL SUMMARY

## For the period ending June 30, 2023 (Unaudited)



### Operating Expenses



### Capital Expenses

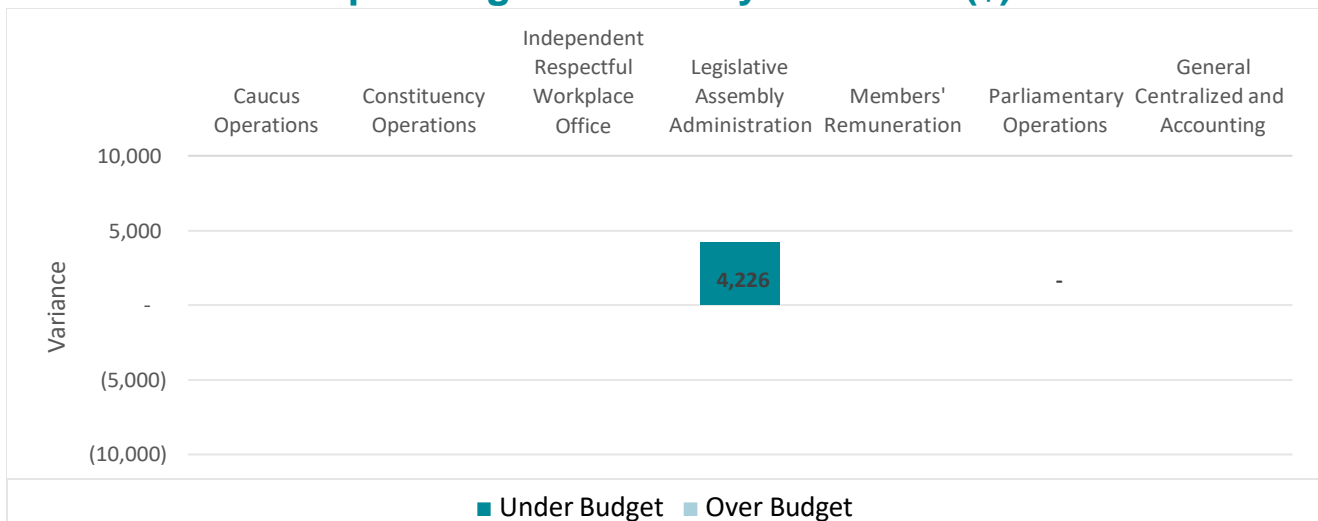


■ Actuals YTD ■ Budget ■ Forecast

**Operating:** Projecting a \$4 thousand underspend related to salaries and benefits within Legislative Assembly Administration.

**Capital:** Projecting a \$2.1M overspend in capital expenditures as a result of all current year projects and carrying over projects from the previous fiscal year completing within Capital Planning and Development budgeted for in FY2024.

### Operating Variance by Function (\$)



This early in the fiscal year, there are only minor deviations projected in the budget. As noted previously, this is a result of salary and benefit costs in Legislative Assembly Administration. An overspend in Client and Support Services and Precinct Services is anticipated to be offset by underspends in salary costs within Information Technology and Services, Parliamentary Support Services and Safety and Security Services.

## 2023-24 Operating Expenditures by Function

Department	2023/24 Budget	2023/24 Forecast	Variance		2023/24 Actual YTD
			\$	%	
B.C. Green Caucus	599,908	599,908	-	0.0%	133,027
B.C. NDP Caucus	4,228,942	4,228,942	-	0.0%	765,375
B.C. United Caucus	3,618,000	3,618,000	-	0.0%	568,886
Independent Member(s)	210,000	210,000	-	0.0%	42,781
<b>Caucus Operations</b>	<b>8,656,850</b>	<b>8,656,850</b>	-	<b>0.0%</b>	<b>1,510,070</b>
<b>Constituency Operations</b>	<b>23,862,000</b>	<b>23,862,000</b>	-	<b>0.0%</b>	<b>5,962,622</b>
<b>Members' Remuneration</b>	<b>19,489,000</b>	<b>19,489,000</b>	-	<b>0.0%</b>	<b>4,514,556</b>
<b>Independent Respectful Workplace Office</b>	<b>250,000</b>	<b>250,000</b>	-	<b>0.0%</b>	<b>49,335</b>
Interparliamentary Relations	279,000	279,000	-	0.0%	31,166
Office of the Speaker	365,000	365,000	-	0.0%	71,028
Parliamentary Committee Operations	859,000	859,000	-	0.0%	325,531
Parliamentary Documents	200,000	200,000	-	0.0%	21,558
<b>Parliamentary Operations</b>	<b>1,703,000</b>	<b>1,703,000</b>	-	<b>0.0%</b>	<b>449,284</b>
Client and Support Services	8,071,070	8,097,519	(26,449)	-0.3%	1,828,226
Information Services	10,421,820	10,356,313	65,507	0.6%	3,168,030
Parliamentary Support Services	9,511,110	9,473,204	37,906	0.4%	2,043,715
Precinct Services	6,451,000	7,060,538	(609,538)	-9.4%	1,196,398
Security Services	9,255,000	8,718,200	536,800	5.8%	1,617,541
<b>Legislative Assembly Administration</b>	<b>43,710,000</b>	<b>43,705,774</b>	<b>4,226</b>	<b>0.0%</b>	<b>9,853,910</b>
<b>General Centralized and Accounting</b>	<b>2,670,150</b>	<b>2,670,150</b>	-	<b>0.0%</b>	<b>766,014</b>
<b>Grand Total</b>	<b>100,341,000</b>	<b>100,336,774</b>	<b>4,226</b>	<b>0.0%</b>	<b>23,105,790</b>

exceeds budget by 5% or more  
exceeds budget by less than 5%

## 2023-24 Capital Expenditures by Function

Department	2023/24 Budget	2023/24 Forecast	Variance		2023/24 Actual
			\$	%	
B.C. Green Caucus	16,566	<b>16,566</b>	-	0%	-
B.C. NDP Caucus	58,922	<b>58,922</b>	-	0%	<b>1,399</b>
B.C. United Caucus	36,915	<b>36,915</b>	-	0%	-
Independent Member(s)	2,000	<b>2,000</b>	-	0%	-
<b>Caucus Operations</b>	<b>114,403</b>	<b>114,403</b>	-	<b>0%</b>	<b>1,399</b>
Client and Support Services	135,000	<b>135,000</b>	-	0%	1,650
Information Services	2,850,000	<b>2,850,000</b>	-	0%	850,523
Parliamentary Support Services	400,000	<b>400,000</b>	-	0%	1,051
Precinct Services	5,401,750	<b>7,527,580</b>	<b>(2,125,830)</b>	-39%	625,066
Security and Sessional Services	189,000	<b>186,500</b>	2,500	1%	2,988
<b>Legislative Assembly Administration</b>	<b>8,975,750</b>	<b>11,099,080</b>	<b>(2,123,330)</b>	<b>-24%</b>	<b>1,481,278</b>
<b>General Centralized and Accounting Expenditures</b>	<b>235,847</b>	<b>235,847</b>	-	<b>0%</b>	-
<b>Total</b>	<b>9,326,000</b>	<b>11,449,330</b>	<b>(2,123,330)</b>	<b>-23%</b>	<b>1,482,677</b>

## Capital Expenditures Analysis

At this time, Precinct Services is projecting an overspend (\$2.1 million) due to delays of ongoing projects from fiscal year 2023 within Capital Planning and Development. The work continues into the current fiscal year, but insufficient funding was allocated to the current year budget. An analysis is underway to determine if budget allocations from other capital funding envelopes will be used to offset this pressure and mitigate the overage. This overspend is partially offset (\$195 thousand) by contingency funding set aside for the vertical signage on the wall on Belleville Street.

**For more information regarding this update please contact:**

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