



LEGISLATIVE ASSEMBLY MANAGEMENT COMMITTEE Q3 FINANCIAL UPDATE – PERIOD ENDED DECEMBER 31, 2023

PURPOSE

To present the Legislative Assembly Management Committee with an overview of the actual and forecast financial results for the third quarter of the fiscal period ending December 31, 2023.

DISCUSSION

The Legislative Assembly Administration (the “Administration”) forecast continues to be optimistic as it completes various projects planned for the current fiscal year and remains within budget.

Throughout the year, the Administration monitors the projected spend with an aim to reallocate funding to strategic priorities or other unplanned initiatives as funds become available. The last quarterly update noted that certain areas faced funding or budget challenges due to assumptions and impacts carried over from the previous year. The Administration has risk managed many of these pressures and is not expected to require additional funds in the current year. Project delays continue to shift completion across the fiscal year end timelines continuing to create budgetary pressures in the next fiscal year.

Operating Summary

The financial update reflects the recently 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.

As referenced in the Q2 update, the Administration made some small adjustments to the budget allocations as the fiscal year progressed throughout 2023-24. These adjustments include an increase to Caucus Operations (in alignment with the Caucus Funding Policy, driven by changes in caucus composition and the number of caucuses) and a transfer from General Centralized and Accounting to Legislative Assembly Administration due to changes in project allocations and the allocation of budgets initially held centrally.

As of December 31, Vote 1 is projecting a savings of approximately \$1.29M in operating costs when compared to budget. Approximately \$0.730M in underspend for the Legislative Assembly Administration is driven by savings in some operational areas to offset pressures in other activities. Member Remuneration, Constituency Operations, and Caucus Operations are projecting a net savings of \$0.533M due to lower benefits costs and Member travel costs. Overall, there is a \$0.223M overage due to changes in caucus membership and the number of caucuses. This variance will be offset against overall savings in Vote 1 as there is no contingency allocated for these changes.

Caucus Operations: This category reflects the operations for four caucuses and two Independent Members (with only one Independent Member budget still active in Q3). Currently, no savings have been identified and Administration staff are working with the caucuses to ensure that year-end accruals and other costs are known and reflected in the spending forecasts. Caucus budgets have been adjusted to reflect the allocation of funds for each caucus as driven by the Caucus Funding Policy. An overage in Caucus Operations of \$0.223M is forecast to year-end when compared to the original budget.

Constituency Operations: This category reflects the funds allocated to each Member for their constituency office operations. While budgeted centrally, this section also reflects the leasing costs for constituency offices. To enhance transparency and facilitate comparison with the 2024-25 budget, the forecast includes technology and security expenses related to constituency offices. These costs were previously accounted for within the Legislative Assembly Administration category. Currently, there is a savings variance forecast of \$0.181M compared to budget, primarily attributed to lower-than-anticipated Constituency Assistant benefits costs.

Members' Remuneration: This category is the accumulation of the salaries and benefits paid to Members throughout the year. For comparison purposes and the 2024-25 budget, this category also reflects technology and security costs associated with Members. Currently, there is a savings variance of \$0.352M compared to the budget. This variance is primarily attributed to savings in Member benefits.

Independent Respectful Workplace Office: This category includes the budget and expenses associated with this program area. There is no variance expected.

Parliamentary Operations: This category is a summary of the parliamentary support activities within the Legislative Assembly. At the end of the third quarter, the overall operations are forecasting a small underspend of \$0.060M compared to budget for the fiscal year due mainly to reduced employee and Member travel for committee meetings which offsets cost pressures from reconciliation activities within the Interparliamentary Relations budget category.

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 third quarter, there is a projected underspend of \$0.731M. The projected underspend in Legislative Assembly Administration is due to anticipated savings in salary and benefit costs and efficiencies within Client and Support Services and Security Services. The savings offset cost pressures in Parliamentary Support Services, particularly from overtime, which was required to support the operation of concurrent chambers and extended meeting hours for parliamentary committees through the fall sitting period.

General Centralized and Accounting: This final category includes the non-operational and accounting entries, such as amortization and centralized costs. In addition, any general contingencies and offsets (such as the 2023-24 wage and benefits vacancy offset of approximately \$2M) 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 Legislative Assembly. The current projection is for an underspend of \$0.187M due to unused contingency funds.

Capital Summary

As noted in the Q1 and Q2 financial updates, the Legislative Assembly's capital plan for fiscal year 2023-24 includes the completion of several multi-year projects which began but were not completed 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 Legislative 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 and to reallocate 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.

For this year, the Administration has focused on completing the priority projects already underway, building new project management capacity, and focusing resources on project planning and delivery. As a result, in Q3, project planning on many projects previously approved as 2022-23 funded projects have been completed or are progressing towards completion. This continues to put pressure on the current year budget and on future year budgets. Ongoing monitoring continues to ensure that sufficient funding is available to begin, expedite, and complete other current-year projects. The Q3 capital forecast is projecting a savings of \$0.384M, as a direct result of reprioritizing funds to ensure the completion of the scheduled projects. Due to delivery delays and other external factors impacting the fire exit stairs project, this project will not be complete by the end of the fiscal year. The last of the materials are scheduled to arrive near the end of March with final installation expected to be completed by the end of the first quarter of 2024-25. This delay once again shifts the costs for a project into a new fiscal year where there was no planned budget. The Administration will review the capital budget for next year and reprioritize projects as need to ensure the timely completion of the fire exit stairs project.

Building Improvements: This category includes projects and programs from major capital infrastructure. As at Q3, there is a savings variance of \$0.134M to year end. The current year funding for projects in this category was supported by deferring other funded projects that include performing a large-scale building condition assessment, preliminary assessments of aging capital assets on the main building, eliminating immediate funding needs for the steam plant project that was postponed by government, and limiting the scope of security projects. This shifting of priorities has allowed the near completion of the fire exit stairs project, without requiring additional funding in the current fiscal year.

Computer Hardware Software: This category includes projects and programs from information technology and infrastructure. Currently, a projected savings of \$0.180M is anticipated. This forecasted savings is attributed to the reallocation of budgets from IT/IM projects initially categorized as capital. These project expenditures do not meet the accounting definition for a capital asset and have been classified as operating expenses with the additional costs absorbed through operational savings. Additionally, other capital savings were realized by delaying the installation of new cameras on the Legislative Precinct, opting instead to replace the existing ones without expanding to new locations.

Specialized Equipment/Office Furniture: This category includes projects and programs from minor capital. This category is showing a savings of approximately \$0.068M when compared to budget. This budget has been utilized to complete space updates, ad hoc requests and to purchase security equipment.

EXECUTIVE FINANCIAL SUMMARY

For the period ending December 31, 2023 (Unaudited)

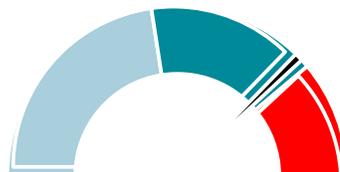


2023-24 Quarter 3 Update

Operating Expenses



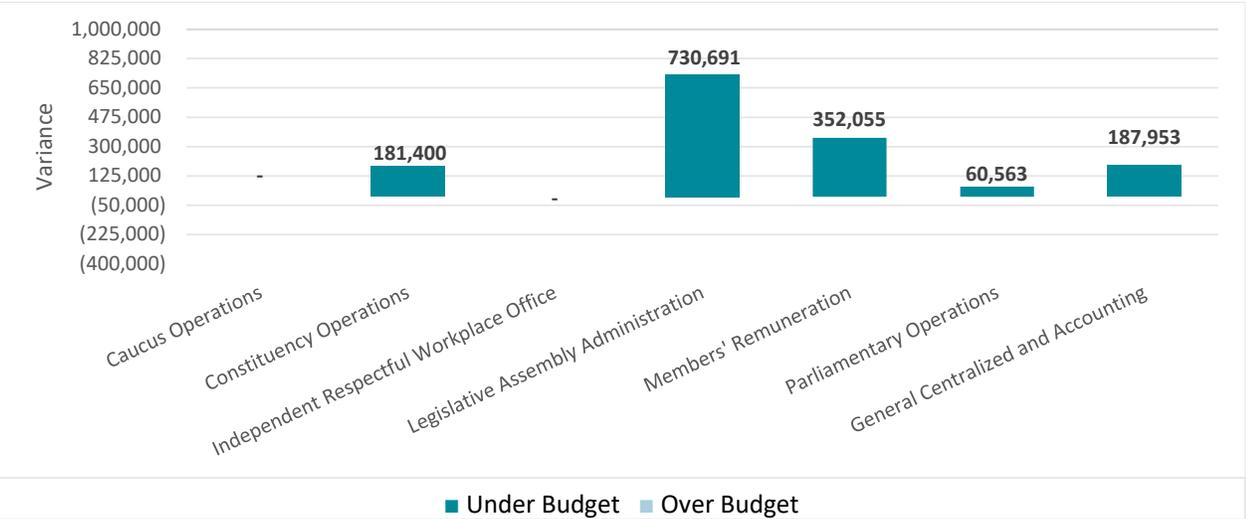
Capital Expenses



■ Actuals YTD ■ Remaining Budget ■ Forecast

Operating: Vote 1 is projecting a savings of approximately \$1.3M in operating costs when compared to the budget. Approximately \$0.730M in savings in Legislative Assembly administration primarily due to the timing of expenditures including hiring and amortization. Assembly operations continue to incur extraordinary policing costs forecast to be approximately \$0.550M to \$0.600M due to the increased protest activity on the Precinct. Member Renumeration, Constituency Operations, and Caucus Operations are projecting a net savings of \$0.533M due to savings in lower benefits costs and lower Member travel costs. There has been a change in budget of \$0.223M in Caucus Operations due to an increase to the RO21 salary grid used as a basis to fund the Caucuses and the formation of an additional Caucus. Although Caucuses are entitled to funds, due to the nature of the budget, there is no contingency budget to allocate to these unanticipated costs driven by policy changes and the variance is offset against the overall Vote 1 Budget.

Operating Variance from Budget by Function (\$)



Capital: Overall the forecasted savings in capital is \$384 thousand. Primarily due to savings in projects in Computer Hardware and Software and Building Improvement Categories. The timing of the Precinct building projects has shifted due to delays in construction and materials delivery which has eliminated the requirement for additional funding in the current fiscal. Project completion for the fire exit project is now expected for Q1 FY 24/25.

2023-24 Operating Expenses

	Fiscal Year 2023-24				
	YTD Dec-2023	Forecast to Mar - 2024	Budget	Variance to Forecast	%
B.C. Green Caucus	420,522	600,908	600,908	-	0.0%
B.C. NDP Caucus	2,562,000	4,362,000	4,362,000	-	0.0%
B.C. United Caucus	1,837,892	3,578,000	3,578,000	-	0.0%
Conservative Party of B.C.	156,159	329,000	329,000	-	0.0%
Independent - Rustad	103,108	97,000	97,000	-	0.0%
Independent - Walker	-	112,000	112,000	-	0.0%
Caucus Operations	5,079,681	9,078,908	9,078,908	-	0.0%
Constituency Operations	17,800,954	23,680,600	23,862,000	181,400	0.8%
Members' Remuneration	13,429,584	19,136,945	19,489,000	352,055	1.8%
Independent Respectful Workplace Office	92,115	250,000	250,000	-	0.0%
Interparliamentary Relations	118,947	333,000	279,000	(54,000)	-19.4%
Office of the Speaker	245,289	365,000	365,000	-	0.0%
Parliamentary Committee Operations	453,112	744,437	859,000	114,563	13.3%
Parliamentary Documents	56,955	200,000	200,000	-	0.0%
Parliamentary Operations	874,302	1,642,437	1,703,000	60,563	3.6%
Client and Support Services	5,178,337	7,510,975	8,071,070	560,095	6.9%
Information Services	8,497,425	10,232,008	10,381,820	149,812	1.4%
Parliamentary Support Services	6,741,887	9,753,625	9,511,110	(242,515)	-2.5%
Precinct Services	4,520,451	6,559,706	6,526,000	(33,706)	-0.5%
Security Services	5,651,267	8,957,995	9,255,000	297,005	3.2%
Legislative Assembly Administration	30,589,367	43,014,309	43,745,000	730,691	1.7%
General Centralized and Accounting	2,575,733	2,248,047	2,436,000	187,953	7.7%
Budget Offset Required			(222,908)	(222,908)	
Grand Total	70,441,735	99,051,245	100,341,000	1,289,755	1.3%

exceeds budget by 5% or more

exceeds budget by less than 5%

2023-24 Capital Expenditures by Function

	2023/24 Budget	2023/24 Actual YTD	2023/24 Forecast	Budget Variance to Forecast	
				\$	%
B.C. Green Caucus	17,000	-	17,000	-	0%
B.C. NDP Caucus	54,000	2,833	54,000	-	0%
B.C. United Caucus	34,000	-	34,000	-	0%
Conservative Party of B.C.	9,000	-	9,000	-	0%
Independent - Rustad	1,000	-	-	1,000	100%
Independent - Walker	1,000	-	1,000	-	0%
Caucus Operations	116,000	2,833	115,000	1,000	1%
Client and Support Services	135,000	1,650	50,000	85,000	63%
Information Services	2,450,000	1,984,920	2,368,920	81,080	3%
Parliamentary Support Services	400,000	167,971	404,107	(4,107)	-1%
Precinct Services	5,801,750	3,197,230	5,725,257	76,493	1%
Security Services	189,000	57,374	178,818	10,182	5%
Legislative Assembly Administration	8,975,750	5,409,145	8,727,101	248,649	3%
General Centralized and Accounting Expenditures	234,250	-	100,000	134,250	57%
Total	9,326,000	5,411,978	8,942,101	383,899	4%

Capital Expenditures Analysis

Capital: Overall the forecasted savings in capital is \$384 thousand. Primarily due to savings in projects in Client and support services.

Caucus Operations is projecting an underspend (\$1 thousand) due to Independent - Rustad not requiring capital funds prior to joining the Conservative Party of BC Caucus, so these funds will not be exhausted. There is projected underspend in Client & Support Services (\$85 thousand) from Financial Services following lower than expected utilisation on projects. Information Services has savings (\$81 thousand) from the IT Department and Precinct Services us projecting an underspend (\$76 thousand) with contributions from the Dining Room (\$30 thousand) and building Infrastructure (\$46 thousand). Security services (\$10 thousand) has a small savings forecast to year end . There is a small overspend projection of \$4 thousand in Parliamentary Support, from Hansard Broadcasting as they completed the equipment replacement project but this is offset by the other savings.

General Centralized is projecting an underspend of \$134 thousand, after setting aside contingencies for projects and forecasting spend of \$100 thousand for FY24.

For more information regarding this update please contact:

Kathy Humphrey, CPA, CA
 Executive Financial Officer
 250.387.3066
 Kathy.Humphrey@leg.bc.ca