

Scotland Excel

To: Executive Sub-Committee

On: 19 August 2022

**Report by:
Joint Report by the Treasurer and the Chief Executive**

Revenue Budget Monitoring Report to 22 July 2022

1. Summary

- 1.1 At the end of Period 4, Scotland Excel is projecting a £77k underspend position by year-end in its Core activities and a £76k drawdown from Project Reserves from ongoing project activity. Both Core and Projects budgets will be monitored closely in order to mitigate any projected overspends and, as a result, Scotland Excel is confident it will deliver against its planned budget by year-end. Further detail is provided at section 3.

2. Recommendations

- 2.1 It is recommended that members note the report.

3. Background

Core

- 3.1 At 20 July 2022, the year-to-date net expenditure for Core was £1.355m, comprising gross expenditure of £1.380m less gross income of (£0.025m).
- 3.2 Income and expenditure will continue to be monitored throughout the financial year and all projections and assumptions will be kept under review. Action will be taken to mitigate any projected variances, through prudent management of the workforce, close monitoring of sundry budgets and exploring further income opportunities through short-term projects.
- 3.3 The current projection for the end of 2022/23 is a £77k under-spend position for Core. Further information in relation to this projection follows:

Employee Costs – £122k underspend

The projected underspend reflects the phased implementation of, and minor changes to, the new staffing structure of Scotland Excel. Full year employee costs projections also include provision for a 3% pay increase for staff for

2022/23. Employee Costs expenditure also includes expenditure on employee training and premature retiral costs.

Other Costs - break-even

Most other expenditure items are currently projected to break-even by year end in anticipation of a phased return to hybrid office working. All expenditure items will be monitored throughout the year and reported regularly to committee.

Associate Income - £24k under-recovery

The Scotland Excel Associates team continues to work with existing and prospective associate members to promote the benefits of membership. The current under-recovery reflects the projected income from current associates against the target budget. The projection will continue to be reviewed in line with new associate members joining Scotland Excel.

Income from Projects - £17k under-recovery

While income from Consultancy Projects and the Scotland Excel Academy is anticipated to achieve target, continuing challenges within the construction industry indicate that the New Build Project will not achieve its target rebate contribution for 2022/23, resulting in the projected under-recovery position.

- 3.4 Appendix 1 provides an analysis of the actual spend to date along with projected net expenditure for 2022/23 and includes a summary of movement in the Revenue Reserve, as well as a glossary of terms.

Projects

- 3.5 The year-to-date net expenditure for Projects is £342k, comprising gross expenditure of £418k and gross income of £76k.
- 3.6 The projection for Projects at the end of 2022/23 is a planned drawdown from Project Reserves of £76k. The drawdown from Project Reserves follows an anticipated transfer to Core of £269k. The planned drawdown from Project Reserves arises from assumptions in relation to recruitment and salary costs, in addition to a number of Consultancy projects coming to an end during the year, including those with Stirling, East Lothian and East Renfrewshire councils.
- 3.7 Since budget approval in December 2021, Scotland Excel has been asked to deliver a number of new projects, including a project in relation to National Commissioning for Residential Addiction Services, funded by the Scottish Government and an extension to an existing project with the Digital Office.
- 3.8 New projects being delivered by Scotland Excel, plus other minor variations against planned budget are reflected in the projected full year variance for Projects.

- 3.9 Appendix 2 provides an analysis of the actual spend to date along with projected net expenditure for 2022/23 and includes a summary of movement in the Project reserves, as well as a glossary of terms.

REVENUE BUDGET MONITORING STATEMENT 2022/23
1 April to 22 July 2022

Core Operations	Approved Budget	Year to Date Actual	Projected Full Year Actual	Projected Full Year Variance (Adverse) / Favourable
£000s	£000s	£000s	£000s	£000s
Employee Costs	4,098	1,164	3,974	124
Property Costs	216	0	217	(1)
Transport Costs	20	0	20	0
Supplies and Services	311	100	315	(4)
Transfer Payments	16	4	16	0
Support Costs	271	112	272	(1)
Gross Expenditure	4,932	1,380	4,814	118
Council Requisitions	(3,883)	0	(3,883)	0
Associate Income	(220)	(16)	(196)	(24)
Income from Projects	(286)	(9)	(269)	(17)
Rebates	(543)	0	(543)	0
Gross Income	(4,932)	(25)	(4,891)	(41)
Drawdown from Reserves	0	1,355	(77)	77

Summary of in-year Movement in Reserves	£000s
Opening Revenue Reserve at 1 April 2022	246
Budgeted Draw on Reserves	0
Projected Year-end variance	77
Closing Revenue Reserve at 31 March 2023	323
% of Operating Income	6.6%

Glossary

Employee Costs: Includes direct employee costs such as salary costs, overtime and indirect employee costs such as training, recruitment advertising

Property Costs: Includes expenses directly related to the running of premises and land, eg rates, rents and leases, utilities, contract cleaning

Transport Costs: Includes all costs associated with the provision, hire or use of transport, including travelling allowances, taxi and car hire costs and staff mileage

Supplies and Services: Includes all supplies and service expenses, such as ICT costs, and administrative costs such as stationery, postages, printing and advertising

Transfer Payments: Includes costs of payments for which no good or services are received in return e.g. Apprenticeship Levy

Support Costs: Includes central support charges e.g. Renfrewshire Council SLA and telephony recharges ('Administration Costs' in approved budget)

REVENUE BUDGET MONITORING STATEMENT 2022/23

1 April to 22 July 2022

Projects	Approved Budget	Year to Date Actual	Projected Full Year Actual	Full Year Variance (Adverse) / Favourable
£000s	£000s	£000s	£000s	£000s
Employee Costs	1,417	384	1,579	(162)
Transport Costs	4	0	3	1
Supplies and Services	10	31	41	(31)
Transfer Payments	4	3	8	(4)
Third Party Payments	501	0	311	190
Gross Expenditure	1,936	418	1,942	(6)
Income from Projects	(2,111)	(76)	(2,135)	24
Gross Income	(2,111)	(76)	(2,135)	24
Net Expenditure Sub-Total	(175)	342	(193)	18
Transfer to Core	286	0	269	17
Net Expenditure	111	342	76	35

Summary of in-year Movement in Reserves	£000s
Opening Projects Reserves at 1 April 2022	1,096
Budgeted Draw on Reserves	(111)
Projected year-end variance	35
Closing Project Reserves at 31 March 2023	1,020
% of Operating Income	47.8%

Glossary

Employee Costs: Includes direct employee costs such as salary costs, overtime and indirect employee costs such as training, recruitment advertising

Transport Costs: Includes all costs associated with the provision, hire or use of transport, including travelling allowances, taxi and car hire costs and staff mileage

Supplies and Services: Includes all supplies and service expenses, such as ICT costs, and administrative costs such as stationery, postages, printing and advertising

Transfer Payments: Includes costs of payments for which no good or services are received in return e.g. Apprenticeship Levy

Third Party Payments: Includes payments to other agencies and organisations in return for services, e.g. CMI/SQA fees