

Scotland Excel

To: Executive Sub-Committee

On: 27 January 2023

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

Revenue Budget Monitoring Report to 09 December 2022

1. Summary

- 1.1 At the end of Period 9, Scotland Excel is projecting a breakeven position by year-end in its Core activities and a planned £0.043m increase in committed Project Reserves by year-end. Both Core and Projects budgets will continue to be monitored closely over the remainder of the financial year, targeted at maintaining a break-even position for Core operations by March 2023. Further detail is provided at section 3.

2. Recommendations

- 2.1 It is recommended that members note the report.

3. Background

Core

- 3.1 As at 9 December 2022 (Period 9), the year-to-date net expenditure for Core was £0.526m, comprising gross expenditure of £3.082m, less gross income of (£2.556m).
- 3.2 The current projection for year end 2022/23 is a breakeven position for Core. There have been some material changes to the projected variances reported for Period 6 which are detailed below. All other projected variances are the same as those previously reported.

- **Employee Costs – £23k underspend**

The projected expenditure figure, which was an underspend of £0.018m at Period 6, has been revised to reflect the most up to date position following turnover within the team. Employee Costs will continue to be closely monitored throughout the remainder of the financial year.

- **Transport Costs – £13k underspend**

This projected outturn estimate has been reviewed in line with current and anticipated levels of travel prior to the end of the financial year.

- **Supplies and Services – £8k underspend**

The projected outturn, which was estimated as a £0.006m overspend at Period 6, reflects the most up-to-date estimates and assumptions across a range of spend items such as conferences, stationery, ICT expenditure and events.

- **Income from Projects - £24k under-recovery**

While income from Consultancy Projects and the Scotland Excel Academy are 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.

- 3.3 Income and expenditure will continue to be monitored throughout the financial year and all projections and assumptions will be kept under review as Scotland Excel work towards achieving a break-even position at year end.
- 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 at Period 9 for Projects was £0.330m, comprising gross expenditure of £1.109m and gross income of (£0.779m).
- 3.6 The projection for Projects at the end of 2022/23 is a planned increase in committed Project Reserves of £0.043m after an anticipated transfer to Core of £0.253m. The movement in full year projection from Period 6 is due to the addition of a new project with Dundee City Council, the extension of an existing project with Stirling Council and variation in project delivery with Dumfries and Galloway Council.
- 3.7 The projected spend in Employee Costs within Projects has decreased by £0.025m since Period 6 due to the addition of new projects and variation in project delivery for an existing project.
- 3.8 The additional projected over-recovery of income for projects since Period 6 of £0.070m is due to the addition of new projects and variation in project delivery for an existing project.
- 3.9 The projected Transfer to Core figure has reduced by £0.005m due primarily to continuing challenges within the construction industry meaning that the New Build Project will not achieve its target rebate contribution for 2022/23. The Transfer to Core figure has been adjusted accordingly.

- 3.10 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 9 December 2022

Core Operations	Approved Budget	Year to Date Actual	Projected Full Year Actual	Projected Full Year Variance (Adverse) / Favourable	Prior Period Projection	Movement in Projection Adverse / (Favourable)
£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	4,098	2,779	4,076	22	4,080	(4)
Property Costs	216	0	216	0	217	(1)
Transport Costs	20	2	7	13	10	(3)
Supplies and Services	311	177	303	8	317	(14)
Transfer Payments	16	11	16	0	16	0
Support Costs	271	113	272	(1)	272	0
Gross Expenditure	4,932	3,082	4,890	42	4,912	(22)
Council Requisitions	(3,883)	(2,374)	(3,883)	0	(3,883)	0
Associate Income	(220)	(173)	(202)	(18)	(203)	1
Income from Projects	(286)	(9)	(262)	(24)	(267)	5
Rebates	(543)	0	(543)	0	(543)	0
Gross Income	(4,932)	(2,556)	(4,890)	(42)	(4,896)	6
Drawdown from Reserves	0	526	0	0	16	(16)
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						0
Closing Revenue Reserve at 31 March 2023						246
% of Operating Income						5.0%

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 9 December 2022

Projects	Approved Budget	Year to Date Actual	Projected Full Year Actual	Full Year Variance (Adverse) / Favourable	Prior Period Projection	Movement in Projection Adverse / (Favourable)
£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	1,416	1,063	1,582	(166)	1,607	(25)
Transport Costs	3	0	2	1	3	(1)
Supplies and Services	10	42	36	(26)	41	(5)
Transfer Payments	6	4	7	(1)	8	(1)
Third Party Payments	501	0	408	93	311	97
Gross Expenditure	1,936	1,109	2,035	(99)	1,970	65
Income from Projects	(2,111)	(779)	(2,331)	220	(2,261)	(70)
Gross Income	(2,111)	(779)	(2,331)	220	(2,261)	(70)
Net Expenditure Sub-Total	(175)	330	(296)	121	(291)	(5)
Transfer to Core	286	0	253	33	258	(5)
Net Expenditure	111	330	(43)	154	(33)	(10)

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	154
Closing Project Reserves at 31 March 2023	1,139
% of Operating Income	48.9%

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