

Scotland Excel

To: Executive Sub-Committee

On: 17 June 2022

Joint Report by:
The Treasurer and the Chief Executive

Revenue Budget Monitoring

1. Summary

- 1.1 Scotland Excel undertakes budget management and monitoring throughout the year and works closely with its treasurer, within Renfrewshire Council, to ensure appropriate governance, transparency and reporting is applied to all financial matters.

2. Recommendations

- 2.1 It is recommended that members note the report.

3. Background

- 3.1 Scotland Excel operates a “Core” and “Project” budget methodology. **Core** budgeting represents the primary activities of Scotland Excel which were traditionally wholly funded through member requisition.

At the June 2018 Joint Committee, members approved a Funding Model proposal whereby Scotland Excel generates income through a number of additional income streams. The five income streams approved were:

- 1. Consultancy Services
- 2. New Build Housing
- 3. Learning and development
- 4. Rebates
- 5. Associate Membership Expansion

Financial reporting for these income streams is reported under **Project** budget reporting. Project Reserves are ring-fenced reserves for on-going project delivery.

4. Financial Period 2021/22

- 4.1 At the end of financial year 2021/22, Scotland Excel recorded a small operating deficit of £1k in its Core activities.
- 4.2 Appendix 1 provides a report of the revenue budget monitoring statement for the period and includes a summary of movement in the Revenue Reserve, as well as a glossary of terms.
- 4.3 Significant variations to budget are set out below:

Employee Costs - £40k (overspend)

This variance reflects lower than anticipated staff turnover during the year coupled with the phased introduction of the revised staffing structure within Scotland Excel previously approved.

Transport Costs - £20k (underspend)

This variance reflects lower than anticipated expenditure on travel resulting from continuing home working during the Covid-19 pandemic.

Supplies and Services - £39k (underspend)

This variance reflects lower than anticipated spend on various budget headings such as conferences, stationery and telephony resulting from continuing home working during the Covid-19 pandemic.

Support Costs - £6k (overspend)

This variance reflects the increasing costs for Professional Indemnity Insurance as a result of an increasing contract portfolio and associated value.

- 4.4 Both Core and Projects budgets are managed closely throughout the year with monitoring reports presented to the Executive Sub Committee every 2 months.

5. Financial Period 2022/23

- 5.1 The operating budget for 2022/23 for Scotland Excel was approved by the Joint Committee in December 2021 along with a 3% increase to council requisition figures. A summary of the approved 2022/23 operating budget is given in Appendix 2 of this report.
- 5.2 The key assumptions used in developing these projections are outlined below.
 - **Employee Costs** – This estimate includes projected salary costs for the Scotland Excel Team including employer on-costs and training costs. In line with normal practice within local authority staffing budgets, a turnover

reduction of 5% has been included within the figures along with an estimated provision in respect of a cost-of-living increase in salaries for 2022/23.

- **Property Costs** – This estimate includes items such as rent and factoring charges for the Scotland Excel offices within Renfrewshire House, Paisley.
- **Transport Costs** – This estimate reflects anticipated travel costs for Scotland Excel during 2022/23 and post pandemic.
- **Supplies and Services** – This estimate includes a range of sundry budget items including ICT equipment and licences, Marketing and Communications and Audit services.
- **Transfer Payments** – This estimate is in respect of Apprenticeship Levy which is payable on all salaries being paid.
- **Support Costs** – This estimate is in respect of Corporate Insurances and the organisations Service Level Agreement with Renfrewshire Council for access to and delivery of a range of services.
- **Council Requisitions** – This is the agreed total requisition figure for all 32 Scottish local authorities as approved by the Joint Committee in December 2022.
- **Associate Income** – This is the target income figure anticipated to be received from Associate members of Scotland Excel.
- **Income from Projects** – This is the target income figure for 3, non-requisition funding streams for Scotland Excel namely, Consultancy (£211k), New Build Framework (£45k) and the Scotland Excel Academy (£30k).
- **Rebates** – This is the target income figure for Framework Rebates based on historical and anticipated spend through eligible contracts.

REVENUE BUDGET MONITORING STATEMENT 2021/22
1 April 2021 to 31 March 2022

Core Operations	Budget as at Period 11	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	3,652	3,692	3,692	-40	3,630	62
Property Costs	216	217	217	-1	216	1
Transport Costs	20	0	0	20	1	-1
Supplies and Services	292	253	253	39	305	-52
Transfer Payments	14	14	14	0	14	0
Support Costs	266	272	272	-6	272	0
Gross Expenditure	4,460	4,448	4,448	12	4,438	10
Council Requisitions	-3,770	-3,770	-3,770	0	-3,770	0
Associate Income	-180	-187	-187	7	-179	-8
Income from Projects	-297	-276	-276	-21	-276	0
Rebates	-213	-214	-214	1	-213	-1
Gross Income	-4,460	-4,447	-4,447	-13	-4,438	-9
Drawdown from Reserves	0	1	1	-1	0	1

Summary of in-year Movement in Reserves	£000s
Opening Revenue Reserve at 1 April 2021	249
Budgeted Draw on Reserves	0
Projected Year-end variance	-1
Closing Revenue Reserve at 31 March 2022	248
% of Operating Income	5.6%

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)

Scotland Excel Operating Budget 2022/23

Scotland Excel - Core Operating Budget 2022/23		
Core Operations		2022/23 Approved Budget
£000s		£000s
Employee Costs		4,096
Property Costs		217
Transport Costs		20
Supplies and Services		311
Transfer Payments		16
Support Costs		272
Gross Expenditure		4,932
Council Requisitions		-3,883
Associate Income		-220
Income from Projects		-286
Rebates		-543
Gross Income		-4,932
Drawdown from Reserves		0
Scotland Excel - Projects Budget 2022/23		
Core Operations		2022/23 Projects Budget
£000s		£000s
Employee Costs		1,416
Transport Costs		4
Supplies and Services		10
Transfer Payments		5
Third Party Payments		501
Gross Expenditure		1,936
Income from Projects		-2,111
Gross Income		-2,111
Projects Deficit/(Surplus)		-175
Transfer to Core		286
Transfer from Reserves		111