

Scotland Excel

To: Executive Sub-Committee

On: 15 March 2024

**Joint Report by:
The Treasurer and the Chief Executive of Scotland Excel**

Revenue Budget Monitoring Report to 02 February 2024

1. Summary

- 1.1 At the end of Period 11, Scotland Excel is projecting a £57k underspend by year-end in its Core activities and an increase of £358k in Project Reserves. 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 2 February 2024, the year-to-date net expenditure for Core activities was £0.083m, comprising gross expenditure of £4.302m, less gross income of £4.220m.
- 3.2 The current projection for the end of 2023/24 is a £57k underspend position for Core. Any underspend in the Core operating budget will be added to the General Revenue Reserve at the end of the financial year.
- 3.3 Scotland Excel will continue to control expenditure and focus on further development of its Income Strategy. Rebate income in particular, continues to grow towards anticipated levels, which will support financial sustainability.

Significant variances in relation to this year-end projection are as follows:

Employee Costs – £342k overspend

The approved budget for 2023/24 included an estimated pay award for 2023/24 of 3%. A pay award has now been agreed at approximately 6%, the full cost of which is reflected in the projected figures presented.

Movement from the Period 9 projection relates to continuing vacancies across the organisation for which recruitment is now underway.

Support Costs - £22k underspend

The underspend arises from a competitive tender process for Professional Indemnity Insurance renewal costs for 2023/24.

Income from Projects - £369k over-recovery

The forecast over-recovery in Income from Projects reflects income in relation to the Scotland Excel Supplier Awards event totalling £22k, and additional Rebate Income of £346k generated by Scotland Excel frameworks during 2022/23.

Rebate income generated from expenditure through Scotland Excel frameworks is confirmed and charged during the following year. An over-recovery of £113k for 2022/23 was previously advised during the external audit with the final 2022/23 accounts adjusted accordingly within Project reserves. As previously reported to committee, a further over-recovery of £233k has been identified and reflected within this report.

- 3.4 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 where possible, to mitigate any projected adverse variances through prudent management of the workforce, close monitoring of sundry budgets and further exploration of existing and new income streams for the organisation.
- 3.5 Appendix 1 provides an analysis of the actual spend to date along with projected net expenditure for 2023/24 and includes a summary of movement in the Revenue Reserve, as well as a glossary of terms.

Projects

- 3.6 The year-to-date net expenditure for Projects is £0.011m, comprising gross expenditure of £1.275m, gross income of £1.295m and a Transfer to Core of £0.031m.
- 3.7 At the end of Period 11, the year-end forecast for Projects is a planned increase to Project Reserves of £0.358m. This is an increase of £0.184m compared to the approved budget position and follows an anticipated transfer to Core of £0.595m.

3.8 Significant variances in relation to the full-year projection are as follows:

Employee Costs - the projected spend within Projects includes provision for a higher pay award as detailed in 3.3 above. There has also been a range of staffing movement across several projects including graduate trainees, previously funded via the Small Value Project Team, being successful in gaining permanent and fixed-term posts within the Core organisation. In addition, staff movement between the South Lanarkshire project and the Savings Team has also impacted employee costs within projects. The impact of staffing movement within projects has decreased the projected full year actual by £0.108m from Period 9.

Supplies and Services – the increase in projected spend reflects internal recharges for additional legal costs attributable to projects.

Third Party Payments – the year-to-date balance reflects the impact of accounting entries in relation to anticipated expenditure from 2022/23 for the New Build project (accrued). This figure will be offset once corresponding transactions have been processed in the current financial year. The projected underspend relates to a lower level of New Build Framework activity than anticipated.

Income from Projects – the projected full year figure includes the additional £0.233m over recovery of Rebate income accrued during 2022/23 as detailed in 3.3 above, offset by projected under- and over-recoveries across a range of Projects in 2023/24, including South Lanarkshire, New Build, the Academy, Flexible Procurement and Scottish Government projects.

3.9 Appendix 2 provides an analysis of the actual spend to date along with projected net expenditure for 2023/24 and includes a summary of movement in the Project reserves, as well as a glossary of terms.

REVENUE BUDGET MONITORING STATEMENT 2023/24
1 April to 02 February 2024

Core Operations	Approved Budget	Year to Date Actual	Projected Full Year Actual	Projected Full Year Variance (Adverse) / Favourable	Prior Period Projection P9	Movement in Projection Adverse / (Favourable)
£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	4,207	3,686	4,549	(342)	4,565	(16)
Property Costs	217	216	217	0	217	0
Transport Costs	20	6	17	3	20	(3)
Supplies and Services	291	289	301	(10)	293	8
Transfer Payments	22	14	17	5	22	(5)
Support Costs	303	91	281	22	281	0
Gross Expenditure	5,060	4,302	5,382	(322)	5,398	(16)
Council Requisitions	(3,999)	(3,823)	(3,999)	0	(3,999)	0
Associate Income	(230)	(254)	(240)	10	(235)	(5)
Income from Projects	(248)	(143)	(617)	369	(616)	(1)
Rebates	(583)	0	(583)	0	(583)	0
Gross Income	(5,060)	(4,220)	(5,439)	379	(5,433)	(6)
Drawdown from Reserves	0	83	(57)	57	(35)	(22)

Summary of in-year Movement in Reserves	£000s
Opening Revenue Reserve at 1 April 2023	244
Budgeted Draw on Reserves	0
Projected Year-end variance	57
Closing Revenue Reserve at 31 March 2024	301
% of Operating Income	5.5%

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 2023/24
1 April to 02 February 2024

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	1,534	1,382	1,586	(52)	1,694	(108)
Transport Costs	3	0	0	3	1	(1)
Supplies and Services	54	16	123	(69)	109	14
Transfer Payments	7	5	6	1	8	(2)
Third Party Payments	848	(128)	104	744	205	(101)
Gross Expenditure	2,446	1,275	1,819	627	2,017	(199)
Income from Projects	(2,868)	(1,295)	(2,772)	(96)	(2,807)	35
Gross Income	(2,868)	(1,295)	(2,772)	(96)	(2,807)	35
Net Expenditure Sub-Total	(422)	(20)	(953)	531	(790)	(164)
Transfer to Core	248	31	595	(347)	594	1
Net Expenditure	(174)	11	(358)	184	(196)	(163)

Summary of in-year Movement in Reserves	£000s
Opening Projects Reserves at 1 April 2023	1,496
Projected Contribution to Reserves	174
Projected year-end variance	184
Closing Project Reserves at 31 March 2024	1,854
% of Operating Income	66.9%

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