

Scotland Excel

To: Executive Sub-Committee

On: 17 March 2023

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

Revenue Budget Monitoring Report to 03 February 2023

1. Summary

- 1.1 At the end of Period 11, Scotland Excel is projecting a breakeven position by year-end in its Core activities and a planned £0.208m 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 31 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 3 February 2023 (Period 11), the year-to-date net expenditure for Core was (£0.274m), comprising gross expenditure of £3.758m, less gross income of (£4.032m).
- 3.2 The current projection for year end 2022/23 is a breakeven position for Core. There have been no material changes to the projected variances since last reported at Period 9.
- 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 11 for Projects was £0.159m, comprising gross expenditure of £1.375m and gross income of (£1.216m).
- 3.6 The projection for Projects at the end of 2022/23 is a planned increase in committed Project Reserves to £0.208m after an anticipated transfer to Core of £0.253m. The movement in full year projection from Period 9 is due to a number of factors, as follows:
- **Employee Costs:** the projected spend within Projects has decreased by £0.024m since Period 9 due to staff turnover within Projects. A recruitment campaign to fill vacancies is underway however posts are unlikely to be filled prior to financial year end.
 - **Third Party Payments:** the forecast spend within Projects has decreased by £0.026m since Period 9, due to increased clarity around payments being made to accreditation bodies by the Scotland Excel Academy.
 - **Income from Projects:** the additional projected over-recovery of income since Period 9 of £0.121m is due to increased clarity on forecast income for the Academy, Flexible Procurement and Rebates.
- 3.7 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 3 February 2023

Core Operations	Approved Budget	Year to Date Actual	Projected Full Year Actual	Projected Full Year Variance (Adverse) / Favourable	Prior Period Projection P10	Movement in Projection Adverse / (Favourable)
£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	4,098	3,397	4,074	24	4,076	(2)
Property Costs	216	0	217	(1)	216	1
Transport Costs	20	3	9	11	7	2
Supplies and Services	311	232	304	7	303	1
Transfer Payments	16	13	16	0	16	0
Support Costs	271	113	272	(1)	272	0
Gross Expenditure	4,932	3,758	4,892	40	4,890	2
Council Requisitions	(3,883)	(3,844)	(3,883)	0	(3,883)	0
Associate Income	(220)	(179)	(204)	(16)	(202)	(2)
Income from Projects	(286)	(9)	(262)	(24)	(262)	0
Rebates	(543)	0	(543)	0	(543)	0
Gross Income	(4,932)	(4,032)	(4,892)	(40)	(4,890)	(2)
Drawdown from Reserves	0	(274)	0	0	0	0

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 3 February 2023

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	1,322	1,558	(142)	1,582	(24)
Transport Costs	4	0	2	2	2	0
Supplies and Services	10	48	44	(34)	36	8
Transfer Payments	5	5	5	0	7	(2)
Third Party Payments	501	0	382	119	408	(26)
Gross Expenditure	1,936	1,375	1,991	(55)	2,035	(44)
Income from Projects	(2,111)	(1,216)	(2,452)	341	(2,331)	(121)
Gross Income	(2,111)	(1,216)	(2,452)	341	(2,331)	(121)
Net Expenditure Sub-Total	(175)	159	(461)	286	(296)	(165)
Transfer to Core	286	0	253	33	253	0
Net Expenditure	111	159	(208)	319	(43)	(165)

Summary of in-year Movement in Reserves	£000s
Opening Projects Reserves at 1 April 2022	1,113
Budgeted Draw on Reserves	(111)
Projected year-end variance	319
Closing Project Reserves at 31 March 2023	1,321
% of Operating Income	53.9%

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