

## Scotland Excel

**To: Executive Sub-Committee**

**On: 26 January 2024**

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

### **Revenue Budget Monitoring Report to 08 December 2023**

#### **1. Summary**

- 1.1 At the end of Period 9, Scotland Excel is projecting a £35k underspend by year-end in its Core activities and an increase of £196k 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 8 December 2023, the year-to-date net expenditure for Core activities was £0.496m, comprising gross expenditure of £3.118m, less gross income of £2.622m.
- 3.2 The current projection for the end of 2023/24 is a £35k 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 – £358k 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 in the projected Employee Costs since Period 6 relates to VR/VER costs, the successful filling of vacancies across the organisation, and maternity absences over the period.

### **Support Costs - £22k underspend**

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

### **Income from Projects - £368k 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. However, a further over-recovery of £233k has now been identified and this has been reflected within this report. External Audit will be advised during the audit for the 2023/24 annual accounts.

- 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 £312k, comprising gross expenditure of £966k, gross income of £685k and a Transfer to Core of £31k.
- 3.7 At the end of Period 9, the year-end forecast for Projects is a planned increase to Project Reserves of £196k. This is an increase of £22k compared to the approved budget position and follows an anticipated transfer to Core of £594k.

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 have also been staffing changes within several projects including Scottish Government National Commissioning of Residential Services, South Lanarkshire Council and Flexible Procurement Services, which has increased the projected full year actual by £14k from Period 6.

**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 cleared 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 £233k over recovery of Rebate income accrued during 2022/23 as detailed in 3.3 above, offset by a projected under-recovery across a range of Projects in 2023/24 including South Lanarkshire, New Build and Scottish Government.

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 08 December 2023

Core Operations	Approved Budget	Year to Date Actual	Projected Full Year Actual	Projected Full Year Variance (Adverse) / Favourable	Prior Period Projection P6	Movement in Projection Adverse / (Favourable)
£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	4,207	2,800	4,565	(358)	4,431	134
Property Costs	217	0	217	0	217	0
Transport Costs	20	6	20	0	20	0
Supplies and Services	291	210	293	(2)	313	(20)
Transfer Payments	22	11	22	0	22	0
Support Costs	303	91	281	22	281	0
<b>Gross Expenditure</b>	<b>5,060</b>	<b>3,118</b>	<b>5,398</b>	<b>(338)</b>	<b>5,284</b>	<b>114</b>
Council Requisitions	(3,999)	(2,224)	(3,999)	0	(3,999)	0
Associate Income	(230)	(248)	(235)	5	(230)	(5)
Income from Projects	(248)	(150)	(616)	368	(383)	(233)
Rebates	(583)	0	(583)	0	(583)	0
<b>Gross Income</b>	<b>(5,060)</b>	<b>(2,622)</b>	<b>(5,433)</b>	<b>373</b>	<b>(5,195)</b>	<b>(238)</b>
<b>Drawdown from Reserves</b>	<b>0</b>	<b>496</b>	<b>(35)</b>	<b>35</b>	<b>89</b>	<b>(124)</b>

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	35
Closing Revenue Reserve at 31 March 2024	279
% of Operating Income	5.1%

### 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 08 December 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	1,534	1,085	1,694	(160)	1,680	14
Transport Costs	3	0	1	2	2	(1)
Supplies and Services	54	26	109	(55)	87	22
Transfer Payments	7	4	8	(1)	8	0
Third Party Payments	848	(149)	205	643	289	(84)
<b>Gross Expenditure</b>	<b>2,446</b>	<b>966</b>	<b>2,017</b>	<b>429</b>	<b>2,066</b>	<b>(49)</b>
Income from Projects	(2,868)	(685)	(2,807)	(61)	(2,596)	(211)
<b>Gross Income</b>	<b>(2,868)</b>	<b>(685)</b>	<b>(2,807)</b>	<b>(61)</b>	<b>(2,596)</b>	<b>(211)</b>
<b>Net Expenditure Sub-Total</b>	<b>(422)</b>	<b>281</b>	<b>(790)</b>	<b>368</b>	<b>(530)</b>	<b>(260)</b>
<b>Transfer to Core</b>	<b>248</b>	<b>31</b>	<b>594</b>	<b>(346)</b>	<b>361</b>	<b>233</b>
<b>Net Expenditure</b>	<b>(174)</b>	<b>312</b>	<b>(196)</b>	<b>22</b>	<b>(169)</b>	<b>(27)</b>

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	22
<b>Closing Project Reserves at 31 March 2024</b>	<b>1,692</b>
<b>% of Operating Income</b>	<b>60.3%</b>

### 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