

Scotland Excel

To: Executive Sub-Committee

On: 22 October 2021

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

Revenue Budget Monitoring Report to 17 September 2021

1. Summary

- 1.1 At the end of Period 6, Scotland Excel is projecting a break-even position by year-end in its Core activities and a planned £173k drawdown from Project Reserves by year-end within Projects. Both Core and Projects budgets will continue to be monitored closely over the remainder of the financial year. 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 17 September 2021, the year-to-date net expenditure for Core was £1.683m, comprising gross expenditure of £1.698m, less gross income of £0.015m. Income in relation to Council Requisitions and Associate Income is anticipated in October, when annual invoices are due to be raised.
- 3.2 The projection for the end of 2021/22 is a break-even position for Core. At Period 4, the projection was a £25k overspend. All projected variances are the same as those reported at Period 4, with the following exceptions:
- **Employee Costs – £9k overspend**
The projected expenditure figure, which was an overspend of £20k at Period 4, has been revised to reflect the most up-to-date estimates and assumptions on spend, including a lower level of staff turnover than usual, coupled with the phased introduction of the revised staffing structure within Scotland Excel, as reported on 19 March 2021. Employee Costs will continue to be closely monitored throughout the remainder of the financial year.

- **Supplies and Services – £10k underspend**

The projected outturn, which was estimated as a £1k overspend at Period 4, reflects the most up-to-date estimates and assumptions on various items, such as conferences, stationery and telephony. This is likely to vary over the remainder of the year as return to HQ plans develop.

- **Associate Income – £10k over-recovery**

The Scotland Excel Associates team continues to promote the benefits of membership. The projected over-recovery, which was estimated at £7k at Period 4, reflects increased income from new associates joining Scotland Excel.

3.3 Income and expenditure will continue to be monitored throughout the financial year and all projections and assumptions will be kept under review.

3.4 Appendix 1 provides an analysis of the actual spend to date along with projected net expenditure for 2021/22 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 6 for Projects was £177k, comprising gross expenditure of £605k and gross income of £428k.

3.6 The projection for Projects at the end of 2021/22 is a planned drawdown of £173k from Project Reserves, after an anticipated transfer to Core of £280k. The planned drawdown from Projects Reserves includes a number of assumptions in relation to recruitment and salary costs in addition to a number of Consultancy projects coming to an end, including those with East Lothian Council and Tayside Procurement Consortium.

3.7 The projected spend in Employee Costs within Projects has increased by £153k since Period 4, owing to a new project with South Lanarkshire Council, as well as growth in the Flexible Procurement Team (formerly the Hosted Procurement Team).

3.8 The additional projected over-recovery of income for projects since Period 4 of £88k relates mainly to a new project with South Lanarkshire Council.

3.9 Appendix 2 provides an analysis of the actual spend to date along with projected net expenditure for 2021/22 and includes a summary of movement in the Project reserves, as well as a glossary of terms.

REVENUE BUDGET MONITORING STATEMENT 2021/22
1 April 2021 to 17 September 2021

| Core | 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 |
| Employee Costs | 3,652 | 1,501 | 3,661 | (9) | 3,672 | (11) |
| Property Costs | 216 | 0 | 216 | 0 | 216 | 0 |
| Transport Costs | 20 | 0 | 8 | 12 | 8 | 0 |
| Supplies and Services | 292 | 190 | 282 | 10 | 293 | (11) |
| Transfer Payments | 14 | 6 | 14 | 0 | 14 | 0 |
| Support Costs | 266 | 1 | 272 | (6) | 272 | 0 |
| Gross Expenditure | 4,460 | 1,698 | 4,453 | 7 | 4,475 | (22) |
| Council Requisitions | (3,770) | 0 | (3,770) | 0 | (3,770) | 0 |
| Temporary Reserve Use | 0 | 0 | 0 | 0 | 0 | 0 |
| Associate Income | (180) | (13) | (190) | 10 | (187) | (3) |
| Income from Projects | (297) | 0 | (280) | (17) | (280) | 0 |
| Rebates | (213) | (2) | (213) | 0 | (213) | 0 |
| Gross Income | (4,460) | (15) | (4,453) | (7) | (4,450) | (3) |
| Drawdown from Reserves | 0 | 1,683 | 0 | 0 | 25 | (25) |

| 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 | 0 |
| Closing Revenue Reserve at 31 March 2022 | 249 |
| % 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)

REVENUE BUDGET MONITORING STATEMENT 2021/22
1 April 2021 to 17 September 2021

| Projects | Budget as at Period 4 | 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 |
| Employee Costs | 1,500 | 556 | 1,653 | (153) | 1,500 | 153 |
| Transport Costs | 7 | 0 | 3 | 4 | 2 | 1 |
| Supplies and Services | 52 | 47 | 51 | 1 | 52 | (1) |
| Transfer Payments | 2 | 2 | 4 | (2) | 4 | 0 |
| Third Party Payments | 268 | 0 | 266 | 2 | 268 | (2) |
| Gross Expenditure | 1,829 | 605 | 1,977 | (148) | 1,826 | 151 |
| Income from Projects | (1,677) | (428) | (2,084) | 407 | (1,996) | (88) |
| Gross Income | (1,677) | (428) | (2,084) | 407 | (1,996) | (88) |
| Net Expenditure Sub-Total | 152 | 177 | (107) | 259 | (170) | 63 |
| Transfer to Core | 252 | 0 | 280 | (28) | 280 | 0 |
| Net Expenditure | 404 | 177 | 173 | 231 | 110 | 63 |

| Summary of in-year Movement in Project Reserves | £000s |
|---|-------|
| Opening Revenue Reserve at 1 April 2021 | 772 |
| Budgeted Draw on Reserves | (404) |
| Projected year-end variance | 231 |
| Closing Revenue Reserve at 31 March 2022 | 599 |
| % of Operating Income | 28.7% |

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