

Scotland Excel

To: Executive Sub Committee

On: 18th September 2020

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

Revenue Budget Monitoring Report to 21 August 2020

1. Summary

- 1.1 At the end of Period 5, Scotland Excel is projecting a £76k overspend by year-end in its Core activities and a £114k overspend by year-end within Projects; both of which would result in a drawdown from 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 21 August 2020, the year-to-date net expenditure for Core was £1.450m, comprising gross expenditure of £1.465m, less gross income of £0.015m.
- 3.2 Income and expenditure will continue to be monitored through the financial year and this projection will be kept under review. Action will be taken to mitigate the projected overspend as far as possible, through prudent management of the workforce, close monitoring of sundry budgets and exploring further income opportunities through short-term projects.
- 3.3 The projection for the end of 2020/21 is an overspend of £76k for Core, which would result in a drawdown from the Revenue Reserve. Reasons for significant projected variances are as follows:

- **Employee Costs - £79k underspend**

As advised to the Joint Committee in June 2020, as a result of COVID-19, Scotland Excel has had a freeze on recruitment of vacant posts across the organisation. The estimated outturn figures shown assume vacant posts are filled from October 2020.

- **Transport Costs - £15k underspend**

Estimated outturn adjusted in light of COVID-19 pandemic.

- **Support Costs - (£42k) overspend**

Estimated outturn figure includes allowance for increased insurance costs due to increasing size of Scotland Excel contract portfolio.

- **Associate Income - (£40k) overspend**

Estimated outturn figure reduced due to uncertain financial environment within Social Housing sector. The Scotland Excel Associates team continue to work with existing associate members to promote the benefits of membership.

- **Income from Projects - (£83k) under-recovery**

Income from Projects was budgeted at £315k. Year-end projections indicate that £174k will be received from Projects, with a further £58k achieved through new short-term project work allocated directly to Core activities, totalling £232k and resulting in a shortfall of £83k, as follows:

New Build Project (£30k): Estimated outturn reduced to zero for 2020/21 in light of impact of COVID-19 pandemic delays to construction industry.

Projected expenditure through the New Build framework remains the same therefore future income targets will be adjusted accordingly.

Academy (£53k): Estimated outturn reduced to zero for 2020/21 in light of COVID-19 pandemic impact on training and education courses being delivered by the Scotland Excel Academy. The Academy team continue to develop a portfolio of training which can be delivered within a virtual environment and a revised business plan in light of the COVID-19 pandemic.

3.4 Appendix 1 provides an analysis of the actual spend to date along with projected net expenditure for 2020/21 and includes a summary of movement in the Revenue Reserve, as well as a glossary of terms.

3.5 Budget adjustments shown in the second column represent reclassification of headings from the Approved Budget to the CIPFA subjective analysis used in the financial ledger and annual accounts. For example, £1k for Furniture and Fittings was included in Property Costs in the Approved Budget but should be classed as Supplies and Services according to the CIPFA Service Reporting Code of Practice.

Projects

3.6 The year-to-date net expenditure for Projects is £158k, comprising gross expenditure of £517k and gross income of £359k.

- 3.7 The projection for Projects at the end of 2020/21 is a planned drawdown of £114k from Project Reserves. The drawdown from Project reserves follows an anticipated transfer to Core of £174k. A further £58k in project income will be coded directly to Core leaving a shortfall against budgeted income from Projects (£315K) of £83k, attributable to the Academy and New Build projects, as noted at 3.3 above.
- 3.8 Appendix 2 provides an analysis of the actual spend to date along with projected net expenditure for 2020/21 and includes a summary of movement in the Project reserves, as well as a glossary of terms.
- 3.9 Budget adjustments shown in the second column represent reclassification of headings from the Approved Budget to the CIPFA subjective analysis used in the financial ledger and annual accounts.

REVENUE BUDGET MONITORING STATEMENT 2020/21
1 April 2020 to 21 August 2020

Core	Approved Budget	New budget adjustments	Revised Budget	Year to Date Actual	Projected Full Year Actual	Projected Full Year Variance (Adverse) / Favourable
£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	3,591	0	3,591	1,291	3,512	79
Property Costs	218	(1)	217	(5)	217	0
Transport Costs	30	0	30	0	15	15
Supplies and Services	295	1	296	68	301	(5)
Administration Costs	224	(224)	0	0	0	0
Transfer Payments	14	0	14	5	14	0
Support Costs	0	224	224	106	266	(42)
Gross Expenditure	4,372	0	4,372	1,465	4,325	47
Council Requisitions	(3,661)	0	(3,661)	0	(3,661)	0
Temporary Reserve Use	(120)	0	(120)	0	(120)	0
Associate Income	(210)	0	(210)	0	(170)	(40)
Income from Projects	(315)	0	(315)	(7)	(232)	(83)
Rebates	(66)	0	(66)	(8)	(66)	0
Gross Income	(4,372)	0	(4,372)	(15)	(4,249)	(123)
Drawdown from Reserves	0	0	0	1,450	76	(76)

Summary of in-year Movement in Reserves	£000s
Opening Revenue Reserve at 1 April 2019	235
Budgeted Draw on Reserves	0
Projected year-end variance	(76)
Closing Revenue Reserve at 31 March 2020	159
% of Operating Income	3.6%

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 2020/21
1 April 2020 to 21 August 2020**

Projects	Approved Budget	New budget adjustments	Revised Budget	Year to Date Actual	Projected Full Year Actual	Projected Full Year Variance (Adverse) / Favourable
£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	1,302	(0)	1,302	450	1,347	(45)
Transport Costs	23	0	23	0	5	18
Supplies and Services	28	29	57	12	214	(157)
Administration Costs	29	(29)	0	0	0	0
Transfer Payments	0	5	5	55	3	2
Third Party Payments	299	(5)	294	0	0	294
Gross Expenditure	1,681	0	1,681	517	1,569	112
Income from Projects	(1,996)	(0)	(1,996)	(359)	(1,629)	(367)
Gross Income	(1,996)	(0)	(1,996)	(359)	(1,629)	(367)
Net Expenditure Sub-Total	(315)	0	(315)	158	(60)	(255)
Transfer to Core	315	0	315		174	141
Net Expenditure	(0)	0	0		114	(114)

Summary of in-year Movement in Project Reserves	
Opening Revenue Reserve at 1 April 2020	763
Budgeted Draw on Reserves	(0)
Projected year-end variance	(114)
Closing Revenue Reserve at 31 March 2021	649
% of Operating Income	32.5%

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