

Scotland Excel

To: Executive Sub-Committee

On: 28 January 2022

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

Revenue Budget Monitoring Report to 10 December 2021

1. Summary

- 1.1 At the end of Period 9, Scotland Excel is projecting a break-even position by year-end in its Core activities and a £31k drawdown from Project Reserves by year-end within Projects. Both Core and Projects budgets will be monitored closely in order to mitigate any significant variances. 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 10 December 2021, the year-to-date net expenditure for Core was £0.929m, comprising gross expenditure of £2.722m, less gross income of (£3.651m).
- 3.2 The projection for the end of 2021/22 is a break-even position for Core, as it was at Period 6. There are some minor changes to the projected variances reported at Period 6, along with the following significant changes:
- **Employee Costs – £19k overspend**
- The projected expenditure figure, which was an overspend of £9k at Period 6, 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 previously reported. Employee Costs will continue to be closely monitored throughout the remainder of the financial year.

- **Supplies and Services – £26k underspend**

The projected outturn, which was estimated as a £10k underspend at Period 6, reflects the most up-to-date estimates and assumptions on various items, such as conferences, stationery and telephony and now assumes no full return to HQ for the remainder of the financial year.

- **Associate Income – break-even**

The Scotland Excel Associates team continues to promote the benefits of membership. The projected break-even position, which was estimated at £10k over-recovery at Period 6, reflects the planned level of income, updated to the latest estimate.

- 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 for Projects is £197k, comprising gross expenditure of £964k and gross income of (£767k).
- 3.6 The projection for Projects at the end of 2021/22 is a planned drawdown of £31k from Project Reserves. The drawdown from Project Reserves follows an anticipated transfer to Core of £277k. 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 and Tayside Procurement Consortium.
- 3.7 The projected spend in Employee Costs within Projects has reduced by £167k since Period 6, owing to the postponement of a project anticipated to start in November 2021, revision of the anticipated impact of the pay award for 2021/22 and correction of a staff mis-coding.
- 3.8 The reduced level of Third-Party Payments within Projects of £92k arises from a revision of anticipated Academy payments to certifying authorities and payments to partner authorities within the New Build project.
- 3.9 The reduced level of projected income for projects since Period 6 of £122k relates mainly to the postponement of a project anticipated to start in November 2021 and revision of anticipated rebates accrued during 2021/22 for the Small Projects Project and the New Build Project.

- 3.10 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 10 December 2021

Core Operations	Budget as at Period 6	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	£000s
Employee Costs	3,652	2,370	3,671	(19)	3,661	10
Property Costs	216	108	216	0	216	0
Transport Costs	20	0	1	19	8	(7)
Supplies and Services	292	122	266	26	282	(16)
Transfer Payments	14	9	14	0	14	0
Support Costs	266	113	272	(6)	272	0
Gross Expenditure	4,460	2,722	4,440	20	4,453	(13)
Council Requisitions	(3,770)	(3,469)	(3,770)	0	(3,770)	0
Associate Income	(180)	(180)	(180)	0	(190)	10
Income from Projects	(297)	0	(277)	(20)	(280)	3
Rebates	(213)	(2)	(213)	0	(213)	0
Gross Income	(4,460)	(3,651)	(4,440)	(20)	(4,453)	13
Drawdown from Reserves	0	(929)	0	0	0	0

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 10 December 2021

Projects	Budget as at Period 6	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	1,500	851	1,486	14	1,653	(167)
Transport Costs	7	0	0	7	3	(3)
Supplies and Services	52	110	51	1	51	0
Transfer Payments	2	3	5	(3)	4	1
Third Party Payments	268	0	174	94	266	(92)
Gross Expenditure	1,829	964	1,716	113	1,977	(261)
Income from Projects	(1,677)	(767)	(1,962)	285	(2,084)	122
Gross Income	(1,677)	(767)	(1,962)	285	(2,084)	122
Net Expenditure Sub-Total	152	197	(246)	398	(107)	(139)
Transfer to Core	252	0	277	(25)	280	(3)
Net Expenditure	404	197	31	373	173	(142)

Summary of in-year Movement in Reserves	£000s
Opening Revenue Reserve at 1 April 2021	772
Budgeted Draw on Reserves	(404)
Projected year-end variance	373
Closing Revenue Reserve at 31 March 2022	741
% of Operating Income	37.8%

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