

Scotland Excel

To: Executive Sub-Committee

On: 21 May 2021

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

Revenue Budget Monitoring Report to 31 March 2021

1. Summary

- 1.1 Scotland Excel has ended the 2020/21 financial year with a net underspend of £15k in its Core activities and a £121k underspend by year-end within Projects, which results in an increase to reserves. Further detail is provided at Section 3.

2. Recommendations

- 2.1 It is recommended that members note the year-end positions in both Core Operations and Projects detailed within the report.

3. Background

Core

- 3.1 The 2020/21 budget was approved by the Joint Committee in December 2019. For Core, the approved budget is a break-even position.
- 3.2 At 31 March 2021, the outturn position is a surplus of income over expenditure of £15k. This will be added to the Revenue Reserve. The outturn position includes variances to budget as follows:

Expenditure

- **Employee Costs - £46k underspend**

Scotland Excel has had a freeze on recruitment of vacant posts across the organisation during 2020/21 as a result of COVID-19. The final cost includes provision in respect of costs in relation to the recent VR/VER exercise.

- **Transport Costs - £29k underspend**

An underspend in Transport Costs has naturally arisen following periods of COVID-19 lockdown restrictions and related Scottish Government guidance.

- **Supplies and Services - £84k underspend**

Supplies and Services expenditure, such as postage, printing and stationery are underspent in light of COVID-19 lockdown restrictions and staff working from home during 2020/21.

- **Support Costs - £43k overspend**

This overspend arises from increased costs in relation to organisational Insurances, which reflects the growing Scotland Excel framework portfolio.

Income

- **Associate Membership - £34k under-recovery**

This has arisen due to the uncertain financial environment within the Social Housing sector. Recognising the financial difficulty that many organisations have experienced during 2020/21, the Scotland Excel Associates team continues to work with existing associate members to promote the benefits of membership.

- **Income from Projects - £95k under-recovery**

Reflects impact of the COVID-19 pandemic on the New Build framework and on uptake of courses within the Scotland Excel Academy. Reported income from projects has increased since January 2021 due to a number of additional projects being commissioned from, and delivered by, Scotland Excel prior to financial year-end.

- **Retrospective Rebates - £29k over-recovery**

Reflects the unplanned impact of COVID-19 pandemic on some Rebate frameworks; in particular the Janitorial Supplies framework, which has experienced increased sales.

- 3.3 Appendix 1 provides an analysis of the actual income and expenditure for 2020/21 and includes a summary of movement in the Revenue Reserve, as well as a glossary of terms.
- 3.4 There have been no budget adjustments since the last report at Period 11.
- 3.5 Final reserve balances will be reported in the Annual Accounts 2020/21, which will be presented to the Joint Committee for approval in June 2021.

Projects

- 3.6 The 2020/21 budget was approved by the Joint Committee in December 2019. For Projects, the approved budget is a break-even position, after a planned contribution of income to Core of £315k.

- 3.7 At 31 March 2021, the outturn position is a surplus of income over expenditure of £121k, which will be added to Project reserves. This is after an actual contribution of income to Core of £165k. The outturn position also includes an over-recovery of income of £314k compared to budget. This is due primarily to over-recovery of accrued rebate income to the Small Value Procurement project and Scottish Government funding in relation to projects whose delivery spans two financial years.
- 3.8 Appendix 2 provides an analysis of the actual income and expenditure for 2020/21 and includes a summary of movement in the Project reserves, as well as a glossary of terms.
- 3.9 There have been no budget adjustments since the last report at Period 11.
- 3.10 Final reserve balances will be reported in the Annual Accounts 2020/21, which will be presented to the Joint Committee for approval in June 2021.

REVENUE BUDGET MONITORING STATEMENT 2020/21
1 April 2020 to 31 March 2021

Core	Approved Budget at Period 11	New budget adjustments	Revised Budget	Full Year Actual	Full Year Variance (Adverse) / Favourable
£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	3,591	0	3,591	3,544	47
Property Costs	217	0	217	217	0
Transport Costs	30	0	30	1	29
Supplies and Services	296	0	296	212	84
Transfer Payments	14	0	14	16	(2)
Support Costs	224	0	224	267	(43)
Gross Expenditure	4,372	0	4,372	4,257	115
Council Requisitions	(3,661)	0	(3,661)	(3,661)	0
Temporary Reserve Use	(120)	0	(120)	(120)	0
Associate Income	(210)	0	(210)	(176)	(34)
Income from Projects	(315)	0	(315)	(220)	(95)
Rebates	(66)	0	(66)	(95)	29
Gross Income	(4,372)	0	(4,372)	(4,272)	(100)
Drawdown from Reserves	0	0	0	(15)	15

Summary of in-year Movement in Reserves	£000s
Opening Revenue Reserve at 1 April 2019	235
Budgeted Draw on Reserves	0
Year-end variance	15
Closing Revenue Reserve at 31 March 2020	250
% of Operating Income	5.9%

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 31 March 2021

Projects	Approved Budget	New budget adjustments	Revised Budget	Full Year Actual	Full Year Variance (Adverse) / Favourable
£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	1,302	(0)	1,302	1,269	33
Transport Costs	23	0	23	0	23
Supplies and Services	57	0	57	65	(8)
Transfer Payments	5	0	5	62	(57)
Third Party Payments	294	0	294	0	294
Gross Expenditure	1,681	(0)	1,681	1,396	285
Income from Projects	(1,996)	(0)	(1,996)	(1,682)	(314)
Gross Income	(1,996)	(0)	(1,996)	(1,682)	(314)
Net Expenditure Sub-Total	(315)	(0)	(315)	(286)	(29)
Transfer to Core	315	0	315	165	150
Net Expenditure	0	(0)	0	(121)	121

Summary of in-year Movement in Project Reserves	£000s
Opening Revenue Reserve at 1 April 2020	763
Budgeted Draw on Reserves (for Core)	(120)
Projected year-end variance	121
Closing Revenue Reserve at 31 March 2021	764
% of Operating Income	45.4%

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