

Scotland Excel

To: Executive Sub-Committee

On: 18 March 2022

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

Revenue Budget Monitoring Report to 4 February 2022

1. Summary

- 1.1 At the end of Period 11, Scotland Excel is projecting a break-even position by year-end in its Core activities and a £52k contribution to Project Reserves by year-end within Projects. Both Core and Projects budgets will be monitored closely for the remainder of the financial year 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 4 February 2022, the year-to-date net expenditure for Core was (£0.613m), comprising gross expenditure of £3.302m, less gross income of (£3.915m).
- 3.2 The projection for the end of 2021/22 is a break-even position for Core, as it was at Period 9. There are some minor changes to the projected variances reported at Period 9, along with the following significant changes:

- **Employee Costs – £22k underspend**

The projected expenditure figure, which was an overspend of £19k at Period 9, has been revised to reflect the most up-to-date estimates and assumptions on spend. These include an adjustment in respect of the settled pay award for 2021/22 and adjustments in relation to recruitment delays in respect of 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 – £13k overspend**

The projected outturn, which was estimated as a £26k underspend at Period 9, reflects the most up-to-date estimates and assumptions on various items, including ICT licences and equipment, additional legal and recruitment costs as well as full-year estimates in respect of marketing, conferences, stationery and telephony. All Supplies and Services estimates assume no wholesale return to HQ for the remainder of the financial year.

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 £0.262m, comprising gross expenditure of £1.304m and gross income of (£1.042m).

3.6 The projection for Projects at the end of 2021/22 is a surplus of £52k, which will be added to Project Reserves and ring-fenced for specific projects in 2022/23 and beyond. This follows an anticipated transfer to Core of £276k. The projected surplus includes a number of assumptions in relation to recruitment and salary costs, as well as 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 £131k since Period 9, owing to the postponement of a project, a correction of employee costs miscoding, as previously reported, and on-going recruitment challenges in relation to other projects.

3.8 The movement in estimate for Supplies and Services and Support Costs reflects correction of earlier mis-categorisation, as well as expenditure adjustments in anticipation of no wholesale return to HQ for the remainder of the financial year.

3.9 The reduced level of projected income for projects since Period 9 of £74k relates mainly to the postponement of a project 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 4 February 2022

Core Operations	Budget as at Period 9	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	2,897	3,630	22	3,671	(41)
Property Costs	216	108	216	0	216	0
Transport Costs	20	0	1	19	1	0
Supplies and Services	292	173	305	(13)	266	39
Transfer Payments	14	11	14	0	14	0
Support Costs	266	113	272	(6)	272	0
Gross Expenditure	4,460	3,302	4,438	22	4,440	(2)
Council Requisitions	(3,770)	(3,682)	(3,770)	0	(3,770)	0
Associate Income	(180)	(190)	(179)	(1)	(180)	1
Income from Projects	(297)	(53)	(276)	(21)	(277)	1
Rebates	(213)	10	(213)	0	(213)	0
Gross Income	(4,460)	(3,915)	(4,438)	(22)	(4,440)	2
Drawdown from Reserves	0	(613)	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 4 February 2022

Projects	Budget as at Period 9	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	1,188	1,355	145	1,486	(131)
Transport Costs	7	0	0	7	0	0
Supplies and Services	52	112	120	(68)	51	69
Transfer Payments	2	4	4	(2)	5	(1)
Third Party Payments	268	0	81	187	174	(93)
Gross Expenditure	1,829	1,304	1,560	269	1,716	(156)
Income from Projects	(1,677)	(1,042)	(1,888)	211	(1,962)	74
Gross Income	(1,677)	(1,042)	(1,888)	211	(1,962)	74
Net Expenditure Sub-Total	152	262	(328)	480	(246)	(82)
Transfer to Core	252	0	276	(24)	277	(1)
Net Expenditure	404	262	(52)	456	31	(83)

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	456
Closing Revenue Reserve at 31 March 2022	824
% of Operating Income	43.6%

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