

Scotland Excel

To: Executive Sub-Committee

On: 19 March 2021

**Joint Report by:
The Treasurer and the Chief Executive of Scotland Excel**

Revenue Budget Monitoring Report to 5 February 2021

1. Summary

- 1.1 At the end of Period 11, Scotland Excel is projecting a small surplus by year-end in its Core activities and a £72k overspend by year-end within Projects, which would result in a drawdown from Project reserves. Further detail is provided at Section 3.

2. Recommendations

- 2.1 It is recommended that members note the report, including the planned drawdown from committed Project reserves.

3. Background

Core

- 3.1 At 5 February 2021, the year-to-date net income for Core was £0.618m, comprising gross expenditure of £3.424m, less gross income of £4.042m.
- 3.2 The projection for the end of 2020/21 is a small surplus position for Core. This has moved from a projected break-even position at Period 9. The current projection includes variances to budget as follows:

Expenditure

- **Employee Costs - £37k underspend**

Scotland Excel continues to have a freeze on recruitment of vacant posts across the organisation as a result of COVID-19. The projected outturn also includes provision in respect of costs in relation to the VR/VER exercise recently carried out.

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

Assumptions in relation to Transport Costs continue to be monitored in light of recent Scottish Government guidance in relation to the ongoing COVID-19 pandemic.

- **Supplies and Services - £55k underspend**

Assumptions in relation to Supplies and Services expenditure continue to be monitored in light of recent Scottish Government guidance in relation to the ongoing COVID-19 pandemic.

- **Support Costs - £42k overspend**

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

Income

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

The estimated outturn figure has been reduced due to the uncertain financial environment within the Social Housing sector. The Scotland Excel Associates team continues to work with existing associate members to promote the benefits of membership, resulting in an increase of £3k on full year estimate compared to the last budget monitoring report.

- **Income from Projects - £60k 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 - £15k 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 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.
- 3.4 There have been no budget adjustments since the last report at Period 9.
- 3.5 Income and expenditure will continue to be monitored through the remainder of the financial year and projections will be kept under review.

Projects

- 3.6 The year-to-date net expenditure for Projects is £64k, comprising gross expenditure of £1.195m and gross income of £1.131m.

- 3.7 The projection for Projects at the end of 2020/21 is a planned drawdown of £72k from Project Reserves, after a transfer to Core of £155k, which is largely attributable to the New Build Project, which is expected to overspend by £153k.
- 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 There have been no budget adjustments since the last report at Period 9.

REVENUE BUDGET MONITORING STATEMENT 2020/21
1 April 2020 to 5 February 2021

Core	Approved Budget at Period 9	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	2,948	3,554	37
Property Costs	217	0	217	217	217	0
Transport Costs	30	0	30	1	1	29
Supplies and Services	296	0	296	140	241	55
Transfer Payments	14	0	14	11	13	1
Support Costs	224	0	224	107	266	(42)
Gross Expenditure	4,372	0	4,372	3,424	4,292	80
Council Requisitions	(3,661)	0	(3,661)	(3,661)	(3,661)	0
Temporary Reserve Use	(120)	0	(120)	(120)	(120)	0
Associate Income	(210)	0	(210)	(177)	(176)	(34)
Income from Projects	(315)	0	(315)	(84)	(255)	(60)
Rebates	(66)	0	(66)	0	(81)	15
Gross Income	(4,372)	0	(4,372)	(4,042)	(4,293)	(79)
Drawdown from Reserves	0	0	0	(618)	(1)	1

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	1
Closing Revenue Reserve at 31 March 2020	236
% of Operating Income	5.5%

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 5 February 2021

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	1,050	1,269	33
Transport Costs	23	0	23	0	0	23
Supplies and Services	57	0	57	26	26	31
Transfer Payments	5	0	5	3	4	1
Third Party Payments	294	0	294	75	110	184
Gross Expenditure	1,681	(0)	1,681	1,154	1,409	272
Income from Projects	(1,996)	(0)	(1,996)	(1,131)	(1,492)	(504)
Gross Income	(1,996)	(0)	(1,996)	(1,131)	(1,492)	(504)
Net Expenditure Sub-Total	(315)	(0)	(315)	23	(83)	(232)
Transfer to Core	315	0	315	41	155	160
Net Expenditure	0	(0)	0	64	72	(72)

Summary of in-year Movement in Project Reserves	
Opening Revenue Reserve at 1 April 2020	763
Budgeted Draw on Reserves (for Core)	(120)
Projected year-end variance	(72)
Closing Revenue Reserve at 31 March 2021	571
% of Operating Income	38.3%

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