

Scotland Excel

To: Executive Sub-Committee

On: 29 January 2021

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

Revenue Budget Monitoring Report to 11 December 2020

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 £227k 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 11 December 2020, the year-to-date net income for Core was £0.256m, comprising gross expenditure of £2.678m, less gross income of £2.934m.
- 3.2 The projection for the end of 2020/21 is a break-even position for Core. This has moved from a projected overspend at Period 7 of £36k. The current projection includes variances to budget as follows:

Expenditure

- **Employee Costs - £77k underspend**

Scotland Excel continues to have a freeze on recruitment of vacant posts across the organisation as a result of COVID-19. While some essential recruitment has taken place on a temporary basis, the current projection moves the 'fully staffed' assumption out to 2021. Staffing levels and assumptions will continue to be monitored closely. The projected outturn also includes an estimated provision in respect of costs in relation to the on-going VR/VER exercise currently being carried out by the organisation.

- **Transport Costs - £28k underspend**

Assumptions in relation to Transport Costs have been revised in light of recent Scottish Government guidance in relation to the ongoing COVID-19 pandemic.

- **Supplies and Services - £41k underspend**

Assumptions in relation to Supplies and Services expenditure have been revised 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 - £37k 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.

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

Reflects impact of the COVID-19 pandemic on the New Build framework and on uptake of courses within the Scotland Excel Academy, as previously reported.

- **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 7.
- 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 £209k, comprising gross expenditure of £955k and gross income of £779k.

- 3.7 The projection for Projects at the end of 2020/21 is a planned drawdown of £227k from Project Reserves. This is after the planned transfer to Core of £174k and is largely attributable to the New Build Project, which is expected to overspend by £176k. The remaining balance represents planned expenditure across a number of projects utilising committed reserves against each project.
- 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 7.

REVENUE BUDGET MONITORING STATEMENT 2020/21
1 April 2020 to 11 December 2020

Core	Approved Budget at Period 5	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	2,351	3,514	77
Property Costs	217	0	217	106	217	0
Transport Costs	30	0	30	0	2	28
Supplies and Services	296	0	296	105	255	41
Transfer Payments	14	0	14	9	13	1
Support Costs	224	0	224	107	266	(42)
Gross Expenditure	4,372	0	4,372	2,678	4,267	105
Council Requisitions	(3,661)	0	(3,661)	(2,685)	(3,661)	0
Temporary Reserve Use	(120)	0	(120)	0	(120)	0
Associate Income	(210)	0	(210)	(173)	(173)	(37)
Income from Projects	(315)	0	(315)	(40)	(232)	(83)
Rebates	(66)	0	(66)	(36)	(81)	15
Gross Income	(4,372)	0	(4,372)	(2,934)	(4,267)	(105)
Drawdown from Reserves	0	0	0	(256)	0	0
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	0					
Closing Revenue Reserve at 31 March 2020	235					
% 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 11 December 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	875	1,259	43
Transport Costs	23	0	23	0	1	22
Supplies and Services	57	0	57	21	22	35
Transfer Payments	5	0	5	3	4	1
Third Party Payments	294	0	294	56	116	178
Gross Expenditure	1,681	(0)	1,681	955	1,402	279
Income from Projects	(1,996)	(0)	(1,996)	(779)	(1,349)	(647)
Gross Income	(1,996)	(0)	(1,996)	(779)	(1,349)	(647)
Net Expenditure Sub-Total	(315)	(0)	(315)	176	53	(368)
Transfer to Core	315	0	315	33	174	141
Net Expenditure	0	(0)	0	209	227	(227)

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	(227)
Closing Revenue Reserve at 31 March 2021	416
% of Operating Income	30.8%

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