

Performance & Resources Committee Meeting

Date of Meeting	Wednesday 9 June 2021
Paper Title	GCRB Running & Programme Costs 2020-21
Agenda Item	10
Paper Number	PRC5-E
Responsible Officer	Jim Godfrey, Finance and Resources Director
Status	Disclosable
Action	For Decision

1. Report Purpose

1.1. To update the Committee on the GCRB running and programme costs for 2020-21.

2. Recommendations

2.1. The Committee is asked to:

- **note** that the forecast position for GCRB Running Costs 2020-21 is similar to the original budget with a small overspend.
- **note** the forecast saving in GCRB Programme Costs 2020-21.
- **recommend** that the Board approves a transfer of £25,000 from the Programme of Action Budget to the Running Costs Budget for 2020-21.

3. GCRB Running Costs

3.1. The table below provides a summary of income and expenditure for 2020-21. It compares expenditure for the financial year alongside the budget and revised forecast.

	Period ending 30 April 2021		Revised Forecast 2020-21		Original Budget 2020-21	
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Allocated from Regional Grant 2020-21	342		456		442	
Total		342		456		442
Expenditure						
Staffing	232		310		303	
Board Costs	79		100		90	
Audit	22		30		30	
Other	20		39		19	
Total		353		479		442
Surplus/(Deficit)		(11)		(23)		0

3.2. The budget for 2020-21 consists of an amount set aside from the regional grant. This has increased as a result of the previous decision of GCRB to transfer funds from the programme budget to meet the additional cost of the Colleges Scotland subscription.

3.3. After the first nine months of the financial year there are three variances to the original expenditure budget:

- Other costs have increased by £20,000 as a result of the decision of the Board to meet the additional cost of the Colleges Scotland subscription for 2020-21.
- Expenditure on salaries is now forecast to be slightly above the original budget. This is due to a small increase in National Insurance contributions, the salary increase for the Executive Team being above the level estimated in May 2020 and an element of back-dated pay.
- Board costs are above the original budget due to additional expenditure on legal services, board evaluation and board member recruitment.

4. GCRB Programme Costs

4.1. The table below provides a summary of income and expenditure for 2020-21. The table compares expenditure for the financial year alongside the original budget and the latest forecast.

	Period ending 30 April 2021		Revised Forecast 2020-21		Original Budget 2020-21	
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Allocated from Regional Grant 2020-21	247		331		351	
SFC Strategic Funding 2020-21	151		201		200	
Total		398		532		551
Expenditure						
Action 4 Children	45		60		60	
Young Enterprise Scotland	151		201		200	
ESOL	72		96		96	
Curriculum Plans	0		0		25	
Child Poverty	25		50		70	
Mental Health	0		10		0	
Climate Change/Sustainability	7		30		100	
Total		300		447		551
Surplus/(Deficit)		98		85		0

4.2. It is forecast that potential income will exceed expenditure by £85,000. The main reason is due to the recruitment process for the Environmental Sustainability Manager being deferred at the beginning of the Covid-19 pandemic.

4.3. The anticipated expenditure on Curriculum Planning is not now expected to occur in 2020-21. As a result of the reduction in planned expenditure, it is recommended that an amount of £25,000 is transferred to the GCRB Running Costs budget. This would reduce the forecast deficit on running costs and reduce the forecast surplus on the programme budget.

5. Cash Flow/Balance Sheet

5.1. The significant movement in February 2021, is due to the fact that SFC have paid the Flexible Workforce Funds to GCRB for the financial year 2020-21. This is in addition to the funds previously received for 2019-20.

5.2. As highlighted in the report on the Flexible Workforce Development Fund (on this agenda), there is currently a significant backlog of training under these programmes. The balance of Flexible Workforce Development Funds held by GCRB (31 May 2021) is £3.4m. These funds are paid to colleges when training courses commence.

6. Risk Analysis

6.1. There are no specific risks associated with this report. However, the report highlights certain financial risks e.g. in respect of the Flexible Workforce Development Fund.

7. Equalities Implications

7.1. There are no equalities implications as a direct result of this report.

8. Legal Implications

8.1. There are no specific legal implications associated with this report.

9. Resource Implications

9.1. The financial implications associated with the 2020-21 budget are set out in the report.

10. Strategic Plan Implications

10.1. GCRB running, and programme, costs fund appropriate staffing and operational capacity to enable a range of activity related directly to the achievement of regional strategic goals, including delivery of a regional governance system, the effective management of regional finances and resources, and the coordination of a coherent and high quality regional curriculum which meets economic and social needs.