

## FINANCE OFFICER'S REPORT

### 1. INTRODUCTION

- 1.1 The purpose of this report is to present the third update on financial performance of the core revenue budget of the Partnership for 2016/17, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of January 2017.
- 1.2 This report includes details of the cash flow position of the Partnership in respect of its' net lending to and borrowing from the City of Edinburgh Council.

### 2. CORE REVENUE BUDGET 2016/2017

- 2.1 The Partnership's core revenue budget for 2016/17 was approved by the Partnership Board on 18th March 2016. The core budget provides for the day-to-day running costs of the Partnership including employee costs, premises costs, supplies and services. The Board approved net expenditure of £551,000 on 18th March 2016. Details of the Partnership's core budget are provided in **Appendix 1** to this report.
- 2.2 Cumulative expenditure for the ten months to 31st January 2017 was £360,000. This is within the core budget resources available for the period.
- 2.3 All expenditure estimates have been updated to reflect current expenditure commitments and it is projected that expenditure for the year will under spend against the approved budget by £16,000. This under spend is mainly attributable to savings made on staff costs. It is anticipated that this underspend will be used to meet project costs in 2016/17.

### BALANCES

- 2.4 The Partnership holds a balance of £87,000 as a result of the underspend on the 2015/16 budget. The Partnership Board approved on 4<sup>th</sup> December 2015 that this underspend should be utilised as funding for the Regional Real Time Bus Passenger Information System (RTPI). It is anticipated these funds will be fully spent in 2016/17.

### CASH FLOW

- 2.5 As previously noted at Partnership Board meetings, the Partnership maintains its bank account as part of the City of Edinburgh Council's group of bank accounts. Cash balances are effectively lent to the Council, but are offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Partnership. Interest is given on month end net indebtedness balances between the Council and the Partnership.

An update of month-end balances is shown in the following table:

<b>Date</b>	<b>Net Balance due to SESTran (+ve) /due by SESTran (-ve)</b>
	<b>£</b>
30 April 2016	+353,248.41
31 May 2016	+468,020.96
30 June 2016	+443,635.10
31 July 2016	+450,025.48
31 August 2016	+448,405.34
30 September 2016	+443,062.64
31 October 2016	+450,977.53
30 November 2016	+419,569.22
31 December 2016	+489,618.78
31 January 2017	+254,100.62

- 2.6** Interest is charged/paid on the month end net indebtedness balances between the Council and the Board in accordance with the Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). Although interest is not calculated until March in line with the guidance, interest rates averaged 0.193% during the first half of the financial year.
- 2.7** The positive cash flow in the first half of 2016/17 is attributable to funding received in advance, mainly from the Scottish Government grant, Councils requisitions and EU funding in respect of the Social Car project.

### **3. RECOMMENDATIONS**

It is recommended that the Partnership Board notes:-

- 3.1** it is currently forecast that core expenditure in 2016/17 will under spend by £16,000 against the approved revenue budget of the Partnership and that this underspend will meet project costs in 2016/17;
- 3.2** all income and expenditure will continue to be monitored closely with updates reported to each Partnership meeting;
- 3.3** the month end balance of indebtedness between the Partnership and City of Edinburgh Council and the reason for these balances identified at paragraph 2.7.

**HUGH DUNN**  
Treasurer  
February 2017

**Appendix**      Appendix 1 – Core Budget Statement at 31st January 2017

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Policy Implications	There are no policy implications arising as a result of this report.
Financial Implications	There are no financial implications arising - the contents of this report point towards a minor underspend of £16,000 on the core budget outturn for 2016/17.
Equalities Implications	There are no disability equality implications arising as a result of this report.
Climate Change Implications	There are no climate change implications arising as a result of this report.

## Core Budget 2016/17 – as at 31st January 2017

## Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
<b>Employee Costs</b>					
Salaries	367	306	261	307	(60)
National Insurance	37	31	26	31	(6)
Pension Fund	56	47	45	50	(6)
Recharges – Projects	(137)	(114)	(110)	(153)	(16)
Training & Conferences	10	8	4	11	1
Interviews & Advertising	2	1	0	0	(2)
	<b>335</b>	<b>279</b>	<b>226</b>	<b>246</b>	<b>(89)</b>
<b>Premises Costs</b>					
Moto costs	16	12	12	16	0
	<b>16</b>	<b>12</b>	<b>12</b>	<b>16</b>	<b>0</b>
<b>Transport</b>					
Staff Travel	9	8	4	5	(4)
<b>Supplies and Services</b>					
Marketing	20	17	16	33	13
Comms & Computing	84	70	66	117	33
Printing, Stationery & General Office Supplies	10	8	5	7	(3)
Insurance	4	3	4	4	0
Equipment, Furniture & Materials	1	1	0	1	0
Miscellaneous Expenses	11	9	10	42	31
	<b>130</b>	<b>108</b>	<b>101</b>	<b>204</b>	<b>74</b>
<b>Support Services</b>					
Finance	25	0	0	23	(2)
Legal Services / HR	7	3	6	16	9
	<b>32</b>	<b>3</b>	<b>6</b>	<b>39</b>	<b>7</b>
<b>Corporate &amp; Democratic</b>					
Clerks Fees	15	7	7	15	0
External Audit Fees	10	3	3	9	(1)
Members Allowances and Expenses	3	3	1	1	(2)
	<b>28</b>	<b>13</b>	<b>11</b>	<b>25</b>	<b>(3)</b>
<b>Interest - Paid/ (Received)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1)</b>
<b>Total Expenditure</b>	<b>551</b>	<b>423</b>	<b>360</b>	<b>535</b>	<b>(16)</b>
<b>Funding:</b>					
Scottish Govt. Grant	(351)	(292)	(292)	(351)	0
Council Requisitions	(200)	(200)	(200)	(200)	0
<b>Total Funding</b>	<b>(551)</b>	<b>(492)</b>	<b>(492)</b>	<b>(551)</b>	<b>0</b>
<b>Net Expenditure/ (Income)</b>	<b>0</b>	<b>(69)</b>	<b>(132)</b>	<b>(16)</b>	<b>(16)</b>