

FINANCE OFFICER'S REPORT

1. INTRODUCTION

- 1.1** The purpose of this report is to present the first update on financial performance of the core revenue budget of the Partnership for 2017/18, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of August 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 2017/2018

- 2.1** The Partnership's core revenue budget for 2017/18 was approved by the Partnership Board on 2nd March 2017. 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 £478,000 on 2nd March 2017. Details of the Partnership's core budget are provided in **Appendix 1** to this report.
- 2.2** Cumulative expenditure for the five months to 31st August 2017 was £215,000. This exceeded the core budget resources available for the period by £13,000 and was mainly attributable to under recovery of staff costs recharged to EU Projects. This under-recovery will be addressed in the remainder of the year, as workload on projects is scheduled to increase.
- 2.3** All expenditure estimates have been updated to reflect current expenditure commitments and it is projected that expenditure for the year will be within the budget for 2017/18. Following review of the Partnership's staffing structure, two posts will be directly funded through the Projects budget. Under the Partnership's Scheme of Delegation, a budget transfer of £10,000 from the Projects budget has been made to reflect this funding arrangement.

BALANCES

- 2.4** The Partnership holds a balance of £49,000 as a result of the underspend on the 2016/17 budget. The Partnership Board approved on 2nd March 2017 that this underspend should be utilised as funding for the Sustainable and Active Travel Grant Scheme. It is anticipated these funds will be fully spent in 2017/18.

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:

Date	Net Balance due to SESTran (+ve) /due by SESTran (-ve)
	£
30 April 2017	+313,706.53
31 May 2017	+460,978.65
30 June 2017	+605,101.26
31 July 2017	+380,077.63
31 August 2017	+481,407.89

- 2.6** Interest is charged/paid on the month end net indebtedness balances between the Council and the Board. Interest will be calculated in March 2018.
- 2.7** The positive cash flow in the first half of 2017/18 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 2017/18 will break even against the revenue budget of the Partnership;
- 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
September 2017

Appendix Appendix 1 – Core Budget Statement at 31st August 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 break-even position on the core budget outturn for 2017/18.
Race Equalities Implications	There are no race equality implications arising as a result of this report.
Gender Equalities Implications	There are no gender equality implications arising as a result of this report.
Disability 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 2017/18 – as at 31st August 2017

Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	304	126	134	327	23
National Insurance	31	13	14	34	3
Pension Fund	46	19	17	51	5
Recharges – Projects **	(127)	(52)	(28)	(137)	(10)
Training & Conferences	10	5	4	13	3
Interviews & Advertising	2	0	0	0	(2)
	266	111	141	288	22
Premises Costs					
Office Accommodation	16	4	4	16	0
	16	4	4	16	0
Transport					
Staff Travel	9	4	2	7	(2)
Supplies and Services					
Marketing	20	8	2	20	0
Communications & Computing	90	65	75	94	4
Printing, Stationery & General Office Supplies	10	4	1	3	(7)
Insurance	4	0	0	4	0
Equipment, Furniture & Materials	1	0	0	1	0
Miscellaneous Expenses	11	5	(10)	(3)	(14)
	136	82	68	119	(17)
Support Services					
Finance	25	0	0	25	0
Legal Services / HR	7	0	0	7	0
	32	0	0	32	0
Corporate & Democratic					
Clerks Fees	15	0	0	15	0
External Audit Fees	10	0	0	10	0
Members Allowances and Expenses	3	1	0	1	(2)
	28	1	0	26	(2)
Interest - Paid/ (Received)	1	0	0	0	(1)
Total Expenditure	488	202	215	488	0
Funding:					
Scottish Government Grant	(288)	(132)	(132)	(288)	0
Council Requisitions	(190)	(190)	(190)	(190)	0
Total Funding	(478)	(322)	(322)	(478)	0
Net Expenditure/ (Income)	10	(120)	(107)	10	0

** A budget transfer of £10,000 from the Projects budget has been made under the Partnership's Scheme of Delegation.