

FINANCE OFFICER'S REPORT

INTRODUCTION

- 1.1 This report presents the third update on financial performance of the Core and Projects budgets of the Partnership for 2018/19, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of October 2018.
- 1.2 The 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.
- 1.3 The Partnership's Core and Projects budgets for 2018/19 were approved by the Partnership Board on 16th March 2018.

CORE BUDGET 2018/19

- 2.1 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 £531,000 on 16th March 2018. Details of the Partnership's Core budget is provided in **Appendix 1** to this report.
- 2.2 Cumulative expenditure for the seven months to 31st October 2018 was £267,000. This is within the Core budget resources available for the period.
- 2.3 All expenditure estimates have been updated to reflect current expenditure commitments. The forecast over spend on the Core budget of £2,000 mainly relates to unbudgeted acting up salary costs and lower than anticipated activity on EU-funded projects, resulting in reduced staff recharges. This will be offset by a corresponding under spend on the Projects budget.

PROJECTS BUDGET 2018/19

- 2.4 The approved Projects budget is detailed in **Appendix 2**. The Projects Update report elsewhere on this agenda provides detailed information on progress with individual projects.
- 2.5 Net expenditure to 31st October 2018 was £173,000. As noted in paragraph 2.3, activity on EU-funded projects is forecast to be less than anticipated. The net year-end expenditure variance for the Projects budget is a forecast underspend of £36,000. If this position is maintained to the year-end, £2,000 will be applied to offset the anticipated pressure on the Core budget, with the balance available to be allocated to Sustainable and Active Travel projects.
- 2.6 The profile of expenditure on Sustainable and Active Travel is now forecast to occur late in 2018/19. Grant submissions have been invited from eligible organisations and analysis of these submissions is being undertaken.

BALANCES

- 2.7 The Partnership holds a balance of £16,000 as a result of the underspend on the 2017/18 budget. At the Partnership Board meeting of 21st September 2018, the Partnership approved the underspend be utilised for the Sustainable and Active Travel Grant Scheme, following confirmation of the balance after conclusion of the annual external audit.

CASH FLOW

- 2.8 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 2018	-£35,410.42
31 May 2018	-£46,362.76
30 June 2018	+£100,647.04
31 July 2018	+£182,922.84
31 August 2018	+£189,314.73
30 September 2018	+£250,794.84
31 October 2018	+£203,937.63

- 2.9 Interest is charged/paid on the month end net indebtedness balances between the Council and the Board. Interest will be calculated in March 2019.
- 2.10 The positive cash flow in the first seven months of 2018/19 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.

RECOMMENDATIONS

It is recommended that the Partnership Board: -

- 3.1 Total revenue expenditure is forecast to be within the revenue budget resources of the Partnership, with a cost pressure of £2,000 on the Core budget being managed by a compensating underspend on the Projects budget;
- 3.2 Approve the transfer of the forecast underspend on EU-funded projects to the Sustainable and Active Travel budget for 2018/19, after offset of Core budget costs.

HUGH DUNN
Treasurer
7th December 2018

Appendix Appendix 1 – Core Budget Statement at 31st October 2018
Appendix 2 – Projects Budget as at 31st October 2018

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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 balanced total revenue budget outturn for 2018/19.
Equalities Implications	There are no equalities 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 2018/19 – as at 31st October 2018

Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	347	202	194	361	14
National Insurance	37	22	20	36	(1)
Pension Fund	60	35	40	63	3
Recharges – Projects	(136)	(79)	(85)	(120)	16
Training & Conferences	10	6	3	6	(4)
Interviews & Advertising	2	1	0	0	(2)
	320	187	172	346	26
Premises Costs					
Office Accommodation	16	8	8	16	0
	16	8	8	16	0
Transport					
Staff Travel	9	5	4	8	(1)
Supplies and Services					
Marketing	20	12	10	11	(9)
Communications/ Computing	45	24	17	35	(10)
Routewise software/ support	45	45	45	45	0
Printing, Stationery & General Office Supplies	7	4	3	6	(1)
Insurance	4	4	5	5	1
Equipment, Furniture & Materials	1	1	0	1	0
Miscellaneous Expenses	6	3	2	5	(1)
	128	93	82	108	(20)
Support Services					
Finance	25	0	1	25	0
Legal Services / HR	7	0	0	7	0
	32	0	1	32	0
Corporate & Democratic					
Clerks Fees	15	0	0	12	(3)
External Audit Fees	10	0	0	10	0
Members Allowances and Expenses	1	1	0	1	0
	26	1	0	23	(3)
Total Expenditure	531	294	267	533	2
Funding:					
Scottish Government Grant	(341)	(199)	(199)	(341)	0
Council Requisitions	(190)	(190)	(190)	(190)	0
Total Funding	(531)	(389)	(389)	(531)	0
Net Expenditure/ (Income)	0	(95)	(122)	2	2

Projects Budget 2018/19 - as at 31st October 2018

Appendix 2

	Budget 2018/19	EU /Other Grant	Net Expenditure Budget	Net Spend to 31 October 2018	Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
EU Projects						
Social Car	4	(4)	0	(2)	(2)	(2)
Share-north	60	(30)	30	35	22	(8)
Regio-mob	65	(55)	10	19	4	(6)
Surflogh	100	(50)	50	24	20	(30)
Go E-Bike	0	0	0	4	5	5
Total	229	(139)	90	80	49	(41)
RTPI						
Maintenance	108		108	75	94	(14)
Bus Operators income		(42)	(42)	(29)	(29)	13
Total – RTPI	108	(42)	66	46	65	(1)
Sustainable and Active Travel	243		243	29	243	0
Urban Cycle Networks	132	(100)	32	11	32	0
Specialist Rail and Bus Advice	0	0	0	0	0	0
Equalities Action Forum	10	0	10	1	10	0
Legal	0	0	0	6	6	6
Total – All Projects	722	(281)	441	173	405	(36)
Sustainable and Active Travel - carry forward from 2017/18	16	0	16	0	16	0