

Revenue Budget 2020/21

1. Introduction

- 1.1 This report presents a revenue budget for 2020/21 for review by the Partnership's Chief Officer's Group.
- 1.2 A revenue budget for 2020/21 will be presented to the Partnership Board for approval at its meeting on 20th March 2020, after review by the Partnership's Performance and Audit Committee on 6th March 2020.

2. Main Report

Scottish Government Draft Budget 2020-21

- 2.1 A one-year Draft Scottish Budget was announced on 6 February. The Draft Budget is currently subject to Parliamentary consideration, with a Stage 1 Parliamentary debate scheduled to take place on 27 February.
- 2.2 Transport Scotland has advised revenue grant funding of £782,000 for 2020/21. This represents no change to the current year's grant. **[TO BE CONFIRMED]**

Proposed Revenue Budget 2020/21

- 2.3 Section 3 of the Transport (Scotland) Act 2005, as amended by the Section 122 of the Transport (Scotland) Act 2019 requires the constituent councils of a Regional Transport Partnership to meet the estimated net expenses of the Partnership. The Transport (Scotland) Act 2019 is anticipated to be enacted on 19 March 2020.
- 2.4 A financial planning report was considered by the Partnership on 6th December 2019. The Partnership noted the financial planning assumptions being progressed for 2020 - 2023. These assumptions included no change from 2019/20 funding levels for constituent council requisitions and Scottish Government grant.
- 2.5 A revenue budget with a standstill council requisition of £190,000 has been prepared in consultation with officers of the Partnership. Revenue budget lines have been updated to take account of known cost commitments and savings.
- 2.6 There is no change to the core revenue budget assumptions reported to the Partnership on 6th December 2019. The assumptions are re-stated below, for clarity:
 - 2.6.1 an employee structure of 8.54fte – no change from the structure reported to Performance and Audit Committee on 17th February 2017;
 - 2.6.2 staff recharges to projects of £151,000;

- 2.6.3** pay award, estimated at 3% (£18,931) and pay increment provision (£5,853);
- 2.6.4** an increase in the employer's Pension Fund contribution rate and fixed contribution rate following removal of Lothian Pension Fund's Stability Contribution Mechanism – a total increase of £12,452.
- 2.7** Since the meeting of the Partnership on 6th December 2019, changes have been made to the proposed Projects budget, reflecting a re-prioritisation of project activity. Following consultation with the Partnership Director, additional budget provision is now proposed for Regional Transport Strategy development (£+11,000) and Sustainable Travel (£+27,000). Match funding for Low Carbon Travel and Transport Challenge Fund projects has been removed.
- 2.8** An analysis of the proposed core revenue budget for 2020/21 is shown in Appendix 1. Proposed Projects activity for 2020/21 is shown in Appendix 2.
- 2.9** Appendix 3 shows the profile of Core and Projects budget expenditure and income since 2011. External income of £602,000 is anticipated to fund 38% of proposed expenditure in 2020/21, with Scottish Government grant (£782,000) funding 50% and Council contributions (£190,000) meeting 12% of 2020/21 expenditure.
- 2.10** Scottish Government grant funding has remained fixed at £782,000 since 2011/12. Council requisitions reduced by 5% in 2017/18 from £200,000 to £190,000.
- 2.11** Based on these estimates, 2020/21 Council requisitions are shown in the table below:

Council Note ¹	Requisition
Clackmannanshire	£6,116
East Lothian	£12,589
Edinburgh	£61,700
Falkirk	£19,080
Fife	£44,255
Midlothian	£10,869
Scottish Borders	£13,717
West Lothian	£21,674
Total	£190,000

- 2.12** A risk assessment for 2020/21 is included at Appendix 4.

Financial Planning 2021/22 and 2022/23

- 2.13** The proposed revenue budget is for financial year 2020/21. Indicative financial plans are provided for the period 2021 – 2023.
- 2.14** Projections for the effect of anticipated pay awards and other inflationary assumptions for 2021- 2023 were included in the financial planning report to the Partnership of 6th December 2019. At this stage, there are no changes to these projections. Financial planning for 2021 – 2023 continues to be based on the

¹ Council requisitions are split according to National Records of Scotland Mid-Year population estimates 2018

Partnership receiving annual stand-still Scottish Government and Council funding of £782,000 and £190,000 respectively.

2.15 Project forecasts for 2021/22 have been updated for Regional Transport Strategy development (£+5,000) and Sustainable Travel (£+33,000). Match funding for Low Carbon Travel and Transport Challenge Fund projects has been removed. There are no changes proposed to Project activity in 2022/23.

2.16 Indicative financial plans from 2021/22 to 2022/23 are shown in Appendix 5. The indicative plan presents expenditure and income balanced for each financial year.

3 Recommendation

3.1 It is recommended that the Chief Officers Group note this report.

4 Background Reading/External References

4.1 [Financial Planning 2020/21 to 2022/23 – Partnership Board](#), 6th December 2019

4.2 [Partnership Staffing Update: Performance and Audit Committee](#), 17th February 2017

Hugh Dunn

Treasurer

26th February 2020

Appendix Appendix 1 – Proposed Core Revenue Budget 2020/21
Appendix 2 - Projects - Proposed Activity 2020-21
Appendix 3 - SEStran Budget 2011/12 – 2020/21
Appendix 4 - Risk Assessment 2020/21
Appendix 5 - Indicative Financial Plan 2021/22 – 2022/23

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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.
Equalities Implications	There are no 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.

Proposed Core Revenue Budget 2020/21

Appendix 1

	Approved Budget 2019/20	Indicative Budget 2020/21
	£000	£000
Employee Costs		
Salaries	367	386
National Insurance	40	42
Pension Fund	86	101
Recharges	(132)	(151)
Training & Conferences	10	10
Interviews & Advertising	2	2
	373	390
Premises Costs	16	16
Transport	9	9
Supplies and Services		
Marketing	20	0
Communications & Computing	37	48
Hosted ICT Services – Novus FX	53	42
Printing, Stationery & General Office Supplies	7	7
Insurance	4	4
Equipment, Furniture & Materials	1	1
Miscellaneous Expenses	3	3
	125	105
Support Services		
Finance	30	30
Legal Services / HR	7	7
	37	37
Corporate & Democratic		
Clerks Fees	12	12
External Audit Fees	11	11
Members Allowances and Expenses	1	1
	24	24
Interest	0	0
Total Gross Expenditure	584	581
Funding:		
Scottish Government Grant	(394)	(391)
Council Requisitions	(190)	(190)
Total Funding	(584)	(581)

Projects - Proposed Activity 2020-21
Appendix 2

	2019/20	2020-21			
Service	Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity
Sustainable Travel	131	40	0	40	
Urban Cycle Network	0	100	(100)	0	100% funded by Sustrans.
Urban Cycling Officer	32	32	0	32	Cycling Scotland representation
Equalities Action Forum	10	0	0	0	
Active Travel Fund	0	200	(200)	0	
LCTT – Mobility Hubs	0	0	0	0	
RTS Development	65	141	0	141	Re-draft of Regional Transport Strategy – external expertise
GO e-BIKE	0	38	0	38	
EU – Funded Projects					
Regio – mob	3	0	0	0	Ends March 2020
Share–north	23	46	(23)	23	Ends December 2021
Surflogh	26	50	(25)	25	Ends April 2022
Bling	18	38	(19)	19	Ends December 2022
Primaas	0	60	(51)	9	Phase 1 ends January 2022 (main activities)
Connect	0	48	(24)	24	Ends March 2022
Local Rail Development Fund					
Leith Docks	0	150	(150)	0	
Real-Time Passenger Information System (RTPI)					
Maintenance	60	50	0	50	
Development	40	0	0	0	
Income – screens	(20)	0	(10)	(10)	Bus Operators income
Total	388	993	602	391	

SEStran Budget 2011/12 – 2019/20 and 2020/21

Appendix 3

	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Core	467	461	463	465	550	551	478	531	584	581
Projects	841	757	552	1,076	2,384	725	510	614	590	943
RTPI	110	117	222	286	230	344	339	108	100	50
Total Budget	1,418	1,335	1,237	1,827	3,164	1,620	1,327	1,253	1,274	1,574
External Funding										
EU Grants	313	245	146	233	131	152	95	139	82	142
Urban Cycle Network	50	50	50	100	100	100	100	100	200	100
Active Travel Fund										200
Local Rail Development Fund										150
RTPI				141	138	173	160	42	20	10
Rail Station Development					800	200				
One Ticket		10	11	13	13	13				
SESPlan	48	48	48	12						
Bus Investment Fund	0	0	0	346	1,000	0	0	0	0	0
Total External Funding	411	353	255	845	2,182	638	355	281	302	602
Scottish Government	782	782	782	782	782	782	782	782	782	782
Council Requisition	225	200	200	200	200	200	190	190	190	190
Total Funding	1,418	1,335	1,237	1,827	3,164	1,620	1,327	1,253	1,274	1,574

Risk Description	Existing Controls
<p>Pay awards The proposed budget makes provision for a pay award of up to 3% in 2020/21. An uplift of 1% in pay award equates to an increase of £4,911.</p>	<p>Alignment with Scottish Local Government pay award.</p>
<p>Staff recharges – Externally Funded Projects The proposed budget assumes that £151,000 of staff time can be recharged to externally funded projects. There is a risk this may not be achievable.</p>	<p>Any shortfall in employee cost recharges will be offset by a corresponding reduction in Projects Budget expenditure.</p>
<p>Inflation There is a risk that the proposed budget does not adequately cover price inflation and increasing demand for services.</p>	<p>Allowance made for specific price inflation. Budgets adjusted in line with current cost forecasts.</p>
<p>Delays in payment of grant funding - results in additional short-term borrowing costs.</p>	<p>SEStran grant claims for all projects, including EU funded projects are submitted in compliance with requirements of grant funders processes to ensure minimal delay in payment. Ongoing monitoring of cash flow is undertaken to manage exposure to additional short-term borrowing costs.</p>
<p>Pension Fund Contributions The deficit on the staff pension fund could lead to increases in the employer's pension contribution. The impact of any future legislation changes to public sector pension schemes, following the outcome of the 'McCloud Judgement' may lead to an increase in employer contribution rates.</p>	<p>Following Lothian Pension Fund's Triennial Actuarial Review in 2017, Partnership contribution rates are confirmed to 2020/21.</p>
<p>Funding Reductions Reduction in funding from Scottish Government and/or council requisitions. There is a risk that current levels of staffing cannot be maintained due to funding constraints and that the Partnership will incur staff release costs.</p>	<p>Continue to seek to source external funding. Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.</p>

Indicative Financial Plan 2020/21 – 2022/23
Appendix 5

	2020/21 £'000	2021/22 £'000	2022/23 £'000	
Core				
Employee costs	541	564	586	
Employee recharges	(151)	(119)	(55)	
Premises	16	16	16	
Transport	9	9	9	
Supplies/Services	105	105	105	
Support Services	37	37	37	
Corporate and Democratic	24	24	24	
Total Core	581	636	722	
Projects				
Sustainable Travel	40	40	102	Funding re-instated in 2022/23 following completion of re-draft of Regional Transport Strategy
Urban Cycle Network	100	100	100	100% funded by Sustrans
Urban Cycling Officer	32	32	32	Cycling Scotland Representation
Equalities Action Forum	0	0	10	
Active Travel Fund	200	200	200	Fully funded externally
LCTT – Mobility Hubs	0	0	0	
RTS Development	141	118	20	
GO e-BIKE	38	30	20	
RTPI Maintenance	50	50	50	
EU – Funded Projects				
Share–North	46	0	0	Ends December 2021
Surflogh	50	50	2	Ends April 2022
Bling	38	26	26	Ends December 2022
Primaas	60	60	10	Phase 1 ends January 2023
Connect	48	48	0	Ends March 2022
Local Rail Development Fund				
Leith Docks	150	0	0	
Total Projects	993	754	572	
TOTAL EXPENDITURE	1,574	1,390	1,294	
Income				
Scottish Government	(782)	(782)	(782)	
Constituent Councils	(190)	(190)	(190)	
Active Travel Fund	(200)	(200)	(200)	
Local Rail Development	(150)	0	0	
Sustrans	(100)	(100)	(100)	
LCTT – Mobility Hubs	0	0	0	
EU Grant Income	(142)	(113)	(22)	
RTPI – Screens	(10)	(5)	0	
TOTAL INCOME	(1,574)	(1,390)	(1,294)	
Balance	0	0	0	