

## **Finance Officer's Report**

### **1. Introduction**

- 1.1** This report presents the second update on financial performance of the Core and Projects budgets of the Partnership for 2020/21, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of January 2021.
- 1.2** The Partnership's budget for 2020/21 was approved in March 2020, using the authority delegated by paragraph 40 "Items of Urgency" of the Board's Standing Orders. This followed cancellation of the Board meeting of 20th March 2020, due to the COVID-19 pandemic.

### **2. Core Budget**

- 2.1** The Core budget provides for the day-to-day running costs of the Partnership and includes employee costs, premises costs and supplies and services. The approved Core budget is £581,000. Details of the Core budget is provided in Appendix 1.
- 2.2** Cumulative expenditure for the ten months to 31<sup>st</sup> January 2021 was £456,000. This is within the Core budget resources available for the period.
- 2.3** Estimates have been updated to reflect current expenditure commitments. At the end of January 2021, it is projected that expenditure for the year will be £27,000 less than budget, mainly due to underspends on ICT equipment, staff travel, conference and training budgets.

### **Projects Budget**

- 2.4** The approved Projects budget is detailed in Appendix 2.
- 2.5** Following conclusion of the 2019/20 external audit, the Partnership carried forward an earmarked balance of £0.176m, reflecting expenditure slippage on projects in 2019/20.
- 2.6** Net expenditure to 31<sup>st</sup> January 2021 was £447,000.
- 2.7** Net expenditure on projects in 2020/21 is forecast to be £89,000 less than budget, when account is taken of the earmarked balance brought forward due to project slippage in 2019/20. Project slippage of £95,000 is forecast on development of the Regional Transport Strategy for 2020/21.

### **Cash Flow**

- 2.8** As previously noted at Partnership 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 and 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>Balance due to SEStran(+ve) /due by SEStran (-ve)</b>
	<b>£</b>
30 April 2020	-£250,907
31 May 2020	+£365,848
30 June 2020	-£490,382
31 July 2020	+£307,968
31 August 2020	+£356,087
30 September 2020	+£339,361
31 October 2020	+£329,078
30 November 2020	+£240,805
31 December 2020	+£184,884
31 January 2021	+£131,604

- 2.9** Interest is charged/paid on the month end net indebtedness balances between the Council and the Partnership. Interest will be calculated in March 2021.
- 2.10** The positive cash flow is attributable to funding received from Scottish Government grant and Council requisitions.

### **Reserves**

- 2.11** In March 2020, a Reserves Policy was approved under delegated authority per paragraph 40 "Items of Urgency" of the Board's Standing Orders.
- 2.12** The Policy recommends establishment of an unallocated General Reserve of £29,000, based on 5% of the Partnership's core revenue budget. £12,000 of this balance was established following confirmation of the 2019/20 outturn
- 2.13** Following confirmation of the final outturn for 2020/21 and after conclusion of the Annual Audit, it is recommended that the core budget outturn underspend be used as a further contribution towards establishment of the full level of unallocated General Fund reserve of £29,000. Based on the current forecast, the unallocated General Reserve balance of £29,000 would be achieved.

**2.14** The Reserves Policy recommends that where slippage occurs on approved revenue projects, the balance of slippage is retained as an earmarked balance.

**2.15** The current forecast underspend of £89,000 on the Projects budget principally reflects slippage on development of the Regional Transport Strategy. Subject to confirmation of the final outturn for 2020/21 and after conclusion of the Annual Audit, it is anticipated this slippage will be carried forward to 2021/22.

### **3 Recommendations**

It is recommended that the Partnership notes:

**3.1** the forecast underspend on the Core revenue budget of £27,000;

**3.2** subject to confirmation of the final outturn for 2020/21 and after conclusion of the Annual Audit, it is anticipated the core budget underspend will be applied as a further contribution towards establishment of an unallocated General Fund reserve of £29,000;

**3.3** the forecast underspend of £89,000 on the Projects budget which principally reflects slippage on development of the Regional Transport Strategy;

**3.4** subject to confirmation of the final outturn for 2020/21 and after conclusion of the Annual Audit, it is anticipated slippage on the Projects budget will be carried forward to 2021/22.

**Hugh Dunn**

Treasurer

19<sup>st</sup> March 2021

**Appendix**      Appendix 1 – Core Budget Statement at 31st January 2021  
Appendix 2 – Projects Budget as at 31<sup>st</sup> January 2021

**Contact**      iain.shaw@edinburgh.gov.uk

Policy Implications	There are no policy implications arising as a result of this report.
Financial Implications	There are no financial implications arising as a result of this report.
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.

**Core Budget 2020/21 – as at 31st January 2021**

**Appendix 1**

	<b>Annual Budget £'000</b>	<b>Period Budget £'000</b>	<b>Period Actual £'000</b>	<b>Annual Forecast £'000</b>	<b>Forecast Variance £'000</b>
<b>Employee Costs</b>					
Salaries	386	321	327	391	5
National Insurance	42	35	35	42	0
Pension Fund	101	84	99	117	16
Recharges – Projects	(151)	(99)	(114)	(169)	(18)
Training & Conferences	10	8	0	1	(9)
Interviews & Advertising	2	2	0	0	(2)
	<b>390</b>	<b>351</b>	<b>347</b>	<b>382</b>	<b>(8)</b>
<b>Premises Costs</b>					
Office Accommodation	<b>16</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>1</b>
<b>Transport</b>					
Staff Travel	<b>9</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>(8)</b>
<b>Supplies and Services</b>					
Communications & Computing	48	40	25	38	(10)
Hosted Service - Novus FX	42	42	44	44	2
Printing, Stationery & General Office Supplies	6	5	8	9	3
Insurance	4	4	6	6	2
Equipment, Furniture & Materials	1	1	0	1	0
Miscellaneous Expenses	4	3	2	2	(2)
	<b>105</b>	<b>95</b>	<b>85</b>	<b>100</b>	<b>(5)</b>
<b>Support Services</b>					
Finance	30	0	0	30	0
Legal Services / HR	7	3	3	7	0
	<b>37</b>	<b>3</b>	<b>3</b>	<b>37</b>	<b>0</b>
<b>Corporate &amp; Democratic</b>					
Clerks Fees	12	0	0	12	0
External Audit Fees	11	0	4	11	0
Members Allowances and Expenses	1	1	0	0	(1)
	<b>24</b>	<b>1</b>	<b>4</b>	<b>23</b>	<b>(1)</b>
<b>Total Expenditure</b>	<b>581</b>	<b>474</b>	<b>456</b>	<b>560</b>	<b>(21)</b>
<b>Funding:</b>					
Scottish Government Grant	(391)	(338)	(338)	(391)	0
Council Requisitions	(190)	(190)	(190)	(190)	0
Other	0	0	(6)	(6)	(6)
<b>Total Funding</b>	<b>(581)</b>	<b>(528)</b>	<b>(534)</b>	<b>(587)</b>	<b>(6)</b>
<b>Net Expenditure/ (Income)</b>	<b>0</b>	<b>(54)</b>	<b>(78)</b>	<b>(27)</b>	<b>(27)</b>

Projects Budget 2020/21 - as at 31st January 2021

Appendix 2

	Approved Budget	Balance from 19/20	EU /Other Grant	Net Expenditure Budget	Period Actual	Annual Forecast	Forecast Variance
	£'000		£'000	£'000	£'000	£'000	£'000
<b>EU Projects</b>							
Share-north	46	11	(23)	34	21	13	(21)
Regio-mob	0		0	0	(6)	(6)	(6)
Surflogh	50	(4)	(25)	21	69	21	0
Bling	38	2	(19)	21	39	21	0
Primaas	60	(2)	(51)	7	29	5	(2)
Connect	48		(24)	24	15	10	(14)
<b>Total EU Projects</b>	<b>242</b>	<b>7</b>	<b>(142)</b>	<b>107</b>	<b>167</b>	<b>64</b>	<b>(43)</b>
RTPI	12	59	(10)	61	27	79	18
Active Travel Fund	200		(200)	0	79	0	0
Leith Docks and Newburgh (LRDF)	150		(150)	0	(34)	0	0
Regional Transport Strategy	141	38	0	179	32	84	(95)
Sustainable Travel:	40	72	0	112	94	137	25
GO e-Bike	38		0	38	49	19	(19)
Urban Cycle Networks	132		(100)	32	0	51	19
Projects Consultancy Support	38		0	38	27	38	0
Equalities Action Forum	0		0	0	1	1	1
Thistle Assistance	0		0	0	5	5	5
<b>Total</b>	<b>993</b>	<b>176</b>	<b>(602)</b>	<b>567</b>	<b>447</b>	<b>478</b>	<b>(89)</b>