

## Revenue Budget 2022/23 and Indicative Financial Plan 2023/24 to 2024/25

### 1. Introduction

- 1.1 This report presents a revenue budget for 2022/23 and an indicative financial plan for 2023/24 to 2024/25, for review by the Performance and Audit Committee.
- 1.2 The proposed revenue budget for 2022/23 will be presented to the Partnership Board for approval at its meeting on 18th March 2022.

### 2. Main Report

#### Scottish Government Budget 2022-23

- 2.1 The 2022-2023 Scottish Budget was passed by the Scottish Parliament on 10th February 2022.
- 2.2 The Scottish Government has indicated the Partnership's revenue grant for 2022/23 will not increase from the £782,000 awarded in 2021/22.

#### Proposed Revenue Budget 2022/23

- 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.
- 2.4 A financial planning report was considered by the Partnership on 3<sup>rd</sup> December 2021. The Partnership noted the financial planning assumptions being progressed for 2022/23 to 2024/25. These assumptions included no change from 2021/22 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 and the Partnership's Chief Officers Group.
- 2.6 The three-year planning assumptions presented to the Partnership on 3<sup>rd</sup> December 2021 have been updated for:
  - 2.6.1 Changes to EU project expenditure and income to reflect the inclusion of net additional project expenditure for Bling (£20,000), Connect (£18,000), Surflogh (£48,000) and ShareNorth (£18,000). Changes to project spend and income reflect project extensions and slippage from 2021/22;
  - 2.6.2 Staff recharges to EU projects – these are forecast to be £172,000, following review of EU projects;

- 2.6.3** estimated Pension Fund strain costs of £10,000 based on an actuarial assessment of the difference between anticipated annual salary cost increases assumed in the 2020 Actuarial Valuation and actual salary cost increases.
- 2.7** An analysis of the proposed core budget for 2022/23 and indicative financial plans for 2023/24 to 2024/25 is shown in Appendix 1.
- 2.8** Proposed Project activity for 2022/23 is shown in Appendix 2(a). Indicative Project activity for 2023/24 is shown in Appendix 2(b) with Project activity for 2024/25 shown in Appendix 2(c). The indicative plan presents expenditure and income balanced for each financial year.
- 2.9** In addition to the proposed Project activity included in Appendix 2, the GO SEStran project was awarded £212,440 for the development of Mobility as a Service (MaaS) and Demand Responsive Transport (DRT) pilots in the SEStran region over the course of a one-year period ending 31 December 2022. The financial profile of the project is currently being developed by the Partnership and will be included in the Board report of 18<sup>th</sup> March 2022.
- 2.10** Appendix 3 shows all budgeted expenditure and income since 2017/18. 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** For 2022/23, external income of £554,000 is anticipated to fund 36% of the Partnership's proposed expenditure. Subject to confirmation of funding for the GO SEStran referred to at paragraph 2.9, it is anticipated the external funding percentage will increase.
- 2.12** The 2022/23 Council requisitions, based on the proposed budget are shown in the table below:

<b>Council</b>	<b>Requisition</b>
Clackmannanshire	£6,039
East Lothian	£12,704
Edinburgh	£62,123
Falkirk	£18,905
Fife	£44,050
Midlothian	£10,968
Scottish Borders	£13,568
West Lothian	£21,643
<b>Total</b>	<b>£190,000</b>

- 2.13** In accordance with the provisions of the Transport Scotland (2019) Act, the Partnership has agreed a Reserves Policy. The Partnership has established an unallocated General Fund reserve of £29,000, based on 5% of the core revenue budget for 2020/21. 5% of the proposed core budget for 2022/23 is £31,000. It is anticipated it will be possible to increase the unallocated General Fund reserve to £31,000, following confirmation of the 2021/22 outturn.

2.14 Following confirmation of the 2021/22 outturn, an earmarked balance will be established to meet any slippage on project delivery from 2021/22 to 2022/23.

2.15 A risk assessment for 2022/23 is included at Appendix 4.

### 3 Next Steps

3.1 Following review by Performance and Audit Committee, the proposed budget for 2022/23 will be presented to the Partnership Board meeting on 18<sup>th</sup> March 2022, for approval.

### 4 Recommendation

4.1 It is recommended that the Performance and Audit Committee:

4.1.1 note the financial planning assumptions for the Partnership's proposed revenue budget for 2022/23;

4.1.2 note that financial planning for 2023/24 to 2024/25 will continue to be developed throughout 2022 for consideration by the Partnership in December 2022;

4.1.3 note that the proposed budget is subject to a number of risks. All income and expenditure of the Partnership will continue to be monitored closely with updates reported to each Partnership meeting.

### 5 Background Reading/External References

5.1 [Indicative Financial Plan 2022/23 to 2024/25 - report to Partnership Board 3rd December 2021](#)

**Hugh Dunn**

Treasurer

4th March 2022

**Appendix** Appendix 1 – Core Budget 2022/23 and Indicative Budget 2023/24 to 2024/25

Appendix 2(a) – Projects – 2022/23

Appendix 2(b) - Projects - Indicative Activity 2023/24

Appendix 2(c) – Projects – Indicative Activity 2024/25

Appendix 3 - SEStran Budget 2017/18 – 2022/23

Appendix 4 - Risk Assessment 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.
Climate Change Implications	There are no climate change implications arising as a result of this report.

## Proposed Core Budget 2022/23 and Indicative Budget 2023/24 to 2024/25

	Approved Budget 2021/22	Indicative Budget 2022/23	Indicative Budget 2023/24	Indicative Budget 2024/25
	£000	£000	£000	£000
<b>Employee Costs</b>				
Salaries	400	408	424	439
National Insurance	44	50	52	55
Pension Fund	131	144	139	144
Recharges	(99)	(172)	(39)	0
Recharges – Active Travel	(20)	(20)	(20)	(20)
Training & Conferences	10	10	10	10
Interviews & Advertising	2	2	2	2
	<b>468</b>	<b>422</b>	<b>568</b>	<b>630</b>
<b>Premises Costs</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
<b>Transport</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Supplies and Services</b>				
Communications & Computing	48	48	48	48
Hosted ICT – Novus FX	44	46	46	46
Printing, Stationery & General Office Supplies	7	7	7	7
Insurance	6	6	6	6
Equipment, Furniture & Materials, Miscellaneous	4	4	4	4
	<b>109</b>	<b>111</b>	<b>111</b>	<b>111</b>
<b>Support Services</b>				
Finance	30	30	30	30
Legal Services / HR	7	7	7	7
	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>
<b>Corporate &amp; Democratic</b>				
Clerks Fees	12	12	12	12
External Audit Fees	11	11	11	11
Members Allowances and Expenses	1	1	1	1
	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Gross Expenditure</b>	<b>663</b>	<b>619</b>	<b>765</b>	<b>827</b>
<b>Funding</b>				
Scottish Government Grant	(473)	(429)	(575)	(637)
Council Requisitions	(190)	(190)	(190)	(190)
<b>Total Funding</b>	<b>(663)</b>	<b>(619)</b>	<b>(765)</b>	<b>(827)</b>

**Projects – Indicative Activity 2022-23**

**Appendix 2(a)**

	<b>2021/22</b>	<b>2022-23</b>			
<b>Service</b>	<b>Approved Budget £'000</b>	<b>Gross Expenditure £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>	<b>Activity</b>
Sustainable Travel	69	63	0	63	
Urban Cycle Network	0	100	(100)	0	100% funded by Sustrans.
Urban Cycling Officer	34	21	0	21	Cycling Scotland representation
Active Travel	0	200	(200)	0	
RTS Development	80	60	0	60	
GO e-BIKE	20	10	0	10	
Thistle Assistance	6	30	(24)	6	
Consultancy support	25	30	0	30	
Equalities Action Forum	3	10	0	10	
<b>EU – Funded Projects</b>					
ShareNorth	0	36	(18)	18	Ends June 2022
Surflogh	25	99	(50)	49	Ends June 2023
Bling	13	66	(33)	33	Ends June 2023
Primaas	9	59	(50)	9	Ends July 2023
Regio-Mob	0	30	(25)	5	Ends November 2022
Connect	17	68	(34)	34	Ends December 2023
<b>Real-Time Passenger Information System (RTPI)</b>					
Maintenance	23	25	0	25	
Income – screens	(15)	0	(20)	(20)	
<b>Total</b>	<b>309</b>	<b>907</b>	<b>(554)</b>	<b>353</b>	

**Projects - Indicative Activity 2023-24**
**Appendix 2(b)**

	2022/23	2023-24			
Service	Indicative Budget £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity
Sustainable Travel	63	115	0	115	
Urban Cycle Network	0	100	(100)	0	100% funded by Sustrans.
Urban Cycling Officer	21	21	0	21	Partnership Activity
Active Travel	0	200	(200)	0	
RTS Development	60	18	0	18	
GO e-BIKE	10	10	0	10	
Thistle Assistance	6	30	(24)	6	
Consultancy Support	30	0	0	0	
Equalities Action Forum	10	10	0	10	
<b>EU – Funded Projects</b>					
ShareNorth	18	0	0	0	Ends June 2022
Surflogh	49	5	(2)	3	Ends June 2023
Bling	33	5	(2)	3	Ends June 2023
Primaas	9	15	(13)	2	Ends July 2023
Regio-Mob	5	0	0	0	Ends November 2022
Connect	34	18	(9)	9	Ends December 2023
<b>Real-Time Passenger Information System (RTPI)</b>					
Maintenance	25	25	0	25	
Income – screens	(20)	0	(15)	(15)	
<b>Total</b>	<b>353</b>	<b>572</b>	<b>(365)</b>	<b>207</b>	

**Projects - Indicative Activity 2024-25**

**Appendix 2(c)**

	<b>2023/24</b>	<b>2024-25</b>			
<b>Service</b>	<b>Indicative Budget £'000</b>	<b>Gross Expenditure £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>	<b>Activity</b>
Sustainable Travel	115	70	0	70	
Urban Cycle Network	0	100	(100)	0	100% funded by Sustrans.
Urban Cycling Officer	21	21	0	21	Partnership Activity
Active Travel	0	200	(200)	0	
6RTS Development	18	18	0	18	
GO e-BIKE	10	10	0	10	
Thistle Assistance	6	30	(24)	6	
Equalities Action Forum	10	10	0	10	
<b>EU – Funded Projects</b>					
ShareNorth	0	0	0	0	Ends June 2022
Surflogh	3	0	0	0	Ends June 2023
Bling	3	0	0	0	Ends June 2023
Primaas	2	0	0	0	Ends July 2023
Regio-Mob	0	0	0	0	Ends November 2022
Connect	9	0	0	0	Ends December 2023
<b>Real-Time Passenger Information System (RTPI)</b>					
Maintenance	25	25	0	25	
Income – screens	(15)	0	(15)	(15)	
<b>Total</b>	<b>207</b>	<b>484</b>	<b>(339)</b>	<b>145</b>	

## Summary of Revenue Budget 2017/18 – 2024/25

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Core	478	531	584	581	663	619	765	827
Projects	510	614	590	1,030	786	882	547	459
RTPI	339	108	100	50	23	25	25	25
<b>Total Budget</b>	<b>1,327</b>	<b>1,253</b>	<b>1,274</b>	<b>1,661</b>	<b>1,472</b>	<b>1,526</b>	<b>1,337</b>	<b>1,311</b>
<b>External Funding</b>								
EU Grants	95	139	82	142	106	210	26	0
Other income	260	142	220	547	394	344	339	339
<b>Total External Funding</b>	<b>355</b>	<b>281</b>	<b>302</b>	<b>689</b>	<b>500</b>	<b>554</b>	<b>365</b>	<b>339</b>
Scottish Government	782	782	782	782	782	782	782	782
Council Requisition	190	190	190	190	190	190	190	190
<b>Total Funding</b>	<b>1,327</b>	<b>1,253</b>	<b>1,274</b>	<b>1,661</b>	<b>1,472</b>	<b>1,526</b>	<b>1,337</b>	<b>1,311</b>



Risk Description	Existing Controls
<p><b>Pay awards</b> The indicative budget makes provision for a pay award of up to 3% in 2022/23. An uplift of 1% in pay award equates to an increase of £5,833.</p>	<p>Prudent planning assumption with ongoing monitoring of public sector pay negotiations.</p>
<p><b>Staff recharges – Projects</b> The indicative budget assumes that £192,000 of staff time can be recharged to 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><b>Inflation</b> There is a risk that the indicative 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><b>Delays in payment of grant by the EU -</b> results in additional short-term borrowing costs.</p>	<p>SEStran grant claims for EU funded projects are submitted in compliance with requirements of EU processes to ensure minimal delay in payment. Ongoing monitoring of cash flow will be undertaken to manage exposure to additional short-term borrowing costs.</p>
<p><b>Pension Fund Contributions</b> The deficit on the staff pension fund could lead to increases in the employer's pension contribution.</p>	<p>Following Lothian Pension Fund's Triennial Actuarial Review in 2020, Partnership employer pension fund contribution rates are now confirmed at 33.1% until 31 March 2024. This rate is included in the indicative financial plan for 2022/23.</p>
<p><b>Funding Reductions</b> Reduction in funding from Scottish Government and/or council requisitions.</p> <p>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.</p> <p>Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.</p>