

Finance Officer's Report

1. Introduction

- 1.1** This report presents the third update on financial performance of the Core and Projects budgets of the Partnership for 2021/22, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of January 2022.
- 1.2** The Partnership's Core and Projects budgets for 2021/22 were approved by the Partnership on 19th March 2021.

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 £663,000. Details of the Core budget is provided in Appendix 1.
- 2.2** Cumulative expenditure for the ten months to 31st January 2022 was £467,000. This is within the Core budget resources available for the period.
- 2.3** Estimates have been updated to reflect current expenditure commitments. Commitments include Pension Fund strain costs of £10,000 for each of 2020/21 and 2021/22 based on an actuarial assessment of the difference between anticipated annual pensionable salary cost increases of 2.8% assumed in the 2020 Actuarial Valuation and actual pensionable salary cost increases of 9.4%. The additional cost for 2020/21 was advised by Lothian Pension Fund in January 2022.
- 2.4** It is currently projected that expenditure for the year will be £59,000 less than budget, mainly due to increased staff recharges to EU projects (£53,000) and forecast underspends on staff travel, conference and training budgets, reflecting ongoing working from home.

Projects Budget

- 2.5** The approved Projects budget is detailed in Appendix 2.
- 2.6** The Partnership carried forward an earmarked balance of £0.105m, reflecting expenditure slippage on projects in 2020/21.
- 2.7** Net expenditure to 31st January 2022 was £668,000.
- 2.8** Net expenditure on projects in 2021/22 is forecast to be £17,000 less than budget. This forecast is based on a full spend in 2021/22 of project slippage balances brought forward from 2020/21.

- 2.9** Expenditure on both the core and projects budgets will be subject of ongoing review for the remainder of 2021/22. The Partnership’s Reserves Policy will be applied when reviewing the year-end outturn.

Cash Flow

- 2.10** 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:

Date	Balance due to SEStran(+ve) /due by SEStran (-ve)
	£
30 April 2021	+198,470.25
31 May 2021	+270,664.49
30 June 2021	+365,517.43
31 July 2021	+381,345.29
31 August 2021	+399,171.63
30 September 2021	+316,006.44
31 October 2021	+354,399.01
30 November 2021	+53,068.04
31 December 2021	-51,397.21
31 January 2022	-844,938.56

- 2.11** Interest is charged/paid on the month end net indebtedness balances between the Council and the Partnership. Interest will be calculated in March 2022.
- 2.12** The cash flow balance at 31st January 2022 was mainly attributable to an incorrect payment of £671,500 to the Partnership’s bank account from the Scottish Government, which was corrected in February 2022. A grant claim is also being progressed for costs of £49,000 incurred on the GO e-Bike project.

Reserves

- 2.13** The Board’s Reserves Policy recommends establishment of an unallocated General Fund Reserve of £29,000, based on 5% of the Partnership’s core revenue budget.

- 2.14** The unallocated General Fund Reserve of £29,000 was established as at 31st March 2021, following confirmation of the 2020/21 outturn.
- 2.15** The Reserves Policy recommends that where slippage occurs on approved revenue projects, the balance of slippage is retained as an earmarked balance. £105,000 of project slippage has been carried forward from 2020/21, to reflect the Policy.
- 2.16** 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.

3 Recommendations

It is recommended that the Partnership notes:

- 3.1** the forecast underspend on the Core revenue budget of £59,000;
- 3.2** the forecast slippage on the Projects revenue budget of £17,000.

Hugh Dunn

Treasurer

18th March 2022

Appendix Appendix 1 – Core Budget Statement at 31st January 2022
 Appendix 2 – Projects Budget as at 31st January 2022

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.

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	400	334	326	392	(8)
National Insurance	44	37	36	43	(1)
Pension Fund	131	107	107	149	18
Recharges – EU Projects	(99)	(82)	(127)	(152)	(53)
Recharges – Cycling Officer	(20)	0	0	(20)	0
Training & Conferences	10	8	0	0	(10)
Interviews & Advertising	2	2	0	0	(2)
	468	406	342	412	(56)
Premises Costs					
Office Accommodation	17	13	15	17	0
Transport					
Staff Travel	8	7	0	1	(7)
Supplies and Services					
Communications & Computing	48	40	46	53	5
Hosted Service - Novus FX	44	44	46	46	2
Printing, Stationery & General Office Supplies	7	6	4	4	(3)
Insurance	6	6	7	7	1
Equipment, Furniture & Materials	1	1	0	0	(1)
Miscellaneous Expenses	3	2	4	4	1
	109	99	107	114	5
Support Services					
Finance	30	0	0	30	0
Legal Services / HR	7	0	0	7	0
	37	0	0	37	0
Corporate & Democratic					
Clerks Fees	12	0	0	12	0
External Audit Fees	11	0	3	11	0
Members Allowances and Expenses	1	1	0	0	(1)
	24	1	3	23	(1)
Total Expenditure	663	526	467	604	(59)
Funding:					
Scottish Government Grant	(473)	(409)	(409)	(473)	0
Council Requisitions	(190)	(190)	(190)	(190)	0
Total Funding	(663)	(599)	(599)	(663)	0
Net Expenditure/ (Income)	0	(73)	(132)	(59)	(59)

Projects Budget 2021/22 - as at 31st January 2022

Appendix 2

	Approved Budget	Balance from 20/21	EU /Other Grant	Net Expenditure Budget	Period Actual	Annual Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EU Projects							
Share-North	0	20	0	20	57	42	22
Surflogh	50	(14)	(25)	11	71	32	21
Bling	26	(1)	(13)	12	29	16	4
Primaas	60	2	(51)	11	31	4	(7)
Connect	34	4	(17)	21	34	15	(6)
Regio-Mob	0	0	0	0	3	1	1
Total EU Projects	170	11	(106)	75	225	110	35
RTPI	23		(15)	8	91	40	32
Active Travel Fund	200		(200)	0	161	0	0
Leith Docks and Newburgh (LRDF)	55		(55)	0	9	0	0
Regional Transport Strategy	80	76	0	156	89	123	(33)
Sustainable Travel	69		0	69	14	20	(49)
GO e-Bike	20	18	0	38	50	19	(19)
Urban Cycle Networks	134		(100)	34	54	40	6
Projects Consultancy Support	25		0	25	30	38	13
Equalities Action Forum	3		0	3	0	0	(3)
Thistle Assistance	30		(24)	6	(55)	7	1
Total	809	105	(500)	414	668	397	(17)