

Revenue Budget 2023/24 and Indicative Financial Plan 2024/25 to 2025/26

1. INTRODUCTION

- 1.1 This report presents a revenue budget for 2023/24 and an indicative financial plan for 2024/25 to 2025/26, for review by the Performance and Audit Committee.
- 1.2 The proposed revenue budget for 2023/24 will be presented to the Partnership Board for approval at its meeting on 17th March 2023.

2. MAIN REPORT

Scottish Government Budget 2023-24

- 2.1 The Scottish Budget Bill was passed by the Scottish Parliament on 21st February 2023. At the time of writing, there has been no information received from Transport Scotland as to the Partnership's revenue grant for 2023/24.
- 2.2 On 1 June 2022, Transport Scotland advised a review was being undertaken of Regional Transport Partnerships (RTPs) grant and how this is allocated between RTPs, following the Scottish Government's Resource Spending Review.
- 2.3 The most recent indication is there will be no change in the revenue grant for 2023/24, with the re-allocation of grant among RTP's deferred for one year.
- 2.4 If available, an update will be provided to the meeting of the Partnership Board on 17th March 2023.

Proposed Revenue Budget 2023-24

- 2.5 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.
- 2.6 A financial planning report was considered by the Partnership on 2nd December 2022. The Partnership noted the financial planning assumptions being progressed for 2023/24 to 2025/26. These assumptions included no change from 2022/23 funding levels for constituent council requisitions and Transport Scotland grant.
- 2.7 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.
- 2.8 The three-year planning assumptions presented to the Partnership on 2nd December 2022 have been updated for:

- 2.8.1 Forecast employee costs, following recent employee changes;
- 2.8.2 staff recharges to EU projects – these are forecast to be £4,000, following review of EU projects;
- 2.8.3 other minor budget planning changes to reflect current activity.
- 2.9 An analysis of the proposed core budget for 2023/24 and indicative financial plans for 2024/25 to 2025/26 is shown in Appendix 1.
- 2.10 Proposed Project activity for 2023/24 is shown in Appendix 2(a). Indicative Project activity for 2024/25 is shown in Appendix 2(b) with 2025/26 Project activity shown in Appendix 2(c). The indicative plan presents expenditure and income balanced for each financial year.
- 2.11 Appendix 3 shows all budgeted expenditure and income since 2018/19. 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.
- 2.12 For 2023/24, external income of £498,000 is anticipated to fund 33% of proposed expenditure.
- 2.13 The 2023/24 Council requisitions, based on the proposed budget are shown in the table below.

Council	Requisition
Clackmannanshire	£6,047
East Lothian	£12,858
Edinburgh	£61,773
Falkirk	£18,856
Fife	£43,969
Midlothian	£11,109
Scottish Borders	£13,613
West Lothian	£21,775
Total	£190,000

- 2.14 In accordance with the provisions of the Transport Scotland (2019) Act, the Partnership has agreed a Reserves Policy and established an unallocated General Fund reserve of £31,000, based on 5% of the core revenue budget for 2022/23.
- 2.15 At its meeting on 17th March 2023, the Partnership Board will be advised of the current forecast for 2022/23 in the quarterly Finance Officers report. Slippage is anticipated to be forecast on the 2022/23 Projects budget.
- 2.16 Following confirmation of the 2022/23 outturn, an earmarked balance will be established to meet any slippage on project delivery from 2022/23 to 2023/24, in line with the Partnership's approved Reserves Policy.

- 2.17 Following confirmation of the 2022/23 outturn, a realignment of the Projects budget will be presented to the Partnership Board to take account of Projects budget slippage. This will include activity agreed by the Board on 2nd December 2022 for the promotion of the new Regional Transport Strategy, once Ministerial approval of the RTS is received – estimated to cost £39,000 - and development of Demand Responsive Transport (DRT), which is currently estimated to cost £35,000.
- 2.18 A risk assessment for 2023/24 is included at Appendix 4.

3 NEXT STEPS

- 3.1 Following review by Performance and Audit Committee, the proposed budget for 2023/24 will be presented to the Partnership Board meeting on 17th March 2023, for approval.
- 3.2 Development of the proposed revenue budget for 2023/24 will continue to be progressed until the meeting of the Partnership Board on 17th March 2023. Any further updates will be reflected in the final report to be presented to the Board.

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 2023/24
- 4.1.2 note that financial planning for 2024/25 to 2025/26 will continue to be developed throughout 2023 for consideration by the Partnership in December 2023;
- 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 2023-24 to 2025-26](#)

Hugh Dunn
Treasurer
24th February 2023

- Appendix** Appendix 1 – Proposed Core Budget 2023/24 and Indicative Budget 2024/25 to 2025/26
- Appendix 2(a) – Projects - Proposed Activity 2023/24
- Appendix 2(b) - Projects - Indicative Activity 2024/25
- Appendix 2(c) – Projects – Indicative Activity 2025/26
- Appendix 3 – Summary of Revenue Budget 2018/19 – 2025/26
- Appendix 4 - Risk Assessment 2023/24

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.
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 Budget 2023/24 and Indicative Budget
2024/25 to 2025/26**

	Approved Budget 2022/23	Proposed Budget 2023/24	Indicative Budget 2024/25	Indicative Budget 2025/26
	£000	£000	£000	£000
Employee Costs				
Salaries	408	428	447	467
National Insurance	50	49	51	54
Pension Fund	144	151	157	164
Recharges – EU Projects	(172)	(4)	0	0
Recharges – Cycling Officer	(20)	(20)	0	0
Training & Conferences	10	10	10	10
Interviews & Advertising	2	2	2	2
	422	616	667	697
Premises Costs	17	18	18	18
Transport	8	8	8	8
Supplies and Services				
Communications/Computing	48	48	48	48
Hosted ICT – Novus FX	46	44	44	44
Printing, Stationery & General Office Supplies	7	7	7	7
Insurance	6	7	7	7
Equipment, Furniture, Materials, Miscellaneous	4	4	4	4
	111	110	110	110
Support Services				
Finance	30	31	31	31
Legal Services / HR	7	7	7	7
	37	38	38	38
Corporate & Democratic				
Clerks Fees	12	12	12	12
External Audit Fees	11	12	12	12
Members Allowances and Expenses	1	1	1	1
	24	25	25	25
Interest	0	0	0	0
Total Gross Expenditure	619	815	866	896
Funding				
Scottish Government Grant	(429)	(625)	(676)	(706)
Council Requisitions	(190)	(190)	(190)	(190)
Total Funding	(619)	(815)	(866)	(896)

Projects – Proposed Activity 2023-24

Appendix 2(a)

	2022-23	2023-24			
Service	Approved Budget £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity/Notes
Sustainable Travel	63	28	0	28	Implement RTS Activity
Urban Cycle Network	0	100	(100)	0	100% funded by Sustrans
Urban Cycling	21	21	0	21	Cycle Training and support
Active Travel Fund	0	350	(350)	0	100% funded by Transport Scotland
RTS	60	18	0	18	Monitoring of RTS
GO e-BIKE	10	10	0	10	Maintenance
Thistle Assistance	6	30	(24)	6	Scheme development and promotion
Consultancy support	30	43	0	43	Projects development
Equalities Action	10	10	0	10	Operator training and survey
EU – Funded Projects					
ShareNorth	18	0	0	0	Ended June 2022
Surflogh	49	5	(2)	3	Ends March 2023
Bling	33	5	(2)	3	Ends June 2023
Primaas	9	5	(3)	2	Ends July 2023
Regio-Mob	5	0	0	0	Ended November 2022
Connect	34	5	(2)	3	Ends March 2023
Real-Time Passenger Information System (RTPI)					
Maintenance	25	25	0	25	
Income – screens	(20)	0	(15)	(15)	
Total	353	655	(498)	157	
Scottish Govt Grant	(353)			(157)	

Projects - Indicative Activity 2024-25

Appendix 2(b)

	2023/24	2024-25			
Service	Proposed Budget £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity
Sustainable Travel	71	31	0	31	Implement RTS Activity
Urban Cycle Network	0	100	(100)	0	100% funded by Sustrans.
Urban Cycling	21	0	0	0	
Active Travel Fund	0	400	(400)	0	
RTS	18	18	0	18	Monitoring of RTS
GO e-BIKE	10	10	0	10	
Thistle Assistance	6	30	(24)	6	
Consultancy support	0	21	0	21	
Equalities Action	10	10	0	10	
EU – Funded Projects					
ShareNorth	0	0	0	0	Ended June 2022
Surflogh	3	0	0	0	Ends March 2023
Bling	3	0	0	0	Ends June 2023
Primaas	2	0	0	0	Ends July 2023
Regio-Mob	0	0	0	0	Ended November 2022
Connect	3	0	0	0	Ends March 2023
Real-Time Passenger Information System (RTPI)					
Maintenance	25	25	0	25	
Income – screens	(15)	0	(15)	(15)	
Total	157	645	(539)	106	
Scottish Govt Grant	(157)			(106)	

Projects - Indicative Activity 2025-26

Appendix
2(c)

	2024/25	2025-26			
Service	Indicative Budget £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity
Sustainable Travel	31	1	0	1	Implement RTS Activity
Urban Cycle Network	0	100	(100)	0	100% funded by Sustrans.
Active Travel Fund	0	450	(450)	0	
Regional Transport Strategy	18	18	0	18	Monitoring of RTS
GO e-BIKE	10	10	0	10	
Thistle Assistance	6	30	(24)	6	
Consultancy support	21	21	0	21	
Equalities Action	10	10	0	10	
Real-Time Passenger Information System (RTPI)					
Maintenance	25	25	0	25	
Income – screens	(15)	0	(15)	(15)	
Total	106	665	(589)	76	
Scottish Govt Grant	(106)			(76)	

Summary of Revenue Budget 2018/19 – 2025/26

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Core	531	584	581	663	619	815	866	896
Projects	614	590	1,030	786	882	630	620	640
RTPI	108	100	50	23	25	25	25	25
Total Budget	1,253	1,274	1,661	1,472	1,526	1,470	1,511	1,561
External Funding								
EU Grants	139	82	142	106	210	9	0	0
Other income ¹	142	220	547	394	344	489	539	589
Total External Funding	281	302	689	500	554	498	539	589
Scottish Government	782	782	782	782	782	782	782	782
Council Requisition	190	190	190	190	190	190	190	190
Total Funding	1,253	1,274	1,661	1,472	1,526	1,470	1,511	1,561

¹ External funding from 2023/24 subject to final written confirmation. Any decrease in funding will require a compensating reduction in planned expenditure.

Risk Description	Existing Controls
<p>Pay awards The proposed budget makes provision for a pay award of up to 3% in 2023/24. An uplift of 1% in pay award equates to an increase of £6,280.</p>	<p>Alignment with Local Government Pay Policy.</p>
<p>Staff recharges – Projects The indicative budget assumes that £4,000 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>Inflation 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 known price inflation. Budgets adjusted in line with current cost forecasts.</p>
<p>Delays in payment of grant by the EU - 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>Pension Fund Contributions The deficit on the staff pension fund could lead to increases in the employer's pension contribution. There is a risk the contribution rate may increase from 2024/25, following the Actuarial Review in 2023.</p>	<p>Following Lothian Pension Fund's Triennial Actuarial Review in 2020, Partnership employer pension fund contribution rates are confirmed at 33.1% until 31 March 2024.</p>
<p>Funding Reductions Reduction in funding from Transport Scotland and/or council requisitions. On 1 June 2022, Transport Scotland advised of a review of Regional Transport Partnerships revenue grant and how this is allocated between RTPs. 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>