

Indicative Financial Plan 2024/25 and 2025/26

1. Introduction

- 1.1 This report provides an update on financial planning being progressed for the 2024/25 revenue budget and an indicative plan for 2025/26.

2. Main Report

Scottish Government Budget 2024-25

- 2.1 The Scottish Government Budget is scheduled to be announced on 19 December 2023.
- 2.2 It is anticipated Scottish Government funding to Regional Transport Partnerships (RTPs) for 2024/25 will be advised early in 2024.

Financial Planning 2024/25 and 2025/26

- 2.3 The three-year planning assumptions presented to the Partnership on 17th March 2023 have been updated.
- 2.4 As [reported](#) to the Partnership Board on 17th March 2023, a strategic realignment of the Partnership's organisation structure has been undertaken, in order to support delivery of the Regional Transport Strategy (RTS).
- 2.5 Responsibility has been assigned to the Senior Partnership Manager to proactively secure additional funds to ensure delivery of key strands of the RTS through targeted approaches to Transport Scotland, the EU Horizon Fund, UK Innovate Fund, industry partners, UK Department for Transport, and branches of the Scottish Government other than Transport Scotland. Annual funding targets will be agreed, monitored and reported to Performance and Audit Committee and the Partnership Board.
- 2.6 A Strategy Manager has been recruited to the existing post to work closely with partners and stakeholders to ensure that key actions identified in the RTS are prioritised are translated into fully funded and deliverable plans. The Strategy Manager will work closely with the Senior Partnership Manager on the identification of opportunities for funding and to build the associated business cases.
- 2.7 A dedicated resource has been recruited to raise the Partnership's profile through the development and implementation of a comprehensive communications strategy with plans to support all key strategies, projects and products. This will increase brand recognition and the association of the Partnership with a track record of delivery and, therefore, make it a preferred partner for transport investments. The

Communications and Marketing Officer will also support all funding applications by building a library of templates, evidence, and key messages.

- 2.8** As a consequence of these changes, there is an increase of £43,000 in the cost of the current Partnership organisation structure at this stage of the financial planning process.
- 2.9** It is anticipated that funding will increase in future years, but a cautious approach has been taken in the preparation of the current budget estimates and no additional income has been assumed at this stage.
- 2.10** In addition, it is anticipated that a significant portion of employee costs will be recharged to the numerous projects that will be initiated and progressed towards realising the RTS, or projects that are already in train. Current practice has been for the Partnership to absorb most of these costs. EU-funded projects were an obvious exception to this practice.
- 2.11** Further budget development will be undertaken, with an update provided to the next meeting of Performance and Audit Committee as the Partnership works through both funding opportunities and recharging employee costs.
- 2.12** The 2023/24 Local Government pay award has resulted in an additional cost of £25,000.
- 2.13** Financial planning continues to be based on an employers Pension Fund contribution rate of 33.1%, following the 2020 Actuarial Valuation. The outcome of the 2023 Actuarial Valuation will be available in early 2024 to update budget estimates.
- 2.14** An analysis of the indicative Core budget for 2024/25 and 2025/26 is shown in Appendix 1.
- 2.15** A roll forward of Project budget activity from 2024/25 to 2025/26 is shown in Appendix 2(a) and 2(b).
- 2.16** Indicative financial planning from 2024/25 to 2025/26 is based on receiving £782,000 grant from the Scottish Government and £190,000 from constituent council requisitions. This represents a stand-still in grant and Council requisitions.
- 2.17** Based on updated Core budget costs and a roll forward of the indicative Project financial plan for 2024/25 and 2025/26, there is a funding shortfall of £68,000 in 2024/25 (£74,000 in 2025/26). This is shown in Appendix 3.
- 2.18** 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.
- 2.19** For 2024/25, external income of £539,000 is anticipated to fund 34% of indicative expenditure.
- 2.20** 2023/24 Council requisitions are shown in the table below, for reference.

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

- 2.21** 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 £49,000, based on 5% of the core revenue budget.
- 2.22** An earmarked balance of £159,000 was established following slippage on Project delivery and Core budget underspend in 2022/23. The indicative financial plan assumes the balance of £159,000 will be fully spent in 2023/24.
- 2.23** A risk assessment for 2024/25 is included at Appendix 4.

3 Next Steps

- 3.1** Following review by Performance and Audit Committee, a report on financial planning for 2024/25 to 2025/26 will be presented to the Partnership Board on 1st December 2023 for review.
- 3.2** The Partnership's Core and Projects budgets will continue to be developed in order to achieve expenditure within available funding, prior to a budget for 2024/25 being presented to the Partnership Board for approval at its meeting in March 2024.

4 Recommendation

- 4.1** It is recommended that the Performance and Audit Committee.
- 4.1.1** note the financial planning assumptions for the period 2024/25 to 2025/26;
- 4.1.2** note that financial planning for 2024/25 to 2025/26 will continue to be developed for approval of a revenue budget by the Partnership at its meeting in March 2024;
- 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** [Revenue Budget 2023/24 and Indicative Financial Plan 2024/25 to 2025/26](#) – report to South East Scotland Transport Partnership 17th March 2023

5.2 [Partnership Director's Report](#) – report to South East Scotland Transport Partnership 17th March 2023

Richard Lloyd-Bithell

Treasurer

13th November 2023

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

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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.

Indicative Core Budget 2024/25 and 2025/26

	Approved Budget 2023/24	Indicative Budget 2024/25	Indicative Budget 2025/26
	£000	£000	£000
Employee Costs			
Salaries	428	499	523
National Insurance	49	59	63
Pension Fund	151	165	173
Recharges	(4)	0	0
Recharges – Cycling Officer	(20)	0	0
Training & Conferences	10	10	10
Interviews & Advertising	2	2	2
	616	735	771
Premises Costs	18	18	18
Transport	8	8	8
Supplies and Services			
Communications & Computing	48	48	48
Hosted ICT – Novus FX	44	44	44
Printing, Stationery & General Office Supplies	7	7	7
Insurance	7	7	7
Equipment, Furniture, Materials, Miscellaneous	4	4	4
	110	110	110
Support Services			
Finance	31	31	31
Legal Services / HR	7	7	7
	38	38	38
Corporate & Democratic			
Clerks Fees	12	12	12
External Audit Fees	12	12	12
Members Allowances and Expenses	1	1	1
	25	25	25
Interest	0	0	0
Total Gross Expenditure	815	934	970
Funding			
Scottish Government Grant	(625)	(744)	(780)
Council Requisitions	(190)	(190)	(190)
Total Funding	(815)	(934)	(970)

Projects – Indicative Activity 2024-25

Appendix 2(a)

	2023-24	2024-25			
Service	Approved Budget £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity
Sustainable Travel	28	31	0	31	
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 Development	18	18	0	18	
GO e-BIKE	10	10	0	10	
Thistle Assistance	6	30	(24)	6	
Consultancy support	43	21	0	21	
Equalities Action Forum	10	10	0	10	
EU – Funded Projects					
Surflogh	3	0	0	0	Ended 2023/24
Bling	3	0	0	0	Ended 2023/24
Primaas	2	0	0	0	Ended 2023/24
Connect	3	0	0	0	Ended 2023/24
Real-Time Passenger Information System (RTPI)					
Maintenance	25	25	0	25	
Income – screens	(15)	0	(15)	(15)	
Total	157	645	(539)	106	

Projects - Indicative Activity 2025-26

Appendix
2(b)

	2024/25	2025-26			
Service	Indicative Budget £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity
Sustainable Travel	31	1	0	1	
Urban Cycle Network	0	100	(100)	0	100% funded by Sustrans.
Active Travel Fund	0	450	(450)	0	
RTS Development	18	18	0	18	
GO e-BIKE	10	10	0	10	
Thistle Assistance	6	30	(24)	6	
Consultancy support	21	21	0	21	
Equalities Action Forum	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	

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	774	934	970
Projects	614	590	1,030	786	882	688	620	640
RTPI	108	100	50	23	25	25	25	25
Total Budget	1,253	1,274	1,661	1,472	1,526	1,487	1,579	1,635
External Funding								
EU Grants	139	82	142	106	210	26	0	0
Other income	142	220	547	394	344	489	539	589
Total External Funding	281	302	689	500	554	515	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	1,487	1,511	1,561
Shortfall	-	-	-	-	-	-	68	74

Risk Description	Existing Controls
<p>Pay awards The indicative budget makes provision for a pay award of up to 3% in 2024/25. An uplift of 1% in pay award equates to an increase of £7,111.</p>	<p>Alignment with Local Government Pay Policy.</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>Pension Fund Contributions The value of the Partnership’s pension fund was restricted to ‘Nil’ at 31 March 2023, following proper accounting practice. The actual surplus may lead to a decrease in future employer’s pension fund contributions.</p>	<p>The outcome of the Lothian Pension Fund’s Triennial Actuarial Review in 2023 will be confirmed prior to the Partnership Board being recommended to approve the budget for 2024/25.</p>
<p>Funding Reductions 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>