

Finance Officer's report

1. Introduction

- 1.1** This report presents the second update on the financial performance of the Partnership's Core and Projects budgets for 2024/25, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of October 2024.
- 1.2** The Partnership's Core and Projects budgets for 2024/25 were approved by the Partnership on 15th March 2024.

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 £901,000. Details of the Core budget are provided in Appendix 1.
- 2.2** Cumulative expenditure for the seven months to 31st October 2024 was £487,000. This is within the Core budget resources available for the period.
- 2.3** Estimates have been updated to reflect current expenditure commitments. The forecast includes provision of £24,000 for pay award of 3.6%, in line with the local government pay award.
- 2.4** It is projected that net expenditure for the year will be £14,000 more than budget. This will be met by drawdown from the Partnership's unallocated reserve.
- 2.5** The overspend is due to a 5% reduction in the 2024/25 revenue grant received from Transport Scotland (£39,000). This funding shortfall is partly offset by:
 - 2.5.1** Employee costs recharged to the People and Places Project (£20,000);
 - 2.5.2** Forecast underspend on employee costs (£3,000).
 - 2.5.3** Other non-employee cost underspends (£2,000).

Projects Budget

- 2.6** The approved Projects budget is detailed in Appendix 2.
- 2.7** The Partnership was on track to spend the full Projects budget during 2023/24 until the requirement to deliver the Scottish Government funded 'People and Place Plan' emerged in December 2023. This necessitated the short-term redeployment of key staff to engage intensively with Transport Scotland and other stakeholders for the remainder of 2023/24. This resulted in the postponement of some project work and carry forward of £187,000 of projects budget to 2024/25.

- 2.8** Budget of £106,000 has also been carried forward from 2023/24 to meet future lease cost commitments for an Active Travel Network project. This expenditure is fully committed.
- 2.9** Following confirmation of the 2023/24 outturn, a review and re-alignment has been undertaken of the Projects budget to reflect current and planned activity. The re-alignment is shown in Appendix 2.
- 2.10** An underspend of £50,000 is forecast for Bus Strategy Development for 2024/25.
- 2.11** Expenditure on both the core and projects budgets will be subject of ongoing review for the remainder of 2024/25. The Partnership's Reserves Policy will be applied when reviewing the year-end outturn.

Cash Flow

- 2.12** The Partnership maintains its bank account as part of the City of Edinburgh Council's group of bank accounts. Cash balances are managed by the Council and are offset by expenditure incurred by the City of Edinburgh Council on behalf of 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 2024	+ 727,711
31 May 2024	+ 620,534
30 June 2024	+ 662,946
31 July 2024	+ 833,285
31 August 2024	+ 794,158
30 September 2024	+ 718,140
31 October 2024	+ 1,437,366

- 2.13** Interest is charged/paid on the monthly indebtedness between the Council and the Partnership. Interest will be calculated in March 2025.
- 2.14** The positive cash balance at 31st October 2024 is attributable to funding received from Scottish Government grants, including the grant for 'People and Place Programme 2024/25'.

Reserves

- 2.15** The Board's Reserves Policy recommends establishment of an unallocated General Fund Reserve based on a minimum value of 5% (£45,000) of the Partnership's core revenue budget. At 1st April 2024, the Partnership has an unallocated General Fund Reserve of £135,000.

- 2.16 Based on the forecast requirement for drawdown of £14,000 at 31st March 2025, the Partnership’s unallocated General Fund Reserve will be reduced to £121,000.
- 2.17 The Reserves Policy recommends that where slippage occurs on approved revenue projects, the balance of slippage is retained as an earmarked balance. In total, £293,000 of project cost has been carried forward from 2023/24 and is included in the Projects budget shown in Appendix 2.
- 2.18 An update of Financial Risks for 2024/25 is included at Appendix 3.

3 Recommendations

It is recommended that the Performance and Audit Committee notes:

- 3.1 the forecast overspend on the Core revenue budget of £14,000, which is principally due to a reduction in Scottish Government grant funding and will be met by a drawdown from the Partnership’s unallocated reserve;
- 3.2 the forecast underspend on the Projects budget of £50,000, after future lease commitments are met;
- 3.3 the proposed re-alignment of the Projects 2024/25 budget.

Richard Lloyd-Bithell

Treasurer

22 November 2024

Appendix Appendix 1 – Core Budget Statement at 31st October 2024
 Appendix 2 – Projects Budget as at 31st October 2024

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 2024/25 – as at 31st October 2024

Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	499	291	279	494	(5)
National Insurance	57	34	31	55	(2)
Pension Fund	134	78	81	138	4
Recharges (to Projects)	0	0	0	(20)	(20)
Training & Conferences	10	6	2	8	(2)
Interviews & Advertising	2	1	0	0	(2)
	702	410	393	675	(27)
Premises Costs					
Office Accommodation	18	9	10	21	3
Transport					
Staff Travel	8	5	1	5	(3)
Supplies and Services					
Communications & Computing	48	29	26	48	0
Hosted Service - Novus FX	44	44	49	45	1
Printing, Stationery & General Office Supplies	7	4	5	7	0
Insurance	7	0	0	7	0
Equipment, Furniture & Materials, Miscellaneous	4	2	2	5	1
	110	79	82	112	2
Support Services					
Finance	31	0	0	31	0
Legal Services / HR	7	0	0	7	0
External Consultants	0	0	1	1	1
	38	0	1	39	1
Corporate & Democratic					
Clerks Fees	12	0	0	12	0
External Audit Fees	12	0	0	12	0
Members Allowances and Expenses	1	0	0	0	(1)
	25	0	0	24	(1)
Total Expenditure	901	503	487	876	(25)
Funding:					
Scottish Government Grant	(711)	(494)	(494)	(672)	39
Council Requisitions	(190)	(190)	(110)	(190)	0
Total Funding	(901)	(684)	(604)	(862)	39
Net Expenditure/ (Income)	0	(181)	(117)	14	14

Projects Budget 2024/25 - as at 31st October 2024

Appendix 2

	Approved Budget	2023/24 Under-spend	Future Lease costs	EU /Other Grant	Budget Realign ment	Net Expenditure Budget	Annual Forecast	Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EU Projects (various)	0	(9)			9	0	0	0
Sustainable Travel	6	79			(60)	25	25	0
RTPI – System Maintenance	25	17		(15)	(27)	0	0	0
RTPI – Regional Framework	0			0	0	0	0	0
RTS Delivery Plan	18	(14)			16	20	20	0
Equalities Access to Healthcare	10	10			(15)	5	5	0
GO e-Bike	10	39				49	49	0
Thistle Assistance	30	2		(24)	(2)	6	6	0
Transport Appraisal	0	(14)			22	8	8	0
Active Travel Network	0	51	106		(48)	109	109	0
Projects Consultancy	11	2			9	22	22	0
Mobility as a Service	0	(36)			36	0	0	0
Bus Strategy Development	115	40		(115)	35	75	25	(50)
Regional EV Infrastructure		20			15	35	35	0
Freight Strategy					10	10	10	0
People & Places	5,326			(5,326)		0	0	0
Harpcat Horizon	100			(100)		0	0	0
Total	5,651	187	106	(5,580)	0	364	314	(50)

Risk Description	Mitigation and Controls
<p>Pay award The revenue budget made provision for a pay award of up to 3% in 2024/25. The Local Government pay award represents an increase on the budget provision.</p>	<p>The financial impact of the Local Government pay award is included in the forecast.</p>
<p>Inflation There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.</p>	<p>Ongoing monitoring and review of all costs and forecasts during 2024/25.</p>
<p>Delays in payment of grant by external funding bodies Resulting in additional short-term borrowing costs.</p>	<p>Grant claims submitted timeously and in line with conditions of grant award.</p>
<p>Pension Fund Contributions A 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 2023, Partnership employer pension fund contribution rates are now confirmed at 26.8% until 31 March 2027.</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>Scottish Government grant and Council contributions are confirmed for 2024/25.</p> <p>Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.</p>