

## Revenue Budget 2024/25 and Indicative Financial Plan 2025/26

### 1. Introduction

- 1.1 This report presents an update on development of a revenue budget for 2024/25 and an indicative financial plan for 2025/26, for review by the Performance and Audit Committee.
- 1.2 The proposed revenue budget for 2024/25 will be presented to the Partnership Board for approval at its meeting on 15th March 2024.

### 2. Main Report

#### Scottish Government Budget 2024-25

- 2.1 The Scottish Budget was presented to the Scottish Parliament on 19<sup>th</sup> December 2023 and has now passed the first stage of Parliamentary scrutiny.
- 2.2 It is anticipated there will be no change to the Partnership's core funding of £0.782m from the Scottish Government, and that there will be no re-allocation of grant among RTP's. Both assumptions remain to be confirmed.
- 2.3 If available, an update will be provided to the meeting of the Partnership Board on 15th March 2024.

#### Proposed Revenue Budget 2024-25

- 2.4 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.
- 2.5 A financial planning report was considered by the Partnership on 1st December 2023. The Partnership noted the financial planning assumptions being progressed for 2024/25 to 2025/26.
- 2.6 Planning assumptions include no change from 2023/24 funding levels for constituent council requisitions and Scottish Government grant.
- 2.7 The budget includes the cost of the strategic realignment of the Partnership's organisation structure as [reported](#) to the Partnership Board on 17<sup>th</sup> March 2023;
- 2.8 The cost of the 2023/24 Local Government pay award is included in the proposed budget and a pay award of 3% is included for 2024/25.

- 2.9** The 2023 Actuarial Valuation for Lothian Pension Fund recommended a reduction of 6.3% in employer contribution rates for 2024/25 from 33.1% to 26.8% - a cost reduction of £33,000.
- 2.10** The change in employer contribution rate has no impact on pension benefits paid or accrued by current and past employees or future retired employees of the Partnership.
- 2.11** 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.
- 2.12** An analysis of the proposed core budget for 2024/25 and indicative financial plans for 2025/26 is shown in Appendix 1.
- 2.13** Proposed Project activity for 2024/25 is shown in Appendix 2(a). Indicative Project activity for 2025/26 is shown in Appendix 2(b)
- 2.14** In late 2023, Transport Scotland announced a change to the mechanism for allocating funding to support active travel behaviour change and access to bikes.
- 2.15** From April 2024, funding will be allocated directly to Regional Transport Partnerships (RTP's) who will liaise with local authorities to agree priorities and with delivery partners to understand how they can support delivery of these priorities.
- 2.16** Subject to final approval by Transport Scotland's Authorised Officer, funding of £20m will be allocated to RTPs for 2024/25, of which £5.7m will be allocated to the Partnership.
- 2.17** A separate update on work progressed to date on 2024/25 proposals will be presented to this meeting of Performance and Audit Committee.
- 2.18** Pending further development of the Active Travel Behaviour Change and Access to Bikes project, the Core and Project budget proposals in this report do not include proposals in respect of the project.
- 2.19** As a result, the figures for Projects for 2024/25 and 2025/26 are currently understated and will be updated as soon as the additional funding is approved.
- 2.20** The proposed revenue budget for 2024/25 shows expenditure of £1.226m to be fully funded by income and grant funding. At this stage, a net shortfall of £18,000 is forecast for 2025/26.
- 2.21** It is anticipated that the forecast shortfall of £18,000 for 2025/26 will be addressed by employee recharges to the Active Travel Behaviour Change and Access to Bikes Funding project. Updates will be presented to the Partnership Board throughout 2024/25, when developing the 2025/26 budget.
- 2.22** A summary of the proposed revenue budget for 2024/25 and indicative plan for 2025/26 is presented in the table below.

	2024/25 £'000	2025/26 £'000
<b>Expenditure</b>		
Core	901	936
Projects	325	93
<b>Total Expenditure</b>	<b>1,226</b>	<b>1,029</b>
<b>Income</b>		
Scottish Government grant	(782)	(782)
Council contribution	(190)	(190)
Other external income	(254)	(39)
<b>Total Income</b>	<b>(1,226)</b>	<b>(1,011)</b>
<b>Net shortfall</b>	<b>0</b>	<b>18</b>

2.23 Appendix 3 shows all budgeted expenditure and income since 2018/19.

2.24 The 2024/25 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
<b>Total</b>	<b>£190,000</b>

2.25 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.

2.26 At its meeting on 15<sup>th</sup> March 2024, the Partnership Board will be advised of the current forecast for 2023/24 in the quarterly Finance Officers report. Slippage is anticipated to be forecast on the 2023/24 Projects budget.

2.27 Following confirmation of the 2024/25 outturn, an earmarked balance will be established to meet any slippage on project delivery from 2023/24 to 2024/25, in line with the Partnership's approved Reserves Policy.

2.28 A risk assessment for 2024/25 is included at Appendix 4.

### 3 Next Steps

3.1 Following review by Performance and Audit Committee, the proposed budget for 2024/25 will be presented to the Partnership Board meeting on 15th March 2024, for approval.

**3.2** Development of the proposed revenue budget for 2024/25 will continue to be progressed until the meeting of the Partnership Board on 15th March 2024. 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 2024/25

**4.1.2** note that financial planning for 2025/26 and future years will be developed throughout 2024 for consideration by the Partnership in December 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** [Indicative Financial Plan 2024-25 and 2025-26](#) – report to South East Scotland Transport Partnership 1st December 2023

**5.2** [Partnership Director’s Report](#) – report to South East Scotland Transport Partnership 17<sup>th</sup> March 2023

**Richard Lloyd-Bithell**

Treasurer

27th February 2024

**Appendix** Appendix 1 – Proposed Core Budget 2024/25 and Indicative Budget 2025/26

Appendix 2(a) – Projects - Proposed 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.

## Core Budget 2024/25 and 2025/26

	Approved Budget 2023/24	Proposed Budget 2024/25	Indicative Budget 2025/26
	£000	£000	£000
<b>Employee Costs</b>			
Salaries	428	498	522
National Insurance	49	59	63
Pension Fund	151	133	140
Recharges	(4)	0	0
Recharges – Cycling Officer	(20)	0	0
Training & Conferences	10	10	10
Interviews & Advertising	2	2	2
	<b>616</b>	<b>702</b>	<b>737</b>
<b>Premises Costs</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Transport</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Supplies and Services</b>			
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
	<b>110</b>	<b>110</b>	<b>110</b>
<b>Support Services</b>			
Finance	31	31	31
Legal Services / HR	7	7	7
	<b>38</b>	<b>38</b>	<b>38</b>
<b>Corporate &amp; Democratic</b>			
Clerks Fees	12	12	12
External Audit Fees	12	12	12
Members Allowances and Expenses	1	1	1
	<b>25</b>	<b>25</b>	<b>25</b>
<b>Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Gross Expenditure</b>	<b>815</b>	<b>901</b>	<b>936</b>
<b>Funding</b>			
Scottish Government Grant	(625)	(711)	(746)
Council Requisitions	(190)	(190)	(190)
<b>Total Funding</b>	<b>(815)</b>	<b>(901)</b>	<b>(936)</b>

Projects – Proposed Budget 2024-25

Appendix  
2(a)

	2023-24	2024-25			
Service	Approved Budget £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity
Regional Bus Strategy	0	115	(115)	0	
Sustainable Travel	28	6	0	6	
Urban Cycle Network	0	<i>Project is expected to become part of Active Travel Behaviour Change and Access to Bikes Funding</i>			
Urban Cycling	21	0	0	0	
Active Travel Fund	0	<i>Project is expected to become part of Active Travel Behaviour Change and Access to Bikes Funding</i>			
RTS Development	18	18	0	18	
GO e-BIKE	10	10	0	10	
Thistle Assistance	6	30	(24)	6	
Consultancy support	43	11	0	11	
Equalities Action Forum	10	10	0	10	
<b>EU – Funded Projects</b>					
HARPCAT Horizon	0	100	(100)	0	
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
<b>Real-Time Passenger Information System (RTPI)</b>					
Maintenance	25	25	0	25	
Income – screens	(15)	0	(15)	(15)	
<b>Total</b>	<b>157</b>	<b>325</b>	<b>(254)</b>	<b>71</b>	

Projects - Indicative Activity 2025-26

Appendix  
2(b)

	2024/25	2025-26			
Service	Proposed Budget £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity
Regional Bus Strategy	0	0	0	0	
Sustainable Travel	6	0	0	0	
Urban Cycle Network	0	<i>Project is expected to become part of Active Travel Behaviour Change and Access to Bikes Funding</i>			
Active Travel Fund	0	<i>Project is expected to become part of Active Travel Behaviour Change and Access to Bikes Funding</i>			
RTS Development	18	18	0	18	
GO e-BIKE	10	10	0	10	
Thistle Assistance	6	30	(24)	6	
Consultancy support	11	0	0	0	
Equalities Action Forum	10	10	0	10	
<b>EU – Funded Projects</b>					
HARPCAT Horizon	0	0	0	0	
<b>Real-Time Passenger Information System (RTPI)</b>					
Maintenance	25	25	0	25	
Income – screens	(15)	0	(15)	(15)	
<b>Total</b>	<b>104</b>	<b>93</b>	<b>(39)</b>	<b>54</b>	

## 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	901	936
Projects	614	590	1,030	786	882	688	300	68
RTPI	108	100	50	23	25	25	25	25
<b>Total Budget</b>	<b>1,253</b>	<b>1,274</b>	<b>1,661</b>	<b>1,472</b>	<b>1,526</b>	<b>1,487</b>	<b>1,226</b>	<b>1,029</b>
<b>External Funding</b>								
EU Grants	139	82	142	106	210	26	100	0
Other income	142	220	547	394	344	489	154	39
<b>Total External Funding</b>	<b>281</b>	<b>302</b>	<b>689</b>	<b>500</b>	<b>554</b>	<b>515</b>	<b>254</b>	<b>39</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>1,253</b>	<b>1,274</b>	<b>1,661</b>	<b>1,472</b>	<b>1,526</b>	<b>1,487</b>	<b>1,226</b>	<b>1,011</b>
<b>Shortfall</b>	-	-	-	-	-	-	-	<b>18</b>



Risk Description	Existing Controls
<p><b>Pay awards</b> The proposed 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 £6,790.</p>	<p>Alignment with Local Government Pay Policy.</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 known price inflation. Budgets adjusted in line with current cost forecasts.</p>
<p><b>Pension Fund Contributions</b> 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>Following Lothian Pension Fund's Triennial Actuarial Review in 2023, Partnership employer pension fund contribution rates are confirmed at 26.8% until 31 March 2027.</p>
<p><b>Funding Reductions</b> Reduction in funding from Transport Scotland and/or council requisitions.  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>