

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

1. Introduction

- 1.1 This report presents a revenue budget for 2024/25 for approval and an indicative financial plan for 2025/26, for noting.
- 1.2 The proposed revenue budget for 2024/25 was reviewed by the Performance and Audit Committee at its meeting on 1st March 2024.

2. Main Report

Scottish Government Budget 2024-25

- 2.1 The Scottish Budget was approved by the Scottish Parliament on 27th February 2024. At the time of writing, there has been no confirmation of the Partnership's revenue grant for 2024/25 received from Transport Scotland.
- 2.2 Financial planning remains based on no change in the revenue grant for 2024/25, with no re-distribution of grant among Regional Transport Partnerships (RTP's).
- 2.3 If further information is available by 15th March 2024, a verbal update will be provided to the meeting of the Partnership Board.

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 17th 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** A summary of the proposed revenue budget for 2024/25 and indicative plan for 2025/26 is presented in the table below.

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

- 2.15** The proposed revenue budget for 2024/25 shows expenditure of £1.226m to be fully funded by income and grant funding.
- 2.16** At this stage, a net shortfall of £18,000 is forecast for 2025/26. It is anticipated that this forecast shortfall will be addressed by employee recharges. Updates will be presented to the Partnership Board throughout 2024/25, when developing the 2025/26 budget.
- 2.17** Appendix 3 shows all budgeted expenditure and income since 2018/19.

Active Travel Behaviour Change and Access to Bikes

- 2.18** In late 2023, Transport Scotland announced a change to the mechanism for allocating funding to support active travel behaviour change and access to bikes.

- 2.19** From April 2024, funding will be allocated directly to RTPs who will liaise with local authorities to agree priorities and with delivery partners to understand how they can support delivery of these priorities.
- 2.20** 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.
- 2.21** A separate update on work progressed to date on 2024/25 proposals will be presented to this meeting of the Partnership.
- 2.22** 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.
- 2.23** In recent years, the Projects budget has included over £400,000 of expenditure funded by the RTP Active Travel Fund. This has not been included in the Projects budget for 2024/25 and 2025/26 as the Fund will cease to exist as a consequence of the proposed Active Travel Behaviour Change and Access to Bikes project.
- 2.24** As a result, the figures for Projects for 2024/25 and 2025/26 are currently understated. An update of the Projects budget will be reported to the Partnership, following confirmation of additional Scottish Government funding.

Constituent Council Requisition

- 2.25** The 2024/25 Council requisitions, based on the proposed budget are shown in the table below.

Council	Requisition
Clackmannanshire	£6,150
East Lothian	£13,332
Edinburgh	£60,869
Falkirk	£18,805
Fife	£43,974
Midlothian	£11,468
Scottish Borders	£13,878
West Lothian	£21,524
Total	£190,000

Reserves

- 2.26** 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.
- 2.27** In the Finance Officer report on this agenda, the Partnership Board is advised of Project budget slippage of £82,000 forecast for 2023/24. Forecast project slippage for 2023/24 has reduced from slippage of £159,000 for the 2022/23

Projects budget, with project delivery improving. An earmarked balance will be created for projects which cannot be completed until 2025/26.

2.28 Following confirmation of the 2023/24 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.

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

3 Next Steps

3.1 Following approval of the proposed budget by the Partnership, requisitions will be issued by the Treasurer to constituent councils.

3.2 An update of the Projects budget, including slippage and projects to be funded from the Active Travel Behaviour Change and Access to Bikes project will be reported to the Partnership Board. This will follow from confirmation of the final outturn for 2023/24 and after conclusion of the Annual External Audit.

4 Recommendation

4.1 It is recommended that the Partnership:

4.1.1 approves the proposed Core budget for 2024/25 of £901,000, as detailed at Appendix 1;

4.1.2 approves the proposed Projects budget for 2024/25, as detailed at Appendix 2(a);

4.1.3 notes that financial planning for 2025/26 will be developed throughout 2024 for review by the Partnership in December 2024.

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 17th March 2023

Richard Lloyd-Bithell

Treasurer

8th March 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	The proposed Core and Projects budget is aligned to the achievement of the Partnership’s policy objectives.
Financial Implications	The proposed Core and Projects budget is within the financial resources forecast to be available to the Partnership in 2024/25.
Equalities Implications	The proposed Core and Projects budget is aligned to the achievement of the Partnership’s Equalities objectives.
Climate Change Implications	The proposed Core and Projects budget is aligned to the achievement of the Partnership’s Climate Change objectives.

Appendix 1

Core Budget 2024/25 and 2025/26

	Approved Budget 2023/24	Proposed Budget 2024/25	Indicative Budget 2025/26
	£000	£000	£000
Employee Costs			
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
	616	702	737
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	901	936
Funding			
Scottish Government Grant	(625)	(711)	(746)
Council Requisitions	(190)	(190)	(190)
Total Funding	(815)	(901)	(936)

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	
EU – Funded Projects					
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
Real-Time Passenger Information System (RTPI)					
Maintenance	25	25	0	25	
Income – screens	(15)	0	(15)	(15)	
Total	157	325	(254)	71	

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	
EU – Funded Projects					
HARPCAT Horizon	0	0	0	0	
Real-Time Passenger Information System (RTPI)					
Maintenance	25	25	0	25	
Income – screens	(15)	0	(15)	(15)	
Total	104	93	(39)	54	

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
Total Budget	1,253	1,274	1,661	1,472	1,526	1,487	1,226	1,029
External Funding								
EU Grants	139	82	142	106	210	26	100	0
Other income	142	220	547	394	344	489	154	39
Total External Funding	281	302	689	500	554	515	254	39
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	1,226	1,011
Shortfall	-	-	-	-	-	-	-	18

Risk Description	Existing Controls
<p>Pay awards 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>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>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>Funding Reductions 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>