

## 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 2025/26, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of October 2025.
- 1.2 The Partnership's Core and Projects budgets for 2025/26 were approved by the Partnership on 14th March 2025.

### 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 £852,000. Details of the Core budget are provided in Appendix 1.
- 2.2 Cumulative expenditure for the seven months to 31<sup>st</sup> October 2025 was £513,000. This is within the Core budget resources available for the period.
- 2.3 Estimates have been updated to reflect current expenditure commitments.
- 2.4 For 2025/26, the cost of £49,000 to host the Novus FX service will be met by a recharge to the Projects budget.
- 2.5 At its meeting on 25<sup>th</sup> September 2025, the Partnership approved a drawdown of £20,000 from the Partnership's unallocated reserve for an ICT technology refresh in 2025/26. Based on the current forecast, only £13,000 of Reserve drawdown will be required.

### Projects Budget

- 2.6 The approved Projects budget is detailed in Appendix 2.
- 2.7 Cumulative Projects net expenditure for the year to date is £668,000. This is within the Projects budget resources available.
- 2.8 At its meeting on 25<sup>th</sup> September 2025, the Partnership approved the allocation of £119,000 from the General Fund Reserve for three projects:
- Data Strategy £50,000
  - Multi Modal Interchanges £51,000
  - SEStran conference £18,000.
- These projects are shown in column 3 of Appendix 2.
- 2.9 It is projected that net expenditure on projects 2025/26 will be £100,000 less than budget.

- 2.10** An underspend of £45,000 is forecast for the Regional Transport Strategy (RTS) Delivery Plan. This follows a successful bid by City of Edinburgh Council to the Transport Scotland Bus Infrastructure Fund for £250,000. This funding will now meet the cost of the next phase of the RTS Delivery Plan.
- 2.11** It is now anticipated that the emerging SEStran Project will include the planned work on Multi-Modal Interchanges (MMI). Separate funding will be sought for the next phase of SEStran so that the work on MMI can be carried out in 2026/27. It is therefore planned that the MMI funding of £51,000 for 2025/26 will be carried forward to 2026/27 and used to fund implementation of the Regional Bus Strategy.
- 2.12** Expenditure on both the core and projects budgets will be subject of ongoing review for the remainder of 2025/26. The Partnership's Reserves Policy will be applied when reviewing the year-end outturn.

### **Cash Flow**

- 2.13** 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:

<b>Date</b>	<b>Balance due to SEStran(+ve) /due by SEStran (-ve)</b>
	<b>£</b>
30 April 2025	+ 1,813,420
31 May 2025	+ 1,183,977
30 June 2025	+ 278,201
31 July 2025	+ 1,390,623
31 August 2025	+ 562,096
30 September 2025	+ 578,435
31 October 2025	+ 1,138,736

- 2.14** Interest is charged/paid on the monthly indebtedness between the Council and the Partnership. Interest will be calculated in March 2026.
- 2.15** The positive cash balance at 31<sup>st</sup> October 2025 is attributable to funding received from Scottish Government grants – principally the People and Place programme grant.

### **Reserves**

- 2.16** The Board's Reserves Policy recommends establishment of an unallocated General Fund Reserve based on a minimum value of 5% (£43,000) of the Partnership's core revenue budget. At 1<sup>st</sup> April 2025, the Partnership has an unallocated General Fund Reserve of £221,000 - 25% of the core budget.
- 2.17** As noted, on 25<sup>th</sup> September 2025 the Partnership approved drawdown from Reserves of up to £139,000 to fund delivery of a comprehensive range of projects and replacement of ICT equipment. Following the forecast updates noted at paragraphs 2.5, 2.10 and 2.11, a reserve drawdown of £32,000 will be required for 2025/26, with the Partnership's unallocated General Fund Reserve reduced to £189,000 - 22% of the core revenue budget - at 31<sup>st</sup> March 2026.
- 2.18** An update of Financial Risks for 2025/26 is included at Appendix 3.

### **3 Recommendations**

It is recommended that the Partnership notes:

- 3.1** the expenditure and income forecast for the Core revenue budget for 2025/26.
- 3.2** the forecast underspend of £100,000 on the Projects budget. The actual underspend will be confirmed at the financial year-end and carried forward to 2026/27.

**Richard Lloyd-Bithell**

Treasurer

27 November 2025

**Appendix** Appendix 1 – Core Budget Statement at 31<sup>st</sup> October 2025  
Appendix 2 – Projects Budget as at 31<sup>st</sup> October 2025

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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 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 2025/26 – as at 31st October 2025

## Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
<b>Employee Costs</b>					
Salaries	564	329	330	563	(1)
National Insurance	76	44	44	76	0
Pension Fund	151	88	86	148	(3)
Project Recharges	(149)	0	0	(100)	49
Training & Conferences	8	5	9	12	4
Interviews & Advertising	2	1	0	0	(2)
	<b>652</b>	<b>467</b>	<b>469</b>	<b>699</b>	<b>47</b>
<b>Premises Costs</b>					
Office Accommodation	<b>21</b>	<b>11</b>	<b>0</b>	<b>21</b>	<b>0</b>
<b>Transport</b>					
Staff Travel	<b>5</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>(1)</b>
<b>Supplies and Services</b>					
Communications & Computing	68	28	27	63	(5)
Hosted Service - Novus FX	45	45	0	(4)	(49)
Printing, Stationery & General Office Supplies	7	4	3	6	(1)
Insurance	7	7	9	9	2
Equipment, Furniture & Materials, Miscellaneous	4	2	2	5	1
	<b>131</b>	<b>86</b>	<b>41</b>	<b>79</b>	<b>(52)</b>
<b>Support Services</b>					
Finance	31	0	0	31	0
Legal Services / HR	7	0	1	7	0
	<b>38</b>	<b>0</b>	<b>1</b>	<b>38</b>	<b>0</b>
<b>Corporate &amp; Democratic</b>					
Clerks Fees	12	0	0	12	0
External Audit Fees	12	0	0	12	0
Members Allowances and Expenses	1	1	0	0	(1)
	<b>25</b>	<b>1</b>	<b>0</b>	<b>24</b>	<b>(1)</b>
<b>Total Expenditure</b>	<b>872</b>	<b>568</b>	<b>513</b>	<b>865</b>	<b>(7)</b>
<b>Funding:</b>					
Scottish Government Grant	(662)	(484)	(484)	(662)	0
Council Requisitions	(190)	(107)	(107)	(190)	0
General Reserve Drawdown	(20)	0	0	(13)	7
<b>Total Funding</b>	<b>(872)</b>	<b>(591)</b>	<b>(591)</b>	<b>(865)</b>	<b>7</b>
<b>Net Expenditure/ (Income)</b>	<b>0</b>	<b>(23)</b>	<b>(78)</b>	<b>0</b>	<b>0</b>

Projects Budget 2025/26 - as at 31st October 2025

Appendix 2

	Approved Budget	Add: Project carry forward from 2024/25	Add: General Reserve Drawdown	Less: Income /Other Grant	Budget Realignment	Net Budget	Annual Forecast	Forecast Variance
Column	1	2	3	4	5	6	7	8
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Projects Approved by Partnership Board 14<sup>th</sup> March 2025</b>								
Sustainable Travel	20	25		(20)	(15)	10	10	0
RTPI – System Maintenance	25	8		(15)	(8)	10	10	0
RTS Delivery Plan	18	20			17	55	10	(45)
Rail Strategy	0	13				13	13	0
Equalities Access to Healthcare	10	(2)			52	60	50	(10)
Regional Bike Share	10	26			(11)	25	25	0
Thistle Assistance	30	6		(24)	(4)	8	19	11
Transport Appraisal	0	5			(5)	0	0	0
Active Travel Network	5	84		(5)		84	84	0
Projects Consultancy	22	3			(5)	20	20	0
Mobility as a Service	0	34			(33)	1	1	0
Bus Strategy Development	40	122		(40)	(51)	71	71	0
Regional EV Infrastructure	5	(6)			1	0	0	0
Freight Strategy	20	10		(20)	40	50	50	0
People & Places	6,369			(6,369)		0	0	0
<b>Projects Approved by Partnership Board 26<sup>th</sup> September 2025</b>								
Data Strategy	0		50			50	50	0
Multi-Modal Exchanges	0		51			51	0	(51)
Conference SEStran 2025	0		18		22	40	35	(5)
<b>Total</b>	<b>6,574</b>	<b>348</b>	<b>119</b>	<b>(6,493)</b>	<b>0</b>	<b>548</b>	<b>448</b>	<b>(100)</b>

**Financial Risks 2025/26****Appendix 3**

<b>Risk Description</b>	<b>Mitigation and Controls</b>
<b>Pay award</b> The revenue budget made provision for a pay award of up to 3% in 2025/26. The Local Government pay award of 4% represents an increase on the budget provision.	The financial impact of the Local Government pay award of 4% is included in the forecast.
<b>Inflation</b> There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.	Ongoing monitoring and review of all costs and forecasts during 2025/26.
<b>Delays in payment of grant by external funding bodies</b> Resulting in additional short-term borrowing costs.	Grant claims submitted timeously and in line with conditions of grant award.
<b>Pension Fund Contributions</b> A deficit on the staff pension fund could lead to increases in the employer's pension contribution.	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.
<b>Funding Reductions</b> Reduction in funding from Scottish Government 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.	Scottish Government grant and Council contributions are confirmed for 2025/26.  Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.