

FINANCE OFFICER'S REPORT

1. INTRODUCTION

- 1.1 This report presents the first 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 July 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 four months to 31st July 2025 was £286,000. 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 a cost of £31,000 for the local government pay award of 4%.
- 2.4 It is projected that net expenditure for the year will be £3,000 less than budget. 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 The Partnership is proposing an ICT technology refresh for 2025/26, with the cost of £20,000 to be met from a drawdown from the unallocated General Fund Reserve.

Projects Budget

- 2.6 The approved Projects budget is detailed in Appendix 2.
- 2.7 Cumulative Projects expenditure for the year to date is £147,000. This is within the Projects budget resources available.
- 2.8 At 31st July April 2025, the Partnership has an audited earmarked balance of £348,000 from project budgets carried forward from 2024/25. The allocation of Projects budget carried forward from 2024/25 is shown in column 2 of Appendix 2.
- 2.9 At 1st April 2025, the Partnership has an audited General Reserve of £221,000. In 2025/26, the Partnership is proposing to drawdown £119,000 from the unallocated General Fund Reserve to fund three new projects. The projects are:
- Data Strategy - £50,000,
 - Multi Modal Interchanges - £51,000

- SEStran Conference 2025 - £18,000.

These projects are shown in column 3 of Appendix 2.

- 2.10** Following confirmation of the 2024/25 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 column 5 of Appendix 2.
- 2.11** It is forecast that expenditure on projects in 2025/26 will be within budget. The forecast is based on a full spend of project budgets carried forward from 2024/25.
- 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:

Date	Balance due to SEStran(+ve) /due by SEStran (-ve)
	£
30 April 2025	+ 1,813,420
31 May 2025	+ 1,183,977
30 June 2025	+ 278,201
31 July 2025	+ 1,390,623

- 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 31st July 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 1st April 2025, the Partnership has an unallocated General Fund Reserve of £221,000 - 25% of the core budget.
- 2.17** It is proposed for the following funding drawdowns to be made from the Partnership's unallocated General Fund Reserve in 2025/26:
- ICT Technology Refresh £20,000 (paragraph 2.5 refers)
 - Data Strategy £50,000 (paragraph 2.9 refers)

- Multi Modal Interchanges £51,000 (paragraph 2.9 refers)
- SEStran conference £18,000 (paragraph 2.9 refers).

2.18 Based on the proposed total drawdown of £139,000 during 2025/26, the Partnership's unallocated General Fund Reserve will be reduced to £82,000, which is 9% of the core revenue budget.

2.19 An update of Financial Risks for 2025/26 is included at Appendix 3.

3 RECOMMENDATIONS

It is recommended that the Partnership:

- 3.1** notes the forecast underspend on the Core revenue budget of £3,000.
- 3.2** approves the allocation of £20,000 from the General Fund Reserve for the proposed ICT technology refresh in 2025/26.
- 3.3** approves the allocation of £119,000 from the General Fund Reserve for the following projects:
- Data Strategy £50,000
 - Multi Modal Interchanges £51,000
 - SEStran conference £18,000.
- 3.4** approves the re-alignment of the 2025/26 Projects budget to reflect planned activity.

Richard Lloyd-Bithell

Treasurer

19 September 2025

Appendix Appendix 1 – Core Budget Statement at 31st July 2025
 Appendix 2 – Projects Budget as at 31st July 2025
 Appendix 3 – Financial Risks

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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.
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Core Budget 2025/26 – as at 31st July 2025

Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	564	188	184	575	10
National Insurance	76	25	24	76	0
Pension Fund	151	50	48	146	(4)
Project Recharges	(149)	0	0	(100)	49
Training & Conferences	8	3	3	8	0
Interviews & Advertising	2	1	0	1	(1)
	652	267	259	706	54
Premises Costs					
Office Accommodation	21	5	0	21	0
Transport					
Staff Travel	5	2	1	5	0
Supplies and Services					
Communications & Computing	48	17	21	40	(8)
Hosted Service - Novus FX	45	45	0	(4)	(49)
Printing, Stationery & General Office Supplies	7	2	2	7	0
Insurance	7	0	0	7	0
Equipment, Furniture & Materials, Miscellaneous	4	1	2	5	1
	111	65	25	55	(56)
Support Services					
Finance	31	0	0	31	0
Legal Services / HR	7	0	1	7	0
	38	0	1	38	0
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	852	339	286	849	(3)
Funding:					
Scottish Government Grant	(662)	(341)	(341)	(662)	0
Council Requisitions	(190)	0	0	(190)	0
Total Funding	(852)	(341)	(341)	(852)	0
Net Expenditure/ (Income)	0	(2)	(55)	(3)	(3)

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

Appendix 2

	Approved Budget	Add: Project carry forward from 2024/25	Add: Proposed 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
Projects Approved by Partnership Board 14th March 2025								
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	55	0
Rail Strategy	0	13				13	13	0
Equalities Access to Healthcare	10	(2)			52	60	60	0
Regional Bike Share	10	26			(11)	25	25	0
Thistle Assistance	30	6		(24)	(4)	8	8	0
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
New Projects subject to Partnership Board approval								
Data Strategy	0		50			50	50	0
Multi Modal Interchanges	0		51			51	51	0
Conference SEStran 2025	0		18		22	40	40	0
Total	6,574	348	119	(6,493)	0	548	548	0

Financial Risks 2025/26

Appendix 3

Risk Description	Mitigation and Controls
<p>Pay award</p> <p>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.</p>	<p>The financial impact of the Local Government pay award of 4% is included in the forecast.</p>
<p>Inflation</p> <p>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 2025/26.</p>
<p>Delays in payment of grant by external funding bodies</p> <p>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</p> <p>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</p> <p>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 2025/26.</p> <p>Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.</p>