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 2026/27, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of July 2026.

1.2 The Partnership's Core and Projects budgets for 2026/27 were approved by the Partnership on 13th March 2026. The Projects budget was then revised to reflect reduced People and Place Programme (P&P) funding for 2026/27 and was approved on 19th June 2026.

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 £1,053,000. Details of the Core budget are provided in Appendix 1.

2.2 Cumulative expenditure for the four months to 31st July 2026 was £407,000. This is within the Core budget resources available for the period.

2.3 Estimates have been updated to reflect current expenditure commitments.

2.4 It is currently projected that net expenditure for the year will be £22,000 less than budget, which is mainly due to recruitment to temporary staff posts occurring later than originally planned.

People and Place Programme (P&P)

2.5 Transport Scotland funding for 2026/27 was confirmed at £5.115m and is reflected in the revised budget approved by the Partnership Board on 19th June.

2.6 The latest P&P forecasts are detailed in Appendix 2. This also includes a proposed budget realignment which will add £416,017 to P&P grant income, and associated expenditure relating to 2025/26 'Q4+1' costs. Transport Scotland has approved these 'Q4+1' costs to be carried forward to 2026/27 to support funding of projects that are tied to the school term up until 30th June 2026. This allows uninterrupted delivery of school-based projects over the summer term, delivering enhanced behaviour change outcomes with no net budget impact on SEStran.

Transport to Employment Programme

2.7 The latest Transport to Employment programme forecasts are detailed in Appendix 2.

2.8 In July 2026, Transport Scotland informed RTPs that additional 2026/27 funding was to be made available to support delivery of the Transport to Employment programme, and the Partnership's share of this is £229,728.

2.9 A proposed budget realignment is detailed in Appendix 2 to reflect this increase in the grant award.

Workforce Mobility Project

2.10 The latest Workforce Mobility Project forecasts are detailed in Appendix 2.

Cash Flow

2.11 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 2026	- 323,680
31 May 2026	+ 449,193
30 June 2026	+ 794,794
31 July 2026	+ 1,110,205

2.13 Interest is charged/paid on the monthly indebtedness between the Council and the Partnership. Interest will be calculated in March 2027.

2.14 The positive cash balance at 31st July 2026 is attributable to funding received from Scottish Government grants – principally the P&P programme grant.

Reserves

2.15 The Board's Reserves Policy recommends establishment of an unallocated General Fund Reserve based on a minimum value of 5% (£52,000) of the Partnership's core revenue budget. At 1st April 2026, the Partnership has an unallocated General Fund Reserve of £243,000 (23% of the core budget). This higher figure is being retained to reflect the higher risks associated with the scale of the P&P programme.

2.16 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 current forecast underspend on the Core revenue budget of £22,000.

3.2 Notes the latest forecasts for the following Project budgets:

- PPP
- Transport to Employment Programme
- Workforce Mobility Project

3.4 Approves the re-alignment of the 2026/27 Projects budget to reflect:

- PPP - Transport Scotland funding for 2025/26 'Q4+1' grants of £416,107
- Transport to Employment Programme - Transport Scotland additional 2026/27 funding of £229,728

Richard Lloyd-Bithell
Treasurer
TBC September 2026

Appendix	Appendix 1 – Core Budget Statement at 31st July 2026
	Appendix 2 – Projects Budget as at 31st July 2026
	Appendix 3 – Financial Risks 2026/27
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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 2026/27 – as at 31st July 2026 **Appendix 1**

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	640	213	222	710	70
National Insurance	86	29	30	102	16
Pension Fund	171	57	59	195	24
Project Recharges	(255)	0	(16)	(386)	(131)
Training, Conferences & Recruitment	10	2	2	10	0
	652	**301**	**297**	**631**	**(21)**
Premises Costs	**25**	**6**	**0**	**25**	**0**
Transport	**5**	**2**	**0**	**5**	**0**
Supplies and Services					
Comms & Computing	48	16	20	48	0
Printing & Office Supplies	7	2	1	7	0
Insurance	9	0	5	9	0
Equipment, Miscellaneous	4	1	3	4	0
	68	**19**	**29**	**68**	**0**
Governance & Support Services					
Finance, Legal & HR	38	0	0	38	0
Clerks Fees	12	0	0	12	0
External Audit Fees	12	0	0	12	0
Members Expenses	1	0	0	1	0
Contingency Provision	30	0	0	30	0
	93	**0**	**0**	**93**	**0**
Interest	**(25)**	**0**	**0**	**(25)**	**0**
Core Projects					
Regional Bus Action Plan	100	1	1	100	0
RTPI	20	20	20	20	0
Sustainable Travel	47	20	20	49	2
Projects Consultancy	20	12	12	17	(3)
Comms & Marketing	25	5	5	25	0
Electric Bike Scheme	23	23	23	23	0
	235	**81**	**81**	**234**	**(1)**
Total Gross Expenditure	**1,053**	**409**	**407**	**1,031**	**(22)**
Funding:					
Scottish Govt. Grant	(743)	(423)	(423)	(743)	0
Council Requisitions	(190)	(143)	(143)	(190)	0
Projects Reserve – Electric Bike Lease	(23)	0	0	(23)	0
Projects Reserve – Underspend 25/26	(97)	0	0	(97)	0
Total Funding	**(1,053)**	**(566)**	**(566)**	**(1,053)**	**0**

Appendix 2

People and Place Programme – Revised Budget 2026/27

	Budget	Realign-ment	Revised Budget	Forecast	Variance
	£	£	£	£	£
Staffing	228,000	7,315	235,315	189,922	(45,393)
RTPI – System Maintenance	23,500		23,500	35,500	12,000
Thistle Assistance	40,000		40,000	40,000	0
Regional Project Delivery	86,714		86,714	86,714	0
Local Authority Delivery Support	484,922		484,922	472,918	(12,004)
Regional Priority Investment Fund	2,054,576	408,702	2,463,278	2,663,068	199,790
Access to Cycles & Cycle Storage	1,871,947		1,871,947	1,717,554	(154,393)
Community Grant Fund	364,579		364,579	364,579	0
Contributions – RTPI and Thistle Assistance	(39,500)		(39,500)	(39,500)	0
Scottish Government Grant	(5,114,738)	(416,017)	(5,530,755)	(5,530,755)	0
	0	**0**	**0**	**0**	**0**

Transport to Employment Programme – Revised Budget 2026/27

	Budget	Realign-ment	Revised Budget	Forecast	Variance
	£	£	£	£	£
Staffing	196,678		196,678	196,678	0
Capacity and Capability	300,209		300,209	301,887	1,678
Working with School Communities	188,676		188,676	262,055	73,379
Transport to Larger Workplaces	755,700	75,000	830,700	915,700	85,000
Rural Transport to Work and Further Education	572,000	25,000	597,000	580,197	(16,803)
Local Employability Partnership	206,000		206,000	106,000	(100,000)
Transport 2 Healthcare Pilot Projects	320,000		320,000	320,000	0
Contingency	48,477	129,728	178,205	134,951	(43,254)
Scottish Government Grant	(2,587,740)	(229,728)	(2,817,468)	(2,817,468)	0
	0	**0**	**0**	**0**	**0**

Workforce Mobility Project – Revised Budget 2026/27

	Budget	Forecast	Variance
	£	£	£
Workforce Mobility Project	200,000	200,000	0
Scottish Government Grant	(200,000)	(200,000)	0
	0	**0**	**0**

Financial Risks 2026/27 **Appendix 3**

Risk Description	Mitigation and Controls
Inflation 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 2026/27.
Delays in payment of grant by external funding bodies Resulting in additional short-term borrowing costs.	Grant claims submitted timeously and in line with conditions of grant award.
Pension Fund Contributions 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.
Funding Reductions 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 2026/27. Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.