

FINANCE OFFICER'S REPORT

1. INTRODUCTION

- 1.1** This report presents the third 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 December 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, supplies and services. The approved Core budget is £872,000, including the drawdown of £20,000 from reserves for an ICT equipment refresh, which was approved by the Partnership on 26th September 2025. Details of the Core budget are provided in Appendix 1.
- 2.2** Cumulative expenditure for the nine months to 31st December 2025 was £688,000. This is within the Core budget resources available for the period.
- 2.3** Estimates have been updated to reflect current expenditure commitments. It is projected that expenditure for the year will be in line with the approved Core budget.
- 2.4** As reported previously, the cost of £45,000 to host the Novus FX service will be met through the People and Place programme. Core budget expenditure and recharges have been adjusted to reflect this change.
- 2.5** Additional employee resources have been required in-year to deliver the approved projects / People and Place programme. This expenditure will be recovered through project / programme recharges.

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 £169,000. This is within the Projects budget resources available.
- 2.8** At its meeting on 26th 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 (MMI) £51,000
 - SEStran conference £18,000.
- These project allocations are shown in column 3 of Appendix 2.

- 2.9** The approved reserve allocations totalling £101,000 for the Data Strategy and MMI projects are no longer required. Emerging work on SEStran is likely to change the approach to the Data Strategy and the project has been paused. As reported previously, it is now anticipated that the SEStran project will include the planned work on 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.
- 2.10** It is currently projected that net expenditure on projects 2025/26 will be £70,000 less than budget.
- 2.11** An underspend of £33,000 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.
- 2.12** An underspend of £50,000 is forecast for the Freight Strategy Delivery Plan. Work to date has prioritised attempts to secure funding for the freight tram proposal and delivery of the time limited SCOT-ZED (Supporting Careers and Opportunity in Transport – for Zero Emission Diversity in the zero-emission heavy duty vehicle sector) project with University of the West of England. As a result, the strategy work had not been progressed to end of Q3, and the departure of the Senior Partnership Manager means that this work will not be progressed in Q4.
- 2.13** The provision for Thistle Assistance has been increased by £31,000 in year to balance underspends across several other projects. This has allowed work to be undertaken to increase data collection to support a robust project evaluation planned for 2026/27, as well as an additional marketing campaign that is due to begin imminently.
- 2.14** 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

- 2.15** 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 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

31 August 2025	+ 562,096
30 September 2025	+ 578,435
31 October 2025	+ 1,138,736
30 November 2025	+ 807,368
31 December 2025	+ 373,870

2.16 Interest is charged/paid on the monthly indebtedness between the Council and the Partnership. Interest will be calculated in March 2026. It is currently forecast that SEStran will receive £25,000 of interest in 2025/26.

2.17 The positive cash balance on 31st December 2025 is attributable to funding received from Scottish Government grants – principally the People and Place programme grant.

Reserves

2.18 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. On 1st April 2025, the Partnership had an unallocated General Fund Reserve of £221,000 - 25% of the core budget.

2.19 Based on latest forecasts within this report, in line with Board decisions, it is anticipated that a reserve drawdown of £38,000 will be required in 2025/26 for ICT refresh and the SEStran conference, with the Partnership’s unallocated General Fund Reserve reduced to £183,000 at 31st March 2026.

2.20 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 balanced forecast for the Core revenue budget for 2025/26.

3.2 the forecast underspend of £70,000 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

20 February 2026

Appendix

Appendix 1 – Core Budget Statement as at 31st December 2025

Appendix 2 – Projects Budget as at 31st December 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 December 2025

Appendix 1

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	564	423	422	593	29
National Insurance	76	57	56	79	3
Pension Fund	151	113	111	156	5
Project Recharges	(104)	0	0	(116)	(12)
Training & Conferences	8	6	13	15	7
Interviews & Advertising	2	2	0	0	(2)
	697	601	602	727	30
Premises Costs					
Office Accommodation	21	15	15	20	(1)
Transport					
Staff Travel	5	4	4	6	1
Supplies and Services					
Communications & Computing ¹	68	36	50	61	(7)
Printing, Stationery & General Office Supplies	7	5	3	5	(2)
Insurance	7	7	5	5	(2)
Equipment, Furniture & Materials, Miscellaneous	4	3	3	5	1
	86	51	61	76	(10)
Support Services					
Finance	31	0	0	31	0
Legal Services / HR	7	0	1	7	0
Consultancy	0	0	5	5	5
	38	0	6	43	5
Corporate & Democratic					
Clerks Fees	12	0	0	12	0
External Audit Fees	12	0	0	12	0
Members Allowances / Expenses	1	1	0	1	0
	25	1	0	25	0
Total Expenditure	872	672	688	897	25
Funding:					
Scottish Government Grant	(662)	(519)	(519)	(662)	0
Council Requisitions	(190)	(190)	(177)	(190)	0
General Reserve Drawdown	(20)	0	0	(20)	0
Interest on Revenue Balances	0	0	0	(25)	(25)
Total Funding	(872)	(709)	(696)	(897)	(25)
Net Expenditure/ (Income)	0	(37)	(8)	0	0

¹ Includes £20,000 non-recurring spend for an ICT refresh, funded from reserves, as approved by the Board on 26/9/25.

Projects Budget 2025/26 - as at 31st December 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
Projects Approved by Partnership Board 14th March 2025								
Sustainable Travel	20	25		(20)	(15)	10	29	19
RTPI – System Maintenance	25	8		(15)	(8)	10	10	0
RTS Delivery Plan	18	20			17	55	22	(33)
Rail Strategy	0	13				13	13	0
Equalities Access to Healthcare	10	(2)			52	60	50	(10)
Regional Bike Share	10	26			(11)	25	12	(13)
Thistle Assistance	30	6		(24)	(4)	8	39	31
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	57	(14)
Regional EV Infrastructure	5	(6)			1	0	0	0
Freight Strategy	20	10		(20)	40	50	0	(50)
People & Places	6,369			(6,369)		0	0	0
Projects Approved by Partnership Board 26th September 2025								
Data Strategy	0		50			50	0	(50)
Multi-Modal Exchanges	0		51			51	0	(51)
Conference SEStran 2025	0		18		22	40	40	0
Use of Reserves	0		(119)			(119)	(18)	101
Total	6,574	348	0	(6,493)	0	429	359	(70)

Risk Description	Mitigation and Controls
<p>Pay award 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 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 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 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 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>