Indicative Financial Plan 2027/28 to 2029/30

1. INTRODUCTION

1.1 This report provides an update on financial planning being progressed for the 2027/28 revenue budget and an indicative plan for 2028/29 to 2029/30.

2. MAIN REPORT

Scottish Government Budget 2027-28

2.1 The target publication date for the Scottish Government Draft Budget is anticipated to be 3rd December 2026.

2.2 It is anticipated indicative Scottish Government funding to Regional Transport Partnerships (RTPs) for 2027/28 will be advised shortly thereafter.

Financial Planning 2027/28 to 2029/30

2.3 The planning assumptions presented to the Partnership on 13th March 2026 have been updated.

2.4 Financial planning is currently based on no change in the Transport Scotland revenue grant for 2026/27, with a grant of £742,900 included in the financial plan. This assumption is identified as a financial planning risk.

2.5 In 2026/27, the Partnership was awarded funding of £5.115m from Transport Scotland to progress the People and Place Programme (PPP) (which was increased in year to £5.274m to reflect 2026/27 Q4+1 costs). Final confirmation has yet to be received of Programme funding for 2027/28 and beyond, and an indicative position should be known after the Scottish Budget. Until then, Transport Scotland has advised to plan for 2027/28 on the basis of a static funding award of c.£5.115m.

2.6 The financial plan makes provision for a pay award of 3% for each of 2027/28, 2028/29 and 2029/30.

2.7 Lothian Pension Fund are in the process of carrying out a valuation of the Fund as at 31 March 2026. The draft results recommend a reduction in the employer contribution rate from the current rate (26.8%) to 21.6%, with the revised rate anticipated to take effect from April 2027.

2.8 Other budget estimates have been updated to reflect forecast future costs.

2.9 The level of employee costs rechargeable to projects in 2027/28 will be confirmed upon confirmation of project budgets for 2027/28.

2.10 The cost of the RTPI system has been removed from the Core projects budget. It is expected this will be funded from People and Place from 2027/28 onwards.

2.11 An analysis of the indicative Core budget for 2027/28 to 2029/30 is shown in Appendix 1.

2.12 The 2027/28 Projects budget is shown in Appendix 2. Proposed project activity for 2027/28 is being developed, with confirmation awaited of 2027/28 funding for the People and Place Programme. An update of the Projects budget will be reported to the Partnership, following confirmation of Scottish Government funding.

2.13 In 2026/27, the Partnership budgeted for employee costs of £0.255m to be recharged to the Projects budget, Transport to Employment, and People and Place Programme. Work is being progressed to identify an appropriate level of employee recharge for 2027/28 and future years.

2.14 Based on the updated Core budget costs for 2027/28, it is forecast that the indicative budget will require an uplift in council requisitions. A Special Meeting of the Partnership Board is due to be held on the 16th November to discuss this.

2.15 Appendix 3 shows all budgeted expenditure and income since 2019/20.

2.16 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. Based on 5% of the proposed core budget for 2027/28, an unallocated reserve of £67,000 will be required.

2.17 At 1st April 2026, the Partnership has an unallocated General Fund Reserve of £243,000. Based on the forecast requirement for drawdown of £120,000 during 2026/27, the Partnership's unallocated General Fund Reserve is forecast to be £123,000 at 1st April 2027.

2.18 The Reserves Policy predates the significant growth in externally funded activity managed by SEStran and, when considered against total expenditure, the current reserve equates to around 2.5%. It is the recommendation of the treasurer that no drawdown from the unearmarked reserve is included in financial planning assumptions until additional risks associated with the externally funded activity are fully examined and reflected in an update to the Reserves Policy. An updated Reserves Policy will be presented to the Board in early 2027-28.

2.19 A risk assessment for 2027/28 is included at Appendix 4. Financial scenario planning is included at Appendix 5.

3 NEXT STEPS

3.1 The Partnership's Core and Projects budgets will continue to be developed in order to achieve expenditure within available funding prior to a budget for 2027/28 being presented to the Partnership Board for approval at its meeting in March 2027.

3.2 This work will require ongoing review of Core and Project costs with an assessment of potential funding and an appropriate level of employee recharge

for 2027/28. A risk assessment of the deliverability of potential funding will be undertaken.

3.3 There will be ongoing discussion of funding for 2027/28 with Transport Scotland.

4 RECOMMENDATION

4.1 It is recommended that the Partnership:

4.1.1 Notes the financial planning assumptions for the period 2027/28 to 2029/30;

4.1.2 Notes that financial planning for 2027/28 to 2029/30 will continue to be developed for approval of a revenue budget by the Partnership at its meeting in March 2027;

4.1.3 Notes that the indicative financial plan for 2027/28 to 2029/30 is subject to a number of risks.

5 BACKGROUND READING/EXTERNAL REFERENCES

5.1 Revenue Budget 2026/27 and Indicative Financial Plan 2027/28 – report to South East Scotland Transport Partnership 13th March 2026

Richard Lloyd-Bithell
Treasurer

Appendix

Appendix 1 – Indicative Core Budget 2027/28 to 2029/30

Appendix 2 – Projects – Indicative Activity 2027/28

Appendix 3 – Summary of Revenue Budget 2019/20 – 2026/27

Appendix 4 - Risk Assessment 2027/28

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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.
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.

Appendix 1
Indicative Core Budget 2026/27 to 2028/29

	Revised Budget	Indicative Budget	Indicative Budget	Indicative Budget
	2026-27	2027-28	2028-29	2029-30
	£'000	£'000	£'000	£'000
Employee Costs				
Salaries	640	677	697	717
National Insurance	86	92	95	98
Pension Fund	171	147	151	156
Training, Conferences & Recruitment	10	10	11	11
Total Employee Costs	**907**	**926**	**954**	**982**
Premises Costs	**25**	**26**	**27**	**28**
Transport	**5**	**5**	**5**	**5**
Supplies and Services				
Comms. & Computing	48	62	64	66
Printing & Office Supplies	7	7	7	8
Insurance	9	9	10	10
Equipment & Miscellaneous	4	4	4	4
Total Supplies and Services	**68**	**82**	**85**	**88**
Governance & Support Services				
Finance, Legal & HR	38	39	40	42
Clerks Fees	12	12	13	13
External Audit Fees	12	12	13	13
Members Expenses	1	1	1	1
Contingency Provision	30	0	0	0
Total Governance & Support Services	**93**	**64**	**67**	**69**
Core Projects				
Regional Bus Action Plan	100	73	73	73
RTPI	20	0	0	0
Podaris	0	45	46	48
Innovation, Research & Partnerships	0	40	40	40
Transport to Health	100	88	88	88
Sustainable Travel	47	10	10	10
Projects Consultancy	20	15	15	15
Comms. & Marketing	25	23	23	23
Electric Bike Scheme	23	0	0	0
Total Core Projects	**335**	**294**	**295**	**297**
Total Expenditure	**1,433**	**1,397**	**1,433**	**1,469**
Project Recharges[1]	**(255)**	**(265)**	**(275)**	**(281)**
Expenditure after Recharge	**1,178**	**1,132**	**1,158**	**1,188**

	Revised Budget	Indicative Budget	Indicative Budget	Indicative Budget
	2026-27	**2027-28**	**2028-29**	**2029-30**
	£'000	**£'000**	**£'000**	**£'000**
Funding:				
Scottish Government Grant	(743)	(743)	(743)	(743)
Council Requisitions	(190)	(364)	(390)	(420)
TfE Funding for Core Projects	(100)	0	0	0
Interest on Revenue Balances	(25)	(25)	(25)	(25)
Total Funding	**(1,058)**	**(1,132)**	**(1,158)**	**(1,188)**
Net Expenditure	**120**	**0**	**0**	**0**
Project Reserve – Brompton Bike Lease	(23)	tbc	tbc	tbc
Project Carry forward	(97)	0	0	0
Total Reserve (Drawdown)/Addition	**(120)**	**0**	**0**	**0**

Note 1: The level of Employee recharges to Projects remains to be confirmed, pending final confirmation of the Projects budget and People and Place funding.

Appendix 2
Indicative Programmes Budget

	Revised Budget	Indicative Budget	Indicative Budget	Indicative Budget
	2026-27	**2027-28**	**2028-29**	**2029-30**
	£'000	**£'000**	**£'000**	**£'000**
People & Place				
Staffing	235	403	417	427
RTPI – System and support	24	102	106	108
Thistle Assistance	40	30	40	40
Project Delivery***	0	4,611	4,590	4,578
Regional Project Delivery	87	0	0	0
Local Authority Delivery Support	485	0	0	0
Regional Priority Investment Fund	2,463	0	0	0
Access to Cycles and Cycle Storage	1,872	0	0	0
Community Grant Fund	365	0	0	0
Contributions – RTPI and Thistle Assistance	(40)	(31)	(38)	(38)
Scottish Government grant	(5,531)	(5,115)	(5,115)	(5,115)
Total People and Place	**0**	**0**	**0**	**0**
Regional Transport Strategy Delivery Plan				
Project Delivery	150	175	175	0
Local Growth Funding	(150	(175)	(175)	0
Total Regional Transport Strategy Delivery Plan	**0**	**0**	**0**	**0**
SEStransit				
Comms. Support	16	16	0	0
Staffing	11	24	0	0
Project Management and Delivery	173	160	0	0
Scottish Government Grant	(200)	(200)	0	0
Total SEStransit	**0**	**0**	**0**	**0**

Appendix 3
Summary of Revenue Budget 2019/20 – 2026/27

	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Core	584	581	663	619	774	876	852	843
Projects	690	1,080	809	907	713	275	205	235
People and Place						5,326	6,369	5,570
Transport to Employment								2,817
Workforce Mobility								200
Total Budget	**1,274**	**1,661**	**1,472**	**1,526**	**1,487**	**6,477**	**7,426**	**9,665**
External Funding								
EU Grants	82	142	106	210	26	100	0	0
Other income	220	547	394	344	489	154	124	145
People and Place	0	0	0	0	0	5,326	6,369	5,570
Transport to Employment	0	0	0	0	0	0	0	2,817
Workforce Mobility	0	0	0	0	0	0	0	200
Total External Funding	**302**	**689**	**500**	**554**	**515**	**5,580**	**6,493**	**8,732**
Scottish Government	782	782	782	782	782	743	743	743
Council Requisition	190	190	190	190	190	190	190	190
Total Funding	**1,274**	**1,661**	**1,472**	**1,526**	**1,487**	**6,513**	**7,426**	**9,665**

Risk Assessment 2027/28 **Appendix 4**

Risk Description	Existing Controls
Pay awards The indicative budget makes provision for a pay award of 3% in 2027/28 to reflect current Local Government pay assumptions. An uplift of 1% in pay award in 2027/28 equates to an increase of £9,300.	Alignment with Local Government Pay Policy.
Staff recharges to Projects and People and Place Programme The proposed budget assumes that a level of staff time can be recharged to Projects and to the People and Place Programme. There is a risk this may not be achievable.	The forecast of employee recharges will be reviewed as part of the ongoing budget development. Expenditure commitments will be reviewed in the event of any forecast shortfall in employee recharges.
Inflation There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.	Allowance made for specific known price inflation. Budgets adjusted in line with current cost forecasts.
Pension Fund Contributions The value of the Partnership's pension fund was restricted to 'Nil' at 31 March 2026, following proper accounting practice. The actual surplus may lead to a decrease in future employer's pension fund contributions.	Following Lothian Pension Fund's Triennial Actuarial Review in 2026, Partnership employer pension fund contribution rates are expected to reduce to 21.8% until 31 March 2030.
Funding Reductions Reduction in funding from Scottish Government and/or council requisitions. There is a risk that current levels of activity / staffing cannot be maintained due to funding constraints and that the Partnership will incur staff release costs.	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.

Appendix 5

Scenario planning

The principal assumptions underpinning the proposed budget are noted in the table below.

	2027/28
Staff pay award (all staff; average provision)	3%
Employee Recharges to Projects and People and Place Programme	Employee costs can be recharged to Projects and People and Place Programme in 2026/27.
Office Rental	Per Scottish Government Memorandum of Terms of Occupation Agreement (MoTO).
Other contractual commitments	Budget estimates updated when cost commitments are known.
Transport Scotland core grant funding	Budget estimate updated when funding advised by Transport Scotland.
People and Place grant funding	Budget estimate updated when funding advised by Scottish Government.

The factors with the largest impact on the Partnership's income and expenditure at 2027/28 estimated values are noted in the table below.

	At 2026/27 levels, every 1% change would result in following change from core assumptions
Transport Scotland core grant funding year-on-year change	£7,430
Staff pay award (all staff; average provision)	9,300
Employee Recharges to Projects and People and Place Programme	£2,550
Office Rental cost (MoTO)	£250
People and Place Programme funding	£55,310

In seeking to manage changes from core assumptions, the Partnership would:

- In the first instance, seek to identify additional project funding opportunities. The Partnership has a consistent track record of leveraging external funding.
- Review the partnership's costs, with the intention of reducing costs to achieve expenditure within the available funding.
- Where appropriate, discuss funding with Transport Scotland, using the Regional Transport Partnerships Chairs Forum, as required.
- Where appropriate, discuss funding with constituent councils.