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 2026/27, in accordance with the Financial Regulations of the Partnership. This report presents an analysis of financial performance to the end of October 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 (PPP) 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 seven months to 31st October was £689,000. 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 projected that net expenditure for the year will be £31,000 less than budget, which is mainly due to increased staff recharges to the Projects budget, offset by the cost of employing three Project Officers on a fixed-term basis (£22,000) and by a reduction in planned use of the contingency (£10,000).

People and Place Programme (PPP)

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 A budget realignment was approved by the Partnership Board on 25th September 2026, which added £416,017 of PPP 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.

2.7 The latest PPP forecasts are detailed in Appendix 2. This also includes a proposed budget realignment which will add £159,225 of PPP grant income, and associated expenditure. The Partnership has been able to secure an additional £159,225 of revenue grant funding from Transport Scotland, due to an underspend within the wider national delivery area.

Transport to Employment Programme

2.8 Transport Scotland funding for 2026/27 was confirmed at £2,587,740 and is reflected in the revised budget approved by the Partnership Board on 19th June.

2.9 A budget realignment was approved by the Partnership Board on 25th September 2026, which reflects additional Transport Scotland funding for 2026/27 of £229,728 to support delivery of the Transport to Employment programme.

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

Workforce Mobility Project

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

RTS Delivery Plan

2.12 The latest RTS Delivery Plan Project forecasts are detailed in Appendix 2. This reflects a proposed budget realignment which will add £150,000 of RTS grant income, and associated expenditure. Multi-year funding of £450,000 through to 2028/29 has been secured from the Local Growth Fund via the Edinburgh and South East Scotland City Deal towards the development of the RTS Delivery Plan. The Partnership will use £150,000 of this funding is to support delivery in 2026/27.

SEStransit

2.13 The latest SEStransit Project forecasts are detailed in Appendix 2. This reflects a proposed budget realignment which will add £200,000 of SEStransit grant income, and associated expenditure. The Bus Infrastructure Fund award for SEStransit in 2026/27 was confirmed by Transport Scotland on 9th October 2026.

2.14 The full grant of £700,000 is being made to The City of Edinburgh Council whereby £500,000 supports the technical delivery led by Stantec, and £200,000 is being passed to the Partnership to support the formation of a Project Management Office to oversee delivery.

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 City of Edinburgh Council on behalf of the Partnership.

2.16 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
31 August 2026	+ 522,176
30 September 2026	+ 358,722
31 October 2026	+ 369,782

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

2.18 The positive cash balance at 31st October 2026 is attributable to funding received from Scottish Government grants – principally the People and Place programme grant.

Reserves

2.19 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.

2.18 An update of Financial Risks for 2026/27 is included at Appendix 3.

3 RECOMMENDATIONS

It is recommended that the Committee:

3.1 Notes the forecast underspend on the Core revenue budget of £31,000.

3.2 Notes the latest forecasts for the following Project budgets:

- PPP
- Transport to Employment Programme
- Workforce Mobility Project
- RTS Delivery Plan
- SEStransit

3.3 Recommends to the Board the re-alignment of the 2026/27 Projects budget to reflect: -

- PPP - additional 2026/27 funding from Transport Scotland of £159,225
- RTS Delivery Plan – new funding from Transport Scotland of £150,000
- SEStransit – new funding from the UK Government's Local Growth Fund of £200,000

Richard Lloyd-Bithell
Treasurer
November 2026

Appendix	Appendix 1 – Core Budget Statement at 31st October 2026 Appendix 2 – Projects Budget as at 31st October 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 October 2026 **Appendix 1**

	Annual Budget £'000	Period Budget £'000	Period Actual £'000	Annual Forecast £'000	Forecast Variance £'000
Employee Costs					
Salaries	640	373	405	711	71
National Insurance	86	50	55	101	15
Pension Fund	171	100	110	195	24
Project Recharges	(255)	0	(55)	(387)	(132)
Training, Conferences & Recruitment	10	5	5	10	0
	652	**528**	**520**	**630**	**(22)**
Premises Costs	**25**	**12**	**9**	**25**	**0**
Transport	**5**	**3**	**2**	**5**	**0**
Supplies and Services					
Comms & Computing	48	28	31	48	0
Printing & Office Supplies	7	4	2	7	0
Insurance	9	9	9	9	0
Equipment, Miscellaneous	4	2	4	5	1
	68	**43**	**46**	**69**	**1**
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	1	0	1	0
Contingency Provision	30	0	1	20	(10)
	93	**1**	**1**	**83**	**(10)**
Interest	**(25)**	**0**	**0**	**(25)**	**0**
Core Projects					
Regional Bus Action Plan	100	10	10	100	0
RTPI	20	20	20	20	0
Sustainable Travel	47	55	55	50	3
Projects Consultancy	20	15	15	17	(3)
Comms & Marketing	25	11	11	25	0
Electric Bike Scheme	23	0	0	23	0
	235	**111**	**111**	**235**	**0**
Total Gross Expenditure	**1,053**	**698**	**689**	**1,022**	**(31)**
Funding:					
Scottish Govt. Grant	(743)	(543)	(543)	(743)	0
Council Requisitions	(190)	(190)	(190)	(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)**	**(733)**	**(733)**	**(1,053)**	**0**

Appendix 2

People and Place Programme – Revised Budget 2026/27

	Budget	Realign-ment	Revised Budget	Forecast	Variance
	£	£	£	£	£
Staffing	235,315		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	20,000	106,714	93,914	(12,800)
Local Authority Delivery Support	484,922		484,922	561,482	76,560
Regional Priority Investment Fund	2,463,278	139,225	2,602,503	2,717,138	114,635
Access to Cycles & Cycle Storage	1,871,947		1,871,947	1,718,302	(153,645)
Community Grant Fund	364,579		364,579	373,222	8,643
Contributions – RTPI and Thistle Assistance	(39,500)		(39,500)	(39,500)	0
Scottish Government Grant	(5,530,755)	(159,225)	(5,689,980)	(5,689,980)	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	346,878	46,669
Working with School Communities	188,676		188,676	276,803	88,127
Transport to Larger Workplaces	830,700		830,700	890,700	60,000
Rural Transport to Work and Further Education	597,000		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	178,205		178,205	100,212	(77,993)
Scottish Government Grant	(2,817,468)		(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**

RTS Delivery Plan – Revised Budget 2026/27

	Budget Realignment	Forecast	Variance
	£	£	£
RTS Delivery Plan Project	150,000	150,000	0
UK Government Grant	(150,000)	(150,000)	0
	0	**0**	**0**

SEStransit – Revised Budget 2026/27

	Budget Realignment	Forecast	Variance
	£	£	£
SEStransit Project	200,000	200,000	0
Scottish Government Grant	(200,000)	(200,000)	0
	0	**0**	**0**

Appendix 3

Financial Risks 2026/27

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.