

**TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP****12 DECEMBER 2017****2018/19 CORE REVENUE BUDGET****JOINT REPORT BY DIRECTOR AND TREASURER**

This report seeks the Partnership's approval of a proposed 2018/19 Core Revenue Budget.

**1 RECOMMENDATIONS**

1.1 That the Partnership :-

- (i) approves the proposed 2018/19 Core Revenue Budget as detailed in the Appendix to the report;
- (ii) requests that partner Councils make provision for their proposed respective funding contributions within their 2018/19 Revenue Budgets; and
- (iii) agrees to receive a report with a finalised 2018/19 Core Revenue Budget and proposed 2018/19 Regional Transport Strategy Revenue Programme Budget at its next meeting.

**2 BACKGROUND**

- 2.1 The Partnership's approved 2017/18 Core Revenue Budget of £415,631 is funded from an allocation of £310,381 from Scottish Government Grant-in-Aid plus amounts totalling £103,020 requisitioned from the 4 partner Councils, based upon an agreed funding formula, and £2,230 of other income.
- 2.2 At the time of writing confirmation of the Draft Scottish Government Budget for 2018/19 and the anticipated level of Grant-in-Aid funding to be provided next year to Regional Transport Partnerships is awaited. The Draft Scottish Government Budget for 2018/19 is due to be published during week commencing 11 December 2017.

**3 DISCUSSION**

- 3.1 Core budget expenditure is regularly monitored and reviewed to identify budget pressures and any scope for effecting year on year and in-year efficiencies or other savings.
- 3.2 A proposed 2018/19 Core Budget, which seeks to maintain the Partnership's capacity and capability to fulfil its various statutory duties and responsibilities during the coming year, is detailed in the Appendix with further explanation provided below.

## Staff Costs

- 3.3 The proposed budget for 2018/19 makes provision for the revised staffing structure approved by the Partnership at its meeting on 12 September 2017 (Report RTP/P4/17 refers) and appointments which have now been made to a number of vacancies, as updated in the separate report on Partnership Staffing. Pending a final decision by the Partnership on arrangements for replacement of the Director, who is due to retire by 1 April 2018 as agreed by the Partnership on 12 September 2017, the proposed staffing budget allows for appointment of a successor at the bottom point of the approved salary scale. Allowance has also been made for a general inflationary salary increase in line with an assumed 2% local authority pay award for 2018/19.
- 3.4 The revised staffing structure approved by the Partnership on 12 September 2017 included replacement of the previous post of embedded Active Travel Officer with an “in-house” appointment of a Strategy Officer (Sustainable Transport). The previous post had been appointed by Sustrans and fully funded by Tactran from the RTS Programme budget provision for Active Travel. The proposed 2018/19 budget therefore includes a consequential transfer of Scottish Government Grant-in-Aid funding equivalent to £42,000/annum from the RTS Revenue Programme budget to the Core budget, as noted by the Partnership when approving the revised staffing structure on 12 September 2017.
- 3.5 Implementation of the revised staffing structure, allowing for the assumed inflationary pay award and incremental salary progression, generates an overall increase of £55,852 compared with 2017/18 costs, of which £42,000 is offset by the transfer of Active Travel Officer funding from the RTS Programme budget to the Core budget. The remaining increase of £13,852 results from anticipated inflationary and incremental salary increases (approximately £7,000) and appointment of new staff towards the upper end of the approved salary scales (approximately £7,000). It is proposed that this additional cost is met from a combination of savings identified in the Property and Supplies and Services budgets, as discussed below, coupled with an additional allocation of £5,667 from Scottish Government Grant-in-Aid towards Core costs.
- 3.6 As in previous years the proposed staffing budget makes no provision for any recovery of staff time or other costs associated with Tactran staff supporting related partnership initiatives such as emerging City Deals and other activity.
- 3.7 The proposed budget for Training/Conferences is maintained at the 2017/18 level, which is the minimum considered necessary to support continuing professional input and development.

### Property Costs

- 3.8 The lease on the Partnership's Headquarters accommodation was renewed in November 2015 and extended for a further 6 years until November 2021 (Report RTP/15/39 refers). The revised lease provides for an annual rental of £13,400/annum until 19 November 2018, with a mid-term review for the remaining 3 years of the lease due then. The proposed budget assumes continuation of the current annual rental throughout 2018/19.
- 3.9 As discussed in the separate report on 2016/17 Revenue Monitoring the Partnership is no longer liable for Business Rates on its office accommodation as a result of a national review of Business Rates, generating a saving of £5,985 against the originally approved 2017/18 Budget.
- 3.10 Proactive monitoring and management of energy usage and costs in previous years has, despite increasing energy costs, contained expenditure within a reduced budget of £4,800 since 2016/17, which it is proposed be maintained in 2018/19. The proposed budgets for Cleaning and Maintenance were reduced by 20% and 50% respectively in 2016/17. Reflecting lower than anticipated charges against these budgets during 2017/18, it is proposed that these budgets be further reduced by 20% and 50% respectively, generating further savings totalling £900/annum.

### Supplies and Services

- 3.11 As a result of savings implemented over previous years the budget for Office Consumables is now at the minimum required for operational purposes. The budget for Insurances (property and professional indemnity) will be determined by market rates.
- 3.12 It is proposed that the Communications budget is reduced by approximately 14% through removal of the Fax facility which is seldom used in modern-day office communications, generating savings of £500/annum.
- 3.13 Proposed investment in a general upgrading of IT equipment during the current year for new and existing staff, as discussed in the separate report on 2017/18 Revenue Monitoring, creates the potential to reduce the annual provision for IT maintenance in 2018/19, generating savings of £800/annum.
- 3.14 The budgets for Hospitality and Miscellaneous Board Expenses were reduced by 12½% and 33% respectively in 2016/17 and are now considered to be at the minimum required for operational needs and purposes.

### Transport Costs

- 3.15 The Travel & Subsistence and Public Transport budgets have been progressively reduced by 33% over previous years and are at the minimum required to accommodate essential travel necessary to fulfil the Partnership's various statutory roles and duties.

- 3.16 The proposed 2018/19 budget seeks to contain Travel and Subsistence costs within 2011/12 budget limits through sustainable working practices, such as tele- and video-conferencing, where appropriate, and active management of work-related travel in accordance with the Partnership's approved Staff Travel Plan and Public Sector Climate Change Duties and associated reporting.

#### Third Party Payments

- 3.17 In keeping with a proposed freeze on constituent Councils' contributions for a fourth year in succession, it is proposed that Third Party payments for Financial, Secretariat, Legal, Information Technology and Human Resources support services are also held at 2017/18 levels. External Audit fees are also expected to be held at or below 2017/18 levels.

#### Income

- 3.18 As indicated in 2.2 above, confirmation of the level of Scottish Government Grant-in-Aid funding for 2018/19 is awaited. The Partnership's allocation of RTP Grant-in-Aid has been maintained at £522,750/annum since 2013/14. The proposed budget provides for an increased Grant-in-Aid allocation of £358,048 towards Core costs in 2018/19, for the reasons discussed in 3.4 and 3.5 above.
- 3.19 Council contributions towards the Partnership's Core costs have reduced from £220,000 in 2009/10 to £103,020 in the current year. The proposed 2018/19 Budget requests maintenance of Council contributions at 2015/16 levels for a fourth year.
- 3.20 Income of £2,230/annum is generated from accommodating and supporting an officer working under the auspices of the Society of Chief Officers of Transportation in Scotland (SCOTS) within the Partnership's offices.
- 3.21 Council and Government Budget processes are ongoing and will only finally be confirmed around mid-February 2018.

#### **2018/19 RTS Revenue Programme**

- 3.22 As indicated above, confirmation of the level of Scottish Government Grant-in-Aid for 2018/19 is awaited. A proposed RTS Revenue Budget and Programme for 2018/19, based on confirmed Grant-in-Aid funding and Council contributions towards Core operating costs, will be reported to the Partnership's next meeting in March 2018.

#### **4 CONSULTATIONS**

- 4.1 The proposed 2018/19 Core Revenue Budget and associated Council contributions will be the subject of consultation with partner Councils prior to reporting on a finalised Core and RTS Revenue Programme Budget to the Partnership meeting in March 2018.

## **5 RESOURCE IMPLICATIONS**

5.1 The main resource implications are addressed within the report.

## **6 EQUALITIES IMPLICATIONS**

6.1 This report has no direct equalities implications.

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**Director**

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**Treasurer**

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### **NOTE**

Background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing this Report:

Report to Partnership RTP/15/39, 2015/16 Revenue Budget and Monitoring, 8 December 2015

Report to Partnership RTP/P4/17 (EXEMPT), Partnership Staffing, 12 September 2017

Report to Partnership RTP/17/36, 2017/18 Revenue Budget and Monitoring, 12 December 2017

**Tactran Core Revenue Budget**

|  | <b>2017/18<br/>Budget<br/>£</b> | <b>Proposed<br/>2018/19<br/>Budget<br/>£</b> |
|--|---------------------------------|--|
| <b>Income</b>                              |                                 |  |
| Scottish Government Grant Revenue Received | 310,381                         | 358,048                                      |
| Angus Council                              | 23,595                          | 23,595                                       |
| Dundee City Council                        | 29,265                          | 29,265                                       |
| Perth and Kinross Council                  | 31,210                          | 31,210                                       |
| Stirling Council                           | 18,950                          | 18,950                                       |
| Other Income                               | 2,230                           | 2,230  |
|  | <b><u>415,631</u></b>           | <b><u>463,298</u></b>                        |
| <b>Expenditure</b>                         |                                 |  |
| <u>Staff Costs</u>                         |                                 |  |
| Salary GP                                  | 250,815                         | 294,265                                      |
| Salary Supn                                | 42,640                          | 50,005                                       |
| Salary NI                                  | 27,896                          | 32,933                                       |
| Training/Conferences                       | 1,200                           | 1,200  |
| Subscriptions                              | 330                             | 330  |
|  | <b><u>322,881</u></b>           | <b><u>378,733</u></b>                        |
| <u>Property Costs</u>                      |                                 |  |
| Energy                                     | 4,800                           | 4,800  |
| Cleaning                                   | 2,000                           | 1,600  |
| Maintenance                                | 1,000                           | 500  |
| Rent                                       | 13,400                          | 13,400                                       |
| Rates                                      | 5,985                           | -  |
|  | <b><u>27,185</u></b>            | <b><u>20,300</u></b>                         |
| <u>Supplies and Services</u>               |                                 |  |
| Office Consumables                         | 4,125                           | 4,125  |
| Communications                             | 3,500                           | 3,000  |
| Insurance                                  | 6,140                           | 6,140  |
| Information Technology                     | 1,000                           | 200  |
| Hospitality                                | 700                             | 700  |
| Board Expenses - misc.                     | 1,000                           | 1,000  |
|  | <b><u>16,465</u></b>            | <b><u>15,165</u></b>                         |
| <u>Transport Costs</u>                     |                                 |  |
| Travel and Subsistence                     | 2,000                           | 2,000  |
| Public Transport                           | 2,200                           | 2,200  |
| Expenses - Board Members                   | 1,000                           | 1,000  |
|  | <b><u>5,200</u></b>             | <b><u>5,200</u></b>                          |
| <u>Third Party Payments</u>                |                                 |  |
| Audit Fees External                        | 9,900                           | 9,900  |
| PKC Finance Service                        | 14,000                          | 14,000                                       |
| PKC Secretariat Service                    | 8,000                           | 8,000  |
| Other Third Party Payments                 | 12,000                          | 12,000                                       |
|  | <b><u>43,900</u></b>            | <b><u>43,900</u></b>                         |
| Gross Expenditure                          | <b><u>415,631</u></b>           | <b><u>463,298</u></b>                        |
| Net Expenditure                            | <b><u>0</u></b>                 | <b><u>0</u></b>                              |