

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

12 DECEMBER 2023

2024/25 CORE REVENUE BUDGET

JOINT REPORT BY DIRECTOR AND TREASURER

Purpose

This report seeks the Partnership's approval of a proposed 2024/25 Core Revenue Budget.

Summary

There is an anticipated increase in Staff Costs which provides a Core budget of £547,532, with a general Reserves of £28,378, which equates to 5.2% of the proposed Core Budget. All other budget headings remain at 2023/24 projected outturn levels. It is recommended that partner Councils make provision for their respective funding contributions within their 2024/25 revenue budgets.

1 RECOMMENDATIONS

1.1 That the Partnership:

- (i) approves the proposed 2024/25 Core Revenue Budget as detailed in Appendix A to the report;
- (ii) requests that partner Councils make provision for their proposed respective funding contributions within their 2024/25 Revenue Budgets;
- (iii) agrees to receive a report with a finalised 2024/25 Core Revenue Budget and proposed 2023/24 Regional Transport Strategy Revenue Programme Budget at its next meeting; and
- (iv) notes the estimated Reserves balance at 1 April 2024.

2 BACKGROUND

- 2.1 The Partnership's approved 2023/24 Core Revenue Budget of £532,353 is funded from an allocation of £422,333 from Scottish Government Grant-in-Aid plus amounts totalling £103,020 requisitioned from the four partner Councils, based upon an agreed funding formula. The remaining balance of £7,000 is funded from Reserves.
- 2.2 Confirmation of the Draft Scottish Government Budget for 2024/25 and the anticipated level of Grant-in-Aid funding to be provided next year to Regional Transport Partnerships is anticipated to be published on 19 December 2023.

3 DISCUSSION

- 3.1 The 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 The recovery from the Covid-19 pandemic continued during 2023/24, with staff continuing to work in a hybrid capacity of a mixture of in office and at home working throughout the year. Hybrid Board meetings have also provided the opportunity to attend on-line rather in person. The 2024/25 Core budget assumes that the current working arrangements will continue indefinitely, and the Tactran office will be required for hybrid working.
- 3.3 Transport Scotland has agreed to extend funding for the Tayside Bus Alliance Project Manager's contract to 31 March 2024. The Tayside Bus Alliance STAG corridor appraisal was submitted to Transport Scotland in early April 2023, with a decision awaited. The funding position beyond March 2024 will remain uncertain until the gateway review and evaluation is complete. Further extension of the contract will be dependent upon a positive outcome and award of funding to progress the project from the Bus Partnership Fund, following the gateway review. No allowance has been made for this post within the Staff Costs for 2024/25. However, a review of the need to make provision may be required at the March 2024 Partnership Board meeting.
- 3.4 The proposed 2024/25 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 Appendix A with further explanation provided below.

Staff Costs

- 3.5 There are currently no vacant Tactran posts and the proposed budget for 2024/25 is in line with the staffing structure approved by the Partnership at its meeting on 12 September 2017 (Report RTP/P4/17 refers), and subsequently amended following retirement of the Administrative Assistant in March 2021.
- 3.6 At the time of preparing this report, the 2023/24 pay award had not been accepted by Unison, however, the union had balloted its members recommending the offer is accepted. The 2023/24 budget for Staff Costs assumes the CoSLA pay agreement for 2023/24 has been implemented, and this has been used as the basis from which to establish 2024/25 estimates for Staff Costs. The Staff Cost estimates for 2024/25 includes an allowance for an assumed 3% pay award, however, this may require further adjustment when the final pay award is agreed.
- 3.7 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 City Deals and other activity. Future bids for Capital funding may include officer time including for project management.

- 3.8 The proposed budget for Training/Conferences is maintained at the approved level for 2023/24, which is the minimum considered necessary to support continuing professional input and development.

Property Costs

- 3.9 The lease on the Partnership's Headquarters accommodation was renewed in November 2021 for a further 4 years until November 2025 (Report RTP/21/16 refers). Options for office accommodation will be reviewed to determine a preferred option before May 2025, six months prior to the lease end date.
- 3.10 Proactive monitoring and management of energy usage and costs in previous years has contained expenditure within a reduced budget of £4,800 since 2016/17 and was further reduced to £4,290 in 2019/20 and maintained at this level. It is proposed that the Energy budget be maintained at this level in 2024/25.
- 3.11 The proposed budgets for Cleaning and Maintenance were reduced by 20% and 50% respectively in 2016/17 and reduced by a similar percentage in 2017/18. It is proposed that the Cleaning budget is maintained at the approved Core Budget level. It is proposed that the 2024/25 Maintenance budget is maintained at £500.

Supplies and Services

- 3.12 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) is determined by market rates and is maintained at the budget level for 2023/24.
- 3.13 The Communications budget was reduced by approximately 14% in 2018/19 and it is considered to now be near the minimum requirement. It is proposed to maintain this at £2,500 reflecting the 2023/24 approved Core Budget heading.
- 3.14 The Information Technology budget is maintained at £2,200 to meet recurring costs for Office 365 licences.
- 3.15 The budgets for Hospitality and Miscellaneous Board Expenses were reduced by 12.5% and 33% respectively in 2016/17 and have been maintained at this level since. They are now considered to be at the minimum required for operational needs and it is proposed to maintain these at this level in 2024/25.

Transport Costs

- 3.16 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.

- 3.17 The proposed 2024/25 budget seeks to contain Transport Costs at 2023/24 approved Core Budget levels, although the savings arising in the current and previous financial year suggests that the budgets may require further review in 2024/25.

Third Party Payments

- 3.18 It is proposed that Third Party payments for Financial, Secretariat, Legal, Information Technology and Human Resources support services are held at 2023/24 levels. The appointment of KPMG as External Auditor ceased after the audit of the 2021/22 annual accounts, and Audit Scotland was appointed as the External Auditor for 5 years with effect from 2022/23. External Audit fees increased from £11,850 to £13,035 during 2023/24 and it is proposed to maintain costs at this increased level however, these are yet to be confirmed and this budget may require adjustment.
- 3.19 The Third Party Payments budget for 2023/24 includes an allowance for the annual pension report and monthly payroll transactions. It is proposed to maintain the budget for Third Party Payments at £2,000 for 2024/25.

Income

- 3.20 As indicated in 2.2 above, confirmation of the level of Scottish Government Grant-in-Aid funding for 2024/25 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 £444,512 towards Core costs in 2024/25.
- 3.21 Council contributions towards the Partnership's Core costs have reduced from £220,000 in 2009/10 to £103,020 in 2015/16 and have been maintained at this level. The proposed 2024/25 Budget requests that constituent Council's maintain their respective contributions at 2015/16 levels for a further year.

2023/24 Core Budget - Reserves

- 3.22 The Transport Scotland (2019) Act provides RTP's with the powers to establish and maintain General Fund Reserves. The Reserves policy for Tactran was approved by the Partnership at the meeting on 15 September 2020 (Report RTP/20/28 refers).
- 3.23 The policy requires the annual reporting of the Reserves balance during the budget setting process. Given the current economic uncertainty, it is prudent to also ensure that there are no new risks which may have an impact on balances and the Reserves policy remains fit for purpose.

3.24 The financial risks outlined in the Reserves policy are: -

- Pay award uplift
- Inflation pressures
- Delays in grant funding income
- Increase in pension fund contributions
- Reduction in funding

3.25 All the above risks remain current, and no new risks have been identified. Future pay awards and a reduction in funding are the main risks which will result in budget pressures and it is, therefore, prudent to ensure that the Reserves balance is sufficient to manage any unforeseen events or variances in assumptions.

3.26 The Reserves policy aims to maintain non-earmarked Reserves at between 3% to 5% of the Core budgeted expenditure. The estimated Reserves balance at 31 March 2023 is £28,378, which equates to 5.2% of the proposed 2024/25 Core Budget and is considered sufficient at this time.

2023/24 RTS Revenue Programme

3.27 As indicated above, confirmation of the level of Scottish Government Grant-in-Aid for 2024/25 is awaited. A proposed RTS Revenue Budget and Programme for 2024/25, 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 2024.

4 CONSULTATIONS

4.1 The proposed 2024/25 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 2023.

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.

Mark Speed
Director

Scott Walker
Treasurer

Report prepared by Mark Speed. For further information contact email markspeed@tactran.gov.uk or call 07919 698611.

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/20/28, RTP Finances: General Fund Reserves, 15 September 2020

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

Report to Partnership RTP/21/16, Directors' Report, 15 June 2021

Report to Partnership RTP/22/23, Directors' Report, 20 September 2022

| | 2023/24 Approved Budget £ | 2023/24 Projected Outturn £ | 2024/25 Proposed Budget £ |
|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| <u>Income</u> | | | |
| Scottish Gov Grant Revenue | 422,333 | 430,838 | 444,512 |
| Council Req's Revenue | 103,020 | 103,020 | 103,020 |
| Interest Received | - | - | - |
| | 525,353 | 533,858 | 547,532 |
| <u>Expenditure</u> | | | |
| <u>Staff Costs</u> | | | |
| Salary GP | 344,533 | 344,533 | 349,565 |
| Salary Supn | 57,381 | 57,381 | 59,426 |
| Salary NI | 38,734 | 38,734 | 40,709 |
| Training/Conferences | 2,000 | 2,000 | 2,000 |
| Subscriptions | 400 | 400 | 400 |
| | 443,048 | 443,048 | 452,100 |
| <u>Property Costs</u> | | | |
| Energy | 4,290 | 4,290 | 4,290 |
| Cleaning | 2,000 | 2,000 | 2,000 |
| Maintenance | 500 | 500 | 500 |
| Rent | 13,490 | 13,490 | 13,490 |
| Rates | - | 4,942 | 4,942 |
| | 20,280 | 25,222 | 25,222 |
| <u>Supplies and Services</u> | | | |
| Office Consumables | 4,125 | 4,125 | 4,125 |
| Communications | 2,500 | 2,500 | 2,500 |
| Insurance | 7,100 | 7,100 | 7,100 |
| Information Technology | 2,200 | 2,200 | 2,200 |
| Hospitality | 700 | 700 | 700 |
| Board Expenses - misc. | 500 | 500 | 500 |
| | 17,125 | 17,125 | 17,125 |
| <u>Transport Costs</u> | | | |
| Travel and Subsistence | 1,500 | 1,500 | 1,500 |
| Public Transport | 2,800 | 2,800 | 2,800 |
| Expenses - Board Members | 500 | 500 | 500 |
| | 4,800 | 4,800 | 4,800 |
| <u>Third Party Payments</u> | | | |
| Audit Fees External | 11,850 | 13,035 | 13,035 |
| PKC Finance Service | 14,000 | 14,000 | 14,000 |
| PKC Secretariat Service | 8,000 | 8,000 | 8,000 |
| PKC Legal Services | 3,000 | 3,000 | 3,000 |
| PKC IT Services | 8,250 | 8,250 | 8,250 |
| Other Third Party Payments | 2,000 | 2,000 | 2,000 |
| | 47,100 | 48,285 | 48,285 |
| Gross Expenditure | 532,353 | 538,480 | 547,532 |
| Net Income/(Expenditure) | (7,000) | (4,622) | - |
| Opening Core Reserves | 33,000 | 33,000 | 28,378 |
| Transfer to/(from) Earmarked Reserve | (7,000) | (7,000) | - |
| Transfer to/(from) General Reserve | - | 2,378 | - |
| Closing Core Reserves | 26,000 | 28,378 | 28,378 |