

## TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

10 DECEMBER 2024

## 2025/26 CORE REVENUE BUDGET

## JOINT REPORT BY DIRECTOR AND TREASURER

Purpose

This report seeks the Partnership's approval of a proposed 2025/26 Core Revenue Budget.

Summary

There is an anticipated decrease in Staff Costs through recharging time to various projects and programmes, which provides a Core budget of £523,848, with a general Reserve of £28,357, which equates to 5.4% of the proposed Core Budget. The majority of other budget headings remain at 2024/25 projected outturn levels with some minor increases. It is recommended that partner Councils make provision for their respective funding contributions within their 2025/26 revenue budgets.

**1 RECOMMENDATIONS**

## 1.1 That the Partnership:

- (i) approves the proposed 2025/26 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 2025/26 Revenue Budgets;
- (iii) agrees to receive a report with a finalised 2025/26 Core Revenue Budget and proposed 2025/26 Regional Transport Strategy Revenue Programme Budget at its next meeting; and
- (iv) notes the estimated Reserves balance at 1 April 2025.

**2 BACKGROUND**

- 2.1 The Partnership's approved 2024/25 Core Revenue Budget of £567,149 is funded from an allocation of £444,512 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 £19,617 is funded from Reserves.
- 2.2 The Draft Scottish Government Budget for 2025/26 was published on 4 December. The anticipated level of Grant-in-Aid funding to be provided next year to Regional Transport Partnerships is awaited from Transport Scotland.

### **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 Hybrid Board meetings have also provided the opportunity to attend on-line rather than in person. The 2025/26 Core budget assumes that the current mixture of in office and at home working arrangements will continue indefinitely, and the Tactran office will be required for this approach. In recent years hybrid Board meetings have also been utilised providing the opportunity to attend on-line rather than in person. Future board meetings will consist of three virtual meetings and one in-person meeting each year.
- 3.3 The proposed 2025/26 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

- 3.4 There is currently one vacant post which Tactran is actively seeking to fill. The proposed budget for 2025/26 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 2021 and the establishment of the Projects Manager post.
- 3.5 At the time of preparing this report, the 2024/25 pay award has not been accepted by Unison, however it has been accepted by two other unions and as such CoSLA has chosen to implement the pay offer whilst negotiations are ongoing. The proposed budget for Staff Costs utilises the implemented CoSLA pay offer for 2024/25 as the basis from which to establish 2025/26 estimates for Staff Costs. The Staff Cost estimates for 2025/26 include an allowance for an assumed 3% pay award, however, this may require further adjustment when the final pay award is agreed.
- 3.6 In previous years the proposed staffing budget made no provision for recovery of staff time or other costs associated with Tactran staff supporting related partnership initiatives such as City Deals and other activity. In 2024/25, bids for Capital funding included officer time for project management; and collaborative working with other RTP's on projects also led to the recovery of staff time. This is expected to continue into future years and for the purposes of setting the 2025/26 budget, 200% of FTE at the Strategic Officer level has been assumed as being recoverable.
- 3.7 The proposed budget for Training/Conferences is maintained at the approved level for 2024/25, 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 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, however with the adoption of hybrid working the requirement for office space will remain to some degree.
- 3.9 Proactive monitoring and management of Energy usage and costs in previous years resulted in a reduced budget of £4,290 since 2019/20 and this level was maintained until 2023/24. The contract for the energy supply was renewed in 2023/24, and with Gas prices in particular being double their level from a few years ago, the costs in 2023/24 increased substantially. It is proposed that the Energy budget be increased to £8,500 for 2025/26.
- 3.10 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 and Maintenance budgets are maintained at the approved Core Budget level of £2,500 and £500 respectively.
- 3.11 Until 2023/24 Tactran received 100% Rates relief for the office premises through the small business bonus scheme. In 2023 the rateable value thresholds were reformed which results in the relief provided reducing from 100% to 32.5%. It is proposed that the Rates budget is maintained in line with the cost for 2023/24 of £4,942.

### 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 it is proposed the budget for 2025/26 is in line with the current year.
- 3.13 The Communications budget was reduced in 2018/19 to a level considered to now be near the minimum requirement. It is proposed to maintain this at £2,500 reflecting the 2024/25 approved Core Budget heading.
- 3.14 The Information Technology budget is maintained at £2,200 to meet recurring costs for Office 365 licences and website maintenance.
- 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 2025/26.

### 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. It is proposed the 2025/26 budget seeks to contain Transport Costs at 2024/25 approved Core Budget levels. Underspends arising in the current and previous financial years suggests savings are potentially achievable in 2025/26. Any savings are however dependent on external meeting locations and format, be that virtual or in-person. Any potential savings will be reported to future Board meetings.

#### Third Party Payments

- 3.17 It is proposed that Third Party payments for Financial, Secretarial, Legal and Information Technology support services are held at 2023/24 levels. External Audit fees increased from £13,035 to £13,800 for the 2024/25 audit and it is proposed to maintain costs at this increased level; however, these are yet to be confirmed, and this budget may require adjustment.
- 3.18 The Third Party Payments budget for 2024/25 includes an allowance for the annual pension report and monthly payroll transactions. These costs have been gradually rising, in particular for the past two years with the surge in inflation. It is proposed to increase the budget for Third Party Payments to £2,200 for 2025/26.

#### Income

- 3.19 As indicated in 2.2 above, confirmation of the level of Scottish Government Grant-in-Aid funding for Tactran in 2025/26 is awaited. The Partnership's allocation of RTP Grant-in-Aid has been maintained at £522,750/annum since 2013/14, with the exception of 2024/25 where RTP's were asked to agree a 5% reduction. The proposed budget for 2025/26 provides for an increase to previous Grant-in-Aid levels of £522,750. The allocation of Grant-in-Aid towards Core costs in 2025/26 is £420,828.
- 3.20 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 2025/26 Budget requests that constituent Council's maintain their respective contributions at 2015/16 levels for a further year.

#### **2025/26 Core Budget - Reserves**

- 3.21 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).

- 3.22 The policy requires the annual reporting of the Reserves balance during the budget setting process. Given the current economic uncertainty, it is prudent to consider the financial risks, which are outlined in the sections 3.25 to 3.29 below, which may have an impact on balances ensuring the Reserves policy remains fit for purpose.
- 3.23 The Reserves policy aims to maintain non-earmarked Reserves at between 3% and 5% of the Core budgeted expenditure. The estimated Reserves balance at 1 April 2025 is £66,644, which equates to 12.7% of the proposed 2025/26 Core Budget. This is above the 3-5% target and as detailed in the earlier 2024/25 Budget and Monitoring paper is due to an underspend on Staff Costs. Once final expenditure for 2024/25 is confirmed, a transfer will be made to the RTS Revenue Programme in 2025/26 to maintain Core Reserves at 3-5%.

### **Risk Assessment**

- 3.24 Determining the Core budget and Reserves requires consideration of the financial risks potentially facing Tactran. Tactran produces a balanced budget each year and the Reserves policy is integral to supporting Tactran's in year management of financial risks. The Reserves policy outlines various risks which are detailed in the following paragraphs along with any newly identified risks.
- 3.25 Reduction in funding – Tactran sets its budget prior to confirmation of the Scottish Government and Local Authority budgets. The level of funding awarded to Tactran from Scottish Government was reduced by 5% in 2024/25. There is the risk that the reduction in 2024/25 is recurring, similarly, there is the risk that the funding from constituent authorities which has remained static for many years, is reduced as Councils face their own funding pressures.
- 3.26 Pay award uplifts – Tactran aligns rates of pay to those used across Local Government. Tactran generally budgets for pay awards of 3% each year. In the past few years' awards have been in excess of this amount due to wider economic factors. Where Local Authorities have received enhanced funding to assist pay awards, Tactran has not, and there remains the risk that Local Government offers in excess of that budgeted for has to be funded internally.
- 3.27 National insurance increases – Recent UK Government announcements around an increase in the cost of employer national insurance contributions will lead to an increased recurring cost to Tactran from April 2025 of £8,500. Tactran has factored this cost into the budget for 2025/26; however, there is the risk that further adjustments will increase the cost.
- 3.28 Pension contribution increases – In 2024/25 the employer superannuation contribution rate payable by Tactran was reduced to 15.7%. There is a risk that this rate could increase, where a 1% increase results in a cost increase of approximately £4,000.

- 3.29 Inflation pressures – The elevated inflation seen over the past two years demonstrates how global events can impact costs. Although inflation has returned to what is considered more normal levels, heightened tension in various regions has the scope to risk a further inflationary shock which has the potential to increase the costs faced by Tactran.
- 3.30 All the above risks remain current and in line with the Reserves policy, with the addition of national insurance risk. For the majority of the risks outlined, these can be quantified and budgeted for each year. A reduction in funding and future pay awards 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 that occur during the year.
- 3.31 The Tactran Board will be kept up to date on the impact of these risks, and the identification of any new risks, through the monitoring update reports presented quarterly.

### **2025/26 RTS Revenue Programme**

- 3.32 As indicated above, confirmation of the level of Scottish Government Grant-in-Aid for Tactran in 2025/26 is awaited. A proposed RTS Revenue Budget and Programme for 2025/26, 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 2025.

## **4 CONSULTATIONS**

- 4.1 The proposed 2025/26 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 2025.

## **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**

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

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

	2024/25 Approved Budget £	2024/25 Projected Outturn £	2025/26 Proposed Budget £
<b><u>Income</u></b>			
Scottish Gov Grant Revenue	444,512	444,512	420,828
Council Req's Revenue	103,020	103,020	103,020
Interest Received	-	-	-
	<b>547,532</b>	<b>547,532</b>	<b>523,848</b>
<b><u>Expenditure</u></b>			
<b><u>Staff Costs</u></b>			
Salary GP	361,259	335,237	324,165
Salary Supn	61,414	52,468	50,894
Salary NI	42,009	39,057	44,882
Training/Conferences	2,000	1,795	2,000
Subscriptions	400	605	400
	<b>467,082</b>	<b>429,162</b>	<b>422,341</b>
<b><u>Property Costs</u></b>			
Energy	8,500	8,500	8,500
Cleaning	2,500	2,500	2,500
Maintenance	500	500	500
Rent	13,490	13,490	13,490
Rates	4,942	4,942	4,942
	<b>29,932</b>	<b>29,932</b>	<b>29,932</b>
<b><u>Supplies and Services</u></b>			
Office Consumables	4,125	3,225	4,125
Communications	2,500	2,500	2,500
Insurance	7,500	7,500	7,500
Information Technology	2,200	2,600	2,200
Hospitality	700	1,200	700
Board Expenses - misc.	500	500	500
	<b>17,525</b>	<b>17,525</b>	<b>17,525</b>
<b><u>Transport Costs</u></b>			
Travel and Subsistence	1,500	1,000	1,500
Public Transport	2,800	1,210	2,800
Expenses - Board Members	500	500	500
	<b>4,800</b>	<b>2,710</b>	<b>4,800</b>
<b><u>Third Party Payments</u></b>			
Audit Fees External	12,560	13,800	13,800
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	2,850	2,200
	<b>47,810</b>	<b>49,900</b>	<b>49,250</b>
Gross Expenditure	<b>567,149</b>	<b>529,229</b>	<b>523,848</b>
Net Income/(Expenditure)	(19,617)	18,303	-
Opening Core Reserves	48,341	48,341	66,644
Transfer to/(from) Earmarked Reserve	(14,982)	(14,982)	-
Transfer to/(from) General Reserve	(4,635)	33,285	-
Closing Core Reserves	28,724	66,644	66,644