

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

13 DECEMBER 2011

2012/13 CORE REVENUE BUDGET

JOINT REPORT BY DIRECTOR AND TREASURER

This report seeks the Partnership's approval of a proposed 2012/13 Core Revenue Budget.

1 RECOMMENDATIONS

1.1 That the Partnership:-

- (i) approves the proposed 2012/13 Core Revenue Budget as detailed in the Appendix to the report;
- (ii) requests that partner Councils make provision for their respective funding contributions within their 2012/13 Revenue Budgets; and
- (iii) agrees to receive a report on a proposed 2012/13 RTS Revenue Programme at its next meeting.

2 BACKGROUND

- 2.1 The Partnership's approved 2011/12 Core Budget of £417,000 is made up of an allocation of £270,000 from Scottish Government Grant in Aid plus amounts totalling £100,000, requisitioned from the 4 partner Councils, plus £47,000 deferred income from 2010/11.
- 2.2 On 21 September 2011 the Cabinet Secretary for Finance and Sustainable Growth presented the Scottish Spending Review 2011 and Draft Budget 2012 – 13 to Parliament. Under the proposals for Infrastructure and Capital Investment the Draft Budget states that Scottish Government will in 2012/13 – 2014/15 “**continue to support the operation of Regional Transport Partnerships**”. This continuing support by Scottish Government is to be welcomed.
- 2.3 Scottish Government officials have advised informally that the Draft Scottish Government Budget for 2012/13 – 2014/15 provides for maintenance of Grant in Aid funding to Regional Transport Partnerships at the same level as for 2011/12. The currently anticipated implications for RTP funding in 2011/12 are discussed below.

3 DISCUSSION

- 3.1 Discussions have been held with Councils on the provision of funding towards the Partnership's Core operating costs for the period 2012/13 – 2014/15. Officers have advised that Councils are likely to be setting firm Budgets for 2012/13 only, with no commitment able to be made for future years at this time. Arising from these discussions it is anticipated that Council contributions towards Core costs in 2012/13 will be maintained at the same level as in 2011/12 totalling £100,000, which is to be welcomed.

- 3.2 As indicated in 2.3 above it is anticipated that Scottish Government Grant in Aid funding will continue for the period 2012/13 – 2014/15 at the same level as awarded for the current year – i.e. £522,750.
- 3.3 Council and Government Budget processes are ongoing and will only finally be confirmed around mid-February 2012. A Draft Core budget for 2012/13 is presented in the Appendix to the report, based on the currently anticipated funding position as outlined above.
- 3.4 The approved 2011/12 Core Budget of £417,000 included a 50% saving to Councils compared with 2010/11. This was achieved through a combination of cumulative efficiency savings across financial years 2009/10 – 2011/12, coupled with an increase in allocation of Scottish Government Grant in Aid towards the Core budget.
- 3.5 The reduction in Council contribution towards Core costs in 2011/12 was partially offset by deferred income of £47,000 from 2010/11. This will require to be met in 2012/13 and in future years by a further increase in the allocation of Scottish Government Grant in Aid towards Core costs. As a consequence the Scottish Government allocation towards Core costs will increase to approximately £317,000 or 76% (65% in 2011/12) with Councils contributing 24% (35% in 2011/12). This increase in Scottish Government Grant in Aid contribution in turn reduces the amount available for RTS development and delivery in 2012/13.
- 3.6 A line by line review of Core funding requirements has been undertaken to establish the scope for further efficiency savings in 2012/13. As efficiency savings totalling nearly 12% have already been implemented over the past 3 years, there are no significant opportunities for effecting further savings in 2012/13. The proposed 2012/13 Core Budget is, therefore, “standstill”, seeking to maintain the Partnership’s capacity and ability to fulfil and deliver on its core statutory duties and responsibilities. The Director and Treasurer will continue to seek operational savings wherever these can be achieved.

Staff Costs

- 3.7 Other than allowing for incremental progression, the proposed budget assumes a continuing pay freeze for all staff during 2012/13. The Partnership’s originally approved “Model 1” staffing structure provides for 8 posts, of which 6 are appointed to on a full time basis. Recurring savings have been achieved by a continuing freezing of 2 technical support vacancies, albeit with continuing workload capacity implications. In the event of staff turnover, there will be a presumption against automatic filling of vacancies, with any proposed appointment being subject to prior approval by the Partnership Board.
- 3.8 The Partnership has previously noted that opportunities and potential efficiencies may exist through greater and more effective partnership working with Councils and other public sector bodies. Discussions on shared services opportunities in areas of service delivery most relevant to the Partnership’s activity remain at a relatively early stage in most Councils.
- 3.9 The budget for Training/Conferences has been progressively reduced from £6000 to £1,500 and is now at the minimum required to support continuing professional input and development.

Property Costs

- 3.10 The Partnership's Headquarters accommodation is the subject of a 6-year lease which is due for renewal in November 2012. A standstill rental of £12,000/annum was successfully negotiated for the second 3-year term of the current lease from November 2009 to November 2012. Discussion with the landlord has indicated the potential to secure a further term based upon the current annual rental from November 2012, subject rental to review in future years. Negotiations on a new lease will be undertaken in early 2012/13.
- 3.11 A Small Business rebate on Rates generated savings of approximately £3,000 in 2010/11, which was budgeted as a recurring saving in 2011/12. The 2012/13 Budget assumes no increase in Rates.
- 3.12 Renegotiation of energy supply contracts generated significant savings of £2,000 in 2010/11 and £2,500 in 2011/12. However, this contract expires in June 2012. Significant increases of around 20% in energy costs must be anticipated and have been budgeted for.

Supplies and Services

- 3.13 Most of these expenditure headings have previously been reduced. The proposed 2012/13 Budget assumes a recurring saving of approximately £1,700 on Insurances costs, in line with cost reductions during 2011/12. There are limited opportunities for effecting further savings in Supplies and Services.

Transport Costs

- 3.14 Savings amounting to £2,000 in 2011/12 were budgeted for through proactive management of business travel and flexible working arrangements. As a consequence of increasing input and business travel associated with statutory engagement in Community Planning, Development Planning and other functions, no further savings have been budgeted for in 2012/13. However, opportunities to make further efficiencies through more sustainable working practices such as tele- and video-conferencing etc., will continue to be explored where possible.

Third Party Payments

- 3.15 A review of Third Party payments for Financial, Secretariat, Legal, Information Technology and Human Resources support services has generated savings of around 10% in 2011/12. No further savings are budgeted for in 2012/13.

2012/13 RTS Revenue Programme

- 3.16 As indicated above, it is anticipated that the current Scottish Government Grant in Aid contribution of £522,750 will be maintained in 2012/13. The proposed allocation of £317,000 towards Core costs will leave a reduced balance of £205,750 (£252,750 in 2011/12) available to support development and delivery of the RTS in 2012/13.
- 3.17 Detailed proposals for a reduced 2012/13 RTS Revenue Programme will be reported for approval at the Partnership's next meeting in March 2012, based on confirmed Scottish Government and Council funding contributions.

4 CONSULTATIONS

- 4.1 The proposed 2012/13 Core Revenue Budget has been developed in consultation with partner Councils through the Chief Officers Liaison Group.

5 RESOURCE IMPLICATIONS

- 5.1 The main resource implications are addressed within the report.

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Treasurer

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NOTE

No 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 the above Report.

Tactran Core Revenue Budget

Income	2011/12 Budget £	Proposed 2012/13 Budget £
Scottish Executive Grant Revenue Received	£270,000	£317,000
Angus Council	£22,900	£22,900
Dundee City Council	£28,400	£28,400
Perth and Kinross Council	£30,300	£30,300
Stirling Council	£18,400	£18,400
Deferred Income	£47,000	£47,000
	£417,000	£417,000
Expenditure		
<u>Staff Costs</u>		
Salary GP	£251,400	£251,700
Salary Supn	£46,500	£46,500
Salary NI	£22,100	£22,700
Training/Conferences	£1,500	£1,500
Subscriptions	£300	£300
	£321,800	£322,700
<u>Property Costs</u>		
Rent	£12,000	£12,000
Rates	£5,000	£5,000
Energy	£4,000	£4,800
Cleaning	£2,500	£2,500
Maintenance	£1,000	£1,000
	£24,500	£25,300
<u>Supplies and Services</u>		
Office Consumables	£4,000	£4,000
Communications	£4,000	£4,000
Information Technology	£2,000	£2,000
Insurance	£7,200	£5,500
Board Expenses Miscellaneous	£2,000	£2,000
Hospitality	£1,000	£1,000
	£20,200	£18,500
<u>Transport Costs</u>		
Travel and Subsistence	£2,000	£2,000
Public Transport	£2,000	£2,000
Expenses - Board Members	£1,000	£1,000
	£5,000	£5,000
<u>Third Party Payments</u>		
Audit Fees External	£11,300	£11,300
PKC Finance Service	£14,200	£14,200
PKC Secretariat Service	£8,000	£8,000
PKC Other Third Party Payments	£12,000	£12,000
	£45,500	£45,500
Gross Expenditure	£417,000	£417,000
Net Expenditure	£0	£0