

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP**15 DECEMBER 2009****CORE REVENUE BUDGET 2009/10 AND 2010/11****JOINT REPORT BY DIRECTOR AND TREASURER**

This report provides a monitoring update on the 2009/10 Core Revenue Budget, as projected at October 2009 and seeks the Partnership's approval of a proposed Core Revenue Budget for 2010/11.

1 RECOMMENDATIONS

1.1 That the Partnership:-

- (i) notes the projected Core Revenue Budget outturn position for financial year 2009/10, as detailed in Appendix A;
- (ii) agrees to reallocate £12,300 of efficiency savings from the Core Revenue Budget to support additional Travel Plan activity in 2009/10;
- (iii) agrees to reallocate further projected savings of £29,000 to support additional RTS Implementation activity in 2009/10;
- (iv) agrees that any residual underspend in the Core Revenue Budget at the year end is returned to partner Councils;
- (v) approves the Core Revenue Budget for financial year 2010/11 as detailed in Appendix B;
- (vi) requests that partner Councils make provision for their respective funding contributions within their 2010/11 Revenue Budgets; and
- (vii) remits the Director to enter into discussions with partner Councils on future years Core Revenue funding requirements, having specific regard to opportunities for shared services approaches to service delivery.

2 BACKGROUND

- 2.1 At its meeting on 9 December 2008 the Partnership approved a Core Revenue Budget for 2009/10 and an Indicative Budget for 2010/11 (Report RTP/08/34 refers). The approved 2009/10 Core Budget of £470,000, covering staffing, premises and other operational costs, and is made up of Scottish Government Grant of £220,000 with an equivalent sum requisitioned from the 4 partner Councils, inclusive of £48,000 deferred income from 2008/09. In addition a contribution of £30,000 towards Travel Plan staff costs is funded from a separate Scottish Government Travel Plan Grant allocation of £35,000 for 2009/10, as reported on 29 April 2008 (Report RTP/08/09 refers).

- 2.2 At its subsequent meeting on 10 March 2009, the Partnership received a report on the outcome of partner Councils' Revenue Budget approvals for 2009/10 and remitted the Director and Treasurer to undertake a review of Core Revenue funding requirements for 2010/11, in response to partner Council requests that Core funding contributions be reviewed to reflect the very tight local government funding situation envisaged for 2010/11 and beyond (Report RTP/09/15 refers).
- 2.3 On 16 April 2009 the Scottish Government formally confirmed award of Grant in Aid up to £615,000 in 2009/10, which includes Government's £220,000 contribution towards Core running costs. The remaining £395,000 is available to support development and implementation of the RTS in 2009/10, as dealt with in a separate report.

3 DISCUSSION

2009/10 Revenue Budget Monitoring

- 3.1 Core Revenue Budget expenditure to 31 October 2009 and projected expenditure to the financial year end is shown in Appendix A. At this time an underspend of £41,330 is projected, the majority of which is related to vacancies within the budgeted staffing establishment, which accounts for £33,797 of the reported underspend, after adjusting for virement of £12,000 to meet additional costs for support services provided by Perth & Kinross Council as approved at the meeting on 22 September 2009 (Report RTP/09/36 refers).
- 3.2 Other significant areas of projected underspend are in Energy costs, where a saving of £2,555 results from a review and renegotiation of energy supplier rates and arrangements, and £4,300 in Training and Conferences, which is related to the decision to defer appointing to vacancies. The balance is made up of various under and overspends as shown in Appendix A.
- 3.3 As reported previously, the Scottish Government award of Grant in Aid totalling £615,000 requires that the Partnership identifies 2% cash returning efficiency savings equivalent to £12,300/annum, which can be used to support other activity. The approved Core Budget included £4,000 staff turnover savings. As noted in previous monitoring reports, appointment to 2 technical support posts has been deferred pending agreement of the RTS Delivery Plan and associated project delivery responsibilities.
- 3.4 It is proposed that appointment to these vacancies is further deferred, pending consideration of future RTP and Council funding and resourcing in light of the broader public sector funding position in 2011/12 and beyond, as discussed below. As a consequence, total savings of £41,330 are projected for the current year. Of this it is proposed that £12,300, equivalent to the 2% efficiency saving requirement, is re-allocated towards supporting increased Travel Plan activity, with the remaining £29,000 being re-allocated to support the RTS Revenue Programme. In the event of this funding not being required to support RTS implementation measures, it is intended that any residual underspend would be returned to Councils.

2010/11 Core Budget

- 3.5 A line by line review of Core Revenue Budget requirements has been undertaken to establish scope for efficiency savings in 2010/11, in line with partner Council requests and pressures on Council budgets generally.

- 3.6 At the time of writing it is understood that Scottish Government's Grant in Aid contribution of £615,000 will be maintained in 2010/11. Whilst the Draft Scottish Government Budget provides for a significant reduction of around 23% in the Transport Directorate Budget which funds RTPs, it is currently anticipated that RTP Grant in Aid funding will be maintained in 2010/11. In giving evidence to the Parliament's Transport, Infrastructure and Climate Change Committee on 3 November 2009, the Cabinet Secretary for Finance and Sustainable Growth indicated that there should be no impact on the operating and running costs of RTPs as a result of the spending proposals in the Draft Scottish Budget 2010/11. This commitment to maintaining RTP funding for Core and RTS Implementation costs is greatly welcomed.
- 3.7 From discussions with partner Councils it is understood that reductions in spending equivalent to savings of approximately 3% – 5% are being required in 2010/11, with approximately 12% required over the next 3 – 4 years. Against this background of public sector funding constraint, savings of around 5% in the Partnership's total 2009/10 Revenue Budget of £835,000 (excluding Travel Planning) have been sought. It should be noted that the overall Revenue Budget for 2010/11 is already reduced by £35,000 as a result of the ending of separate Scottish Government Travel Plan Grant in 2010/11, as previously notified.
- 3.8 Savings totalling £40,000 in Core Revenue costs, equivalent to 4.8% of the total Revenue Budget of £835,000, have been identified as outlined below.

Staff Costs

- 3.9 The originally approved "Model 1" staffing structure provides for 8 posts, of which 6 have been appointed to. Filling of two technical support vacancies has been deferred pending agreement of the RTS Delivery Plan, associated Capital and Revenue Programmes and related project delivery responsibilities. Work associated with the previously approved 2009/10 and 2010/11 Revenue and Capital Programmes has, to date, been accommodated through appointment of external consultancy and/or advisor support as necessary, the costs of which have been funded from specific Revenue and/or Capital project Budgets.
- 3.10 Having regard to the approved Revenue and Capital Programmes for this and next years, it is proposed that appointment to these vacancies is further deferred, pending a review of future service delivery requirements, having specific regard to the opportunities which RTPs provide in relation to Shared Services, within the context of the likely need to effect efficiency savings through a wider review of public sector service delivery. In the meantime additional technical support costs will continue to be met from individual project budgets within the overall Revenue and/or Capital Programmes. Deferral of the appointment to vacancies generates full year savings of approximately £41,000, net of Staff Turnover savings which have been deleted, and allowing for an assumed 1% staff salary increase in 2010/11.
- 3.11 As a result of the deferral of appointing to vacancies, it is also proposed that the Budget for Training/Conferences is reduced from £6,000 to £3,000. A further small reduction in Subscriptions costs is proposed by non-renewal of the Partnership's membership of SCDI.

Property Costs

- 3.12 The Partnership's Headquarters accommodation is the subject of a 6-year lease, with a fixed rental cost of £12,000/annum which was subject to review after the first 3 years. The initial 3 years came to an end on 20 November 2009 and provision was made within the originally approved 2009/10 – 2011/12 Budget for a potentially significant increase.
- 3.13 Following negotiations with the landlords, Anderson Beaton Lamond, it has been agreed that rental costs will be held for the second 3-year term of the lease, generating savings of £3,000/annum against the approved Budget. Renegotiation of energy supply contracts has generated a further projected saving of £2,000 in 2010/11. Allowance for an anticipated increase in Rates has also been budgeted for.

Supplies and Services

- 3.14 Most of these expenditure areas have previously been scrutinised and opportunities for effecting savings through public sector procurement arrangements etc have been identified and implemented. A provision for increased Insurances costs has been allowed for.

Transport Costs

- 3.15 As a result of increasing engagement with Community Planning and Single Outcome Agreement processes the Travel & Subsistence and Public Transport budgets have been increased by £2,000 to cover additional staff travel experienced during the current year. A compensating saving of £2,000 is proposed through withdrawal of existing staff car parking permits in Kinnoull Street, Perth which has been agreed with the 3 staff affected. This would be accompanied by introduction of flexible working arrangements, including provision for home-working where appropriate, in line with the principles of encouraging more sustainable approaches to working practices and work-related travel.

Third Party Payments

- 3.16 On 22 September 2009 the Partnership agreed to an increase of £12,000/annum as a result of a review of support services provided by Perth & Kinross Council (Report RTP/09/35 refers). It is proposed that a number of current Secretariat activities, including arrangement and distribution of Board Meeting Agendas and Minuting of Board meetings, will be fulfilled "in house" generating savings of £4,000, net of a 1% allowance for staff cost and other anticipated inflationary pressures.
- 3.17 The proposed 2010/11 Core Budget maintains the previous funding relationship, whereby the budget is made up of equal contributions of £200,000 from Scottish Government and £200,000 from partner Councils, plus an additional £30,000 from Scottish Government, equivalent to the previous separate contribution towards Travel Planning staff costs. Scottish Government's total contribution of £230,000 will be met from the anticipated Grant in Aid award of £615,000. The proposed contributions from partner Councils are based upon the previously agreed funding formula for apportioning costs based upon Council population and dispersal. The amounts sought for 2010/11 represent a 9.1% saving on partner Council contributions for 2009/10.

Future Years

- 3.18 Given the significant uncertainties over public sector funding beyond 2010/11, it is proposed that a one year budget is currently set. As indicated in 3.10 above, it is proposed that discussions are entered into with partner Councils, with a view to identifying opportunities where Tactran can contribute to addressing anticipated public sector funding pressures in future years through shared services and other efficiency opportunities.

4 CONSULTATIONS

- 4.1 This Report 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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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 the above Report:

Report to Partnership RTP/08/34, 2009/10 and 2010/11 Core Revenue Budget, 9 December 2008

Report to Partnership RTP/09/15 2009/10 and 2010/11 Revenue Budget, 10 March 2009

Tactran Income and Expenditure Account
Revenue
2009/2010
Detailed Statement - Core

Appendix A

Income	Budget	Actual Expenditure to 31 October 2009	Projected Outturn 2009/2010	Variance to Budget
	£	£	£	£
Scottish Executive Grant Revenue Received	220,000	220,000	220,000	-
Deferred Income	-	48,270	48,000	48,000
Council Req's Revenue Rec'd	220,000	76,670	172,000	(48,000)
Interest Received	-	0	-	-
Revenue Accrued	-	460	460	460
	440,000	345,400	440,460	460
Expenditure				
<u>Staff Costs</u>				
Salary GP	240,000	128,307	217,307	(22,693)
Salary Supn	54,000	26,616	45,616	(8,384)
Salary NI	24,000	12,280	21,280	(2,720)
Advertising	-	0	-	0
Interview Expenses	-	0	-	0
Relocation Expenses	-	0	-	0
Training/Conferences	6,000	1,698	1,698	(4,302)
Subscriptions	500	675	675	175
	324,500	169,576	286,576	(37,924)
<u>Property Costs</u>				
Energy	6,500	1,275	3,945	(2,555)
Cleaning	2,500	1,712	2,791	291
Maintenance	1,000	(53)	(53)	(1,053)
Rent	15,000	6,000	15,000	0
Rates	7,000	7,407	7,407	407
	32,000	16,341	29,090	(2,910)
<u>Supplies and Services</u>				
Office Consumables	4,000	5,092	5,577	1,577
Communications	6,500	1,121	6,223	(277)
Insurance	6,500	0	6,500	0
Information Technology	2,000	424	454	(1,546)
Hospitality	1,000	494	494	(506)
Board Expenses - misc.	2,000	2,519	2,519	519
	22,000	9,650	21,767	(233)
<u>Transport Costs</u>				
Travel and Subsistence	2,000	1,240	2,140	140
Public Transport	2,000	1,249	2,249	249
Parking	2,000	1,564	2,564	564
Expenses - Board Members	1,000	45	245	(755)
	7,000	4,097	7,197	197
<u>Third Party Payments</u>				
Audit Fees External	11,000	0	11,000	0
PKC Finance Service	14,000	0	14,000	0
PKC Secretariat Service	14,000	14,000	14,000	0
Other Third Party Payments	15,500	717	15,500	0
	54,500	14,717	54,500	0
Gross Expenditure	440,000	214,381	399,130	(40,870)
Net Expenditure	0	(131,019)	(41,330)	(41,330)

**Tactran Core Revenue Budget
2009/2010 & 2010/2011**

	2009/10 Budget £	Original 20010//11 Budget £	Revised 2010/11 Budget £
Income			
Scottish Executive Grant Revenue Received	£250,000	£256,750	£230,000
Angus Council	£50,380	£51,926	£45,800
Dundee City Council	£62,480	£64,397	£56,800
Perth and Kinross Council	£66,660	£68,705	£60,600
Stirling Council	£40,480	£41,722	£36,800
	£470,000	£483,500	£430,000
Expenditure			
<u>Staff Costs</u>			
Salary GP	£286,000	£296,000	£250,800
Salary Supn	£54,000	£56,000	£46,400
Salary NI	£24,000	£25,000	£21,500
Staff Slippage	(£4,000)	(£4,000)	£0
Training/Conferences	£6,000	£6,000	£3,000
Subscriptions	£500	£500	£300
	£366,500	£379,500	£322,000
<u>Property Costs</u>			
Rent	£15,000	£15,000	£12,000
Rates	£7,000	£7,000	£8,000
Energy	£6,500	£6,500	£4,500
Cleaning	£2,500	£2,500	£2,500
Maintenance	£1,000	£1,000	£1,000
	£32,000	£32,000	£28,000
<u>Supplies and Services</u>			
Office Consumables	£4,000	£4,000	£4,500
Communications	£6,500	£6,500	£6,500
Information Technology	£2,000	£2,000	£2,000
Insurance	£6,500	£7,000	£7,500
Board Expenses Miscellaneous	£2,000	£2,000	£2,000
Hospitality	£1,000	£1,000	£1,000
	£22,000	£22,500	£23,500
<u>Transport Costs</u>			
Travel and Subsistence	£2,000	£2,000	£3,000
Public Transport	£2,000	£2,000	£3,000
Parking	£2,000	£2,000	£0
Expenses - Board Members	£1,000	£1,000	£1,000
	£7,000	£7,000	£7,000
<u>Third Party Payments</u>			
Audit Fees External	£11,000	£11,000	£11,300
PKC Finance Service	£14,000	£14,000	£14,200
PKC Secretariat Service	£14,000	£14,000	£8,000
PKC Other Third Party Payments	£3,500	£3,500	£16,000
	£42,500	£42,500	£49,500
Gross Expenditure	£470,000	£483,500	£430,000
Net Expenditure	£0	£0	£0