

Item:

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## Report to Partnership Meeting of 1 February 2008

### FINANCE

#### REVENUE BUDGET 2008- 2009

1. Annex 1 shows the budget that is being recommended for approval for the next financial year covering the Partnership's running costs and research and strategy development programme costs, and the income from Partner Councils and the Scottish Government to cover these costs.

#### Income

2. **Councils**– The funding formula for Council contributions was agreed by the Partnership in July 2006. This is based 50% on voting weight and 50% on population share. The percentage share of income to be contributed by each Council is:

Council	Voting Share	Population share	Total
Argyll and Bute	6.25%	8.1%	14.35%
CnES	6.25%	3.2%	9.45%
Highland	18.75%	25.65%	44.4%
Moray	12.5%	10.7%	23.2%
Orkney	6.25%	2.35%	8.6%
	50%	50%	100%

3. The Scottish Government will continue to provide support funding towards the Partnership's Revenue costs in 2008/09 to a total value of £615,000 with a split between core and non-core elements still to be finalized. Core cost projections for 2008/09 estimated at £415,000 are slightly higher than those provided for in the 2007/08 budget. This is due to inflation pressures over the last two years which have not been reflected in the contributions, the incorporation of Highland Rail Partnership employees within the HITRANS establishment with the need for increased contributions to meet the employers pension contributions (HRP made no pension contributions for their employees), estimated salary settlements, and increases in the Employers National Insurance contributions for all employees. The core costs have historically been met equally by the Scottish Government and the constituent Councils and on this basis an overall Council contribution towards HITRANS Revenue costs of £200,000 will be required and the balance met from the Strategy and Research Programme budget.

4. **Scottish Government** – In addition to matching the Council contributions and providing funding to support research, operational support and strategy development the Government will continue to provide £65,000 towards the travel plan project for one further year (including assistance to the Shetland Partnership).

## **Expenditure**

5. The commitments on the 2008/09 budget are:
  - **Employees** – The salaries and contributions for the Partnership Director, 2 managers and 2 support officers are to be met, reflecting the transfer of an additional manager and support officer from Highland Rail Partnership. Allowing for Local Government pay settlement this will cost £250,000.
  - **Travelling and subsistence** for staff and Partnership Members/Advisers will outturn at about £50,000 this year and will increase in 2008/09 to an estimated £60,000 reflecting the increase in establishment and functions undertaken by the Partnership in relation to rail activities.
  - **The Dalcross and Lairg office** property and administrative costs will outturn at about £50,000 this year as an amalgam of the costs currently incurred by HITRANS and HRP. In addition to the costs incurred by HITRANS in 2007/08 costs of operating the office at Lairg will have to be met although these are not significant in terms of the overall budget costs
  - **Charges** from the Councils providing Financial, Personnel, Legal and Administrative services were higher in 2006/07 and 2007/08 than budgeted, and the cost in 2008/09 is estimated at £46,000. These services will be subject to individual Service Level Agreements in 2008/09.
  - **External Audit** – This was estimated at £8,000 for 2006/07 but outturned at £11,200, which included one-off costs for the first year of the Partnership's operations. An increase to £10,000 has been allowed for in the proposed budget for 2008/09.
  - **The Travel Plan Project** will continue for a further year at £65,000.
  - **Contributions** to NESRFDG and Highland Rail Partnership will discontinue in 2008/09
  - **Tier 1 Ferry Consultations** have been undertaken by the Partnership on behalf of the Scottish Government in 2007/08. While the Partnership was led to believe that these costs would be reimbursed by the Government this has not proved to be the case and the cost had to be met by the Partnership. The cost of organising these meetings, other than employee salary costs, is anticipated to be in the region of £10,000 in 2007/08 and

an equal commitment will be needed in 2008/09. This sum has been included in the Members and Advisors Travel and Subsistence budget.

- **Publicity** – the current budget was adjusted during 2007/08 to £25,000 to reflect the cost of services received from PlatformPR. These services have now been terminated as an ongoing contract commitment but an equivalent amount should be continued to allow for delivery of publications, adverts, press releases and special campaigns that will be needed to promote the implementation of the RTS and associated interventions in 2008/09.
- **Research programme and strategy development** work to the value of £387,000 was undertaken in 2007/08. Based on the revenue commitment from the Scottish Government and anticipated funding from Councils the budget available in 2008/09 will be £354,000

Commitments comprise £880,000

6. Board Members are asked to note the above information as well as the following Annex.

**Report by:** Mike Mitchell  
**Designation:** Partnership Treasurer  
**Date:** 22 January 2008

## Annex 1

Budget Heading	Budget 2007/08	Budget 2008/09 Recommendation
<b>Income</b>		
Argyll and Bute	£28,700	£28,700
CnES	£18,900	£18,900
Highland	£88,800	£88,800
Moray	£46,400	£46,400
Orkney	£17,200	£17,200
Scot Exec - Core	£200,000	£200,000
Scot Exec – Travel Plans	£100,000	£65,000
Scot Exec – Non-core	£410,000	£415,000
Surplus 2006/07	£14,000	0
<b>Total Income</b>	<b>£924,000</b>	<b>£880,000</b>
<b>Running Costs</b>		
Director	£71,000	£89,400
Programme Managers	£51,500	£111,100
Administrative Salaries	£21,500	£49,500
Travel Plan Officer Costs	£39,000	£0
Staff Travel/Subsistence	£16,000	£25,000
Members/Advisors Travel/Subsistence	£25,000	£45,000
Office costs - Property	£25,000	£50,000
Office costs - Administration	£25,000	£30,000
Co-ordinator Fees/Expenses	£30,000	£0
	<b>£304,000</b>	<b>£390,000</b>
<b>Programme Costs</b>		
Publicity	£25,000	£25,000
NESRFDG	£10,000	£0
Highland Rail Partnership	£95,000	£0
Travel Plan Work	£61,000	£65,000
Research Prog and Strat development	£387,000	£354,000
	<b>£578,000</b>	<b>£444,000</b>
<b>Finance/HR/Legal/Admin</b>		
CnEs	£10,000	£10,500
Highland	£24,000	£25,000
External Audit	£8,000	£10,500
	<b>£42,000</b>	<b>£46,000</b>
<b>Total Costs</b>	<b>£924,000</b>	<b>£880,000</b>