# 7a 2013/14 Budgets

## Purpose of Report

To agree Capital and Revenue Budgets for 2013/14, subject to available funding being confirmed.

## Background

A Revenue Budget has been prepared for discussion that reflects anticipated funding levels from both Council Partners and the Scottish Government. The indicative budget of £1,026,350 has been based on a continuation of the revenue contribution levels from Council partners and revenue support from the Scottish Government at the previous year's levels.

The Board previously approved the Nestrans Delivery Plan as a priority setting document that shows a general programme of works to deliver the Regional Transport Strategy. It is accepted that this would be subject to future budget and partner agreements. The section of the Delivery Plan showing the Actions and Projects with Nestrans Involvement in 2013/14 has therefore been considered as the basis for developing the proposed Budgets along with any slippage associated with projects within the Delivery Plan from earlier years.

The Delivery Plan had anticipated funding levels of £3,114,000, however in advance of Council partners' budget deliberations the Capital Budget for 2013/14 has been indicated to us to be £2,054,000. This comprises allocations from Aberdeenshire Council of £1,172,000 and Aberdeen City Council of £882,000.

The 2011/12 capital programme, agreed by the Board on 16 February 2011, included a provision of £356,000 to progress the land purchase and other works for the Inverurie Transport Interchange. £343,000 has been held on the Balance Sheet for this year but we have been unable to progress these works. Given the level of challenges facing this project it is now felt more appropriate for the funds to be released in 2013/14 and principally used to fund the purchase of land at Kintore for the development of a rail station. Negotiations with the land owners are at an advanced stage and while it had been hoped to conclude the bargain this year, it is likely that the sale will be concluded in April 2013.

The budget available for Capital projects in 2013/14 is therefore estimated to be £2,397,000 made up of £2,054,000 from partner Councils and £343,000 carried forward from previous years.

The proposed budgets may still be subject to amendment by the Board following final confirmation of budget allocations by the Councils and formal confirmation of the Government Grant.

## Consideration

**2013/14 Revenue Budget**

The proposed budget has again been drafted to support the implementation of the Regional Transport Strategy. The Core Costs reflect the running costs of Nestrans and have been based on previous allocations, with adjustments applied in accordance with savings being achieved through joint accommodation, staffing, PR support and general

reductions to office and associated costs. The following table shows the changes to Core Costs within Approved Budgets in recent years along with the proposed allocation for 2013/14:

| | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 |
|---|---|---|---|---|---|---|
| Core Costs | £600,000 | £548,500 | £561,025 | £539,520 | £505,780 | 502,000 |

The Non Core Costs are for the development of projects within the various Action Plans developed to support delivery of the Regional Transport Strategy and feasibility assessments to prepare Regional Transport Projects and Travel Planning.

The proposed budget is attached as Appendix 1 along with indicative proposals for the detailed expenditure within each project heading in Appendix 2, but in summary it is:

Revenue Income of £1,026,350 amounting from:

| | |
|---|---|
| Government grants (assumed no reduction from 2012/13 funding level) | £782,000 |
| Local Authorities funding (assumed no reduction from 2012/13) | £244,350 |
| Giving total income of | £1,026,350 |

Expenditure on the Revenue Budget is proposed at:

| | |
|---|---|
| Core running costs of a Nestrans Board, team and support | £502,000 |
| Rail Action Plan Projects | £41,850 |
| Freight Action Plan Projects | £35,000 |
| Health & Transport Action Plan Projects | £42,500 |
| Bus Action Plan Projects | £70,000 |
| General projects outwith Action Plans | £10,000 |
| Project Feasibility and Monitoring | £240,000 |
| Contingency | £10,000 |
| Travel Planning | £75,000 |
| Giving total non core costs of | £524,350 |

**2013/14 Capital Budget**

The Delivery Plan gave a starting point for the formation of the Capital Budget. As in previous years it is recognised however that the Delivery Plan is not an agreed spending Plan and will require revision throughout the period of its operation as more detailed investigations are undertaken and proposed projects are completed, abandoned or superseded by proposals or further opportunities that may arise. A number of the projects proposed for 2013/14 within the Delivery Plan therefore no longer require funding and projects from earlier years that have been delayed, for example through land acquisition problems, may now included.

A team of Nestrans officers and Council colleagues have put forward a series of further projects based upon the actions from the various Nestrans Action Plans and previously commissioned feasibility studies. Consideration was also given to the likelihood of projects being undertaken in time, other constraints limiting progress, legally committed projects, building upon previous year's expenditure and the fit to the aims of the Regional Transport Strategy.

The team also considered the extent to which projects would require ongoing revenue support, possible future year's capital expenditure contained within the Delivery Plan and

to what extent projects were also being part funded by other bodies such as partner Councils and other external funders. The proposed budget aims to achieve a balance of expenditure across the objectives with the greatest chance of deliverability.

The proposed budget is contained in Appendix 3. The proposed expenditure has been grouped into projects matching the strands of the Regional Transport Strategy. Full details are shown in the Appendix, but in summary it is:

| **RTS Strand** | **Proposed Budget** |
|---|---|
| Rail | £300,000 |
| Strategic Road - Safety Improvements | £163,000 |
| Strategic Road - Prioritised Maintenance | £586,000 |
| Bus Improvements | £830,000 |
| Walking and Cycling | £453,000 |
| Freight | £65,000 |
| **Total** | **£2,397,000** |

At the time of preparing this report the Councils still had to meet to agree their budgets for 2013/14. The Ellon Park & Ride extension requires land acquisition and it is recognised that this could pose a risk to the expenditure of the proposed budget in 2013/14. The Councils have also submitted bids to Sustrans for contributions to some of the cycling projects shown and so full funding may not be required from Nestrans. A full reserve list of projects has therefore been prepared and is shown in Appendix 4. Any necessary virement suggestions will be reported to a future Board for approval should the need arise.

- Recommendation

It is recommended that the Board:

1. Approve the 2013/14 Revenue and Capital Budgets of £1,026,350 and £2,397,000 with programmes etc as detailed in Appendices 2 and 3, subject to anticipated funding levels being confirmed and making any appropriate adjustments following the Board's consideration.

Alan Wood
Treasurer

11 February 2013