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## 7a 2011/12 Budget Matters

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- Purpose of Report

To provide the Board with an update on the Partnership's 2011/12 budget and forecast outturn.

- Background

The Board has requested that a general budget report be submitted to each meeting, monitoring expenditure, identifying any potential budget issues, and reporting on any particular expenditure requests. The reports are prepared jointly by the Nestrans office and Finance officers from Aberdeenshire Council.

- Current Revenue & Capital Budget

**Appendix 1** to this report sets out a summary monitoring statement of expenditure to 31 March 2012. It should be noted that at this time, the unaudited year end accounts are still currently being worked on.

The Chair and Vice Chairs of the Board were recently contacted to seek approval for expenditure, in an attempt to make best use of the budget available within the financial year. Continued delays forced by land acquisition issues relating to the Ellon Park & Ride project have given the opportunity to transfer £40,000 from this budget to be allocated instead to the cost of strategic maintenance works on the A98. In addition, approval was sought for a further £20,000 to be added to the budget for the works on the A98 from expected underspend elsewhere.

Stagecoach has approached NESTRANS seeking a contribution of £5,800, being 50% of the costs of an initiative to install audio/visual announcements on the JET 727 Airport bus service.

These three requests were agreed by the Chair and Vice Chairs and so the Board are asked to homologate this decision.

Officers have been as proactive as possible in ensuring that Partners submit expenditure invoices timeously. However, this can be problematic for the Partners, as they require external contractors to agree and submit invoices to them before they can then recharge these on to Nestrans. Therefore, the figures shown under "Actual to 31/03/12" reflect all invoices processed to date and any others which the partners have advised they are expecting to invoice imminently. Expenditure will increase as charges from external contractors are recharged from the Partners, which they have not included in their estimates of charges still to be received.

The appendix shows expenditure of £3,383,927. The spend is lower than budget in a number of areas, however, there are invoices outstanding that officers have estimated will result in final outturn expenditure of £3,768,957. This would result in a surplus of approximately £220,000, which represents around 5% of the available budget and has arisen due to small underspends against a large number of projects rather than any significant single area of underspend. The underspend has mainly arisen as a result of

savings, and represents good value for money where projects have been delivered at lesser cost than originally anticipated, efficiencies have been achieved or partnership contributions obtained.

As Regional Transport Partnerships can not have a general fund balance or reserve, Nestrans can not retain a surplus in any year. Partners have therefore been asked if they have any completed works in the year that comply with Nestrans Regional Transport Strategy, which could be legitimately funded by Nestrans. The following sections of strategic maintenance have been suggested for Board consideration:

Great Southern Road, between Bridge of Dee and King George VI Bridge  
A98 Portsoy – additional contribution  
A93 various sections between Banchory and Ballater

- Recommendation

It is recommended that the Board:

1. Note the monitoring position and forecast
2. Homologate the approval for expenditure detailed in the report, which has been agreed by the Chair and Vice Chairs.
3. Approve the inclusion of the strategic maintenance detailed above, limited to the budget available from underspend on other projects highlighted in this report.

Alan Wood  
Treasurer  
10 April 2012