



Final Outturn for financial year 2020/21 and Revenue Monitoring Report as at 14 August 2021, Period 5

Date of meeting 17 September 2021

Date of report 30 August 2021

Report by Treasurer

1. Object of report

To advise members of the Committee of the final outturn for the financial year 2020/21 and also to report on revenue expenditure incurred at the end of Period 5 (14 August 2021), including the projected outturn at the end of the current financial year.

2. Background

The Strathclyde Concessionary Travel Scheme revenue budget for 2020/21 was set at £4.176 million. The budget covers the cost of operator reimbursement, scheme administration and the issue and management of national entitlement cards.

Members will be aware that the Committee approved a balanced budget for 2021/22 on 12 March 2021. This balanced budget provided for a net revenue budget of £4.039m, funded by local authority requisitions of £4.039m with no draw on reserves anticipated. It was set on the basis of the 2019/20 final outturn, given 2020/21 costs and operator payments were significantly affected by the ongoing Covid pandemic. It was also agreed at this meeting that recommendations made by the scheme review that took place in 2020/21 would be implemented from the financial year 2022/23.

3. 2020/21 Final Outturn

The final outturn for 2020/21 was £1.306m, resulting in a positive variance of £2.870m against the approved budget. The £2.870m underspend is comprised of a £2.861m underspend in operator payments due to significantly reduced patronage as a result of the Covid pandemic, a £0.022m underspend in supplies and services costs and a small underspend in employee costs of £0.003m. This underspend is partially offset by increased costs estimated for Post Office card processing, and consultancy costs related to the scheme review of £0.016m.

In terms of background to this position, the Joint Committee was advised in September 2019 that the requisition from constituent authorities was no longer sufficient to cover operator payments and that it was estimated that a maximum of two years reserves were now held. Subsequently the Joint Committee agreed a fare increases for 2020/21 to help sustain the Scheme whilst the major review of the Scheme was undertaken. However, the impact of the Covid pandemic in 2020/21 significantly changed the position in the short term with patronage and scheme costs reducing massively leading to the suspension of the then planned fares increases.

In light of reduced patronage and operator reimbursement in 2020/21, £2.733 million was added to reserves giving a revised reserve balance of £3.460m. Reserves are necessary to ensure the longer term viability and sustainability of the Scheme at a time of uncertainty, including uncertainty of local authority funding support in light of the continued local government challenges, anticipated fare increases and levels of demand for travel. The increase in reserves in 2020/21 allows the Scheme to better navigate its way out of the pandemic in the short term. The final budgetary control report for the financial year 2020/21 can be found at Appendix 1.

4. 2021/22 Current Position

Given recent and ongoing events relating to Covid there are significant movements with regards to passenger numbers and associated reimbursement to Scheme members. The exit from lockdown and the removal of the stay at home guidance in April 2021 has unsurprisingly seen an increase in passenger numbers in Q1 of the current financial year (April to June) compared to Q1 2020/21. Passenger numbers have increased by over 500% compared to 2020/21 and the total reimbursement amount has increased by over 400%. This can be seen in more detail in the *'Performance and reimbursement update on 2020/21 year-end and on 2021/22 quarter'* paper at this Committee.

It is important to note that although Q1 increases in both passenger numbers and reimbursement between 2020/21 and 2021/22 are significant if compared to pre Covid passenger numbers and reimbursement, Q1 2021/22 only represents around 40% of Q1 2019/20 journeys and 47% of operator reimbursement.

As members will appreciate although financial projections for the remainder of the year are more important now than ever before, it still remains extremely challenging to predict passenger numbers with any great certainty for the following reasons:

- Although passenger numbers have increased in comparison to 2020/21 uncertainty remains as to whether public transport usage will return to pre Covid levels for Scheme members;
- The Autumn and Winter months traditionally have a negative impact on passenger number trends, and this may be more acute in the current year due to the increased prevalence of either Covid or other winter viruses being in circulation; and
- The impact on Scheme operators' ability to deliver pre Covid level of service levels / frequency, which could also affect the numbers travelling.

Taking all of the above into consideration, reimbursement to operators for the financial year is projected to be £2.215m, which is a reduction of £1.500m compared to the approved budget. This assumes that current trends in passenger numbers and operator reimbursement seen in the financial year to date will be sustained to the end of the financial year and would represent an increase in operator reimbursement of £1.251m when compared with 2020/21.

Administration of the Scheme and support to card holders has continued at normal levels since the start of the pandemic with no fundamental change to support and output from the Travel Card Unit. Therefore, these costs are more in line with budget estimates. The overall projected outturn position for the financial year can be seen in Appendix 2 and an underspend of £1.500m is projected at this stage. However, members are reminded that there is a significant level of uncertainty around this estimate and it will be closely monitored. Any projected underspend will be factored into the long term sustainability plans for the scheme.

5. Conclusions

Although the impact of increased reserves resulting from reduced passenger numbers and reimbursement to operators in 2020/21 and projected for 2021/22 will give the Scheme an improved short term better financial base position, it does not negate the need to implement changes planned for 2022/23 which will protect the long-term viability of the Scheme. In 2021/22, all budget lines will continue to be monitored closely to ensure projections are as accurate as possible, noting that as a result of Covid, estimates of passenger numbers and operator reimbursement may fluctuate significantly.

6. Committee action

The committee is recommended to note:

- the final outturn position for 2020/21; and
- the projected outturn position for 2021/22 based on the information available at the end of P5.

7. Consequences

Policy consequences	<i>None</i>
Legal consequences	<i>None</i>
Financial consequences	<i>As outlined in the report</i>
Personnel consequences	<i>None</i>
Equalities consequences	<i>None</i>
Risk consequences	<i>None</i>

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Title **Treasurer**
Strathclyde Concessionary Travel Scheme Joint Committee

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Concessionary Travel Revenue Monitoring Report

For Year 20/21 Period 13 ending 31-Mar-2021

	Year End Position				Notes
	Actual	Budget	Variance	Variance %	
EXPENDITURE					
Employee Costs					
Salaries	147,517	148,741	1,224	1%	
Overtime	-	1,000	1,000	100%	
Other Employee Costs	39,618	39,803	185	0%	
Sub Total Employee Costs	187,135	189,544	2,409	1%	
Supplies & Services	55,302	77,500	22,198	29%	1
Third Party Payments					
Operator Reimbursement	964,147	3,825,410	2,861,263	75%	2
Other Third Party Payments	106,636	90,000	(16,636)	(18%)	3
Sub Total Third Party Payments	1,070,783	3,915,410	2,844,627	73%	
TOTAL EXPENDITURE	1,313,220	4,182,454	2,869,234	69%	
INCOME					
Interest Received	(6,936)	(6,500)	436	(7%)	
TOTAL INCOME	(6,936)	(6,500)	436	(7%)	
Net Total	1,306,284	4,175,954	2,869,670	69%	

Notes

1. Reduced expenditure across all supplies and services including general supplies, corporate overheads, postage costs and printing.
2. Significant reduction in payment to operators in the financial year due to reduced passenger numbers as a result of the ongoing Covid pandemic.
3. Final position incorporates increased consultancy costs and Post Office admin support costs.



Concessionary Travel Revenue Monitoring Report

For Year 21/22 Period 5 ending 14-Aug-2021

	Year to Date				Annual Budget				Notes
	Actual	Budget	Variance	Variance %	Projected Outturn	Annual Budget	Variance	Variance %	
EXPENDITURE									
Employee Costs									
Salaries	61,598	63,850	2,252	4%	166,009	166,009	-	0%	
Overtime	-	385	385	100%	1,000	1,000	-	0%	
Other Employee Costs	16,252	17,403	1,151	7%	45,247	45,247	-	0%	
Sub Total Employee Costs	77,850	81,637	3,787	5%	212,256	212,256	-	0%	
Supplies & Services	21,725	24,077	2,352	10%	62,600	62,600	-	0%	
Third Party Payments									
Operator Reimbursement	836,638	1,428,707	592,068	41%	2,214,637	3,714,637	1,500,000	40%	1
Other Third Party Payments	10,769	20,000	9,231	46%	52,000	52,000	-	0%	2
Sub Total Third Party Payments	847,408	1,448,707	601,299	42%	2,266,637	3,766,637	1,500,000	40%	
TOTAL EXPENDITURE	946,983	1,554,420	607,438	39%	2,541,493	4,041,493	1,500,000	37%	
INCOME									
Interest Received	(1,795)	(769)	1,026	(133%)	(2,000)	(2,000)	-	0%	
TOTAL INCOME	(1,795)	(769)	1,026	(133%)	(2,000)	(2,000)	-	0%	
Net Total	945,188	1,553,651	608,464	39%	2,539,493	4,039,493	1,500,000	37%	

Notes

1. Passenger numbers and reimbursement to operators have increased in comparison to the first five periods of the financial year 2020/21. However as per for Performance and Reporting paper at this Committee passenger numbers and consequently operator reimbursement have not fully recovered to Pre Covid levels and this is represented in the current underspend in the year to date against budget. Projected outturn reduced based on current passenger trends and reimbursement to operators in the first 5 periods of the financial year being sustained until year end.
2. Current position due to timing issues in respect of expenditure/budget phasing.