

Strathclyde Concessionary Travel Scheme
Joint Committee



**Final Outturn for financial year 2018/19 and Revenue Monitoring
Report as at 17 August 2019, Period 5**

Date of meeting 20 September 2019

Date of report 28 August 2019

Report by Treasurer/Secretary

1. Object of report

To advise members of the committee of the final outturn for the financial year 2018/19 and also to report on revenue expenditure incurred at the end of Period 5 (17 August 2019), including the projected outturn at the end of the current financial year.

2. Background

The Strathclyde Concessionary Travel Scheme revenue budget for 2018/19 was set at £4.233 million. The budget covers the cost of operator reimbursement, scheme administration and the issue and management of national entitlement cards.

The revenue budget for 2019/20 was set at £4.573m. It was set on the basis of the 2018/19 projected outturn and incorporated forecast patronage in line with scheme trends, revised operator reimbursement levels, including operator fare increases and reduced requisitions from local authorities.

3. 2018/19 Final Outturn

The final outturn for 2018/19 was £4.379m, resulting in an adverse variance of £0.146m against the approved budget. The £0.146m overspend is comprised of a £0.152m overspend in operator payments due to increased patronage and fares and also £0.038m in agency staff costs to cover for vacant posts in the travel card unit. This overspend is partially offset by a reduction in card processing and postage costs of £0.024m, a £0.008m underspend in employee costs mainly due to vacant posts and £0.012m over recovery of bank interest as a result of close management of cash balances.

See Appendix 1 for the final budgetary control report for the financial year 2018/19.

4. 2019/20 Current Position

A break even position is currently forecast, which includes savings in employees costs, due to vacant posts offset by agency staff support costs to help cover for these vacant posts. Although patronage and fares have increased in 2019/20 in comparison with 2018/19 as per the Performance and Reimbursement Results paper, it was recognised when preparing the 2019/20 budget that based on previous trends and projections, costs were likely to increase. This was reflected in the approved budget for operator payments which increased by £0.314m in 2019/20 in comparison to the 2018/19 approved budget.

At 31 March 2019, the scheme held reserves of £1.269m. Based on the forecast outturn at P5 there will be a reduction to reserves of £0.534m in 2019/20, resulting in a revised reserves balance of £0.735m at the end of the current financial year.

As noted in previous Committee papers the scheme continues to experience financial pressures from the impact of funding pressures on the partner local authorities and from increased operator costs driven by patronage growth and operator fare increases. The scheme in its present format is not sustainable in the long-term without an increase in funding from local authority partners or significant operational amendments to the scheme structure or fares applicable.

A root and branch review of the scheme is ongoing to ensure the schemes affordability for the future and potential options have been included in a separate paper to this Committee.

See Appendix 2 for a summary budgetary control report as at P5 (17 August 2019).

5. Conclusions

The scheme continues to experience financial pressures and this is apparent when considering the final outturn for 2018/19 and the projected outturn for 2019/20. The continued requirement to draw on reserves is unsustainable and requires changes to the scheme to safeguard its long term viability.

In 2019/20, all budget lines will continue to be monitored closely to ensure a break even position is achieved, noting that it is a demand led cost basis where control is minimal.

6. Committee action

The committee is recommended to note

- the final outturn position for 2018/19; and
- the projected outturn position for 2019/20 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 **Treasury/Secretary**

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