



Revenue Monitoring Report as at 30 January 2021, Period 11

Date of meeting 12 March 2021

Date of report 23 February 2021

Report by Treasurer/Secretary

1. Object of report

To advise members of the committee of revenue expenditure incurred at the end of Period 11 (30 January 2021), including the projected outturn at the end of the current financial year.

2. Background

Members will be aware that the Committee approved a balanced budget for 2020/21 on 6 March 2020. This balanced budget provided for a net revenue budget of £4.176m, funded by local authority requisitions of £4.040m and a draw on reserves of £0.136m. It was set on the basis of the 2019/20 projected outturn and incorporated forecast increased patronage in line with scheme trends, operator fare increases and a flat requisition from local authorities. The increased costs within the budget were planned to be offset by an increase in the basic concessionary fare of 50p on both singles and returns.

Within the budget the Committee approved a fares increase which was due to be applied in the first quarter of the financial year 2020/21. However due to Covid and the subsequent lockdown the fares increase was not introduced in order to ensure no extra financial burden was placed upon those needing to make essential journeys.

3. Current Position

Given ongoing events relating to Covid there has been significant movements with regards to passenger numbers and associated reimbursement to Scheme members. In Q1 to Q3 of the current financial year (April to December) passenger numbers dropped by an average of 78% across all modes compared to 2019/20 passenger numbers and total reimbursement amount dropped by 75%. This can be seen in more detail in the '*Performance and Reimbursement Update on 2020/21 Quarter 1 to Quarter 3 Results*' paper at this Committee. Further reductions in passenger numbers and reimbursement are anticipated in Q4 due to the current lockdown restrictions.

Taking all of the above into consideration, reimbursement to operators for the financial year is projected to be £0.940m, which is a reduction of £2.885m compared to the approved budget. Administration of the Scheme and support to card holders has continued at normal levels since March with no fundamental change to support and output from the Travel Card Unit. Therefore, these costs are more in line with budget estimates with only a small projected outturn change under supplies and services due a reduction in printing, postage and general supplies. The overall projected outturn position for the financial year can be seen in Appendix 1 and an underspend of £2.901m is projected at

this stage. Any projected underspend will be factored into the long term sustainability plans for the scheme.

At 31 March 2020, the scheme held reserves of £0.727m. Based on the forecast outturn at P11 there will be an increase to reserves of £2.765m in 2020/21, resulting in a revised reserves balance of £3.492m at the end of the current financial year.

Reserves are necessary to ensure the longer term viability and sustainability of the Scheme at a time of uncertainty, with regard to potential reduced funding from member local authorities, anticipated fare increases and levels of demand for travel. All of which has been brought into focus due to the ongoing Covid pandemic. The unplanned increase to reserves benefits the Scheme in terms of financial stability in the short to medium term.

4. Conclusions

The scheme continues to experience longer term financial pressures however due to the ongoing Covid pandemic, passenger numbers and reimbursement to operators are substantially below what was budgeted for 2020/21. This allows the Scheme to increase reserves which is welcome given the reserves position reported to previous Committees. It also allows the Scheme to potentially navigate its way out of the pandemic with financial stability in the short term as it makes decisions regarding the long term viability and sustainability of the Scheme

In 2020/21, 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.

5. Committee action

The committee is recommended to note the projected outturn position for 2020/21 based on the information available at the end of P11.

6. 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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Strathclyde Concessionary Travel Scheme Joint Committee

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Concessionary Travel Revenue Monitoring Report

For Year 20/21 Period 11 ending 30-Jan-2021

	Year to Date				Annual Budget				Notes
	Actual	Budget	Variance	Variance %	Projected Outturn	Annual Budget	Variance	Variance %	
EXPENDITURE									
Employee Costs									
Salaries	123,834	125,858	2,024	2%	148,741	148,741	-	0%	
Overtime	-	846	846	100%	250	1,000	750	75%	1
Other Employee Costs	33,396	33,680	284	1%	39,803	39,803	-	0%	
Sub Total Employee Costs	157,230	160,383	3,154	2%	188,794	189,544	750	0%	
Supplies & Services	46,921	65,577	18,656	28%	62,500	77,500	15,000	19%	2
Third Party Payments									
Operator Reimbursement	794,872	3,236,885	2,442,014	75%	940,000	3,825,410	2,885,410	75%	3
Other Third Party Payments	56,711	76,154	19,443	26%	90,000	90,000	-	0%	4
Sub Total Third Party Payments	851,583	3,313,039	2,461,457	74%	1,030,000	3,915,410	2,885,410	74%	
TOTAL EXPENDITURE	1,055,733	3,539,000	2,483,266	70%	1,281,294	4,182,454	2,901,160	69%	
INCOME									
Interest Received	(5,628)	(5,500)	128	(2%)	(6,500)	(6,500)	-	0%	
TOTAL INCOME	(5,628)	(5,500)	128	(2%)	(6,500)	(6,500)	-	0%	
Net Total	1,050,105	3,533,500	2,483,395	70%	1,274,794	4,175,954	2,901,160	69%	

Notes

1. Due to reduced requirement for overtime in the financial year.
2. Outturn reflects detailed review of individual budgets and projected savings to year end. Includes savings in supplies, postage and printing costs.
3. Outturn reflects substantial reduction in concession journeys in the financial year due to Covid-19 and includes a prudent estimate of further payments to operators for the remainder of the financial year.
4. Underspend in year to date in respect of consultancy costs which are anticipated to be paid out before the end of the financial year.