



## Revenue Monitoring Report as at 4 February 2023, Period 11

**Date of meeting** 17 March 2023

**Date of report** 24 February 2023

### Report by Treasurer

#### 1. Object of report

To advise the Committee on revenue expenditure incurred at the end of Period 11 (4 February 2023), including the projected outturn to the end of the current financial year.

#### 2. Background

The Joint Committee approved a balanced budget for 2022/2023 on 18 March 2022. This balanced budget provided for a net revenue budget of £4.059m. The budget covers the cost of operator reimbursement, scheme administration and the issue and management of national entitlement cards. The budget was funded by local authority requisitions of £4.059m with no draw on reserves anticipated. It was set on the basis of the best estimate of patronage recovery and consequential operator reimbursement.

#### 3. 2022/2023 Current Position

Since the last update to Committee in September 2022 there has been positive signs of recovery in terms of patronage, with passenger numbers averaging around 70% of pre-Covid levels in the financial year to date for concessionary travel. Although this is a strong recovery compared to 2020/2021 and 2021/2022, it is still significantly lower than pre pandemic demand levels.

While the impact of the pandemic over recent years has resulted in underspends in operator reimbursements as a result of reduced passenger numbers, these underspends should only be considered as being temporary and unlikely to be sustained at the same levels, if at all moving forward. This will become clearer when travel patterns can be established and sustained over a longer period of time. Performance levels and analysis can be found in the '*Performance and Reimbursement Update on 2022/2023 Quarters 1-3*' paper at this Committee.

Taking all of the above into consideration, reimbursement to operators for the financial year is projected to be £3.387m, which is a reduction of £0.400m 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 £0.742m when compared with 2021/2022.

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. A positive movement in the financial year will be achieved in relation to interest received from current cash balances. Due to increases in current interest rates, additional income of £0.035m is projected for 2022/2023. This in year positive movement is likely to be a short term benefit to the Scheme with interest rates anticipated to reduce sometime in 2024.

The overall projected outturn position for the financial year can be seen in Appendix 1 and an underspend of £0.420m is projected at this stage. Any projected underspend achieved at year end will be factored into the long term sustainability plans for the scheme.

As noted at the last Joint Committee on 30 September 2022, there would be a pause in the implementation of the new fares structure until April 2023 at the earliest, with an update being provided to the next Joint Committee on the proposed implementation timeline. Consideration of the implementation date for the change in the fare structure will be based on a number of factors, including current scheme passenger numbers, the projected outturn for the current year, future years' budget requirements, operator fare increases and current reserve balances. The 2023/2024 proposed budget paper being presented at this Committee will consider the most appropriate timeline for the implementation of new fares taking into consideration the factors mentioned above.

#### **4. Conclusions**

The impact of increased reserves resulting from reduced passenger numbers and reimbursement to operators in 2021/2022 and projected for 2022/2023 will give the Scheme an improved short term financial base position which will be considered when drafting the 2023/2024 budget.

In 2022/2023, all budget lines will continue to be monitored closely to ensure the projected year end position is achieved.

#### **5. Committee action**

The committee is recommended to note the projected outturn position for 2022/2023 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>
Climate Change, Adaptation & Carbon consequences	<i>None directly.</i>

**Name** Neil Wylie

**Title** Treasurer

For further information, please contact *Neil Wylie, Treasurer*, on 0141 333 3380.



# Concessionary Travel Revenue Monitoring Report

For Year 22/23 Period 11 ending 04-Feb-2023

	Year to Date				Annual Budget				
	Actual	Budget	Variance	Variance %	Projected Outturn	Annual Budget	Variance	Variance %	
<b>EXPENDITURE</b>									
<b>Employee Costs</b>									
Salaries	154,283	153,709	(574)	(0%)	181,656	181,656	-	0%	
Overtime	-	846	846	100%	1,000	1,000	-	0%	
Other Employee Costs	43,392	43,230	(162)	(0%)	51,090	51,090	-	0%	
<b>Sub Total Employee Costs</b>	<b>197,675</b>	<b>197,786</b>	<b>110</b>	<b>0%</b>	<b>233,747</b>	<b>233,747</b>	<b>-</b>	<b>0%</b>	
<b>Supplies &amp; Services</b>	<b>46,060</b>	<b>48,315</b>	<b>2,255</b>	<b>5%</b>	<b>57,100</b>	<b>57,100</b>	<b>-</b>	<b>0%</b>	
<b>Third Party Payments</b>									
Operator Reimbursement	2,830,087	3,204,286	374,199	12%	3,386,883	3,786,883	400,000	11%	1
Other Third Party Payments	41,014	26,231	(14,784)	(56%)	46,000	31,000	(15,000)	(48%)	2
<b>Sub Total Third Party Payments</b>	<b>2,871,101</b>	<b>3,230,516</b>	<b>359,415</b>	<b>11%</b>	<b>3,432,883</b>	<b>3,817,883</b>	<b>385,000</b>	<b>10%</b>	
<b>TOTAL EXPENDITURE</b>	<b>3,114,837</b>	<b>3,476,617</b>	<b>361,781</b>	<b>10%</b>	<b>3,723,730</b>	<b>4,108,730</b>	<b>385,000</b>	<b>9%</b>	
<b>INCOME</b>									
Interest Received	(65,791)	(42,308)	23,483	(56%)	(85,000)	(50,000)	35,000	(70%)	3
<b>TOTAL INCOME</b>	<b>(65,791)</b>	<b>(42,308)</b>	<b>23,483</b>	<b>(56%)</b>	<b>(85,000)</b>	<b>(50,000)</b>	<b>35,000</b>	<b>(70%)</b>	
<b>Net Total</b>	<b>3,049,046</b>	<b>3,434,310</b>	<b>385,264</b>	<b>11%</b>	<b>3,638,730</b>	<b>4,058,730</b>	<b>420,000</b>	<b>10%</b>	

## Notes

1. Passenger numbers and reimbursement to operators have increased in comparison the financial year 2021/22. However 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 11 periods of the financial year being sustained until year end.
2. Based on current costs of maintenance support from the Improvement Service and post office charges for ferry cards.
3. Due to current cash balances and recent increase in interest rates.