



## Revenue Monitoring Report as at 1 February 2020, Period 11

**Date of meeting** 6 March 2020

**Date of report** 20 February 2020

### Report by Treasurer/Secretary

#### 1. Object of report

To advise members of the committee of revenue expenditure incurred at the end of Period 11 (1 February 2020), including the projected outturn at the end of the current financial year.

#### 2. Background

The revenue budget for 2019/20 was set at £4.573m. The budget covers the cost of operator reimbursement, scheme administration and the issue and management of national entitlement cards. 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. Current Position

The revenue forecast outturn is anticipated to be £4.788m, resulting in an adverse variance of £0.215m. The £0.215m overspend is comprised of a £0.250m overspend in operator payments due to increased patronage across all modes in line with patronage numbers and reimbursement payments and £0.060m in agency staff costs to cover for vacant posts in the travel card unit. This overspend is partially offset by a £0.055m underspend in employee costs mainly due to vacant posts and £0.040m reduction in supplies and services due to reduced costs for Post Office administrative support. It is estimated that the total reimbursement to operators for 2019/20 will be £4.519m. This will result in £0.413m increase in operator reimbursement costs compared to 2018/19 (£4.106m). See Appendix 1 for a summary budgetary control report.

At 31 March 2019, the scheme held reserves of £1.269m. Based on the forecast outturn at P11 there will be a reduction to reserves of £0.748m in 2019/20, resulting in a revised reserves balance of £0.521m 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 reduced funding from member local authorities, anticipated fare increases and levels of demand for travel. However, the level of reserves that are held for the Scheme is diminishing substantially and the Scheme will be in deficit by the end of the financial year 2020/21 without a fundamental change to the current scheme rules or fares. A separate paper being presented to this Committee details proposals which will safeguard the Scheme in the short term pending a more comprehensive review of Scheme funding, fare structures and Scheme terms.

#### 4. Conclusions

The scheme continues to experience financial pressures and this is apparent when considering 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 the projected position is achieved, noting that it is a demand led cost basis where control is minimal.

#### 5. Committee action

The committee is recommended to note:

- the projected outturn position for 2019/20 based on the information available at the end of P11, including the need to further draw on reserves in the financial year 2019/20.

#### 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>

**Name** Valerie Davidson

**Title** **Treasury/Secretary**

For further information, please contact *Neil Wylie, Director of Finance*, on *0141 333 3380*.



# Concessionary Travel Revenue Monitoring Report

For Year 19/20 Period 11 ending 01-Feb-2020

	Year to Date				Annual Budget				Notes
	Actual	Budget	Variance	Variance %	Projected Outturn	Annual Budget	Variance	Variance %	
<b>EXPENDITURE</b>									
<b>Employee Costs</b>									
Salaries	87,514	128,322	40,808	32%	106,653	151,653	45,000	30%	1
Overtime	2,841	846	(1,995)	(236%)	3,000	1,000	(2,000)	(200%)	1
Other Employee Costs	23,736	33,111	9,374	28%	26,631	39,131	12,500	32%	1
<b>Sub Total Employee Costs</b>	<b>114,091</b>	<b>162,278</b>	<b>48,187</b>	<b>30%</b>	<b>136,284</b>	<b>191,784</b>	<b>55,500</b>	<b>29%</b>	
<b>Supplies &amp; Services</b>	<b>78,176</b>	<b>106,362</b>	<b>28,186</b>	<b>27%</b>	<b>85,700</b>	<b>125,700</b>	<b>40,000</b>	<b>32%</b>	2
<b>Third Party Payments</b>									
Operator Reimbursement	3,779,995	3,611,851	(168,144)	(5%)	4,518,551	4,268,551	(250,000)	(6%)	3
Other Third Party Payments	61,374	4,231	(57,144)	(1351%)	65,000	5,000	(60,000)	(1200%)	4
<b>Sub Total Third Party Payments</b>	<b>3,841,369</b>	<b>3,616,082</b>	<b>(225,287)</b>	<b>(6%)</b>	<b>4,583,551</b>	<b>4,273,551</b>	<b>(310,000)</b>	<b>(7%)</b>	
<b>TOTAL EXPENDITURE</b>	<b>4,033,636</b>	<b>3,884,722</b>	<b>(148,914)</b>	<b>(4%)</b>	<b>4,805,535</b>	<b>4,591,035</b>	<b>(214,500)</b>	<b>(5%)</b>	
<b>INCOME</b>									
Interest Received	(14,985)	(15,231)	(245)	2%	(18,000)	(18,000)	-	0%	
<b>TOTAL INCOME</b>	<b>(14,985)</b>	<b>(15,231)</b>	<b>(245)</b>	<b>2%</b>	<b>(18,000)</b>	<b>(18,000)</b>	<b>-</b>	<b>0%</b>	
<b>Net Total</b>	<b>4,018,651</b>	<b>3,869,491</b>	<b>(149,160)</b>	<b>(4%)</b>	<b>4,787,535</b>	<b>4,573,035</b>	<b>(214,500)</b>	<b>(5%)</b>	

## Notes

1. Due to vacant posts in the current establishment. Savings in employees costs are offset by costs associated with agency staff shown under third party payments.
2. Due to reduced Post Office recharges for administrative support for the Scheme.
3. As a result of increased patronage and reimbursement across rail, ferry and Subway journeys and also includes the impact of fare increases by operators.
4. Costs associated with agency staff brought in to cover for vacant posts and also to clear the backlog of applications (see note 1).