

Board meeting
10 November 2020



Finance report – month ending 30
September 2020

Agenda item: 12
LTW638
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Report written by Shahid Mohammed, Finance Manager

This accounts commentary highlights significant variances from budget in the actual draft financial results to the month ending 30 September 2020 and the forecast outturn for the 2020/21 year. Minor system problems following the IT migration have meant these accounts have not been able to be finalised and have therefore been presented in draft format and may be subject to minor change, although they are believed to be largely accurate and present a true picture.

Revenue Income & Expenditure Report

1. Revenue Income

Grant of £1,133,000 has been agreed with the GLA for the year and half of this had been received to date. There is a high risk in year savings may be required and the last budget review identified £16,000, 11% of non-fixed costs, of achievable savings without significant impact on operations.

2. Revenue Expenditure

Staff costs:

Staff costs to date are largely in line with forecast. The minor favourable variance is due to the annual pay increment which will back dated and paid in the coming months. The forecast outturn is slightly higher than budget as the original budget assumed the HR advisor post would be made redundant in September, but the planned transfer to Transport Focus to provide this service has been delayed. The forecast currently assumes the HR advisor will now be in post until 31 March 2021. However following negotiations with Transport Focus it has been agreed funding will be provided for an extension and this will result in further in-year savings of around £7,000.

Other staff related costs – non pay:

Other non pay staff related costs are slightly lower than forecast to date mainly due to limited spend on travel and subsistence. The forecast outturn is lower than budget due to a reduction in travel and subsistence costs during the current Covid pandemic, lower training and development costs than anticipated and the Investors in People accreditation not being renewed.

Accommodation:

Accommodation costs are in line with forecast. The forecast outturn is slightly lower than forecast as no office cleaning costs have been assumed for the period to 30 September 2020. The budget and forecast outturn include £10,000 for office relocation costs.

Supplies and services:

Costs are £10,000 below forecast to date as the IT cloud migration project has taken place slightly later than anticipated in the forecast profile. Final costs are expected to be in line with the forecast. In addition, digital engagement costs have been lower than anticipated. The full year budget and forecast includes costs for new laptops, digital engagement, and a £10,000 contingency. The forecast outturn is lower than budget as the contingency budget has been reduced.

Funding from/to reserves and reserves at the year-end

The forecast outturn for the year is expected to result in a Revenue Surplus of £12,000 which will be transferred to reserves leaving a closing Reserve balance of £61,000. However, following a review of the reserves policy, it was agreed that £45,000 was the correct reserves level to maintain so £16,000 could be offered back to the GLA as in-year savings leaving a closing reserves balance of £45,000.

3. Cash Flow

The bank balance at 30 September was £143,000. A grant payment of £284,000 was received from the GLA on 1 October to cover anticipated costs to 31 December 2020.

4. Future Year Outlook

In the light of prospective cuts to the budget of the London Assembly, London TravelWatch has been asked to consider making budget savings, and to outline what the impact on the organisation, Transport Users and the London Assembly might be. Budget cut scenarios in the range of 10% to 50% were submitted to the GLA in August but we have not yet had confirmation of the final savings requirements.

5. Recommendation

That the Board consider the report and review the management accounts.

Shahid Mohammed

Finance Manager