

ScotRail report pre-tax loss of nearly £64.5 million

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Abellio ScotRail has reported a pre-tax loss of nearly £64.5 million for the year ended 31 March 2020.

In the report it says the COVID-19 pandemic has had a significant impact on the financial results, which overall resulted in an operating loss for the period after tax of £51.6 million – in 2019 the operating loss was nearly £7.9 million.

It says: “The operating loss for the current year is primarily as a result of the impairment of cash generating unit resulting from the COVID-19 pandemic.

“In response to the pandemic, an Emergency Measures Agreement (EMA) was entered into with the Scottish Government, and while this insulates the company as far as reasonable from the severe financial impacts of the pandemic, the expected cashflows across the remainder of the franchise term have been significantly impacted.”

The company, which operates under a franchise agreement awarded by Transport Scotland, revealed that turnover for the year was £917 million (2019: £989.9 million) which included £526.3 million of franchise

subsidy from Transport Scotland and passenger income of £360.4 million.

The report continues: “The Scottish Government’s decision in December 2019 not to continue the Abellio ScotRail franchise beyond 31 March 2022 was disappointing and created significant uncertainty for the company.

“This uncertainty was superseded towards the end of the reporting period for these accounts by the introduction of full COVID-19 lockdown.

“As with many organisations across the world COVID-19 is the single biggest factor impacting the future of the business. As a result of government intervention telling people not to travel, there was a significant reduction in passengers travelling with Abellio ScotRail (up to 95 per cent reduction on the prior year), and the similar drop in revenue resulted in Abellio ScotRail signing a franchise variation to enter into an EMA with the Scottish Government, whereby Transport Scotland have undertaken revenue and cost risk, providing financial support needed to continue operations.

“Abellio ScotRail Ltd are grateful for the support provided by the Scottish Government which has ensured that services continue to be able to operate throughout a period of significant uncertainty.”

Last month it was announced that ScotRail services will be provided within Scottish Government ownership from the expiry of the current ScotRail franchise, currently expected in March 2022.

Speaking in a statement to Parliament, Transport Secretary Michael Matheson announced that ScotRail services will be provided within the public sector, by an arm’s length company owned and controlled by the Scottish Government.

This is a result of the Scottish Government’s decision to run ScotRail services through what it known as the ‘Operator of Last Resort’.

Photo credit: ScotRail