

Final Outturn for financial year 2024/2025 and Revenue Monitoring Report as at 16 August 2025, Period 5

Date of meeting 19 September 2025

Date of report 29 August 2025

Report by Treasurer

1. Object of report

To advise members of the Committee of the final outturn for the financial year 2024/2025 and also to report on revenue expenditure incurred at the end of Period 5 (16 August 2025), including the projected outturn to the end of the current financial year.

2. Background

The Strathclyde Concessionary Travel Scheme revenue budget for 2024/2025 was set at £5.031m. The budget covers the cost of operator reimbursement, scheme administration and the issue and management of national entitlement cards.

The Joint Committee approved a balanced budget for 2025/2026 on 14 March 2025. This balanced budget provided for a net revenue budget of £3.752m, funded by local authority requisitions of £4.178m and allows for a contribution to reserves (£0.426m) which partially replenishes the amount drawn down in 2024/2025. The budget was prepared on the basis of the revised half fare structure being implemented in April 2025. It assumed that there will be a small reduction in passenger numbers as a result of the new fare structure. Operator reimbursement is anticipated to decrease by £1.959m in 2025/2026 when compared to 2024/2025. Scheme members fare increases in 2025/2026 are also factored into projection. The implementation of the revised fare structure in 2025/2026 will allow the Scheme to establish a new baseline for travel demand, operator reimbursement and Scheme reserves.

3. 2024/2025 Final Outturn

The final outturn for 2024/2025 was £5.558m, resulting in a negative variance of £0.527m against the approved budget. The £0.527m overspend is comprised of a £0.706m overspend in operator payments, partially offset by increased interest received of £0.160m and a small underspend in other costs of £0.019m. Interest received was higher than budget due to increased cash balances and interest rates. Operator reimbursement payments for 2024/2025 were £5.451m which represented a 34% increase compared to 2023/2024. This was a result of increased patronage and fare increases by scheme members.

There were further increases in passenger numbers in 2024/2025. These increased by an average of 20% compared to 2023/2024. This increase is likely, in part, as a result of ScotRail's peak fare removal pilot. However, across other modes passenger numbers have increased year on year. The pilot ended on the 27 September 2024 and as

anticipated, passenger numbers for ScotRail reduced slightly as peak-time concessionary travel restrictions were reintroduced. In terms of reimbursement, in line with arrangements agreed with ScotRail in 2023/2024 regarding the peak fare removal pilot, reimbursement to ScotRail was capped for the first two quarters of 2024/2025. However, as a result of increased passenger numbers across all modes and operator fares increases, reimbursement to operators has increased significantly when compared to 2023/2024.

The overall overspend of £0.527m reduced reserves resulting in a revised reserve balance of £3.736m. There was an overall reserves reduction of £1.463m in 2024/2025. Reserves are necessary to ensure the longer term viability and sustainability of the Scheme at a time of uncertainty in local authority funding settlements, anticipated fare increases and future patronage levels.

The significant draw in reserves in 2024/2025 confirmed the need for the implementation of a revised fare structure. Given trends in passenger numbers and reimbursement coupled by ongoing annual increases in operators fares this clearly demonstrated that the fare structure was no longer viable for the scheme to be sustainable in the long term. The final budgetary control report for the financial year 2024/2025 can be found at Appendix 1.

4. 2025/2026 Current Position

Since the beginning of the year as a result of the new SCTS fare structure introduced on 1 April 2025, there has been an overall reduction in concessionary travel and patronage appears to reflect more typical levels of demand seen in 2023/2024, following the conclusion of ScotRail's off-peak pilot. This has consequently reduced operator reimbursement in line with the projected payment to operator budget included in the 2025/2026 approved budget. Further details regarding the new fare structures impact are provided in the *'Performance and Reimbursement Update: 2024/2025 year-end and interim 2025/2026 outlook'* included at this committee.

However, a recent decision to permanently remove peak rail fares from 1 September 2025 required the Committee to reassess the financial impact and reimbursement arrangements with ScotRail. At a special meeting of the Joint Committee on 14 August 2025, members approved a revision to concessionary rail fares, offering one-third off new off-peak return and single tickets. Without this change, the estimated additional annual cost to the Scheme was approximately £1 million which would have negated significantly the impact of the revised fare structure implemented on the 1 April 2025.

Taking all of the above into consideration, reimbursement to operators for the financial year is projected to be in line with 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. However the impact of new Scotrail off-peak fares, and the necessary change to reimbursement arrangements still require to be fully understood. If operator reimbursement remains in line with budget then this would represent a decrease in operator reimbursement of £1.959m (36%) when compared with 2024/2025.

Administration of the Scheme and support to card holders has continued at normal levels since the start of the financial year and therefore, these costs are in line with budget estimates. Interest received is forecast to exceed budget by £0.020m in 2025/2026. This is a result of interest rates received for current cash balances not reducing as quickly as originally anticipated. Any future changes to interest rates may impact on the year end projection, which are expected to remain at higher rates for longer than anticipated. The overall projected outturn position for the financial year can be seen in Appendix 2 and an underspend of £0.020m is projected at this stage. However, members are reminded that

there is a significant level of uncertainty around this estimate, and it will be closely monitored.

5. Conclusions

Although the Scheme is currently on a sound financial footing with the reserves position stabilising, as a result of the implementation of the new fare structure in April 2025 it is still too early to establish the long term impact on reimbursement levels. However, early indications suggest that the anticipated reduction in operator reimbursement is beginning to materialise in line with budget projections.

The decision to remove peak rail fares from 1 September 2025 would have had significant cost implications for the scheme if the fare structure implemented on 1 April 2025 remained in place. This required a revision to concession rail fares to allow a review of the impact of the new peak fares, passenger number and reimbursement to Scotrail to be undertaken.

In 2025/2026, all budget lines will continue to be monitored closely to ensure projections are as accurate as possible.

6. Committee action

The Joint Committee is recommended to:

- note the final outturn position for 2024/2025; and
- note the projected outturn position for 2025/2026 based on the information available at the end of P5.

7. 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 Lesley Aird

Title Treasurer

Strathclyde Concessionary Travel Scheme Joint Committee

For further information, please contact *Stuart Paul, Head of Finance*, at stuart.paul@spt.co.uk



Concessionary Travel Revenue Monitoring Report

For Year 24/25 Period 13 ending 31/03/2025 00:00:00

EXPENDITURE

Employee Costs

Salaries	253,888	253,888	-	0%
Overtime	-	1,000	1,000	100%
Other Employee Costs	34,373	34,373	-	0%

Sub Total Employee Costs

Supplies & Services

Third Party Payments

Bus Operator Payments	5,450,784	4,745,050	(705,734)	(15%)
Other Third Party Payments	39,868	56,000	16,132	29%

Sub Total Third Party Payments

TOTAL EXPENDITURE

INCOME

Interest Received	(282,648)	(122,461)	160,187	(131%)
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TOTAL INCOME

Net Total

Year to Date				
	Actual	Budget	Variance	Variance %
TOTAL EXPENDITURE	5,840,838	5,153,411	(687,426)	(13%)
TOTAL INCOME	(282,648)	(122,461)	160,187	(131%)
Net Total	5,558,190	5,030,950	(527,240)	(10%)

Notes

Notes

1. This is as a result of increased passenger numbers and operator fares increases. This overspend has a direct impact on Scheme reserves.
2. Increased income anticipated due to current sustained interest rates and cash balances.

For Year 25/26 Period 5` ending 16/08/2025 00:00:00

	Year to Date				Annual Budget				Notes
	Actual	Budget	Variance	Variance %	Projected Outturn	Annual Budget	Variance	Variance %	
EXPENDITURE									
Employee Costs									
Salaries	99,018	99,003	(15)	(0%)	261,855	261,855	-	0%	
Overtime	-	378	378	100%	1,000	1,000	-	0%	
Other Employee Costs	18,198	18,198	-	0%	48,132	48,132	-	0%	
Sub Total Employee Costs	117,216	117,579	363	0%	310,987	310,987	-	0%	
Supplies & Services	25,316	23,706	(1,610)	(7%)	62,700	62,700	-	0%	
Third Party Payments									
Bus Operator Payments	1,265,809	1,320,432	54,624	4%	3,492,448	3,492,448	-	0%	1
Other Third Party Payments	13,415	18,148	4,733	26%	48,000	48,000	-	0%	
Sub Total Third Party Payments	1,279,224	1,338,580	59,357	4%	3,540,448	3,540,448	-	0%	
TOTAL EXPENDITURE	1,421,756	1,479,865	58,109	4%	3,914,135	3,914,135	-	0%	
INCOME									
Interest Received	(73,807)	(61,422)	12,384	(20%)	(182,458)	(162,458)	20,000	(12%)	2
TOTAL INCOME	(73,807)	(61,422)	12,384	(20%)	(182,458)	(162,458)	20,000	(12%)	
Net Total	1,347,949	1,418,442	70,493	5%	3,731,677	3,751,677	20,000	1%	

2. Increased income anticipated due to current sustained rates and cash balances. Any future changes to interest rates may impact on the year end projection.