



Revenue Monitoring Report as at 1 February 2025, Period 11

Date of meeting 14 March 2025

Date of report 24 February 2025

Report by Treasurer

1. Object of report

To advise the Committee on revenue expenditure incurred at the end of Period 11 (1 February 2025), including the projected outturn to the end of the current financial year.

2. Background

The Joint Committee approved a balanced budget for 2024/2025 on 23 March 2024. This balanced budget provided for a net revenue budget of £5.031m, funded by local authority requisitions of £4.138m and a draw on reserves of £0.936m. It was set on the basis of the best estimate of patronage numbers and consequential operator reimbursement. It was also agreed at this meeting that there would be a pause in the implementation of the new fares structure until April 2025.

3. 2024/2025 Current Position

Since the last update to Committee in September 2024 there has been further increases in passenger numbers. These have increased by an average of 20% compared to the first three quarters in 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. Further details regarding passenger numbers and its impact are provided in the '*Performance and Reimbursement Update: 2024/2025 Quarters 1-3*' paper included at this committee.

The pilot ended on the 27 September 2024 and, as anticipated, passenger numbers for ScotRail reduced slightly as peak-time concessionary travel restrictions were re-introduced. 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.

Taking all of the above into consideration, reimbursement to operators for the financial year is projected to be higher than the approved budget by £0.400m. This is based on current trends in passenger numbers and operator reimbursement seen in the financial year to date and would represent an increase in operator reimbursement of £1.068m (26%) when compared with 2023/2024.

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 £0.150m in 2024/2025. This is a result of increased interest rates received for current cash balances, 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 1 and an overspend of £0.250m is projected at this stage.

As noted in the Proposed Revenue Budget 2024/2025 paper approved in March 2024 there would be a pause in the implementation of the new fares structure until April 2025. The proposed draw on reserves in 2024/2025 is £1.186m which would reduce the reserves balance to £3.840m. Given current trends in passenger numbers and reimbursement coupled by ongoing annual increases in operators fares this clearly demonstrates that the current fare structure is no longer viable for the scheme to be sustainable in the long term.

Approval was given at the Committee meeting of 12 March 2021 for a new half fare with cap structure to be introduced following the recommendations of the in-depth review carried out in 2020. However, due to reduced operator reimbursement costs over recent financial years as a result of the pandemic, the immediate financial pressures previously experienced by the Scheme were eased and the timeline for implementation was pushed back.

Discussions have been held with Scheme operators over recent years to ensure they are operationally ready for the introduction of the new fares structure and in order that they understand the potential impact on reimbursement payments. Further engagement will continue with scheme operators in the lead up to the implementation of the new half fare structure in April 2025. Further details regarding implementation of the half fare structure and its impact are provided in the 'SCTS Proposed Revenue Budget 2025/2026' paper included at this committee.

4. Conclusions

Although the Scheme is currently on a sound financial footing, projected costs for 2024/2025 mean that the Scheme will be running at a significant deficit which will require to be balanced by scheme reserves. With increased passenger numbers, reimbursement and operator fare increases are likely to continue beyond 2024/2025, the current fare structure is not sustainable in the long term because of the continuous annual draw on reserves required to balance scheme costs.

The implementation of the new fare structure in April 2025 is essential in order to safeguard the longer term future of the Scheme. In 2024/2025, all budget lines will continue to be monitored closely to ensure projections are as accurate as possible.

5. Committee action

The committee is recommended to note the projected outturn position for 2024/2025 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

None directly.

Name Lesley Aird

Title **Treasurer**

Strathclyde Concessionary Travel Scheme Joint Committee

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Concessionary Travel Revenue Monitoring Report

For Year 24/25 Period 11 ending 01/02/2025

	Year to Date				Annual Budget				Notes
	Actual	Budget	Variance	Variance %	Projected Outturn	Annual Budget	Variance	Variance %	
EXPENDITURE									
Employee Costs									
Salaries	213,544	213,544	-	0%	253,888	253,888	-	0%	
Overtime	-	841	841	100%	1,000	1,000	-	0%	
Other Employee Costs	28,911	28,911	-	0%	34,373	34,373	-	0%	
Sub Total Employee Costs	242,455	243,296	841	0%	289,261	289,261	-	0%	
Supplies & Services	52,343	53,073	730	1%	63,100	63,100	-	0%	
Third Party Payments									
Operator Reimbursement	4,325,416	3,991,042	(334,374)	(8%)	5,145,050	4,745,050	(400,000)	(8%)	1
Other Third Party Payments	15,046	47,101	32,055	68%	56,000	56,000	-	0%	
Sub Total Third Party Payments	4,340,462	4,038,144	(302,319)	(7%)	5,201,050	4,801,050	(400,000)	(8%)	
TOTAL EXPENDITURE	4,635,260	4,334,513	(300,747)	(7%)	5,553,411	5,153,411	(400,000)	(8%)	
INCOME									
Interest Received	(238,798)	(103,001)	135,796	(132%)	(272,461)	(122,461)	150,000	(122%)	2
TOTAL INCOME	(238,798)	(103,001)	135,796	(132%)	(272,461)	(122,461)	150,000	(122%)	
Net Total	4,396,463	4,231,512	(164,951)	(4%)	5,280,950	5,030,950	(250,000)	(5%)	

Notes

1. Overspend projected based on reimbursement to operators in the year to date. This is as a result of increased passenger numbers and operator fares increases.
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.