

Strathclyde Concessionary Travel Scheme Joint Committee



Update on 2018/19 scheme costs and patronage

Date of meeting 08 March 2019

Date of report 27 February 2019

Report by Treasurer

1. Object of report

To provide the Committee with an update on the scheme costs incurred at the end of Period 11 (2 February 2019), and patronage for quarters 1 to 3 in 2018/19.

2. Background

The Strathclyde Concessionary Travel Scheme revenue budget for 2018/19 was set at £4.233 million. The budget covers the cost of operator reimbursement, scheme administration and the issue and management of national entitlement cards.

The basic Concessionary fare across all modes is currently £1.00 single and £1.50 return for journeys less than 10 miles. For journey's greater than 10 miles this fare increases dependent on the mode of travel. In August 2018, it was announced that the age of entitlement for concessionary travel in Scotland would remain at 60 but would be extended to companions of eligible disabled children under five. The Scottish Government has also said it will continue to consider options to provide free bus travel for Modern Apprentices.

3. Financial Performance

The revenue forecast outturn is anticipated to be £4.367m, resulting in an adverse variance of £0.134m. The £0.134m overspend is comprised of a £0.129m overspend in operator payments due to increased patronage and £0.021m in agency staff costs to cover for vacant posts in the travel card unit. This overspend is partially offset by a £0.008m underspend in employee costs mainly due to vacant posts and £0.008m over recovery of bank interest as a result of close management of cash balances.

At 31 March 2018, the scheme held reserves of £1.558m. Based on the forecast outturn at P11 there will be a reduction to reserves of £0.227m in 2018/19, resulting in a revised reserves balance of £1.281m 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 and it is likely that the reserves balance will be extinguished within the next two to three years. Therefore, alternative options for scheme funding, fare structures and scheme terms will require to be considered if the scheme is to be sustainable in the long term. A review of potential options will take place in 2019/20.

See Appendix 1 for a summary budgetary control report.

4. Performance and Monitoring

Members will recall that at the last meeting of the Joint Committee (9 November 2018), cumulative totals for Quarters 1 and 2 were reported showing a patronage increase of 1%, with no increase to overall reimbursement levels.

The latest cumulative performance and monitoring results for 2018/19 Quarters 1 to 3, compared with 2017/18, are shown in the table below. The table below also shows the average reimbursement cost per journey per mode

Mode	SCTS Patronage Change 2017/18 Compared to 2018/19 Periods Q1 to Q3	Average operator reimbursement per journey 2018/19 Q1 to Q3
Rail	-1%	£0.79
Subway	+8%	£0.28
Ferry	+1%	£1.51

Members are asked to note that at the time of writing, final Q3 figures had not been fully received from all operators and were still being processed; figures therefore may be subject to change. Complete year-end figures for 2018/19 will be presented at the next meeting of the Joint Committee.

The above results intimate that for year-end, patronage levels for all modes will increase overall by 1%.

5. Conclusion

Overall patronage figures for the first three quarters of 2018/19 shows demand for concessionary travel has increased slightly and this is reflected in the projected outturn position for period 11. Members are asked to note that the SCTS fare increase applied in the first quarter of 2018 has helped manage Scheme costs, however, any future increases to standard fares on rail, Subway or ferry may result in increased reimbursement costs to the Scheme. Officers will continue to identify ways in which the costs to the Scheme can be managed within budget projections.

6. Committee action

The Joint Committee is recommended to:

- note the forecast outturn for 2018/19 and the projected draw on reserves in 2018/19;
- note current patronage levels and average reimbursement per journey per mode.

7. Consequences

Policy consequences	<i>The Scheme will continue to meet the RTS Objective "Access for All".</i>
Legal consequences	<i>None directly.</i>
Financial consequences	<i>As outlined in the report.</i>
Personnel consequences	<i>None directly.</i>
Equalities consequences	<i>None directly.</i>
Risk consequences	<i>There is a risk that the scheme will not be able to continue in its current format as it is unaffordable.</i>

Name Valerie Davidson
Title **Treasurer/Secretary**

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



Concessionary Travel Budget Report

For Year 18/19 Period 11 ending 02-Feb-2019

	Year to Date				Annual Budget				Notes
	Actual	Budget	Variance	Variance %	Projected Outturn	Annual Budget	Variance	Variance %	
EXPENDITURE									
Employee Costs									
Salaries	111,479	119,385	7,906	7%	131,091	141,091	10,000	7%	
Overtime	713	423	(290)	(69%)	800	500	(300)	(60%)	
Other Employee Costs	29,006	27,816	(1,190)	(4%)	34,123	32,873	(1,250)	(4%)	
Sub Total Employee Costs	141,198	147,624	6,426	4%	166,015	174,465	8,450	5%	1
Supplies & Services	97,628	98,154	526	1%	116,000	116,000	-	0%	
Transport & Plant Costs	-	85	85	100%	100	100	-	0%	
Third Party Payments									
Other Third Party Payments	3,439,603	3,346,218	(93,385)	(3%)	4,104,621	3,954,621	(150,000)	(4%)	2
Sub Total Third Party Payments	3,439,603	3,346,218	(93,385)	(3%)	4,104,621	3,954,621	(150,000)	(4%)	
TOTAL EXPENDITURE	3,678,429	3,592,081	(86,348)	(2%)	4,386,736	4,245,186	(141,550)	(3%)	
INCOME									
Interest Received	(18,563)	(10,154)	8,410	(83%)	(20,000)	(12,000)	8,000	(67%)	3
TOTAL INCOME	(18,563)	(10,154)	8,410	(83%)	(20,000)	(12,000)	8,000	(67%)	
Net Total	3,659,865	3,581,927	(77,938)	(2%)	4,366,736	4,233,186	(133,550)	(3%)	

Notes

1. Due to vacancies within the current establishment.
2. Increased outturn based on projected payments to operators for CTS scheme including potential increased costs for Scotrail. Also includes costs associated with agency staff brought in to cover for current vacant posts.
3. Based on close management of cash balances.