

Strathclyde Concessionary Travel Scheme Joint Committee



Proposed Revenue Budget 2021/22

Date of meeting 12 March 2021

Date of report 22 February 2021

Report by Treasurer/Secretary

1. Object of report

To present to the Committee for approval a proposed revenue budget for the financial year 2021/22, outlining the assumptions made in the preparation of the budget, and to advise the Committee of the proposed local authority requisitions to support the Concession Scheme. The outline of the 2022/23 budget is also presented for noting at this stage.

2. Background

The committee will be aware that the pandemic has had a significant impact on patronage levels during 2020/21, which has had a positive impact on the financial sustainability of the scheme in the short term. As the immediate financial pressure has been alleviated from the scheme in the short term no amendments to fares have been assumed or are proposed for 2021/22.

In addition to the budget for 2021/22 a budget has been drafted for 2022/23, but due to the one-year funding constraints the budget is only indicative at this time. The local authorities that fund the Scheme are sympathetic to the issues that one-year budgeting can cause, however they are also constrained by the fact that they themselves receive a one-year settlement from the Scottish Government. The 2022/23 budget does not take account at this stage of any fare recommendations detailed in an earlier report to this committee Strathclyde Concessionary Travel Scheme Review: Progress Update and Recommendations.

3. Current Position and Outline of Proposals

The budget for 2021/22 has been drafted whilst there are a number of key factors that are not known or are uncertain at this time including:

- the level of potential patronage increases due to the schemes core demographic now being vaccinated;
- any potential longer-term impact on public transport services once government financial support is ended;
- any impact on patronage levels due to increased unemployment levels and/or changed working arrangements e.g. increased home working;
- the social distancing requirement on public transport and if this will be managed / enforced; and
- the overall road map out of lock down - specifically when people can meet socially and when non-essential shops and other facilities are re-opened.

Due to the level of uncertainty surrounding patronage levels the payments to operators' budget has been based on similar levels to 2019/20 – the last full financial year unaffected by the pandemic.

For 2021/22 the Local Authority funding settlement has been estimated as flat and consequently the proposed Scheme requisition level for 2021/22 mirrors that estimate. The average movement in the floor calculation for all local authorities in Scotland is still unclear and will not be finalised until the Scottish Parliament agree the full budget. The requisition amount may still be subject to late changes.

Taking the above into account, including the level of funding available from member local authorities and expected forecasts for patronage, it is recommended to agree a budget of £4.039m for 2021/22 funded by £4.039m local authority requisition. If the proposed budget is approved the revised reserve balance will be £3.492m at the end of the financial year 2021/22. Please see the report Strathclyde Concessionary Travel Scheme Review: Progress Update and Recommendations for further details on the long term requirement and planned use of Scheme reserves. The proposed revenue budget can be found at Appendix 1 and the proposed requisition levels can be found at Appendix 2.

4. Conclusion

The projected reduction in payments to operators in 2020/21 allows the scheme to continue sustainably in its current format for another financial year. However, it is important that members recognised that this is a short term position arising only as a result of the pandemic and reduced travel during 2020. The budget has been drafted with the pandemic still ongoing, but with an optimistic outlook for 2021/22.

5. Committee action

The Joint Committee is recommended to approve:

- the proposed budget of £4.039m for financial year 2021/22; and
- requisitions totalling £4.039m.

6. Consequences

Policy consequences	<i>None directly.</i>
Legal consequences	<i>Required to set a balanced budget.</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>None directly.</i>

Name Valerie Davidson
Title **Treasurer/Secretary,**
Strathclyde Concessionary Travel Scheme Joint Committee

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Concessionary Travel Scheme

Proposed Revenue Budget 2021/22

	Current Year		Proposed	Draft
	Budget 2020/21	Projected outturn 2020/21		
Payments to Operators	3,825,410	940,000	3,714,637	3,710,229
Administration & Overheads	357,044	341,294	326,856	331,264
Total expenditure	4,182,454	1,281,294	4,041,493	4,041,493
Interest received	(6,500)	(6,500)	(2,000)	(2,000)
Total Expenditure	4,175,954	1,274,794	4,039,493	4,039,493
Funded by:				
Requisition	(4,039,493)	(4,039,493)	(4,039,493)	(4,039,493)
CTS Reserves	(136,461)	2,764,699	0	0
Total Income	(4,175,954)	(1,274,794)	(4,039,493)	(4,039,493)
Projected Reserves Balance	590,403	3,491,563	3,491,563	3,491,563

*Does not include the impact of proposed changes to concession fares structure in the Review of Scheme report tabled at this Committee.



Proposed Council Requisition - CTS

Financial Year 2021/22

	Requisition Financial Year 2020/21	Proposed Financial Year 2021/22
Argyll and Bute	205,071	203,760
East Ayrshire	234,663	234,741
East Dunbartonshire	226,883	227,385
East Renfrewshire	179,924	179,887
Glasgow	838,782	837,334
Inverclyde	156,380	156,149
North Ayrshire	285,195	284,900
North Lanarkshire	567,965	567,832
Renfrewshire	321,738	322,578
South Ayrshire	263,354	263,067
South Lanarkshire	596,785	598,955
West Dunbartonshire	162,753	162,903
Total Requisition	4,039,493	4,039,493

Notes

1. The above is based on a flat requisition with no change between 2020/21 and 2021/22.
2. Change in % allocation to Councils due to update on the latest Mid Point population survey (mid-2019)