

Review of the Strathclyde Concessionary Travel Scheme

Committee Strathclyde Concessionary Travel Joint Committee

Date of meeting 11 December 2009

Date of report 24 November 2009

Report by Assistant Chief Executive (Business Support)

1. Object of report

The object of this report is to inform the Committee of the key findings to emerge from the review of the Strathclyde Concessionary Travel Scheme ('the Scheme') and to seek approval for the recommended outcomes.

2. Background

- 2.1 In light of the Committee's decision at their meeting in December 2008, SPT officers have now completed a review of the Scheme. This review has been led by the Policy and Strategy department, in partnership with Finance and Operations. Members may recall that the review was instigated following a request that Bishopton be included within the 10 mile boundary which benefits from a flat 40p concession rail fare. Members concluded at the previous meeting that a more detailed review was required given the increasing cost and use of the scheme, and the limited funding available.
- 2.2 The review has included:
 - An assessment of the current scheme including detailed analysis of uptake, usage and costs; and
 - An appraisal of potential options for future scheme developments, and their impact on accessibility, social inclusion, transport operators and the 'public purse'.
- 2.3 A review of the scheme is timely given the recent review and evaluation of the National Concessionary Travel (NCT) scheme undertaken by the Scottish Government. The underlying drivers of the NCT review included an ageing population, growing concessionary travel reimbursements, budget constraints / affordability and the challenges faced by the current economic climate. These are equally valid considerations for the review of the Strathclyde Scheme.

3. Outline of proposals

- 3.1 In the first instance, the review has sought to assess the recent performance of the Scheme against the original objectives included in Annex 1. The key findings of this assessment are as follows;

Current Scheme Assessment – Key Findings

- SCTS is contributing positively towards enabling cardholders to make essential trips for medical, social and shopping purposes
- SCTS appears to contribute towards improving access to services and social networks for cardholders in rural areas
- It is difficult (if not impossible) to precisely assess whether growing SCTS reimbursement has resulted in operators being 'financially no better and no worse off'
- Growing reimbursement costs and projected growth in the over 60 population is a key issue for the scheme

- 3.2 In light of these findings, the need to revisit the original scheme objectives was identified in order to ensure a better fit with recent National and Regional policy developments. It was also recognised that a suite of revised scheme objectives would form the most appropriate basis for appraisal of future scheme development options. The proposed revised scheme objectives are as follows;

Proposed Revised Scheme Objectives

Key objective;

Allow older and disabled people improved access to services, facilities and social networks by discounted scheduled rail, ferry and subway services within a Scheme boundary; and so promote social inclusion;

Sub-objectives;

- To improve health by promoting a more active lifestyle for the elderly and disabled;
- Promote modal shift from private car to public transport;
- To improve and facilitate access to services, facilities and social networks for the elderly and disabled in both urban and rural locations
- Maintain a "no better, no worse off" position for public transport operators as a result of their participation in the scheme

- 3.3 A number of scheme development options were created with a view towards sustaining the benefits of the scheme going forward. A summary of the options created is provided in annex 2.
- 3.4 An appraisal of the options developed was then undertaken against the above criteria and overall affordability. A high level summary of the appraisal results is included in annex 3. This has formed the basis for the recommendations set out below.
- 3.5 In the short term (i.e. over the next year, and impact reviewed in Year 2) it is recommended that the following changes to the scheme are implemented;

Recommendations; short term

- Replace original SCTS aims with proposed revised scheme objectives
- Increase the basic concessionary fare on Rail and Subway by a maximum of 20p
- Re-introduction of a basic concessionary fare on ferry services included within SCTS, consistent with rail and subway
- Introduce a price differential between the Single and Return basic concessionary fare (e.g. Single = 60p, Return = £1).
- Impose a cap on the level of annual reimbursement by mode and operator

3.6 Over the medium to longer term (i.e. over the next 3 -5 years) it is also recommended that the following is taken forward;

Recommendations; medium to longer term

- Set out a clear monitoring regime and evaluation schedule for agreed changes to the SCTS
- Develop long term plan to review SCTS at regular intervals which takes account of the findings and an impact assessment of the initial short term recommendations, noting that over the 5 year period different fare options and models will be assessed to ensure the long term viability of the scheme
- Instigate a comprehensive review of the SCTS reimbursement calculator(s) to ensure accuracy, improve usability and remove potential anomalies.
- Consider linking the basic concessionary fare to inflation and / or standard fare price increases to minimise fluctuations in the real level of discount over time
- Open dialogue with Transport Scotland / Scottish Government as to the merits and demerits of setting eligibility of National Entitlement Card (NEC) and SCTS to the national retirement age
- Investigate the merits and demerits of alternative methods of funding and operating the SCTS. e.g. Contracting
- Further investigate the opportunities for SCTS linked to the development of Smartcard ticketing.

3.7 Both sets of recommendations aim to safeguard the main benefits of the scheme to elderly and disabled users, and also to ensure financial sustainability going forward.

4. Conclusions

The review is part of an ongoing process to ensure the scheme provides good value to the travelling public and also to the 'public purse'. If approved, the proposed changes of sections 3.2, 3.5 and 3.6 will ensure that the scheme continues to deliver benefits for the travelling public whilst remaining affordable to the public purse and users.

5. Committee Action

The Committee is requested to approve the proposals of sections 3.2, 3.5 and 3.6.

6. Consequences

Policy consequences	<i>An amended scheme, as proposed, would continue to meet the objectives of the RTS.</i>
Legal consequences	<i>None at present</i>
Financial consequences	<i>The recommended proposals for the short term are likely to ensure that the scheme remains affordable to the public purse. Efficient and effective monitoring of the scheme will ensure that this remains the case for the medium to longer run.</i>
Personnel consequences	<i>None at present</i>
Social Inclusion consequences	<i>The scheme will continue to deliver benefits for the majority of current and future users. The Committee is asked to note that there will be greater cost implications for those who use ferry services. However, the benefits to ferry users will remain greater than those available under the National Concessionary Travel Scheme.</i>
Risk consequences	<i>Without action there is a risk that the scheme may become unaffordable to the public purse.</i>

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Annex 1: Initial aims of the scheme

The SCTS had the initial objective of enabling concessionary cardholders to make essential trips for medical, social and shopping purposes for the basic concessionary fare. Cardholders were permitted to make single journeys on a single vehicle for up to a distance of 10 miles for the basic concessionary fare (with journeys over 10 miles qualifying for a 50% discount).

Legislation required that the scheme has as its objective the requirement that an operator is financially no better and no worse off as a result of his participation in the Scheme. Therefore, when estimating the amount of revenue the operator would obtain from concessionary travel card holders if the scheme were not in existence, the formula for reimbursement must take account of the amount of additional travel generated by the existence of the Scheme (generated travel). Account must also be taken of any reasonable additional costs the operator incurs through participation in the scheme.

In 1990, in response to various Rural Initiatives being introduced by Strathclyde regional Council, Designated Rural Area Zones were incorporated into the Strathclyde Concessionary Travel Scheme. The effect of this variation to the scheme was that the distance threshold was suspended in these Designated Rural Area Zones and cardholders could make essential journeys to a higher tier shopping centre at the basic concessionary fare. This change suggests that a further objective of the scheme was to improve access to services and social networks for cardholders in Designated Rural Area Zones, relative to cardholders in urban areas. Hence the scheme also aims to promote social inclusion for eligible rural cardholders.

Annex 2: Future Scheme development options created for appraisal

Number	Name	Option 1; Variations of the current scheme - Test Description
1.1	50p test	Basic concession set to 50p. No change to non-basic concession (rail only).
1.2	60p test	Basic concession set to 60p. No change to non-basic concession (rail only).
1.3	70p test	Basic concession set to 70p. No change to non-basic concession (rail only).
1.4	80p test	Basic concession set to 80p. No change to non-basic concession (rail only).
1.5	90p test	Basic concession set to 90p. No change to non-basic concession (rail only).
1.6	£1 test	Basic concession set to £1. No change to non-basic concession (rail only).
1.7	Return Only Test	All singles treated as returns for reimbursement (rail only)
Number	Name	Option 2; Removal of all or parts of the scheme - Test Description
2	Remove Test	Removal of mode (s) from the scheme
Number	Name	Option 3; Expand 'Free' travel to Rail and Subway – Test Description
3	Free Rail Test	Introduction of free concessionary travel on mode(s)
Number	Name	Option 4; Variation of scheme boundaries (including removal) - Test Description
4.1	12 Mile Test	Increase basic concession boundary to 12 miles (rail only)
4.2	15 Mile Test	Increase basic concession boundary to 15 miles (rail only)
4.3	No Limit Test	Basic concessionary fares on all origins and destinations (rail only)
4.4	20% All Test	All concessions 20% of comparable standard fare
4.5	30% All Test	All concessions 30% of comparable standard fare
4.6	40% All Test	All concessions 40% of comparable standard fare
4.7	50% All test	All concessions 50% of comparable standard fare

Annex 3; Summary of appraisal results

Objectives	TESTS															
	1.1	1.2	1.3	1.4	1.5	1.6	1.7	2	3	4.1	4.2	4.3	4.4	4.5	4.6	4.7
	50p test	60p test	70p test	80p test	90p test	£1 test	Return Only Test	Remove Test	Free Rail Test	12 Mile Test	15 Mile Test	No Limit Test	20% All Test	30% All Test	40% All Test	50% All test
Allow older and disabled people improved access to services, facilities and social networks by discounted scheduled rail, ferry and subway services within the Scheme boundary; and so promote social inclusion;	0	0	0	x	x	x	0	x	✓	0	0	✓	✓	✓	0	x
To improve health by promoting a more active lifestyle for the elderly and disabled;	0	0	0	x	x	x	0	x	✓	0	0	✓	✓	✓	0	x
Promote modal shift from private car to public transport;	0	0	0	x	x	x	x	xx	✓	0	0	✓	✓	✓	0	x
To improve and facilitate access to services, facilities and social networks for the elderly and disabled in both urban and rural locations	0	0	0	x	x	x	0	x	✓	0	0	✓	✓	✓	0	x
Maintain a “no better, no worse off” position for public transport operators	0	0	0	0	0	0	✓	✓✓ ✓	0	0	0	0	0	0	0	0
Facilitate an efficient administration of the concession payment system	0	0	0	0	0	0	✓	✓✓ ✓	0	0	0	✓	✓	✓	✓	✓
Affordability to the public purse	✓	✓✓	✓✓	✓✓	✓✓	✓✓ ✓	✓✓ ✓	✓✓ ✓	xxx	xx	xx	xxx	xxx	xx	0	✓✓ ✓

Key: ✓✓✓ = major positive, ✓✓ = moderate positive, ✓ = minor positive, 0 = neutral, x = minor negative, xx = moderate negative, xxx = major negative