

# Strathclyde Concessionary Travel Scheme Joint Committee



## Performance and Reimbursement Update on 2019/20 Quarter 1 to Quarter 3 Results.

**Date of meeting** 6 March 2020

**Date of report** 27 February 2020

### Report by Treasurer/Secretary

#### 1. Object of report

To update the Committee of the Strathclyde Concessionary Travel Scheme's performance and reimbursement results for 2019/20 financial quarters 1-3 (April-December 2019).

#### 2. Background

The Committee requires that regular updates be reported to show the latest performance and reimbursement costs of the Scheme. These updates form part of a continuing process to ensure that the Scheme provides good value to its users and helps safeguard the Scheme's sustainability going forward.

These updates have informed decisions taken by the Committee to implement necessary changes to the Scheme, for example on Scheme fares, the operator reimbursement formula and changes to peak-time travel restrictions. These changes have been necessary to safeguard the longer-term sustainability of the Scheme. This is summarised in **Appendix 1**. A history of Scheme patronage and reimbursement is presented in **Appendix 2**.

With a trend highlighting increasing concessionary demand and rising reimbursement costs, it was agreed by the committee in March 2019<sup>1</sup> that a review of the Scheme should be undertaken to ensure the Scheme's affordability and sustainability moving forward.

The findings of the internal review were subsequently reported at the last meeting of the committee<sup>2</sup> in September 2019, highlighting a number of on-going pressures being faced by the Scheme and estimating that funding reserves are likely to be exhausted within the next 1-2 years without immediate intervention to secure the Scheme's short-term future.

Members will recall also at the last Committee, 2018/19 year-end performance and reimbursement results further underlined this continued trend with a 2% increase in concessionary patronage and a 4% increase in Scheme reimbursement costs being reported.

<sup>1</sup> [http://www.spt.co.uk/documents/latest/sctsjc080319\\_agenda4sup.pdf](http://www.spt.co.uk/documents/latest/sctsjc080319_agenda4sup.pdf)

<sup>2</sup> [http://www.spt.co.uk/documents/latest/CTJC200919\\_Agenda7.pdf](http://www.spt.co.uk/documents/latest/CTJC200919_Agenda7.pdf)

Figures presented in this paper provide an update on performance and reimbursement results for quarters 1-3 of financial year 2019/20.

### 3. 2019/20 Performance and Reimbursement Quarter 1 to Quarter 3

Tables 1 and 2 below show performance results and reimbursement costs for quarters 1-3 in financial year 2019/20 compared with the respective quarters in 2018/19.

*Table 1: Concessionary Patronage for 2019/20 Quarter 1 to Quarter 3.*

<b>Patronage (millions)</b>		
<b>Mode</b>	<b>2019/20 Q1-Q3</b>	<b>Change vs. 2018/19 Q1-Q3</b>
Rail	2.86	+5%
Subway	0.71	+3%
Ferry	0.54	+5%
<b>TOTAL</b>	<b>4.11</b>	<b>+4%</b>

*Table 2: Concessionary Reimbursement for 2019/20 Quarter 1 to Quarter 3.*

<b>Reimbursement (£millions)</b>		
<b>Mode</b>	<b>2019/20 Q1-Q3</b>	<b>Change vs. 2018/19 Q1-Q3</b>
Rail	2.36	+11%
Subway	0.26	+12%
Ferry	0.83	+8%
<b>TOTAL</b>	<b>3.49</b>	<b>+10%</b>

3.1 Table 1 shows that demand for concessionary travel during the first three quarters of 2019/20 increased across all modes with an overall patronage increase of 4% compared with the respective quarters in 2018/19.

3.2 Table 2 shows an overall increase of 10% in Scheme reimbursement during the first three quarters of 2019/20 compared with the respective quarters in 2018/19.

### 4. Conclusion

4.1 Results for the first three quarters of 2019/20 highlight once again the significant increases in demand for concessionary travel with an additional 170,000 journeys made across all modes. This patronage figure reflects a trend showing year-on-year growth in demand for the Scheme.

4.2 Scheme reimbursements have increased more notably. The first three quarters of the financial year report a 10% increase in reimbursement payments made to participating operators which equates to an additional £315,000 being paid compared with the respective quarters in 2018/19.

- 4.3 It is estimated that based on current trends, by 2019/20 year-end, the Scheme can expect an increase of around 220,000 concession journeys made and a corresponding reimbursement cost increase of £413,000.
- 4.4 Members are asked to note these significant increases in demand and the resulting reimbursement costs. These figures are the consequence of substantially higher than anticipated demand for concessionary, compounded by standard operator fare increases introduced across all modes.
- 4.5 It is likely that participating operator fares will rise again within the next financial year and that demand will also continue to grow; meaning further financial pressures will be placed on the Scheme.
- 4.6 Taking account of results shown in this report, the need for immediate intervention in order to safeguard the future of the Strathclyde Concessionary Travel Scheme is now necessary.

## 5. Committee action

The Committee is asked to note the contents of this paper and in particular, the impact of reported increased concessionary demand and operator reimbursement on Scheme costs.

## 6. Consequences

Policy consequences	<i>The Scheme will continue to meet the RTS Objective "Access for All".</i>
Legal consequences	<i>None at present.</i>
Financial consequences	<i>Figures presented in this report present a major financial risk to the future viability of the Scheme in its present form.</i>
Personnel consequences	<i>None at present.</i>
Equalities consequences	<i>None at present.</i>
Risk consequences	<i>None at present.</i>

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## Appendix 1: History of Scheme Changes

### 2010-11

- Increased the basic concessionary fare on rail and Subway by a maximum of 20p.
- Re-introduced a basic concessionary fare on ferry services included within SCTS.
- Introduced a price differential between single and return basic concessionary fare i.e. single 60p and return £1.00.

### 2011-12

- Increased the basic concessionary fare from 60p single and £1.00 return to 80p single and £1.20 return.
- Re-introduced a 10 mile basic concessionary boundary for ferry services.
- Re-introduced a cap on concessionary ferry fares for services to designated rural areas beyond 10 miles at 2 x basic concession.

### 2012-13

- Updated operator reimbursement calculations.
- Introduced an evening-peak restriction on rail travel [between 16.30 and 18.00 hrs].
- Basic concessionary fare maintained at 80p single and £1.20 return.

### 2013-14

Basic concessionary fare increased to 90p single and £1.30 return.

### 2014-15

Basic concessionary fare maintained at 90p single and £1.30 return.

### 2015-16

Basic concessionary fare maintained at 90p single and £1.30 return.

### 2016-17

Basic concessionary fare maintained at 90p single and £1.30 return.

### 2017-18

Basic concessionary fare increased to £1.00 single and £1.40 return.

### 2018-19

Basic concessionary return fare increased to £1.50. No change to single fare.

### 2019-20

Basic concessionary fare maintained at £1.00 single and £1.50 return.

**Appendix 2: Scheme Patronage and Reimbursement History (previous 8 years).**

<b>Patronage (millions)</b>								
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Rail</b>	3.37	3.21	3.21	3.37	3.36	3.43	3.52	3.52
<b>Ferry</b>	0.64	0.64	0.64	0.67	0.65	0.68	0.65	0.67
<b>Subway</b>	0.71	0.70	0.77	0.83	0.81	0.72	0.84	0.91
<b>Totals</b>	<b>4.72</b>	<b>4.55</b>	<b>4.62</b>	<b>4.87</b>	<b>4.82</b>	<b>4.82</b>	<b>5.01</b>	<b>5.10</b>

<b>Reimbursement (£millions)</b>								
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Rail</b>	2.73	2.50	2.53	2.64	2.67	2.75	2.76	2.83
<b>Ferry</b>	1.10	1.04	1.02	1.05	0.93	0.95	0.93	1.00
<b>Subway</b>	0.22	0.23	0.25	0.27	0.27	0.24	0.27	0.30
<b>Totals</b>	<b>4.05</b>	<b>3.77</b>	<b>3.80</b>	<b>3.96</b>	<b>3.87</b>	<b>3.94</b>	<b>3.96</b>	<b>4.13</b>