

Strathclyde Concessionary Travel Scheme Joint Committee



Performance and reimbursement update on 2019/20 year-end and on 2020/21 quarter 1

Date of meeting 18 September 2020

Date of report 30 August 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 year-end and for 2020/21 quarter 1 (April-June).

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 past decisions taken by the Committee to implement necessary changes to the Scheme. 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.

Furthermore, with a historic trend highlighting increasing concessionary demand and rising reimbursement costs, in addition to pressures being experienced by the funding councils and depleting financial Scheme reserves, it was agreed by the committee on 6 March 2020¹ that an interim £0.50 increase in basic concessionary single and return fares be applied and that a more in-depth independent review of the Scheme be commissioned. This review was tasked with a specific focus on options to ensure the Schemes future financial sustainability. An update on review progress is presented to the committee in a separate paper.

Covid-19 Impacts

Members are however reminded that in the weeks immediately following March Committee, both UK and Scottish Governments introduced an effective 'lockdown' from 23 March 2020 in response to the on-going public health emergency caused by the Covid-19 virus. This lockdown placed significant restrictions on people's ability to go about their daily lives. The travel message from governments was only to do so for essential work where it could not be done at home.

Given this situation, the decision was taken not to introduce the agreed fare increase at this time in order to help ensure that those who had to make essential journeys, for example healthcare workers, people travelling for medical reasons or to care for vulnerable person(s) could continue to do so without additional financial burden.

¹ http://www.spt.co.uk/documents/latest/SCTS060320_Agenda6.pdf

Members are also made aware that the planned fare increase on CalMac Ferry services due to be introduced in April 2020 did not go ahead in direct response to the pandemic. We currently await information regarding any potential fare increase on CalMac Ferries. For rail, Scottish Ministers, on the back of the July Retail Price Index (RPI) announcement of +1.6%, are considering the implications for January's 2021 fares which uses a formula linked to the July RPI figure.

The first quarter of financial year 2020-21 coincided with the beginning of the lockdown period and of Phases 1 and 2 of 'Scotland's route map through and out of the crisis' when, for transport, patronage reduced by up to 95% on some public transport services. Figures presented in this paper reflect a general patronage reduction observed in the immediate period following lockdown.

3. 2019/20 Performance and Reimbursement Year-end

Performance results and reimbursement costs for the financial year-end 2019/20, compared with 2018/19, are presented Tables 1 and 2 below

Table 1: Concessionary Patronage for 2018/19 and 2019/20

Patronage	2018/19	2019/20
	Millions	Millions
Rail	3.52	3.52
Ferry	0.67	0.67
Subway	0.91	0.90
Totals	5.10	5.09

- 3.1 Rail patronage remained in line with 2018/19 levels.
- 3.2 Ferry patronage remained in line with 2018/19 levels.
- 3.3 Subway patronage decreased by 10,000.
- 3.4 Overall patronage at 2019/20 year-end had reduced marginally by 10,000 (<0.5%).

Table 2: Concessionary Reimbursement for 2018/19 and 2019/20

Reimbursement	2018/19	2019/20
	£Millions	£Millions
Rail	2.82	2.97
Ferry	1.00	1.03
Subway	0.30	0.32
Totals	4.12	4.32

- 3.5 Rail reimbursement increased by £150,000 (+5%).
- 3.6 Ferry reimbursement increased by £30,000 (+3%)
- 3.7 Subway reimbursement increased by £20,000 (+8%).
- 3.8 Overall reimbursement at 2019/20 year-end had increased by £200,000 (+5%)

4. 2020/21 Quarter 1 Performance and Reimbursement

Table 3: Concessionary travel patronage for quarter 1 2020/21

Patronage		
Mode	Patronage (000s)	Change vs. 2019/20
Rail	0.03	-96%
Ferry	0.02	-87%
Subway	0.02	-91%
Totals	0.08	-94%

Table 4: Concessionary travel reimbursement for quarter 1 2020/21

Reimbursement		
Mode	Reimbursement (£000s)	Change vs. 2019/20
Rail	0.03	-95%
Ferry	0.04	-85%
Subway	0.01	-91%
Totals	0.08	-92%

- 4.1 Table 3 shows that just 80,000 concessionary journeys were made during quarter 1 of 2020/21. This represented a 94% reduction in patronage meaning 1.16 million fewer concession journeys made compared with the first quarter of 2019/20.
- 4.2 Table 4 shows that total reimbursement paid to participating operators in quarter 1 was £80,000. This was a reduction of £970,000 compared with quarter 1 in 2019/20.

5. Conclusions

- 5.1 Results for 2019/20 financial year-end show that patronage remained in line with 2018/19 levels with 5.09 million concessionary journeys undertaken.
- 5.2 Financial year-end 2019/20 however saw a 5% increase in Scheme reimbursement payment to participating operators meaning additional costs of £200,000 have been incurred compared with 2018/19.
- 5.3 Members may recall that the performance and reimbursement update presented at March committee², estimated that an additional 220,000 concession journeys would be made in 2019/20. Whilst results for quarters 1-3 supported this estimate, a significant reduction in concession journeys during March 2020 saw quarter 4's patronage decrease by 20% compared with the respective quarter of 2018/19, effectively cancelling out the year-end growth forecast.
- 5.4 Results for the first quarter mirrored the general patronage trends observed on public transport, with concessionary journeys down by 94% and corresponding reimbursement to participating operators down by 92%.

² www.spt.co.uk/documents/latest/SCTS060320_agenda4.pdf

- 5.5 Whilst the effects of being in Phase 3 of the Scottish Government's route-map through and out of lockdown has since seen a rise in public transport patronage, this has been by a range of only 20-40%, still significantly lower than at pre-Covid levels.
- 5.6 It is difficult to predict patronage beyond the short-term with any degree of certainty. Research suggests that over the next 12 months, patronage on public transport may reach up to 70% of pre-Covid levels.
- 5.7 Using this research evidence as the basis for projecting concessionary travel demand, by year-end we may expect to see in the region of 2 million concessionary journeys made across all modes with a corresponding operator reimbursement cost of £1.967m.

6. Committee action

The Committee is asked to note:

- the contents of this paper and in particular the impact of Covid-19 on concessionary demand and operator reimbursement
- an anticipated downturn in demand and resultant operator reimbursement for concessionary travel at 2020/21 year-end; and
- the deferral of the agreed 2020/21 fare increase

7. 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>

Name Valerie Davidson
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Strathclyde Concessionary Travel Scheme Joint Committee

For further information, please contact *Martin Breen, Senior Transport Planner* on 0141 333 3741.

Appendix 1: History of Scheme Changes

<p style="text-align: center;">2010-11</p> <ul style="list-style-type: none"> ▪ 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. 	
<p style="text-align: center;">2012-13</p> <ul style="list-style-type: none"> ▪ Updated operator reimbursement calculations. ▪ Introduced an evening-peak restriction on rail travel [between 16:30 and 18:30 hrs.] ▪ Basic concessionary fare maintained at 80p single and £1.20 return. 	<p style="text-align: center;">2011-12</p> <ul style="list-style-type: none"> ▪ 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 concession fare 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. <p style="text-align: center;">2013-14</p> <ul style="list-style-type: none"> ▪ Basic concessionary fare increased to 90p single and £1.30 return.
<p style="text-align: center;">2014-15</p> <ul style="list-style-type: none"> ▪ Basic concessionary fare maintained at 90p single and £1.30 return. 	<p style="text-align: center;">2015-16</p> <ul style="list-style-type: none"> ▪ Basic concessionary fare maintained at 90p single and £1.30 return.
<p style="text-align: center;">2016-17</p> <ul style="list-style-type: none"> ▪ Basic concessionary fare maintained at 90p single and £1.30 return. <p style="text-align: center;">2018-19</p> <ul style="list-style-type: none"> ▪ Basic concessionary return fare increased to £1.50. No change to single fare. 	<p style="text-align: center;">2017-18</p> <ul style="list-style-type: none"> ▪ Basic concessionary fare increased to £1.00 single and £1.40 return. <p style="text-align: center;">2019-20</p> <ul style="list-style-type: none"> ▪ Basic concessionary fare maintained at £1.00 single and £1.50 return.
<p style="text-align: center;">2020-21</p> <ul style="list-style-type: none"> ▪ Approval by Joint Committee to increase the basic single and return fares by 50p. (update at Sep-2020: fare has yet to be introduced in consideration of Covid-19 impacts on travel demand). 	

Appendix 2: Scheme Patronage and Reimbursement History (5 years).

Patronage (millions)					
	2015/16	2016/17	2017/18	2018/19	2019/20
Rail	3.36	3.43	3.52	3.52	3.52
Ferry	0.65	0.68	0.65	0.67	0.67
Subway	0.81	0.72	0.84	0.91	0.90
Totals	4.82	4.82	5.01	5.10	5.09

Reimbursement (£millions)					
	2015/16	2016/17	2017/18	2018/19	2019/20
Rail	2.67	2.75	2.76	2.82	2.97
Ferry	0.93	0.95	0.93	1.00	1.03
Subway	0.27	0.24	0.27	0.30	0.32
Totals	3.87	3.94	3.96	4.12	4.32