



Review of Strathclyde Concessionary Travel Scheme – Progress Update

Date of meeting 18 September 2020

Date of report 2 September 2020

Report by Treasurer/Secretary

1. Object of report

To update the Committee on the award of contract and on the current progress of the Review of the Strathclyde Concessionary Travel Scheme.

2. Background

The series of revenue budgets updates, along with findings of an internal SPT review of the Scheme reported to the 20 September 2019 Joint Committee¹, have highlighted continuing financial pressures being experienced by the Scheme. The internal review found that the Scheme is not sustainable in the medium to long term in its current form with only one to two years' worth of funding reserves remaining. In addition, financial pressure on all Councils has resulted in a reduced annual funding contribution from the Councils resulting in greater drawing on fund reserves than in the past.

On 6 March 2020, in addition to approving an interim fare increase, the Joint Committee agreed that a more indepth, independent review of the Scheme be commissioned², setting out the criteria for the Scheme's future viability in a robust and accountable manner and in a manner that protects users of the Scheme, permitting continued access to services and social networks.

3. Award of Contract

- 3.1 Following a competitive tendering exercise throughout May 2020 using SPT's Design, Technical and Professional services (DTPS) Framework, the contract to carry out the Review on behalf of the Joint Committee was awarded to AECOM Limited (hereinafter referred to as AECOM) in June 2020. The Review will be managed by SPT.

4. Progress Update

The Review is divided into a series of eight work packages (WPs). A summary diagram outlining the approach being used for completing the Review is presented in Appendix 1. The following sections provide members with update on WP key deliverables.

4.1 Project Inception (complete)

The project inception meeting on 24 June 2020 was the basis for confirming the scope, expectations and objectives of the Review as well as agreeing the methodology and programme for delivery. A project inception report has been completed confirming the key requirements that will include a fully detailed analysis

¹ http://www.spt.co.uk/documents/latest/CTJC200919_Agenda7.pdf

² http://www.spt.co.uk/documents/latest/SCTS060320_Agenda6.pdf

of the Scheme. It is based around the need to explore a wide range of options including, but not limited to, the following:

- Changes to fares levels and fare structures
- Increased council funding requisition and/or alternative funding sources
- Scheme governance
- Amend age eligibility criteria
- Impose a cap on reimbursement
- Adjust the formula used to calculate reimbursement
- Other alternative arrangements or combination of the above
- Closure of the Scheme

4.2 Baseline Review & Evidence Gathering (complete)

The initial focus of activity consisted of the handover of SPT datasets (current and historical) including financial models used in the calculation of operator reimbursement payments. This information has been used to understand Scheme use including number of trips, geographic distribution and mode split.

These datasets have allowed forecasting models to be created for rail, Subway and ferry, covering elderly and disabled passengers. In setting these up independently of the existing SPT models, it has ensured that there is a full understanding of the reimbursement mechanisms currently applied, and will help evaluate the financial impacts of different concessionary fare strategies and the development of models that can support the testing of multi-option strategies.

4.3 Policy Review (complete)

A review of relevant national, regional and local policy confirms an emphasis on policies that align with the continued promotion and development of the Concessionary Travel Scheme.

Nationally, the new National Transport Strategy (NTS2) acknowledges affordability as a barrier to transport, particularly for elderly and disabled users. It outlines priorities to deliver the national transport vision focused on reducing inequalities, taking climate action, delivering inclusive economic growth and improving health and wellbeing; priorities which would be supported through the on-going development and promotion of the SCTS.

Other recent national frameworks such as “A Fairer Scotland for Older People” and “Scotland’s Accessible Travel Framework” also highlight the benefits of Concessionary Travel Schemes in terms of reducing social isolation, engendering a greater sense of independence and confidence in travelling, and improving the mental and physical health of scheme users.

At the local level, the difficulties experienced by communities in accessing key local services and the role of transport affordability in tackling poverty and inequality are common themes identified from a review of the respective Local Transport Strategies and Community Planning Local Outcome Improvement Plans of authorities in the Strathclyde region; SCTS can help to address these issues by improving the affordability of travel to key services for eligible users.

4.4 Benchmarking (complete)

A benchmarking exercise has examined concession schemes elsewhere in the UK, including those run by local councils and transport authorities as well as commercially run schemes.

The findings, while still being considered, highlight the scheme variations that exist with it being evident that those schemes offering greater travel discounts for customers will incur the greatest costs for scheme operators. The pros and cons of each has been examined and comparisons drawn, and whilst the Strathclyde Scheme could be considered relatively complex in comparison to some others, there was no evidence to suggest existence of a perfect ‘one-size-fits-all’ model for delivering local concessionary travel. The findings from this benchmarking exercise will be kept under consideration and may be used to inform Review outcomes as these develop.

4.5 Equality Impact Assessment (ongoing throughout)

As part of the Scheme Review, an Equality Impact Assessment (EQIA) is being undertaken to ensure that the impacts of any potential scheme changes are considered in terms of their potential impacts on protected characteristic groups including older people and those with disabilities, particularly in rural and island communities.

It is also to be noted that the Transport (Scotland) Act 2019 includes a commitment to review the costs and benefits of extending travel concession schemes to community transport and other transport services as Scottish Ministers consider appropriate; this will be explored further through discussion with Transport Scotland, as proposed as part of the stakeholder engagement strategy to be undertaken as part of the Scheme’s review.

4.6 Option generation and scenario tests (ongoing)

A range of scenario testing regarding cost, revenue, and eligibility are being considered to best understand the implications for the scheme going forward. At this stage these have included a fare increase, half fare, capped fare and minimum fare options.

The creation of forecasting models for each mode has enabled initial testing to be carried out. At this stage models have only been used to forecast a single year (2019/20) and tests do not reflect the impact of Covid-19.

Initially, the following 5 tests have been undertaken and these have considered implications for patronage and reimbursement levels:

- 1) Introduction of 2020/21 SCTS fares (£1.50 single and £2.00 return);
- 2) All SCTS fares are half of the standard fare (as with the current position for urban rail journeys over ten miles);
- 3) As scenario 2, but with maximum fare capped at £11.00 single and £15.00 return;
- 4) As scenario 2, but with maximum fare capped at £7.50 single and £10.00 return;
- 5) As scenario 2, but with minimum fare capped at £2.25 single and £3.00 return.

In line with SPT’s internal review findings, a basic fare increase of 50p was considered the minimum that could be applied in order to begin to achieve a degree of financial sustainability.

Results of these initial tests indicate potential reimbursement cost savings of between £990k and £1.67m could be achieved. This assumes perfectly inelastic

demand (no reduction in patronage resulting from fare increases). Additional reimbursement savings are indicated in tests where there is customer response to price change; however, these tests indicate proportionately more patronage loss coming from rural areas.

A scenario which has looked at a minimum fare suggests greater savings may be achievable; however, such a scenario may have implications for shorter-distance rail journeys and Subway travel. Further examination of this option is required.

Scenario testing will continue as option development progresses and further option tests will be considered. The emerging outcomes from all scenario testing will be subject to further assessment of financial and societal impacts, EQIA and the views of the Joint Committee.

5. Next Steps

5.1 User consultation

The review will consider the impacts on specific demographic groups/geographical communities, including rural and island communities and groups representing specific equalities interests. SPT and AECOM are reviewing options to ensure that the views of Scheme users will be proportionately represented and that any future potential impacts are considered.

Work has already begun on agreeing a methodology for public consultation and is likely that this will consist of a mix of telephone interviews supported by on-line surveys. Contact will be made with specific interest groups where necessary. Progress is also being made in the preparation of survey questions.

5.2 Key stakeholder engagement

Consultation with key operational stakeholders is being progressed. Meetings are in the process of being arranged with Transport Scotland, funding councils and participating transport operators.

It is considered beneficial that a workshop session be held with Joint Committee members facilitated by AECOM. This would allow for progress updates to be given and would provide a forum for members' views to be expressed and considered within the review process.

5.3 Scenario Testing

The requirement for further option generation and scenario testing is expected as options emerge by taking into full consideration the outcomes of key stakeholder \ public engagement consultations and the projected impacts on the Scheme financials and customers.

In addition to single year scenario testing, forecasting will allow for consideration regarding financial and patronage implications for the Scheme in the medium to longer term. Results of scenario testing, including forecasting, will guide options to be taken forward for further consideration and will be used to inform final recommendations.

5.4 Final report (including recommendations)

The final reporting is expected to recommend appropriate measures to ensure the future financial sustainability of the Scheme whilst giving cognisance to all evidence gathered, stakeholder feedback, policy implications social and economic

impacts. Covid-19 implications, which are being considered throughout the review, are expected to inform recommendations.

6. Conclusions

- 6.1 The Review has been awarded and is underway despite the background of the current public health situation. The Review remains on-track for completion by mid-late January 2021 (for Feb/Mar Joint Committee).
- 6.2 A draft report will be prepared building on emerging findings informed by evidence gathered, the results of option development and testing and from public and stakeholder feedback. The draft report is due early-mid January 2021.
- 6.3 The views and feedback from public and key stakeholders will inform Review decisions including identifying further option development and testing requirements. Public and stakeholder engagement will commence as soon as possible and will concentrate on the needs of users and the future viability of the scheme.
- 6.4 The ongoing Covid-19 situation continues to impact on how we work, travel and go about our daily lives. The immediate and longer term economic and wider societal impacts of the pandemic remain to be fully understood, however, it can be expected that a longer term period of recovery will be needed. It is expected that Covid-19 impacts will be considered throughout the Review stages, and alongside latest the budgetary position, will inform final recommendations.

7. Committee action

The Committee is asked to note progress of the review and to consider requirements for a members' workshop.

8. Consequences

Policy consequences	<i>The Scheme currently continues to meet the RTS Objective "Access for All"</i>
Legal consequences	<i>None at present</i>
Financial consequences	<i>None at present</i>
Personnel consequences	<i>None</i>
Equalities consequences	<i>EQIA is an embedded part of this Review process</i>
Risk consequences	<i>Without immediate intervention there is a major financial risk to the future viability of the Scheme</i>

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Appendix 1

Methodology Approach

