

Strathclyde Concessionary Travel Scheme Joint Committee



Performance and Reimbursement Update on 2021/22 Quarter 1 to Quarter 3 Results

Date of meeting 18 March 2022

Date of report 8 March 2022

Report by Treasurer

1. Object of report

To update the Committee of the Strathclyde Concessionary Travel Scheme's performance and reimbursement results for 2021/22, financial quarters 1-3 (April-December 2021).

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 fares, operator reimbursement formula and changes to peak-time travel restrictions. Changes that have been made are summarised in Appendix 1. A history of Scheme patronage and reimbursement is presented in Appendix 2.

Most recently, and with the trend highlighting increasing concessionary travel demand and rising reimbursement costs, it was estimated that funding reserves were likely to be exhausted within the next 1-2 years without intervention. In view of this, it was agreed by the Joint Committee on 6 March 2020¹ that an in-depth review of the Scheme should be undertaken to ensure the Scheme's affordability and sustainability is maintained moving forward.

The review findings, presented to the Committee on 12 March 2021², recommended the introduction of a new Strathclyde Concessionary Travel Scheme fares structure that would see the current basic concessionary fares be replaced by a new half-fare with cap structure during financial year 2022/23. The new structure would reduce the level of operator reimbursement as well as ease pressure on reserves and was shown to be the only option that would sustain the Scheme financially in the longer-term.

Members are reminded that the review also recommended that there be no fare changes made during this current financial year 2021/22 due to the ongoing impacts of the Covid-19 pandemic and which has changed the Scheme's funding reserves position as a result of significantly reduced travel demand and a corresponding reduction in payments to operators in 2020/21. Concessionary travel demand during 2020/21 reduced by 80% and operator reimbursement payments by 77%.

¹ http://www.spt.co.uk/documents/latest/SCTS060320_agenda4.pdf

² https://www.spt.co.uk/media/xdflr2mw/sctsjc120321_agenda5.pdf

Over the past year, we have seen travel demand slowly increase as more people are fully vaccinated, as well as easing of Covid-19 restrictions. However, public transport patronage, including concessionary travel demand, has continued to experience significant reductions in demand compared to the pre-Covid financial period in 2019/20.

Figures presented in this paper provide an update on performance and reimbursement results for quarters 1-3 of financial year 2021/22.

3. 2021/22 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 2021/22 compared with the respective quarters in 2020/21.

Table 1: Concessionary Patronage for 2021/22 Quarter 1 to Quarter 3.

Patronage (millions)		
Mode	2021/22 Q1-Q3	Change vs. 2020/21 Q1-Q3
Rail	1.25	+166%
Ferry	0.38	+94%
Subway	0.37	+127%
TOTAL	2.00	+144%

Table 2: Concessionary Reimbursement for 2021/22 Quarter 1 to Quarter 3.

Reimbursement (£millions)		
Mode	2021/22 Q1-Q3	Change vs. 2020/21 Q1-Q3
Rail	1.10	+153%
Ferry	0.65	+99%
Subway	0.14	+129%
TOTAL	1.89	+130%

3.1 Table 1 shows that demand for concessionary travel during the first three quarters of 2021/22 has increased significantly across all modes, with an overall patronage increase of 144% compared with the respective quarters in 2020/21. However, it is important to recognise that the 2020/21 data covers the period of the most significant restrictions.

3.2 Table 2 shows that Scheme reimbursement increased by 130% during the first three quarters of 2021/22 compared with the respective quarters in 2020/21.

4. Conclusion

4.1 Results for the first three quarters of the current financial year 2021/22 show that demand for concessionary travel has increased significantly compared with the respective quarters in 2020/21, during which time demand for concessionary travel fell by nearly 80% and reimbursement fell by 75% across all modes as a result of the Covid-19 pandemic.

4.2 The first three quarters of the current financial year 2021/22 shows clear growth in concessionary travel demand with 1.17 million additional concessionary journeys made when compared to the respective quarters in 2020/21.

- 4.3 Scheme costs have also increased significantly, with an overall increase of £1.06 million in reimbursement payments paid to operators compared with the first three quarters in 2020/21.
- 4.4 Based on current trends and taking account of recent continuation of increased travel demand, it is estimated that the Scheme can expect around 1.6 million more concessionary journeys to have been made by 2021/22 financial year-end, with a corresponding estimated reimbursement cost increase of £1.6 million. These increases mean an estimated 2.43 million concessionary journeys will have been made by financial year end 2021/22 with a corresponding reimbursement of £2.6 million paid to participating operators.
- 4.5 Whilst the figures presented to members in this paper show marked and welcomed increases in demand for concessionary travel during the current financial year 2021/22, members are asked to note that demand for concessionary travel still remains significantly below pre-covid levels.
- 4.6 An examination of the first three quarters of this financial year 2021/22 has shown that concessionary travel is still being impacted by the effects of Covid-19, with demand down by 48% and reimbursement to operators down by 42% compared with pre-covid levels in 2019/20. The impacts of this, as still, reduced demand and reimbursement, impacts the Scheme's current financial position as well as its immediate sustainability which is reported separately in the 'Proposed Revenue Budget 2022/23' paper.

5. Committee action

The Committee is asked to note the contents of this paper, in particular the increased concessionary travel demand during the current financial year 2021/22 but also the ongoing reductions in patronage when compared with pre-covid levels.

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

<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;">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;">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;">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;">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. <i>(Decision taken not to introduce this increase in response to the Covid-19 pandemic).</i> 	<p style="text-align: center;">2021-22</p> <ul style="list-style-type: none"> ▪ Basic concessionary fare maintained at £1.00 single and £1.50 return. <i>(Joint Committee agreed the Review recommendations not to introduce new fares structure during 2021-22 due to the ongoing Covid-19 pandemic).</i>

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

Patronage (millions)					
	2016/17	2017/18	2018/19	2019/20	2020/21
Rail	3.43	3.52	3.52	3.52	0.57
Ferry	0.68	0.65	0.67	0.67	0.24
Subway	0.72	0.84	0.91	0.90	0.20
Totals	4.82	5.01	5.10	5.09	1.01

Reimbursement (£millions)					
	2016/17	2017/18	2018/19	2019/20	2020/21
Rail	2.75	2.76	2.82	2.97	0.53
Ferry	0.95	0.93	1.00	1.03	0.40
Subway	0.24	0.27	0.30	0.32	0.07
Totals	3.94	3.96	4.12	4.32	1.00