

# Strathclyde Concessionary Travel Scheme Joint Committee



## Performance and Reimbursement Update: 2022/2023 Quarters 1-3

**Date of meeting** 17 March 2023

**Date of report** 7 March 2023

### Report by Treasurer

#### 1. Object of report

To update the Committee on the Strathclyde Concessionary Travel Scheme's performance and reimbursement results for Quarters 1-3 (April-December 2022) of 2022/2023.

#### 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, helps safeguard the Scheme's sustainability going forward and inform 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. A timeline of changes to the Scheme is attached at Appendix 1 and a history of Scheme patronage and reimbursement is presented in Appendix 2.

In recent years 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 one to two years without intervention. Consequently, the recommendations of an in-depth review, carried out to ensure the Scheme's affordability and sustainability can be maintained moving forward, was approved by the Committee on 12 March 2021<sup>1</sup>. The impact of these approved recommendations would see the current basic concessionary fares replaced by a new half-fare with cap structure. This new structure would also reduce the level of operator reimbursement and ease pressure on reserves, and were essential in sustaining the Scheme financially in the longer-term.

However, the impact of the Covid pandemic means that travel demand is still recovering and public transport patronage, including concessionary travel, has continued to experience reductions in demand compared to the pre-Covid period in 2019/2020. As a result, the Scheme's immediate funding reserves position changed owing to reduced travel demand and corresponding reductions in reimbursement paid to operators. In light of this, the Committee recommended pausing the introduction of the planned new fares structure until a more appropriate point in time, recognising the currently lessened impact on reserves, as well as more recently the cost of living crisis.

Figures presented in this paper provide an update on performance and reimbursement results for Quarters 1-3 of financial year 2022/2023.

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<sup>1</sup> [https://www.spt.co.uk/media/xdflr2mw/sctsjc120321\\_agenda5.pdf](https://www.spt.co.uk/media/xdflr2mw/sctsjc120321_agenda5.pdf)

### 3. 2022/2023 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 2022/2023 compared with the respective quarters in 2021/2022.

**Table 1: Concessionary Patronage for 2022/2023 Quarter 1 to Quarter 3**

Patronage (millions)		
Mode	2022/2023 Q1-Q3	Change vs. 2021/2022 Q1-Q3
Rail	1.72	+27%
Ferry	0.42	+12%
Subway	0.54	+43%
<b>TOTAL</b>	<b>2.68</b>	<b>+27%</b>

**Table 2: Concessionary Reimbursement for 2022/2023 Quarter 1 to Quarter 3**

Reimbursement (£millions)		
Mode	2022/2023 Q1-Q3	Change vs. 2021/2022 Q1-Q3
Rail	1.57	+31%
Ferry	0.78	+20%
Subway	0.19	+43%
<b>TOTAL</b>	<b>2.54</b>	<b>+28%</b>

- 3.1 Table 1 shows that demand for concessionary travel during the first three quarters of 2022/2023 has increased across all modes, with an overall patronage increase of 27% compared with the respective quarters in 2021/2022.
- 3.2 Table 2 shows that Scheme reimbursement increased by 28% during the first three quarters of 2022/2023 compared with the respective quarters in 2021/2022.
- 3.3 Members should note that given the lifeline nature of eligible ferry services, the impact on concession patronage of covid and the subsequent recovery period has been less pronounced as regards the number of ferry concession journeys being made. The number of journeys did not decline to the same extent as other modes during the pandemic. This is reflected in the patronage and corresponding reimbursement figures shown above. To illustrate this, ferry concession patronage in 2021/2022 was approximately 70% of pre-Covid levels, whereas Subway and rail concession patronage was closer to 50%.

### 4. Conclusion

- 4.1 While results for the first three quarters of the current financial year 2022/2023 show that demand for concessionary travel increased compared with the respective quarters in 2021/2022, it is important to recognise that the comparison 2021/2022 data takes in the period of Covid recovery when patronage levels remained significantly lower across all modes, averaging just 51% of pre-pandemic demand levels.

- 4.2 The first three quarters of the current financial year 2022/2023 nonetheless show continued growth in concessionary travel demand, with 0.57 million additional concessionary journeys made when compared to the respective quarters in 2021/2022.
- 4.3 Scheme reimbursement costs have also increased, with an additional £0.56 million paid to participating operators compared with the first three quarters in 2021/2022.
- 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 0.77 million more concessionary journeys to have been made by 2022/2023 financial year-end, with a corresponding estimated reimbursement cost increase of £0.74 million. These increases mean an estimated 3.59 million concessionary journeys will have been made by financial year end 2022/2023 with a corresponding reimbursement of £3.39 million paid to participating operators.
- 4.5 Whilst the figures presented to members in this paper are positive and show continued welcomed increases in demand for concessionary travel during the current financial year, members are asked to note that demand for concessionary travel overall still remains below pre-Covid levels. An examination of the first three quarters of this financial year 2022/2023 estimates that by financial year end, concessionary travel demand and reimbursement will be approximately 70% and 80% of pre-Covid levels respectively.
- 4.6 The impacts of this on the Scheme's current financial position as well as its immediate sustainability are reported separately in the 'Proposed Revenue Budget 2023/2024' paper.
- 4.7 However, members are reminded that any increases to operators' standard fares has the result of increased operator reimbursement payments, thereby placing additional pressures on Scheme budgets. Whilst basic concession fares have been held at current levels since 2018, participating operator fares have risen.
- 4.8 Members should note that fares across CalMac's Clyde & Hebrides ferry routes will be frozen at current levels until the end of September 2023.
- 4.9 Subway fare increases were not introduced in January 2023 as planned, taking account of the on-going cost of living crisis, and will now be considered as part of SPT's 2023/2024 revenue budget process.
- 4.10 The Scottish Government announced there would be no changes to ScotRail fares before March 2023 and future plans will be confirmed in due course. Furthermore, as part of the Scottish Government's "Fair Fares" review, Transport Scotland will take forward a pilot to evaluate the removal of peak rail fares across the rail network. At the time of writing, details and timescales for the pilot have yet to be published, therefore any consequences for concessionary travel have yet to be established.
- 4.11 Officers will continue to monitor operator fares, as well as demand across modes and will report impacts on concessionary travel scheme budgets to the next meeting of the Committee.

## **5. Committee action**

The Committee is recommended to note the contents of this paper, in particular the increased concessionary travel demand during the current financial year 2022/2023 so far, but also the wider trend of an overall reduction 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 continue to present a 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>
Climate Change, Adaptation & Carbon consequences	<i>None directly.</i>

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**Strathclyde Concessionary Travel Scheme Joint Committee**

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## Appendix 1: History of Scheme Changes

<p style="text-align: center;"><b>2012-13</b></p> <ul style="list-style-type: none"> <li>▪ Updated operator reimbursement calculations.</li> <li>▪ Introduced an evening-peak restriction on rail travel [between 16:30 and 18:30 hrs.]</li> <li>▪ Basic concessionary fare maintained at 80p single and £1.20 return.</li> </ul>	
<p style="text-align: center;"><b>2014-15</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary fare maintained at 90p single and £1.30 return.</li> </ul>	<p style="text-align: center;"><b>2013-14</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary fare increased to 90p single and £1.30 return.</li> </ul>
<p style="text-align: center;"><b>2016-17</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary fare maintained at 90p single and £1.30 return.</li> </ul>	<p style="text-align: center;"><b>2015-16</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary fare maintained at 90p single and £1.30 return.</li> </ul>
<p style="text-align: center;"><b>2018-19</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary return fare increased to £1.50. No change to single fare.</li> </ul>	<p style="text-align: center;"><b>2017-18</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary fare increased to £1.00 single and £1.40 return.</li> </ul>
<p style="text-align: center;"><b>2020-21</b></p> <ul style="list-style-type: none"> <li>▪ 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></li> </ul>	<p style="text-align: center;"><b>2019-20</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary fare maintained at £1.00 single and £1.50 return.</li> </ul>
<p style="text-align: center;"><b>2022-23</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary fare maintained at £1.00 single and £1.50 return. <i>(Joint Committee agreed to delay introducing the new fares structure in response the latest financial position).</i></li> </ul>	<p style="text-align: center;"><b>2021-22</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary fare maintained at £1.00 single and £1.50 return. <i>(Joint Committee agreed the Review recommendations not to introduce the new fares structure during 2021-22 due to the on-going Covid-19 pandemic).</i></li> </ul>

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

<b>Patronage (millions)</b>					
	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
<b>Rail</b>	3.52	3.52	3.52	0.57	1.81
<b>Ferry</b>	0.65	0.67	0.67	0.24	0.50
<b>Subway</b>	0.84	0.91	0.90	0.20	0.51
<b>Totals</b>	<b>5.01</b>	<b>5.10</b>	<b>5.09</b>	<b>1.01</b>	<b>2.82</b>

<b>Reimbursement (£millions)</b>					
	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
<b>Rail</b>	2.76	2.82	2.97	0.53	1.61
<b>Ferry</b>	0.93	1.00	1.03	0.40	0.87
<b>Subway</b>	0.27	0.30	0.32	0.07	0.19
<b>Totals</b>	<b>3.96</b>	<b>4.12</b>	<b>4.32</b>	<b>1.00</b>	<b>2.66</b>