

**Performance and Reimbursement Update: 2023/2024 year-end and Quarter 1, 2024/2025****Date of meeting** 20 September 2024**Date of report** 26 August 2024**Report by Treasurer****1. Object of report**

To update the Strathclyde Concessionary Travel Scheme Joint Committee's ("the Scheme" or SCTS) performance and reimbursement results for 2023/2024 financial year-end and to provide an interim outlook for the current financial year 2024/2025.

**2. Background to report**

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 financial sustainability going forward. These updates also inform decisions taken by the Committee to implement any necessary changes to the Scheme, for example on fares, operator reimbursement formula, or changes to peak-time travel restrictions.

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 1-2 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, which was considered essential in sustaining the Scheme financially in the longer-term.

However, the residual impact of the Covid pandemic in recent years, has meant that travel demand remained below pre-pandemic levels. This has included concessionary travel, which meant that the Scheme's funding reserves position changed, owing to reduced travel demand and corresponding reductions in reimbursement paid to operators. Members are reminded that, given the reserves balance towards the end of 2023/2024, it was agreed at the previous meeting of the Committee on 15 March 2024<sup>2</sup> that the Scheme defer any introduction of the agreed half fares structure until April 2025.

However, as figures contained within this report will highlight, concessionary travel demand in the last full financial year, 2023/2024, alongside the interim picture for 2024/2025, is demonstrating strong demand and suggesting a post-covid recovery. For information, a timeline of changes that have been made to the Scheme is presented in Appendix 1. A history of Scheme patronage and reimbursement is presented in Appendix 2.

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

<sup>2</sup> [https://www.spt.co.uk/media/2xwmq4pf/sctsjc150324\\_agenda6.pdf](https://www.spt.co.uk/media/2xwmq4pf/sctsjc150324_agenda6.pdf)

### 3. 2023/2024 Performance and Reimbursement Year End

Performance results and reimbursement costs for the financial year-end 2023/2024, compared with 2022/2023, are presented in Tables 1 and 2 below.

Table 1: Concessionary Travel Patronage for 2022/2023 and 2023/2024

Patronage	2022/2023	2023/2024
	Millions	Millions
Rail	2.32	3.54
Ferry	0.56	0.57
Subway	0.73	0.97
<b>Totals</b>	<b>3.61</b>	<b>5.08</b>

Table 2: Concessionary Travel Reimbursement for 2022/2023 and 2023/2024

Reimbursement	2022/2023	2023/2024
	£Millions	£Millions
Rail	2.10	2.67
Ferry	1.03	1.06
Subway	0.27	0.35
<b>Totals</b>	<b>3.40</b>	<b>4.08</b>

3.1. Table 1 shows concessionary travel demand increased across all modes in financial year 2023/2024 with 5.08 million journeys undertaken. This represented an overall increase in patronage of 1.48 million compared with financial year 2022/2023.

3.2. Table 2 shows that Scheme reimbursement was £4.08 million in 2023/2024, meaning an increase of £0.68 million was paid to participating operators compared with 2022/2023.

### 4. 2024/2025 Quarter 1 Outlook

4.1. Tables 3 and 4 below present the performance results and reimbursement costs for the first quarter of the financial year 2024/2025 compared with the corresponding quarter in 2023/2024.

Table 3: Concessionary Travel Patronage Quarter 1 Outlook

Patronage		
Mode	(millions)	Change vs. 2023/2024
Rail	1.03	+45%
Ferry	0.15	+18%
Subway	0.25	+9%
<b>Totals</b>	<b>1.43</b>	<b>+34%</b>

Table 4: Concessionary Travel Reimbursement Quarter 1 Outlook

Reimbursement		
Mode	(£millions)	Change vs. 2023/2024
Rail	0.72	+14%
Ferry	0.29	+21%
Subway	0.09	+15%
<b>Totals</b>	<b>1.11</b>	<b>+16%</b>

- 4.2. Table 3 shows demand for concessionary travel has continued to increase sharply in the first quarter of this current financial year 2024/2025 compared with the corresponding first quarter in 2023/2024. Across all modes, concessionary patronage increased by 34%.
- 4.3. In particular, demand for concessionary travel on rail has increased significantly during the first quarter of 2024/2025 by 45% compared with the corresponding quarter in 2023/2024. This increase equates to an additional 0.32 million journeys, is likely, in part at least, the result of ScotRail's peak fare removal pilot. Further details are provided in the following section of this report.
- 4.4. Table 4 shows a corresponding increase in concessionary travel reimbursement for the first quarter of 2024/2025 with a 16% increase in reimbursement paid to operators.

## 5. ScotRail Peak Fare Removal Pilot

- 5.1. Members will be aware of ScotRail's removal of peak rail fares pilot which started on 2 October 2023 and resulted in off-peak fares becoming valid all day.
- 5.2. Members will recall from an earlier update<sup>3</sup>, that Strathclyde Concessionary rail fares were valid all day during the pilot period, removing the travel time restrictions. To mitigate financial risk to SCTS arising from potential increases in the number of concession rail journeys, a reimbursement capping agreement was reached with ScotRail, ensuring that SCTS would not be financially disadvantaged.
- 5.3. Recent ScotRail figures suggest that the pilot has had a notable impact on concessionary patronage, showing average growth of around 27% in concessionary journeys made. This was most evident between 6am and 9am where concessionary journeys made up approximately 19% of total daily journeys versus 7% pre-trial.
- 5.4. The pilot was extended twice but the Scottish Government has announced that it will end on 27 September 2024. Members are advised that on completion of the pilot, peak-time concessionary travel restrictions will be re-introduced.

## 6. Changes to Participating Operator Fares

- 6.1. Members are reminded that increases to participating operators' standard fares results in increased operator reimbursement payments, thereby placing additional pressures on Scheme budgets and reserves.
- 6.2. Whilst basic concession fares have been held at current levels since 2018, participating operator fares have risen. Table 5 below outlines recent and pending fare increases.

<sup>3</sup> [https://www.spt.co.uk/media/afeozspq/sctsjc290923\\_agenda9.pdf](https://www.spt.co.uk/media/afeozspq/sctsjc290923_agenda9.pdf)

Table 5: Participating Operator Fare Increases

Mode	Fare
<b>Rail</b>	ScotRail fares went up on 3 July 2023 by 4.8% then by 8.7% from 1 April 2024.
<b>Ferry</b>	CalMac fares went up on 25 March 2023 by 2.1% then by 8.7% from 29 March 2024.
<b>Subway</b>	Subway fares increased by 5p on 2 January 2024 (around 3% for most passengers). This was the first Subway fare increase since April 2019. The next planned fare increase is January 2025, by an average of 3%.

6.3. As was reported at the last meeting of the Committee, an examination of ScotRail and CalMac fares would indicate considerable fare increases have taken place since pre-pandemic. Estimated increases are as follows:

- Off peak ScotRail fares have risen by c.25% since 2019 (peak fares by slightly more)
- CalMac fares have risen by c.16-17% since 2019.

6.4. At the time of writing, there have been no announcements made regarding pending fare increases on rail and ferry modes.

## 7. Conclusions

7.1. Results for 2023/2024 financial year-end show there has been a 41% increase in the number of concessionary journeys made compared with 2022/2023. This means an additional 1.48 million journeys were made across all modes than were made in 2022/2023. Figures would suggest that some of this growth can be attributed to ScotRail's peak fare removal pilot, however, it is considered likely that the Scheme is also experiencing a more general demand growth for concessionary travel. This is evident in figures provided for Subway where concessionary travel increased by 33%, nearing 1 million concessionary journeys for the full financial year.

7.2. Correspondingly, Scheme costs increased by 20% in 2023/2024. This resulted in an additional £0.68 million in payments to operators compared with 2022/2023.

7.3. Figures presented to members in this report show that demand for concessionary travel during the first quarter of the current financial year 2024/2025 remains strong, with a resultant corresponding increase in reimbursement.

7.4. Notwithstanding the reported impact that ScotRail's peak fare removal pilot appears to have had on concessionary rail demand uplift, members are asked to note that figures presented in this report show a considerable and sustained background demand for concessionary travel with most recent patronage now in line with pre-covid levels.

7.5. Members are made aware that in the period since the last SCTS fare increase in 2019, that the number of eligible cardholders in the Strathclyde area has increased by 14% meaning that there are now 663,277 cardholders compared to 582,087 cardholders in 2019, an increase of 81,190 eligible users.

7.6. Whilst we may expect a reduction in concession rail demand following the end of ScotRail's pilot, it is reasonable to expect that overall demand will remain strong, and that this, alongside anticipated operator fare increases next financial year and an increase in the number of eligible users, will place further pressures on Scheme budgets under the current fares structure.

## 8. Committee Action

The Committee is recommended to note the contents of this report, in particular, the large increase in concessionary travel demand during financial year 2023/2024 and for during the first quarter of the current financial year 2024/2025.

## 9. Consequences

Policy consequences	<i>The Scheme will continue to meet the RTS Objective “To improve accessibility, affordability, availability and safety of the transport system, ensuring everyone can get to town centres, jobs, education, healthcare and other everyday needs” and its Priority “Improved quality of life”.</i>
Legal consequences	<i>None at present.</i>
Financial consequences	<i>Figures presented in this report 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 at present.</i>

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## Appendix 1: History of Scheme Changes

	<p><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><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><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><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><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><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>(Joint Committee decision not to introduce this increase in response to the Covid-19 pandemic).</i></li> </ul>	<p><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>
<p><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><b>2023-24</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><b>2024-25</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>	

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

Patronage (millions)					
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
<b>Rail</b>	3.52	0.57	1.81	2.32	3.54
<b>Ferry</b>	0.67	0.24	0.50	0.56	0.57
<b>Subway</b>	0.90	0.20	0.51	0.73	0.97
<b>Totals</b>	<b>5.09</b>	<b>1.01</b>	<b>2.82</b>	<b>3.61</b>	<b>5.08</b>

Reimbursement (£millions)					
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
<b>Rail</b>	2.97	0.53	1.61	2.10	2.67
<b>Ferry</b>	1.03	0.40	0.86	1.03	1.06
<b>Subway</b>	0.32	0.07	0.19	0.27	0.35
<b>Totals</b>	<b>4.32</b>	<b>1.00</b>	<b>2.66</b>	<b>3.40</b>	<b>4.08</b>