

Strathclyde Concessionary Travel Scheme Joint Committee



Proposed Fares Increase and Review of Scheme

Date of meeting 6 March 2020

Date of report 27 February 2020

Report by Treasurer/Secretary

1. Object of report

To recommend the Committee approve:

- An interim £0.50 increase in basic concessionary single and return fares;
- Ferry journeys over 10 nautical miles be charged twice the basic concession; and,
- A review of the Scheme, with a specific focus on options to ensure its future financial sustainability.

2. Background

Members will recall that at the meeting of the Committee in March 2019¹, SPT officers presented a revenue paper highlighting the continued financial pressures being experienced by the Scheme. These pressures were reported as being the result of several factors, including similar funding pressures on partner local authorities, and also increasing reimbursement payments to operators driven by a combination of demand growth and participating operator fare increases.

The report further highlighted that the Scheme could not be considered financially sustainable for the long term in its current format without an increase in funding from local authority partners, significant amendments to the Scheme's structure, or increases in fares applicable. As a result, at the Committee meeting in March it was agreed that officers should undertake a review of the Scheme to seek to ensure its affordability and sustainability going forward.

The findings of this internal review were reported to the Committee in September 2019², highlighting an increasing demand for concessionary travel, trends in standard operator fare increases, financial pressures being experienced by the funding councils and depleting financial Scheme reserves. The report also highlighted that significant increases in the over 60s population are projected within the next 5 years meaning additional demands being placed upon the Scheme.

The report further stated that based on current projections, the reserves balance will be exhausted within the next 1-2 years and that action is therefore required to guarantee the

¹ http://www.spt.co.uk/documents/latest/sctsjc080319_agenda4sup.pdf

² http://www.spt.co.uk/documents/latest/CTJC200919_Agenda7.pdf

short and long-term future of the Scheme. As such, the “do-nothing” option was not considered to be viable, as the consequence would be cessation of the Scheme over the next few years.

3. Outline of proposals

3.1 Increase to concessionary fares

3.1.1 The latest performance and reimbursement results, presented in the previous paper considered by this Committee, show demand for concessionary travel continues to increase, and alongside participating operator fares increases, is placing unsustainable financial pressures upon the Scheme.

3.1.2 Members will recall that ScotRail’s regulated standard fares increased in January 2020 by an average of 2.4%. Members are also asked to note planned fare increases on ferry and Subway from spring 2020 in the region of 3% on each mode. These increases in operator fares and growth in future expected demand mean even greater pressures being placed upon the Scheme’s budgets.

3.1.3 Given the above, it is recommended that, as an initial measure, the basic concessionary fare for all modes be increased by 50p single and 50p return in mid-2020 at the earliest effective fare implementation date for each mode (i.e. single fare increased to £1.50, return fare increased to £2.00). For ferry routes over 10 nautical miles, it is proposed that fares will be charged at twice the basic concession for both singles and returns. Rail journeys over approximately 10 track miles shall continue to be charged half the standard rail fare. A summary of current and proposed concessionary fares is shown in the table1 below.

Table1: current and proposed concessionary fares

Mode	Current SCTS Fares		Proposed SCTS Fares	
	Single	Return	Single	Return
Rail (under 10 track miles)	£1.00	£1.50	£1.50	£2.00
Rail (over 10 track miles)	Half Standard Fare	Half Standard Fare	Half Standard Fare	Half Standard Fare
Subway	£1.00	£1.50	£1.50	£2.00
Ferry (under 10 nautical miles)	£1.00	£1.50	£1.50	£2.00
Ferry (over 10 nautical miles)	£2.00	£2.90	£3.00	£4.00

3.1.4 Members will also recall that this proposed 50p increase to the basic concession fare was one recommendation of the internal review process, reporting that an increase of this order could help maintain the Scheme’s short-term viability. Latest estimates suggest potential savings to Scheme costs in the region of £600,000-£700,000 could be achieved³ as the result of reductions in reimbursement payments to participating operators. These savings to the financial reserves, would, at least in the short term, help sustain the Scheme.

³ Note: Estimated savings are in comparison to 2019/20 projected outturn for reimbursement to participating operators.

3.2 Review of Strathclyde Concessionary Travel Scheme

- 3.2.1 In addition to the proposed fare increase, it is recommended that a more in-depth and independent review of the Scheme be commissioned, setting out the criteria for the Scheme's future viability in a robust and accountable manner and in a way that protects continued access to services and social networks that users need. This was also a recommendation from the internal review.
- 3.2.2 The commissioned review would be expected to undertake fully detailed analysis of the Scheme and explore a wide range of options including, but not limited to the following:
- Changes to fares levels and structures
 - Increased council funding requisition
 - Amend age eligibility criteria
 - Impose a cap on reimbursement
 - Adjust the formula used to calculate reimbursement
 - Closure of the Scheme
- 3.2.3 The commissioned review will be required to undertake a detailed study of each option and their impact(s), on users, funders, and on the future viability of the Scheme.
- 3.2.4 The commissioned review will be required to engage and seek the views of all relevant stakeholders including Transport Scotland (TS), ScotRail and CalMac Ferries. It will also consider the impact on specific demographic groups \ geographical communities, including rural and island communities and groups representing specific equalities interests.
- 3.2.5 The commissioned review will be expected to work within the context of other partners' policies and strategies, and in particular, engage TS specifically on the free bus scheme and look at measures as to how these can be closer aligned in future.
- 3.2.6 The commissioned review is expected to take between 6-8 months with interim findings to be reported at the next meeting of the Committee and with recommendations introduced from April 2021 subject to future Committee approval.
- 3.2.7 The cost of the review is, as yet unknown, however, a competitive tendering exercise would be undertaken using SPT's existing procurement frameworks.
- 3.2.8 Members are advised that at the time of writing, proposals have just been announced (26 February 2020) which will see the existing national free Bus Scheme extended to young people aged 18 and under across Scotland from 2021 onwards. Details around this proposal remain to be established, however, SPT's commissioned review will be expected to consider implications, if any, for the SCTS.

4. Conclusion

Historically, the Scheme has offered a low fare concession option for eligible users. However, in order to sustain the Scheme, it is now necessary to take action to ensure its future operation and financial sustainability. Since March 2019, a series of reports to the committee has clearly detailed the current concerning financial position of the Scheme. A number of factors lie behind how this financial situation has evolved. These include that concessionary fares have historically been relatively low and have not kept pace with wider operator fare increases.

An immediate fares intervention, consisting of the outlined 50p increase to both single and return concessionary fares will help maintain the Scheme in the short term. However, at this stage, it is no longer considered that nominal fare increases can sustain the long-term future of the Scheme.

Notwithstanding this however, even with this proposed fare increase, it should be emphasised that the Scheme continues to provide valuable discounts for eligible users. The enclosed appendices detail the levels of discounts available under the current Scheme fares as well as under the proposed 50p increase.

The proposed commissioning of an independent review will supply an evidence base and identify options in order to secure the future of the Scheme.

5. Committee action

The Committee is recommended to approve:

- A £0.50 increase in basic concessionary single and return fares (as shown in Table1);
- Ferry journeys over 10 nautical miles be charged twice the basic concession; and,
- A review of the Scheme, with a specific focus on exploring options to ensure its future financial sustainability.

6. 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>Fare increase to sustain Scheme in short term and use of reserves to fund in-depth review.</i>
Personnel consequences	<i>None at present.</i>
Equalities consequences	<i>Officers will require monitoring the impacts of fare increases and will ensure any future review takes account of equalities duty.</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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For further information, please contact Martin Breen, Senior Transport Planner on 0141 333 3741.

Appendix 1: Example ferry discounts offered under proposed fare increases.

Route	10miles	Operator	Summer 2020 Fare		Current SCTS Fares				Proposed SCTS Fares			
			Single	Return	Single	Return	Discount (s)	Discount (r)	Single	Return	Discount (s)	Discount (r)
Oban (mainland) - Tiree	Over	CalMac	£ 11.15	£ 22.30	£ 2.00	£ 2.90	-82%	-87%	£ 3.00	£ 4.00	-73%	-82%
Oban (mainland) - Port Askaig	Over	CalMac	£ 10.05	£ 20.10	£ 2.00	£ 2.90	-80%	-86%	£ 3.00	£ 4.00	-70%	-80%
Dunoon (Cowal) - Gourock (mainland)	Under	CalMac	£ 4.90	£ 9.80	£ 1.00	£ 1.50	-80%	-85%	£ 1.50	£ 2.00	-69%	-80%
McInroy's Point - Hunter's Quay	Under	Western	£ 4.70	£ 9.40	£ 1.00	£ 1.50	-79%	-84%	£ 1.50	£ 2.00	-68%	-79%
Coll - Oban (mainland)	Over	CalMac	£ 9.25	£ 18.10	£ 2.00	£ 2.90	-78%	-84%	£ 3.00	£ 4.00	-68%	-78%
Colonsay - Oban (mainland)	Over	CalMac	£ 7.80	£ 15.60	£ 2.00	£ 2.90	-74%	-81%	£ 3.00	£ 4.00	-62%	-74%
Kennacraig (Kintyre) - Colonsay	Over	CalMac	£ 7.80	£ 15.60	£ 2.00	£ 2.90	-74%	-81%	£ 3.00	£ 4.00	-62%	-74%
Craignure (Mull) - Oban (mainland) (mainland)	Under	CalMac	£ 3.80	£ 7.60	£ 1.00	£ 1.50	-74%	-80%	£ 1.50	£ 2.00	-61%	-74%
Gourock - Kilcreggan	Under	Clyde Marine	£ 3.60	£ 7.00	£ 1.00	£ 1.50	-72%	-79%	£ 1.50	£ 2.00	-58%	-71%
Islay - Kennacraig (mainland) OVER	Over	CalMac	£ 7.05	£ 14.10	£ 2.00	£ 2.90	-72%	-79%	£ 3.00	£ 4.00	-57%	-72%
Rothesay (Bute) - Wemyss Bay (mainland)	Under	CalMac	£ 3.35	£ 6.70	£ 1.00	£ 1.50	-70%	-78%	£ 1.50	£ 2.00	-55%	-70%
Gallanach (mainland) - Kerrera	Under	CalMac	£ 1.65	£ 3.30	£ 1.00	£ 1.50	-39%	-55%	£ 1.50	£ 2.00	-9%	-39%
Clonaig (Kintyre) - Lochranza (Arran)	Under	CalMac	£ 3.10	£ 6.20	£ 1.00	£ 1.50	-68%	-76%	£ 1.50	£ 2.00	-52%	-68%
Lochranza (Arran) - Tarbert (Kintyre)	Under	CalMac	£ 3.10	£ 6.20	£ 1.00	£ 1.50	-68%	-76%	£ 1.50	£ 2.00	-52%	-68%
Lismore -Oban (mainland)	Under	CalMac	£ 2.95	£ 5.90	£ 1.00	£ 1.50	-66%	-75%	£ 1.50	£ 2.00	-49%	-66%
Kilchoan (mainland) - Tobermory (Mull)	Under	CalMac	£ 2.95	£ 5.90	£ 1.00	£ 1.50	-66%	-75%	£ 1.50	£ 2.00	-49%	-66%
Portavadie (Cowal Peninsula) - Tarbert (Kintyre)	Under	CalMac	£ 2.90	£ 5.80	£ 1.00	£ 1.50	-66%	-74%	£ 1.50	£ 2.00	-48%	-66%
Gigha - Tayinloan (Kintyre)	Under	CalMac	£ 2.80	£ 5.60	£ 1.00	£ 1.50	-64%	-73%	£ 1.50	£ 2.00	-46%	-64%
Lochaline (mainland) - Fishnish (Mull)	Under	CalMac	£ 2.55	£ 5.10	£ 1.00	£ 1.50	-61%	-71%	£ 1.50	£ 2.00	-41%	-61%
Colonsay - Port Askaig (Islay)	Over	CalMac	£ 4.35	£ 8.70	£ 2.00	£ 2.90	-54%	-67%	£ 3.00	£ 4.00	-31%	-54%
Ardrossan - Brodick (Arran)	Over	CalMac	£ 4.10	£ 8.20	£ 2.00	£ 2.90	-51%	-65%	£ 3.00	£ 4.00	-27%	-51%
Fionnphort (Mull) - Iona	Under	CalMac	£ 1.80	£ 3.60	£ 1.00	£ 1.50	-44%	-58%	£ 1.50	£ 2.00	-17%	-44%
Colintraive (Cowal Peninsula) - Rhubodach (Bute)	Under	CalMac	£ 1.25	£ 2.50	£ 1.00	£ 1.50	-20%	-40%	£ 1.50	£ 2.00	20%	-20%
Largs (mainland) - Cumbrae	Under	CalMac	N/A	£ 3.50	£ 1.00	£ 1.50	N/A	-57%	£ 1.50	£ 2.00	N/A	-43%

Appendix 2: Example Rail and Subway discounts offered under proposed fare increases.

Rail		ScotRail Fare			Current SCTS Fare				Proposed SCTS Fare			
Route	10miles	Single	Peak Return	Off-Peak Return	Single	Return	Discount (s)	Discount (r)	Single	Return	Discount (s)	Discount (r)
Glasgow - Partick	Under	£ 2.40	£ 3.00	£ 2.00	£ 1.00	£ 1.50	-58%	-50%	£ 1.50	£ 2.00	-38%	-33%
Glasgow - Cardonald	Under	£ 2.90	£ 4.30	£ 2.60	£ 1.00	£ 1.50	-66%	-65%	£ 1.50	£ 2.00	-48%	-53%
Glasgow - Clydebank	Under	£ 3.70	£ 5.80	£ 3.80	£ 1.00	£ 1.50	-73%	-74%	£ 1.50	£ 2.00	-59%	-66%
Glasgow - Lanark	Over	£ 7.70	£ 12.50	£ 8.00	£ 3.85	£ 6.25	-50%	-50%	£ 3.85	£ 6.25	-50%	-50%
Helensburgh Upper - Oban	Rural	£ 26.50	£ 35.60	£ 32.10	£ 2.00	£ 3.00	-92%	-92%	£ 3.00	£ 4.00	-89%	-89%

SPT Subway

STR (Re-useable smartcard)	2020-21 Subway Standard Fares	Current SCTS Fare	Current Discount	Proposed SCTS Fare	Future Discount
Adult Single	£1.60	£1.00	-38%	£1.50	-6%
Adult Daily Cap	£3.10	£1.50	-52%	£2.00	-35%