



## **Performance and Reimbursement Update: 2021/2022 year-end and Quarter 1, 2022/2023**

**Date of meeting** 30 September 2022

**Date of report** 21 September 2022

### **Report by Treasurer**

#### **1. Object of report**

To update the Committee on the Strathclyde Concessionary Travel Scheme's performance and reimbursement results for 2021/2022 financial year-end and for 2022/2023 Quarter 1 (April-June).

#### **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 over recent years, for example, the decision by the Committee to introduce a new half fare structure with fare cap in financial year 2022/2023<sup>1</sup>, following the recommendations of an independent in-depth review of the Scheme carried out during financial year 2020/2021 in response to ongoing financial pressures and consequent risk to the sustainability of the Scheme.

Members are reminded that, given the reserves balances at the end of 2021/2022, it was agreed at the previous meeting of the Committee on 18 March 2022 that the Scheme defer the introduction of half fares structure until at least January 2023<sup>2</sup>.

Members are also reminded of the significant impacts that the Covid-19 pandemic has had on transport, particularly during 2020/2021, with patronage down by up to 95% on some public transport services. As a result of this, public transport patronage - including concessionary travel demand - experienced significant patronage reductions and this is reflected in the latest year-end figures presented in this report.

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.

#### **3. 2021/2022 Performance and Reimbursement Year End**

Performance results and reimbursement costs for the financial year-end 2021/2022, compared with 2020/2021, are presented in Tables 1 and 2 below:

<sup>1</sup> [https://www.spt.co.uk/media/vdmpsn5g/scts060320\\_agenda6.pdf](https://www.spt.co.uk/media/vdmpsn5g/scts060320_agenda6.pdf)

<sup>2</sup> [https://www.spt.co.uk/media/zyciqj2a/scts180322\\_agenda6.pdf](https://www.spt.co.uk/media/zyciqj2a/scts180322_agenda6.pdf)

*Table 1: Concessionary travel patronage for 2020/2021 and 2021/2022.*

Patronage	2020/2021	2021/2022
	Millions	Millions
Rail	0.57	1.81
Ferry	0.24	0.50
Subway	0.20	0.51
<b>Totals</b>	<b>1.01</b>	<b>2.82</b>

*Table 2: Concessionary travel reimbursement for 2020/2021 and 2021/2022.*

Reimbursement	2020/2021	2021/2022
	£Millions	£Millions
Rail	0.53	1.61
Ferry	0.40	0.87
Subway	0.07	0.19
<b>Totals</b>	<b>1.00</b>	<b>2.66</b>

- 3.1. Table 1 shows concessionary travel demand increased significantly in financial year 2021/2022 across all modes with 2.82 million journeys undertaken, representing an overall increase in patronage of 1.81 million compared with financial year 2020/2021.
- 3.2. By mode, in 2021/2022, concessionary travel demand on rail and Subway was 51% and 57% respectively when compared with pre-Covid levels, with demand for concessionary ferry travel at 75%.
- 3.3. Table 2 shows Scheme reimbursement increased by £1.66 million in 2021/2022 compared with 2020/2021.

#### 4. 2022/2023 Quarter 1 Performance and Reimbursement

*Table 3: Concessionary travel patronage for quarter 1 2022/2023*

Patronage		
Mode	Patronage (millions)	Change vs. 2021/2022
Rail	0.51	+78%
Ferry	0.13	+15%
Subway	0.16	+91%
<b>Totals</b>	<b>0.80</b>	<b>+65%</b>

Table 4: Concessionary travel reimbursement for quarter 1 2022/2023

Reimbursement		
Mode	Reimbursement (£millions)	Change vs. 2020/2021
Rail	0.46	+82%
Ferry	0.24	+22%
Subway	0.06	+91%
<b>Totals</b>	<b>0.76</b>	<b>+58%</b>

- 4.1. Table 3 shows that 800,000 concessionary journeys were made during the first quarter of 2022/2023. This was an increase of nearly 310,000 additional concessionary journeys made and represented a 65% increase in patronage across all modes compared with the respective first quarter in 2021/2022.
- 4.2. Table 4 shows total reimbursement paid to participating operators for the first quarter of 2022/2023 was £760,000. This represented an increase in payment to operators of £280,000 compared with the first quarter of 2021/2022.

## 5. Conclusions

- 5.1. Results for 2021/2022 year-end indicate a clear recovery in concessionary travel demand, with the financial year seeing a 180% increase in the number of concessionary journeys made compared with 2020/2021, which was the initial period of the Covid-19 pandemic when various necessary restrictions on travel were put in place by UK and Scottish governments.
- 5.2. Correspondingly, Scheme costs increased significantly in financial year 2021/2022, with an additional £1.66 million in reimbursement payments made to operators when compared with 2020/2021.
- 5.3. Whilst results for financial year-end 2021/2022 represent a welcomed increase in demand for concessionary travel, members are asked to note that 2021/2022 year-end figures equate, on average across modes, to only 55% of typical pre-Covid concessionary patronage levels for the financial year and less than two-thirds of typical reimbursement costs.
- 5.4. Results for the first quarter of financial year 2022/2023 indicates continued growth in concessionary travel demand. However, figures for the first quarter remain low across all modes, averaging around just 65% of pre-pandemic demand levels.
- 5.5. As can be seen from this report, concessionary travel demand has yet to recover to pre-pandemic levels, and whilst Covid-19 impacts have resulted in savings to Scheme reimbursement costs as a result of a reduced number of concessionary travel journeys, these on-going savings should be regarded as being only temporary until such time as clearer travel patterns are established over a longer period.
- 5.6. Members are reminded that, as well as concessionary travel demand being a factor determining scheme costs, increases to operators' standard fares also impacts Scheme costs as a result of the reimbursement payments that are made for each concessionary journey based on an agreed formula which uses the operators' standard fare as its base.
- 5.7. At the time of writing, transport operators have yet to formally announce upcoming new fares, however, these are traditionally linked to inflation; for example, rail fare changes introduced each January are traditionally based on July's Retail Price Index (RPI) which at the time was

12.3%. For most ferry routes, fares are linked to Road Equivalent Tariff (RET), a formula based on the generalised cost of motoring. However, the Scottish Government recently announced that rail fares will now be frozen until March 2023 at the earliest instead of January and, whilst still likely to increase significantly, are expected to be set below the July RPI inflation rate. However, with this in mind, it is to be expected that fares are likely to increase across all modes as the cost of operating services increases.

5.8. While it is evident that the effects of the Covid-19 pandemic are still taking their toll on travel demand, members will be aware of more recent emerging issues such as the cost of living crisis which is now brings uncertainty and concerns for the people and communities of the west of Scotland, and in particular, for older people who generally rely on lower incomes than the working-age population. In this regard, it is difficult to forecast demand for concessionary travel over the short-to-medium term, other than to assume that it is likely to remain below pre-pandemic levels for some time yet, potentially even reducing as people look to save money by only making essential public transport journeys. Officers will continue to monitor the emerging situation closely and keep the Committee updated on this and other relevant matters.

## 6. Committee action

The Committee is asked to note the contents of this paper and in particular, the continued impact of Covid-19 and the potential impact of cost of living pressures on concessionary travel demand and on operator reimbursement costs.

## 7. 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>None at present.</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>

**Name** Neil Wylie

**Title** Treasurer

**Strathclyde Concessionary Travel Scheme Joint Committee**

For further information, please contact *Martin Breen, Senior Transport Planner at [martin.breen@spt.co.uk](mailto:martin.breen@spt.co.uk)*

## 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>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>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>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>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>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>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>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>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>2021-22</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary fare maintained at £1.50 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 style="text-align: center;"><b>2022-23</b></p> <ul style="list-style-type: none"> <li>▪ Basic concessionary fare maintained at £1.50 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)**

<b>Patronage (millions)</b>					
	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</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>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</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>