



## Subway Patronage, Revenue and Fares: Update

**Date of meeting** 16 December 2022

**Date of report** 30 November 2022

**Report by Director of Finance & Corporate Support**

### 1. Object of report

The object of this report is to:

- provide members with an update on the strong recovery of Subway patronage following the Covid 19 pandemic;
- recommend approval of the postponement of the previously proposed Subway fare increase in January 2023; and
- dependent on the above, inform the Partnership that a future Subway fare increase will be considered within the context of 2023/2034 SPT revenue budget considerations.

### 2. Background

The Revenue Budget for 2022/2023 was prepared in the context of considerable uncertainty – the initial recovery in public transport usage after Covid restrictions had been set back by the emergence of the Omicron variant in late 2021. The budget therefore included the following assumption in relation to Subway patronage:

- A “cautious approach [which] assumes Subway patronage will be based on patronage levels achieved in October and November 2021 which reached 70% to 75% of pre/Covid levels”.

The budget was also prepared shortly before the introduction of the Young Persons’ Free Bus Travel Scheme, and the potential impact on Subway was unknown. The following assumption was made for budgeting purposes in that regard:

- “A phased reduction across the year culminating at 50% of under 22 patronage by the end of 2022/2023”.

The budget proposed a modest increase to Subway fares to take effect from January 2023. Subway ticket income for the past two years was:

- 2020/2021 £3.733m (excluding Covid support grant);
- 2021/2022 £12.280m (excluding Covid support grant).

Budgeted Subway income was as follows:

- 2022/23 £13.115m;
- 2023/24 £13.115m.

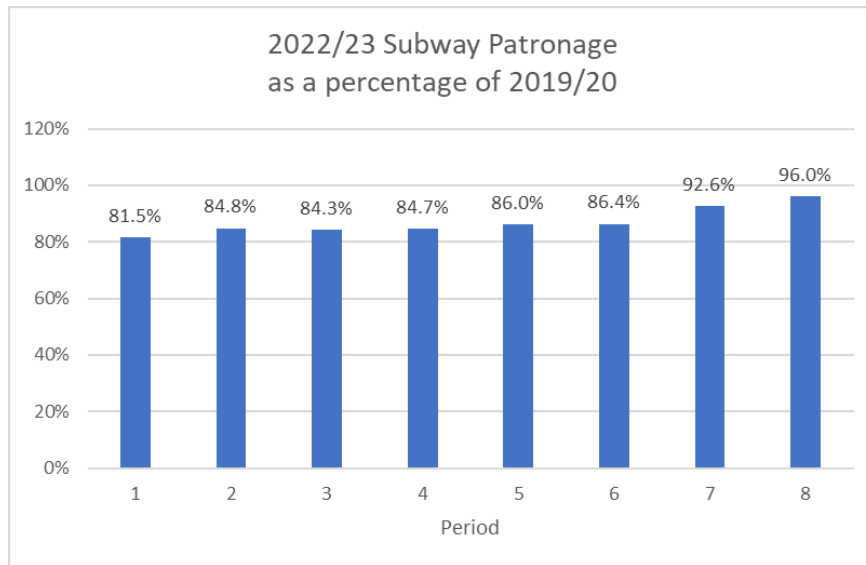
### 3. Subway Patronage 2022/23 to date

#### 3.1 Overall Subway Patronage

As reported to committee, Subway patronage has recovered more quickly than originally forecast, and indeed has recovered more quickly than other public transport modes. This demonstrates the importance of the Subway in the regional public transport network.

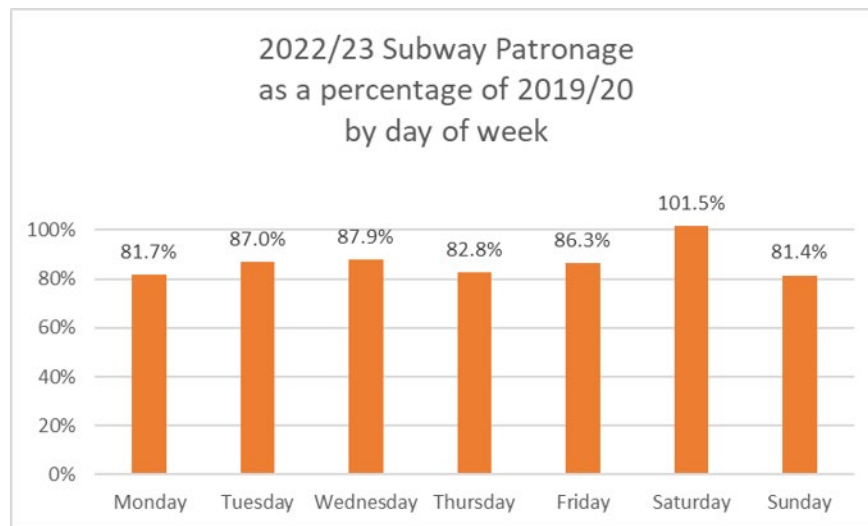
To the end of Period 8 (12 November 2022), Subway patronage for 2022/2023 year/to/date significantly exceeded previous assumptions made in the budget paper (70% of 2019/2020 levels) at 87.4% of 2019/2020 levels.

The figure below shows patronage by four/week period, which has varied from 81.5% of 2019/2020 levels in Period 1 to 96.0% in Period 8.



#### 3.2 Subway patronage by day of week

A review of 2022/2023 patronage data by day of week shows considerable variation. Relative patronage is lowest on Mondays – this reflects travel patterns also seen in other cities in the age of hybrid working. Patronage on Saturdays has been particularly strong, overall exceeding 2019/2020 levels. Data for Sundays includes one complete Subway closure in 2022/2023, without which the figure for Sundays would be around 3% higher.



### 3.3 Subway patronage by ticket type

Subway customers have access to a flexible range of ticket options, all offering good value for money. When customers are travelling more regularly (several times a week) they are more likely to use season tickets and Pay As You Go (PAYG) credit.

At the start of 2022/2023 less than 6% of Subway journeys were made using season tickets, by Period 8 this figure was approaching 9%. The use of PAYG credit also increased, from less than 28% to more than 31% over the same timescale. This suggests some customers are using the Subway more frequently, including for increased commuting.

### 3.4 Under 22 Subway travel

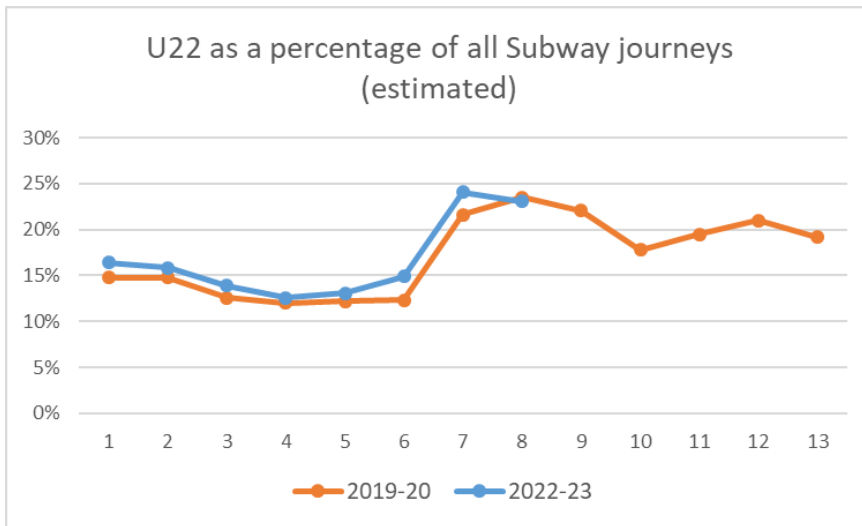
While the age profile of all Subway customers is not known – for example no details are collected about a customer purchasing a single/use return ticket – estimates can be made based on the use of registered Subway smartcards and the usage of Child (under 16) tickets.

While an assumption was made for budget purposes that many Under 22 customers would transfer from Subway to bus to benefit from free travel, so far this has not happened.

From Period 1 to Period 7, the estimated share of journeys made by customers aged under 22 was slightly higher than in 2019/2020. In Period 8 the percentages for the current year and 2019/2020 were almost identical.

Subway is an important mode of travel for many people aged under 22 to access education and work as well as for leisure travel. The convenience of using the Subway (frequent service, short journey times and reliable service) still appear to be appealing even with a free alternative available. These benefits are successfully marketed to customers by SPT.

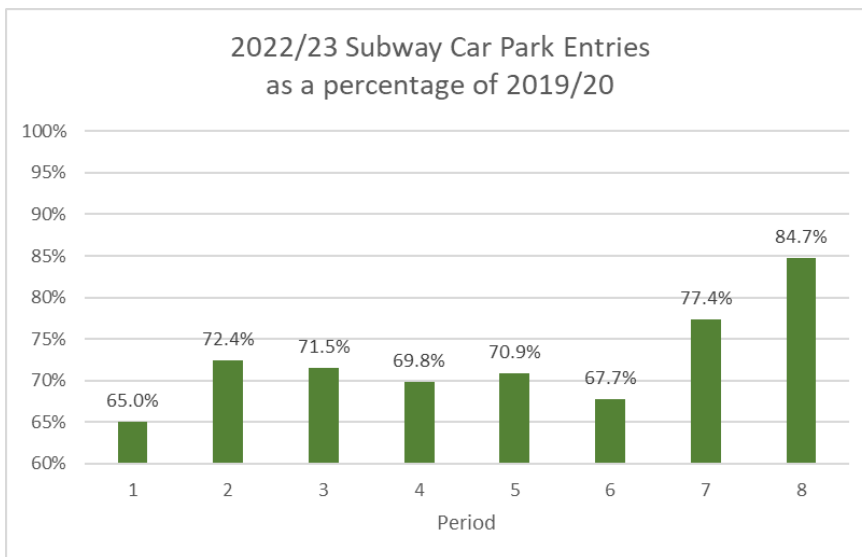
The data would appear to illustrate the ongoing importance of Subway for Under 22 travel, supporting the case previously made by SPT to Scottish Government that Subway should be included in the Young Persons' Free Bus Travel Scheme.



### 3.5 Car park usage

There are three Subway park/and/ride sites at Bridge Street, Kelvinbridge and Shields Road stations. In line with increasing Subway usage the use of the three car parks has also increased.

Relative car park occupancy (compared to 2019/2020) has recovered to a lower level than Subway patronage (84.7% for the most recent period, compared to 96.0% for Subway patronage). This may suggest that car park occupancy is more specifically driven by commuting travel than overall Subway usage is.



### 3.5 Factors contributing to Subway performance

There are a range of internal and external factors which have contributed to higher than forecast Subway patronage performance.

Compared to 2020/2021 and 2021/2022 there has clearly been a significant return to workplaces (even with hybrid working arrangements continuing to be widespread), leading to increased commuter use of the Subway. The increase in season ticket and PAYG usage noted in 3.3 helps to demonstrate this.

During 2022/2023 universities and colleges have returned to much higher levels of in/person teaching and other on/campus activity. Glasgow University in particular generates a large amount of student and commuter usage of the Subway. This partially contributes to the step

change in relative Subway patronage from Period 7 onwards (coinciding with the start of the academic year).

As noted in 3.4 there has not been a measurable transfer from Subway to bus by customers aged under 22, as had originally been forecast.

In the current year there have been regular matches at Ibrox with capacity crowds, including midweek European fixtures. This was also the case in 2021/2022 but this continues to contribute to a return towards normal Subway usage levels. On November 1 2022 (when Rangers played Ajax at Ibrox), Subway patronage exceeded 58,000 journeys – higher than at any point since October 2018 (including all of the last ‘normal’ calendar year of 2019).

Large scale events around the city have continued to return in 2022/2023 and also have a positive impact on Subway patronage. These have included the Harry Styles concert at Ibrox in June and the Great Scottish Run in October 2022.

In support of the sustained increase in Subway usage, teams throughout SPT have worked hard to provide the best possible service for customers returning to regular public transport use. Customer surveys conducted in 2021 and 2022 show that satisfaction with Subway reliability and service frequency have remained high, while other public transport modes have faced challenges including industrial action and staff recruitment. A wide ranging SPT marketing programme has continued to promote the benefits of Subway travel to customers.

Subway Engineering and Maintenance teams have ensured excellent levels of reliability through new working practices to maximise train availability. Operational staff have continued to provide the consistently excellent level of customer service expected by Subway users. The Smartcard team have handled an increase volume of customer enquiries, including processing more than 4,000 new registered Subway smartcards in Period 7 ending 15 October 2022.

### 3.6 Modal comparison

Demand for Subway travel has recovered well compared to other public transport modes. The data below is for Period 7 (ending 15 October 2022), the last period for which comparable data is available for all modes.

<b>Mode</b>	<b>Source of Data</b>	<b>Relative Demand</b>
Subway	SPT	92.6%
Car	DfT	95.0%
Bus (outside London)	DfT	88.0%
Rail	ScotRail	68.0%

### 3.7 Revised patronage forecast for end of 2022/23 and 2023/24

A year/end forecast has been made using the assumption of 90% relative patronage from Period 9 to Period 13, and taking into account Sunday closures which are scheduled for early 2023. This gives an overall year/end forecast at 88% of 2019/2020 levels, well ahead of the 70/75% which was previously forecast.

Demand at 92.6% of 2019/2020 levels is forecast throughout the following year 2023/2024.

## **4. Fares**

### 4.1 Subway fares

The 2022/2023 revenue budget proposed a modest increase to Subway fares, with a planned implementation date of January 2023 (in line with the usual timing of rail fare increases). This would have been the first Subway fare increase since 2019.

As described in the section above, Subway patronage levels have recovered more strongly than forecast, generating a higher than expected level of revenue.

During 2022 a significant cost-of-living crisis affecting customers, suppliers and indeed public services has developed with increasing rates of inflation and increasing prices affecting energy, food and other goods and services.

The Scottish Government has now announced that fares on ScotRail services will not be increased in January 2023 as originally planned, and will be frozen until at least March 2023.

In recognition of the financial pressures faced by the travelling public, the good recovery that is being experienced in Subway patronage, and to maintain alignment with ScotRail fare changes, it is proposed that the planned Subway fare increase for January 2023 is postponed and reconsidered within the 2023/2024 revenue budget proposal.

#### 4.2 Subway car park charges/park/and/ride fares

With regard to car parking charges, the 2022/2023 revenue budget noted that:

- “The car park equipment is due to be replaced with a new system during 2022/2023 and any park and ride fare changes will be considered post implementation.”

This remains the case, and therefore there is no proposed change relating to car park charges. The new equipment is scheduled for installation in January 2023 and again, any change will be considered as part of the 2023/2024 revenue budget proposal.

### **5. Revised Subway Revenue Forecast**

If the proposals are agreed, and based on the revised Subway patronage forecast, with no fare increase applied, the forecast Subway ticket revenue for the current year and next year would be:

- 2022/2023 £16.115m
- 2023/2024 £17.740m

The 2023/2024 figure will be reviewed in the context of any proposals included in the 2023/2024 budget, and the ongoing financial challenges facing the public sector as well as the paying customer.

### **6. Summary**

The Revenue Budget for 2022/2023 made a cautious forecast of Subway patronage recovery, planned on the basis of some Under 22 customers transferring to bus, and proposed a modest increase to Subway fares effective from January 2023.

Subway patronage has recovered much more strongly than originally forecast, and Subway recovery has been stronger than for other public transport modes. The potential transfer of Under 22 customers to bus has so far not taken place, although this is being monitored closely.

Subway revenue for the current year and for next year is now expected to be higher than originally budgeted. Considering this, and in the context of strong recovery and the cost-of-living crisis, it is proposed that the planned Subway fare increase is postponed.

## 7. Partnership action

The Partnership is recommended to:

- (i) note the strong recovery in Subway patronage;
- (ii) approve the postponement of a Subway fares increase in January 2023 and that this be considered further as part of 2023/2024 budget deliberations; and
- (iii) note that SPT will continue to engage with Transport Scotland and other partners regarding inclusion of Subway in the Young Persons' Free Bus Travel Scheme.

## 8. Consequences

Policy consequences	<i>Subway Modernisation is a key priority of the current RTS.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>As detailed in the report.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>Cautious forecasting (below current patronage levels) has been applied.</i>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

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