

Strathclyde Concessionary Travel Scheme Joint Committee



Performance and Reimbursement Update on 2020/21 Quarter 1 to Quarter 3 Results

Date of meeting 12 March 2021

Date of report 3 March 2021

Report by Treasurer/Secretary

1. Object of report

To update the Committee of the Strathclyde Concessionary Travel Scheme's performance and reimbursement results for 2020/21, financial quarters 1-3 (April-December 2020).

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, for example on fares, operator reimbursement formula and changes to peak-time travel restrictions. Changes that have been made are summarised in Appendix 1. A history of Scheme patronage and reimbursement is presented in Appendix 2.

Recently, and 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 1-2 years without intervention. In view of this, it was agreed by the Joint Committee on 6 March 2020¹ that an in-depth review of the Scheme should be undertaken to ensure the Scheme's affordability and sustainability is maintained moving forward.

Then on 23 March 2020, in response to the public health emergency caused by Covid-19, the UK government issued a 'stay at home' message. Almost one year on, the virus continues to have significant effects on the people and communities of the west of Scotland, and for transport, the impacts have been huge, with patronage down by up to 95% on some public transport services. Over the past year, we have seen a variety of travel restrictions introduced by UK and Scottish governments, and subsequently, public transport patronage, including concessionary travel demand, has continued to experience significant reductions throughout the pandemic.

Figures presented in this paper provide an update on performance and reimbursement results for quarters 1-3 of financial year 2020/21.

¹ http://www.spt.co.uk/documents/latest/SCTS060320_agenda4.pdf

3. 2020/21 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 2020/21 compared with the respective quarters in 2019/20.

Table 1: Concessionary Patronage for 2020/21 Quarter 1 to Quarter 3.

Patronage (millions)		
Mode	2020/21 Q1-Q3	Change vs. 2019/20 Q1-Q3
Rail	0.47	-82%
Ferry	0.19	-64%
Subway	0.16	-77%
TOTAL	0.82	-78%

Table 2: Concessionary Reimbursement for 2020/21 Quarter 1 to Quarter 3.

Reimbursement (£millions)		
Mode	2020/21 Q1-Q3	Change vs. 2019/20 Q1-Q3
Rail	0.43	-80%
Ferry	0.32	-61%
Subway	0.06	-77%
TOTAL	0.81	-75%

3.1 Table 1 shows that demand for concessionary travel during the first three quarters of 2020/21 fell significantly across all modes, with an overall patronage decrease of 78% compared with the respective quarters in 2019/20.

3.2 Table 2 shows that Scheme reimbursement decreased by 75% during the first three quarters of 2020/21 compared with the respective quarters in 2019/20.

4. Conclusion

4.1 Results for the first three quarters of the current financial year clearly show Covid-19 impacts and the effects which lockdowns and the various restrictions have had on demand for concessionary travel, with significant patronage reductions observed across all modes.

4.2 Whilst the recent trend for concessionary travel was showing year on year demand increases, the first 3 quarters of the current financial year 2020/21 saw 3 million fewer concessionary journeys made.

4.3 Scheme costs have decreased significantly, with an overall reduction of £2.45 million in reimbursement payments being paid to operators compared with the respective first 3 quarters in 2019/20.

4.4 Based on current trends and taking account of recent continuation of Covid-19 travel restrictions, it is estimated that the Scheme can expect around 4 million fewer concessionary

journeys having been made by 2020/21 financial year-end, with a corresponding estimated reimbursement cost decrease of £3.4 million.

4.5 Members are asked to note that no standard fare increases have been applied by participating operators during the current financial year in direct response to the Covid-19 pandemic. For the same reasons, the £0.50 basic concessionary fare increase, approved by the Joint Committee in March 2020, was not introduced in order to ensure no extra financial burden was placed upon those needing to make essential journeys.

5. Committee action

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

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 present a major 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>

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Appendix 1: History of Scheme Changes

2010-11

- Increased the basic concessionary fare on rail and Subway by a maximum of 20p.
- Re-introduced a basic concessionary fare on ferry services included within SCTS.
- Introduced a price differential between single and return basic concessionary fare i.e. single 60p and return £1.00.

2012-13

- Updated operator reimbursement calculations.
- Introduced an evening-peak restriction on rail travel [between 16:30 and 18:30 hrs.]
- Basic concessionary fare maintained at 80p single and £1.20 return.

2014-15

- Basic concessionary fare maintained at 90p single and £1.30 return.

2016-17

- Basic concessionary fare maintained at 90p single and £1.30 return.

2018-19

- Basic concessionary return fare increased to £1.50. No change to single fare.

2020-21

- Approval by Joint Committee to increase the basic single and return fares by 50p. (update at Mar-21: deferral of fare in consideration of Covid-19 impacts on travel demand).

2011-12

- Increased the basic concessionary fare from 60p single and £1.00 return to 80p single and £1.20 return.
- Re-introduced a 10-mile basic concession fare boundary for ferry services.
- Re-introduced a cap on concessionary ferry fares for services to designated rural areas beyond 10 miles at 2 x basic concession.

2013-14

- Basic concessionary fare increased to 90p single and £1.30 return.

2015-16

- Basic concessionary fare maintained at 90p single and £1.30 return.

2017-18

- Basic concessionary fare increased to £1.00 single and £1.40 return.

2019-20

- Basic concessionary fare maintained at £1.00 single and £1.50 return.

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

Patronage (millions)					
	2015/16	2016/17	2017/18	2018/19	2019/20
Rail	3.36	3.43	3.52	3.52	3.52
Ferry	0.65	0.68	0.65	0.67	0.67
Subway	0.81	0.72	0.84	0.91	0.90
Totals	4.82	4.82	5.01	5.10	5.09

Reimbursement (£millions)					
	2015/16	2016/17	2017/18	2018/19	2019/20
Rail	2.67	2.75	2.76	2.82	2.97
Ferry	0.93	0.95	0.93	1.00	1.03
Subway	0.27	0.24	0.27	0.30	0.32
Totals	3.87	3.94	3.96	4.12	4.32