

## **Report to Partnership Meeting 22 April 2022**

### **RESEARCH AND STRATEGY DELIVERY**

#### **Fair Fares Review**

##### **Purpose of Report**

To introduce the draft HITRANS Fair Fares Review scoping study.

##### **Background**

The Scottish Governments Programme for Government outlines a commitment to commission a Fair Fares Review to ensure a sustainable and integrated approach to transport fares. It is understood that this review will consider the approach to fares setting, the level of fares and the multitude of discounted and concessionary travel products in operation across Scotland.

In support of this commitment, and in the context of the extension of free bus travel to under 22's, Members approved a proposal for HITRANS to undertake early work to consider a number of issues and supporting information relating to fair fares in the context of the Highlands and Islands at the Partnership Meeting in September last year. A copy of the draft report is enclosed as an attachment within the Board papers.

As the paper in September outlined the HITRANS Regional Transport Strategy highlights that in our islands and remotest mainland communities, passengers should have the same entitlements as those benefitting from the National Concession Travel Scheme where regular bus services provide the core local public transport network. Such an approach is needed to ensure that eligible people in all areas have equality of access to at least the public transport that is available in their area regardless of their location.

In many parts of the HITRANS area, the local ferry service either provides the equivalent form of public transport to that fulfilled by a bus service in other parts of the country or forms part of a multi-modal journey that includes the local bus and with it enables access to key services, the ability to attend events or visit family and friends. For some remote mainland locations, the rail network or community transport provides a similar function.

##### **HITRANS Fair Fares Review Scoping Report**

HITRANS commissioned transport consultants Stantec to assist with the review.

The report outlines the unique public transport fares challenges faced by communities in the Highlands and Islands, including;

- Comparatively **high fares in absolute terms** for many communities associated with the longer distances to regional service centres (e.g., Portree, Stornoway etc), Inverness and beyond.

- Due to **sparse services, low public transport frequency** and in many cases a **short operating day**, there are fewer opportunities to use existing concessionary products for eligible National Entitlement Card (NEC) holders. This creates an inequality relative to the larger urban and peri-urban areas where there are denser public transport networks.
- For island communities, there is a requirement to make an **air or ferry trip to the Scottish mainland** before longer-distance concessionary bus travel to main service centres and discounted rail offers can be accessed.
- Some island communities also have **high levels of daily commuting**, e.g., Shapinsay and Rousay or a **requirement to travel off-island to access Further and Higher Education and services such as healthcare, retail etc**, e.g., Lismore and Raasay. For residents of these islands, the cost of ferry travel often outweighs any benefits associated with concessionary travel on the mainland.

The report is structured in 3 substantive chapters;

**Background** – this section provides a brief analysis of how bus use varies by location, a review of the existing policy framework relating to concessionary travel, and details of existing concessionary travel schemes.

**Considerations for the forthcoming national fares review** – this section describes the questions which should be answered in the specification of any extension of the NEC scheme to provide free ferry and / or rail travel.

**Chapter 4: Impacts of extending concessionary travel** – this section considers the potential benefits and costs of free ferry / rail travel, financial impacts on island residents and a very-high level estimate of cost to government of providing free ferry travel to the under 22s.

A summary of the report and its main findings is set out below.

- The national concessionary travel scheme was introduced to provide free bus travel for the over 60s to reduce financial pressures associated with travel, support social inclusion and aid wellbeing. In 2022, the scheme was extended to provide free bus travel for those aged under 22 also, with the additional aim of removing some of the financial barriers young people face in terms of accessing opportunities for employment, training, and education.
- However, for many people living in island and remote mainland communities, bus networks are sparse and their most frequent public transport journeys are made by ferry or train. Data analysis indicates that bus use in Scotland is heavily focussed on urban areas, with three times as many journeys being made by bus in large urban areas versus rural areas and almost twice as many respondents in rural areas noting that they have not used the bus in the last month, compared with large urban areas.
- As a result, those living in island and remote rural areas miss out many of the health and social benefits associated with existing concessionary travel schemes. Additionally, those resident in areas where bus does not provide the primary means of public transport must pay for the public transport services that they use. The overall results are financial and social inequalities based on location, as well as higher private car use, which is to the net detriment of society overall.
- The Scottish Government's forthcoming 'Fair Fares' Review is likely to consider the full breadth of concessionary travel schemes across all modes in Scotland and appraise

means of creating a fairer public transport system and encouraging greener travel. Through this study, HITRANS is promoting the case for expanding the existing concessionary scheme to include free ferry and / or rail travel for those aged under-22 and 60+ where these modes provide the primary means of public transport.

- Overall, proposals for free ferry and/or rail travel align well with the Scottish Government's priorities for transport as expressed through the NTS2, specifically, to reduce inequalities, support inclusive economic growth and improve health and wellbeing among the Scottish population. While the scheme may increase overall trip-making, the disbenefits of these additional trips are likely to be outweighed by potential mode switch and the significant economic and social benefits to the people of the Scottish islands and remote mainland regions.
- Consideration has been given to the questions which should be considered in the Scottish Government's 'Fair Fares' Review. Those considered most important are as follows:
  - What would be the objective(s) of providing free rail travel (e.g., to provide access to free public transport to the nearest city, which is competitive with private car, to provide free day-trip access to a settlement with a population over 5,000 people etc)?
  - What eligibility requirements should apply to the scheme (all eligible NEC holders, over -60s only, island residents, people living in very remote areas etc)?
  - What routes should the scheme cover (network wide, ferry to mainland only, train to nearest public transport hub, train to nearest city etc)?
  - Should ferry operators be left in a net-neutral position or should standard reimbursement rates be applied across all operators?
  - Should the Scottish Government seek to claw back net revenue transfers to local authorities and ferry operators?
  - Could provision of free rail travel abstract passengers from buses and threaten the viability of services and actually worsen connectivity for some communities?
  - Are there any other delivery mechanisms which may allow similar benefits to be accrued more cheaply (e.g., enhancement of Highland Railcard provisions)?
  - What would be the cost to government of providing a ferry/rail travel scheme which addresses the above?
- A very high-level exercise was undertaken to develop a ballpark cost estimate for the provision of free ferry passenger travel to all under-22s. It is estimated that such a scheme would cost the Scottish Government somewhere in the region of **£3.7m** per year if implemented in 2022. It should be emphasised that this a very high-level estimate and has been developed based on conservative assumptions and as a result the true cost is likely to be lower, falling somewhere between this figure and Transport Scotland's estimate from The National Bus Travel Concession Scheme for Young Persons ICIA (£1.2m-£1.4m), depending on scheme coverage and eligibility restrictions.
- As this proposal moves forward and scheme parameters are defined, detailed consideration should be given to the scale of costs and benefits which are likely to be generated by the scheme.

## RTS Delivery

Impact - Positive

Comment – Establishing Fair Fares is a key priority identified within the RTS

## Policy

Impact - Positive

Comment – This commission will support the Scottish Governments welcome commitment to undertake a fair fares review in its 21/22 Programme for Government.

## Financial

Impact – Positive

Budget line and value – An allocation of 10,000 from within the 2021/22 Research and Strategy programme budget was approved to support this commission.

## Equality

Impact – Positive

Comment – Reducing Inequalities is one of the key priorities of the updated National Transport Strategy.

Members are invited to:

1. Note the report
2. Review the draft Fair Fares Review Scoping Study and consider any amendments before the study is finalised
3. Approve the submission of the final report to the Transport Scotland team responsible for undertaking the national fair fares review as outlined in the 21/22 Programme for Government.

**Report by:** Neil MacRae  
**Designation:** Partnership Manager  
**Date:** 22<sup>nd</sup> April 2022