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SCOTRAIL FRANCHISE EXTENSION DOCUMENT : RESPONSE TO CONSULTATION

The observations and suggestions which follow, relate to improvement in ScotRail's delivery of the Franchise and primarily relate to Consultation Document Question 11:

'What pilot scheme changes to fares should be made to encourage modal shift [to rail] ?

(1) Pilot scheme based on last minute 'turn up and fill up' empty seats at bargain fares:

It is accepted that ScotRail, like other train operating companies, are prudently trying to maximise available train/network infrastructure capacity by greater reliance on advanced/pre-booking by telephone/internet ticket for intercity/regional travel (outwith the shorter distance commuter lines into Glasgow/Edinburgh/ Dundee/Aberdeen). Although this policy may have certain commercial and operating advantages, the practice of financially discouraging 'walk-on passengers' by punitively higher fares, may nonetheless actually be counter productive to both revenue and lost passengers numbers.

Many 'potential passengers' are simply unprepared to pay unacceptably higher ticket prices for 'Anytime' tickets (compared to cheaper travel modes) and not surprisingly, on many longer distance routes, trains are still leaving their departure points with 'empty seats', also continuing throughout the journey to final arrival station.

It is accepted that 'last minute' [advance] bargain fares can still be obtained by telephone/internet fairly close up to the day of departure. But it is suggested that, additionally, as a pilot study, ScotRail should also consider offering a limited number of 'bargain fares' on a selected route, for those willing to risk turning up *at the station* on the day of travel to fill otherwise empty seats (or restricted standing accommodation). The 'potential' (sic) opportunity of getting a seat (or standing accommodation) on a succeeding train would still be available as a later alternative where the service was reasonably frequent.

It is beyond the scope of this discussion to suggest specific routes or services on which this pilot scheme might be adopted, and/or the fare levels and arrangements surrounding the issuing of such last minute 'turn up and fill up' otherwise empty seats. But it is suggested that certainly worth ScotRail undertaking this, to at least test the market for increasing modal shift.

In psychological / public goodwill terms, it would also tangibly improve the *perception* that ScotRail were trying to maximise travel numbers on services already running. And as such, would also remove a widespread belief that the numbers of bargain advance fares *actually* available (but kept commercially confidential) and only available by telephone/internet inquiry are really, in practice, very (very) small. There is still a persistent belief that those 'limited numbers' possibly do *not* fully reflect the *full* extent of seats which *could* be filled by real people / 'last minute passengers' willing to risk turning up 'on the day' at the station . . . !

ScotRail should therefore be asked to undertake a pilot project, adequately promoted and monitored pilot study on a selected route to ascertain the potential for modal shift to rail from such an approach as suggested above.

(2) Pilot scheme to remove the 09.15 Reduced Fare Tickets 'restriction' to and from remoter areas of Scotland with infrequent services (all times quoted throughout this discussion relate to 14 December 2008 onward ScotRail timetable, and fares as from 2 January 2009).

It is accepted that the purpose of offering reduced price tickets, available after 09.15, is to encourage people, wherever possible, to make their journey *after* the morning peak time of demand and to help make more efficient/effective utilisation of rolling stock and track capacity etc. This is particularly, and legitimately

applied to the larger morning commuter flows *into* the major city regions of Glasgow, Edinburgh, Aberdeen and Dundee. The preponderance of reasonable frequent services before *and* after 09.15 on almost all of those routes, makes it eminently reasonable to entice people to alter their travel patterns to gain advantage of the lower fare regime after 09.15 wherever possible.

But uniform imposition, throughout Scotland, of this 09.15 'threshold' for availability of cheaper Off peak tickets is seen as arbitrary, unnecessary, and unduly restrictive, for travel to and from remoter areas where there is only a very limited number of trains per day. In such areas, the 09.15 restriction is locally regarded as brutal, and unjustified mechanism ostensibly aimed at influencing times of travel, but where there is *no* real element of passenger 'choice' in view of the service infrequency, *combined with* very long journey times to-from the main population centres in central Scotland (Glasgow/Edinburgh). It is highly desirable to allow meaningful time for social, economic/business purposes and the end of journey on the *same day* from more remoter areas of Scotland

Translated into the practical realities of travelling southbound from Caithness to the central belt of Scotland, a departure of 06.20/06.48 from Wick/Thurso with an Anytime Return fare of **£73.80** is *essential* to benefit from desirability of achieving a purposeful, early afternoon arrival Glasgow/Edinburgh (at 14.15/14.20), Even the 08.12/ 08.38 from from Wick/Thurso [still at **£73.80**] is too late for many purposes (with an 18.09 Glasgow arrival). To delay one's departure until the commencement of the cheaper Off Peak Return fare, *after* 09.15, [at **£67.10**] gives an exceptionally late, and unacceptably inconveniently late arrival time of in Glasgow/Edinburgh (20.15/20.29).

Likewise, in the northbound direction, only the 07.06/06.33 departures from Glasgow/Edinburgh to Caithness, with any Anytime Return fare [at **£73.80**] is essential to give arrival times in Thurso/Wick of 14.24/14.55, with meaningful time for business or social activity - including onward travel to Orkney.

But delaying one's departure until the availability of the cheaper Off Peak Return fare [at **£67.10**] on the 10.11/09.37 or (particularly) the 13.41/13.55 Glasgow/Edinburgh departures results in arrival time in Thurso/Wick at 17.45/18.15 or 21.45/22.14. All of those arrive after the end of the business day, with more restricted social/economic opportunity time - which also precludes onward travel to Orkney the same day.

These examples may hopefully illustrate the greater awareness of social role of the rail link to a peripheral mainland area such as Caithness, compared with the central belt of Scotland where there is greater frequency and meaningful choice of service offered. Greater service frequency applicable to the central belt routes does allow a reasonably legitimate operation of 'commercial pricing', to influence travel behaviour immediately before and after 09.15 peak watershed, but is an 'unwelcome imposition' in remoter areas with very infrequent services.

The amount of revenue which might be 'theoretically lost' to ScotRail, by selectively lowering fares to passenger on such specified services [only lightly/moderately loaded] is very minute, given the small numbers involved. And might be more than compensated by increased numbers willing to use the train at reduced fares.

Very specifically, on grounds of social inclusion, relative remoteness and in reflection of the very limited frequency of trains per day from Caithness, and the Kyle of Lochalsh line in Wester Ross, to it is suggested that as a pilot project, adequately promoted and monitored for patronage/revenue ScotRail should be asked to lift the 09.15 restriction on use of off-peak returns applicable to - from North and North West Highland Line destinations comprising:

(i) 06.20 / 08.12 trains from Wick as a through ticket to connect into Glasgow/Edinburgh trains

(ii) 06.21 from Kyle of Lochalsh as a through ticket to Glasgow/Edinburgh trains

(iii) 07.06 / 06.33 from Glasgow/Edinburgh as a through ticket to Thurso/Wick

(3) Pilot scheme to end the fare discrimination imposed against single rail journeys

The traditional practice of imposing disproportionately higher fares for single rail journey tickets, as opposed to a return ticket should be reviewed. There are many situations where a person will require to travel in one direction by rail, but may find it more appropriate or convenient to return by another means of transport. Yet this flexibility, in terms of maximising the value of the rail network (and using trains already running) is being squandered by the 'discouragement' of a single ticket price which is seen as 'unreasonably higher' than the cost for a both-ways (return) and frequently 'unacceptably higher' than the single price applicable to other competing modes of transport - by car or bus. This obvious pricing differential between the single and

return ticket prices is now being exacerbated, *in absolute money terms*, by the spiralling cost of fares all fares, resulting from the UK Government's policy of reducing the

passenger rail subsidy and raising fares 1% above the Retail Price Index/inflation - earnings level for further successive years until 2012 at least.

Illustrative examples (at January 2009 fare levels)

(i) Glasgow-Edinburgh: An Off peak single ticket [£10.30] costs **99%** of the [£10.40] off-peak day return !

(ii) Edinburgh-Inverness: An Anytime single [£40.50] costs **81%** of the [£50.00] off peak return or **77%** of the [£52.40] Anytime Return).

(iii) Dundee-Edinburgh: An Anytime single [£20.30] costs **86%** of the [£23.50] off-peak day return or **78%** of the [£25.90] month- valid return.

(iv) Inverness-Aberdeen: An Anytime single [£24.90] costs **91%** of the [£27.50] off-peak day return, or **68%** of the [£36.50] month- valid return

(v) Glasgow-Aberdeen: An Anytime single [£40.50] costs **81%** of the [£49.50] off-peak return or **61%** of the [£66.70] Anytime return.

It is recognised that most transport operators (bus, ferry, air) do tend to price single journey tickets at somewhat more than 50% (half) of the equivalent return fares. And in the SPT area commuter single fares typically tend to be priced at 65-85% of the return. This is largely intended to discourage fare evasion and/or to 'neutralise' the effects of such lost revenue on the outward journey (partly due to inability of train conductors to satisfactorily collect all short journey fares and lack of barrier checks at all stations). However in ScotRail's longer distance intercity markets, with more widely spaced stations and barrier checks at major stations this disproportionate great magnitude of the price differential imposed on the single ScotRail fare is not so absolutely necessary, or justified.

It may be that ScotRail perceive those requiring [only] single journey rail tickets represent a 'minority or semi-captive' market which they *theoretically* believe can be exploited for a higher fare given the circumstances of 'no choice/ enforced need to travel at short notice/ uncertainty of exact journey time/dates etc' experienced by individuals on various occasions. But the amount of revenue derived from this sector is believed to be small in relation to the 'bulk market' passengers who travel on a return ticket, and at some discounted fare.

Yet anecdotal evidence suggests that, taken over the network and over the year, the aggregated individual potential demand for such 'single' [only] journeys may collectively be quite large - and potentially able to capitalise on [under-used] capacity on existing services. In reality however, such potential patronage and additional revenue is largely *lost* to rail, because such potential passengers are quite unprepared to pay what they consider relatively 'extortionate' fares for a single journey. And therefore usually shun the railway for cheaper more competitive alternative modes of transport - by car or bus.

ScotRail should be asked to provide a pilot project, adequately promoted and

monitored, on a selected route, to offer off peak single fares in the range of 60-65% of the cheapest equivalent off peak return/day return to ascertain the potential of greater modal shift to rail, as a result of a more 'customer friendly' ticket pricing system.

(4) Pilot scheme to abolish the fare discrimination against those who don't return the same day

It is unclear what real 'justification' exists today for imposing a significantly higher fare on those who require to return on a *different* day from the outward trip, compared to those who return on the *same* day, whether using a peak or off peak type ticket ?

Illustrative examples (at January 2009 fare levels)

(i) Glasgow-Edinburgh: Next day/subsequent day travel return using an Off-peak 'return' [at **£20.60**] is

nearly double (**98% more**) the cost of a same-day off-peak return [**£10.30**]. [This **£20.60** 'next day'

return price is derived from **2 x £10.30** Off-peak singles required for such an overnight stay in Edinburgh or Glasgow].

(ii) Inverness-Aberdeen :An off peak return allowing next day/subsequent days return [at **£36.50**] is **£9**

more expensive than a same-day return [at **£27.50**]. A return journey after 1 month [at **£22.30**], is

£49.80 more expensive. [This 'return' price is derived from **2 x £24.90** Anytime Singles].

(iii) Dundee-Edinburgh : An off-peak return allowing next day/subsequent days return [at **£25.90**] is **£2.30**

more expensive than a same day return [at **£23.50**]. A return journey after 1 month is **£17.10** more

expensive [at **£41**]. [This 'return' price is derived from **2 x £20.30** Anytime Singles].

Having such fare differential loaded against people who don't return by train the same day seems curious and may be a some historic relic from a past age, and difficult to discern what really meaningful purpose

it has in today's fiercely competitive travel market ?. As with with the disproportionate 'price-hike' applied to single fares (as already discussed above) the imposition of significantly higher fares on those not returning the same day, is perceived as an irrational, unnecessary 'discouragement' to using our public funded rail service - even when under-used, 'empty-seat' train capacity may be available.

ScotRail should be asked to provide a pilot test project, possibly on the main Glasgow-Edinburgh line (applicable only for end to end Glasgow-Edinburgh travel) adequately promoted and monitored for patronage/revenue by extending the validity of the existing £10.40 off-peak cheap day return to allow return within (say) 3 months.

(5) Desirable extension of the National Travel Concessionary Travel Scheme to include rail travel

It is accepted that introduction of the Government's National Concession Scheme, allowing universal free bus travel (anywhere, any distance, at any time) has opened up new 'free travel' opportunities by bus, which were not previously available to this qualifying category of the population. Whilst it is not denied that this scheme has generated some *additional* nationwide travel [by bus] which did not previously exist, anecdotal evidence also suggests a degree of modal shift away from rail [on to the bus] as a direct consequence of this scheme, which totally excludes rail travel by Concessionary Card scheme holders.

A survey commissioned by the Scottish Executive Development Department noted . . . 'a significant switch from rail to bus was measured by train surveys on routes in the Lothians and Strathclyde where bus was offered as a free alternative . . . with between 19% and 66% pensioner abstraction on different lines, averaging at 46%' (SEDD Report No 179 : Colin Buchanan and Partners 2004)

Further recent evidence trends from 2004/5-2006/7 statistics provided by the Office of Rail Regulator, relating to Far North of Scotland, similarly indicate a decline in the usage of key stations on the Far North Line including Golspie, Brora, Thurso and Wick (the latter represent the two largest settlements north of Inverness) and are coincident with the introduction of 'absolutely free' concessionary bus travel.

It is felt that fuller examination of Concessionary travel more widely across Scotland would similarly show a modal shift away from rail travel to the bus, albeit that the scale abstraction from rail may be somewhat masked by the greater absolute numbers of passengers carried on other parts of the Scottish rail network.

Three additional factors may also be accelerating the modal shift away from rail to [free] bus travel:

(i) Many non-Concessionary Card Holders are now choosing to travel, along with their Concessionary

Card holding friends and relatives, by bus *rather* than by rail, with its relatively more expensive,

complex and inflexible ticket pricing systems. The 2008 introduction of free Concessionary bus travel

into and throughout England is likely to further encourage modal shift away from rail travel rail usage by

both Concessionary relevant non Concessionary friends and relatives

(ii) Some Scottish Local Authorities, have now discontinued/severely curtailed their Local rail

Concessionary travel schemes, given a belief that the provision of a Scottish Government funded trans-

Scotland Concessionary [free] bus scheme has weakens the 'justification' for their continued

expenditure on Concessionary rail services within, or immediately beyond, their administrative areas.

This trend may further intensify with severe budgetary pressures now applied to Local

Authority finance.

(iii) The January 2009 ScotRail fare increase of around 6% (nearly 2% above the Retail Price and average

levels) and to be repeated over the next 4 years, will tilt the balance *even further* against rail travel, when

contrasted with 'absolutely free' bus travel for Concessionary Card holders (and as a favourable

encouragement to bus travel for their accompanying friends and relatives, as outlined in (i)).

Yet for Concession Card Holders (and others), the train is often a preferred mode of travel compared to the bus, for many purposes and on many occasions provided there is not a 'disproportionate difference' between a [higher] rail and [cheaper] bus fare. In terms of equity, consumer choice, social inclusion and use of public funds, there seems no legitimate reason however why the *same* basic measure of Government financial assistance currently given for bus travel, (through the National Concessionary Travel Scheme) should not similarly be allowed for concessionary rail travel.

It is worth noting here, that free National Concessionary rail Travel is already provided on three lines in Wales and universally throughout the Northern Ireland / Eire rail network. Public opinion within Scotland (from 'response programmes' on radio etc) have repeatedly called for the Scottish Government's Concessionary Travel scheme to be *extended* to include rail travel.

Whilst it is accepted rail travel is generally more expensive than bus travel, and a Scotland-wide 'free travel' concessionary rail scheme would (substantially) increase the current [£163m 2007/2008] Government subvention for free concessionary bus travel, there is no reason nevertheless, why some commensurate Government assistance cannot be given to those who prefer to travel by rail rather than bus.

In outline, this suggestion advocates that for every Concession Card Holder choosing to travel by rail (rather than bus), the rail operator in Scotland (ScotRail / National Express / Arriva) should be entitled to the same level of subvention as is currently given to all bus operators participating in the National Concessionary Scheme. At present, participating bus operators are reimbursed on the basis of 73.6% of their relevant single fare between the two Concessionary travel journey points. It is not unreasonable therefore to suggest, that since a person cannot be simultaneously on a bus and train at the same time, that rail operators should receive the same level of support subvention, per passenger carried, as is currently disbursed to bus operators

For Concession Card, this level of support/subvention paid to the rail operator, would be deducted from the prevailing rail ticket price [otherwise] charged for that journey, leaving the Concessionary passenger paying only a 'topping up' amount, representing the balance to make up the 'full fare' price of the particular ticket purchased. This would give the opportunity of Concessionary Card holders accessing the same level of public funding as the bus traveller, but with the freedom of choice to pay the additional 'topping up' element if they personally considered the quality of rail travel merited this additional

outlay for any particular journey.

It is difficult to see any fundamental Government objections or difficulties to this proposal (which could not be overcome) since they would be paying out broadly the same level of support subvention to the bus operator or the rail operator for each Concessionary journey undertaken.

The March 2008 Report of the UK Government's Transport Select Committee recommended that free concessionary travel arrangements should be 'piloted' on rural lines / community railways, of which the Inverness-Thurso/Wick-Kyle of Lochalsh are relevant Scottish examples'.

However, as will be noted from the above, the particular form of Concessionary rail travel being suggested here, is that Concession Card holders should (indirectly) benefit from a level of financial assistance (equivalent to that currently given to the bus operators for the same journey) as a *contribution*, towards the 'full rail fare' *rather than* provision of 'absolutely free' Concessionary rail travel for the individual passenger.

In this respect it is requested that the Scottish Government, in conjunction with ScotRail as the relevant Train Operating Company undertake such a 'pilot scheme' based on the Inverness -Thurso/Wick and Kyle of Lochalsh Lines . This, it is believed, would demonstrate the potential for considerable modal shift towards rail - and with the potential social and economic benefits possibly applying thereafter to the rest of the Scottish rail network.

Note:

'The case for giving Concessionary Travel to Highland Rail Routes as a pilot scheme : subsequently applied to all Scottish Rail Routes' is enclosed as an integral part of this response, and gives a more detailed outline of the case for a pilot extension of the current National Concessionary Travel Scheme to the rail lines north of Inverness.

In conclusion, I trust that the foregoing observations, discussion and suggestions/requests have made a useful and constructive reply response to your Question 11 ***'What pilot scheme changes to fares should we make to encourage modal shift [to rail] ?*** A principal objective of all five of those suggestions is to encourage a modal shift to rail, and help deliver greater value from the publicly funded ScotRail network, by helping to fill seats, which would otherwise remain empty, on trains which are already running.

**K A Sutherland
/ ATTACHMENT
Railfuture Scotland
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ENCLOSURE

