TRANSPORT SCOTLAND
CÒMHDHAIL ALBA

transport.gov.scot

ScotRail Peak Fares Permanent Removal Outline Business Case

An assessment of the 2025 Programme for Government announcement

Contents

Context and Introduction

Introduction

Our public transport system is a key enabler for growth and opportunity – providing the vital link between where people live, learn, earn and socialise. Access to affordable and reliable public transport services helps people and communities unlock opportunities to connect to jobs, education, retail, public services, leisure, recreation and social and family networks.

A sustainable and viable public transport system is also vital in achieving our ambitious targets on climate change mitigation. Scotland`s National Transport Strategy (NTS2) sets out a vision that:- *"We will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors."*

The Scottish Government published the "Fair Fares Review" on 22 March 2024. The Review sets out our aim to ensure the public transport system is more accessible, available, and affordable, with the costs of transport more fairly shared across government, business, and society. It also highlights the challenges facing public transport and presents options on the immediate to short and medium to long-term actions that are available to reform our current transport offering, to support delivery of a quality, accessible, available and affordable integrated public transport system.

As part of the Fair Fares Review, a pathfinder Pilot was established (the "ScotRail Peak Fares Removal Pilot") to encourage modal shift from car to rail by reducing the cost of travel at peak times for a period of six months between 2 October 2023 and 29 March 2024. As part of the 2024/25 Scottish Government Budget, this was subsequently extended for a further three months scheduled to end on 28 June 2024 and extended again for a further three months to the end of September 2024 following the appointment of John Swinney as First Minister. This resulted in the Pilot running for a full twelve months, which allowed 9 months of data to be analysed to provide a robust assessment of the impact before a decision was made in August 2024 as to whether it should be made permanent.

Affordability issues meant that the decision was made the pilot would not be made permanent at that time, but the decision would be revisited if funds became available. An announcement was made as part of the 2025 Programme for

Government that peak fares would be removed from the ScotRail network from September 2025.

The nature of this document

This document forms an Outline Business Case for the permanent removal of peak fares from the ScotRail network and provides an analysis of a number of options for doing so, in terms of interaction between different ticket types, concessionary cards and implementation options. This document also covers the areas of impact specified within the suite of Impact Assessments required by Scottish Government.

These consist of:

Required:

- EQIA – Equalities Impact Assessment
- FSD – Fairer Scotland Duty
- CD - Consumer Duty
- BRIA - Business and Regulatory Impact Assessment
- Strategic Environmental IA

The required material and impacts are considered within the Socio-Economic case.

Not required

- Children's Rights and wellbeing IA - this is not legislation nor strategic decision relating to the rights and wellbeing of children
- Data Protection IA – there is no processing personal data as a result of the decision
- Island Communities IA - no specific impact on island communities although this clearly means that island communities are not directly benefited by the change, other than through mainland rail journeys (which are perhaps less likely to be at peak times).

The 5 Cases Model and the Preferred Option And Options Appraisal

The normal form of the 5 case/dimension model and its links to Scottish Transport Appraisal Guidance and Transport Scotland's Investment decision making processes can be found here.

There is no Strategic Outline case for the proposal as the pilot and subsequent evaluation are, building on the Fair Fares Review, considered to be what established the "decision to develop further" stage that led to the PfG announcement.

This OBC forms the basis for the decision to implement (rather than go to formal procurement) as the policy will be enacted via an ask to ScotRail (SRT) via ScotRail Holdings (SRH).

The 5 dimensions considered in this OBC are, as standard – the Strategic, Socio-Economic, Financial, Managerial and Commercial dimensions. In more detail:

- The Strategic case – this section gives the wider context of the policy and covers the results of the evaluation of the trial as well as establishing updates outcomes for the intervention.
- The Socio-Economic Case – this section updates the evidence from the evaluation of the trial to present an updated view of the value for money of the project.
- The Financial case – this section examines the costs (feeding into the Socio-Economic Dimension) and crucially, the affordability of the project.

Given that the project will be delivered through SRH/SRT the commercial case (how the project will be delivered) and given the experience of the pilot, the managerial case (how the project will be managed) for the project are relatively simple.

Link between the outline business case and options appraisal

This OBC contains an assessment of various options for the implementation of the permanent removal of peak fares. It compares these options against a Do-Minimum

that represents the current position of ScotRail fares (as at End May 2025). The starting point is the PfG announcement, specifically:

> "Abolishing peak rail fares permanently from 1 September, to encourage more people to travel by train, reduce car journeys, and help existing peak time rail passengers with the cost of living. A significant marketing programme will support the abolition."

The Strategic Case

The Strategic Context – Results from the pilot

The pilot worked by ScotRail removing the timing restrictions on the off-peak fares and products which they set and control that were previously only valid on off-peak services, so they are valid to travel all-day. No other train operators participated in the Pilot.

The aims and objectives of the Pilot were as follows:

- Improve awareness of rail as a viable travel choice
- Improve access to rail by reducing the cost of travel at peak times, enabling more people to travel more often
- Reduction in private car travel as more people choose to travel by rail

As part of the trial ScotRail strengthened some services (adding carriages to some trains) where there was a concern around overcrowding and continually monitored the situation using on-train systems.

An interim report was published in June 24 and a “final” report in August 24. This final report found that under what was viewed as the most realistic scenario – that without the Pilot in place, demand would have returned to 90% of pre-pandemic levels as reflected across the rest of the UK – there was an increase in demand from the pilot of 6.8%. This represented around 4 million extra rail journeys over nine months, of which 2 million are journeys that would previously have been made by private car. This is in the context of around 5 billion annual private car journeys in Scotland and represents a reduction of less than 0.1% of car based carbon-emissions.

There remained some uncertainty around the demand impacts, with a more negative view suggesting that the impact was instead around 2.4%. This had a resultant impact on the estimates of costs which were in the annual range of £25 million to £30 million per annum (in 2024 prices) with the possibility of being as large as £40 million. Noting that these figures include the additional costs incurred by ScotRail as well as the net loss of revenue.

There were regional variations in the impact with the greatest being observed in the Central Belt, specifically on the East Suburban network around Edinburgh and the Express Edinburgh to Glasgow routes. There was some evidence that the pilot encouraged commuting from smaller towns into larger population centres.

The Value for Money (VfM) analysis, suggested that the removal of ScotRail peak fares had a Benefit Cost Ratio of between 1.2 and 1.5 or between £1.20 and £1.50 of value for each pound of cost. Taking into account the relative incomes of those benefiting (tending to be those on above average income), reduces this to 1.0 to 1.25. **This represents between £1 and £1.25 of value for every £1 spent.**

The surveys undertaken identified some emerging evidence of sustained behaviour change arising from the Pilot, including shifting the time of travel from off-peak to peak and mode shift from car to rail. This evidence suggests around half (52%) of existing rail users who changed their behaviour because of the Pilot, have made at least one rail journey that they previously made using another travel mode, with half of those journeys from car. Of those new rail passengers identified as switching from other modes, 54% had previously used a car as a driver, and a third had switched from bus. However, this is in the context of an estimated increase in demand of 2.4% on the lower end and 6.8% at the higher end – **meaning the vast majority of the increase in passengers were existing rail users making existing journeys. This finding is useful in the context of a pilot – people are unlikely to make long term choices based on a pilot and the impact of making the change permanent will be considered below in terms of revised objectives.**

There is some moderate evidence that the Pilot encouraged rail use amongst low to middle income households whilst primarily benefiting existing users who tended to be above average income**.** There is strong evidence that the Pilot has helped existing users who are in work and encouraged greater rail travel amongst this group but has had a lower impact in encouraging full-time workers who did not use rail to use it**. Again it is reasonable to suppose that a temporary pilot would not necessarily encourage longer-term choices such as taking up employment that required a rail journey to easily access.** In terms of age, there is some, relatively weak evidence that the Pilot has encouraged older users to use rail when they didn't before and has encouraged 31- to 40-year-old existing users to travel more by rail.

In summary, the Pilot was somewhat successful in meeting the objectives of increasing awareness of rail and improving access but had more minimal impacts on overall car travel and tended to benefit those on higher incomes within the Central

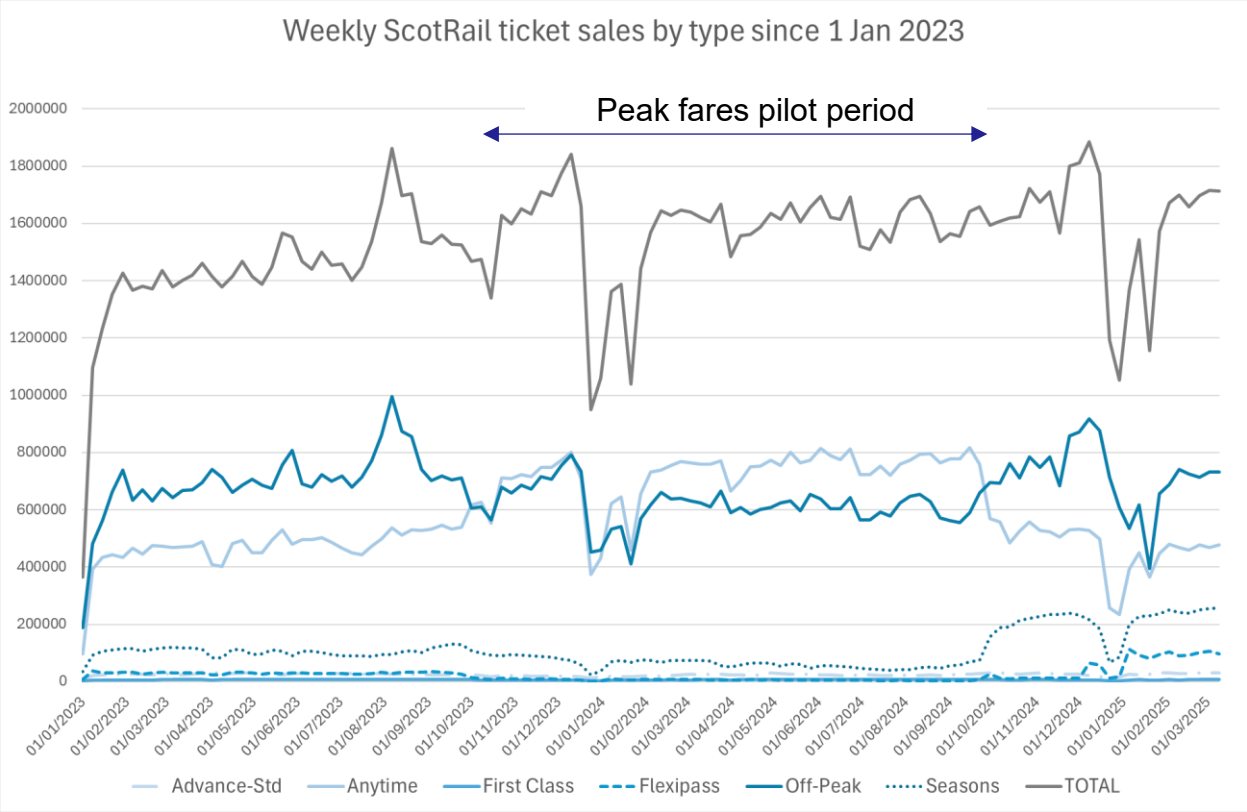
Belt. What is clear, however, from the robust analysis undertaken, is that there was not a hugely significant shift from car to rail use and this was the rationale for not continuing it at a time when budget pressures were such that difficult choices over alternatives needed to be made.

The current position

When the trial ended, Flexipasses were made more flexible and the number of journeys increased by 20% for the same price and a temporary discount, of 20%, was offered on season tickets until the end of September 2025. This was to ensure that the end of the trial did not result in a significant reduction in demand.

What happened was that demand continued to increase when the trial ended albeit at a slower rate (this is covered in more detail below). The way the trial was implemented meant that the type of ticket purchased no longer reflected time of travel (as both peak and off-peak tickets continued to be available for the same cost and with no restrictions on usage for either). This is reflected in the profile of demand by ticket type shown in the diagram below.

Figure 1: Weekly ScotRail ticket sales by type since 01 January 2023



This diagram shows ScotRail weekly ticket sales by ticket type. It shows that during the trial and after the trial ended, demand continued to increase and that after the trial there was a significant shift to flexi-passes and season tickets.

Whilst inflation has fallen back from its high levels in 2023, there are still pressures on household budgets and inflation has started to rise again (with perhaps further small rises expected in Summer 2025).

Scottish economic growth has strengthened at the start of 2025. Scottish GDP grew 0.7% in the 3 months to February, strengthening from zero growth in the final quarter of 2024. However, business surveys continue to indicate weakness in business activity. Business concerns regarding falling demand are reflective of the risks from weak consumer sentiment. This reflects a range of domestic and global trade uncertainty factors that are weighing on consumers sentiment regarding the economy and their household financial security

Inflation rose in April to 3.5%, driven by increases in energy and water bills. In their baseline forecast, the Bank of England expect inflation to rise temporarily to 3.7% in

September before gradually declining back towards 2%. However, the recent cut in Bank Rate to 4.25% should help support consumer and business activity in the face of this heightened uncertainty.

The labour market continues to perform strongly, with the unemployment rate at 4.3%. Nominal earnings growth remains broadly stable, the recent rise in inflation has seen the pace of real earnings growth slow to 2.2% in April

All of this is reflected in a broad based downgrade of economic forecasts from the end of last year with UK growth now expected to weaken slightly in 2025.

The economic backdrop suggests that the permanent removal of peak fares will be a welcome boost to travellers, helping to offset inflationary pressures on their budgets and slow growing incomes. It is likely to also be welcomed by businesses as it will leave consumers who currently travel by train with more disposable income, as well as encouraging more people to make trips by train.

Current GB level modelling forecasts increased rail revenue and journeys in the coming year driven by increased commuting due to changing workplace policies and higher disposable incomes. Revenue is forecast to continue to grow in subsequent years, although journey numbers are expected to flatten out. These forecasts do not take account of the abolition of peak fares in Scotland.

The constraints on meeting the challenges

The key practical issue arising from the pilot was its temporary nature – it is reasonable to expect that rail users would be unlikely to make permanent lifestyle or work choices (moving house or moving job) based on a temporary change to the system. The announcement of a permanent change means that the longer term implications of the policy need to be given due consideration.

There are a number of practical implications of removing peak fares on a permanent basis. These include but are not limited to:

- What to do about Seasons/Flexis – during the trial Seasons and Flexis remained on sale at the previous price for those that were willing and able to pay for the flexibility that they offered. If peak fares are permanently removed then it would be sensible to reprice seasons and flexis to reflect a saving on the new base fares this retaining a proportion of the non-price

based benefits for passengers (budgeting, fewer purchases) and to ScotRail in terms of revenue stabilty.

- A further complication is the existence of timing restrictions on Railcards and concessionary fares. This creates a potential anomaly if peak fares are permanently removed but there are complications with some Railcards being subject to UK level terms and conditions.
- Super Off Peak fares (a further discount on a limited number of trains) were removed during the pilot but reinstated, in a limited manner – on train or ticket office sales only – when the pilot ended. A decision needs to be made as to whether they are permanently removed with the abolition of peak fares.
- Practicalities around assignment of revenue between operators – the ORCATS system that assigns revenue between operators on the same routes (GNER and Cross country services within Scotland) is UK wide and makes the distinction between anytime and off-peak tickets. The system will not easily deal with the removal of a ticket type from Scotland.
- ScotRail do not provide services to/from Reston Station or the bulk of services at Lockerbie Station. These services are provided by UKG operators. As such passengers using those stations will not benefit from the removal of peak fares from ScotRail services.

Objectives and Assessment Criteria (CSFs)

The original objectives of the pilot were to:

- Improve awareness of rail as a viable travel choice
- Improve access to rail by reducing the cost of travel at peak times, enabling more people to travel more often
- Reduction in private car travel as more people choose to travel by rail

Based on the strategic issues discussed above it is sensible to adjust them to reflect the permanent nature of the announced change. The revised objectives are:

- Improve access to rail by **permanently** reducing the cost of travel at peak times, enabling more people to travel more often **and make long-term choices with certainty**
- Reduction in private car travel as more people choose to travel by rail
- **Simplify the range of ticketing options available in order to make the system easier to use and simpler to run**

These revised objectives are judged to align well with the FM priorities of:

- Eradicating Child Poverty
- Growing the Economy
- Tackling the Climate Emergency
- Ensuring High Quality and Sustainable Public Services

Conclusions and rationale for change

The result of the pilot was broadly positive, but the policy was not taken forward due to budget constraints. The strategic case somewhat strengthens the rationale for intervention given the continued use of rail (in terms of easing affordability issues for the people of Scotland) and the uncertainty over the wider economic situation.

Description Of The Options

The experience of the pilot was that significant changes to the ticketing system, online services and station barriers etc. require around 8 to 10 weeks to implement. As such, given the announcement in May 25, the focus of the options in this business case are those options that can be delivered in September 25. As such there is no consideration of future fare changes and these will be delivered as usual with the next standard point being the start of the financial year 2026-27.

As is standard practice consideration is first given to the issue of defining the Do-Minimum or Do-Something and in this case, it is straightforward given the nature of the project to define a Do-nothing only instead as:

Do-nothing – Keep the system in place as of May 25

In terms of option generation, the discussion of the constraints and issues above naturally gives rise to a number of potential options. The simplest option – Option 1 (Core) is to simply repeat the process undertaken for the pilot. In this case, the price of peak fares was adjusted to match those of off-peak fares and restrictions on each were removed and Super Off-peak tickets were also removed. Season tickets and Flexipasses were left in place with no price adjustment. This gives:

Option 1 – Core – Replicate the system put in place for the trial.

Thought then needs to be given to the other factors discussed above. The first consideration is around season tickets and flexi passes. The offer put in place has been extremely successful (see patronage diagram within Strategic Case) and there was evidence from the pilot that passengers still welcomed the convenience of bulk purchases. Whilst it is not strictly necessary to adjust the pricing of seasons and Flexipasses, it would be sensible to consider offering through them a small discount on the Core fares to reflect the reduced processing costs of multiple tickets and offer a small additional incentive. This would have benefits in terms of simplification and coherence of the system.

Option 2 – In addition to Option 1, reduce the price of season tickets and Flexipasses to offer a small (5%) discount on Core tickets.

There are potential sub-options of Option 2 in term of greater (or smaller) percentage discounts and these will be considered as part of the options appraisal below. Note that the discount is on the equivalent price of 5 journeys and is less generous that the current discount whilst peak fares are in place. Further discussion of the benefits of retaining season tickets are also discussed below.

The second ticketing issue is around the current time restrictions on Railcards and regional concessionary travel schemes. That gives rise to Option 3 which is simply to remove them. Whilst this would mean a further discount for those qualifying, it would match the spirit of the Programme for Government announcement. It is however made complicated by the fact that some rail cards are UK wide and the restrictions are not within the gift of Scottish Government.

Option 3 - Add removal of Railcard/Concessions restrictions to Option 1

Combining these first three options gives Option 4 – the full removal of time based pricing (over the course of a single day).

Option 4 – Full removal - Add Option 2 and 3 to Option 1

Whilst it may be supposed that the intention of the announcement is to reduce the cost of travel for those who need to travel at peak times, an additional possible option is to explore reducing the cost to SG/Transport Scotland by increasing all the core fares by a range of percentage points from the current off-peak level. The implementation timeline means that it is only practical to examine the impact of flat percentage rises across all journey pairs.

Option 5 - Increase Core fares by various blanket %ages.

Another potential option is to reinstate Super Off-Peak fares in combination with any of Options 1 to 5.

Option 6 – Reinstate Super Off-Peak Fares in combination with Option 1-5

Rail fares are the result of historical changes and there are some disparities across the country with a perception that fares into Edinburgh and from Fife are more expensive than those in the west of the country. Whilst the removal of peak fares would be an opportunity to correct these differences, it would be a major undertaking and likely to incur additional costs (or winners and losers) so is not considered as a possible option within the timescale available.

Additional options not considered due to time constraints include Rationalisation of Day and Period returns and any consideration to changing the price of First Class tickets (which are already the same price all day).

This results in a long list of 6 options alongside the do-nothing:

- Do-nothing – Retain the current system
- Option 1 - Core change - remove peak fares and leave other fares/restrictions in place in line with pilot
- Option 2 - Add seasons/flexis discount of 5% to Option 1
- Option 3 - Add removal of Railcard/Concessions restrictions to Option 1
- Option 4 – Full removal - Add Option 2 and 3 to Option 1
- Option 5 - Increase Core fares by various blanket %ages.
- Option 6 – Reinstate Super-Off Peak Fares in combination with Option 1-5

Shortlisting of options

Option 3 has significant implementation issues. Many railcards have terms and conditions that are set at UK level. As such while some restrictions could be removed it would not easily encompass all card types. This would add significantly to the complexity of the system and could be considered to be unfair as some groups

could potentially gain but others would lose. The implementation including informing existing card holders would be difficult. Regardless, in retaining the restrictions there are still further discounts on the Core price available for the times railcards are currently valid.

As such this option is sifted out at this point and this removes Option 4 as well. Those with National Entitlement Cards residing within Fife and SPT local authority areas and Young Scot card holders would still be able to access the reduced core prices if they need to travel at formerly peak time and will remain eligible for further discounts if travelling withing the current timing restrictions.

This gives 4 remaining options to be assessed against the Do-nothing:

- Option 1 - Core change - remove peak fares and leave other fares/restrictions in place in line with pilot
- Option 2 - Add seasons/flexis discount of 5% to Option 1
- Option 5 - Increase Core fares by various blanket %ages.
- Option 6 – Reinstate Super Off-Peak Fares in combination with Option 1-5

Socio-Economic Case

This section initially focuses on estimating the demand impacts of the 4 remaining options with the primary focus being on Option 1, based on the experience of the pilot but updated to use data to April 25. Scenario analysis is then run based on these results to estimate the long-term impacts of making the pilot permanent.

This is then followed by an assessment of the options against the revised Project Objectives and a summary of the analysis of issues raised by the in scope Impact Assessments.

Full Value for Money analysis is undertaken in Section 8 once all 5 dimensions have been considered.

Demand impact estimates

Methodology

The impact on demand has been estimated using the same econometric approach that was used in the "final" evaluation report but applied to data to end April 25. Details of the methodology can be found in Annex A but the basic approach is to estimate the impact of the Pilot using a "dummy variable" (1 when it is in place, 0 otherwise), a similar dummy when peak fares were restored along with additional trend variables over these periods. This is alongside a range of other variables, as before to account for factors such as the day of the week, wider seasonality, bad weather, large scale events and the impact of the fare rise in April 2024, the reduced timetable in Summer 24 as well as general levels of (road) travel across Scotland. The 3.8% rise in rail fares in April 25 is not included in the analysis as it is considered to not have been in place sufficiently long to be picked up within the data.

The counterfactual

As discussed in the final report, the key analytical issue for analysing the Pilot and hence the first step of the impact of a permanent change is around what would have happened if it had not been in place – the counterfactual. Significant work has been undertaken examining possible scenarios.

5 main scenarios were considered in the final evaluation report. The key factor is how demand recovered compared with pre-Covid 19 levels before the Pilot started and how this would have continued in the absence of the Pilot and what has happened since. There remains considerable uncertainty around the counterfactual.

- M1 - Assume recovery trend pre-Pilot continued.
- **M2 - Assume recovery stabilised at 90% of pre-C19 demand (Demand at end Jul 23) – Equivalent to the rUK position and considered the primary scenario**
- M3 - Assume recovery stabilised at 80% of pre-C19 demand (Demand at end Mar 2023)
- **M4 - Assume recovery stabilised at end Sept 2023 (Before trial started)**
- M5 - Assume recovery trend continued to 100% pre-C19 demand (End Nov 2023) and then would have stabilised at this level

Scenarios M2 and M4 were the basis of the evaluation report and these scenarios are used again here. A further scenario was added that assumed a long-term trend

before during and after the trial period and alternative trends during and after. For simplicity they are labelled as:

- Core scenario - Assume recovery stabilised at 90% of pre-C19 demand (Demand at end Jul 23) – Equivalent to the rUK position. Formerly M4
- Alternative scenario - Assume recovery stabilised at end Sept 2023 (Before trial started). Formerly M2
- Long term trend – Assume long term trend with adjustments during and after trial period. New.

Results

The econometric results from the 3 scenarios are shown in the tables below.

Core Scenario

Table 1: Econometric Results – Core Scenario

Variable	Coefficient	Std. Error	t-ratio	p-value
Constant	110091	8745.18	12.5887	<0.00001
PFTDummy	11906.1	2401.26	4.9583	<0.00001
PeakFaresBackDu	19266.6	2601.73	7.4053	<0.00001
Trendto90PCD	122.256	6.85269	17.8406	<0.00001
Xmas_NewYear	-59938.5	4259.27	-14.0725	<0.00001
Sat	19030	2401.68	7.9236	<0.00001
Sun	-95627.2	2378.58	-40.2036	<0.00001
Mon	-12882	2353.35	-5.4739	<0.00001
Thur	4720.56	2350.12	2.0086	0.04482
Fri	21418.2	2365.99	9.0525	<0.00001
Sport	12254.8	3083.78	3.9740	0.00008
Concert	16287	4567.51	3.5658	0.00038
Strike	-115144	5411.89	-21.2761	<0.00001
Weather	-13590.9	3250.61	-4.1810	0.00003
ExtremeWeather	-88473.3	7562.31	-11.6992	<0.00001
Travel_Demand_n	60398.1	8819.49	6.8483	<0.00001
Jan	-21569.8	2975.32	-7.2496	<0.00001

Variable	Coefficient	Std. Error	t-ratio	p-value
June	-9094.29	2846.43	-3.1950	0.00144
July	-11394.5	2865.24	-3.9768	0.00007
Aug	13266.4	2922.24	4.5398	<0.00001
Oct	-4886.2	2775.71	-1.7603	0.07863
Dec	10711.7	3126.49	3.4261	0.00063
EmergencyTimetable	-7823.24	3199.01	-2.4455	0.01462

Core scenario summary statistics

- Mean dependent var: 206218.2
- Sum squared resid: 6.46e+11
- R-squared: 0.825855
- S.D. dependent var: 57420.55
- S.E. of regression: 24199.76
- Adjusted R-squared: 0.822382

At first glance this scenario seems counterintuitive – the Peak Fares dummy variable is smaller in magnitude than the Peak Fares Back dummy (and there are no significant trend variables other than the initial one). However, because the post-trial period (at this point) is shorter in magnitude than the trial itself this is a quirk of how the econometrics can be interpreted and this scenario produces sensible results when used to estimate the impacts of the trial and the post-trial period (See below). All other co-efficient are sensible and in line with the previous evaluation analysis.

Alternative Scenario

Table 2: Econometric Results - Alternative scenario

Variable	Coefficient	Std. Error	t-ratio	p-value
const	110790	8736.95	12.6806	<0.00001
TrendtoOCt23	118.59	5.55811	21.3364	<0.00001
PeakFaresTrend	32.2154	6.65325	4.8421	<0.00001
Xmas_NewYear	-59880.6	4250.28	-14.0886	<0.00001
Sat	18982.4	2400.3	7.9083	<0.00001

Variable	Coefficient	Std. Error	t-ratio	p-value
Sun	-95765.2	2377.01	-40.2882	<0.00001
Mon	-12930	2351.97	-5.4975	<0.00001
Thur	4678.27	2349.08	1.9915	0.04667
Fri	21356.7	2365.12	9.0299	<0.00001
Sport	12607.3	3076.42	4.0981	0.00004
Concert	16653.3	4562.33	3.6502	0.00027
Strike	-116441	5378.95	-21.6475	<0.00001
Weather	-13271.5	3158.4	-4.2020	0.00003
ExtremeWeather	-88366.6	7559.12	-11.6901	<0.00001
Travel_Demand_n	59702.1	8833.26	6.7588	<0.00001
Jan	-19607.2	2942.86	-6.6626	<0.00001
June	-9129.42	2814.46	-3.2438	0.00122
July	-10726.4	2830.74	-3.7893	0.00016
Aug	13491.2	2869.58	4.7014	<0.00001
Nov	5616.48	3370.36	1.6664	0.09591
Dec	13046.7	3104.21	4.2029	0.00003
EmergencyTimetable	-12038.4	3227.17	-3.7303	0.00020

Alternative scenario summary statistics

- Mean dependent var: 206218.2
- Sum squared resid: 6.46e+11
- R-squared: 0.825878
- S.D. dependent var: 57420.55
- S.E. of regression: 24187.23
- Adjusted R-squared: 0.822566

This scenario is intuitive – there was a positive impact from Peak Fares which did not continue when the pilot ended. All other co-efficient are sensible.

Long Term Trend

Table 3: Econometric Results – Long Term Trend

Variable	Coefficient	Std. Error	t-ratio	p-value
const	109512	8713.84	12.5676	<0.00001
Trend	119.46	5.63855	21.1864	<0.00001
PeakFaresTrend	-84.8735	13.404	-6.3320	<0.00001
PeakFaresBack Tr	-125.947	22.0883	-5.7020	<0.00001
Xmas_NewYear	-59965.4	4255.16	-14.0924	<0.00001
Sat	18910.5	2402.97	7.8696	<0.00001
Sun	-95831	2379.61	-40.2718	<0.00001
Mon	-12918	2354.83	-5.4858	<0.00001
Thur	4734.4	2351.72	2.0132	0.04434
Fri	21432.6	2367.6	9.0525	<0.00001
Sport	12878	3076.54	4.1859	0.00003
Concert	16545.2	4567.52	3.6224	0.00031
Strike	-116169	5383.76	-21.5776	<0.00001
Weather	-13355.4	3164.08	-4.2209	0.00003
ExtremeWeather	-87757.3	7561.09	-11.6064	<0.00001
Travel_Demand _n	61047.9	8815.34	6.9252	<0.00001
Jan	-20212.9	2923.22	-6.9146	<0.00001
June	-9668.95	2839.23	-3.4055	0.00068
July	-11045.7	2828.36	-3.9053	0.00010
Aug	13176.1	2867.09	4.5956	<0.00001
Dec	12386	3088.96	4.0098	0.00006
EmergencyTimet able	-13197.3	3704.38	-3.5626	0.00038

Long term trend summary statistics

- Mean dependent var: 206218.2
- Sum squared resid: 6.47e+11
- R-squared: 0.825453

- S.D. dependent var: 57420.55
- S.E. of regression: 24216.73
- Adjusted R-squared: 0.822133

The econometric results for this scenario do not make intuitive sense – the results suggest that there was a long term positive trend that was reduced by the introduction of peak fares and reduced further when they were removed. It is caused by the recovery from Covid 19 in the early period of the data. A range of data truncations (smaller sample) were tested and none produced intuitive results. Although all other co-efficients are sensible, this scenario is not included in further analysis.

Impact on trial and post-trial demand

The two remaining scenarios generate the following results for demand during and after the trial. The results are shown below. The daily average number of journeys is the preferred metric due to the variation in time periods between the pre-pilot, pilot and post pilot periods.

Table 4: Core Scenario

Period	Total with pilot	Daily Average with pilot	Total without pilot	Daily Average without pilot	Total change on pilot	Daily Average change on pilot
Total	232,898,147	218,479	228,564,326	214,413	Not applicable	Not applicable
Pre-Pilot (from April 22))	101,892,000	185,596	101,892,000	185,596	Not applicable	Not applicable
Pre-Pilot (1 year)	71,378,063	195,556	71,378,063	195,556	Not applicable	Not applicable
Pilot Period	81,903,979	224,394	77,570,159	212,521	4,333,800	11,900
Post Pilot Period	49,102,167	231,614	49,102,167	231,614	Not applicable	7,200

Table 5: Alternative Scenario

Period	Total with pilot	Daily Average with pilot	Total without pilot	Daily Average without pilot	Total change	Daily Average change
Total	233,273,236	218,830	228,635,443	214,480	Not applicable	Not applicable
Pre-Pilot (from April 22)	101,901,416	185,613	101,901,416	185,613	Not applicable	Not applicable
Pre-Pilot (1 year)	71,421,841	195,676	71,421,841	195,676	Not applicable	Not applicable
Pilot Period	82,225,894	225,276	80,085,825	219,413	2,140,100	5,900
Post Pilot Period	49,145,927	231,820	46,648,202	220,039	Not applicable	6,500

A summary of the results in terms is shown below

Table 6: Summary of Results

Number of passenger journeys (Demand)	Total Change (Core Scenario)	Average Daily Change (Core Scenario)	Percentage Change (Core Scenario)	Total Change (Alternative Scenario)	Average Daily Change (Alternative Scenario)	Percentage Change (Alternative Scenario)
Impact of Pilot	4,333,800	11,900	5.59%	2,140,100	5,900	2.67%
Post Pilot	Not applicable	7,200	3.22%	Not applicable	6,500	2.90%

Both scenarios are slightly below the levels reported in the evaluation for the pilot period (6.7% and 3.3%) respectively. This may be due to a tail off in demand as the pilot came to an end (combined with a recovery from the emergency timetable period towards the end of the trial) or may reflect longer term factors (seasonality) etc. resulting from including more data.

What is particularly noticeable (and perhaps unexpected) is that demand continued to increase after the trial ended (this is apparent visually in the figure in Section 2 above). In the case of the core scenario this was at a lower rate than during the trial but in the alternative scenario the rates are broadly equivalent. This could be explained either by exogenous factors such as a greater level of office working, as a result of the discounts on seasons and increased flexibility of Flexipasses that were introduced. Regardless it serves to illustrate the uncertainty around the estimation of impacts.

For the purposes of the remainder of this section, the analysis will focus on the impacts assessed within the core scenario.

Updated assessment of impact of pilot on original objectives

This section briefly revisits the results of the pilot in terms of the original objectives.

Improve awareness of rail as a viable travel choice

It is fairly clear from the analysis of both the trial and post-trial data that the pilot can be considered to be successful in achieving a greater awareness of rail as a viable travel choice. This is particularly reflected in the analysis of the post-trial data.

Improve access to rail by reducing the cost of travel at peak times, enabling more people to travel more often

Again, there was an increase in usage of the rail system and this continued at either a reduced or similar rate when the trail ended. By all measurements the trial was successful at increasing access to rail. However, two caveats should be borne in mind.

Firstly, that the overall impacts are now judged to be slightly less than was the case at the 9 month evaluation but this may be due to demand taking time to recover from the emergency timetable towards the end of the trial. Secondly, that the

characteristics of those who benefited tended to be existing rail users who generally have higher income levels – this was discussed in detail in the evaluation and is returned to below in the Impact Assessment section of this OBC.

Reduction in private car travel as more people choose to travel by rail

The carbon reduction impacts from a shift away from car use as assessed by the pilot evaluation were that the overall impact of the pilot was a reduction in CO2 emissions of less than 0.1%. The revised demand change estimates do not significantly impact on this figure. As such, the design of the project, in terms of its ability to increase its impact compared with the pilot will be crucial to achieving a greater magnitude outcome.

Assessment of Options against Critical Success Factors and Qualitatively against STAG Criteria.

The table below is an assessment of the 6 options against the revised critical success factors and STAG criteria. There is overlap between the critical success factors (in bold) and 3 of the STAG criteria. The assessment uses a -3 to +3 scale for option 1 and then overlays impacts to this score for the additional options.

Table 7: Options assessment

Option/CSF	Improve access to rail/ Economy	Reduction in private car/Climate Change/Environment	Simplify the range	Health and Wellbeing	Equality and Accessibility	OVERALL
Option 1 - Core change	**3**	**1**	**3**	**0**	**2**	**9**

Table 8: Additional impacts of options

Option/CSF	Improve access to rail/ Economy	Reduction in private car/Climate Change/Environment	Simplify the range	Health and Wellbeing	Equality and Accessibility	OVERALL
Option 2 – Add seasons/flexis	Moderate Benefit	Minor benefit	Minor benefit	No benefit or impact	No benefit or impact	Strongly positive
Option 5 – Increase Core Fares (In addition)	Likely to be negative depending on extent of change	Likely to be negative depending on extend of change	No benefit or impact	Minor negative	Minor negative	Strongly Negative
Option 6 – Reinstate SOP (Addition to other options)	Minor benefit	No benefit or impact	Major negative	No benefit or impact	Minor benefit	Negative

Option 2 scores highest whilst Option 5 is likely to impact significantly negatively (depending on the extent to which core fares are adjusted upwards). Option 6 has some advantages in term of potential small increases in demand for the limited number of services concerned but this is more than offset by a significant increase in both the complexity of ticketing and the ease of public perception of messaging.

Assessment of Options against standard Impact Assessment Outcomes

EQIA – Equalities Impact Assessment

The evaluation of the trial considered the impact on different groups. A full analysis can be found in Annex C. There was no evidence that any equality groups were

negatively impacted and some mildly positive results with regard to age. The removal of option 2 and 3 at short list stage does not impact negatively on Equality groups with specific cards (as it maintains the current position).

In terms of age, there **is some, relatively weak evidence that the Pilot has encouraged older users to use rail when they didn't before and has encouraged 31- to 40-year-old existing users to travel more by rail.**

FSD – Fairer Scotland Duty

The Fairer Scotland Duty (the Duty) is set out in legislation in Part 1 of the Equality Act 2010. It came into force in Scotland from April 2018. It requires Scottish Ministers and named public bodies to actively consider what more can be done to reduce the 'inequalities of outcome' caused by 'socio-economic disadvantage' when making 'strategic decisions'.

The evaluation of the trial discussed above showed that:

Existing rail users who didn't change their behaviour were more concentrated in the income group with an above average income (£35,000 to £49,999) than the population as a whole, but the proportions within the middle income groups (£20,000 to £49,000) was broadly the same for all (45%,47%,47% and 47%). New rail users were more likely to be in lower (less than £35,000) income groups (48%) than existing users (37%,37%). Non-rail users were more likely to be in very low income groups (28%) compared with both groups of existing users (18%, 12%) and new rail users (20%). So, there is some moderate evidence that **the trial has encouraged rail use amongst low to middle income households whilst primarily benefiting existing users who tended to be above average income**.

It is anticipated that making the change permanent whilst continuing to benefit those who benefited from the trial will potentially allow those on lower incomes or with socio-economic disadvantage to make decisions (taking a job that requires commuting by rail, travelling by rail for leisure) that will potentially benefit them with a greater degree of certainty so it is expected that the impact of permanence on these groups will be higher than it was during the trial.

There is relatively little difference between the options with Option 2 having the most positive impact along with potentially Option 6 and it being extremely likely that Option 5 will have less positive impacts compared with option 6.

Consumer Duty

The Consumer Scotland Act 2020 (the Act) came into force on 1 April 2024 and was applied to Scottish Ministers through secondary legislation (The Consumer Scotland Act 2020 (Relevant Public Authorities) Regulations 2024).

The duty is intended to improve the extent to which consumers are considered in strategic policy and decision-making in order to deliver better policy outcomes for consumers in Scotland.

The Act defines a consumer as either an individual or a small business that purchases, uses or receives goods or services in Scotland, where those goods or services are supplied in the course of business.

The duty covers consumers of services provided by government departments, local government and other public authorities. All users of public services are consumers regardless of whether or not they pay directly for that service. A consumer can also refer to potential or future consumers.

The entire policy is targeted at improving the experience of consumers of the railway. The experience is likely to be strongly positive for all options overall with potentially less positive outcomes for Option 5 (but still positive) and perhaps some minor negative outcomes from not taking forward Option 6 for those consumers (a very small number) who have previously relied on super off-peak fares.

BRIA - Business and Regulatory Impact Assessment

Business and Regulatory Impact Assessments (BRIAs) are used to assess the costs, benefits and risks of any proposed primary or secondary legislation, voluntary regulation, codes of practice, policy changes or guidance that may have an impact on the public, private, third sector or regulators.

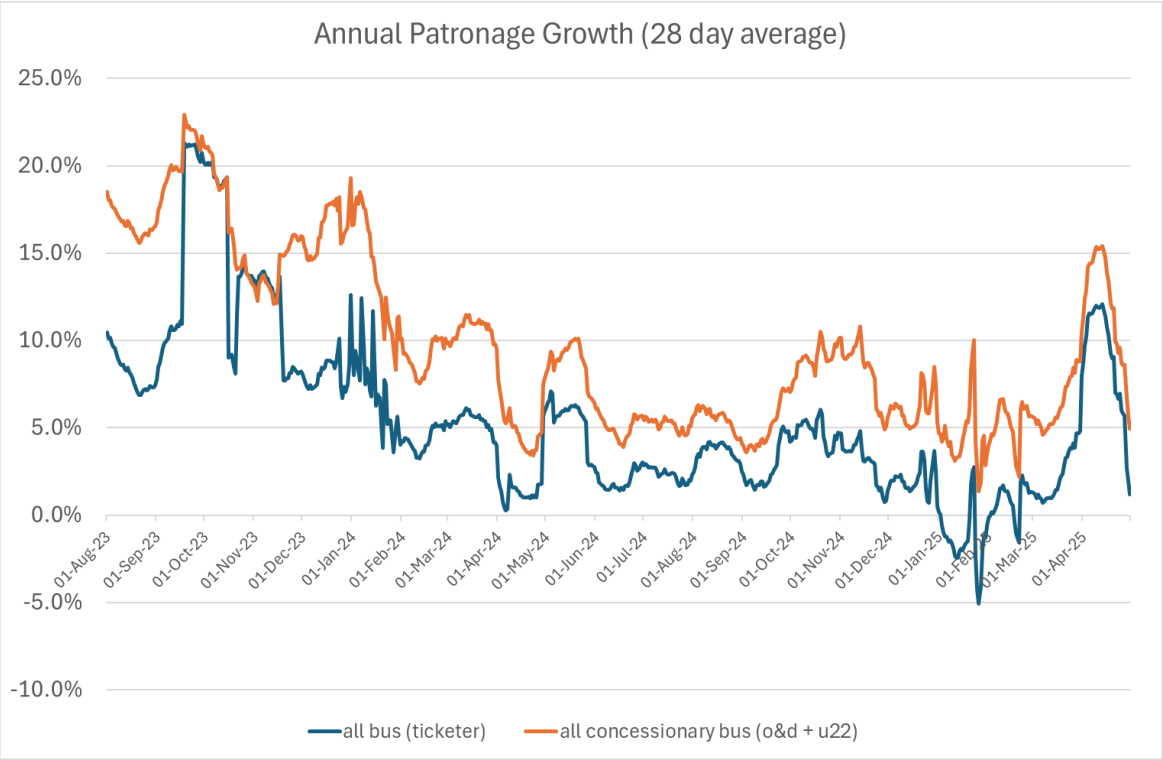
As discussed above there are no negative impacts on members of the public from the proposal (other than those mentioned under consumer duty for Option 6) and the public will benefit from the proposal and all options.

There are likely to be positive wider private sector impacts with peak business travel becoming less expensive and the only part of the private sector that could be significantly negatively impacted is bus operators.

The peak trial evaluation report considered the impact on bus operators. There was some shifting from bus but discussions with bus operators suggested that this was not significant and was more than outweighed by growing demand from the U22 concessionary travel scheme. The modelled scale of abstraction from bus was small (around 1 million bus journeys which represents around less than 0.25% of bus journeys) and was overshadowed in reality by an ongoing increase in patronage from the U22 concessionary scheme.

The extent of bus demand has been monitored, and during the trial overall bus patronage grew at a rate broadly equivalent to the impact on rail. In addition, the growth in Concessionary travel, directly supported by the Scottish Government grew at a rate significantly in excess of the impact on rail demand (and continues to do so). There was a fall in bus demand in January and February 25 but this was after the peak fares trial had finished.

Figure 2: Annual Patronage Growth



More generally the bus industry is supported by the range of concessionary schemes and wider interventions. The impact of the permanent removal of peak fares on the bus industry will be monitored closely as part of the continuing evaluation package that will be put in place.

Strategic Environmental IA

Strategic Environmental Assessment (SEA) assesses the likely significant environmental effects of a public plan, programme, or strategy. It considers how negative impacts can be avoided or minimised and, where appropriate, identifies opportunities for positive effects to be enhanced.

It is considered that the assessment of environmental impacts in the rest of this OBC is sufficient to cover the requirements of an SEA – the trial has positive environmental impacts and one of the key objectives of the trial is to maximise the impact in terms of reducing car travel and thus air pollution and climate change.

Summary

In terms of the Socio-Economic case, all options have overall positive outcomes. Looking at the benefits alone, Option 2 – the core option plus a 5% discount on seasons/flexis scores highest.

The overall recommendation of this OBC will be dependent on the remaining cases, specifically the financial case which allows a formal assessment of Value for Money both in terms of a quantified Benefit Cost Ratio for all Options but also in terms of the non-monetarised benefits (specifically in terms of the simplification of the rail fares system).

Financial Case

Key assumptions

Funding

The project results in a change in revenue to ScotRail and thus a change in the level of subsidy required to operate the rail system, equivalent to the costs estimated in sections 5.2 to 5.6 below.

Capital Requirement

There is no capital requirement.

Value Added Tax

There is a change in VAT through changes in the demand for non-public transport. This is picked up by the TMfS modelling of Value for Money.

Estimation of Steady-State Costs

The initial cost estimates are for the first year of implementation based on the experience of the pilot and are calculated in 2 ways as detailed in Section 2.1 and 4.1. There remains significant uncertainty over the level of costs associated with the project and there is no direct mechanism by which the true level will ever be clear. This is because the impact is a change in revenue received of which the intervention is only one determining component. As such the approach is to present a range of potential costs but the uncertainty means that it is possible that the actual impact may still fall outside this range. However, the analysis is able to draw on the experience and evidence collected during the pilot in order to make the range of estimates as robust as possible. Longer term estimates are made using a methodology derived from the Passenger Demand Forecasting Handbook (PDFH).

The basic approach is to estimate the impact of simply removing peak fares and leaving the rest of the current rail fare system in place as a starting point. The costs of the additional options that seek to address the wider outcomes of the project are then calculated and added in where appropriate.

Transport Scotland Approach

The Transport Scotland approach to cost estimation is to use the 2 scenarios from the demand analysis above, run them through the TMfS based model developed for the pilot evaluation and convert to current prices and values, and then adjust to account for demand changes that have taken place since the pilot ended.

The demand changes associated with the two scenarios are 2.67% and 5.59% and when run though the model and adjusted give the following results.

Table 9: Revenue loss as projected by TMfS

Categories	Reference values	Revenue Loss (TMFS) £ million – Alternative Scenario	Revenue Loss (TMFS) £ million – Core Scenario
Total Revenue (pilot) (£m)	326.7	Not applicable	Not applicable
Revenue loss from pilot	Not applicable	35.5	17.9
No Pilot Revenue	Not applicable	362.2	344.7
Percentage Loss	Not applicable	9.8%	5.2%
Post Pilot Period Daily revenue (£m)	0.99	0.097	0.052
Annualised (£m)	Not applicable	35.5	18.9
Natural Growth Continues at Post-Pilot rate	3.2%	36.6	19.5
Natural Growth at pre-pilot rate	8.7%	38.6	20.6

The estimates do not explicitly account for the fare changes in April 2025. However, the Natural Growth adjustment is judged to contain an element of revenue growth that reflects the increased fares.

As such a prudent initial range of costs are **between £19.5 million and £38.6 million per annum for the first full year of the project. This does not include any additional operating costs (or marketing budget) incurred by ScotRail.**

ScotRail Approach

The ScotRail approach uses the estimates of demand impacts from the pilot from their commissioned work undertaken by Steer consultants and standard PDFH methodology and provides a useful triangulation/check against the main results.

The results are an initial estimate of £28.3 million.

Table 10: ScotRail estimates

Summary	Revenue (£m)	% revenue	Journeys (m)	% journeys
Peak Fares Pilot impact	-24.3	-6.8%	3.7	4.7%
25-26 revenue/journeys	416.2	Not applicable	91.3	Not applicable
Impact with 25/26 demand (exc. season/flexi)	**-28.3**	-6.8%	**4.3**	4.7%

Analysis of additional costs of options

The costs above represent the estimated costs of option 1 – Simple removal of Peak fares – New Core Fares.

The additional costs of Option 2 – **adjust Season Flexi/Prices to 5% below main fares are estimated to be £1.5 million per year**. Without the adjustment seasons/flexis would be more expensive than the core fares and the calculation of the core cost assumes that demand for seasons/flexis would fall away. In addition, it is assumed that demand for seasons/flexis would fall from current levels with this option as the discount is significantly lower (albeit on a much lower base).

The calculation of the impact of Option 5 – raising core fares to reduce the overall cost of removing peak fares is more complicated to analyse. Given the time restrictions a simple percentage rise in all Core (previously off-peak) fares is modelled for a range of percentages (as discussed above this would not be optimal but is all that is possible before the projected implementation date).

The analysis is relatively simplistic but uses the core PDFH assumptions which indicate that Peak time demand is more inelastic (less responsive to price) as Off-peak demand. Elasticities are -0.5 and -0.9 respectively (an elasticity of -1 implies that revenue is unaffected by price changes).

Thus impact is asymmetric to the core analysis as the increase in the cost of what was previously off-peak travel (which accounts for more than half total demand) has a greater impact than the reduction in peak time travel.

The results are shown in the table below.

Table 11: Fare increase results

Price increase	Journeys impact (millions) (m, %)	Journey impact (%)	Revenue change from Option 1 (£100k)
0.0% (Baseline)	0	0.0%	Not applicable
2.0%	-1,316	-1.4%	1,812
3.00%	-1,958	-2.1%	2,710
4.00%	-2,588	-2.8%	3,603
5.00%	-3,207	-3.4%	4,492
6.00%	-3,817	-4.1%	5,375
7.00%	-4,416	-4.7%	6,254
8.00%	-5,005	-5.3%	7,128
9.00%	-5,585	-6.0%	7,997
10.00%	-6,156	-6.6%	8,862
15.00%	-8,876	-9.5%	13,120
20.00%	-11,395	-12.2%	17,273
25.00%	-13,735	-14.7%	21,328
30.00%	-15,916	-17.0%	25,292
40.0%	-19,864	-21.2%	32,967
50.0%	-23,344	-24.9%	40,336

Each 1% increase in the Core fare reduces overall journeys by 650,000 and increases revenue by around £0.9 million. These estimates are subject to significant uncertainty but are broadly consistent with the higher end of the range of

core costs (around £40 million). Note that the changes in demand are mainly down to existing travellers at off-peak times, who are more sensitive to price, using alternative modes and these changes are on top of the core scenario where peak travellers have significant savings.

Affordability

Table 12: Resource Budget Required

RESOURCE BUDGET REQUIRED IN £ MILLION		
Options and Related Activities	**2025-26**	**2026-27**
Do Nothing	Not applicable	Not applicable
Option 1 - Revenue Loss	22.5	38.6
Implementation Costs - Service Changes	1.8	3.0
Marketing	1.0	Not applicable
Evaluation	0.3	0.8
Cost Of Option 1	25.5	42.4
Option 2 - Flexi And Season Tickets	0.9	1.5
Cost Of Option 2	26.2	43.9

While costs are highly uncertain and dependent on demand, a prudent estimate of costs for Option 2 is around £38.6 million for the first full year of the project (see section 5.2 above), plus implementation costs of £3 million per annum, evaluation costs of £1 million, and marketing costs of £1 million in year one. The implementation, marketing and to a less extent the evaluation costs are likely to occur largely in the first few months of implementation and thus the estimated loss of revenue and costs of implementation in 2025-26 (7 months from start September 25 to end March 26) are estimated to be £26.2 million. This has been accommodated in Scottish Government's financial planning, and appropriate budget cover will be transferred at the in-year budget revisions.

Budgets for 2026-27 and beyond have not yet been set, however the cost of peak fares removal is reflected in the medium-term spending outlook published in the Medium-Term Financial Strategy (MTFS) in June 2025. The MTFS is accompanied by the Fiscal Sustainability Delivery Plan which sets out the key actions the Scottish Government is taking to constrain the rate of growth in public spending and maximise the impact of economic and tax performance over the next five years. Funding, spending and investment decisions will be taken in the 2026-27 Scottish Budget and the Scottish Spending Review, which are due to be published in December 2025.

Long term impact on costs

Within a financial case it would be usual to include a long term impact on costs ie the impact over multiple years. This is not included here but is discussed in section 8. This is because whilst there is considerable uncertainty over the 1 year costs estimates, the subsequent position is even less clear. Academic evidence suggests that the impact of changes in price take a number of years to fully realise and this will tend to reduce the costs over time. This could be as quick as one or two years. However, once the removal of peak fares is established and becomes part of the usual ScotRail financial budgeting process it will become increasingly difficult to assess what would otherwise have happened. The significant evaluation work discussed below is the only practical solution to this issue.

Summary

The total cost of the 4 options is shown below. Note that there is also the inclusion of around £5 million to include a significant marketing budget (£1 million), ongoing evaluation (£1 million) and a small sum (£3 million) based on the pilot for the costs of running additional services.

Table 13: Summary of costs

Options	Low demand Impact	Estimated demand impact	Scot Rail Estimate
Option 1	£38.6m+£5m = **£43.6m**	£19.5m +£5m = **£24.5m**	£28.3m +£5m = **£33.3**
Option 2	+£1.5m = **£45.1m**	+£1.5m = **£26.0m**	+£1.5m = **£34.8m**
Option 5	See table above	See table above	See table above
Option 6	No additional cost	No additional cost	No additional cost

Commercial Case

The purpose of the commercial dimension of the business case is to demonstrate that the preferred option will result in a viable procurement and a well-structured Deal between the public sector and its service providers.

In the case of this specific project, there will be no procurement and the project will be implemented by a letter from the Sponsor Representative to ScotRail via ScotRail Holdings (SRH) and subsequent adjustment of overall subsidy levels depending on overall outturns (rather than being based on the impact of this project alone).

Under this existing system, risk is held by Scottish Government and key contractual arrangements are already in place. There are no personnel implications above what was needed for the pilot, there is no impact on Accountancy Treatment and a team is in place within Transport Scotland to implement the policy.

As such there is no need for a commercial case in this instance.

The Management Case

The purpose of the management dimension of the business case is to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the scheme, including feedback into the organisation's strategic planning cycle.

Demonstrating that the preferred option can be successfully delivered requires evidencing that the scheme is being managed in accordance with best practice, subjected to independent assurance and that the necessary arrangements are in place for change and contract management, benefits realisation and risk management.

The challenges are: ¨ to manage the risks in the design, build, funding and operational phases of the scheme and put in place contingency plans ¨ to deal with inevitable business and service change in a controlled environment, and ¨ to ensure that objectives are met, anticipated outcomes delivered and benefits evaluated.

Again, these systems are already in place through the contractual and ownership arrangements between Scottish Government, ScotRail Holdings and ScotRail trains and represents a key benefit of the previous decision to take ScotRail under public control.

The experience of the pilot demonstrates that the policy is deliverable, and that post implementation and evaluation arrangements are in place. This is particularly demonstrated by the invaluable assistance of analysts within ScotRail Trains and Holdings with this OBC (and helpful discussion with ScotRail staff more generally).

As such there is no need for a detailed management case in this instance.

Moving Towards The Preferred Option

Value for Money Analysis

Value for Money is calculated using the Transport Model for Scotland (TMfS) calibrated to the actual results from the econometric analysis. Whilst the nature of the Peak Fares intervention is different to a “normal” transport infrastructure project (in that it simply changes price rather than the network) ***the methodology used to determine VfM (including carbon savings) is identical to that normally used*** across all transport investment – the benefits arise from changes in the Generalised Cost of Travel (Time and Money) to existing and new users, as is standard for any other scheme, meaning the results are consistent with the analysis of other (including infrastructure) projects. See Annex B.

The only distinctions are that for existing users, there is no change in the time component of Generalised Cost and that there is no infrastructure cost to Government – costs are the net impact on revenue and additional costs incurred by SR and the subsequent changes to the ScotRail level of subsidy required. New users during the Pilot, as measured by the change in demand, switch to rail because they are better off in terms of either time or money or both and this is captured in a standard way by the analysis.

Evaluation of VfM for the Pilot

In terms of the value for money of the pilot, the published evaluation concluded:

Using the demand and cost information for the M2 preferred scenario, the estimated Benefit Cost Ratio of the project (on an annual basis as per standards) is in the range 1.4 to 1.5 (depending on the cost assumptions used).

In terms of sensitivities, the M4 scenario reduces this to 1.2, although to further complicate this scenario there is a significant impact on VAT which would accrue to UKG rather than SG without full [and accurate] VAT assignment in place. Accounting for this would reduce the BCR for SG alone to 1.1 although it is general practice to look at the overall impact rather than that solely to Scottish Government.

Thus, a prudent range for the value for money is between 1.2 and 1.5 – benefits of between £1.20 and £1.50 for each £1 spent. HMT Green Book guidance also suggests that "Distributional weighting" may be undertaken to account for the income levels of those who are benefiting from the intervention. See The Green Book (2022) - GOV.UK (www.gov.uk).

Given that rail users are on average of higher than median income this weighting reduces the impact by around 17% (using income data from the Scottish Household survey).

This results in a Value for Money range (in terms of Benefit Cost Ratios) of between 1.0 and 1.25 or between £1.00 and £1.25 of benefits for every £1 spent.

VfM assessment of options

The Benefit Cost Ratio of the core scenario is estimated to be 1.34 and under the alternative scenario is 1.19. This is somewhat lower than the prudent range from the trial due to the lower estimated impact on demand. However, this is based on the trial outcome and the permanent nature of the proposal is likely to further stimulate demand (see below).

Using the ScotRail estimates of costs gives a benefit cost ratio of 1.29.

In terms of the options, there is no impact on the benefit cost ratio for options 2 and 6 because it is assumed that demand is impacted to an insignificant level. Whilst there are small variations in costs between these options, any increase in cost to government is perfectly offset by a benefit to the public and so there is no impact on the BCR. Affordability is of course impacted upon as discussed in the financial case.

Option 5 and its variants are different in that they impact on demand. However, they change the relationship between existing peak and off peak fares and the new fare level and would require a separate model run of TMfS for each price increase compared with the baseline, which would then be subsequently calibrated to overall changes in demand, to calculate the BCR of variants of the option. This is not practical.

Any increase in core prices will reduce demand and thus decrease the BCR compared with option 1. Whilst a cursory examination of the impact table in the financial case would suggest that increasing core prices by 9% (in the core scenario used) would decrease demand by 6% more than wiping out the user benefits from the overall 5.6% increase in demand this is not the case. This is because the nature of the user benefits will change with those who travel at what were formerly peak times still benefiting and these people are more likely to be commuters or business traveller who have a higher value of time.

Looking at the parameters of the TMfS model in terms of Value of Time and the detail of the ScotRail model, it is reasonable to suggest that an increase in core prices of around 15% would reduce the BCR to 1 and any increase above that would likely be negative. This level is associated with a reduction in costs of around £13 million (from the financial case). With certainty it can be stated that any increase in core prices will impact negatively on the BCR.

So in Benefit Cost Ratio Value for Money terms, Option 5 is rejected at any level of increase. Of the other options, Option 2 scores most highly on the qualitative assessment, is straightforward to implement and likely to be uncontroversial. Option 6 (retaining Super Off-Peak fares) does not have a significant cost associated with it but scores very poorly in terms of simplification of the system and is likely to cause issues with marketing etc. At the very least it would need to be renamed if it was chosen as an addition.

Long term impacts

Based on the core scenario, it would take an increase in demand of 9.75% to make the project self-financing. This represents around a 1.75 times bigger impact than has been found in this analysis.

A recent paper by Wardman (2022) suggests that long term elasticities may be around 2.3 times short run elasticities. This offers some evidence albeit not concerned with such a major impact change as this project that there may be the potential for long-run impacts to make the project “self-financing”. This would result in an infinitely high BCR as the project would not have any cost associated with it whilst generating significant benefits. It should be noted however that this would still not have tangible benefits in terms of CO2 reductions as it would still represent a small fraction of overall car use.

When considering the long-run impacts, behavioural science can offer some insights. More generally, simplification of systems has wider benefits in terms of passenger and public engagement. Discussions with the Behavioural Insights unit within SG (DG Net Zero) have raised the concept of 'sludge', which is likely to be detrimental to passengers' relationship with ScotRail. According to OECD, "‘sludge’ – unnecessary friction that hinders access, imposes psychological costs and erodes trust – remains a pervasive barrier in government services and processes. Sludge consumes significant time and resources, contributes to frustration and distrust and jeopardises equitable access to government programmes."

Summary, Conclusion and Recommendation

This outline business case for the permanent removal of peak fares from the ScotRail network has been undertaken in line with HMT Green Book and business case guidance and Scottish Transport Appraisal Guidance (STAG).

This OBC builds on the published evaluation of the pilot introduced as a Pathfinder as part of the Fair Fares Review that ran from September 23 to October 24. Whilst this work remains the best evidence available for assessing the impact of the removal of peak fares it has been updated to reflect data to end April 2025. The original evaluation found that whilst the pilot offered value for money in broad terms, it was not targeted to those most in need and had a minimal impact on car based CO2 emissions. These findings alongside affordability constraints meant that the decision was taken not to implement the policy permanently until budget cover was available. In the Programme for Government in May 2025, it was announced that from 1 September 2025 peak fares would be removed from the ScotRail network and this OBC provides the evidence base for that decision and an assessment of delivery options.

This OBC uses the standard 5 Dimension model of Strategic, Socio-Economic, Managerial and Financial cases before providing a Value for Money assessment of the option based on this information. The Managerial and Commercial cases are minimal based on the team put in place to manage and evaluate the pilot (Managerial case) and the fact that the movement of ScotRail (in the structure of ScotRail Holdings and ScotRail trains (Commercial Case) into public ownership was a major factor in enabling the intervention in a practical sense.

The Strategic Case recaps on the findings of the original evaluation of the pilot and provides detail on the current situation in terms of both rail demand and the wider economic situation in Scotland. It is striking that rail demand continued to rise after the end of pilot albeit at a slower rate and it is important to note that the people of Scotland still face economic challenges from the wider global economy.

Consideration of the Strategic context has led to a revision of the objectives of the pilot:

- Improve awareness of rail as a viable travel choice

- Improve access to rail by reducing the cost of travel at peak times, enabling more people to travel more often
- Reduction in private car travel as more people choose to travel by rail

Revised objectives for the permanent removal of peak fares which align well with the 4 First Minister priorities:

- Improve access to rail by **permanently** reducing the cost of travel at peak times, enabling more people to travel more often **and make long-term choices with certainty**
- Reduction in private car travel as more people choose to travel by rail
- **Simplify the range of ticketing options available in order to make the system easier to use and simpler to run**

Consideration of the issues raised by making the previous trial permanent led to the consideration of 6 options for implementation against a Do-Nothing of retaining the current position:

- Option 1 - Core change - remove peak fares and leave other fares/restrictions in place in line with pilot
- Option 2 - Add seasons/flexis discount of 5% to Option 1
- Option 3 - Add removal of Railcard/Concessions restrictions to Option 1
- Option 4 – Full removal - Add Option 2 and 3 to Option 1
- Option 5 - Increase Core fares by various blanket %ages.
- Option 6 – Reinstate Super-Off Peak Fares in combination with Option 1-5

Options 3 and 4 were eliminated at Shortlist stage due to the terms of some National Railcards being outwith our control, creating implementation difficulties – those who would have benefited will still benefit from reduced fares and can choose to travel at other times of the day if they wish further discounts.

The Socio-Economic case reran the analysis undertaken for the pilot evaluation and suggested that Option 1 would impact on rail demand, in a prudent range of Scenarios as follows:

Table 14: Impact on demand

Number of passenger journeys (Demand)	Total Change (Core Scenario)	Average Daily Change (Core Scenario)	Percentage Change (Core Scenario)	Total Change (Alternative Scenario)	Average Daily Change (Alternative Scenario)	Percentage Change (Alternative Scenario)
Impact of Pilot	4,333,800	11,900	5.59%	2,140,100	5,900	2.67%
Post Pilot	Not applicable	7,200	3.22%	Not applicable	6,500	2.90%

The additional options are assessed as not having significant impacts on demand but impact differently on the wider critical success factors. In terms of the Socio-Economic case, all options have overall positive outcomes. Looking at the benefits alone, Option 4 – the full removal of time based restrictions scores highest. An assessment of the areas covered under standard Impact Assessments (Equality impact assessment, Fairer Scotland Duty, Consumer Duty, Business and Regulatory Impact Assessment (BRIA) and Environment found no major concerns.

In line with the pilot evaluation, the projected impacts on CO2 emissions are small at a fraction of 1% of total car emissions. This is in line with the mode share of rail compared with alternatives and the estimated increase in rail demand.

An issue worth mentioning within the BRIA material is the potential impact on bus operators. Within the trial there was some shifting from bus but discussions with bus operators suggested that this was not significant and was more than outweighed by growing demand from the U22 concessionary scheme. The modelled scale of abstraction from bus was small (around 1 million bus journeys which represents around less than 0.25% of bus journeys) and was overshadowed in reality by an ongoing increase in patronage from the U22 concessionary scheme.

The extent of bus demand has been monitored during the trial overall bus patronage grew at a rate broadly equivalent to the impact on rail. In addition, the growth in Concessionary travel, directly supported by the Scottish Government grew at a rate significantly in excess of the impact on rail demand (and continues to do so). There was a fall in bus demand in January and February 25 but this was after the peak fares trial had finished. More generally the bus industry is supported by the range of concessionary schemes and wider interventions and the impact of the permanent removal of peak fares will be monitored.

The Financial case assessed that a prudent range of costs for the Core option are between £19.5 million and £38.6 million per annum for the first full year of the project. This does not include any additional operating costs (or marketing budget) incurred by ScotRail. Alongside additional evaluation costs these are estimated to be around £5 million.

The additional costs of Option 2 – adjust Season Flexi/Prices to 5% below main fares are estimated to be £1.5 million per year

The calculation of the impact of Option 5 – raising core fares to reduce the overall cost of removing peak fares is more complicated to analyse but each 1% increase in the Core fare reduces overall journeys by 650,000 and increases revenue by around £0.9 million.

Table 15: Summary of Costs

Options	Low demand Impact	Estimated demand impact	Scot Rail Estimate
Option 1	£38.6m+£5m = **£43.6m**	£19.5m +£5m = **£24.5m**	£28.3m +£5m = **£33.3**
Option 2	+£1.5m = **£45.1m**	+£1.5m = **£26.0m**	+£1.5m = **£34.8m**
Option 5	See table above	See table above	See table above
Option 6	No additional cost	No additional cost	No additional cost

This results in a range of **total costs of between £26 million and £45 million.**

In terms of Value for Money, the Benefit Cost Ratio of the core scenario is estimated to be 1.34 and under the alternative scenario is 1.19. This is somewhat lower than the prudent range from the trial due to the lower estimated impact on demand. However, that was based on the trial and the permanent nature of the proposal is likely to further stimulate demand. Using the ScotRail estimates of costs gives a benefit cost ratio of 1.29.

In terms of the options, there is no impact on the benefit cost ratio for options 2 and 6 because it is assumed that demand is impacted to an insignificant level. Whilst there are small variations in costs between these options, any increase in cost to government is perfectly offset by a benefit to the public and so there is no impact on the BCR.

Based on the core scenario, it would take an increase in demand of 9.75% to make the project self-financing. This represents around a 1.75 times bigger impact than

has been found in this analysis. Academic literature suggests that in the long term there may be the potential for long-run impacts to achieve this. It should be noted however that this would still not have tangible benefits in terms of CO2 reductions as the impact would still represent a small fraction of overall car use.

Whilst affordability remains a concern, the recommendation of this OBC is that Option 2 be taken forward at a cost of **up to around £45 million for the first full year (September 25 to end August 26)**. Whilst there remains significant uncertainty around the cost there is a strong likelihood that it will fall in subsequent years due to longer term changes in behaviour and hence demand. This option represents a removal of all time of day based restrictions on the ScotRail, is simple to implement and crucially provides a simplified fare structure that has the greatest potential for significantly higher long term impacts from the intervention.

There remains significant uncertainty over the costs and benefits which will require the development of a comprehensive benefits realisation and evaluation strategy. This will be developed over Summer 2025 as the project moves towards implementation but is likely to involve significant work in year 1 and 3 of the scheme.

Annex A - Econometric Analysis

The full list of variables is as follows:

Table 16: Variables used and description

Variable	Description
Constant	A standard constant or intercept
Trend	An overall trend growth rate – varies and choice has a strong influence on results. The preferred version is that in which demand stabilises pre-trial at 90% of pre-C19 demand in line with rail demand across the UK. From Scenarios M1 to M5
PFT Dummy	A Peak Fares Trial Dummy - A variable that takes the value 1 from October 1 2023 and 0 before and allows a shift in demand from the Pilot to be estimated
PF Back Dummy	A variable that takes the value 1 from October 1 2024 and 0 before and allows a shift in demand from the end of the Pilot to be estimated
PFT trend	A trend variable from October 1 2023 that allows the ongoing impact of the Pilot to be estimated
PFB Trend	A trend variable from October 1 2024 that allows the ongoing impact of the end of the Pilot to be estimated
Day of the week variables	Wednesday is chosen as the base and Sunday, Monday, Tuesday, Thursday, Friday and Saturday variables take the value 1 on relevant day of the week to allow daily variations to be captured*
Month variables	Similar to the Day variables, September is chosen as the base* (All other months take the value 1 when applicable). This is a standard way of capturing seasonal impacts.
XmasNewYear	To account for distinctly different travel demand over the Christmas and New Year period.
Sport	1 if there was a major sporting event that would be assumed to influence rail demand on the day
Concert	1 if there was a major concert or cultural event on the day
Strike	1 if strike action within Scotland.
Bad weather	1 if yellow weather warning on day
Extreme weather	1 if major weather event on day.

Variable	Description
Travel demand difference	Proxy variable for general travel demand. Is the variation in road travel demand from the equivalent period in 2019 as percentage variation. Various specifications tested and make no difference to other results and just vary interpretation of this variable.
Fares Rise	A dummy variable to account for the rise in fares in April 24
Emergency Timetable	A dummy variable whilst the emergency timetable was in place in Summer 24

*Note that the choice of the base has no impact on the overall results only the interpretation – for example, the Day variables show the impact of each day compared with the base (Wednesday).

Annex B - Value for Money Analysis

The methodology for assessing the Value for Money (VfM) of the policy change was developed specifically for the Pilot. Normally, appraisal of transport interventions is undertaken before they are in place, using standard tools and techniques to predict the impact of options and following delivery. This is followed up by evaluation of outputs and outcomes – did the appraisal accurately capture the actual outcomes of the intervention.

For the Pilot of the removal of peak fares, an almost unique situation was faced in that a “natural experiment” is being undertaken i.e. the purpose of the Pilot is to specifically test the impact it has on behaviour. This allowed a different approach to be taken. As is standard practice, the predicted outcomes of the Pilot were assessed but the trial means that these predicted outcomes can now be adjusted to see what the actual impact is (see below). This is particularly useful in the context of the changing patterns of demand post pandemic and the fact that such a significant change in fares is unusual.

The approach was as follows:

- Use the Transport Model for Scotland (TMfS) to assess the impact of the Pilot with the expectation that the model would not necessarily capture the actual impact.
- Calibrate the results of the model to the actual impacts of the Pilot, check that the detail of the results matched what was seen in reality and use these calibrated results to estimate the Value for Money in the usual way.

Simplistically, whist existing rail users benefit from reduced fares, the full impact of the Pilot is measured by capturing the value to those who switch to rail from other modes or undertake additional journeys. The approach captures the wellbeing (or welfare) gained by those who switch to rail as well as the impact on existing users, the loss of revenue from existing users (and the gain from new users) to ScotRail, the impact on bus patronage, as well as an estimate of CO2 emissions impacts from changes in car use.

The model runs on an annual basis, so the inputs are adjusted to reflect this. For example, the initial additional costs incurred by ScotRail are annualised.

As such, the assessment of VfM for the Pilot combines the appraisal and evaluation methodologies within Scottish Transport Appraisal Guidance (STAG) to give the most accurate possible assessment of the impact.

Of particular importance was the establishment of a robust "counterfactual" – what would have happened if the Pilot had not taken place. This was difficult over the interim period due to significant weather disruptions in October and November and the impact of the Christmas and New Year holiday period in December and early January especially when combined with changing patterns of travel demand – more leisure and fewer commuting trips, post-pandemic. Significant further work was undertaken to ensure that the counterfactual used over the full extent of the Pilot (Scenario M2) is as robust as possible.

Annex C - Detailed survey results

Wave 1 and Wave 2 Comparisons: key points

Rail usage

The distribution of frequency of use from existing rail users largely remained unchanged. However, there was an increase in responses for those travelling at least weekly. With a 47% increase of existing rail users reporting travelling at least weekly compared to Wave 1. For existing rail users, overall, the purpose of trips was consistent across each wave with leisure trips more popular compared to commuting. There was a small change from existing rail users with commuting increasing by 8 percentage points and leisure decreasing by 6 percentage points.

There was a notable change in perception regarding cost savings from the trial. There was a 14-percentage point (p.p) increase in respondents who felt they had saved money in Wave 2 compared to Wave 1. On average, off-peak ticket users perceived a £2 increase in savings, while anytime ticket users reported an average saving of £7.

In terms of *new trips,* there was an 11 p.p. increase in respondents making new trips between Wave 1 and Wave 2, but the frequency of these trips decreased.

Satisfaction levels remained high, at 84% in Wave 1 and 85% in Wave 2. However, there was a 9 p.p increase in respondents who felt carriages were busier in Wave 2, with a corresponding 6 p.p decrease in those who felt carriages were not as busy.

Have they switched how and when they travel?

In terms of mode shift from car and bus, there was a small percentage change between Wave 1 and Wave 2, with a 2 p.p. decrease switching from bus and a 3 p.p. decrease switching from being a car passenger. However, of those switching, 8% of respondents who switched to rail travel in Wave 2 previously made more than five return trips a week by their previous mode.

There was small change from new *rail users* with 2 p.p. increase in those switching from bus, with corresponding 1 p.p. decrease in those switching from other modes including car, between Wave 1 and Wave 2.

In terms of when people travelled, there was a 5 p.p. increase in respondents switching to peak travel from off-peak in Wave 2. Between the Wave 1 and Wave 2. there was a 10 percentage point increase in respondents considering the trial very important for making travel behaviour changes.

However, there was a decrease (13%) of those in Wave 2 who said they would continue to use rail compared to Wave 1. At the same time there was an increase of 5% for those who were undecided.

Will new users continue to use rail after the trial?

In Wave 2, 19% of respondents indicated they had started using rail but no longer do, compared to 16% in Wave 1 who indicated they either hadn't decided or were unlikely to continue using rail. There was a slight decrease in the overall importance placed on the Trial as a reason for switching travel behaviours in this group of new rail users.

For *non-rail users* who were surveyed the reasons for not using rail remained consistent across both survey waves, with no significant differences noted.

We also asked *non rail users* if there was a future propensity to use rail. Fewer respondents in Wave 2 indicated a desire to use rail more, with a 7 p.p. decrease from Wave 1. However, the perceived frequency of use and purpose type remained consistent between the two survey waves.

Income and Mode Shift: Wave 2 Survey results

From Wave 2 respondents, the benefits for making new trips by rail and switching from a different mode of travel were consistent across all household income bands. With people indicating a combination of the train being quicker, more convenient and relaxing, as well as saving money on fares, car parking and fuel. There was also some awareness of the environmental benefits of doing so.

Higher income bands were more likely to be switching from private car (as a driver) compared to lower income groups. While lower income groups were likely to switch from the bus. There is variation across all income groups on the frequency of trips across the week, with a fifth to a quarter of responses making at least one new trip per week as a result of the trial.

Survey respondents were asked the following questions:

- How many trips were you making per week by this mode?
- What transport did you use most often for these trips?
- How have you benefitted from taking these trips by rail now?

The results, grouped by income band, were as follows (an asterisk denotes that the number of responses is less than 10):

Less than £10,000* (n=9)

Trips per week

Two responses indicated 2 or 3 trips per week and three responses indicated 1 trip per week .

Most used transport mode

- Bus 33%
- Car Passenger 7%
- Walk 13%
- Taxi 7%

Benefits of taking trips by rail

Comments in survey suggest train was faster, and even if equivalent cost to other mode, they were saving time which was an important factor for this group.

£10,000 - £19,999 (n=25)

Trips per week

21% stated making 2 weekly trips and 14% making 1 trips per week.

Most used transport mode

- Bus 26%
- Car (driver) 21%
- Car (passenger) 4%
- Walk 2%

Benefits of taking trips by rail

Comments include saving money – fare, fuel, parking, faster, convenient, less hassle i.e. as no need to park a car. Less stressful.

£20,000 - £34,999 (n=96)

Trips per week

18% stated making 2 weekly trips, 17% making 1 trips per week, 12% 3 trips per week.

Most used transport mode

- Bus 26%
- Car (driver) 27%,
- Car (passenger) 4% all others 1%

Benefits of taking trips by rail

Same as above - more mention of relaxing.

£35,000 - £49,999 (n=82)

Trips per week

18% stated making 1 weekly trips, 18% making 2 trips per week

12% 3 trips per week.

Most used transport mode

- Car (driver) 31%
- Bus 19% 5%
- Car (passenger) 4%
- Cycling 2%
- all others 1%

Benefits of taking trips by rail

Same as above as well as – can work on train, it is safer, more options - e.g. Edinburgh for fun as cheaper, good for environment.

£50,000 - £74,999 (n=72)

Trips per week

23% stated making 1 weekly trips, 22% making 2 new trips per week

10% 3 trips per week.

Most used transport mode

- Car (driver) 40%
- Bus 17%
- Car (passenger) 5% 2% Subway
- all others 1%

Benefits of taking trips by rail

Same as above – positive comments about quicker, convenient, saving money etc.

£75,000 - £99,000 (n=34)

Trips per week

24% stated making 1 weekly trips, 16% making 2 trips per week

11% 3 trips per week.

Most used transport mode

- Car (driver) 40%
- Bus 14%
- Car (passenger) 3%
- Cycle 2%

Benefits of taking trips by rail

Again quicker, can do work etc. on train, relaxing, environment, savings - fuel, fare *'with trains being cheaper in the morning now, I have got the train more regularly than drive'.*

More than £100,000 (n=22)

Trips per week

21% stated making 1 weekly trips, 21% making 2 trips per week

21% 3 trips per week.

Most used transport mode

- Car (driver) 52%
- Car (passenger), 9%
- Bus 3%
- Subway 3%

Benefits of taking trips by rail

Again, saving money, speed, relaxing, convenience etc.

Prefer not to say (n=22)

Trips per week

31% stated making 1 weekly trips, 23% making 2 trips per week

15% 3 trips per week.

Most used transport mode

- Car (driver) 50%
- Bus 12%
- Car (passenger) 19%
- Other 4%

Benefits of taking trips by rail

As above – as well as better mental health/health as walking more etc.

The Trial has resulted in immediate savings from existing rail travellers and has generated new trips, as well as attracting new rail travellers. For example, in Wave 2, 81% (n=330) of new rail users indicated that they started to use rail as part of the trial and continue to do so.

Since the introduction of the trial, 83% (n=695) of respondents in Wave 2 indicated making more trips, with 52% of these trips classed as trips that were previously made by another mode. The remaining 48% (n=333) were recorded as new trips that were not previously made. There was also an 11 p.p. increase in respondents making new trips between Wave 1 and Wave 2, but the frequency of these trips decreased.

There was a notable change in perception regarding cost savings from the Trial. There was a 14 percentage point (p.p) increase in respondents who felt they had saved money in Wave 2 compared to Wave 1. On average, off-peak ticket users perceived a £2 increase in savings, while anytime ticket users reported an average saving of £7.

Those who used to purchase an anytime ticket before the Trail saved on average £18.75. with lowest household incomes and highest household incomes reporting saving the most. Not surprisingly those who worked full-time (£14.14) were one of the highest savers, alongside those in education (£19.50).

We also asked *non rail users* if there was a future propensity to use rail. Fewer respondents in Wave 2 indicated a desire to use rail more, with a 7 p.p. decrease from Wave 1. However, the perceived frequency of use and purpose type remained consistent between the two survey waves

Socio-demographic analysis

This section examines the characteristics of the different groups of users to draw out the socio-demographic impact of the trial. It looks at 3 main factors: Income, Employment status and Age.

Income

Existing rail users who didn't change their behaviour were more concentrated in the income group above average income (£35,000 to £49,999) than the population as a whole but the proportions within the middle income groups (£20,000 to £49,000) was broadly the same for all (45%,47%,47% and 47%). New rail users were more likely to be in lower (less than £35,000) income groups (48%) than existing users (37%,37%). Non-rail users were more likely to be in very low income groups (28%) compared with both groups of existing users (18%, 12%) and new rail users (20%). So there is some moderate evidence that **the trial has encouraged rail use amongst low to middle income households whilst primarily benefiting existing users who tended to be above average income**.

Employment status

New rail users were less likely to be working full time (49%) compared with both groups of existing rail users (56%,67%) and non-rail users (29%) though it is notable that the highest group in employment is existing users who changed their behaviour (83% of whom made additional trips). New users are more likely to be retired (18%) than existing (15%, 8%) users but the non-users are much more likely to be retired (33%). Part time work is constant across all groups, and the unemployed are more likely to be non-users. There is thus strong evidence that **the trial has helped existing users who are in work and encouraged greater rail travel amongst this group but has had a lower impact in encouraging full-time workers who did not use rail to use it**.

Age

The age profile of new rail users is very similar to that of existing users who did not change their behaviour but with a greater proportion of people over 65 compared with existing users. Existing users who did change their behaviour tend to be younger (with the majority in the 31-40 age group). 16-21 year olds (who are eligible

for concessionary bus travel) make up a small proportion of all groups. As such there **is weak evidence that the trial has encouraged older users to use rail and has encouraged 31 to 40 year old existing users to travel more by rail.**

TRANSPORT SCOTLAND
CÒMHDHAIL ALBA

Further copies of this document are available, on request, in audio and visual formats and in community languages. Any enquiries regarding this document / publication should be sent to us at info@transport.gov.scot

This document is also available on the Transport Scotland website: www.transport.gov.scot

Published by Transport Scotland, August 2025

Follow us:

transcotland

@transcotland

transport.gov.scot