

Briefing for the Citizen Participation and Public Petitions Committee on PE2120: Permanently remove peak fare pricing from ScotRail services, submitted by Tam Wilson on behalf of the Scottish Trade Union Congress

Background

All ScotRail fares fall into one of two categories, either 'protected' (previously known as 'regulated') or 'unregulated', which are briefly described below.

Protected fares: ScotRail protected fares are:

- season tickets
- anytime single/return
- anytime day single/return
- off-peak return tickets
- off-peak day single/return

The price ScotRail passengers pay for protected fares are based on the final fares for the above ticket types set by British Rail in 1997. Annual fare increases between 1997 and 2022 were capped using a formula set out in the franchise agreement between Scottish Ministers and the ScotRail franchisee. These fare capping arrangements were continued, on renationalisation of ScotRail in April 2022, in the [ScotRail grant agreement](#) between Scottish Ministers, Scottish Rail Holdings, and ScotRail Trains Ltd.

The grant agreement also sets out those days, times, and services to which peak and off-peak fares apply.

Unregulated fares: ScotRail First Class, super off-peak return, Flexipass, and Advance fares are unregulated, meaning fares are set by the operator on a commercial basis, with no input from the Scottish Government.

The grant agreement also sets out a number of ScotRail specific discount ticket products that the operator must make available to passengers, including rover tickets, [Kids for a Quid](#) and [Club 50](#), plus rail industry wide schemes, including various Railcards, staff travel schemes, and [PlusBus](#).

Scottish Government Action

The Scottish Government's [Programme for Government 2023-24](#) included a commitment to:

“...introduce a pilot for the removal of ScotRail peak-time fares, beginning in October, to make rail travel more affordable and accessible during the pilot period while helping to identify longer term steps to reduce car use”.

This was followed by an [announcement on 13 September 2023](#) that the pilot would run between 2 October 2023 and 29 March 2024. [The pilot was extended in December 2023](#) to run until June 2024, and [again in May 2024](#) to run until the end of September 2024.

[Transport Scotland announced on 20 August 2024 that the peak fares pilot would end on 27 September 2024](#). This press release stated:

“The cost of the full year subsidy was approximately £40m.

The success of the pilot has been measured through the analysis published today, which uses daily patronage data (from April 2022 to start of July 2024) covering the period before and nine months of the pilot.

This analysis shows that while there has been a limited increase in the number of passengers during the pilot, it did not achieve its aims of encouraging a significant modal shift from car to rail.”

On the issue of costs, [the evaluation of the pilot conducted by Transport Scotland](#) stated that:

“A prudent view of annual costs would be in the range of £25 million to £30 million with a (less likely) downside scenario of up to £40 million.”

The evaluation of the pilot also found that it produced “...benefits of between £1.20 and £1.50 for each £1.00 spent.” Transport Scotland then applied a ‘distributional weighting’ to this figure, attempting to account for rail passengers typically having higher incomes than the general population, after which the pilot produced “...between £1.00 and £1.25 of benefits for every £1.00 spent.”

Either of these ranges compare quite favourably with some major transport investment projects being pursued by the Scottish Government, e.g. [the A9 dualling programme Case for Investment](#) estimates that it produces £1.12 of benefits for every £1.00 spent, or 89 pence of benefits for every £1.00 spent if you remove the monetary value given to ‘removing driver frustration’ - which is not typically used in transport project assessment.

The evaluation of the pilot also stated that it had produced “...4 million extra rail journeys over nine months, of which 2 million are journeys that would previously have been made by private car”.

It should be noted that the evaluation document presents costs on an annualised basis while figures for the increase in rail trips are presented over a nine-month period. The cost-benefit figures were calculated using annualised figures for both costs and benefits.

Scottish Parliament Action

Following [a debate on rail fares in the Chamber on 11 September 2024](#), the Parliament agreed the following motion, which was non-binding on the Scottish Government:

“That the Parliament calls on the Scottish Government to reverse its decision to reintroduce peak fares on Scotland’s railway and agrees that making public transport more accessible, affordable and reliable is key to supporting more people to use public transport.”

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22 October 2024

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